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ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT

TESTIMONY BY LUIS P. SALAVERIA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON GOVERNMENT OPERATIONS
ON
HOUSE BILL NO. 1153, H.D. 1

March 18, 2025
3:05 p.m.
Room 225 and Videoconference

RELATING TO FUNDING ADJUSTMENTS FOR STATE PROGRAMS

The Department of Budget and Finance (B&F) supports this bill and offers requested amendments.

House Bill (H.B.) No. 1153, H.D. 1, amends Act 164, SLH 2023, as amended by Act 230, SLH 2024, to add three new special budget provisos allowing supplemental allotments and transfer of unrequired balances for capital improvement program projects and to authorize a protocol fund as a separate account to be expended at the discretion of department heads.

B&F respectfully requests that H.B. No. 1153, H.D. 1, be amended to include the Department of Corrections and Rehabilitation's request for additional general funds as emergency appropriations for FY 24-25 for operating shortfalls in 4th quarter funding for PSD407 - O'ahu Community Correctional Center and PSD405 - Hawai'i Community Correctional Center to ensure that sufficient funds are available to pay payroll shortfall and higher operational costs in the 4th quarter. These additional funds will be offset by commensurate reductions from PSD409 - Women's Community Correctional Center

and PSD406 - Maui Community Correctional Facility so that the funding adjustments are budget neutral.

B&F further asks for the addition of two special budget provisos to authorize the Governor to 1) utilize savings from other State programs to maintain essential federally funded State programs until the next legislative session; and 2) utilize available funds from any other means of financing for the purpose of covering payroll and fringe benefit expenses of federally-funded State employees in the event of any unanticipated federal funding cutbacks. These special provisos are needed to address any unanticipated cutbacks stemming from the federal budget reconciliation process as well as other federal funding program reviews currently underway.

We have attached a proposed S.D. 1 with language for the Committee's consideration.

Thank you for your consideration of our comments and requested amendment.

Attachment

A BILL FOR AN ACT

RELATING TO FUNDING ADJUSTMENTS FOR STATE PROGRAMS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. This Act is recommended by the governor for
2 immediate passage in accordance with section 9 of article VII of
3 the Constitution of the State of Hawaii.

4 SECTION 2. In prior years, the respective budget acts
5 contained budget special provisions similar to sections 50, 51,
6 72, and 81 of Act 88, Session Laws of Hawaii 2021, the General
7 Appropriations Act of 2021, which permitted departments to
8 transfer funds between their projects, permitted departments to
9 transfer funds between their programs, provided the legislature
10 was informed of the transfers, and established a protocol fund
11 as a separate account to be expended at the discretion of the
12 executive head of departments or agencies. However, Act 164,
13 Session Laws of Hawaii 2023, the General Appropriations Act of
14 2023, as amended by Act 230, Session Laws of Hawaii 2024, the
15 Supplemental Appropriations Act of 2024, does not include the
16 special provisions. Consequently, although funds were
17 appropriated to various state departments for their capital

1 improvement program projects and operating budgets for fiscal
2 biennium 2023-2025, the omission of the special provisions has
3 caused operational limitations by limiting the ability of
4 departments to supplement allotments and transfer funds between
5 projects and programs to address changing conditions.

6 PART I

7 SECTION 3. The purpose of this part is to address the
8 omission of the special provisions that authorize supplemental
9 allotments and transfer of unrequired balances for capital
10 improvement program projects and that also establish a protocol
11 fund as a separate account to be expended at the discretion of
12 the executive head of departments.

13 SECTION 4. Part VII of Act 164, Session Laws of Hawaii
14 2023, as amended by Act 230, Session Laws of Hawaii 2024, is
15 amended by adding a new section to read as follows:

16 "SECTION 15.2. If the authorized appropriations specified
17 for capital improvement projects listed in this Act are
18 insufficient and where the source of funding is designated as
19 special funds, general obligation bond fund with debt service
20 cost to be paid from special funds, revenue bond funds, or
21 revolving funds, the governor may make supplemental allotments
22 from the special fund or revolving fund responsible for cash or

debt service payments for the projects or transfer unrequired
balances from other unexpired projects in this Act or prior
appropriation acts that authorized the use of special funds,
general obligation bond fund with debt service costs to be paid
from special funds, revenue bond funds, or revolving funds;
provided that the supplemental allotments shall not be used to
increase the scope of the project; provided further that the
supplemental allotments shall not impair the ability of the fund
to meet the purposes for which it was established."

