

Date: 01/30/2012

Committee: House Education

Department: Education

Person Testifying: Kathryn S. Matayoshi, Superintendent of Education

Title of Bill: HB 2305 RELATING TO EDUCATION

Purpose of Bill: Establishes the Hawaii public schools science and technology trust fund to support the teaching and learning of science and technology in Hawaii's public schools. Authorizes income tax return designations to the trust fund.

Department's Position: The Department of Education (Department) is in full support of HB 2305. This bill will enhance the teaching and learning of science and technology in public schools through the awarding of grants for equipment, tools, programs and activities. The Department is poised to serve as the lead agency for the public sector and work with the Public Schools of Hawaii Foundation.

NEIL ABERCROMBIE
GOVERNOR

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LT. GOVERNOR



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DEPUTY DIRECTOR

To: The Honorable Roy Takumi, Chair
and Members of the House Committee on Education

Date: Monday, January 30, 2012
Time: 2:00 p.m.
Place: Conference Room 309, State Capitol

From: Frederick D. Pablo, Director
Department of Taxation

Re: H.B. 2305 Relating to Education

The Department of Taxation (Department) appreciates the intent of H.B. 2305, but is opposed to the bill due to the impact it will have on the Department's limited budget and staffing resources, if adopted.

H.B. 2305 proposes to allow taxpayers, with an income tax refund of \$5 or more, an option to designate \$5 to the Hawaii public schools science and technology trust fund, to be established pursuant to provisions under this bill.

While the Department understands and appreciates the intent of this bill, the Department cannot support any request which will require changes its forms and computer system, unless the changes are essential for taxpayer compliance. As the Legislature is aware, the Department has an outdated computer system with significant functionality issues. Staffing resources necessary to develop and implement modifications to the system also are insufficient. As a result, the Department's limited resources must be prioritized to address other significant projects that will occur over the next few years, and respectfully request that no new projects be imposed on the Department.

Thank you for the opportunity to provide comments.

TAXBILLSERVICE

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SUBJECT: INCOME, Tax checkoff for the Hawaii public schools science and technology trust fund

BILL NUMBER: SB 2482; HB 2305 (Identical)

INTRODUCED BY: SB by Kidani, Chun Oakland, Taniguchi and 6 Democrats; HB by Belatti, C. Lee, Nishimoto, Wooley

BRIEF SUMMARY: Amends HRS 235-102.5 to allow individual taxpayers whose state income tax refund for any taxable year is \$5 or more, to designate up to \$5 to be deposited into the Hawaii public schools science and technology trust fund. For joint taxpayers with an income tax refund of \$10 or more, each spouse may designate \$5 into the fund.

Directs the director of taxation to revise the state income tax forms as necessary. Allows designations to be made by filing an amended income tax return if filed within 20 months and 10 days after the due date of the original return.

Adds a new section to HRS chapter 302A to establish a Hawaii public schools science and technology trust fund as a separate fund of the Public Schools of Hawaii Foundation. The purpose of the fund is to enhance the teaching and learning of science and technology in public schools primarily through the award of grants for equipment, tools, programs, and activities.

EFFECTIVE DATE: Tax years beginning after December 31, 2011

STAFF COMMENTS: This measure adds the Hawaii public schools science and technology trust fund to the growing list of programs for which taxpayers due an income tax refund may designate all or a portion of that refund.

A survey by the Federation of Tax Administrators found that the states that utilize checkoff programs have been experiencing a decline in the amount of moneys designated through the checkoff mechanism. The survey also found that due to the administrative costs associated with the checkoff programs, states which currently have the checkoffs are looking to adopt expiration clauses and other means to remove the less productive checkoffs. Lawmakers seem to view such checkoffs as absolution of their responsibility to deal with such problems by turning the response directly over to the taxpayer. However, in the long run, the cost of administering the checkoff merely siphons resources that should otherwise be used for providing needed public services.

If lawmakers believe that earmarking funds through a checkoff system is appropriate, then they might consider placing all programs on the state income tax form for designation and consider repealing the legislative body as there will be no reason for the legislature to exist because decisions will have been made by the income taxpayer.

