

DAVID Y. IGE  
GOVERNOR



CRAIG K. HIRAI  
DIRECTOR

ROBERT YU  
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM  
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
OFFICE OF THE PUBLIC DEFENDER

**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)

**TESTIMONY BY CRAIG K. HIRAI**  
**DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE**  
**TO THE SENATE COMMITTEE ON GOVERNMENT OPERATIONS**  
**ON**  
**HOUSE BILL NO. 573, H.D. 1**

**March 18, 2021**  
**3:10 p.m.**  
**Room 016 and Videoconference**

**RELATING TO FEDERAL FUNDS**

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

H.B. No. 573, H.D. 1, amends Chapter 127A, Emergency Management, HRS, to require 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 Joint Legislative Budget Committee shall convene within 14 days of enactment of the relief package. The committee shall make recommendations to the Legislature on how to appropriate the federal funds.

This bill provides that, within 30 days after the financial relief package becoming law, the Legislature may convene in special session to act on the recommendations. If the Legislature does not convene, the Governor is authorized to expend federal funds pursuant to the Governor's emergency powers. This bill also appropriates federal funds for COVID-19 response and requires funding of certain programs to be paid for from the county share.

While we appreciate the Legislature's intent to provide direction regarding the use of the federal funds, B&F has a significant concern regarding the restriction of the Governor's emergency powers during periods of emergency when time is of the essence. B&F does not know what the future holds and there may be a need for the Governor to act immediately, once federal funds become available.

Potentially, the Governor could be required to wait for 30 days for the Legislature to convene, in addition to the time required to pass an appropriation bill. Depending on the circumstances, waiting may not be in the State's best interest.

In addition, appropriations 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.

Consequently, B&F opposes H.B. No. 573, H.D. 1.

Thank you for your consideration of our comments.

Michael P. Victorino  
Mayor

Sananda K. Baz  
Managing Director



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March 17, 2021

TESTIMONY OF MICHAEL P. VICTORINO  
MAUI COUNTY MAYOR

BEFORE THE SENATE COMMITTEE ON GOVERNMENT OPERATIONS  
Thursday, March 18, 2021, 3:10 p.m.  
Conference Room 016

**HB573 HD1 RELATING TO FEDERAL FUNDS**

Honorable Sharon Y. Moriwaki, Chair  
Honorable Donovan M. Dela Cruz, Vice Chair  
Honorable members of the Committee on Government Operations

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Thank you for the opportunity to testify in **OPPOSITION** to **HB573 HD1**.

This bill requires the joint legislative budget 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, otherwise authorizes the governor to expend federal funds pursuant to the governor's emergency powers. Appropriates federal funds for COVID-19 response. Requires funding of certain programs to be paid for from the county share.

The measure in its current form could prove harmful to the counties if they were to receive designated funds and then not be able to handle their counties critical needs due to the need to cover State functions within the County.

There are too many factors that continue to evolve and change as the pandemic continues, such as levels of federal support, medical and public health guidance, mutations of the virus, vaccine supply, and the behaviors of our community members. Any monies appropriated to Maui County should be able to be expended and prioritized to the needs of the County residents, not to State entities within the County.

Thank you for allowing me to testify in **OPPOSITION** to **HB573 HD1**.

**HB-573-HD-1**

Submitted on: 3/17/2021 1:12:50 PM

Testimony for GVO on 3/18/2021 3:10:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Susan Pcola_Davis	Individual	Support	No

Comments:

I support this bill based on the events that tied the Legislature's hands when the federal relief funds became available. Although the Senate and House put forth bills that would accomplish this, they went no where.

Many Special COVID meetings were held to assist both the Senate and House, by presentations, to understand expenditures and developments along the way.

Most importantly, the continued failure of the unemployment office and PUA program is a failure in government. It continues to be a failure being swept under the rug!!

Its almost necessary to source out this problem (outside its current bureaucracy) to really get a handle on the situation. It is unbelievable that there hasn't been an upheaval in that department. An embarrassment to our state, lack of leadership with expertise, suffering families, and no end in sight!!

If we had had a joint legislative budget committee That was able to convene it could have prepared a recommendation for the legislature on how to appropriate federal funds received.

A special session could have convened to act on the recommendations of the joint legislative budget committe.

Instead, the governor utilized his emergency powers necessary to expend federal funds.

Without provisions that include the legislature the governor had exclusive power to determine these expenditures, in secret, non public meetings with his close cabinet members, chosen by him.

The accountability and reasoning behind the expenditures needs to be provided by the governor to the legislature to appropriate any unexpended federal funds; provided further that the governor shall submit a report to the legislature of all funds expended and encumbered utilizing the emergency powers.

Isn't this basic accounting? Checks and balances? No one is asking for more than what is the normal procedures of finance accountability.