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# A BILL FOR AN ACT

RELATING TO EDUCATION.

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

1           SECTION 1. The legislature finds that the key to Hawaii's  
2 future success is a community filled with highly-educated,  
3 highly-qualified individuals to support the State's economy.  
4 The backbone of this endeavor is a strong public school system  
5 that equips our keiki with the knowledge, skills, and  
6 experiences necessary to succeed.

7           The legislature further finds that the public education  
8 system in the State is in dire need of increased funding not  
9 only to improve, expand, or grow new programs and facilities,  
10 but merely to address the pending backlog of infrastructure and  
11 facilities repair and maintenance projects in elementary,  
12 middle, and high schools throughout the State, as well as within  
13 the University of Hawaii system. Within the department of  
14 education, the backlog for repair and maintenance continues to  
15 be a problem. In 2001, the legislature appropriated funds to  
16 help mitigate the department of education's estimated  
17 \$640,000,000 backlog of repair and maintenance projects. In



1 2007, the estimated backlog of repair and maintenance projects  
2 was \$341,000,000, which included recurring major and minor  
3 repairs, ongoing cycle maintenance, service and contract  
4 maintenance, nonrecurring projects, and emergency repairs.  
5 Unfortunately, due in part to the governor's decision not to  
6 release \$110,000,000 previously approved by the legislature  
7 during past legislative sessions for repair and maintenance  
8 projects for the department of education, the backlog remains  
9 and continues to increase. The backlog has increased to  
10 approximately \$420,000,000 and is expected to increase by an  
11 additional \$75,000,000 during the upcoming fiscal year.

12 Similarly, at the University of Hawaii, a backlog of repair  
13 and maintenance projects has accumulated, due to the lack of  
14 general funds, currently totaling approximately \$257,000,000.  
15 Existing repair and maintenance projects include not only well-  
16 documented deficiencies such as major renovations necessary to  
17 Edmondson hall, athletic facilities including Cooke field, the  
18 college of education office, the University laboratory school,  
19 and Hamilton library, but also re-roofing, mechanical and  
20 electrical systems, resurfacing, repainting, and other  
21 improvements and projects to upgrade facilities at all  
22 university and community college campuses.



1 Facilities provide the centerpiece around which all other  
2 educational activities exist at higher education institutions.  
3 Well-maintained physical infrastructure and facilities at our  
4 higher education campuses that are functional, architecturally  
5 sound, aesthetically pleasing, and in compliance with building  
6 and safety codes support quality instruction, research, student,  
7 and community services programs. Therefore, it is imperative to  
8 reinvest in the university's physical plant to ensure that the  
9 physical infrastructure supports the mission of the institution.

10 In recent years, the legislature has passed significant  
11 initiatives to strengthen the public school system with  
12 resources, procedures, and opportunities to make effective  
13 change in the manner by which schools are organized and children  
14 learn. The Reinventing Education Act of 2004 directed funds to  
15 schools based on the needs of their populations, taking into  
16 account economic hardship, English as a second language, special  
17 needs, and mobility. Additionally, the legislature has provided  
18 a governance structure to charter schools to allow the decision  
19 makers to be closer to their constituency and placed an emphasis  
20 on learning academies and experiential or applied learning  
21 programs.



1 In addition to the foregoing, the early education task  
2 force unveiled "Keiki first," a plan to enable eighty per cent  
3 of Hawaii's four-year-olds to attend preschool. This plan  
4 requires an infusion of new resources to equip our four-year-  
5 olds to enter kindergarten ready to learn. When fully  
6 implemented, for the eighty per cent goal, \$170,000,000 per year  
7 would be needed.

8 Adequate funding for the foregoing changes and initiatives  
9 continues to prove to be a difficult issue. Increased mandates  
10 resulting from the No Child Left Behind Act and the Felix  
11 consent decree, among others, have contributed to the lack of  
12 adequate funds to support public schools in the State. Despite  
13 these increased mandates, over the past few decades, the  
14 percentage of the budget allocated to education has consistently  
15 decreased as well.

16 The provision of an adequate education in Hawaii's public  
17 schools presents many challenges to the State, including  
18 providing adequate funding and developing methods to meet those  
19 funding needs. In 2005, the department of education  
20 commissioned a study on funding adequacy, the objective of which  
21 was to "[d]evelop an adequacy funding model that can be used as  
22 a tool for determining the level of funding required to support



1 the vision and goals of the State of Hawaii Department of  
2 Education (DOE) and Board of Education (BOE)." *Adequacy*  
3 *Funding Study*, Department of Education, March 14, 2005. The  
4 study examined the expenditure of funds for the 2003-2004 fiscal  
5 year for the average elementary, middle, and high schools.  
6 Results indicated that increased funding of seventeen per cent  
7 or \$278,000,000 was necessary for schools to achieve adequate  
8 standards. A five-year implementation plan was presented to  
9 bring public schools up to adequate levels.

