



STATE OF HAWAII  
DEPARTMENT OF EDUCATION  
P.O. BOX 2360  
HONOLULU, HAWAII 96804

**Date:** 02/06/2017  
**Time:** 02:00 PM  
**Location:** 309  
**Committee:** House Education

**Department:** Education

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

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

**Purpose of Bill:** Allows, in cases where the Department of Education directly expends its own funds for disaster relief to be directly credited with any federal disaster relief reimbursement. Clarifies that the Department of Education may carry over funds received as disaster relief appropriation or reimbursement.

**Department's Position:**

The Department of Education supports HB1231.

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.

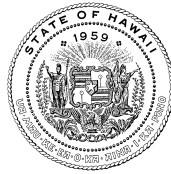
Under ideal conditions, all State expenditures for disaster relief would be made from State Department of Defense appropriations or other specific appropriation made for such purpose. In this situation, the proposed fix would be unnecessary.

It is under less than ideal conditions, when the Department of Education out of necessity expends appropriated funds to provide disaster relief. If this situation were to arise, and the Department were to undertake the considerable additional administrative workload required to pursue federal reimbursements to bring in federal funds under the current practice, there is no assurance that those funds will go back to support the original intended purpose.

Note: page 2 line 12 contains an unnecessary "was."

Thank you for the opportunity provide testimony on this measure.

DAVID Y. IGE  
GOVERNOR



WESLEY K. MACHIDA  
DIRECTOR

LAUREL A. JOHNSTON  
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM  
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
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**STATE OF HAWAII**  
**DEPARTMENT OF BUDGET AND FINANCE**  
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ADMINISTRATIVE AND RESEARCH OFFICE  
BUDGET, PROGRAM PLANNING AND  
MANAGEMENT DIVISION  
FINANCIAL ADMINISTRATION DIVISION  
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

**WRITTEN ONLY**  
TESTIMONY BY WESLEY K. MACHIDA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE HOUSE COMMITTEE ON EDUCATION  
ON  
HOUSE BILL NO. 1231

**February 6, 2017**  
**2:00 p.m.**  
**Room 309**

RELATING TO DISASTER RELIEF

House Bill No. 1231 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.