If lawmakers believe certain programs are of great importance, then they can prioritize those programs through the appropriations process. With the Hawaii tax burden already so heavy, why should taxpayers turn any more of their hard earned dollars over to government? What lawmakers also do not recognize is that by creating these checkoffs, they add to the cost of administering the law, a cost which steals funds from other programs like those enumerated for a checkoff designation.

Finally, it is a sad commentary on the legislature's lack of ability to do their job of setting priorities for the limited taxpayer dollars they are given that they have to resort to asking taxpayers for an additional contribution to the science and technology programs of the public schools. Conversely, one should ask why lawmakers - if they believe this curriculum is so important - do not adequately fund it. Do they believe that this particular course of study is not deserving of funding?

Digested 1/27/12

Dear Honorable Members of the State of Hawaii House Committee on Education:

My name is Dr. Elaine Lee, and I am the Vice-President of the American Statistical Association, Hawaii Chapter. On behalf of our chapter, we urge your support of H.B. 2305. Currently, the State does not have a fund dedicated to the learning and teaching of science and technology in the public schools of Hawaii. This bill is a step in the right direction towards creating this fund. The bill will allow Hawaii taxpayers to donate \$5 from their tax refund into the trust fund to be created by this bill. The trust fund will be managed by the Public Schools of Hawaii Foundation, a local, non-profit corporation with the mission to support and fund projects that improve education in public schools.

This bill will work in concert with other local and national initiatives that support the learning and teaching of science and technology in Hawaii's public schools; they include:

1. **The 2010 National Education Technology Plan and the 2008 Hawaii Broadband Task Force Final Report.** This bill will support the development of infrastructure in technology and technology-based learning;
2. **The American Recovery and Reinvestment Act of 2009.** This bill will optimize the use of statewide fiber network connectivity to all public K-12 schools and libraries beginning September 2013, which will enhance the use and integration of technology for learning and teaching in Hawaii's public schools and libraries;
3. **The Hawaii Department of Education Strategic Plan (2011-2018).** This bill will assist DOE with reaching its goal of "assuring all students graduate college and career-ready through [the] effective use of standards-based education," which includes math and science education; and
4. **The Race to the Top (RTTT) Initiative.** This bill will enhance RTTT efforts to "increase science, technology, and mathematics (STEM) proficiency statewide and highly effective STEM instruction in Title I Schools."

In addition, we hope that this bill will:

- Raise public awareness about the need for workers in Hawaii who are skilled in the areas of science, technology, engineering, and math. Our global and local competitive edge in the changing economy depends on our production of graduates who can meet the demand for workers with such technical knowledge and skills; and
- Compel policy-makers to make investments in human capital in the areas of STEM as part of Hawaii's long-term economic policy. We need to build and upgrade our infrastructure in human capital just as much as we do for, if not more so than, our physical infrastructure. According to the Nobel Economist Dr. Michael Spence, STEM jobs are not only the jobs of the future, but they also have the propensity to generate more jobs and at a much faster rate than those in other industries such as construction or government. STEM jobs can have long-term, sustainable impacts on our local economy.

Thank you for the opportunity to submit testimony in support of H.B. 2305. We appreciate your support in building the future of Hawaii's students.

Respectfully submitted by the American Statistical Association – Hawaii Chapter
(AmStatAssocHI@gmail.com).

THE HOUSE
THE TWENTY-SIXTH LEGISLATURE
REGULAR SESSION OF 2012
COMMITTEE ON EDUCATION
Representative Roy M. Takumi, Chair
Representative Della Au Belatti, Vice Chair

HEARING
Monday, January 30, 2012
Conference Room 309

H.B. 2305 RELATING TO EDUCATION

My name is Nolan Kawano and I am the Chief Financial Officer and Treasurer of Island Insurance Company, Ltd. I also serve on the Board of Directors for Hawaii 3Rs and as President of the Public Schools of Hawaii Foundation.

I am submitting testimony in support of H.B. 2305 Relating to Education.

STEM (Science, Technology, Engineering and Mathematics) is an area where the State of Hawaii has an incredible opportunity to positively distinguish itself. We have a climate that allows for various forms of renewable energy and scientific discovery, a technology industry that successfully challenges convention, and a population eager to support the next generation of STEM students in Hawaii. What we lack, however, are the funds to get this done and this bill is a small step in getting us there.