10 The study also recommended the establishment of a  
11 commission, with sub-committees, to examine the different  
12 aspects of the adequacy funding implementation proposed, update  
13 the adequacy models, oversee the development of alternative  
14 model schools, define performance goals for different funding  
15 levels, and communicate with various stakeholders.  
16 Unfortunately, no further action has been undertaken by the  
17 department of education or the board of education.

18 The purpose of this Act is to convene a task force to  
19 examine issues regarding funding adequacy in public schools and  
20 to establish necessary funding requirements and an  
21 implementation plan for providing public school students with an  
22 adequate education in the State. This Act also establishes a



1 tax credit for volunteer services performed for the public  
2 schools or the University of Hawaii to encourage individuals to  
3 support and improve the public school system in Hawaii.

4 SECTION 2. Chapter 235, Hawaii Revised Statutes, is  
5 amended by adding a new section to be appropriately designated  
6 and to read as follows:

7 "§235- Credit for general volunteer services performed  
8 for the public schools or the University of Hawaii. (a) Each  
9 individual taxpayer who files an individual income tax return  
10 for a taxable year, and who is not claimed or is not otherwise  
11 eligible to be claimed as a dependent by another for state or  
12 federal income tax purposes, may claim a nonrefundable credit  
13 against the tax otherwise due under this chapter in the amount  
14 of \$ \_\_\_\_\_, provided that the taxpayer performed general  
15 volunteer services for at least \_\_\_\_\_ hours in any taxable year  
16 for public schools or the University of Hawaii.

17 (b) If the tax credit under this section exceeds the  
18 individual's tax liability, the excess of credits over liability  
19 shall not be refunded to the taxpayer. All claims, including  
20 any amended claims, for tax credits under this section shall be  
21 filed on or before the end of the twelfth month following the  
22 close of the taxable year for which the credit may be claimed.



1 Failure to comply with the foregoing provision shall constitute  
2 a waiver of the right to claim the credit.

3 (c) Only general volunteer services performed for public  
4 schools or the University of Hawaii shall qualify for the  
5 credit. No credit shall be granted for volunteer services  
6 provided by an individual that are normally and customarily  
7 performed by a paid employee of public schools or the University  
8 of Hawaii for which the individual is providing services.

9 For purposes of this section "volunteer services" shall  
10 include:

11 (1) Services provided for the public schools or the  
12 University of Hawaii by a non-salaried individual; or

13 (2) Services provided for the public schools or the  
14 University of Hawaii by a salaried individual that are  
15 outside of that individual's duties as a salaried  
16 employee of the department of education or the  
17 University of Hawaii.

18 (d) The director shall provide by rule a method of  
19 documenting the actual performance by a taxpayer of the hours of  
20 general volunteer services required to establish eligibility for  
21 the tax credit authorized in this section.



1       (e) The department of taxation shall prepare forms as may  
2 be necessary to claim the credit under this section."

3       SECTION 3. (a) There is established a task force on  
4 education funding adequacy within the department of education  
5 for administrative purposes only. The task force shall be  
6 comprised of nineteen members to be appointed without regard to  
7 section 26-34, Hawaii Revised Statutes, as follows:

- 8       (1) Two members to be appointed by the president of the  
9           University of Hawaii;
- 10       (2) Two members to be appointed by the superintendent of  
11           education;
- 12       (3) Three members to be appointed by the Hawaii Business  
13           Roundtable; provided that the three members shall  
14           possess and represent experience in the fields of  
15           technology, finance, and personnel management or human  
16           resources management;
- 17       (4) Two members to be appointed by the president of the  
18           senate;
- 19       (5) Two members to be appointed by the speaker of the  
20           house of representatives;
- 21       (6) One member representing the Hawaii P-20 Council;
- 22       (7) One member appointed by the governor;





- 1 (8) One member appointed by the Hawaii Association of  
2 Public Accountants;
- 3 (9) Two members representing the Hawaii Government  
4 Employees Association, the Hawaii State Teachers  
5 Association, and the University of Hawaii Professional  
6 Assembly; and

7 (10) Three members representing school community councils.

8 The task force shall select a chairperson from its membership.

9 (b) The task force on funding adequacy shall convene sub-  
10 committees that address specific funding categories, including  
11 but not limited to:

- 12 (1) Facilities;
- 13 (2) Repair and maintenance;
- 14 (3) Capital improvement projects;
- 15 (4) English as a second language;
- 16 (5) Technology;
- 17 (6) Learning materials;
- 18 (7) Highly-qualified teachers;
- 19 (8) Early education; and
- 20 (9) The average, regular education student.

