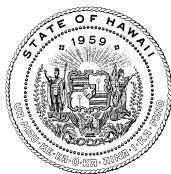


DAVID Y. IGE  
GOVERNOR

**LATE**



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MANAGEMENT DIVISION  
FINANCIAL ADMINISTRATION DIVISION  
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

**WRITTEN ONLY**

TESTIMONY BY LAUREL A. JOHNSTON  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE SENATE COMMITTEE ON GOVERNMENT OPERATIONS  
ON  
HOUSE BILL NO. 1709, H.D. 1

**March 13, 2018  
2:45 p.m.  
Room 224**

RELATING TO GRANTS

House Bill No. 1709, H.D. 1: authorizes expending agencies of grants to delegate their expending authority to a different agency, subject to approval of the recipient and Governor; requires the Department of Budget and Finance (B&F) to submit an annual report on the status of awarded and pending grants; and repeals the requirement that the Governor notify a grant recipient on grant status if grant funds are not released within 90 days.

B&F provides the following comments on House Bill No. 1709, H.D.1. With respect to delegation of expending authority, our experience is that the designated expending agency initiates a request for delegation to another agency, usually ***at the request of the grant recipient***. Thus, the statute should probably read "*provided that the grant recipient requests the transfer of expending authority.*" The Executive agencies involved would have knowledge of the appropriateness of such delegation, and would make that recommendation to the Governor.

With respect to the report to the Legislature, the Governor has delegated release of operating grants directly to the designated expending agency if the grant recipients have complied with the requirements of Chapter 42F and negotiated a contract with the expending agency for activities included in the grant application. Thus, B&F no longer has a role in execution of operating grants, while we still maintain budget execution request for release of capital improvement project grants.

Should the legislature wish B&F to submit an annual report, the more timely deadline for this report would be 20 days prior to the regular session, so that we could collect this information from the departments after we have completed and submitted our budget to the legislature.

With respect to repeal of Section 42F-107, HRS, B&F currently expends approximately \$12,000 per fiscal year to publish the notification on a quarterly basis.

Thank you for your consideration of our comments.