STATUS REPORT ON THE IMPLEMENTATION OF
ACT 203, SESSION LAWS OF HAWAII, 1967
(Relating to state-county relationships)
REPORT TO
THE LEGISLATURE OF THE STATE OF HAWAII

STATUS REPORT
ON THE
IMPLEMENTATION OF ACT 203, SESSION LAWS OF HAWAII 1967
(RELATING TO STATE-COUNTY RELATIONSHIPS)

LEGISLATIVE REFERENCE BUREAU
STATE OF HAWAII

SUBMITTED BY
THE OFFICE OF THE LEGISLATIVE AUDITOR
FEBRUARY 1968
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>INTRODUCTION</td>
<td>1</td>
</tr>
<tr>
<td>I. BACKGROUND AND DIGEST OF ACT 203</td>
<td>2</td>
</tr>
<tr>
<td>A. Related Prior Legislation</td>
<td>2</td>
</tr>
<tr>
<td>B. Digest of Act 203</td>
<td>3</td>
</tr>
<tr>
<td>II. STATUS OF IMPLEMENTATION RE: AUXILIARY PUBLIC SCHOOL FUNCTIONS</td>
<td>8</td>
</tr>
<tr>
<td>A. Legislative Intent</td>
<td>8</td>
</tr>
<tr>
<td>B. Custodial Services</td>
<td>8</td>
</tr>
<tr>
<td>C. School Planning, Construction, Repair and Maintenance Services</td>
<td>10</td>
</tr>
<tr>
<td>D. Student Transportation Services</td>
<td>13</td>
</tr>
<tr>
<td>E. Teacher Housing</td>
<td>14</td>
</tr>
<tr>
<td>F. Junior Police Officer (J.P.O.) Programs</td>
<td>14</td>
</tr>
<tr>
<td>G. Comments on Implementation Problems</td>
<td>15</td>
</tr>
<tr>
<td>III. IMPLEMENTATION STATUS RE: OPERATION AND MAINTENANCE OF COUNTY HOSPITALS AND RELATED MEDICAL FACILITIES</td>
<td>19</td>
</tr>
<tr>
<td>A. Legislative Intent</td>
<td>19</td>
</tr>
<tr>
<td>B. County Hospital Advisory Councils</td>
<td>20</td>
</tr>
<tr>
<td>C. County Organization for Managing County Hospitals</td>
<td>20</td>
</tr>
<tr>
<td>D. State Policies and the Operation of County Hospitals</td>
<td>22</td>
</tr>
<tr>
<td>E. Comments on Implementation Problems</td>
<td>23</td>
</tr>
</tbody>
</table>
IV. STATUS OF IMPLEMENTATION RE: CONTRACTUAL MAINTENANCE OF STATE HIGHWAYS, PARKS AND HISTORICAL SITES

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.</td>
<td>Legislative Intent</td>
<td>26</td>
</tr>
<tr>
<td>B.</td>
<td>Contractual Maintenance of State Highways</td>
<td>27</td>
</tr>
<tr>
<td>C.</td>
<td>Contractual Maintenance of State Parks and Historical Sites</td>
<td>29</td>
</tr>
</tbody>
</table>

SUMMARY

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.</td>
<td>School Planning, Maintenance, Custodial and Student Transportation Services</td>
<td>31</td>
</tr>
<tr>
<td>B.</td>
<td>Operations and Maintenance of County Hospitals</td>
<td>33</td>
</tr>
<tr>
<td>C.</td>
<td>Contractual Maintenance</td>
<td>34</td>
</tr>
</tbody>
</table>
STATUS REPORT
ON THE
IMPLEMENTATION OF ACT 203, SESSION LAWS OF HAWAII, 1967
(Relating to State-County Relationships)

INTRODUCTION

Purpose of this report: The Fourth State Legislature in General Session, 1967, enacted Act 203 which established new patterns of inter-governmental relations affecting the public school system, public health services and other specified governmental functions. The Act directs the transfer of personnel and equipment from the counties to the State in certain of the functional areas previously declared to be State responsibilities under Act 97, SLH 1965; establishes new State-county organizational relations for the operation and management of public hospitals and medical facilities; and grants additional executive authority to enter into State-county contracts for maintaining the State's highways, parks and historical sites.

In section 16 of Act 203, the legislative auditor is directed to review the 'implementation of the said Act and to report his findings to the State legislature before the convening of each succeeding legislative session. This report is submitted to the fourth State legislature in budget session, 1968, in fulfillment of this requirement. The period covered in this review is from July 1, 1967 through January 31, 1968.

Organization of this report: This report is divided into four sections. The first section presents an overview of related past legislation and a digest of Act 203, including pertinent aspects of the executive order issued by the governor pursuant to Act 203. The remaining sections report the extent of progress met in implementing the Act as well as some apparent problems arising therefrom. The discussions are grouped according to the
major functional categories affected by the Act, namely, education, health, maintenance of highways and parks, in that order.

I. BACKGROUND AND DIGEST OF ACT 203

A. Related Prior Legislation

Act 203, SLH 1967, is the most recent of a series of laws enacted over the past three legislative sessions which have resulted in major realignments in governmental functions between the State and its political subdivisions. The first of these was Act 97, SLH 1965. This Act declared certain functions, then performed by the counties, to be State functions and fixed responsibility for them in the State government. Among these functions were (1) the planning, construction, improvement and maintenance of public school facilities and grounds and the transportation of school children; and (2) the planning, construction, improvement, maintenance and operation of public hospitals and other public health and medical facilities.¹

Pursuant to this Act, the governor issued an executive order, dated July 20, 1965, assigning the aforementioned functions, and portions thereof, to State executive departments as follows:

Department of Education: Planning (such as standards, priorities, selection of sites and architects), improvement of and custodial services for public schools facilities and grounds, and the transportation of school children.

Department of Health: Planning (such as standards, priorities and selection of sites), improvement and operation of public hospitals and other public health and medical facilities.

¹ Act 97 also declared as State functions: (a) the burial of indigents, (b) the administration and operation of district courts, and (c) the rendering of medical treatment and hospitalization services to State and county pensioners. These, however, were not affected by Act 203 and are therefore omitted from discussion here.
Department of Accounting and General Services:
Construction, repair and maintenance of public school buildings and facilities, public hospitals, and other public health and medical facilities.

