

WRITTEN COMMENTS

Date: 03/27/2008

Committee: Senate Ways and Means

Department: Education

Person Testifying: Patricia Hamamoto, Superintendent of Education

Title of Bill: HB 2972,HD1,SD1,SSCR2974 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. (SD1)

Department's Position: The Department of Education (DOE) does not support this bill. This bill will unnecessarily duplicate the work of the DOE and usurp the responsibilities and authority of the Board of Education (BOE). Chapter 8-38 of the Hawaii Administrative Rules ("Consolidation of Schools") already provides a procedure for evaluating schools for possible consolidation or closure. These rules are currently being followed in the evaluation of several schools. This bill risks interrupting that process already underway.

The bill directs the Board of Education to expand existing schools and build new schools as recommended by the newly created facilities alignment 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 December 31, 2008 and requires the newly created facilities

alignment commission to establish its criteria for building new schools and closing old schools by December 31, 2008. Since this bill would not be enacted before July 1, 2008, there would be less than five months for the DOE to simultaneously prepare a statewide facilities plan and staff a new commission required to adopt criteria that takes into account academic and extra curricular achievement of schools, the impact of school closures on their communities, the fiscal impact of school closings, and the best interests of the students and their potential for success. During that same period, the DOE will be doing all of the analysis and public hearings required by the 2007 Legislature to implement Act 245. Act 245 requires developers of residential housing to pay impact fees for schools in areas designated as impact fee districts.

Thank you for the opportunity to testify.

WRITTEN ONLY

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

March 27, 2008

RELATING TO EDUCATION

House Bill No. 2972, H.D. 1, S.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.



**The Chamber of
Commerce of Hawaii**
Since 1850

**Testimony to the Senate Committee on Ways and Means
Thursday, March 27, 2008; 9:45 a.m.
Conference Room 211
State Capitol**

RE: HOUSE BILL NO. 2972, HD1, SD1 RELATING TO EDUCATION

Chair Baker, Vice Chair Tsutsui, and Members of the Committee:

My name is Christine H. H. Camp, Chair of the Chamber of Commerce of Hawaii, Land Use and Transportation Committee. The Chamber of Commerce of Hawaii strongly supports H.B. No. 2972 HD 1 SD 1.

The Chamber is the largest business organization in Hawaii, representing over 1100 businesses. Approximately 80% of our members are small businesses with less than 20 employees. The organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

H.B. No. 2972 HD 1 SD 1, 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 provides for the facilities alignment commission to:

1. Establish criteria for the selection of public schools to be constructed, expanded, consolidated, or closed;
2. Recommend, based upon these criteria, a list of areas for new school construction, and of schools for expansion, consolidation, or closure, as provided in this Act;
3. Direct the board of education to proceed with the process of constructing, expanding, consolidating, or closing underused schools according to the recommendations of the commission, as provided in this Act;
4. Explore funding mechanism alternatives to ensure that funds derived from the consolidation or closure of schools are redirected back to benefit the affected school or schools or the department of education, as appropriate;

5. Develop procedures or guidelines for executing memoranda of agreement or memoranda of understanding with the counties, other departments, or entities regarding property on which affected schools are located with regard to those properties disposition; and
6. Develop procedures or guidelines, with the assistance of the department of the attorney general, regarding boilerplate language, terms, and conditions associated with the sale or lease of property on which affected schools are located.

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.

We support the current version of the bill in that it provides 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.

Thank you for this opportunity to express our views.