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OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY
TESTIMONY BY RODERICK K. BECKER
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
HOUSE BILL NO. 618, S.D. 1

March 28, 2019
10:20 a.m.
Room 211

RELATING TO STATE FUNDS

House Bill (H.B.) No. 618, S.D. 1: establishes the Repair and Maintenance Special Fund (RMSF) within the Department of Budget and Finance to be used for repair and maintenance of State department facilities; restricts the fund from being used for personnel costs; prohibits the fund from being considered part of the employer's ability to meet collective bargaining costs during arbitration; and appropriates undetermined amounts of general funds and special funds in FY 20 and FY 21 for the fund.

As a matter of general policy, the department does not support the creation of special funds which do not meet the requirements of Section 37-52.3, HRS. Special funds should: 1) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries of the program; 2) provide an appropriate means of financing for the program or activity; and 3) demonstrate the capacity to be financially self-sustaining. Regarding H.B. No. 618, S.D. 1, there does not appear to be any source of revenues to support the RMSF aside from appropriations from the general fund.

In addition, the department believes that the fund may be better suited for establishment within the Department of Accounting and General Services since its Public Works Division is more experienced with planning, contracting for, and overseeing construction projects to repair and maintain facilities for State agencies.

Thank you for your consideration of our comments.