However, notwithstanding the above assignments, and in order to maintain the uninterrupted continuation of public services, the State entered into contractual arrangements with the individual counties permitting the counties to continue performing these functional services as agents for the State. The initial statutory authority for entering into such contracts was provided under Act 97 and covered the period up to June 30, 1966. Subsequently, under Act 14, SLH 1966, this contractual authority was extended for another year ending June 30, 1967. Thus, throughout the entire period following the enactment of Act 97 in 1965 up through the enactment of Act 203 in 1967, both the State and the counties were jointly involved in governmental functions the responsibilities for which were fixed in the State government.

B. Digest of Act 203

Act 203, which became effective on July 1, 1967, affirms the legislative policies of Act 97 regarding the responsibilities of the State government for providing educational and health related services. Additionally, it designates certain other governmental functions for which State-county participation might be developed; namely, the maintenance of State highways, State parks and historical sites. In each instance, however, the Act details a different means by which the State government shall meet its fiscal and administrative responsibilities. On the one hand, the Act provides for the complete assumption by the State of all matters pertaining to public schools and the transportation of students. While, in other functions, the Act provides for dual State-county participation either statutorily, as that outlined for the management and operation of public hospitals, or conditionally through the exercise of contractual powers granted by law. The following describes these various measures as provided under Act 203.
1. Public school functions: The Act provides that the following functions, heretofore performed by the counties under contract with the State, shall be directly administered and performed by the department or departments, or divisions of government as designated by the governor:

(a) planning, construction and improvements of public school facilities and grounds;

(b) repair, maintenance, custodial and janitorial services for public school facilities; and

(c) transportation of school children.

It further directs that personnel and equipment engaged or used primarily and substantially in the performance of the aforementioned functions be transferred from the counties to the State within sixty days of the effective date of the Act, unless extended by the governor in order to avoid the disruption of services. The Act protects the affected employees against the loss of salary, status and employee benefits. Although the counties were not required to transfer funds to cover the accumulated vacation credits of these employees, they were required to transfer their equipment without cost to the State or reimbursement to the counties.

The State is permitted the rent-free use of county facilities for one year where relocation would be impractical or disruptive. The Act lets title to real property and improvements remain with the counties. However, it does require that recommendations for their future disposition be made to the next legislature by the departments concerned.

Pursuant to the Act, the governor issued his executive order, dated August 10, 1967, which set September 1, 1967, as the effective date of the transfer of functions, personnel and equipment. In addition thereto, the executive order detailed the allocation of the transferred functions among the State executive departments. These assignments are shown in Table I.
Table I. General Allocation of Public School Functions
Transferred by Act 203 to State Departments
(Per the Governor's Executive Order of 8-10-67)

<table>
<thead>
<tr>
<th>Function</th>
<th>Department of Education</th>
<th>Department of Accounting &amp; General Services</th>
<th>Department of Social Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Planning and Construction</td>
<td>Establishes program guidelines and priorities; budgets for capital improvements; selects school and library sites.</td>
<td>Prepares the physical plans, including design engineering and construction planning; selects architects and consultants; administers construction contracts; inspects projects; performs other functions related to physical planning.</td>
<td></td>
</tr>
<tr>
<td>2. Repair and Maintenance</td>
<td>Budgets and establishes priorities for repair and maintenance work.</td>
<td>Provides the repair and maintenance services.</td>
<td></td>
</tr>
<tr>
<td>3. Custodial and Ground</td>
<td>Administers and provides custodial and ground maintenance services.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maintenance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Teacher Housing</td>
<td>Establishes housing policies and areas of need; assigns teachers to living quarters (by district superintendents)</td>
<td>Implements the policies, regulations and models established by the DOE.</td>
<td></td>
</tr>
<tr>
<td>5. Student Transportation</td>
<td>Establishes policies, regulations and models for a transportation system, including bus schedules, routes, rates, equipment, etc.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
In general, the department of education assumed the full responsibility for custodial and ground maintenance services. It also assumed the program policy and standard setting responsibilities for the planning, construction, repair and maintenance of school and auxiliary facilities, and the transportation of students. The department of accounting and general services was assigned the operational services for each of the foregoing activities, except as they related to teacher housing facilities. The latter was assigned to the Hawaii housing authority of the department of social services.

Another provision of the Act authorizes the use of State funds for junior police officer (J.P.O.) training programs, and to provide insurance or assume liability for injuries or funeral expenses, within specified limits, incurred by children in the performance of duties as junior police officers. The J.P.O. program was formerly a county responsibility.

2. County hospitals and medical facilities: Act 203 reasserts the State's responsibilities for all matters pertaining to the operation and maintenance of county hospitals and related medical facilities. However, it provides that these hospitals and facilities be operated and maintained by the respective counties on behalf of the State, the cost of which is to be borne by the State. It provides, further, that (a) funds for the operation of these hospitals be paid directly to the counties by quarterly allotments; and (b) each county shall prepare and submit budget estimates in accordance with chapter 35, RLH 1955, as amended.

In addition, Act 203 establishes a county hospital advisory council in each county whose primary function is to advise the State director of health on matters concerning the planning, construction, improvement, maintenance and operation of public hospitals and other public health facilities within their respective jurisdictions. Each council is comprised of ten members and includes appointees of the governor (4) one of whom shall be the district health officer; appointees of the chairman of the
board of supervisors or city council (3) including a member thereof (1); and the president or representative of the county medical and dental societies (1 each). The members serve without compensation but may be reimbursed for traveling expenses incurred in the performance of their duties. The department of health is responsible for supervising and financing the activities of these councils.

In view of the foregoing, the counties continue to operate and maintain county hospitals within their respective jurisdictions. The difference is, however, that under Act 203 this operational responsibility is statutorily derived; whereas, in the two years prior to this Act, county participation in a State function was based on a contractual relationship with the State.

3. Maintenance of State highways, parks and historical sites:

Act 203 permits the governor to enter into contractual arrangements with the counties for the maintenance of the State's highways, parks and historical site for the current fiscal year ending June 30, 1968. In addition thereto, the Act also permits the governor to transfer related functions to the counties. However, transfers of functions effected under this authority are deemed to be temporary and are subject to the express approval of the next succeeding legislature.

