

**ACT 225**

S.B. NO. 2550

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 federal funds for state government.

More specifically, this Act requires the office of the governor to conduct a federal funding policy study.

The legislature finds that the preparation of a study of federal funding is necessary for state public policymakers to better understand the possible consequences of major reductions in federal funding of state government programs and projects. The legislature intends for the study to result in a policy from the governor that reduces the dependence of state government on federal funds.

SECTION 2. (a) The office of the governor shall prepare a federal funding policy study for the State.

- (b) The federal funding policy study shall:
  - (1) Identify the federal fund awards that state executive departments regularly receive to pay for programs and projects;

- (2) Estimate the amount of federal funds to be expended by the state government annually in the next two fiscal bienniums;
  - (3) Analyze the extent of the dependence of state executive departments on federal funds to pay for major programs and projects;
  - (4) Address the likelihood of a reduction of federal funds for state programs and projects in the next two fiscal bienniums; and
  - (5) Discuss generally the impact on state government and Hawaii residents if federal funding levels are reduced.
- (c) Based upon the findings from subsection (b), the federal funding policy study shall recommend a policy with respect to the use of federal funds for state programs and projects. The policy shall include:
- (1) Parameters regarding the application for and acceptance of federal funds available on a formula or competitive basis;
  - (2) Principles guiding the extent of dependence of state executive departments on federal funds;
  - (3) Conditions for using federal funds as the means of financing the salaries of state employees;
  - (4) Circumstances under which the state government should continue programs or projects with state funds after federal funds are no longer available for those programs and projects; and
  - (5) Measures and recommendations to protect the state government and residents of the State from the adverse effects of a slowed or reduced rate of federal funding for state programs and projects.
- (d) The office of the governor shall submit:
- (1) An interim report on the actions taken pursuant to this Act from its effective date until December 31, 2016, to the legislature no later than twenty days prior to the convening of the regular session of 2017; and
  - (2) The final federal funding policy study and any proposed legislation to the legislature no later than twenty days prior to the convening of the regular session of 2018.

SECTION 3. There is appropriated out of the general revenues of the State of Hawaii the sum of \$100,000 or so much thereof as may be necessary for fiscal year 2016-2017 for the preparation of the federal funding policy study.

The sum appropriated shall be expended by the office of the governor for the purposes of this Act.

SECTION 4. This Act shall take effect on July 1, 2016.

(Approved July 6, 2016.)