



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
House Committee on Finance
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by
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SB 250 SD1 – RELATING TO FEDERAL FUNDS

Chair Luke, Vice Chair Nishimoto, and members of the Finance committee:

Thank you for this opportunity to testify. The University of Hawai'i (UH) has concerns with SB250 SD1, Relating to Federal Funds. This measure would amend statute to expressly state that the expenditure of federal-aid moneys is subject to appropriation. This measure would also broaden the definition of "federal funds" and would allow unanticipated or excess federal money that are not appropriated to be expended when authorized by proviso in the budget or supplemental budget act.

While we agree that best practices would be foreknowledge of an impending federal grant and a corresponding appropriation to authorize the expenditure of that grant, in practice, the timing, mechanics, and nature of federal grants would make a blanket policy impractical. The application and awarding of federal grants may occur at any time. Departments pursue federal grants whenever they are offered and this means throughout the course of a calendar year. It is not uncommon for departments to be unaware of a grant, or the potential future existence of a grant, during the time the Legislature is in session.

SB250 SD1 would practically require a department to only be able to apply for grants that have resources (i.e. positions and funding authority) already approved by the Legislature. Failure to respond to a grant announcement in a timely manner places the State in an unfavorable position when competing for a grant against other states. While this would impact UH because the University benefits from a lot of federal funds and pursues federal grants with vigor, the same impact would affect other departments as well.

Current budget procedures allow for the expenditure of such federal awards. Should the Legislature have concerns about the transparency or accountability of these awards, it might be best to work with the state Department of Budget and Finance to address those concerns.

Thank you for your time and consideration.