---

2 It should be noted that under section 142-3.5, RLH 1955, as amended, statutory authority is already available to the counties to contract with the State for the maintenance of county highways. Act 203 extends a similar contracting authority to the State for its State highways.
II. STATUS OF IMPLEMENTATION RE: AUXILIARY PUBLIC SCHOOL FUNCTIONS

A. Legislative Intent

Act 203 intended that the functions and services relating to the public schools and the transportation of students, heretofore performed by the several counties under contractual arrangements, be completely assumed by the State. In this regard, the Act explicitly states that these functions and services "shall hereafter be directly administered and performed by the department or departments, or divisions of government designated by the Governor." In consonance with this intent, the Act mandated the transfer to the State of those county personnel and property, except real property, employed or used in connection with these functions.

The following reports the general extent of progress achieved in administering this part of Act 203, and more specifically, in terms of the actions and omissions in effecting the required transfers of personnel and property.

B. Custodial Services

Under the governor's executive order, operational and administrative responsibilities for custodial and janitorial services were transferred in total to the department of education. The status of the actual transfers of personnel and equipment is indicated below.

1. Personnel: By memorandum, dated August 24, 1967, the personnel office of the department of education notified all administrators of the impending transfer of custodial personnel and issued instructions regarding the applicability of State regulations and procedures. On September 1, 1967, a total of 761 employees were officially transferred from the respective counties to the department of education. Table II provides a breakdown, by counties, of the personnel transferred. Since these employees were already being utilized at school and district office sites, there has been no major change in the location, organization and supervision of custodial services.
<table>
<thead>
<tr>
<th>Department and Function</th>
<th>C&amp;C of Honolulu</th>
<th>County of Hawaii</th>
<th>County of Maui</th>
<th>County of Kauai</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Department of Education</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Custodial Services:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Full-time permanent</td>
<td>554</td>
<td>83</td>
<td>27</td>
<td>31</td>
<td>695</td>
</tr>
<tr>
<td>Part-time permanent</td>
<td>22</td>
<td>19</td>
<td>12</td>
<td></td>
<td>66</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td>579</td>
<td>93</td>
<td>46</td>
<td>43</td>
<td>761</td>
</tr>
<tr>
<td><strong>Department of Accounting and General Services</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative Services</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>School Planning and Construction</td>
<td>41</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>41</td>
</tr>
<tr>
<td>School Repair and Maintenance</td>
<td>154</td>
<td>-</td>
<td>-</td>
<td>16</td>
<td>170</td>
</tr>
<tr>
<td>School Bus Transportation</td>
<td>-</td>
<td>2</td>
<td>-</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td>197</td>
<td>2</td>
<td>-</td>
<td>17</td>
<td>216</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>776</td>
<td>95</td>
<td>46</td>
<td>60</td>
<td>977</td>
</tr>
</tbody>
</table>

\textsuperscript{a}Excludes contractual personnel and student helpers with the exception of footnote "b."

\textsuperscript{b}These employees were hired by contract at time of transfer. They are now being converted to regular employees.

\textsuperscript{c}All full-time employees transferred to DAGS

Source: Compiled from personnel rosters of the department of education and the department of accounting and general services
2. **Equipment**: Although the location of equipment used in the performance of custodial services remained relatively unchanged, the transfer of title for such equipment is yet incomplete. Custodial equipment belonging to the city and county of Honolulu, as per the official inventory as of June 30, 1967, were transferred to the State by letter of August 31, 1967. And, the county of Hawaii transferred its custodial property to the State by resolution of the county board of supervisors, adopted on September 6, 1967. However, both the counties of Maui and Kauai have yet to complete their property transfers. The Maui district office of the department of education reported that it is now in the process of compiling the property lists from the schools. The office of the county chairman, county of Kauai, reported that custodial property is listed together with all other properties to be transferred (school repair and maintenance) and such transfers should be effected shortly.

C. **School Planning, Construction, Repair and Maintenance Services**

Under the governor's executive order, these functions are shared between the department of education and the department of accounting and general services. In terms of the personnel and property to be transferred under Act 203, all such transfers would have been made to the department of accounting and general services since this department is responsible for providing the services affected by the Act.

---

3 Memorandum from the mayor, city and county of Honolulu to the governor, State of Hawaii, dated August 31, 1967, transmitted all property inventories required to be transferred under Act 203.

4 Resolution No. 221, entitled "Resolution Transferring Personal Property Used in Functional Areas of School Activities to the State of Hawaii," adopted on September 6, 1967, by the board of supervisors, county of Hawaii.
1. **Personnel:** Only two of the four counties have effected any personnel transfers in accordance with the Act. They are the city and county of Honolulu and the county of Kauai. The counties of Hawaii and Maui have continued to provide school repair and maintenance services with county personnel under conditions similar to those which existed when the State-county maintenance contracts were in force. It should be noted, however, that this arrangement exists informally as there is no contractual agreement covering this current situation.

It was reported that this arrangement was agreed to because in each of the counties of Hawaii and Maui employees engaged in school repair and maintenance work are also assigned to perform work for the county proper. It was contended that because of these dual work assignments the segregation and transfer of only those duties relating to the repair and maintenance of State facilities would be disruptive and inefficient.

Reference to this problem was made by the county of Maui in a memorandum to the governor, dated September 1, 1967, in which it was stated that, as a group, 83.08% of the time of the 25 employees on Maui, and 72.62% of the 3 employees on Molokai, were devoted to school repair and maintenance work with the balance of time being spent on county work. A similar situation was reported by the county of Hawaii in its memorandum to the governor on September 6, 1967. In a second memorandum, dated September 16, 1967, the county chairman of the county of Hawaii reported to the governor that representatives of the department of education and the department of accounting and general services were agreeable to continuing the contractual service arrangement until the end of the current fiscal year. However, as far as we could determine, there is no documentation of this fact. Nor has any official extension been given to exclude these counties from the coverage of the executive order which ordered the transfer of all personnel and personal property to the State effective September 1, 1967.
With respect to both the city and county of Honolulu and the county of Kauai, which have already completed their personnel transfers to the department of accounting and general services, the following organizational arrangements are in effect.

(a) Oahu: Project engineering and inspectional personnel have been physically relocated to the State and are assigned to the public works division; repair and maintenance personnel have been assigned to the central services division but still occupy county facilities at the Ala Moana baseyard; and two clerical employees were transferred to the administrative services office.

