

OVERVIEW

THE AUDITOR
STATE OF HAWAII

Legislative Review of State Programs

Summary

The 1990 Legislature wanted to strengthen its capacity to meet ever-increasing program needs with available resources. Legislators felt they lacked an analytic framework, one that would allow them to evaluate the productivity of ongoing programs and the need for proposed programs. Through House Concurrent Resolution No. 202, the Legislature asked the auditor for recommendations. To assist us, we retained the services of Dr. Allen Schick, a national authority on planning and budgeting, and Dr. John Haldi, former chief of program evaluation with the U.S. Bureau of the Budget.

Our consultants found that, despite an abundance of information, legislators were not fully informed about the issues at hand. Information is presented from an executive perspective, and the Legislature does not have sufficient staff to first analyze and then recast the information to serve legislative concerns.

The consultants agreed with a previous study by the National Conference of State Legislatures that the Hawaii Legislature's staff resources need to be enhanced, but that staffing improvements alone will not suffice. The consultants recommended that, during the interim between sessions, legislative committees prepare questions that legislators are normally unable to pose--or agencies to answer--in the fast pace of the session. This inquiry process would have the agencies respond to questions pertaining to the most recent budget submissions and to issues likely to arise during the next session. The administration would incorporate these responses into the budget documents already required by the Executive Budget Act, making these documents more relevant to legislative needs and concerns.

Other Recommendations

Link incremental funding and incremental performance. The consultants found that the Legislature does not use the documents required by statute, relying instead on supplementary materials obtained from the executive agencies. These materials may be specially prepared in response to legislative requests or assembled from departmental sources and made available. The use of supplementary materials reflects the attention paid to new spending proposals, or *increments*.

The consultants found little utility in eliminating either the supplementary materials or those required by statute. Instead, the benefits of both could be realized by requiring the executive to disclose how well its agencies are performing with the funds they already have, and how well they would do with additional funds.

Improve readability of budget data. Although the system of planning, programming, and budgeting does not meet expectations, it does not merit wholesale replacement. Instead, the clarity, readability, and presentation of budget data should be improved. The consultants recommended consolidating some elements, separating others, and stressing performance and *cost-effectiveness*. Those preparing the program and financial plan should link resources, workload, and performance.

Avoid duplication. The *program memoranda* should focus on budgetary issues facing the Legislature in the next biennium and avoid duplicating the program and financial plan. The *variance report* should incorporate the kinds of specific information on expenditures and performance that the Legislature seeks in the supplementary materials.

Summarize major trends and issues. The consultants recommended a concise summary document that highlights major trends and important financial issues of state programs. The Department of Budget and Finance should publish such a nontechnical budget summary, making creative use of graphics and other state-of-the-art communication techniques. The summary should be widely distributed to legislators, the media, and interested citizens.

Response

The Department of Budget and Finance agreed generally with recommendations affecting the program structure, the executive budget document, the variance report, performance indicators, and other budget information. The department, however, did not agree that legislative concerns should be the “defining criteria” of information presented in the program memoranda, and expressed reservations over the report’s focus on tailoring budget presentations to meet legislative needs.

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