

JAN 19 2017

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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 and extend the fiscal period to be covered  
7 by the study and 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



1 short- and long-term. This responsibility gives the department  
2 a practical appreciation of the need for sustainable revenues.

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

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

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

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

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



1 (b) [The] As part of the federal funding policy study, the  
2 office of federal awards management of the department of budget  
3 and finance shall:

4 (1) Identify the federal fund awards that state executive  
5 departments regularly receive to pay for programs and  
6 projects; and

7 (2) Estimate the amount of federal funds to be expended by  
8 the state government annually in the ~~[next two]~~ fiscal  
9 bienniums [+] 2017-2019 and 2019-2021.

10 (c) The department of budget and finance shall utilize the  
11 data compiled under subsection (b) and, with the assistance of  
12 the office of federal awards management, shall:

13 ~~[(3)]~~ (1) Analyze the extent of the dependence of state  
14 executive departments on federal funds to pay for  
15 major programs and projects;

16 ~~[(4)]~~ (2) Address the likelihood of a reduction of federal  
17 funds for state programs and projects in the ~~[next~~  
18 ~~two]~~ fiscal bienniums [+] 2017-2019 and 2019-2021; and

19 ~~[(5)]~~ (3) Discuss generally the impact on state government  
20 and Hawaii residents if federal funding levels are  
21 reduced.



1           [~~(e)~~] (d) Based upon the findings from [~~subsection~~]  
2 subsections (b) [7] and (c), the [~~federal funding policy study~~]  
3 department of budget and finance shall recommend a policy with  
4 respect to the use of federal funds for state programs and  
5 projects. The policy shall include:

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



1           ~~[(d)]~~ (e) The ~~[office of the governor]~~ department of  
2 budget and finance shall submit~~[-]~~ to the governor and  
3 legislature:

4           (1) An interim report on the actions taken pursuant to  
5 this Act from its effective date until December 31,  
6 ~~[2016, to the legislature]~~ 2017, and estimated data  
7 and preliminary findings for the fiscal year 2017-  
8 2018. The interim report shall be submitted no later  
9 than ~~[twenty days prior to the convening of the~~  
10 ~~regular session of 2017;]~~ February 1, 2018; and

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

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



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

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

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

16           SECTION 3. Statutory material to be repealed is bracketed  
17 and stricken. New statutory material is underscored.

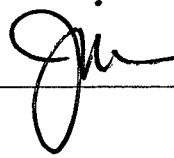


# S.B. NO. 102

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

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INTRODUCED BY: \_\_\_\_\_

A handwritten signature in black ink, appearing to be 'Jim', is written over a horizontal line.

# S.B. NO. 102

**Report Title:**

Federal Funding Policy Study; Department of Budget and Finance; Appropriation

**Description:**

Changes the agency responsible for preparing the federal funding policy study required under Act 225, Session Laws of Hawaii 2016, from the Office of the Governor to B&F. Makes an appropriation.

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