21 Each sub-committee shall include and obtain input from  
22 stakeholders, qualified individuals with knowledge, expertise,



1 and experience in the relevant fields pertaining to the specific  
2 category, and any other individuals as may be determined  
3 necessary by the task force. Each sub-committee shall establish  
4 goals for the funding category and examine the most efficient  
5 and cost-effective methods for providing adequate funding for  
6 the respective category and perform any other functions as may  
7 be deemed necessary by the task force for the fulfillment of  
8 their functions.

9 (c) The task force on education funding adequacy shall:

10 (1) Examine issues of funding adequacy in Hawaii's public  
11 schools, including a review of the 2005 adequacy  
12 funding study;

13 (2) Analyze all relevant components requiring funding for  
14 the public schools;

15 (3) Consider each sub-committee's recommendations and  
16 establish a plan for the annual reduction of the  
17 funding inadequacy over a multi-year period that  
18 includes:

19 (A) Cost estimates for a multi-year implementation  
20 period, not to exceed six years, to bring the  
21 public schools up to an adequate level; and



1 (B) A cost estimate for perpetual funding once an  
 2 adequate level is achieved that considers the  
 3 inclusion of various alternative means and  
 4 methods or combinations thereof, including but  
 5 not limited to the use of proceeds from:

6 (i) The general excise tax;

7 (ii) The state income tax;

8 (iii) Real property or facilities lease  
 9 agreements;

10 (iv) The sale of real property,

11 (v) Fees or charges; or

12 (vi) The reduction of services;

13 provided that any proposals that include tax  
 14 increases would also include positive tax reform  
 15 measures, such as additional tax exemptions, tax  
 16 credits, or increases in the standard income tax  
 17 deduction amounts, to balance the added burden  
 18 imposed by the increased tax; and

19 (4) Identify areas of major restructuring and collective  
 20 bargaining.

21 (d) In carrying out its duties under this section, the  
 22 task force on education funding adequacy may request staff



1 assistance from the department of education and other  
2 appropriate state departments or agencies. The task force on  
3 education funding adequacy may contract with or hire a private  
4 consultant, who shall be exempt from chapters 76, 78, and 89,  
5 Hawaii Revised Statutes, or consulting firm to assist the task  
6 force in performing its duties as provided in this Act.

7 (e) The task force on education funding adequacy shall be  
8 exempt from chapter 92, Hawaii Revised Statutes; provided that  
9 the task force shall make a good faith effort to make its  
10 proceedings and work products accessible and available to the  
11 general public in a manner consistent with the intent of chapter  
12 92, Hawaii Revised Statutes.

13 (f) The task force on education funding adequacy shall be  
14 exempt from the requirements of chapter 103D, Hawaii Revised  
15 Statutes.

16 (g) Members of the task force on education funding  
17 adequacy shall serve without compensation but shall be  
18 reimbursed for expenses, including travel expenses, necessary  
19 for the performance of their duties.

20 (h) The task force on education funding adequacy shall  
21 submit a report of its progress, implementation of proposals,  
22 findings, and recommendations, including any proposed



1 legislation, to the legislature no later than twenty days prior  
2 to the convening of the regular sessions of 2009 to 2011;  
3 provided that:

4 (1) The 2009 report shall also include a plan for a multi-  
5 year implementation phase for achieving funding  
6 adequacy in public schools, as well as proposals for  
7 methods and mechanisms for funding during this phase;

8 (2) The 2010 report shall also include information on  
9 progress on areas of restructuring and collective  
10 bargaining, as well as updated information on funding  
11 methods and mechanisms proposed and implemented; and

12 (3) The 2011 report shall be a final report that includes  
13 data and information on funding adequacy for the  
14 public schools, accountability standards, the  
15 continued need for the task force, if appropriate, the  
16 defined tasks yet to be accomplished, and any other  
17 relevant information.

18 SECTION 4. There is appropriated out of the general  
19 revenues of the State of Hawaii the sum of \$250,000 or so much  
20 thereof as may be necessary for fiscal year 2008-2009 for the  
21 task force on education funding adequacy.



1           The sum appropriated shall be expended by the department of  
2 education for the purposes of this Act.

3           SECTION 5. New statutory material is underscored.

4           SECTION 6. This Act shall take effect on July 1, 2008;  
5 provided that section 2 shall take effect upon its approval and  
6 shall apply to taxable years beginning after December 31, 2007.



**Report Title:**

Education Funding; Task Force; Tax Credit; Appropriation

**Description:**

Establishes a task force to study the adequacy of funding for education in the State and to develop estimates and methods for meeting funding needs. Requires reports to the legislature and appropriates funds for the task force. Establishes a tax credit for volunteer services performed for the public schools or the University of Hawaii. (SD1)

