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# A BILL FOR AN ACT

RELATING TO CORPORATE SPONSORSHIP FOR EDUCATION.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that the public school  
2 system infrastructure in the State of Hawaii is badly in need of  
3 repair, upgrading, and updating. The public education system is  
4 struggling because of the poorly-maintained condition of school  
5 facilities, and the lack of computers and other up-to-date  
6 equipment and supplies. Hawaii's young people are the future of  
7 the State. By ensuring that every child has access to a  
8 high-quality education, the State can provide the workforce of  
9 tomorrow with the skills necessary for a bright and successful  
10 future. Too many students are not receiving the full benefits  
11 of a high-quality education due to the state of school  
12 facilities, and lack of textbooks and other educational  
13 resources.

14           For many of Hawaii's children, school is the only stable  
15 environment that they experience. The State is in danger of  
16 hampering the educational development of a significant portion  
17 of an entire generation if it does not quickly address the  
18 problems of the public schools. The state of Hawaii is faced



1 with the choice of providing solid, meaningful education to its  
2 young people to help them become productive members of society,  
3 or to ignore the problem, provide inadequate educational  
4 opportunities, and watch more and more youth disappear into an  
5 "ice" fog. The policy in Hawaii must be to ensure that every  
6 student has an equal chance to succeed. The State can no longer  
7 be content with the possibility that some students will succeed,  
8 despite the obstacles.

9 The purpose of this Act is to bridge the gaps in  
10 educational opportunities in Hawaii by:

11 (1) Establishing an adopt-a-school program via a  
12 non-profit Internal Revenue Code Section 501(c)(3)  
13 corporation (adopt-a-school corporation) to be formed  
14 in cooperation with the department of education, to  
15 which private corporations will make tax-deductible  
16 contributions in kind or in cash. An appropriation of  
17 \$5,000,000 will be made in the program's first year to  
18 match corporate contributions; and

19 (2) Establishing a permanent task force on corporate  
20 donations for education to investigate and make  
21 recommendations on the ways in which the State can  
22 obtain private sector tax-deductible corporate



1           donations to ensure that ultimately every child is  
2           provided with a first-class education.

3           SECTION 2. Chapter 302A, Hawaii Revised Statutes, is  
4 amended by adding two new sections to be appropriately  
5 designated and to read as follows:

6           "§302A-    Adopt-a-school program fund. (a) There is  
7 established the adopt-a-school program fund as a separate fund  
8 of the adopt-a-school corporation, a Hawaii nonprofit  
9 organization. Moneys received from the State, county, or  
10 federal government, private contributions of cash or other  
11 property, and the income and capital gains earned by the fund  
12 shall constitute its assets.

13           (b) The adopt-a-school corporation, in conjunction with  
14 the department of education, shall expend moneys from the fund  
15 in the form of a grant to a designated public school, or a  
16 contract with a private vendor, to perform necessary repairs,  
17 maintenance, and upgrades to any part of the public school  
18 system infrastructure in accordance with this section.

19           (c) The fund may receive contributions, grants,  
20 endowments, or gifts in cash or otherwise from all sources,  
21 including corporations or other businesses, foundations,  
22 government, individuals, and other interested parties. The



1 legislature intends that public and private sectors, including  
2 the task force on corporate donations for education, review and  
3 investigate all potential funding sources. The State may  
4 appropriate moneys to the fund.

5 (d) In managing the moneys in the fund, the adopt-a-school  
6 corporation shall exercise ordinary business care and prudence  
7 given the facts and circumstances prevailing at the time of  
8 action or decision. In doing so, the adopt-a-school corporation  
9 shall consider its long-term and short-term needs in carrying  
10 out its purposes and its present and anticipated financial  
11 requirements.

12 (e) There may be an endowment component of the fund, and  
13 the adopt-a-school corporation may accumulate net income and add  
14 the same to the principal.

15 (f) The use of any state moneys may be restricted by the  
16 legislation appropriating these moneys to the fund.

17 (g) The adopt-a-school corporation may expend principal  
18 from the fund for the purposes of the fund.

19 (h) All proposals submitted to the adopt-a-school  
20 corporation for moneys shall be approved by the department for  
21 consistency in meeting standards for public schools.

1        (i) Any school to which moneys are awarded shall agree to  
2 comply with the following conditions before receiving the award:

3        (1) Use persons qualified to engage in the activity to be  
4 funded;

5        (2) Comply with the applicable federal, state, and county  
6 laws; and

7        (3) Comply with any other requirements prescribed by the  
8 adopt-a-school corporation to ensure adherence by the  
9 recipient of the award with applicable federal, state,  
10 and county laws and with the purposes of this section.

