

Legislative Auditor

OVERVIEW

STUDY OF ADMINISTRATIVE FLEXIBILITY FOR OUT-OF-STATE OFFICES

Honolulu, Hawaii

December 1989

Summary

In an increasingly interdependent and competitive world, state governments have been aggressively setting up out-of-state offices to represent their interests in important areas of economic and governmental activity. In the field of tourism, Hawaii has long been a leader in such efforts through the overseas offices of the Hawaii Visitors Bureau. More recently, the Department of Business and Economic Development (DBED) has established its own out-of-state offices in Tokyo, Hong Kong, and Washington, D.C., to provide representation in other fields of interest to Hawaii.

To facilitate its operation and management of these out-of-state offices, DBED obtained through Act 366, *Session Laws of Hawaii 1988*, a degree of flexibility in administering them.

Under this law, DBED, with the approval of the Department of Budget and Finance, can be exempted from various statutory requirements and restrictions relating to personnel administration, purchasing, fiscal operations, and real property management.

In addition to requiring approval by the Department of Budget and Finance for the exercise of the authorized administrative flexibility, Act 366 also requested the legislative auditor to assess the use of this legislation and to report back to the Legislature at its 1990 session with recommendations as to whether the law should be continued, modified, or discontinued. This report found that the law should be continued.

FINDINGS

As of early November 1989, only limited use has been made of the legislation authorizing administrative flexibility, largely because the three out-of-state offices were established before the law was enacted.

The limited implementation that has occurred has been handled on a case-by-case basis in the absence--until recently--of formal procedures. Some administrative uncertainties remain, particularly with regard to the status of certain staff and the arrangements to share space, equipment, and costs with the Hawaii Visitors Bureau.

RECOMMENDATIONS

Act 366, SLH 1988, granting administrative flexibility to the Department of Business and Economic Development subject to the approval of the Department of Budget and Finance should be allowed to continue.

The Department of Business and Economic Development should clarify and regularize the employment status of the staff of the three out-of-state offices. In the Hong Kong and Tokyo offices, the relationship with the Hawaii Visitors Bureau should be formalized with regard to joint occupancy and use of office space.

RESPONSE

Both the Department of Business and Economic Development and the Department of Budget and Finance concur with the findings and recommendations in this report.

The Department of Business and Economic Development reports that it is taking steps to formalize employer/employee relationships and joint use arrangements with the Hawaii Visitors Bureau in its out-of-state offices.