

Honolulu, Hawaii

APR 28 2017

RE: S.B. No. 722
S.D. 1
H.D. 1
C.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Sirs:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 722, S.D. 1, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO EFFICIENCY MEASURES,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to determine the benefits, appropriateness, and value of efficiency measures for state programs.

More specifically, the measure:

- (1) Recommences, with clearer expectations and objectives, the efficiency measures pilot project first established under Act 67, Session Laws of Hawaii 2015;
- (2) Appropriates unspecified sums of general funds for fiscal years 2017-2018 and 2018-2019 for the pilot project; and



- (3) Requires the Director of Finance, no later than twenty days prior to the convening of the Regular Session of 2019, to submit to the Legislature a report on efficiency measures attained.

Your Committee on Conference finds that, at present, projections of state general fund revenues are not particularly robust. Thus, the budgetary situation of the State may require more scrutiny in the future to better control appropriations. Your Committee on Conference believes that efficiency measures may provide data to enhance the level of scrutiny and help the legislature make difficult budget decisions to improve and continue important programs on a sustainable basis. However, present state budget documents do not include efficiency measures tied to appropriation requests.

Your Committee on Conference recognizes that Act 67, Session Laws of Hawaii 2015, established an efficiency measures pilot project intended to provide the Legislature with the information necessary to determine whether efficiency measures may be formulated, collected, and analyzed by the Department of Budget and Finance and other state agencies in a practical and cost-effective manner. As a result of Act 67, the Department of Budget and Finance, on December 30, 2016, submitted a report to the Legislature regarding the pilot project. The report raised certain concerns, such as the proper definition of efficiency measures and the resources necessary to provide data on efficiency measures. Based on these concerns, the report recommended further discussion with the Legislature on the issue.

In light of these concerns, your Committee on Conference finds that recommencing the pilot project with clearer expectations and objectives should produce better data and a clearer determination of the benefits, appropriateness, and value of efficiency measures.

Your Committee on Conference notes that the \$100,000 appropriated in Act 67, Session Laws of Hawaii 2015, for the efficiency measures study was never expended.

Your Committee on Conference has amended this measure by:

- (1) Inserting general fund appropriations of \$50,000 each for fiscal year 2017-2018 and fiscal year 2018-2019 for the conduct of the pilot project; and



(2) Changing its effective date to July 1, 2017.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 722, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 722, S.D. 1, H.D. 1, C.D. 1.


Respectfully submitted on behalf
of the managers:

ON THE PART OF THE HOUSE

ON THE PART OF THE SENATE



SYLVIA LUKE
Chair



JILL N. TOKUDA
Chair



Hawaii State Legislature

Record of Votes of a Conference Committee

722 *[Signature]*

Bill / Concurrent Resolution No.: **SB 712, HD 1 SD 1, HD 1** Date/Time: **4/21/17 @ 2:15pm**

The recommendation of the House and Senate managers is to pass with amendments (CD).

The Committee is reconsidering its previous decision.

The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.

Senate Managers	A	WR	N	E	House Managers	A	WR	N	E
TOKUDA, Jill N., Chr.	/				LUKE, Sylvia, Chr.	/			
ENGLISH, J. Kalani	/				CULLEN, Ty J.K.	/			
GALUTERIA, Brickwood	/				TUPOLA, Andria P.L.				/
TOTAL	3				TOTAL	2			1

A = Aye WR = Aye with Reservations N = Nay E = Excused

Senate Recommendation is: Adopted Not Adopted House Recommendation is: Adopted Not Adopted

Senate Lead Chair's or Designee's Signature: *[Signature]* House Lead Chair's or Designee's Signature: *[Signature]*

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