



GOV. MSG. NO. 1249

EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

June 26, 2015

The Honorable Ronald D. Kouchi,
President
and Members of the Senate
Twenty-Eighth State Legislature
State Capitol, Room 409
Honolulu, Hawai'i 96813

The Honorable Joseph M. Souki,
Speaker and Members of the
House of Representatives
Twenty-Eighth State Legislature
State Capitol, Room 431
Honolulu, Hawai'i 96813

Dear President Kouchi, Speaker Souki, and Members of the Legislature:

This is to inform you that on June 26, 2015, the following bill was signed into law:

SB250 SD1 HD1 CD1

RELATING TO FEDERAL FUNDS
ACT 148 (15)

Sincerely,

DAVID Y. IGE
Governor, State of Hawai'i

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A BILL FOR AN ACT

RELATING TO FEDERAL FUNDS.

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

1 SECTION 1. The purpose of this Act is to address the
2 expenditure of federal funds.

3 Specifically, this Act:

4 (1) Expressly states that the disbursement of federal-aid
5 moneys is subject to legislative appropriation or
6 other law authorizing expenditure;

7 (2) Amends the definition of "federal funds" in the
8 executive budget act to include financial aid
9 reasonably anticipated to be received from the federal
10 government; and

11 (3) Allows the expenditure of federal moneys that have not
12 been appropriated when authorized by proviso in the
13 budget or supplemental budget act.

14 The legislature intends that this Act clarify that the
15 expenditure of federal funds is subject to legislative
16 appropriation or other authorization.



1 The legislature also intends that this Act shall apply to
2 the judiciary by operation of section 601-2, Hawaii Revised
3 Statutes.

4 The legislature finds that this Act is necessary to:

- 5 (1) Promote transparency in budgeting;
6 (2) Enhance the appropriation authority of the
7 legislature; and
8 (3) Increase current and potential beneficiaries'
9 awareness of the availability of federal funds to
10 improve their future budget planning efforts.

11 SECTION 2. Section 29-16, Hawaii Revised Statutes, is
12 amended to read as follows:

13 "**§29-16 Treasury as depository; duties of comptroller.**

14 All federal-aid moneys received by the State, except as
15 otherwise provided for by the federal government, shall be
16 deposited with the director of finance and, subject to
17 appropriation by the legislature or other law authorizing
18 expenditure, shall be disbursed upon warrants drawn by the
19 comptroller of the State supported by vouchers approved by the
20 board, commission, department, or officer having charge of the



1 expenditure of the moneys by virtue of the plan, agreement, or
2 arrangement entered into or made with the proper federal agency.

3 The comptroller may prescribe and maintain [~~such~~] a system
4 of accounts and accounting as may be required by the federal
5 government, or any agency thereof, in carrying out the objects
6 and purposes of the plan, agreement, or arrangement."

7 SECTION 3. Section 37-62, Hawaii Revised Statutes, is
8 amended by amending the definitions of "federal aid interstate",
9 "federal aid primary", "federal aid secondary", "federal aid
10 urban", and "federal receipts" to read as follows:

11 "Federal aid interstate" means funds received or
12 reasonably anticipated to be received from the federal
13 government for the purpose of constructing the interstate
14 highway system in the State.

15 "Federal aid primary" means funds received or reasonably
16 anticipated to be received from the federal government for the
17 purpose of constructing primary roadways.

18 "Federal aid secondary" means funds received or reasonably
19 anticipated to be received from the federal government for the
20 purpose of constructing secondary roadways.



1 "Federal aid urban" means funds received or reasonably
2 anticipated to be received from the federal government for the
3 purpose of constructing roads in urban areas.

4 "Federal [~~receipts~~] funds" means financial aid received or
5 reasonably anticipated to be received from the federal
6 government."

7 SECTION 4. Section 37-74, Hawaii Revised Statutes, is
8 amended to read as follows:

9 "§37-74 Program execution. (a) Except as limited by
10 policy decisions of the governor, appropriations by the
11 legislature, and other provisions of law, the several agencies
12 responsible for administering state programs shall administer
13 their program assignments and shall be responsible for their
14 proper management.

15 (b) The appropriations by the legislature for a biennium
16 shall be allocated between the two fiscal years of the biennium
17 in the manner provided in the budget or appropriations act and
18 as further prescribed by the director of finance. The amounts
19 allocated for each fiscal year shall be subject to the allotment
20 system prescribed in chapter 37, part II. Each agency (except
21 the courts), in estimating its quarterly requirements under



1 chapter 37, part II, shall prepare a plan for the fiscal year
2 for the operation of each of the programs it is responsible for
3 administering. The operations plan shall be in [~~such~~] a form
4 and content as the department of budget and finance may
5 prescribe. It shall be submitted, together with the estimated
6 quarterly requirements, to the department of budget and finance
7 on [~~such~~] a date as the department may prescribe.

8 (c) The department of budget and finance shall:

9 (1) Review each operations plan to determine:

- 10 (A) That it is consistent with the policy decisions
11 of the governor and appropriations by the
12 legislature;
- 13 (B) That it reflects proper planning and efficient
14 management methods; and
- 15 (C) That appropriations have been made for the
16 planned purpose and will not be exhausted before
17 the end of the fiscal year;
- 18 provided that the department of budget and finance
19 shall review the operations plan submitted by the
20 University of Hawaii solely for consistency with the
21 allotment ceilings established by the governor under



1 section 37-34, appropriations by the legislature, the
2 requirements of chapter 37D, and the status of
3 revenues to support operations plans for all state
4 programs;

5 (2) Approve the operations plan if satisfied that it meets
6 the requirements under paragraph (1). Otherwise, the
7 department of budget and finance shall require
8 revision of the operations plan in whole or in part;
9 and

10 (3) Modify or withhold the planned expenditures at any
11 time during the appropriation period if the department
12 of budget and finance finds that the expenditures are
13 greater than those necessary to execute the programs
14 at the level authorized by the governor and the
15 legislature, or that state receipts and surpluses will
16 be insufficient to meet the authorized expenditure
17 levels; provided that the planned expenditures for the
18 University of Hawaii may be modified or withheld only
19 in accordance with sections 37-36 and 37-37.



