



EXECUTIVE CHAMBERS
KE KE'ENA O KE KIA'ĀINA

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA

July 5, 2023

EXECUTIVE MEMORANDUM

MEMO NO. 23-04

TO: All Department Heads

SUBJECT: Management of Non-Appropriated Coronavirus State Fiscal Recovery Funds for FY 24

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 a significant resource for the State in our efforts to recover from the COVID-19 public health emergency.

This memorandum amends the policies and procedures in Executive Memorandum No. 22-02 regarding the application, review, and disbursement of remaining CSFRF funds in FY 24.

Request for Use of CSFRF

To facilitate the Chapter 29 CSFRF awards, State departments must request use of CSFRF funds using Form CSFRF-1 (revised June 2023) and attest to the proper use of the funds using CSFRF-2 (revised June 2023). Both forms shall be emailed to the Department of Budget and Finance (B&F) via dbf.docs@hawaii.gov to the attention of the Director of Finance. The request is subject to approval by the Governor.

B&F review is necessary to: (a) determine if the requests 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 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, 2024, the subaward performance period end date; and encumbrances must be liquidated within ninety (90) days following the performance period end date.

Eligible Uses of CSFRF Funds

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

The Final Rule provides for the following eligible uses of CSFRF Funds:

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. Provide for investments for water and sewer infrastructure.
6. Provide for 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. Luis P. Salaveria, Director of Finance, 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 to process the accounting and fiscal transactions necessary to disburse the funds for approved requests.
4. B&F will assist the Governor to meet U.S. Treasury reporting requirements for 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 CSFRF-2 shall authorize the disbursement of CSFRF funds to the respective department.

Recipients of CSFRF subawards must submit Form E-2 to establish a unique appropriation account. 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 U.S. Treasury.

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

Mahalo,

/s/

Josh Green, M.D.
Governor, State of Hawai'i

Attachments:

Form CSFRF-1 (June 2023)
Form CSFRF-2 (June 2023)

c: Luis P. Salaveria, Director of Finance
Keith A. Regan, Comptroller