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## A BILL FOR AN ACT

RELATING TO FEDERAL INDIRECT OVERHEAD REIMBURSEMENTS.

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

1       SECTION 1. The purpose of this Act is to provide greater  
2       fiscal transparency and prioritized use of indirect cost funds  
3       pursuant to section 302A-1405, Hawaii Revised Statutes. This  
4       Act makes reimbursement provisions applicable to all federal  
5       grants received by the department of education, state public  
6       charter school commission, or a charter school authorizer, as  
7       appropriate.

8       SECTION 2. Section 302A-1404, Hawaii Revised Statutes, is  
9       amended by amending subsection (a) to read as follows:

10       "(a) The department and the state public charter school  
11       commission or an authorizer, as appropriate, may retain and  
12       expend federal indirect overhead reimbursements for  
13       ~~[discretionary]~~ grants ~~[in excess of the negotiated rate]~~ for  
14       ~~[such]~~ the reimbursements as determined by ~~[the]~~:

15       (1) The director of finance and the superintendent,  
16       or ~~[the]~~

17       (2) The director of finance and the state public charter  
18       school commission or an authorizer, as appropriate."

H.B. NO. 2122

1       SECTION 3. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.

3       SECTION 4. This Act shall take effect upon its approval.

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INTRODUCED BY: \_\_\_\_\_



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BY REQUEST

JAN 24 2022

**Report Title:**

Federal Indirect Overhead Reimbursements; Department of Education; State Public Charter School Commission

**Description:**

Broadens the purposes for which indirect costs incurred by the department of education, state public charter school commission, or a charter authorizer from federal grants may be reimbursed.

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

## JUSTIFICATION SHEET

DEPARTMENT: Education

TITLE: A BILL FOR AN ACT RELATING TO FEDERAL  
INDIRECT OVERHEAD REIMBURSEMENTS.

PURPOSE: The purpose of this Act is to provide greater fiscal transparency and prioritized use of indirect cost funds pursuant to section 302A-1405, Hawaii Revised Statutes (HRS). This Act makes reimbursement provisions applicable to all federal grants received by the Department of Education (Department), State Public Charter School Commission, or a charter school authorizer, as appropriate.

MEANS: Amends section 302A-1404, HRS.

JUSTIFICATION: The purpose of this Act is to provide greater fiscal transparency and prioritized use of indirect cost funds pursuant to section 302A-1405, HRS.

Indirect cost funds are reimbursements from federal grants received by the Department for costs incurred in support of administrative and general business operations based on a negotiated rate with the federal government, which is assessed against allowable federal grant expenditures. The Department is required by statute to retain all federal indirect cost funds it realizes.

The amendment to section 302A-1404, HRS, would make indirect costs from all federal grants, whether discretionary (competitive) or non-discretionary (formula) grants, available for deposit into the Federal Grants Revolving Fund authorized by section 302A-1405, HRS. The allowable use of these funds per section 302A-1405, HRS, would

include the pursuit of additional discretionary grants, monitoring grant execution, compliance with grant requirements, and the auditing of grant expenditures.

Depositing indirect cost funds into the existing revolving fund will support better intentional, planned, and transparent use of these funds.

Impact on the public: Improved fiscal transparency.

Impact on the department and other agencies: The Department and the State Public Charter School Commission would retain additional federal indirect overhead reimbursements.

GENERAL FUND: None.

OTHER FUNDS: Federal funds, indeterminate.

PPBS PROGRAM  
DESIGNATION: EDN 100

OTHER AFFECTED  
AGENCIES: State Public Charter School Commission

EFFECTIVE DATE: Upon approval.