

A Bill for an Act Relating to Education.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. Section 29-25, Hawaii Revised Statutes, is amended to read as follows:

“~~[E]§29-25[.]~~ **Department of education; federal funds; general fund offset.** (a) Federal impact aid, ~~[U.S.] United States~~ Department of Defense funds, and federal indirect overhead reimbursements received by the department of education shall not be returned to the general fund.

(b) If the amount of federal impact aid and ~~[U.S.] United States~~ Department of Defense funds received by the department of education exceeds the authorized appropriation in the general appropriations act or the supplemental appropriations act, then the governor shall:

- (1) Allow the department of education to increase the federal fund expenditure ceiling for all program identification numbers, each by an amount proportionate to its portion of the total general fund appropriation made by the legislature~~[,]~~ and by the amount that the federal impact aid and ~~[U.S.] United States~~ Department of Defense funds received by the department of education exceeds the authorized appropriation in the general appropriations act or the supplemental appropriations act; and
- (2) Allow the department of education to retain the full amount of the general fund offset created by increased impact aid receipts; provided that the department shall not use the general fund offset to create new programs or expand existing programs.

(c) Beginning July 1, 2004, and for each fiscal year thereafter, the department of education may set aside \$100,000 of federal impact aid moneys received pursuant to this section to:

- (1) Establish and fund a permanent, full-time military liaison position within the department of education; and
- (2) Fund the joint venture education program to facilitate interaction between the military community and the department of education.

The military liaison position established under paragraph (1) shall be exempt from chapter 76 but shall be eligible to receive the benefits of any state or federal employee benefit program generally applicable to officers and employees of the State.

~~[(e)] (d)~~ The department of education shall submit a report to the legislature, not fewer than twenty days prior to the convening of each regular session, concerning the exact amount and specific nature of federal impact aid, ~~[U.S.] United States~~ Department of Defense funds, and federal indirect overhead reimbursements received under this section.”

SECTION 2. Section 302A-1404, Hawaii Revised Statutes, is amended to read as follows:

“~~[E]§302A-1404[.]~~ **Federal indirect overhead reimbursements.** (a) The department may retain and expend federal indirect overhead reimbursements for discretionary grants in excess of the negotiated rate for such reimbursements as determined by the director of finance and the superintendent.

(b) Beginning July 1, 2004, and for each fiscal year thereafter, the department of education may set aside \$100,000 of federal impact aid moneys received pursuant to this section to:

- (1) Establish and fund a permanent, full-time military liaison position within the department of education; and
- (2) Fund the joint venture education program to facilitate interaction between the military community and the department of education.

The military liaison position established under paragraph (1) shall be exempt from chapter 76 but shall be eligible to receive the benefits of any state or federal employee benefit program generally applicable to officers and employees of the State.’’

SECTION 3. It is the intent of this Act not to jeopardize the receipt of any federal aid nor to impair the obligation of the State or any agency thereof to the holders of any bond issued by the State or by any such agency, and to the extent, and only to the extent, necessary to effectuate this intent, the governor may modify the strict provisions of this Act, but shall promptly report any such modification with reasons therefor to the legislature at its next session thereafter for review by the legislature.

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

SECTION 5. This Act shall take effect on July 1, 2004.

(Approved June 24, 2004.)