1 (d) No appropriation transfers or changes between programs
2 or agencies shall be made without legislative authorization;
3 provided that:

4 (1) Authorized transfers or changes, when made, shall be
5 reported to the legislature;

6 (2) Except with respect to appropriations to fund
7 financing agreements under chapter 37D, the University
8 of Hawaii shall have the flexibility to transfer
9 appropriated funds and positions for the operating
10 cost category among programs, among cost elements in a
11 program, and between quarters, as applicable; except
12 with respect to appropriations to fund financing
13 agreements under chapter 37D, the department of
14 education shall have the flexibility to transfer
15 appropriated funds and positions for the operating
16 cost category among programs and among cost elements
17 in a program, and between quarters, as applicable; and
18 the Hawaii health systems corporation and its regional
19 system boards shall have the flexibility to transfer
20 special fund appropriations among regional system
21 hospital facilities as applicable and as mutually



1 agreed to by the corporation and the respective
2 regional system board; provided that the Hawaii health
3 systems corporation and the regional system boards
4 shall maintain the integrity and services of each
5 individual regional system and shall not transfer
6 appropriations out of any regional system that would
7 result in a reduction of services offered by the
8 regional system, with due regard for statutory
9 requirements, changing conditions, the needs of the
10 programs, and the effective utilization of resources;
11 and

12 (3) The university and the department of education shall
13 account for each transfer implemented under this
14 subsection in quarterly reports to the governor and
15 annual reports at the end of each fiscal year to the
16 legislature and the governor, which shall be prepared
17 in the form and manner prescribed by the governor and
18 shall include information on the sources and uses of
19 the transfer.

20 (e) For the purpose of this subsection, "unanticipated
21 federal moneys" means financial aid from the federal government



1 that is not appropriated in the budget or supplemental budget
2 act. After June 30, 2017, unanticipated federal moneys may be
3 expended when and in the manner authorized by proviso in the
4 budget or supplemental budget act and shall be deemed an
5 appropriation for the purpose of Article VII, section 5, of the
6 Constitution of the State of Hawaii."

7 SECTION 5. Section 601-2, Hawaii Revised Statutes, is
8 amended by amending subsections (b) and (c) to read as follows:

9 "(b) The chief justice shall possess the following powers,
10 subject to [~~such~~] rules as may be adopted by the supreme court:

11 (1) To assign circuit judges from one circuit to another;

12 (2) In a circuit court with more than one judge, (A) to
13 make assignments of calendars among the circuit judges
14 for [~~such~~] a period as the chief justice may determine
15 and, as deemed advisable from time to time, to change
16 assignments of calendars or portions thereof (but not
17 individual cases) from one judge to another, and (B)
18 to appoint one of the judges, for [~~such~~] a period as
19 the chief justice may determine, as the administrative
20 judge to manage the business of the court, subject to

- 1 the rules of the supreme court and the direction of
2 the chief justice;
- 3 (3) To prescribe for all of the courts a uniform system of
4 keeping and periodically reporting statistics of their
5 business;
- 6 (4) To procure from all of the courts estimates for their
7 appropriations; with the cooperation of the
8 representatives of the court concerned to review and
9 revise them as the chief justice deems necessary for
10 equitable provisions for the various courts according
11 to their needs and to present the estimates, as
12 reviewed and revised by the chief justice, to the
13 legislature as collectively constituting a unified
14 budget for all of the courts;
- 15 (5) To exercise exclusive authority over the preparation,
16 explanation, and administration of the judiciary
17 budget, programs, plans, and expenditures, including
18 without limitation policies and practices of financial
19 administration and the establishment of guidelines as
20 to permissible expenditures, provided that all
21 expenditures of the judiciary shall be in conformance

1 with program appropriations and provisions of the
2 legislature, and all powers of administration over
3 judiciary personnel that are specified in Title 7; and

4 (6) To do all other acts [~~which~~] that may be necessary or
5 appropriate for the administration of the judiciary.

6 (c) The budget, supplemental budget, six-year program and
7 financial plan, and the variance report of the judiciary shall
8 be submitted by the chief justice to the legislature in
9 accordance with the schedule of submission specified for the
10 governor in chapter 37 and shall contain the program information
11 prescribed in that chapter[~~-~~] as applicable to the judiciary.

12 By November 1 of each year preceding a legislative session in
13 which a budget is to be submitted, the chief justice shall
14 provide written notification to the governor of the proposed
15 total expenditures, by cost categories and sources of funding,
16 and estimated revenues of the judiciary for each fiscal year of
17 the next fiscal biennium[~~-~~] or fiscal year, as applicable."

18 SECTION 6. Sections 3, 4, and 5 shall apply to the six-
19 year program and financial plans and budgets submitted under
20 sections 37-69, 37-71, 37-72, and 601-2, Hawaii Revised
21 Statutes, after the effective date of this Act.



1 SECTION 7. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 8. This Act shall take effect on July 1, 2016.

APPROVED this 26 day of JUN, 2015



GOVERNOR OF THE STATE OF HAWAII