



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

**Date:** 02/15/2022

**Time:** 02:00 PM

**Location:** 309 Via Videoconference

**Committee:** House Education

**Department:** Education

**Person Testifying:** Keith T. Hayashi, Interim Superintendent of Education

**Title of Bill:** HB 1586, HD1 RELATING TO DISASTER RESPONSE.

**Purpose of Bill:** Repeals language authorizing the department of education to retain federal reimbursements for disaster relief and delaying the lapsing of those funds to the general fund. Requires federal disaster relief reimbursement moneys to be deposited into a trust account of the Hawaii emergency management agency and reimbursed to the originating fund of the expending agency, with funds to be returned to the general fund upon lapse of the original appropriation. Requires annual reports to the legislature on federal reimbursement moneys, and disaster response spending by each state agency. Appropriates funds. Effective 7/1/2050. (HD1)

**Department's Position:**

The Hawaii State Department of Education (Department) respectfully submits comments to express concerns with portions of HB 1586, HD1.

Sections 2 and 3 of this measure seeks to delete §37-41.5(c) and §127A-16(d), which together allow the Department to retain federal disaster relief funds when federal disaster relief reimbursements are issued to the Department. These sections are needed to allow the Department to receive and retain federal disaster relief reimbursements for expenditures made by the Department in instances when, as often the case, it takes several years for the federal reimbursements to be issued. Without these sections, if the appropriation used by the Department to pay for the disaster relief has since lapsed by the time federal reimbursements are issued (as is often the case), under current accounting practice, the reimbursement would simply go to the State Treasury. These sections only apply when the Department is required to expend funds

appropriated for other purposes in order to respond to a disaster via paying for disaster relief.

Out of necessity, the Department expends appropriations made for other purposes, such as lump sum Capital Improvement Program 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 continue to retain and use those federal reimbursements for the original intended purpose.

The Department would welcome an opportunity to continue dialogue on improving reliability and predictability of financing disaster relief.

Thank you for the opportunity to provide testimony on this measure.

**HB-1586-HD-1**

Submitted on: 2/15/2022 8:47:50 AM

Testimony for EDN on 2/15/2022 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Remote Testimony Requested</b>
Keith Hayashi	Hawaii Department of Education	Comments	Yes

Comments:

Comments

DAVID Y. IGE  
GOVERNOR



CRAIG K. HIRAI  
DIRECTOR

GLORIA CHANG  
DEPUTY DIRECTOR

**STATE OF HAWAII**  
**DEPARTMENT OF BUDGET AND FINANCE**  
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EMPLOYEES' RETIREMENT SYSTEM  
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
OFFICE OF THE PUBLIC DEFENDER

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 HOUSE COMMITTEE ON EDUCATION  
ON  
HOUSE BILL NO. 1586, H.D. 1

**February 15, 2022**  
**2:00 p.m.**  
**Room 309 and Videoconference**

RELATING TO DISASTER RESPONSE

The Department of Budget and Finance (B&F) offers comments on House Bill (H.B.) No. 1586, H.D. 1.

H.B. No. 1586, H.D. 1: 1) amends Section 37-41.5, HRS, to repeal language authorizing the Department of Education to retain federal reimbursements for disaster relief and delaying the lapsing of those funds to the general fund; 2) amends Section 127A-16, HRS, to require federal disaster relief reimbursement moneys to be deposited into a trust account of the Hawai'i Emergency Management Agency and reimbursed to the originating fund of the expending agency, with funds to be returned to the general fund upon the lapsing of the original appropriation; 3) requires annual reports to the Legislature on federal reimbursement moneys and disaster response spending by each State agency; and 4) appropriates an undetermined sum of general funds for FY 23 for the Department of Defense for disaster response efforts.

B&F notes that, with respect to the general fund appropriation in this bill, the federal Coronavirus Response and Relief Supplemental Appropriations Act requires that

states receiving Elementary and Secondary School Emergency Relief (ESSER) II funds and Governor's Emergency Education Relief II funds must maintain state support for:

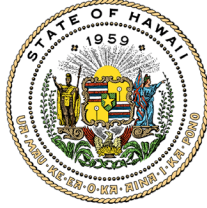
- Elementary and secondary education in FY 22 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and
- Higher education in FY 22 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

Further, the federal American Rescue Plan (ARP) Act requires that states receiving ARP ESSER funds must maintain state support for:

- Elementary and secondary education in FY 22 and FY 23 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and
- Higher education in FY 22 and FY 23 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

The U.S. Department of Education has issued rules governing how these maintenance of effort (MOE) requirements are to be administered. B&F will be working with the money committees of the Legislature to ensure that the State of Hawai'i complies with these ESSER MOE requirements.

Thank you for your consideration of our comments.



STATE OF HAWAII  
DEPARTMENT OF DEFENSE  
HAWAII EMERGENCY MANAGEMENT AGENCY

TESTIMONY ON HOUSE BILL 1586, HD1  
RELATING TO DISASTER RESPONSE

BEFORE THE HOUSE COMMITTEES ON  
**EDUCATION and HOUSING**  
BY

Luke P. Meyers  
Administrator, Hawaii Emergency Management Agency (HI-EMA)

FEBRUARY 15, 2022

Aloha Chairs Woodson and Nakamura, Vice-Chairs Kapela and Hashimoto, and Members of the Committee:

Thank you for the opportunity to submit testimony to **OFFER COMMENTS** on HB1586, HD1.

House Bill 1586, HD1 repeals language authorizing the department of education to retain federal reimbursements for disaster relief and delaying the lapsing of those funds to the general fund; shortens the time for reporting to the legislature the purpose of major disaster fund money allotments or expenditures; requires federal disaster relief reimbursement moneys to be deposited into a trust account of the Hawaii emergency management agency and reimbursed to the originating fund of the expending agency, with funds to be returned to the general fund upon lapse of the original appropriation; requires annual reports to the legislature on federal reimbursement moneys, and disaster response spending by each state agency.

Hawaii is vulnerable to myriad natural and human-caused disasters which can affect multiple state agencies. House Bill 1586 ensures that all state departments and agencies are fairly reimbursed for disaster-related expenses.

Having a trust account for federal disaster relief reimbursement monies allows for quicker reimbursements to state departments and agencies that have expended funds due to disaster and will allow for the State to match federal emergency reimbursement funds. Removal of the trust fund account and the rollover limit will hinder HI-EMA's ability to manage open and future emergencies and disasters. These changes, added to the current fiscal year reductions in operating budget and personnel to HI-EMA, will lead to less

effective management of how we respond to and recover from emergencies and disasters.

Additional reporting requirements by the Administrator of Federal funds received during a disaster creates substantial challenges due to the uncertain durations of different types of disasters as well as the myriad sources from which Federal funds originate. HI-EMA does produce reports and summaries on a routine basis for Federal funds through the response, recovery, and mitigation functions. HI-EMA is willing and committed to sharing these with the community and our stakeholders. HI-EMA currently is managing response, recovery, mitigation functions dating back to 2006 for more than twelve open disasters.

Thank you for the opportunity to provide testimony on House Bill 1586, HD1.

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