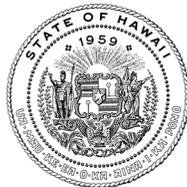


JOSH GREEN, M.D.
GOVERNOR



LUIS P. SALAVERIA
DIRECTOR

SABRINA NASIR
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
Ka 'Oihana Mālama Mo'ohelu a Kālā
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

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 HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 679

February 24, 2023
10:00 a.m.
Room 308 and Videoconference

RELATING TO STATE FUNDS

The Department of Budget and Finance (B&F) supports the intent of this bill.

House Bill (H.B.) No. 679 amends Act 236, SLH 2022, by delaying the expenditure or encumbrance of the \$300,000,000 in general funds appropriated for deposit into the Rental Housing Revolving Fund until July 1, 2023, or thereafter.

Although this bill assists the State in satisfying its American Rescue Plan Act Elementary and Secondary School Emergency Relief fund maintenance-of-effort obligations, B&F would recommend passage of H.B. No. 1018 which delays a greater number of "big-ticket" appropriations and has a more significant impact.

Thank you for your consideration of our comments.

JOSH GREEN, M.D.
GOVERNOR



DENISE ISERI-MATSUBARA
EXECUTIVE DIRECTOR

STATE OF HAWAII
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

IN REPLY PLEASE REFER TO:

677 QUEEN STREET, SUITE 300
HONOLULU, HAWAII 96813
PHONE: (808) 587-0620
FAX: (808) 587-0600

Statement of
DENISE ISERI-MATSUBARA
Hawaii Housing Finance and Development Corporation
Before the

HOUSE COMMITTEE ON FINANCE

February 24, 2023 at 10:00 a.m.
State Capitol, Room 308

In consideration of
H.B. 679
RELATING TO STATE FUNDS.

HHFDC **strongly supports** H.B. 679, as the passage of this bill is critical to HHFDC's ability to fund the Rental Housing Revolving Fund (RHRF) financing award commitments that were made last year and to keep the pipeline for affordable housing going.

Last September, HHFDC received conditional approval from Governor Ige in connection with its request to allot, release, and expend the \$300 million appropriation of general funds for the RHRF infusion under Act 236, SLH 2022 with the condition that the expenditure of the general funds be made after June 30, 2023. The condition was imposed as a result of the State's need to comply with the maintenance of effort (MOE) requirements under the Elementary and Secondary School Emergency Relief (ESSER) pursuant to the provisions of the federal American Rescue Plan Act (ARPA), which requires State general fund expenditures to be carefully monitored to limit expenditures that may disrupt the State's MOE calculations.

As a result, HHFDC is prohibited from expending the allotment from the general funds until after the current lapse date of June 30, 2023. This bill extends the lapse date to the following fiscal year to allow for the expenditure of general funds into the RHRF to fulfill its financing award commitments.

Thank you for the opportunity to provide testimony.