SECTION 5. Part VII of Act 164, Session Laws of Hawaii
2023, as amended by Act 230, Session Laws of Hawaii 2024, is
amended by adding a new section to read as follows:

"SECTION 15.3. If the authorized appropriations specified
for capital improvement projects listed in this Act are
insufficient and where the source of funding is designated as
airport passenger facility charge funds, the governor may make
supplemental allotments from the airport revenue fund or airport
revenue bond funds, or transfer unrequired balances from other
unexpired projects in this Act or prior appropriation acts that
authorized the use of airport passenger facility charge funds;
provided that the supplemental allotments shall not be used to
increase the scope of the project; provided further that the

supplemental allotments shall not impair the ability of the fund to meet the purposes for which it was established; provided further that the governor, at the governor's discretion, may increase the passenger facility charge fund authorization ceiling for the program to accommodate the expenditure of the funds."

SECTION 6. Part VII of Act 164, Session Laws of Hawaii 2023, as amended by Act 230, Session Laws of Hawaii 2024, is amended by adding a new section to read as follows:

"SECTION 15.4. Of the respective operating appropriation authorized in part II of this Act for each principal state department as defined by section 26-4, Hawaii Revised Statutes, the sum of \$7,000 in fiscal year 2024-2025 shall be made available in each department to be established as a separate account for a protocol fund to be expended at the discretion of the executive head of the department (i.e., director, chairperson, comptroller, adjutant general, superintendent, president, or attorney general)."

PART II

SECTION 7. The purposes of this part are to address the omission of the transfer proviso by appropriating additional general funds as emergency appropriations for fiscal year 2024-

2025 for operating shortfalls in quarter 4 funding for existing programs and to adjust funding for various programs to be commensurate with their anticipated levels of activity. The emergency appropriations and the funding adjustments made in this Act are budget neutral.

SECTION 8. Act 164, Session Laws of Hawaii 2023, section 3, item I.4, is amended to read as follows:

8	"4.	PSD405 - HAWAII COMMUNITY CORRECTIONAL CENTER			
9					
10		OPERATING	PSD	14,730,758A	[15,220,198A]
11					<u>16,620,198A"</u>

SECTION 9. Act 164, Session Laws of Hawaii 2023, section 3, item I.5, is amended to read as follows:

14	"5.	PSD406 - MAUI COMMUNITY CORRECTIONAL CENTER			
15					
16		OPERATING	PSD	14,872,239A	[16,616,875A]
17					<u>15,816,875A</u>
18				3.00#	3.00#
19			PSD	209,721S	209,721S"

SECTION 10. Act 164, Session Laws of Hawaii 2023, section 3, item I.6, is amended to read as follows:

22	"6.	PSD407 - OAHU COMMUNITY CORRECTIONAL CENTER			
23					
24		OPERATING	PSD	40,621,493A	[42,708,191A]
25					<u>44,958,191A"</u>

SECTION 11. Act 164, Session Laws of Hawaii 2023, section 3, item I.8, is amended to read as follows:

28	"8.	PSD409 - WOMEN'S COMMUNITY CORRECTIONAL CENTER			
29					
30		OPERATING	PSD	15,860,044A	[21,010,058A]
31					<u>18,760,058A"</u>

PART III

SECTION 12. Part VIII of Act 164, Session Laws of Hawaii 2023, as amended by Act 230, Session Laws of Hawaii 2024, is amended by adding two new sections to read as follows:

"SECTION 22.1. Notwithstanding any other provision of law, if unanticipated federal funding cutbacks diminish or curtail essential, federally funded state programs, the governor may utilize savings as may be determined to be available from other state programs for the purpose of maintaining such programs until the next legislative session.

SECTION 22.2. Notwithstanding any other provision of law, if unanticipated federal funding cutbacks diminish or curtail essential, federally funded state programs, the governor may utilize available funds from any other means of financing for the purpose of covering payroll and fringe benefit expenses of federally funded state employees."

PART IV

SECTION 13. If any portion of this Act or its application to any person, entity, or circumstance is held to be invalid for any reason, then the legislature declares that the remainder of the Act and each and every other provision thereof shall not be affected thereby. If any portion of a specific appropriation is

1 held to be invalid for any reason, the remaining portion shall
2 be expended to fulfill the objective of such appropriation to
3 the extent possible.

4 SECTION 14. Statutory material to be repealed is bracketed
5 and stricken. New statutory material is underscored.

6 SECTION 15. This Act shall take effect upon its approval.

Report Title:

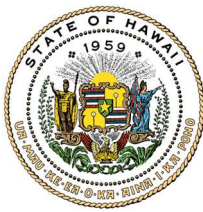
Budget Special Provisions; Supplemental Allotments; Transfers;
Protocol Funds

Description:

Authorizes supplemental allotments and transfers of unrequired balances for capital improvement program projects and establishes a protocol fund with a cap of \$7,000 for each state principal department. Makes emergency appropriations and commensurate reductions to pay for anticipated operating shortfalls in the fourth quarter due to the limited ability to transfer funds between programs. Authorizes the Governor to use program savings for the purpose of temporarily maintaining critical federally funded state programs and positions.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAII'
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AND REHABILITATION**
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Melanie Martin
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and
Programs

No. _____

TESTIMONY ON HOUSE BILL 1153, HOUSE DRAFT 1
RELATING TO APPROPRIATIONS.

