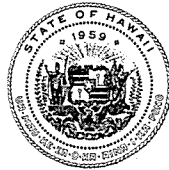


DAVID Y. IGE  
GOVERNOR

JOSH GREEN  
LIEUTENANT GOVERNOR



ANNE E. PERREIRA-EUSTAQUIO  
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IN REPLY, REFER TO:  
**OCS 22.1044**

February 16, 2022

To: The Honorable Sharon Y. Moriwaki, Chair,  
The Honorable Donovan M. Dela Cruz, Vice Chair, and  
Members of the Senate Committee on Government Operations

Date: Thursday, February 17, 2022

Time: 3:05 p.m.

Place: Via Videoconference

From:   
Jovanie Domingo Dela Cruz, Executive Director  
DLIR – Office of Community Services

Re: S.B. 2191 – RELATING TO GRANTS

## **I. OVERVIEW OF PROPOSED LEGISLATION**

S.B. 2191 would amend portions of Hawaii Revised Statutes Chapter 42F, relating to the standards and the procedures for the issuance of Grants-in-Aid to non-profit entities for Operating and Capital Improvement Projects (CIPs) for the benefit of the public.

## **II. CURRENT LAW**

Under current law, certain aspects of HRS Chapter 42F are ambiguous, and sometimes questions relating to the eligibility of grantee are not resolved at the time the appropriations bill is enacted. Thus, in such situations, the State expending agencies are required to vet the grantees as to eligibility.

## **III. COMMENTS ON THE PRESENT BILL**

The Office of Community Services (OCS) is attached to the Department of Labor and Industrial Relations. OCS was created by the Legislature by Act 305, SLH 1985, codified as Hawaii Revised Statutes Chapter 371K.

The mission of OCS is to eliminate the causes and conditions of poverty for economically disadvantaged persons, immigrants, and refugees in the State of Hawaii, by facilitating and enhancing the development, delivery, and coordination of effective programs for these persons and communities to enable them to achieve and maintain greater economic self-sufficiency. For the past 37 years, OCS has provided food assistance, employment training, and similar services to these communities.

In addition, for at least the past decade, OCS has been an important expending agency for Chapter 42F grants. The last year in which the Legislature made Chapter 42F grants before the Covid-19 emergency was 2019. By Act 39 of the 2019 Session, the Legislature made 75 CIP grants, of which OCS was designated as the expending agency for 63 of them. The Legislature made 80 GIAs for operations, and OCS was designated as the expending agency for 9 of them, which was the second-largest number assigned to any State agency.

OCS is very appreciative and proud of the confidence that the Legislature has in our ability to administer Chapter 42F grants effectively and successfully. We base our comments on the present bill on the basis of our experience as a Chapter 42F expending agency.

This bill helps remove some of the ambiguities in Chapter 42F, and it will make administration of grants made under that Chapter somewhat easier by requiring the applicant to present documentation to the legislature earlier in the application process, rather than waiting until after the appropriation and submitting the documents to the expending agency. This will help streamline the process.

However, on page 2 of the bill, a new subsection (b) would be added to HRS §42F-102. Part (1) of that new subsection would require an applicant for a grant to submit to the Legislature's reviewing committee (B) a valid Certificate of Vendor Compliance and (C) a current tax clearance from the State Department of Taxation. However, a Certificate of Vendor Compliance already constitutes four-fold certifications of compliance with (1) the Hawaii Department of Taxation; (2) the US Internal Revenue Service; (3) the Hawaii Department of Commerce and Consumer Affairs; and (4) the Hawaii Department of Labor and Industrial Relations. Therefore, proposed new subsection (b)(1)(C) is not needed, because it is included within subsection (b)(1)(B).

On page 4, HRS §42F-103(b)(1) would be amended to add an alternative avenue of eligibility for an applicant that is not incorporated in Hawaii but nonetheless registered with the Hawaii Department of Commerce and Consumer Affairs and has a valid Certificate of Vendor Compliance. If the Legislature allows such non-profits to apply for Chapter 42F grants, I humbly suggest that the Legislature require that expenditures remain in Hawaii in order to benefit our local communities. This is in line with the purpose of the bill, which is to impose more stringent requirements on organizations applying for grants from the State due to our limited fiscal resources.

Thank you very much for the opportunity to testify on this helpful bill.