(b) Kauai: Personnel transferred from the county of Kauai are being temporarily supervised by the Kauai district office of the highways division, department of transportation, upon the request of the department of accounting and general services which does not maintain a local office on that island. Renovations are underway to house the repair and maintenance office staff in the circuit court building in Lihue. Field personnel continue to operate in the same manner as in the past.

2. Equipment: All personal property under title to the city and county of Honolulu as of June 30, 1967, and relating to the public schools, were transferred to the State effective September 1, 1967, by letter of the mayor, which was referred to earlier. However, as of this date, the department of accounting and general services is still in the process of verifying the actual possession of such properties. As noted earlier, the county of Kauai has not completed its property transfers. They are awaiting decision on the disposition of some items which they hope to retain. Property transfer by the counties of Hawaii and Maui is not anticipated in view of their present service arrangements with the State.
D. Student Transportation Services

Under the governor's executive order, the functions relating to student transportation are also divided between the department of education and the department of accounting and general services. The former establishes the general policies and standards; and the latter is charged with their administration and enforcement.

1. Personnel: Prior to Act 203, each of the counties of Hawaii, Maui and Kauai employed full-time personnel to administer student transportation services. In the city and county of Honolulu, the school bus transportation program was administered directly by the department of education. To date, only the counties of Hawaii (2) and Kauai (1) have transferred their personnel to the State department of accounting and general services. These employees are being housed and supervised by the district offices of the department of education in their respective counties upon the request of the department of accounting and general services. With respect to the county of Maui, the department of accounting and general services only recently sent a formal request to the county chairman to have the one employee affected by Act 203 transferred to that department to be housed and supervised, on its behalf, by the Maui district office of the department of education.

2. Equipment: Of the four counties, only Hawaii owned and operated public school buses for transporting students to and from school. Student transportation services in the other counties were generally provided by private concerns, either on a contractual or fare basis. Under Resolution No. 221, cited earlier, the county of Hawaii transferred 17 buses and related miscellaneous equipment to the State. At the present time,

---

On the island of Hawaii, both government owned and contract bus services are provided. Government owned buses are usually driven by persons hired by contract; therefore, they are not considered to be employees for transfer purposes.
these properties are in custody of the Hawaii district office of the department of education. It was indicated that sometime in the near future they will be retransferred to the department of accounting and general services as the latter agency is the proper agency to accept property relating to bus transportation services.

E. Teacher Housing

The governor's executive order of August 10, 1967, assigned the department of social services to plan, construct, maintain and operate teacher housing facilities for the department of education. In addition, the executive order sets forth the following policies to further define the allocation of functional duties.

1. The department of education shall establish policies and designate areas of need.

2. Each district superintendent shall have full control in the assignment of teacher personnel to the housing quarters.

3. Teacher housing will be phased out wherever it is deemed advisable.

4. The rent structure be devised by the Hawaii housing authority of the department of social services in consultation with the department of education.

Pursuant to the above, the Hawaii housing authority undertook a state-wide survey of present teacher housing facilities. Its findings are expected to be incorporated in the agency's budget request for the 1968-1969 fiscal year.

No personnel or equipment were transferred under Act 203 for this purpose. Therefore, the operation of teacher housing has remained essentially with the department of education.

F. Junior Police Officer (J.P.O.) Programs

Heretofore, the counties were authorized to expend public funds to finance J.P.O. training programs and to defray medical, hospitalization and funeral costs, within specified limits,
resulting from the injury or death of any child performing the duties of a junior police officer. Under Act 203, this authority was transferred to the State government.

For the past eleven years, a private insurance company has been providing indemnity coverage for the J.P.O. program as a public service and at no cost to the government. In October, 1967, upon learning of the transfer of the J.P.O. program from the counties to the State, the company tendered an offer to the department of education to continue providing this indemnification without charge. On November 16, 1967, the board of education unanimously accepted the indemnity contract offered by the company. The contract, which expires on September 1, 1968, provides for payments of up to $5,000 for bodily injury and property damages for each occurrence and covers all junior police officers in the public schools. As noted in administrative regulation no. 9 of "Rule 37" of the department of education, J.P.O.'s are also covered by workmen's compensation for injuries incurred in the line of duty. However, coverage provided under this program is limited to medical benefits only and does not include permanent disability, disfigurement or death benefits.

G. Comments on Implementation Problems

Although Act 203 and the governor's executive order of August 10, 1967, were explicit as to the scheduling for the transfer of county personnel and personal property to the State, the actual implementation of these directives has been somewhat sporadic and inconsistent. Some delays in effecting the final changeover to State agencies may be attributable to differing views on the intent of Act 203. Other delays were apparently caused by administrative oversight. The following describes some of these problems which touch upon legislative as well as administrative policies.
1. County performance of school repair and maintenance work: As noted earlier, the counties of Hawaii and Maui are continuing to provide school repair and maintenance services for the State on a reimbursement of cost basis. This arrangement is not based on any contract since the contractual authority previously granted under Act 14, SLH 1966, terminated as of June 30, 1967. Instead, it appears that the governor invoked the authority vested in him under Act 203 to postpone the impending transfer of personnel from these counties to avoid the disruption of services. At this time, it appears that this postponement will carry over to the end of this current fiscal year.

This delay in effecting the total transfer of school repair and maintenance functions to the State raises some important policy questions relating to legislative intent. In the first place, Act 203 does not specify or define a reasonable period of postponement. Therefore, it could be interpreted to permit an indefinite period of postponement. If so interpreted, the intent expressed by the Act for the direct State administration and performance of school related functions may not be immediately realized. Secondly, the issue is raised as to whether the Act itself allows the redelegation of functions back to the counties. Under the Act, the governor is authorized to delegate functions to a "department, departments or divisions of government." One interpretation holds that "divisions of government" includes the county governments, which are subdivisions of the State. If interpreted thusly, it would imply that the same functions placed under the direct administration of the State may be redelegated to be performed by the counties. The question then arises as to whether this method of allocating or delegating functions is consistent with the basic legislative intent of Act 203, as it relates to functions concerning the public schools. The various interpretations given to Act 203 could affect the future course of its implementation.
2. Financing vacation credits: Although Act 203 did not require the counties to transfer funds to finance the vacation credits of those employees transferred to the State, nonetheless, these transferred vacation credits represent financial obligations of the State. As indicated in table III, the financial obligation assumed by the State for the accumulated vacation credits of custodial employees transferred from the counties exceeded $2.181 million at the time of transfer. This cost must eventually be absorbed by the State either by granting employees time off from the jobs or by making lump sum cash payments upon the termination of government service.

