

# OVERVIEW

## *Cost Analysis of Disability Parking Placards*

Report No. 07-05, April 2007

### Summary

Act 269 Session Laws of Hawai'i 2006, required our office to study the actual costs incurred by the counties in issuing removable and temporary windshield placards under the disabled parking placard program.

Removable and temporary windshield placards under the disabled parking placard program are issued to persons with disabilities as defined in Section 291-51, Hawai'i Revised Statutes to identify their need for preferential parking, in compliance with the federal Americans with Disabilities Act of 1990.

Motor vehicle administrators and county council officials in Maui County have complained that the counties have been performing a state function without appropriate funding. The purpose of Act 269 was to study the costs incurred by the counties to determine a reasonable basis for reimbursement. Act 269 set a rate of \$12 per placard for reimbursement in addition to directing our office to conduct this study.

We sought to determine whether the costs noted by the counties reflect the actual costs to the State to reimburse the counties for issuing removable and temporary windshield placards under the disabled parking program. We further sought to determine a reasonable basis upon which reimbursable costs to the counties can be determined and supported by future state funding. We were mindful that the State Constitution provides that if any new program or increase in service level is redirected to another government entity, the State must share in the cost. The interpretation of what that share should be has caused disagreement between the State and Maui County Council.

We found that in FY2005-06 the counties incurred approximately \$397,000 in costs to issue 30,176 placards throughout the state. The costs varied by county, ranging from \$11.54 to \$28.33 per placard. More specifically, the reported costs were: Honolulu - \$11.54; Hawai'i - \$13.65; Maui - \$28.33; Kaua'i - \$12.47. Maui County's figures resulted from its consultant study that attributed the number of productive hours per full time employee per year to be 1,315 hours as opposed to 2,080 hours in a more conventional definition of a work year. Prior to the consultant study, Maui County administration estimated the cost per placard to be \$11.59 in FY2004-05.

The counties' cost descriptions also varied. They differed in what items were identified as components of costs and in the values assigned to them. The counties differed in their approach in determining actual costs and on what costs are actually related to placard issuance and therefore should be included. Cost elements were not separately tracked and cost breakdowns were consistently at an overview level.



An average of 63 percent was attributed to fringe benefits—40 percent related to FICA, retirement, workers' compensation, unemployment compensation, and health insurance; 23 percent related to leave benefits.

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## Recommendations and Response

The level of reimbursement as set in Act 269 is reasonable. While we could not determine 'actual' costs based on estimates received, we reviewed the rationale for including the cost components to determine the State's reasonable participation. We propose a cost structure to take into account reasonable elements for determination of reimbursable rate by the Disability and Communication Access Board.

The Disability and Communication Access Board supports our conclusion. The board also suggests that a time study be performed and that the proposed rate review coincide with the beginning of the second year of the biennium for budget purposes.

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**Marion M. Higa**  
State Auditor  
State of Hawai'i

Office of the Auditor  
465 South King Street, Room 500  
Honolulu, Hawai'i 96813  
(808) 587-0800  
FAX (808) 587-0830