

ACT 310

S.B. NO. 933

A Bill for an Act Relating to the State Budget.

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

SECTION 1. The legislature finds that the federal funding freeze imposed by the United States Office of Management and Budget may have detrimental effects on Hawaii's nonprofit sector, which provides critical services in health and human services. Without assistance from the federal government, Hawaii's federally qualified health centers, and programs that provide child care, social services, subsidized housing, and homeless services, will see a significant drop in funding.

The purpose of this Act is to appropriate moneys to and authorize temporary full-time equivalent positions for the office of community services of the department of labor and industrial relations to award grants subject to chapter 42F, Hawaii Revised Statutes, and other qualifications, for fiscal year 2025-2026, and authorize the office of community services to contract the services of Aloha United Way, Inc., to assist with the administration and distribution of grant awards.

SECTION 2. The legislature finds and declares that the grants made pursuant to chapter 42F, Hawaii Revised Statutes, under this Act are in the public interest and for the public health, safety, and general welfare.

SECTION 3. There is appropriated out of the general revenues of the State of Hawaii the sum of \$50,000,000 or so much thereof as may be necessary for fiscal year 2025-2026 to the office of community services of the department of labor and industrial relations for:

- (1) The awarding of grants made pursuant to chapter 42F, Hawaii Revised Statutes, and the selection process established pursuant to section 4 of this Act, for the benefit of nonprofit organizations in the State of Hawaii; and
- (2) The contracting of administrative support services to evaluate, select, award, distribute moneys to, and monitor compliance of, grant recipients.

The sum appropriated shall be expended by the office of community services of the department of labor and industrial relations for the purpose of this Act.

SECTION 4. (a) Provided that of the general fund appropriation for the office of community services of the department of labor and industrial relations (program ID LBR903) authorized under section 3, the sum of \$50,000,000 or so much thereof as may be necessary for fiscal year 2025-2026, shall be expended on:

- (1) Grants issued in accordance with chapter 42F, Hawaii Revised Statutes, and subsection (b); and
- (2) Any administrative expenses associated with the selection, award, and administration of the grants.

(b) In selecting recipients and awarding and administering grants funded by the appropriation contained in section 3 of this Act, there is established an evaluation and selection committee to oversee the evaluation and selection of, and determine grant award amounts to, nonprofit applicants. The evaluation and selection committee shall be composed of the following members:

- (1) Two senators appointed by the president of the senate; and
- (2) Two representatives appointed by the speaker of the house of representatives.

The meetings of the evaluation and selection committee shall not be subject to part I of chapter 92, Hawaii Revised Statutes.

To be eligible for a grant funded by the appropriation contained in section 3, applicants shall be recipients or providers that have sustained a reduction or termination of their federal funding, or if the applicant is not a direct federal funding recipient or provider, the applicant shall primarily serve populations that have been negatively affected by reductions or terminations of federal funding.

Applicants for a grant under this Act shall provide documentation evidencing the nature and extent of the federal funding reduction and its impact on the recipient or provider's operations, programs, or services, or shall demonstrate the causal connection between the federal funding change and the adverse impact on the population served, as well as how the proposed use of grant funds will mitigate or address that impact.

In evaluating, selecting, awarding, and administering grants funded by the appropriation contained in section 3, the evaluation and selection committee shall apply all qualifying standards, conditions, and other applicable requirements under chapter 42F, Hawaii Revised Statutes, to the grant recipients and their respective contracts; provided that the grant application submission deadline contained in section 42F-102, Hawaii Revised Statutes, shall not apply to grants applied for and funded pursuant to this Act.

(c) Notwithstanding any law to the contrary, including chapters 103F and 103D, Hawaii Revised Statutes, the office of community services may contract with Aloha United Way, Inc., to provide administrative support to the office of community services to contract and distribute moneys to recipients of grants awarded pursuant chapter 42F, Hawaii Revised Statutes, and this Act. Subject to the approval of the evaluation and selection committee, Aloha United Way, Inc., may charge and receive an administrative fee of no more than \$500,000 to contract, process, and distribute the award of funds made available under this Act.

After the settlement of all administrative costs, any remaining unencumbered and unexpended balance shall be returned by Aloha United Way, Inc., to the office of community services for deposit into the State's general fund.

SECTION 5. There is appropriated out of the general revenues of the State of Hawaii the sum of \$140,000 or so much thereof as may be necessary for fiscal year 2025-2026 for the office of community services to carry out its responsibilities under this Act. The sum appropriated shall be expended as follows:

- (1) \$130,000 for the establishment of two temporary full-time equivalent (2.0 FTE) positions; and
- (2) \$10,000 for the purchase of office equipment and furniture.

The sum appropriated shall be expended by the office of community services of the department of labor and industrial relations.

SECTION 6. If any portion of this Act or its application to any person, entity, or circumstance is held to be invalid for any reason, the legislature declares that the remainder of the Act and any other provision thereof shall not be affected thereby. If any portion of a specific appropriation is held to be invalid for any reason, the remaining portion shall be expended to fulfill the objective of that appropriation to the extent possible.

SECTION 7. If manifest clerical, typographical, or other mechanical errors are found in this Act, the governor may correct the errors.

SECTION 8. This Act shall take effect on July 1, 2025.

(Approved July 9, 2025.)