Table III. Estimated Cost of Vacation Credits Transferred from the Counties to the Department of Education Under Act 203, SLH 1967
(For Custodial Personnel Only--As of 9-1-67)

<table>
<thead>
<tr>
<th>County</th>
<th>No. of Employees Transferred</th>
<th>No. of Vacation Credit (In Days) Transferred</th>
<th>Estimated Cost of Vacation Credits Transferred</th>
</tr>
</thead>
<tbody>
<tr>
<td>C&amp;C of Honolulu</td>
<td>579</td>
<td>30,798</td>
<td>$2,061,517</td>
</tr>
<tr>
<td>County of Hawaii</td>
<td>93</td>
<td>3,566</td>
<td>66,507</td>
</tr>
<tr>
<td>County of Maui</td>
<td>46*</td>
<td>1,109</td>
<td>20,628</td>
</tr>
<tr>
<td>County of Kauai</td>
<td>43</td>
<td>1,850</td>
<td>32,354</td>
</tr>
<tr>
<td>Total</td>
<td>761</td>
<td>37,323 (days)</td>
<td>$2,181,006</td>
</tr>
</tbody>
</table>

* This figure includes 19 employees who at the time of transfer were hired by contract and, hence, were not entitled to earn vacation credits.

Source and Method of Computation: Vacation data were obtained from personnel transfer records for Honolulu employees and from reports of district offices of the DOE for employees on Hawaii, Maui and Kauai. Cost figures were computed by applying the daily rate of pay for each employee, as of September 1, 1967, to the number of vacation days credited to each of them.
In administering this aspect of Act 203, the question arose as to whether the State is obligated to transfer vacation funds to the counties for those employees who were initially transferred to the State and, shortly thereafter, were re-employed by the counties. The Act is silent on this point. It merely relieves the counties from transferring funds in the initial transfer of employees to the State.

Administratively, there does not appear to be a consistent policy to treat this situation. The department of education, for example, reported that during the four month period from September through December, 1967, nine of its custodians transferred back to county employment. The accumulated vacation credited to these employees totaled 201 days at an estimated cost of over $3,800. The department did transfer funds to cover the vacation credits of one employee, but has withheld transferring vacation funds for the other employees until some determination is made about the State's obligations in this matter. On the other hand, through mutual arrangements with the city and county of Honolulu, the department of accounting and general services was able to transfer four employees to the city without having to transfer vacation funds.

Apparently, there is no clear understanding of the extent of the State's financial obligation. Since no funds were forwarded from the counties to cover the vacation costs for employees transferred under Act 203, it would seem reasonable that subsequent return of employees to the counties should be similarly handled. However, it is also argued that the relief provided the counties should be considered together with the relief provided the State which received county property at no cost. As such, it is said, the counties should be entitled to vacation funds from the State for employees who transfer back to the counties. Whatever the reasons, it seems that this problem should be subjected to administrative review and settlement.
3. **Property transfer procedures:** As evidenced in preceding discussions, considerable delay has been encountered in completing the transfer of personal property affected by Act 203. In some instances, the affected properties are still being inventoried. This delay is partly attributable to the lack of uniform procedures and communication inadequacies. For example, as late as January of this year, several of the neighbor island district offices of the department of education were not informed of their responsibilities under the Act for effecting property transfers. This situation is being corrected at the present time.

Moreover, we note that, to date, no record of property acquisitions under Act 203 has been reported to the purchasing division of the department of accounting and general services, which administers the property management program for the State government. Unless all applicable procedural requirements are met, including the certification of custody of property and the recording of changes in property ownership, the transfer of personal property required by Act would remain incomplete.

III. IMPLEMENTATION STATUS RE: OPERATION AND MAINTENANCE OF COUNTY HOSPITALS AND RELATED MEDICAL FACILITIES

A. **Legislative Intent**

Act 203 intended to "strike a balance between responsiveness to local conditions and state-wide uniformity in medical services and facilities, which balance would be impossible to achieve if responsibility were left solely to either the counties or the State."^6^ In pursuing this intent, the Act provided that (1) the State retain sole fiscal responsibility

---
^6^ Excerpt from conference committee report no. 18, relating to House Bill no. 705, which was enacted as Act 203, Session Laws of Hawaii, 1967.
for public hospitals and health facilities; (2) the counties operate and maintain these county hospitals and related medical facilities within their respective jurisdictions; and (3) hospital advisory councils be established in each county to advise the State director of health on matters pertaining to the planning, construction, improvement, maintenance and operation of public hospitals and other public health and medical facilities.

The following reports the status of progress and problems encountered in administering this part of Act 203.

B. County Hospital Advisory Councils

It was reported by the department of health that the advisory councils provided for under Act 203 are in the process of being formed. It is presently coordinating the appointment of the members to these councils which shall include representatives of the State government, the county governments and the local medical and dental societies. It is anticipated that the initial organizational phase should be completed in this month of February.

In conjunction with the foregoing, the department has proposed the establishment of a new administrative office to assist and coordinate the work of the hospital advisory councils, as well as to generally oversee state-county relations in hospital matters. It expects to finance and staff this office with funds appropriated to the department for the administration of "Act 97 hospitals." This plan, however, is subject to the approval of the governor.

C. County Organization for Managing County Hospitals

Generally, Act 203 did not result in major changes in the extent and level of services provided by county hospitals. However, some notable changes were made in the organizational structure of several counties subsequent to the enactment of this law. These counties are Hawaii and Kauai, as explained below.
1. County of Hawaii: Prior to the effective date of the Act, on April 5, 1967, the county board of supervisors adopted resolution no. 80 which consolidated the county's four hospitals into a single "Hawaii County Hospital System."
Under the same resolution, a county-wide hospital advisory board and separate advisory committees for each hospital were created. Subsequently, on November 22, 1967, the county board of supervisors adopted a new resolution (no. 282) which effectively changed the various hospital advisory boards and committees to executive boards and committees.

