

Honolulu, Hawaii  
, 2022

**FEB 14**

RE: H.B. No. 2122  
H.D. 1

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirty-First State Legislature  
Regular Session of 2022  
State of Hawaii

Sir:

Your Committee on Education, to which was referred H.B. No. 2122 entitled:

"A BILL FOR AN ACT RELATING TO FEDERAL INDIRECT OVERHEAD REIMBURSEMENTS,"

begs leave to report as follows:

The purpose of this measure is to provide greater fiscal transparency by broadening the purposes for which indirect costs incurred by the Department of Education, State Public Charter School Commission, or a charter authorizer from federal grants may be reimbursed.

Your Committee received testimony in support of this measure from the Department of Education and Hawaii Public Charter Schools Network.

Your Committee finds that indirect cost funds are reimbursements from federal grants received by the Department of Education for costs incurred in support of administrative and general business operations based on a negotiated rate with the federal government, which is assessed against allowable federal grant expenditures. Your Committee further finds that broadening the purposes for which indirect costs from federal grants may be used will make the costs available to be deposited into the




Federal Grants Revolving Fund, which allows funds to be used for the pursuit of additional discretionary grants, monitoring grant execution, compliance with grant requirements, and the auditing of grant expenditures.

Your Committee has amended this measure by:

- (1) Changing its effective date to July 1, 2050; and
- (2) Making a technical, nonsubstantive amendment for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2122, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2122, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on  
behalf of the members of the  
Committee on Education,

  
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JUSTIN H. WOODSON, Chair



