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April 2, 2021

TO: The Honorable Senator Donovan M. Dela Cruz, Chair
Senate Committee on Ways & Means

The Honorable Senator Karl Rhoads, Chair
Senate Committee on Judiciary

FROM: Cathy Betts, Director

SUBJECT: **HB 573 HD1 SD1 – RELATING TO FEDERAL FUNDS.**

Hearing: April 6, 2021, 10:00 a.m.
Via Videoconference, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) appreciates the intent of this measure and offers comments. DHS defers to the previous testimony of the Department of Budget & Finance, Department of Defense – Hawaii Emergency Management and the respective Counties, in opposition.

The House Committee on Pandemic & Disaster Preparedness amended the measure by:

(1) Inserting language that:

- (A) Requires, if the Legislature is not in session when the Governor declares a state of emergency and Congress passes a financial relief package of a certain amount, that the Joint Legislative Budget Committee convene within fourteen days after a financial relief package becomes law to prepare a recommendation for the Legislature on how to appropriate federal funds received;
- (B) Authorizes the Legislature to convene in a special session in accordance with the constitution within thirty days after the financial relief package becomes law to act on the recommendations of the Joint Legislative Budget Committee; and
- (C) Provides that if the Legislature does not convene in a special session within the time provided, the Governor may expend the federal funds accordingly; provided

that the Governor submits a request to appropriate any unexpended funds during the next regular or special session and a report of all funds expended by the Governor to the Legislature; and

- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

The House Committee on Finance passed the measure unamended.

The Senate Committee on Government Operations amended the measure by:

- (1) Inserting language to establish a Joint Legislative Emergency Response and Recovery Committee that can address budgetary matters and other matters relating to the emergency response and recovery of the State;
- (2) Amending language relating to federal funds during a state of emergency to give the Joint Legislative Emergency Response and Recovery Committee and Legislature broad discretion to convene;
- (3) Deleting part II, which would have appropriated federal funds from the American Rescue Plan Act of 2021 for COVID-19 response pursuant to Public Law 117-2; provided that the funding of certain programs be paid for from a county's share of federal funds; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

PURPOSE: Establishes the joint legislative emergency response and recovery committee. Allows the joint legislative emergency response and recovery committee, under certain circumstances, to convene and make recommendations to the legislature regarding federal funds. Provides the legislature with the opportunity to convene in special session in accordance to the state constitution to act on the recommendations. (SD1)

DHS provides the following comments. Time is of the essence when responding to any emergency management situation and it is important for government to have a unified and responsive approach to meet the needs of the community. Given the magnitude of the pandemic, we should take the time to examine what worked in 2020 and the ways we can improve our systems and protocols, prior to mandating an additional layer of time and process to decision making in a period of intense and dramatic focus on the community's needs and the continuity of government.

Given the Constitution already provides the authority to convene a special session and pass legislation, an additional statutory mandate doing the same will not necessarily improve timeliness or efficiencies in identifying and formulating appropriate use of federal funds in

major disasters. Waiting for Congressional action for the Legislature to convene will not necessarily lead to an improved process or improved oversight.

As an implementing agency of federal funds and programs, DHS primarily relies upon federal agency guidance regarding appropriate use and distribution of federal funds. As we experienced in 2020, federal agencies periodically updated its guidance as requests for clarification were addressed. Throughout, we maintained constant contact with federal agencies, Congressional members, the Governor's office, Department of Budget & Finance, Legislators, residents, staff, providers, constituents, and media. We provided periodic reports on uses of funds. Program staff successfully requested numerous programmatic waivers, established new processes, and distributed more benefits to significantly more Hawaii residents.

Importantly, in emergency situations, there needs to be a clear understanding of the chain of command, communication protocols, and a thorough understanding of roles and existing capabilities. Continued investment in the emergency management system and regular exercises to improve processes will allow decisions to be prioritized, more transparent, and coordinated.

This department's ability to pivot and innovate in the face of severe case load increases and dramatically changed work environment, is based on years of investment in our workforce, business processes, IT modernization, strategic planning, all with the support of the administration and Legislature. During our pandemic response, DHS relied on its administrative staff, trusted partners, and community providers to do the necessary work that made things happen.

Lastly, there must be commitment to address after action recommendations so that identified system vulnerabilities are addressed, and mitigation leads to overall improved resiliency.

Thank you for the opportunity to provide testimony in support of this measure.

DAVID Y. IGE
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CRAIG K. HIRAI
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EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
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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 CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEES ON WAYS AND MEANS AND JUDICIARY
ON
HOUSE BILL NO. 573, H.D. 1, S.D. 1

April 6, 2021
10:00 a.m.
Room 211 and Videoconference

LATE

RELATING TO FEDERAL FUNDS

The Department of Budget and Finance (B&F) offers comments on House Bill (H.B.) No. 573, H.D. 1, S.D. 1.

H.B. No. 573, H.D. 1, S.D. 1, amends Chapter 21, Legislative Hearings and Procedure, HRS, to establish the Joint Legislative Emergency Response and Recovery Committee (Committee) to conduct informational briefings and make recommendations to the Legislature concerning matters relating to the emergency response of the State. The bill also amends Chapter 127A, Emergency Management, HRS, to provide that if: 1) the Governor has declared a state of emergency; and 2) the U.S. Congress has passed a financial relief package greater than an unspecified amount, then the Committee may convene. Further, if the Legislature is not in session, the Legislature may convene in a special session in accordance with the State Constitution to act on the recommendations of the Committee.

While B&F appreciates the Legislature's intent to provide direction regarding the use of federal funds, if appropriations are made, they can be restrictive and difficult to implement during times when needs and requirements are changing rapidly. The

implementation of new, untested programs proposed to address emergency situations requires flexibility when the needs are unprecedented. As the State's elected chief executive, the Governor is responsible for the day-to-day operations of State government and must be able to act quickly, especially during times of emergencies, to ensure the public's welfare, health, and safety.

Thank you for your consideration of our comments.

HB-573-SD-1

Submitted on: 4/1/2021 10:04:01 PM

Testimony for WAM on 4/6/2021 10:00:00 AM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Gerard Silva | Individual | Oppose | No |

Comments:

A wast of time and Money!