

JAN 20 2017

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# 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 the departmental position ceilings against  
13 actual 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, 2018.

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INTRODUCED BY: 





# S.B. NO. 712

**Report Title:**

B&F; Variance Report; Expenditures; Position Counts

**Description:**

Requires the 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. Effective 7/1/18.

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