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OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

**WRITTEN ONLY**  
TESTIMONY BY WESLEY K. MACHIDA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE SENATE COMMITTEE ON WAYS AND MEANS  
ON  
HOUSE BILL NO. 1231, H.D. 1

**April 4, 2017**  
**9:35 a.m.**  
**Room 211**

RELATING TO DISASTER RELIEF

House Bill No. 1231, H.D. 1, amends Sections 37-41.5 and 127A-16 of the HRS and provides that the Department of Education (DOE) may retain any funds appropriated by the Legislature for emergency or disaster relief or retain federal reimbursement moneys received for disaster relief. The moneys retained are considered separate and distinct from funds the DOE is already authorized to retain pursuant to Section 37-41.5, HRS, which is 5% of any appropriation. In addition, the measure provides that the funds retained shall not lapse until June 30 of the first fiscal year of the next fiscal biennium.

The Department of Budget and Finance has serious concerns with this measure. The present budget provisions under the Executive Budget Act provides funding options to address natural disasters or other unforeseen emergencies under a formal declaration of a natural disaster or emergency by the Governor.

This bill proposes to single out the DOE and allow federal reimbursements received in current and subsequent years to be retained and credited directly to the department without regard to whether the original appropriation has lapsed. Such proposal would allow the DOE to use the federal reimbursements for purposes other than intended by the original appropriation. As State general funds are used to “upfront” costs to address an immediate course of action, reimbursements received in subsequent years should be reimbursed to the general fund.

Thank you for your consideration of our comments.



STATE OF HAWAII  
DEPARTMENT OF EDUCATION  
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**Date:** 04/04/2017

**Time:** 09:35 AM

**Location:** 211

**Committee:** Senate Ways and Means

**Department:** Education

**Person Testifying:** Kathryn S. Matayoshi, Superintendent of Education

**Title of Bill:** HB 1231, HD1 RELATING TO DISASTER RELIEF.

**Purpose of Bill:** Specifies instances in which the Department of Education may retain disaster relief funds. Clarifies that the Department of Education may carry over funds received as disaster relief appropriation or reimbursement. (HB1231 HD1)

**Department's Position:**

The Department of Education supports HB1231 HD1.

This measure is intended to allow the Department of Education to receive and retain federal reimbursements for disaster relief in the event that the appropriation from which the reimbursed expenditure was made has lapsed. Under current accounting practice, if the original appropriation has lapsed, the reimbursement will go to the State Treasury.

Under ideal conditions, all State expenditures for disaster relief would be made from State Department of Defense appropriations or other specific appropriation made for such purpose. In this situation, the proposed fix would be unnecessary.

It is under less than ideal conditions, when the Department of Education out of necessity expends appropriations made for other purposes, such as lump sum CIP funds, to provide disaster relief. If this situation were to arise, and the Department were to undertake the considerable additional administrative workload required to maximize federal reimbursements, the Department would appreciate being able to retain and use those federal reimbursements for the original intended purpose.

Thank you for the opportunity provide testimony on this measure.