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**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)

**WRITTEN ONLY**  
TESTIMONY BY CRAIG K. HIRAI  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE HOUSE COMMITTEE ON FINANCE  
ON  
SENATE BILL NO. 3124, S.D. 1, H.D. 1

**April 1, 2022**  
**3:00 p.m.**  
**Room 308 and Videoconference**

**MAKING AN EMERGENCY APPROPRIATION TO THE DEPARTMENT OF HEALTH  
FOR COSTS RESULTING FROM THE RELEASE OF PETROLEUM FROM THE RED  
HILL BULK FUEL STORAGE FACILITY**

The Department of Budget and Finance (B&F) offers comments on this bill.

Senate Bill No. 3124, S.D. 1, H.D. 1, appropriates \$1,500,000 in general funds in FY 22 to the Department of Health for response and enforcement activities relating to the petroleum leaks at the Red Hill Bulk Fuel Storage Facility.

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:

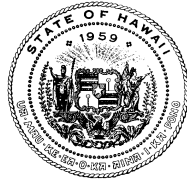
- Elementary and secondary education in FY 22 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and
- Higher education in FY 22 at least at the proportional level of the state's support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



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DEPARTMENT OF HEALTH  
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**Testimony in SUPPORT of SB3124 SD1 HD1  
MAKING AN EMERGENCY APPROPRIATION TO THE DEPARTMENT OF  
HEALTH FOR COSTS RESULTING FROM THE RELEASE OF PETROLEUM  
FROM THE RED HILL BULK FUEL STORAGE FACILITY**

REPRESENTATIVE SYLVIA LUKE, CHAIR  
HOUSE COMMITTEE ON FINANCE

Hearing Date: 4/1/2022

Room Number: 308/Videoconference

1 **Fiscal Implications:** This measure would provide funding for the Department of Health's  
2 (department's) ongoing emergency response to the current water contamination crisis,  
3 enforcement, and other activities related to releases from the Red Hill Bulk Fuel Storage Facility.

4 **Department Testimony:** The department supports this measure, which would provide  
5 appropriations for fiscal year 2021-2022 for the department's ongoing emergency response,  
6 enforcement, and other activities related to historic releases and the November 2021 release from  
7 the Red Hill Bulk Fuel Storage Facility.

8 The department requests this additional funding to ensure cash flow and operational  
9 continuity for the ongoing response and regulatory oversight. This ongoing crisis is fluid and the  
10 lack of an appropriation may hamper the scope and speed of the department's response. The  
11 department of health will seek cost recovery from the United States Navy, but receiving  
12 reimbursement will take time. Receiving payment from responsible parties typically takes six  
13 months to one year. Funds are needed on a faster timeline to help carry the department's critical  
14 work through to next fiscal year. Expenses include water sampling and testing, supplies, staff  
15 overtime, and expert consulting fees. Expense categories are listed in more detail in section 2 of  
16 the bill, from page 2 line 4 to page 3 line 8. The department anticipates costs of \$1.5 million  
17 associated with the emergency response for state fiscal year 2022.

1           In addition, it is important not to deplete department funding sources while waiting for  
2 cost recovery because the Hazard Evaluation and Emergency Response (HEER) Office and/or  
3 Environmental Management Division may be called upon to respond to other emergencies that  
4 require funding from the same sources.

5   **Offered Amendments:** None.

6   Thank you for the opportunity to testify on this measure.

## BOARD OF WATER SUPPLY

CITY AND COUNTY OF HONOLULU  
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April 1, 2022

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Deputy Manager and Chief Engineer

The Honorable Sylvia Luke, Chair  
The Honorable Kyle T. Yamashita, Vice Chair  
Committee on Finance  
House of Representatives  
State Capitol, Room 308  
Honolulu, Hawaii 96813

Subject: Senate Bill 3124, SD1, HD1: Relating to Making an Emergency Appropriation to the Department of Health for Costs Resulting from the Release of Petroleum from the Red Hill Bulk Fuel Storage Facility

The Honolulu Board of Water Supply (BWS) strongly supports Senate Bill (SB) 3124, Senate Draft (SD) 1, House Draft (HD) 1.

This bill would make an emergency appropriation to the Department of Health (DOH) for response activities and enforcement relating to the petroleum leaks at the Red Hill Bulk Fuel Storage Facility.

The Joint Base Pearl Harbor Hickam (JBPHH) water crisis and the fuel contamination of the Navy's Red Hill Shaft water source is causing the DOH to incur tremendous costs to take responsive actions to address the public health impacts of the fuel releases and imposing unprecedented strain on the DOH existing resources. Ensuring funding is available to the DOH for emergency response action is critical for ensuring the safety and health of the people of Hawaii.

Thank you for your consideration of our testimony on SB3124, SD1, HD1.

Very truly yours,

ERNEST Y. W. LAU, P.E.  
Manager and Chief Engineer