

ACT 148

S.B. NO. 250

A Bill for an Act Relating to Federal Funds.

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

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

Specifically, this Act:

- (1) Expressly states that the disbursement of federal-aid moneys is subject to legislative appropriation or other law authorizing expenditure;
- (2) Amends the definition of "federal funds" in the executive budget act to include financial aid reasonably anticipated to be received from the federal government; and
- (3) Allows the expenditure of federal moneys that have not been appropriated when authorized by proviso in the budget or supplemental budget act.

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

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

The legislature finds that this Act is necessary to:

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

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

**“§29-16 Treasury as depository; duties of comptroller.** All federal-aid moneys received by the State, except as otherwise provided for by the federal government, shall be deposited with the director of finance and, subject to appropriation by the legislature or other law authorizing expenditure, shall be

disbursed upon warrants drawn by the comptroller of the State supported by vouchers approved by the board, commission, department, or officer having charge of the expenditure of the moneys by virtue of the plan, agreement, or arrangement entered into or made with the proper federal agency.

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

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

““Federal aid interstate” means funds received or reasonably anticipated to be received from the federal government for the purpose of constructing the interstate highway system in the State.

“Federal aid primary” means funds received or reasonably anticipated to be received from the federal government for the purpose of constructing primary roadways.

“Federal aid secondary” means funds received or reasonably anticipated to be received from the federal government for the purpose of constructing secondary roadways.

“Federal aid urban” means funds received or reasonably anticipated to be received from the federal government for the purpose of constructing roads in urban areas.

“Federal ~~[receipts]~~ funds” means financial aid received or reasonably anticipated to be received from the federal government.”

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

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

(b) The appropriations by the legislature for a biennium shall be allocated between the two fiscal years of the biennium in the manner provided in the budget or appropriations act and as further prescribed by the director of finance. The amounts allocated for each fiscal year shall be subject to the allotment system prescribed in chapter 37, part II. Each agency (except the courts), in estimating its quarterly requirements under chapter 37, part II, shall prepare a plan for the fiscal year for the operation of each of the programs it is responsible for administering. The operations plan shall be in ~~[such]~~ a form and content as the department of budget and finance may prescribe. It shall be submitted, together with the estimated quarterly requirements, to the department of budget and finance on ~~[such]~~ a date as the department may prescribe.

(c) The department of budget and finance shall:

(1) Review each operations plan to determine:

(A) That it is consistent with the policy decisions of the governor and appropriations by the legislature;

(B) That it reflects proper planning and efficient management methods; and

(C) That appropriations have been made for the planned purpose and will not be exhausted before the end of the fiscal year;

provided that the department of budget and finance shall review the operations plan submitted by the University of Hawaii solely for consistency with the allotment ceilings established by the governor under section 37-34, appropriations by the legislature, the requirements of chapter 37D, and the status of revenues to support operations plans for all state programs;

- (2) Approve the operations plan if satisfied that it meets the requirements under paragraph (1). Otherwise, the department of budget and finance shall require revision of the operations plan in whole or in part; and
  - (3) Modify or withhold the planned expenditures at any time during the appropriation period if the department of budget and finance finds that the expenditures are greater than those necessary to execute the programs at the level authorized by the governor and the legislature, or that state receipts and surpluses will be insufficient to meet the authorized expenditure levels; provided that the planned expenditures for the University of Hawaii may be modified or withheld only in accordance with sections 37-36 and 37-37.
- (d) No appropriation transfers or changes between programs or agencies shall be made without legislative authorization; provided that:
- (1) Authorized transfers or changes, when made, shall be reported to the legislature;
  - (2) Except with respect to appropriations to fund financing agreements under chapter 37D, the University of Hawaii shall have the flexibility to transfer appropriated funds and positions for the operating cost category among programs, among cost elements in a program, and between quarters, as applicable; except with respect to appropriations to fund financing agreements under chapter 37D, the department of education shall have the flexibility to transfer appropriated funds and positions for the operating cost category among programs and among cost elements in a program, and between quarters, as applicable; and the Hawaii health systems corporation and its regional system boards shall have the flexibility to transfer special fund appropriations among regional system hospital facilities as applicable and as mutually agreed to by the corporation and the respective regional system board; provided that the Hawaii health systems corporation and the regional system boards shall maintain the integrity and services of each individual regional system and shall not transfer appropriations out of any regional system that would result in a reduction of services offered by the regional system, with due regard for statutory requirements, changing conditions, the needs of the programs, and the effective utilization of resources; and
  - (3) The university and the department of education shall account for each transfer implemented under this subsection in quarterly reports to the governor and annual reports at the end of each fiscal year to the legislature and the governor, which shall be prepared in the form and manner prescribed by the governor and shall include information on the sources and uses of the transfer.

(e) For the purpose of this subsection, "unanticipated federal moneys" means financial aid from the federal government that is not appropriated in the budget or supplemental budget act. After June 30, 2017, unanticipated federal moneys may be expended when and in the manner authorized by proviso in the

budget or supplemental budget act and shall be deemed an appropriation for the purpose of Article VII, section 5, of the Constitution of the State of Hawaii.”

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

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

- (1) To assign circuit judges from one circuit to another;
- (2) In a circuit court with more than one judge, (A) to make assignments of calendars among the circuit judges for ~~[such]~~ a period as the chief justice may determine and, as deemed advisable from time to time, to change assignments of calendars or portions thereof (but not individual cases) from one judge to another, and (B) to appoint one of the judges, for ~~[such]~~ a period as the chief justice may determine, as the administrative judge to manage the business of the court, subject to the rules of the supreme court and the direction of the chief justice;
- (3) To prescribe for all of the courts a uniform system of keeping and periodically reporting statistics of their business;
- (4) To procure from all of the courts estimates for their appropriations; with the cooperation of the representatives of the court concerned to review and revise them as the chief justice deems necessary for equitable provisions for the various courts according to their needs and to present the estimates, as reviewed and revised by the chief justice, to the legislature as collectively constituting a unified budget for all of the courts;
- (5) To exercise exclusive authority over the preparation, explanation, and administration of the judiciary budget, programs, plans, and expenditures, including without limitation policies and practices of financial administration and the establishment of guidelines as to permissible expenditures, provided that all expenditures of the judiciary shall be in conformance with program appropriations and provisions of the legislature, and all powers of administration over judiciary personnel that are specified in Title 7; and
- (6) To do all other acts ~~[which]~~ that may be necessary or appropriate for the administration of the judiciary.

(c) The budget, supplemental budget, six-year program and financial plan, and the variance report of the judiciary shall be submitted by the chief justice to the legislature in accordance with the schedule of submission specified for the governor in chapter 37 and shall contain the program information prescribed in that chapter~~[-]~~ as applicable to the judiciary. By November 1 of each year preceding a legislative session in which a budget is to be submitted, the chief justice shall provide written notification to the governor of the proposed total expenditures, by cost categories and sources of funding, and estimated revenues of the judiciary for each fiscal year of the next fiscal biennium~~[-]~~ or fiscal year, as applicable.”

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

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

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**SECTION 8. This Act shall take effect on July 1, 2016.  
(Approved June 26, 2015.)**