

OFFICE OF ENTERPRISE TECHNOLOGY SERVICES

P.O. BOX 119, HONOLULU, HI 96810-0119
Ph: (808) 586-6000 | Fax: (808) 586-1922
ETS.HAWAII.GOV

Testimony of
DOUGLAS MURDOCK
Chief Information Officer
Enterprise Technology Services

Before the

SENATE COMMITTEE ON TECHNOLOGY
SENATE COMMITTEE ON GOVERNMENT OPERATIONS
TUESDAY, FEBRUARY 4, 2020

SENATE BILL NO. 3031
RELATING TO INFORMATION TECHNOLOGY

Dear Chairs Keohokalole and Thielen, Vice Chairs English and Inouye, and members of the committee:

The Office of Enterprise Technology Services (ETS) **supports this bill with comments.** The objective of this bill, which requires the department of accounting and general services and the department of budget and finance, in consultation with the office of enterprise technology services, to develop and implement a uniform financial database, is already part of the executive budget request and therefore the bill may be unnecessary.

The executive budget request for the modernization of the State’s financial management system, is included in HB 2200, Relating to the State Budget. HB 2200 includes capital improvement program (CIP) projects for AGS 130 (K-3):

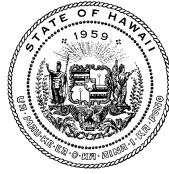
3.00	<u>STATE FINANCE SYSTEM (HAWAII MODERNIZATION INITIATIVE), STATEWIDE PLANS, DESIGN, CONSTRUCTION AND EQUIPMENT FOR STATE FINANCE SYSTEM.</u>	Y104	AGS130	
	PLANS			1
	DESIGN			1
	CONSTRUCTION			16,997
	EQUIPMENT			1
	TOTAL FUNDING		AGS	17,000

A new State enterprise finance system will integrate all business management functions within a complex government environment, including accounting and finance, inventory management, purchasing, treasury, budgeting and more. It will implement a full-featured financial backbone that significantly expands the State's ability to report the level of detail for budgeting, appropriation management, financial reporting, and meet current compliance standards for accounting. The State will work to leverage a uniform financial application for all Executive

Branch departments and potentially extend services to agencies or jurisdictions who may be in similar risk situations with their fragility of their legacy-based finance applications and systems.

Thank you for this opportunity to provide testimony on this bill.

DAVID Y. IGE
GOVERNOR



CURT T. OTAGURO
COMPTROLLER
AUDREY HIDANO
DEPUTY COMPTROLLER

STATE OF HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
P.O. BOX 119, HONOLULU, HAWAII 96810-0119

WRITTEN TESTIMONY
OF
CURT T. OTAGURO, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE SENATE COMMITTEES ON
TECHNOLOGY AND GOVERNMENT OPERATIONS

TUESDAY, FEBRUARY 4, 2020, 3:45 P.M.
CONFERENCE ROOM 225, STATE CAPITOL

S.B. 3031

RELATING TO INFORMATION TECHNOLOGY.

Chairs Keohokalole and Thielen, Vice Chairs English and Inouye, and members of the Committees, thank you for the opportunity to submit testimony in **support** of S.B. 3031 and provide comments.

S.B. 3031 provides for the Department of Accounting and General Services (DAGS) and the Department of Budget and Finance, in consultation with the Office of Enterprise Technology Services, to develop and implement a uniform financial database for use by all state agencies, with features compatible to software systems currently in use.

The executive supplemental budget request, H.B. 2200, for fiscal biennium (F.B.) 2019-2021, which amends Act 5, SLH 2019 (the General Appropriations Act of 2019), and other budget authorizations effective during F.B. 2019-2021, includes a DAGS capital improvement project, the Hawaii Modernization Initiative. This request funds the plans, designs, construction

and equipment for the state finance system under AGS130, Enterprise Technology Services – Governance and Innovation:

