

TESTIMONY BY GEORGINA K. KAWAMURA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 2972, H.D. 1

February 26, 2008

RELATING TO EDUCATION

House Bill No. 2972, H.D. 1, creates a Facilities Alignment Commission to determine whether new schools should be built, or existing schools expanded, consolidated, or closed. The Commission is assigned to the Department of Education for administrative purposes only.

We support this bill.

The Department of Budget and Finance believes that an ongoing and realistic review of school facility needs is necessary and that it is very difficult to close a school. The Facilities Alignment Commission will provide a mechanism to determine where schools should be built, combined, or closed. This will allow the State to make more efficient use of our resources.

Date: 02/26/2008

Committee: House Finance

Department: Education

Person Testifying: Patricia Hamamoto, Superintendent of Education

Title of Bill: HB 2972, HD1 RELATING TO EDUCATION.

Purpose of Bill: Creates the Facilities Alignment Commission to establish criteria for the selection of public schools to be constructed, expanded, consolidated, or closed; and recommend areas for new school construction, schools for expansion, consolidation, or closure. Requires the Board of Education to comply with these recommendations if the Legislature does not disapprove of them in their entirety. (HB2972 HD1)

Department's Position: The Department of Education does not support this bill. Chapter 8-38 of the Hawaii Administrative Rules ("Consolidation of Schools") provides a procedure for evaluating schools for possible consolidation or closure. The commission created by this bill would perform the same functions, making it duplicative of existing mechanisms and the planning responsibilities of the department.

The bill directs the Board of Education to expand existing schools and build new schools as recommended by the commission. However, providing new facilities will continue to be based on the funding priorities of the Legislature.

The bill requires the department to prepare a facilities plan for each school by August 31, 2008. Given the likelihood that this bill would not be enacted before July 1, 2008, there would be insufficient time to prepare such a plan.

The recommendations of the proposed commission would also duplicate the work required by the 2007 Legislature to implement Act 245. The Act

requires developers of residential housing to pay impact fees for schools in areas designated as impact fee districts. The new districts' boundaries will be determined based on the same type of analysis required of the facilities alignment commission. The analysis is scheduled to be completed this fall for Board review and action.

Finally, we do not support this bill at this time due to Hawaii's impending fiscal austerity and priority for the current Board of Education's budget requests.

Thank you for the opportunity to testify.

BIA-HAWAII

BUILDING INDUSTRY ASSOCIATION

Committee on Finance

February 26, 2008

Room 308

12 Noon

The Honorable Representative Marcus Oshiro, Chair, and Members
Committee on Finance
State House of Representatives, Room 308
Honolulu, Hawaii 96813

Dear Chair Oshiro and Members:

Subject: H.B. No. 2972 HD 1 Relating to Education

I am Karen Nakamura, Chief Executive Officer of the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, the Building Industry Association of Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii.

BIA-Hawaii strongly supports H.B. No. 2972 HD 1 with our suggested amendments.

H.B. No. 2972 creates the facilities alignment commission to revitalize school facilities by developing and submitting recommendations for areas for new school construction, schools for expansion, and schools for consolidation or closure. The bill allows the legislature to disapprove these recommendations only in their entirety. If no legislative disapproval occurs, requires the Board of Education to comply with these recommendations.

The purpose of the bill is to revitalize school facilities statewide and to more effectively and efficiently use our taxpayers' investment in public education. Specifically, this Act provides for the timely construction, expansion, consolidation, or closure of underused public schools in Hawaii through an objective and transparent process that:

1. Includes the establishment of a facilities alignment commission that shall:
 - a. Establish criteria for the selection of public schools to be constructed, expanded, consolidated, or closed; and
 - b. Recommend, based upon these criteria, a list of areas for new school construction, and of schools for expansion, consolidation, or closure, which is subject to the review of the legislature; and
2. Directs the board of education to proceed with the process of constructing, expanding, consolidating, or closing underused schools according to the recommendations of the facilities alignment commission, if the legislature does not disapprove of the recommendations in their entirety.

The DOE has stated that they have approximately the same number of students today (+/- 175,000) as they did 30 years ago. The difference being the distribution of the student population has been dispersed across the state. This creates situations where existing assets

(School sites) are underutilized and provides opportunities to reposition these real estate assets for future needs.

What is lacking in the current version of the bill is an option to allow for redevelopment of an underutilized school site for educational, income and/or mixed uses which will provide a funding source to the Department of Education.

The idea would be that the existing school lands are used to create a trust for the public schools. The lands are then managed as a trust, and create the ability to leverage underutilized land assets for redevelopment, joint venture, revenue production, and other opportunities similar to a real estate company.

Many of the older schools are located on "prime pieces" of real estate, especially in the existing urban core of Honolulu which is being planned for redevelopment with the proposed high capacity transit system. Leveraging the land value, the DOE maybe able to have a state of the art "magnet school" built with mixed uses for income purposes and other uses including teacher housing.

We support the intent of the bill with the amendment we are suggesting.

Thank you for this opportunity to express our views.

Karen I. Nakamura