by
Tommy Johnson, Director
Department of Corrections and Rehabilitation

Senate Committee on Government Operation
Senator Angus L.K. McKelvey, Chair
Senator Mike Gabbard, Vice Chair

Tuesday, March 18, 2025; 3:05 p.m.
State Capitol, Conference Room 308 & via Videoconference

Chair McKelvey, Vice Chair Gabbard, and Members of the Committee:

The Department of Corrections and Rehabilitation (DCR) supports House Bill (HB) 1153, House Draft (HD) 1, that authorizes supplemental allotments and transfers of unrequired balances for capital improvement programs projects, and established a protocol fund with a cap of \$7,000 for each state principal department. DCR requests an amendment to HD1 that would allow for an emergency appropriation, and commensurate reductions to pay for anticipated operating shortfalls in the fourth quarter, due to the limited ability to transfer funds between programs. DCR requests the inclusion of the following sections:

SECTION 7. The purpose of this part is to address the omission of the transfer provision by appropriating additional general funds as emergency appropriations for fiscal year 2024-2025 for operating shortfalls in quarter 4 funding for existing programs, and to adjust funding for various programs to be commensurate with their anticipated levels of activity. The emergency appropriations and the funding adjustments made in this Act are budget neutral.

SECTION 8. Act 164, Session Laws of Hawai'i 2023, section 3, item I.4, is amended to read as follows:

4.	PSD405 - HAWAII COMMUNITY CORRECTIONAL CENTER		
		193.00*	193.00*
	OPERATING	PSD	14,730,758A [15,820,198A]
			<u>16,620,198A</u>

SECTION 9. Act 164, Session Laws of Hawai'i 2023, section 3, item I.5, is amended to read as follows:

5.	PSD406 - MAUI COMMUNITY CORRECTIONAL CENTER		
		205.00*	205.00*
	OPERATING	PSD	14,872,239A [16,616,875A]
			<u>15,816,875A</u>
		3.00#	0.00#
		PSD	209,721S 0S

SECTION 10. Act 164, Session Laws of Hawai'i 2023, section 3, item I.6, is amended to read as follows:

6.	PSD407 - OAHU COMMUNITY CORRECTIONAL CENTER		
		501.00*	500.00*
	OPERATING	PSD	40,621,493A [42,708,191A]
			<u>44,958,191A</u>

SECTION 11. Act 164, Session Laws of Hawai'i 2023, section 3, item I.8, is amended to read as follows:

8.	PSD409 - WOMEN'S COMMUNITY CORRECTIONAL CENTER		
		270.00*	269.00*
	OPERATING	PSD	15,860,044A [21,010,058A]
			<u>18,760,058A</u>

The amendment is necessary to ensure that PSD 407 - Oahu Community Correctional Center and PSD 405 - Hawai'i Community Correctional Center will have sufficient funding to address shortfalls in the fourth quarter.

Thank you for the opportunity to provide testimony in support of HB 1153, HD 1 with amendments.



TESTIMONY BY:

EDWIN H. SNIFFEN
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KA LUNA HO'OKELE

Deputy Directors
Nā Hope Luna Ho'okele
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DEPARTMENT OF TRANSPORTATION | KA 'OIHANA ALAKAU
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March 18, 2025
3:05 p.m.

State Capitol, Conference Room 225 & Videoconference

H.B. 1153, H.D. 1
RELATING TO FUNDING ADJUSTMENTS FOR STATE PROGRAMS

Senate Committee on Government Operations

The Hawaii Department of Transportation (HDOT) **supports** H.B. 1153, H.D. 1, which addresses the omission of budget special provisions that authorizes supplemental allotments and transfers of unrequired balances for capital improvement program projects in Act 164, Session Laws of Hawaii (SLH) 2023, as amended by Act 230, SLH 2024, and that authorizes a protocol fund as a separate account to be expended at the discretion of the executive head of departments.

H.B. 1153, H.D. 1 proposes to add three new sections to part VII of Act 164, SLH 2023, as amended by Act 230, SLH 2024, to include the omitted budget special provisions to improve delivery and completion of capital improvement program projects and operations by providing flexibility to supplement allotments and transfer funds between capital improvement program projects as well as expend funds for protocol expenses within existing budget appropriations.

To avoid inadvertent repeal of any section, HDOT respectfully requests that the new section numbers to be added does not conflict with other legislation that amends Act 164, SLH 2023, including but not limited to the following: Act 230, SLH 2024; HB1153, H.D. 1 (2025); and H.B. 300, H.D. 1 (2025).

HDOT would like to respectfully request favorable consideration that Governor's Message 5, which recommends to the Legislature the immediate passage of the bill with proposed amendments inserting emergency appropriation provisions for the Department of Corrections and Rehabilitation, does not displace the current sections that add the three budget special provisions.

Thank you for the opportunity to provide testimony.