CAPITAL IMPROVEMENT PROJECTS

STATE OF HAWAII

ITEM NO.	PROGRAM AND CAPITAL PROJECT	CAPITAL PROJECT NO.	PROGRAM ID	EXPENDING AGENCY	APPROPRIATIONS (\$1,000'S)			
					FISCAL YEAR	M O	FISCAL YEAR	M O
					2019-2020	F	2020-2021	F
			AGS130					
3.00	STATE FINANCE SYSTEM (HAWAII MODERNIZATION INITIATIVE), STATEWIDE PLANS, DESIGN, CONSTRUCTION AND EQUIPMENT FOR STATE FINANCE SYSTEM.	Y104						
								1
								1
							16,997	
								1
				AGS		C	17,000	C

The project seeks to modernize the State of Hawaii's 40-year old financial management system (FAMIS) and related applications and data warehouses.

DAGS supports IT modernization efforts to replace obsolete legacy systems and enable the State to significantly improve constituent services through faster processes and more accurate and complete information.

Thank you for the opportunity to submit testimony on this matter.



STATE OF HAWAII
DEPARTMENT OF EDUCATION
P.O. BOX 2360
HONOLULU, HAWAII 96804

Date: 02/04/2020

Time: 03:45 PM

Location: 225

Committee: Senate Technology
Senate Government Operations

Department: Education

Person Testifying: Dr. Christina M. Kishimoto, Superintendent of Education

Title of Bill: SB 3031 RELATING TO INFORMATION TECHNOLOGY.

Purpose of Bill: Requires the department of accounting and general services and the department of budget and finance, in consultation with the office of enterprise technology services, to develop and implement a uniform financial database, with parameters, benefits, and features that are compatible to the software system currently being implemented by the office of enterprise technology services at other agencies for use by all state agencies. Appropriates funds.

Department's Position:

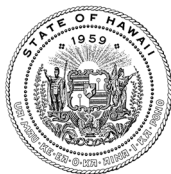
The Department of Education (Department) supports the intent of SB 3031 and understand the importance and benefit of a statewide uniform financial database and reporting system.

The Department has already begun work towards modernizing its own financial system and has been working closely with the Office of Enterprise Technology Services (ETS) and the Department of Accounting and General Services (DAGS) to ensure compatibility with a statewide solution. The Department is also collaborating with ETS, DAGS, and the Department of Budget and Finance on the statewide uniform chart of accounts (UCOA) to ensure the Department's financial data aligns to the overall framework and formatting requirements for the state.

Thank you for the opportunity to provide testimony on this measure.

The Hawai'i State Department of Education is committed to delivering on our promises to students, providing an equitable, excellent, and innovative learning environment in every school to engage and elevate our communities. This is achieved through targeted work around three impact strategies: school design, student voice, and teacher collaboration. Detailed information is available at www.hawaiipublicschools.org.

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
DIRECTOR

ROBERT YU
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY
TESTIMONY BY CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEES ON TECHNOLOGY AND
GOVERNMENT OPERATIONS
ON
SENATE BILL NO. 3031

February 4, 2020
3:45 p.m.
Room 225

RELATING TO INFORMATION TECHNOLOGY

The Department of Budget and Finance (B&F) offers comments on the development of a uniform financial database for use by all State agencies.

Senate Bill (S.B.) No. 3031 requires the Department of Accounting and General Services (DAGS) and B&F, in consultation with the Office of Enterprise Technology Services (ETS), to develop and implement a uniform financial database with parameters, benefits and features that are compatible to the software system currently being implemented by ETS at other agencies, for use by all State agencies; requires DAGS and B&F to ensure that all Executive Branch departments participate at the appropriated phase of the development and implementation of the system; requires DAGS and B&F to submit a report to the Legislature that includes, but is not limited to, an implementation schedule, status of the initiative, amount and allocation of appropriated funds, sufficiency of resource commitments and organization problems and solutions; and appropriates an unspecified amount of general funds for FY 21 to be

expended by DAGS and B&F for the development and implementation of a uniform financial database.

While B&F supports the intent of the measure, we would like to note that the Executive Supplemental Budget includes a request for \$17,000,000 in general obligation bonds for FY 21 for DAGS-ETS to modernize and replace all the State's financial management systems for the Executive Branch.

Thank you for your consideration of our comments.