11        (j) Chapter 103D shall not apply to organizations or  
12 agencies that apply for contracts under this section; provided  
13 that the adopt-a-school corporation shall be held accountable  
14 for the use of the funds under a contract with the department.

15        (k) Any contract awarded by the adopt-a-school corporation  
16 shall be made with as much competition as is practical to  
17 execute its purposes.

18        (l) The fund shall be audited annually by an independent  
19 auditor. The results of each annual audit shall be submitted to  
20 the department not later than thirty days from the date the  
21 adopt-a-school corporation receives the audit results. In  
22 addition, the adopt-a-school corporation shall retain any

1 documents, papers, books, records, and other evidence that are  
2 pertinent to the fund, for a period of three years, and permit  
3 the department, state legislators, and the auditor, or their  
4 duly authorized representatives, to inspect and have access to  
5 them.

6 (m) The fund shall not be placed in the state treasury,  
7 and the State shall not administer the fund, nor shall the State  
8 be liable for the operation or solvency of the fund of the  
9 adopt-a-school corporation.

10 (n) For every dollar of state moneys granted by the fund  
11 to the project, there shall be a minimum of \$1 in value matched  
12 by the adopt-a-school corporation in cash, or the fair market  
13 value of in-kind donations, real property, or any other item of  
14 value from federal, state, or county governments, private  
15 entities, community-based organizations, non-profit  
16 organizations, or individuals.

17 (o) The superintendent of education shall submit an annual  
18 report of the progress of the adopt-a-school program fund no  
19 later than twenty days prior to the convening of each regular  
20 session of the legislature.

21 **§302A- Task force on corporate donations for education.**

22 (a) There is created the task force on corporate donations for



1 education. The task force shall be placed within the department  
2 of education for administrative purposes and shall consist of no  
3 more than twenty-five members appointed by the governor as  
4 provided in section 26-34. of the members shall be  
5 appointed from a list of nominees submitted by the speaker  
6 of the house of representatives and shall be appointed  
7 from a list of nominees submitted by the president of the  
8 senate. The task force shall include at least one  
9 representative from each of the following state agencies and  
10 organizations: the department of education, an administrator of  
11 a Hawaii public school, and the Hawaii air ambulance keiki  
12 program.

- 13 (b) The goals of the task force shall be to:
- 14 (1) Establish the adopt-a-school corporation, a non-profit  
15 vehicle to allow corporations and other entities to  
16 make tax-deductible contributions;
- 17 (2) Investigate and make recommendations on ways in which  
18 the State can obtain private sector corporate  
19 tax-deductible donations either in cash or in kind on  
20 a long-term basis;



- 1        (3) Identify the needs of the various public schools to  
2        establish a list of priority projects to ensure that  
3        the neediest schools receive funds first;
- 4        (4) Identify ways in which state tax credits or other  
5        financial incentives could be offered to entities  
6        contributing to the improvement of a school's  
7        condition;
- 8        (5) Identify and recruit construction supply firms to make  
9        donations of needed materials to support repair and  
10       reconstruction projects;
- 11       (6) Recruit local building contractors to donate employee  
12       hours to perform construction repairs;
- 13       (7) Identify and recruit computer supply companies to  
14       donate computers and software to schools;
- 15       (8) Identify and recruit publishing houses to donate  
16       school textbooks and other printed materials;
- 17       (9) Identify other business entities that would make in  
18       kind or in cash donations to the adopt-a-school  
19       corporation; and
- 20       (10) Work with the department to ensure that every student  
21       in Hawaii has adequate textbooks and school supplies.



1        (c) The members of the task force shall serve without  
2 compensation but shall be reimbursed for expenses, including  
3 travel expenses, necessary for the performance of their duties.

4        (d) The task force shall submit an annual report of its  
5 findings and recommendations no later than twenty days prior to  
6 the convening of each regular session of the legislature."

7        SECTION 3. There is appropriated out of the general  
8 revenues of the State of Hawaii the sum of \$5,000,000, or so  
9 much thereof as may be necessary for fiscal year 2006-2007, to  
10 carry out the purposes of this Act relating to the  
11 adopt-a-school program fund.

12        SECTION 4. The sum appropriated shall be expended by the  
13 adopt-a-school corporation in conjunction with the department of  
14 education for the purposes of this Act.

15        SECTION 5. New statutory material is underscored.

16        SECTION 6. This Act shall take effect on July 1, 2006.

**Report Title:**

Adopt-A-School Program; Corporate Donations for Education

**Description:**

Establishes adopt-a-school program with DOE to which corporations would make tax-deductible contributions to fund school repair and maintenance. Establishes permanent task force on corporate donations for education to advise on adopt-a-school. (SD1)

