

STAND. COM. REP. NO. 641

Honolulu, Hawaii

MAR 05 2015

RE: S.B. No. 104
S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 104 entitled:

"A BILL FOR AN ACT RELATING TO BUDGETING,"

begs leave to report as follows:

The purpose and intent of this measure is to include efficiency measures in the state budgeting process.

Your Committee received comments on this measure from the Department of Budget and Finance and the University of Hawaii.

Your Committee finds that, as a matter of best practices in budgeting, cost-benefit metrics such as efficiency measures help ensure that the planned investment of funds is thoroughly considered against anticipated outcomes. From an operating standpoint, identifying efficiency measures can also assist agencies and the Legislature to determine realistic expectations for service levels.

Your Committee notes that during the hearing on this measure, the University of Hawaii indicated its willingness to work with the Department of Budget and Finance on a pilot project on efficiency measures.

Your Committee has amended this measure by deleting its contents and replacing it with provisions that:

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- (1) Require the Director of Finance to select one state department to participate in a pilot project for the establishment of, and data collection for, efficiency measures intended to be included with budget documents to be submitted to the Legislature after the fiscal biennium of 2015-2017;
- (2) Require the selected state department to submit at least three proposed efficiency measures to the Director of Finance;
- (3) Require the Director of Finance to submit to the Legislature, prior to the Regular Session of 2017, a report on:
 - (A) The Director's findings and recommendations resulting from the pilot project;
 - (B) Whether to require all executive departments to include efficiency measures, commencing with the budget documents for fiscal biennium 2019-2021; and
 - (C) The costs incurred by the Department of Budget and Finance and the selected state department in conducting the pilot project;
- (4) Require the Auditor to submit an evaluation report to the Legislature no later than March 1, 2017, on the pilot project;
- (5) Appropriate funds to the Department of Budget and Finance for the pilot project; and
- (6) Change the effective date to July 1, 2015.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 104, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 104, S.D. 1, and be placed on the calendar for Third Reading.



Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,



JILL N. TOKUDA, Chair