# HAWAII YOUTH SERVICES NETWORK

677 Ala Moana Boulevard, Suite 904 Honolulu, Hawaii 96813

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Web site: <http://www.hysn.org> E-mail: [info@hysn.org](mailto:info@hysn.org)

Carole Gruskin, President

Judith F. Clark, Executive  
Director

Bay Clinic

Big Brothers Big Sisters Hawaii

Big Island Substance Abuse  
Council

Bobby Benson Center

Child and Family Service

Coalition for a Drug Free Hawaii

Collins Consulting, LLC

Domestic Violence Action Center

EPIC, Inc.

Family Programs Hawaii

Family Support Hawaii

Friends of the Children's Justice  
Center of Maui

Get Ready Hawai'i

Hale Kipa, Inc.

Hale 'Opio Kauai, Inc.

Hawaii Children's Action  
Network

Hawaii Health & Harm

Reduction Center

Ho'ola Na Pua

Kahi Mohala

Kokua Kalihi Valley

Kokua Ohana Aloha (KOA)

Maui Youth and Family Services

Na Pu'uwai Molokai Native

Hawaiian Health Care  
Systems

P.A.R.E.N.T.S., Inc.

Parents and Children Together  
(PACT)

PHOCUSED

PFLAG – Kona Big Island

Planned Parenthood of the

Great Northwest and

Hawaiian Islands

Residential Youth Services

& Empowerment (RYSE)

Salvation Army Family

Intervention Services

Sex Abuse Treatment Center

Susannah Wesley Community  
Center

The Catalyst Group

February 14, 2022

To: Senator Sharon Moriwaki, Chair,  
And members of the Committee on Governmental Operations

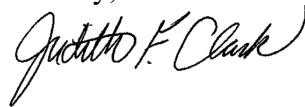
## TESTIMONY IN SUPPORT OF SB 2191 RELATING TO GRANTS

Hawaii Youth Services Network (HYSN), a statewide coalition of youth-serving organizations, supports SB 2191 Relating to a Grants.

This bill codifies what is normally asked of any applicant for a government grant. Reputable organizations should easily be able to provide copies of their bylaws and relevant policies, obtain a certificate of vendor compliance, and meet the other requirements described in this bill. It is entirely reasonable to limit legislative grants to organizations that have 501(c)(3) tax exempt status with the IRS.

Thank you for this opportunity to testify.

Sincerely,



Judith F. Clark, MPH  
Executive Director



**Testimony to the Senate Committee on Government Operations  
Senator Sharon Moriwaki, Chair  
Senator Donovan Dela Cruz, Vice-Chair  
Thursday, February 17, 2022, 3:05 p.m.; Via Videoconference  
SB 2191, Relating to Grants**

Dear Chair Moriwaki, Vice-Chair Dela Cruz and members of the GVO Committee:

On behalf of the Hawai'i Alliance of Nonprofit Organizations, I would like to provide the following comments on SB 2191, Relating to Grants.

Hawai'i Alliance of Nonprofit Organizations (HANO) is a statewide, sector-wide professional association of nonprofits. Our mission is to unite and strengthen the nonprofit sector as a collective force to improve the quality of life in Hawai'i. Our member organizations provide essential services to every community in the state.

HANO has no objections to the requirements of submitting documents that are standard to government procurement processes, including copies of bylaws, certificate of vendor compliance (which would include the State tax clearance), and IRS 501(c)(3) status.

We would like to call attention to a major change made by this bill that expands the type of organizations eligible for Grants-In-Aid (GIAs). On page 4, lines 4 to 13, the use of the word "or" in line 4 would now make organizations NOT incorporated in Hawaii eligible for Grants-In-Aid. This may allow for chapters of national nonprofit organizations to be eligible for GIAs, but it could also open the door for many out-of-state organizations with no real affiliation in Hawaii, to be eligible for these State resources.

HANO would also like to strongly advocate for the development of a coordinated interagency system for the filing and maintenance of the required documents. Service providers are often contracted by multiple State and county agencies and must file a variety of oftentimes the same documents that are standard to the procurement and contracting processes for all government agencies. HANO would like to see a universal system, a common documents repository, if you will, in which all providers would be able to file required documents that all State – and perhaps, county – agencies could readily access. Such a system would save time and effort by all parties involved.

Mahalo for the opportunity to provide written testimony.

Lisa Maruyama  
President and CEO