By this change, the new "Governing Board of Hawaii County Hospital System" is possessed with powers to hire the administrative director for the county hospital system; to promulgate regulations, policies and other directives for management of the county hospital system; and to enforce the ordinances and directives of the county board of supervisors. In effect this hospital governing board assumed many of the powers and duties formerly exercised directly by the board of supervisors. Although the latter still reserves overall management authority primarily through its power to legislate, the general administration of the county hospitals is delegated to the county hospital governing board and the hospital trustee committees of the individual hospitals.

2. County of Kauai: The county's two public hospitals are separate operational agencies which are accountable to the county board of supervisors. On December 6, 1967, the board adopted resolution no. 83 which created a "county advisory committee on hospital management" to advise the board on all aspects of hospital management and operations, including fiscal matters, capital improvements, hospital rates and fees, hospital operations and maintenance.
In both instances, the enabling resolutions refer to Act 203 as the legal authority. However, in terms of the relative impact of the changes upon intra-county hospital management, the action taken by the county of Hawaii in establishing executive hospital boards is far more significant than the hospital board created on Kauai which is advisory only.

The internal organization for hospital management in both the county of Maui and the city and county of Honolulu were relatively unaffected by Act 203. The latter, for example, has continued to provide hospital and related health services through its health department, an executive department of the city government. In the county of Maui, the board of supervisors exercises general managerial powers through its chairman and executive officer and continues the existence of managing boards for its two county hospitals. It also has formed a "state-county relations committee" to facilitate communications with the State in areas of mutual interest.

D. State Policies and the Operation of County Hospitals

The State's budget execution policies and procedures which prevailed during the time of the contractual arrangements were generally carried over into the current fiscal year. The instructions of the State director of health to the "Act 97 hospitals" were to "continue operations as in the past." However, during the interim, the State began a reassessment of its role and responsibilities under Act 203. In August, 1967, the departments of health, budget and finance, accounting and

7 An opinion rendered by the department of attorney general, dated August 8, 1967, implicitly affirms the authority of the counties to decide which form of administrative arrangements will best accomplish their obligations and duties in operating the county hospitals pursuant to Act 203.

general services, and attorney general developed and submitted joint recommendations to the governor proposing policies and procedures for fulfilling the State's responsibilities under Act 203. These proposals were subsequently revised and are now being reviewed with the respective county executive officers.

Essentially, the proposed policies and procedures would treat the county hospitals as though they were organizational units of the department of health. That is, the director of health would reserve the authority to effect changes in hospital policies and rates, capital improvement requests, budget review, and to generally oversee the operations and management of the county hospitals. Moreover, budgetary controls routinely imposed upon State departments would likewise apply to the county hospitals. If adopted in the present form, these proposed policies would afford the State a greater degree to direct administrative control over these institutions than was possible under the contractual agreement which previously governed State-county relationships.

E. Comments on Implementation Problems

1. Interpretation of Act 203: Act 203 is generally regarded as the follow-up legislation to Act 97, both of which fixed the responsibility for public hospitals and related medical services in the State government. Moreover, Act 203 statutorily assigned a special role to the counties and directed that they operate and maintain the county hospitals in behalf of the State. Beyond this, however, the Act is vague as to the management relationships which were intended between the State and the several counties. This vagueness and absence of specific directions as to legislative intent has resulted in divergent interpretations of the Act regarding the respective roles of the State and the counties in the management of county hospitals.
One view, which is supported by the opinion of the attorney general cited earlier, takes the position that the full responsibility and authority for the planning, construction, improvement, maintenance and operation of the county hospitals resides in the State government. The extent to which the State exercises this authority is a policy determination. The proposed policies and procedures reflected in the joint recommendations of State departments, as referred to earlier, represent this position. In effect, the proposed policies are intended to strengthen the State's administrative role in the management of county hospitals.

On the other hand, the view is also expressed that while Act 203 does reserve the functional responsibility unto the State, the direction given to the counties to operate and maintain county hospitals decidedly establishes the policy of effecting more direct local participation and thus responsiveness to local needs. It is further stated that the provision of Act 203 requiring the counties to "prepare and submit budget estimates as provided by Chapter 35," and the direct appropriation of funds to the county hospital made under the Act, are intended to increase the powers of the counties to administer their own affairs. In terms of policy-setting, this view holds that the State should establish the general standards it finds necessary to achieve uniformity of health services throughout the State, but should leave the administration of these services to the counties which would be subject to the inspection and audit by the State. The ultimate test is the degree to which the standards of services set by the State, and applicable throughout the State, are being met by the counties.

Obviously, these interpretations of Act 203 are conflicting. They are, however, real issues that must be resolved if progress in achieving a viable State-county relationship is to be expected.
2. **County hospital advisory councils and committees:** Throughout the four counties, the organizational means through which county hospitals are managed and operated vary considerably. The city and county of Honolulu operates with an executive department under a single administrator; Hawaii county views its consolidated county hospital system as a division of local government but has chosen to use a multi-membered board as the governing body; both the counties of Maui and Kauai treat each of their respective county hospitals as separate operating agencies. Maui still uses managing committees and Kauai relies on single administrators. The latter also employs a county-wide hospital advisory committee. This variation, in itself, does not negate the effective execution of Act 203. However, the existence of multiple hospital advisory bodies in the same county appears to pose a situation requiring close review.

The creation of advisory bodies by both Act 203 and the counties would tend to result in functional duplication inasmuch as both types of advisory bodies would be advising their respective parent organizations on the same matters; namely, the improvement, maintenance, operation and management of county health facilities.

It is said that they serve different roles and purposes because one reports to the State director of health, and the other the county board of supervisors. We find, however, that there is no appreciable difference in the roles that these advisory bodies would perform. Under Act 203, the department of health is responsible for deciding policies and priorities with respect to county hospitals; and the counties are the implementors of such decisions. Thus, the advisory bodies, whether they be created by statute or county resolution, would be ultimately advising the State on such matters. Act 203 advisory councils, which are situated in each county, would be advising the director of health directly; whereas, the advisory committees created by the counties proper would be advising the
director of health through the county governing board or chief executive. We note further that Act 203 explicitly permits the advisory councils established by the State to coordinate their efforts and activities with the hospital administrators within their counties.

