
A BILL FOR AN ACT

RELATING TO THE VARIANCE REPORT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that the variance report
2 submitted annually by the governor to the legislature generally
3 includes only a summary of budgeted appropriations and actual
4 expenditures. The legislature also finds that more information
5 should be included in the variance report so that the
6 legislature can effectively monitor the actual budgetary
7 performance of the departments. The legislature intends to use
8 the information to better align its budget decisions with the
9 actual needs and expenditures of the departments. The
10 legislature is especially interested in reviewing personal
11 services cost appropriations against personal services cost
12 expenditures and departmental position ceilings against actual
13 or filled positions.

14 The purpose of this Act is to require the following
15 information to be included in the variance report:

16 (1) Means of financing information and cost element
17 breakdowns in the comparison of:



- 1 (A) Budgeted appropriations and actual expenditures;
- 2 and
- 3 (B) Position ceiling and filled positions; and
- 4 (2) A summary by department of:
 - 5 (A) Cost element breakdowns of expenditures; and
 - 6 (B) The position ceiling in comparison to total
 - 7 positions filled.

8 SECTION 2. Section 37-75, Hawaii Revised Statutes, is
 9 amended to read as follows:

10 "§37-75 Variance report. Not fewer than thirty days prior
 11 to the convening of each regular session of the legislature, the
 12 governor shall submit to the legislature and to each member
 13 thereof a report on program performance for the last completed
 14 fiscal year and the fiscal year in progress. In format, the
 15 report generally shall follow the fiscal requirements portion of
 16 the executive budget or budgets. The report shall include:

- 17 (1) At the lowest level of the program structure, for each
- 18 program contained in the budget finally approved by
- 19 the legislature for the last completed fiscal year and
- 20 the fiscal year in progress:



- 1 (A) A comparison, by the operating and research and
2 development cost categories, of the budgeted
3 expenditures and the actual expenditures for the
4 last completed fiscal year and the budgeted
5 expenditures and the estimated expenditures for
6 the fiscal year in progress[+]. The comparison
7 of cost categories shall include breakdowns by
8 cost elements and means of financing for the cost
9 elements;
- 10 (B) A comparison, for the operating and research and
11 development cost categories, of the budgeted
12 expenditures and position ceiling and the actual
13 expenditures and number of permanent and
14 temporary positions filled in the last completed
15 fiscal year and a comparison of the budgeted
16 expenditures and the position ceiling for the
17 fiscal year in progress and the actual
18 expenditures and number of permanent and
19 temporary positions filled in the first three
20 months of the fiscal year in progress and the
21 estimated expenditures and number of permanent



1 and temporary positions expected to be filled in
2 the remaining months of the fiscal year in
3 progress[+]. The comparison of cost categories
4 shall include breakdowns by cost elements and
5 means of financing of the cost elements;

6 (C) The program size indicators and a comparison of
7 the program size anticipated and the size
8 actually realized in the last completed fiscal
9 year and the program size anticipated and the
10 size estimated for the fiscal year in progress;

11 (D) The effectiveness measures and a comparison of
12 the level of effectiveness anticipated and the
13 level actually attained in the last completed
14 fiscal year and the level of effectiveness
15 anticipated and the level estimated for the
16 fiscal year in progress; and

17 (E) A narrative explanation of the significant
18 differences for the last completed fiscal year in
19 each of the comparisons made in subparagraphs
20 (A), (B), (C), and (D), including an explanation
21 of the basis upon which the original estimates



1 were made and the reasons why the estimates
2 proved accurate or inaccurate, and a statement of
3 what the actual experience portends for the
4 future of the program in terms of costs, size,
5 and effectiveness;
6 provided that expenditure amounts in the comparisons
7 shall be shown to the nearest thousand dollars;
8 (2) Appropriate summaries at each level of the state
9 program structure for each major grouping of programs
10 encompassed therein, showing:
11 (A) A comparison of the [~~total~~] following:
12 (i) The total budgeted expenditure and the total
13 actual expenditure for the last completed
14 fiscal year and the total budgeted
15 expenditure and the total estimated
16 expenditure for the fiscal year in progress;
17 provided that the expenditure amounts shall
18 be shown to the nearest thousand dollars;
19 and
20 (ii) The position ceiling and actual number of
21 permanent and temporary positions filled in



1 the last completed fiscal year and the
2 position ceiling and estimated number of
3 permanent and temporary positions to be
4 filled in the fiscal year in progress;

5 (B) The effectiveness measures and a comparison of
6 the level of effectiveness anticipated and the
7 level actually attained in the last completed
8 fiscal year and the level of effectiveness
9 anticipated and the level estimated for the
10 fiscal year in progress; and

11 (C) A narrative explanation summarizing the major
12 reasons for the differences in the comparisons
13 made for the last completed fiscal year in
14 subparagraphs (A) and (B); [~~and~~]

15 (3) A narrative explanation of the significant variations
16 in capital improvement costs; provided that capital
17 improvement project variances shall be referenced to
18 the six-year program and financial plan, which shall
19 contain the information specified in section
20 37-69(d) (1) (K) [~~-~~]; and



1 (4) A summary showing a comparison, by the operating and
2 research and development cost categories, of the
3 following for each department:

4 (A) The total budgeted expenditure and total actual
5 expenditure for the last completed fiscal year
6 and the total budgeted expenditure and total
7 estimated expenditure for the fiscal year in
8 progress; provided that the expenditure amounts
9 shall be shown to the nearest thousand dollars.

10 The comparison of cost categories shall include
11 breakdowns by cost elements and means of
12 financing for the cost elements; and

13 (B) The position ceiling and actual number of
14 permanent and temporary positions filled in the
15 last completed fiscal year and the position
16 ceiling and estimated number of permanent and
17 temporary positions to be filled in the fiscal
18 year in progress."

19 SECTION 3. This Act shall apply to the variance report
20 submitted to the legislature before the regular session of 2019
21 and each subsequent regular session.



1 SECTION 4. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 5. This Act shall take effect on July 1, 2030.



Report Title:

B&F; Variance Report; Expenditures; Position Counts

Description:

Requires the Governor's variance report to include: (1) means of financing data; and (2) summaries by department of cost element breakdowns of expenditures and comparisons of the position ceiling to number of positions filled. (SB712 HD1)

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