
A BILL FOR AN ACT

RELATING TO STATE FUNDS.

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 article VII, section 9, of
3 the Constitution of the State of Hawaii.

4 SECTION 2. The legislature finds that the federal funding
5 received under the American Rescue Plan Act of 2021, Public Law
6 117-2, requires that states receiving elementary and secondary
7 school emergency relief (ESSER) program III funds for
8 maintenance of effort for fiscal year 2022-2023 maintain state
9 support for elementary and secondary education that is at least
10 at the proportional level of the State's support for elementary
11 and secondary education relative to the State's overall
12 spending, averaged over fiscal years 2016-2017, 2017-2018, and
13 2018-2019. If the State fails to meet these requirements, the
14 United States Department of Education has the authority to
15 impose a range of enforcement options, including seeking
16 recovery of the approximately \$412,300,000 in ESSER program III
17 funds awarded to the state department of education.



1 As the State's economy has improved and general fund
2 revenues have rebounded, the State's maintenance of effort
3 obligation has become increasingly difficult to manage, in part
4 due to certain large general fund appropriations made in fiscal
5 year 2021-2022 and fiscal year 2022-2023 for non-educational
6 purposes. These appropriations were made for worthy purposes
7 but have the impact of increasing the denominator for
8 maintenance of effort calculations if expended in fiscal year
9 2022-2023. However, these worthy purposes would not be
10 adversely affected by statutory adjustments to modestly delay
11 expenditures beyond fiscal year 2022-2023, to ensure the
12 expenditures no longer impact the maintenance of effort
13 calculations.

14 The purpose of this Act is to reduce the potential for
15 federal maintenance of effort enforcement actions against the
16 State by delaying the encumbrance and expenditure of various
17 large general fund appropriations made by the legislature in the
18 regular session of 2022 until or beyond July 1, 2023, so these
19 expenditures are no longer part of the fiscal year 2022-2023
20 maintenance of effort calculations.



1 SECTION 3. Act 236, Session Laws of Hawaii 2022, is
2 amended by amending section 3 to read as follows:

3 "SECTION 3. There is appropriated out of the general
4 revenues of the State of Hawaii the sum of [~~\$300,000,000~~]
5 \$ _____ or so much thereof as may be necessary for fiscal
6 year 2022-2023 to be deposited into the rental housing revolving
7 fund established in section 201H-202, Hawaii Revised
8 Statutes[-]; provided that funds shall not be expended or
9 deposited into the rental housing revolving fund prior to July
10 1, 2023; provided further that any unencumbered balances from
11 the appropriation shall lapse to the general fund on June 30,
12 2024."

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

15 SECTION 5. This Act shall take effect on July 1, 2050.



Report Title:

ARPA; Maintenance of Effort Calculations; HHFDC; State Funds;
Appropriation

Description:

Amends the deposit of general funds for the Hawaii Housing Finance and Development Corporation's Rental Housing Revolving Fund in Act 236, Session Laws of Hawaii 2022, to help the State meet its American Rescue Plan Act maintenance of effort obligations. Effective 7/1/2050. (SD1)

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