We cite this situation to suggest the probable duplication of efforts which might arise when two advisory bodies, though jurisdictionally separate, are created to serve the same geographic and functional areas. We reiterate, however, that the counties do possess the authority to determine the means of organization which they find most suitable to fulfill their obligations under Act 203. Therefore, the efficacy of creating additional advisory bodies at the county government level remains to be decided by each county.

IV. STATUS OF IMPLEMENTATION RE: CONTRACTUAL MAINTENANCE OF STATE HIGHWAYS, PARKS AND HISTORICAL SITES

A. Legislative Intent

Part IV of Act 203 authorizes the State, through the governor, to contract with the counties for the maintenance of State highways, parks and historical sites. The exercise of this authority is permissive rather than mandatory. As noted in the conference committee report accompanying Act 203, it was intended that this contractual basis provide for "imaginative experimentation" in these functional areas to develop "a mutually responsible and responsive relationship between the counties and the State."

We should note that similar powers are contained in Act 163, SLH 1967, which reads in part as follows:

"Section III-41.8. Maintenance of state highway system. The maintenance of the state highway system may be performed by public employment or by contract, or the director of transportation may have the maintenance performed by the county in which the highways are situated, by public employment or by contract, upon authorization of the legislative body of the county concerned."
It appears clear that Act 203 and Act 163, both enacted during the 1967 legislative session, anticipate and encourage the development of mutual participation between the State and the several counties in providing for the maintenance of the State's highways.

B. Contractual Maintenance of State Highways

As of January 31, 1968, the department of transportation had consummated, or were in the process of consummating, highway maintenance agreements with each of the four county governments.\(^9\) The general nature of these agreements is described below.

1. County of Hawaii: General agreement was reached between the department of transportation and the chairman of the board of supervisors of the county of Hawaii in mid-January for the county to assume the maintenance of 27.1 miles of State highways, as follows:

<table>
<thead>
<tr>
<th>Control Section</th>
<th>Description</th>
<th>Length (miles)</th>
</tr>
</thead>
<tbody>
<tr>
<td>19L</td>
<td>Kamehameha Avenue</td>
<td>0.5</td>
</tr>
<tr>
<td>19M</td>
<td>Kamehameha Ave. &amp; Silva St.</td>
<td>1.0</td>
</tr>
<tr>
<td>123A</td>
<td>Puainako Street</td>
<td>1.5</td>
</tr>
<tr>
<td>130A</td>
<td>Kalapana-Pahoa Road</td>
<td>10.8</td>
</tr>
<tr>
<td>130B</td>
<td>Pahoa-Keaau Road</td>
<td>10.0</td>
</tr>
<tr>
<td>220A</td>
<td>Akaka Falls Road</td>
<td>3.3</td>
</tr>
</tbody>
</table>

Total Miles 27.1

Under the agreement, the State agrees to pay actual costs, including depreciation of equipment and rental charges as required, etc.

\(^{9}\)Other contractual agreements are being entered into with the counties for the purposes of establishing a state highway system, as provided by Act 159, SLH 1965. Act 203 is not contingent upon the establishment of such a system. However, the contracts for the establishment of the state highway system, and the maintenance thereof, are being developed together.
plus a five per cent charge for administrative expenses. The agreement will become effective upon its ratification by the county board of supervisors, which is expected in early February. This phase does not include any transfer of personnel or equipment. Contract maintenance for additional portions of the state's highways on Hawaii is under study.

2. County of Kauai: The chairman of the Kauai county board of supervisors indicated in an interview on January 25, 1968, that the county is ready to enter into agreement with the State for the maintenance of 16.7 miles of State highways on Kauai. On that date, the proposed contract was under review by the county attorney. The highways affected are listed below.

<table>
<thead>
<tr>
<th>Control Section</th>
<th>Description</th>
<th>Length (miles)</th>
</tr>
</thead>
<tbody>
<tr>
<td>56</td>
<td>Kuhio Highway, Kahili-Kilauea</td>
<td>1.5</td>
</tr>
<tr>
<td>56</td>
<td>Kuhio Highway, Kalihiwai-Haena</td>
<td>13.2</td>
</tr>
<tr>
<td>56</td>
<td>Kuhio Highway, Kalihiwai Section</td>
<td>2.0</td>
</tr>
</tbody>
</table>

Total Miles 16.7

The terms of the agreement proposed for the county of Kauai are similar to those provided for the county of Hawaii. This phase does not include the transfer of any personnel or equipment. The feasibility of contracting the maintenance of additional portions of State highways is under study.

3. County of Maui: Under the terms of a memorandum of understanding executed on December 28, 1967, with the department of transportation, the county of Maui agreed to and did assume the responsibility for maintaining a total of about 140 miles of State highways on Maui, Lanai and Molokai starting January 2, 1968. Included in this memorandum are stipulations governing the method and conditions for effecting payment for services, operational procedures and maintenance standards, and related administrative measures. More significantly, unlike the agreements being considered by the other counties, the memorandum
provides for the transfer of State personnel and equipment to the counties on or about April 1, 1968, and not later than July 1, 1968. The effectuation of these terms would result in the total assumption by the county of Maui of all highway maintenance activities of the department of transportation in this county.

4. City and County of Honolulu: A proposed memorandum of agreement is under consideration wherein the department of transportation would contract with the city and county of Honolulu for certain maintenance functions rather than any specified number of linear miles of State highway. Under consideration are:

(a) Street sweeping on all State highway sections.

(b) Maintenance of highway lights on all State highway sections, including lights for signs, underpasses, tunnels and flashes.

(c) Maintenance of landscaping on all State highway sections within the urban area, including mowing, trimming, weeding and watering.

The above arrangement will require the transfer of some State personnel and equipment to the city and county of Honolulu. The feasibility of contracting of other functions is under study.

C. Contractual Maintenance of State Parks and Historical Sites

The management of State parks and historical sites is vested in the department of land and natural resources. As of June 30, 1967, the department operated and maintained a total of 34 State parks, monuments, recreational areas and waysides on five islands of the State, as shown on the next page.
TABLE IV. DISTRIBUTION OF STATE PARKS, MONUMENTS AND RECREATIONAL AREAS

<table>
<thead>
<tr>
<th></th>
<th>State Parks</th>
<th>State Monuments</th>
<th>Recreation Areas</th>
<th>Waysides</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hawaii</td>
<td>4</td>
<td>2</td>
<td>4</td>
<td>1</td>
<td>11</td>
</tr>
<tr>
<td>Maui</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>Molokai</td>
<td>1*</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Oahu</td>
<td>1*</td>
<td>5</td>
<td>2</td>
<td>1</td>
<td>9</td>
</tr>
<tr>
<td>Kauai</td>
<td>5</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>13</td>
<td>8</td>
<td>7</td>
<td>6</td>
<td>34</td>
</tr>
</tbody>
</table>

* A local park not designated as a State park.


Act 203 permits the State to contract with the counties for the maintenance of these parks, monuments and other recreational sites. However, as indicated by the department's memorandum to the legislative auditor, dated January 9, 1968, there are no immediate or future plans to enter into such maintenance contracts with the respective counties. The memorandum does not cite any specific obstacle against entering into such arrangements. But, rather, it does express doubt about the benefits that can be anticipated under arrangement which are merely temporary, and the ability of the counties to conform to the desired maintenance standards of the department.
SUMMARY

Act 203, SLH 1967, directed the transfer of personnel and equipment from the counties to the State in certain of the functional areas previously declared to be State responsibilities under Act 97, SLH 1965; established new State-county organizational patterns for the operation and maintenance of county hospitals and related medical facilities; and granted additional executive authority to enter into State-county contracts for maintaining the State's highways, parks and historical sites. This report relates the progress to which these directives and grants of authority have been implemented as of January 31, 1968.

A. School Planning, Maintenance, Custodial and Student Transportation Services. The Act provided for the complete assumption by the State of functions related to the public schools, and authorized the transfer to the State of personnel and personal property, but not real property, from the counties. Pursuant to the governor's executive order of August 10, 1967, these transfers of personnel and property were to be effective September 1, 1967. The following summarizes the status of these changes.

1. Custodial services: A total of 761 custodial employees were transferred to the department of education. Equipment transfers, however, are still being processed in some counties. The city and county of Honolulu transferred its school equipment inventory on August 31, 1967; the county of Hawaii transferred custodial property by resolution of the county board of supervisors on September 6, 1967. However, the Maui and Kauai school districts have yet to complete the transfer of custodial property to the State.

2. School planning, construction, repair and maintenance: Under the governor's executive order, the department of accounting and general services (DAGS) assumed operational responsibility for these services. The city and county of Honolulu transferred
197 employees and accompanying equipment. The latter is still being verified by DAGS. The county of Kauai transferred 17 employees to DAGS who are being temporarily supervised by the Kauai highways office of the department of transportation. Equipment transfers on Kauai are yet to be completed. Both the counties of Hawaii and Maui have not effected any transfers and are continuing to provide the subject services with county personnel and equipment under informal arrangements with the State. This arrangement is expected to continue at least through the current fiscal year.

3. Student transportation: The governor's executive order also directed that student transportation services be provided by DAGS in accordance with regulations and policies as adopted by the department of education. Throughout the counties, there were only four employees who were subject to transfer to the State. The employees of the counties of Kauai (1) and Hawaii (2) were transferred; whereas, the employee of the county of Maui was not. In the latter case, DAGS has recently requested the county to effect the transfer. Employees thus transferred, or to be transferred, are housed and supervised by the district offices of the department of education upon the request of DAGS. On Hawaii, which is the only county which operated a fleet of buses, all 17 county school buses were transferred to the State.

4. Teacher housing: The planning, construction, maintenance and operation of teacher housing were assigned to the department of social services by the governor's executive order. The department of education, however, retains general policy setting and housing assignment responsibilities. The Hawaii housing authority of the department of social services recently concluded a state-wide survey of teacher housing facilities. Recommendations for long-range planning are expected to be included in their budget request for the forthcoming fiscal year.
5. Financing J.P.O. programs and insurance: Act 203 transferred the authority to finance J.P.O. programs from the counties to the State. For some eleven years, indemnity coverage has been provided by a private insurance company as a public service and at no cost to government. This offer was extended to the State, and accepted by the State board of education, to provide coverage through September, 1968. Under Rule 37 of the department of education, medical and hospital costs incurred by J.P.O.'s in the performance of their duties are covered by workmen's compensation.

B. Operations and Maintenance of County Hospitals. Act 203 affirmed the State's responsibility regarding public hospitals and medical facilities. However, it directed that county hospitals and related medical facilities be operated and maintained by the respective counties on behalf of the State. Although this measure did not result in any significant change in the rendering of hospital services, two counties did modify their internal organization to accommodate their management needs relative to the operation of their hospitals. The county of Hawaii delegated the management of its county hospital system to a "governing board," which was previously constituted as an advisory body only. The county of Kauai established a "county advisory committee on hospital management" to advise the county board of supervisors on all matters relating to the management and operations of the county's two hospitals.

More significantly, however, an issue has arisen which touches upon the very intent of Act 203. According to officials of the State government, the Act vests full management authority in the State for the operation and maintenance of county hospitals. This position is reflected in the proposed policies and procedures developed jointly by four executive departments of the State and which are now being reviewed with the respective counties. On the other hand, certain county officials hold that Act 203 intended that the counties exercise
more independent management discretion and that the State
should concentrate on developing state-wide health policies
and standards to govern the extent and kind of services it
expects the counties to provide.

The hospital advisory councils provided for under the
Act are presently being organized in each county. The depart­
ment of health expects to complete the appointment of members
to these councils sometime in February, 1968.

C. Contractual Maintenance. State-county contracts for
the maintenance of State highways have been initiated in each
of the counties. The counties of Hawaii and Kauai will begin
to maintain 27.1 and 16.7 miles of State highways, respectively,
with additional highways to be included in the future. Both
counties will provide this service with their own personnel
and equipment at least through this fiscal year. The county
of Maui assumed contractual responsibilities for maintaining
some 140 miles of highways on Maui, Lanai and Molokai since
early January, 1968. The present agreement calls for the
transfer of State personnel and equipment to the county by
April, 1968. The maintenance contract being considered for
the city and county of Honolulu involves specific functions
rather than miles of highways. Initially, the city and county
is expected to provide street sweeping, landscaping and highway
light maintenance services. The contracting of other highway
maintenance functions is under study.

The authority granted by Act 203 for contracting the
maintenance of State parks and historical sites has not been
exercised. The department of land and natural resources,
which is assigned these functions, reported no immediate or
future plans to contract maintenance services with the counties.