It will help to create an alliance between the public school STEM initiative and the public's desire to advance STEM in Hawaii. Working with the Department of Education, the Public Schools of Hawaii Foundation will use each five dollar donation from State of Hawaii Income Tax payers toward the acquisition of STEM tools, activities, equipment and programs without sacrificing any other government sponsored program.

I respectfully ask you to pass H.B. 2305 RELATING TO EDUCATION and thank you for this opportunity to present supporting testimony.

[Cover Transmittal Page]

- Dr. Russell Yost, Professor of Tropical Plant and Soil Science, College of Tropical Agriculture and Human Resources (CTAHR), University of Hawai`i at Manoa
- The Committee the comments are directed to: EDN
- Date and time of the hearing: January 30, 2012, 2PM
- Measure number: HB 2305
- Number of copies the Committee is requesting: 10

I seldom make New Year's Resolutions, but I feel compelled to this year as never before. Never before has our great Nation strayed so far from the founding principles that led to putting a man on the moon, and our progress in improving health and quality of life, and offering the option of democracy. This greatness is evidenced by the overwhelming number of Nobel Prize winners, unrivaled discoveries in all fields of science and human endeavor. The currency and the very blood of this greatness are knowledge and skill in science, engineering, technology and mathematics (STEM).

We have become captured by our own success. We have become complacent and predictable. We have not only lost the great inventor Steve Jobs, but we have also lost his last words of advice: "Stay hungry, Stay foolish".

We in Hawaii believe this condition is not terminal and the solution lies with our youth with their near limitless curiosity, capacity and power. A visit to the Hawaii Academy of Sciences' Annual Exhibition of Science and Engineering by the State's students always serves to rejuvenate and inspire after another confrontation by bad news of how our society seems to have lost its way..It is in our children and the youth of today that we can again regain our greatness. Based on my 35 years as a professor of science at the University of Hawaii at Manoa and participation in technical assistance projects with the US Agency in International Development, United Nations projects, and foundations such as Ford, McArthur, and the Darwin Foundation in the Galapagos as well as in Brazil, Costa Rica, Ecuador, Bolivia, Columbia, Italy, China, Thailand and the Philippines, India, and both West and Southern Africa, it is my firm conclusion that we can regain this greatness. The learning of science, technology, engineering, and, yes, mathematics is the fuel that can energize and inspire this rebirth.

Fareed Zakaria puts the desperate situation in perspective with his "take" on December 11, 2011, that our poor economy is a result of an unprecedented loss of human capital. An example of this loss of human capital is the fact that the number of science and engineering degrees has decreased by 11% from 1989 to 2000, according to the most recent data. He asks "Are we going to let this condition to continue to spiral out of control?" Another observation is that the current unemployment figures for graduates with degrees in science and engineering is about 4.6%, well below the national average of 8.5%. One wonders what the true unemployment rate would be if we had as many graduates equipped with science and engineering degrees as necessary.

One option is to increase the investment in our youth by providing them with the fundamentals to create, construct and succeed. The American Statistical Association – Hawaii Chapter proposes that the option of a check-off of \$5 per each state income tax be made available to our citizens towards improved learning of science and mathematics in our public primary and secondary schools.

H.B. 2305 RELATING TO EDUCATION has been prepared to help begin the long journey to restore our greatness.

Please join the ASA-HI in this effort so we can control this spiral and lay the foundation for resuming greatness, our future, and our youth.

Mahalo.

belatti2 - Kate

From: mailinglist@capitol.hawaii.gov
Sent: Monday, January 30, 2012 12:23 AM
To: EDNtestimony
Cc: lindafuruto@hotmail.com
Subject: Testimony for HB2305 on 1/30/2012 2:00:00 PM

Testimony for EDN 1/30/2012 2:00:00 PM HB2305

Conference room: 309
Testifier position: Support
Testifier will be present: No
Submitted by: Linda Furuto
Organization: Individual
E-mail: lindafuruto@hotmail.com
Submitted on: 1/30/2012

Comments: