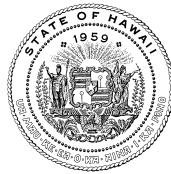


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WRITTEN ONLY

TESTIMONY BY LAUREL A. JOHNSTON
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
HOUSE BILL NO. 2077, H.D. 1

LATE

April 3, 2018
10:00 a.m.
Room 211

RELATING TO EMPLOYEE TRAINING

House Bill No. 2077, H.D. 1, establishes the Public Employees Training Program and governing board within the Department of Human Resources Development for administrative purposes. The bill also establishes the Public Employees Training Fund and proposes to earmark an amount equal to one per cent of the increase from the previous fiscal year of the general fund appropriations for collective bargaining cost items for deposit to the Public Employees Training Fund beginning August 1, 2018.

The Department of Budget and Finance (B&F) has concerns about this measure. It is unclear if the one per cent for the special fund would need to be appropriated separately or if the funds would be transferred from the collective bargaining appropriations as there is no appropriation or provision to facilitate the transfer and implementation of this measure. In either case, there may be potential timing issues depending on when appropriations are available for collective bargaining cost items, and/or this transfer, and when deposits or transfers to the special fund must be made. There is also concern that insufficient funds will be available for collective bargaining

costs if funds are diverted from the departments. Additionally, we note that if there are no general funds appropriated for collective bargaining cost items in a given year, there would be no amount earmarked in the subsequent year.

As a matter of general policy, B&F does not support the creation of any special fund which does not meet the requirements of Section 37-52.3, HRS. Special funds should: 1) serve a need as demonstrated by the purpose, scope of work and an explanation why the program cannot be implemented successfully under the general fund appropriation process; 2) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries or a clear link between the program and the sources of revenue; 3) provide an appropriate means of financing for the program or activity; and 4) demonstrate the capacity to be financially self-sustaining. As proposed, the fund would not have a source of revenue and would not be self-sustaining. It would be more appropriate to fund training costs directly through general fund and other special fund appropriations.

Thank you for your consideration of our comments.