



EXECUTIVE CHAMBERS

HONOLULU

DAVID Y. IGE
GOVERNOR

July 19, 2022

EXECUTIVE MEMORANDUM

MEMO NO. 22-02

TO: All Department Heads

SUBJECT: Management of Appropriated and Non-Appropriated Coronavirus State Fiscal Recovery Funds for FY 23

The American Rescue Plan Act (ARPA), P.L. 117-2, was signed into law on March 11, 2021, and included \$195.3 billion for the Coronavirus State Fiscal Recovery Fund (CSFRF) to provide direct assistance to state governments and the District of Columbia to support COVID-19 response efforts and mitigate the fiscal effects stemming from the public health emergency. The State of Hawai'i was allocated \$1,641,602,609.60 which has been drawn down from the U.S. Department of the Treasury (Treasury). These funds are an important resource for the State in our ongoing efforts to recover from the COVID-19 public health emergency.

This memorandum establishes the policies and procedures for the application, review, and disbursement of the remaining CSFRF funds by the current Administration prior to December 6, 2022.

Request for Use of the CSFRF

CSFRF funds appropriated in Act 248, SLH 2022, and in Act 234, SLH 2022, were line-item vetoed because of the need to reprioritize CSFRF use due to: 1) an over appropriation of the CSFRF funds; 2) additional funding needed by the Department of Education and the University of Hawai'i to meet the federal Elementary and Secondary School Emergency Relief Fund maintenance of effort proportional funding requirements; and 3) replacement funding for the appropriations impacted by my veto of House Bill No. 1147, S.D. 1, C.D. 1.

Although these appropriations were line-item vetoed, it is recognized that the majority of the CSFRF appropriations address critical needs and high priority services. As such, due consideration will be given to State departments' Chapter 29, HRS, requests for these line-item vetoed appropriations.

To facilitate the Chapter 29 CSFRF awards and the FY 23 appropriation from Act 208, SLH 2021, State departments must request use of the remaining CSFRF funds using Form CSFRF-1 and attest to the proper use of the funds using Form CSFRF-2. Both forms shall be emailed to the Department of Budget and Finance (B&F) at DBF.DOCS@hawaii.gov to the attention of the Director of Finance. The request is subject to approval by the Governor.

As done in FY 22, the Office of the Governor will manage the use of the CSFRF award. B&F review is necessary to: a) determine if the appropriations qualify as eligible uses under the Treasury guidance; and b) ensure that appropriate metrics and recordkeeping are established for reporting as part of the State's Annual Recovery Plan Performance report to the Treasury.

CSFRF funds must be used for costs incurred on or after March 3, 2021; funds must be expended and/or obligated by June 30, 2023, the subaward's performance period end date; and encumbrances must be liquidated within 90 days following the performance period end date.

Eligible Uses of CSFRF Funds

On April 1, 2022, the Treasury adopted the Final Rule to implement the Coronavirus State and Local Fiscal Recovery Funds established under ARPA. The overview of the Final Rule can be viewed at: <https://home.treasury.gov/system/files/136/SLFRF-Final-Rule-Overview.pdf>.

1. Support for COVID-19 public health expenditures, by funding COVID-19 mitigation efforts, medical expenses, behavioral healthcare and certain public health and safety staff.
2. Address negative economic impacts caused by the public health emergency, including economic harm to workers, households, small businesses, impacted businesses, and the public sector.
3. Replace lost public sector revenue, using funding to provide government services to the extent of the reduction in revenue experienced during the pandemic.
4. Provide premium pay for essential workers, offering additional support to those who have borne and will bear the greatest health risks because of their service in critical infrastructure sectors.
5. Investments for water and sewer infrastructure.
6. Investments for broadband infrastructure to unserved and underserved locations.

Roles and Responsibilities

1. The Governor is responsible for the management of CSFRF funds as the prime recipient of the award.

2. Mr. Craig K. Hirai, Director of Finance, B&F, has been designated by the Governor as the “Authorized State Official” for the award.
3. B&F will work with the Department of Accounting and General Services (DAGS) to process the accounting and fiscal transactions necessary to disburse the funds for approved requests.
4. B&F will assist the Governor to meet Treasury reporting requirements for the CSFRF.
5. Heads of departments that receive CSFRF funds are responsible for the management and appropriate expenditure of subawards.

Disbursement of CSFRF Funds

The approved Form CSFRF-1 and Form CSFRF-2 shall authorize the disbursement of CSFRF funds to the respective department.

Chapter 29-authorized CSFRF subawards will submit Form E-2 to establish a unique appropriation account. The Act 208 appropriated CSFRF funds will be assigned an appropriation account via DAGS appropriation warrant. Departments must use the assigned CSFRF appropriation account to manage the subaward. If a department receives more than one subaward for unique purposes, the department shall assign a project number to each allocation to track expenditures from the department’s CSFRF appropriation account. Departments shall not transfer CSFRF funds to another State department or county without the approval of B&F.

Reporting Requirements

B&F will provide guidance to State departments to meet the CSFRF reporting requirements issued by the Treasury.

Your continued efforts towards ensuring effective and efficient use of CSFRF funds are appreciated.

/s/

DAVID Y. IGE
Governor, State of Hawai‘i

Attachments:

Form CSFRF-1
Form CSFRF-2

c: Craig K. Hirai, Director of Finance
Curt T. Otaguro, Comptroller