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SENATE COMMITTEE ON WAYS AND MEANS

RE: SB 2484, SD1 -- RELATING TO TAXATION.

THURSDAY; FEBRUARY 23, 2012

WIL OKABE, PRESIDENT
HAWAII STATE TEACHERS ASSOCIATION

Chair Ige and Members of the Committee:

The Hawaii State Teachers Association strongly supports SB 2484, SD1, relating to taxation, which authorizes a \$500 tax credit for teachers who spend personal income on educational materials, including books, supplies, computer equipment, and supplemental classroom materials.

To put this matter in context, across the nation, teachers face growing financial challenges specific to the classroom. According to a report released by the National School Supply and Equipment Association (NSSEA), public school teachers spent \$1.33 billion out of pocket on school supplies and instructional materials during the 2009-2010 school year, an average of \$356 per teacher. While down from previous years, NSSEA attributes the decrease not to funding increases, but the fact that educators, who are paid comparatively less than professionals with similar work experience and training, were hit hard by the recent recession and had less discretionary income to spend. These stark figures are likely worsened by Hawaii's high cost-of-living. Our state was recently ranked last in a MoneyRates.com evaluation of adjusted-average income—at \$22,107.96, Hawaii was more than \$7,000 behind Maine, the next-to-last state on the list.

At the local level, pay cuts (including teacher furloughs); rising health care costs, adjusted insurance co-pays, and the loss of the state's \$1,690-per-special-education-teacher classroom supply fund have all aggravated the financial burden borne by teachers' pocketbooks. In a recent survey conducted by HSTA, 47 percent of respondents cited personal expenditures between \$250 and \$500 each year on classroom supplies, with many claiming expenditures in excess of \$1,000. Not surprisingly, these same teachers have called upon HSTA—and lawmakers—to take action to lighten their financial load. We have appreciated your efforts to address our teacher concerns.

Some opponents of this bill have argued that a tax credit for teachers amounts to a *de facto* pay increase for a selected class of citizens, one that would not rectify the structural barriers hindering the DOE's appropriation of funds for supplies. We agree with our opponents that it should not take up to six months for funding requests to be approved and facilitated. At the same time, though, we understand that structural inefficiencies result, in part, from a lack of adequate funding. Mandatory budget cuts have crippled the DOE, in recent years, leading to reconsideration of whether or not to continue successful learning programs. When budget cuts pose threats to successful learning centers and categorical programs, the DOE's priorities shift from classroom support to programmatic savings. Put simply, in times of economic austerity, the DOE must spend more time accounting for basic programming needs, with less concern on the allocation of funds for individual teachers.

Additionally, it must be said that the "pay increase" contention cuts both ways. Granted, tax credits do lessen the individual tax burden of educators. Ensuring that educators have more money in their pocketbooks, however, effectively increases their purchasing power. Thus, providing a tax credit for teachers incentivizes the teaching profession, at a time when our state's high cost-of-living and low adjusted-average income compel many would-be teachers to choose more highly compensated professions or, even worse, leave the state altogether. If policymakers are truly interested in enhancing the DOE's ability to recruit highly effective teachers into our schools, providing fiscal incentives that offset cost-of-living problems is a worthy path to take. These benefits certainly outweigh the costs.

Again, teachers are constantly being pushed to be more creative with their lesson plans and classroom techniques, but with limited funding. Few employees are expected to pay for their own work supplies at the rate of teachers. And ultimately, when teachers benefit from state support, students reap the rewards. We look forward to working with you as this bill moves forward.

Thank you for the opportunity to testify.