



EXECUTIVE CHAMBERS  
HONOLULU

DAVID Y. IGE  
GOVERNOR

July 11, 2017

**GOV. MSG. NO. 1292**

The Honorable Ronald D. Kouchi,  
President  
and Members of the Senate  
Twenty-Ninth State Legislature  
State Capitol, Room 409  
Honolulu, Hawai'i 96813

The Honorable Scott K. Saiki,  
Speaker and Members of the  
House of Representatives  
Twenty-Ninth State Legislature  
State Capitol, Room 431  
Honolulu, Hawai'i 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

This is to inform you that on July 11, 2017, the following bill was signed into law:

SB102 HD1 CD1

RELATING TO THE FEDERAL FUNDING POLICY  
STUDY  
**ACT 178 (17)**

Sincerely,

DAVID Y. IGE  
Governor, State of Hawai'i

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# A BILL FOR AN ACT

RELATING TO THE FEDERAL FUNDING POLICY STUDY.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The purpose of this Act is to address the  
2 federal funding policy study mandated by Act 225, Session Laws  
3 of Hawaii 2016.

4           Specifically, this Act amends Act 225 to change the state  
5 agency charged with conducting the federal funding policy study  
6 required by that Act, specify the fiscal period to be covered by  
7 the study, and extend the deadline for the study.

8           The legislature finds that the department of budget and  
9 finance is more appropriate than the office of the governor to  
10 conduct the federal funding policy study. Specifically, the  
11 office of federal awards management within the department of  
12 budget and finance currently monitors federal funds received by  
13 the State and bears the major responsibility for budgetary  
14 policies. Most importantly, the department of budget and  
15 finance must work towards assuring that the resources of the  
16 State are sufficient to fund necessary expenditures in the  
17 short- and long-term. This responsibility gives the department  
18 a practical appreciation of the need for sustainable revenues.



1 SECTION 2. Act 225, Session Laws of Hawaii 2016, is  
2 amended by amending sections 1 through 3 to read as follows:

3 "SECTION 1. The purpose of this Act is to address federal  
4 funds for state government.

5 More specifically, this Act requires the [~~office of the~~  
6 ~~governor~~] department of budget and finance to conduct a federal  
7 funding policy study[-] and report findings and recommendations  
8 to the governor.

9 The legislature finds that the preparation of a study of  
10 federal funding is necessary for state public policymakers to  
11 better understand the possible consequences of major reductions  
12 in federal funding of state government programs and projects.  
13 The legislature intends for the study to result in a policy from  
14 the governor that reduces the dependence of state government on  
15 federal funds.

16 SECTION 2. (a) The [~~office of the governor~~] department of  
17 budget and finance shall prepare a federal funding policy study  
18 for the State.

19 (b) [~~The~~] As part of the federal funding policy study, the  
20 office of federal awards management of the department of budget  
21 and finance shall:



- 1 (1) Identify the federal fund awards that state executive  
2 departments regularly receive to pay for programs and  
3 projects; and
- 4 (2) Estimate the amount of federal funds to be expended by  
5 the state government annually in the [~~next two~~] fiscal  
6 bienniums[+] 2017-2019 and 2019-2021.
- 7 (c) The department of budget and finance shall utilize the  
8 data compiled under subsection (b) and, with the assistance of  
9 the office of federal awards management, shall:
- 10 [~~3~~] (1) Analyze the extent of the dependence of state  
11 executive departments on federal funds to pay for  
12 major programs and projects;
- 13 [~~4~~] (2) Address the likelihood of a reduction of federal  
14 funds for state programs and projects in the [~~next~~  
15 ~~two~~] fiscal bienniums[+] 2017-2019 and 2019-2021; and
- 16 [~~5~~] (3) Discuss generally the impact on state government  
17 and Hawaii residents if federal funding levels are  
18 reduced.
- 19 [~~e~~] (d) Based upon the findings from [~~subsection~~]  
20 subsections (b) [7] and (c), the [federal funding policy study]  
21 department of budget and finance shall recommend a policy with



1 respect to the use of federal funds for state programs and  
2 projects. The policy shall include:

- 3 (1) Parameters regarding the application for and  
4 acceptance of federal funds available on a formula or  
5 competitive basis;
- 6 (2) Principles guiding the extent of dependence of state  
7 executive departments on federal funds;
- 8 (3) Conditions for using federal funds as the means of  
9 financing the salaries of state employees;
- 10 (4) Circumstances under which the state government should  
11 continue programs or projects with state funds after  
12 federal funds are no longer available for those  
13 programs and projects; and
- 14 (5) Measures and recommendations to protect the state  
15 government and residents of the State from the adverse  
16 effects of a slowed or reduced rate of federal funding  
17 for state programs and projects.

18 ~~[(d)]~~ (e) The ~~[office of the governor]~~ department of  
19 budget and finance shall submit~~[-]~~ to the governor and  
20 legislature:



1 (1) An interim report on the actions taken pursuant to  
2 this Act from its effective date until December 31,  
3 ~~[2016, to the legislature]~~ 2017, and estimated data  
4 and preliminary findings for fiscal year 2017-2018.  
5 The interim report shall be submitted no later than  
6 ~~[twenty days prior to the convening of the regular~~  
7 ~~session of 2017;]~~ February 1, 2018; and

8 (2) The final federal funding policy study and any  
9 proposed legislation ~~[to the legislature]~~ no later  
10 than ~~[twenty days prior to the convening of the~~  
11 ~~regular session of]~~ October 1, 2018.

12 (f) After receipt of the final federal funding policy  
13 study, the governor shall review the findings and  
14 recommendations and submit a report to the legislature with the  
15 governor's decisions on whether to accept, reject, or modify the  
16 recommendations of the study. The report shall be submitted by  
17 January 1, 2019.

18 SECTION 3. ~~[There is appropriated out of the general~~  
19 ~~revenues of the State of Hawaii the sum of \$100,000 or so much~~  
20 ~~thereof as may be necessary for fiscal year 2016-2017 for the~~  
21 ~~preparation of the federal funding policy study.~~



1       ~~The sum appropriated shall be expended by the office of the~~  
2 ~~governor for the purposes of this Act.]~~ There is appropriated  
3 out of the general revenues of the State of Hawaii the sum of  
4 \$100,000 or so much thereof as may be necessary for fiscal year  
5 2017-2018 for the preparation of the federal funding policy  
6 study; provided that this appropriation shall not lapse at the  
7 end of fiscal year 2017-2018; provided further that all moneys  
8 that are unencumbered as of December 31, 2018, shall lapse as of  
9 that date.

10       The sum appropriated shall be expended by the department of  
11 budget and finance for the purposes of this Act."

12       SECTION 3. Statutory material to be repealed is bracketed  
13 and stricken. New statutory material is underscored.

14       SECTION 4. This Act shall take effect on July 1, 2017.

APPROVED this 11 day of JUL, 2017




GOVERNOR OF THE STATE OF HAWAII

**THE SENATE OF THE STATE OF HAWAII**

Date: May 2, 2017  
Honolulu, Hawaii 96813

We hereby certify that the foregoing Bill this day passed Final Reading in the  
Senate of the Twenty-ninth Legislature of the State of Hawaii, Regular Session of 2017.

  
President of the Senate

  
Clerk of the Senate



SB No. 102, HD 1, CD 1

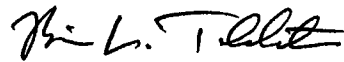
THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

Date: May 2, 2017  
Honolulu, Hawaii

We hereby certify that the above-referenced Bill on this day passed Final Reading in the House of Representatives of the Twenty-Ninth Legislature of the State of Hawaii, Regular Session of 2017.



Joseph M. Souki  
Speaker  
House of Representatives



Brian L. Takeshita  
Chief Clerk  
House of Representatives