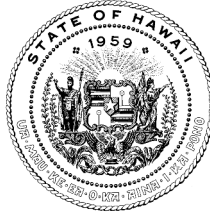


SB2534

Education; Public School
Facilities

EDU/WLH, WAM



**STATE OF HAWAII
PUBLIC LAND DEVELOPMENT CORPORATION**

POST OFFICE BOX 2359
HONOLULU, HAWAII 96804

**Testimony of
LLOYD M. HARAGUCHI
Executive Director**

**Before the Senate Committees on
EDUCATION
and
WATER, LAND AND HOUSING**

**Monday, February 6, 2012
1:30 p.m.
State Capitol, Conference Room 225**

**In consideration of
SENATE BILL 2534
RELATING TO PUBLIC SCHOOL FACILITIES.**

Senate Bill 2534 proposes to: 1) Establish the school facilities special fund; and 2) Require that income generated by the Public Land Development Corporation (PLDC) from public school lands and facilities be deposited into the school facilities special fund for the purposes of new construction, upgrades, and repair and maintenance of public school facilities. PLDC **supports** this measure with the following amendments.

§171C- Schools facilities special fund. (a) There is established a schools facilities special fund into which shall be deposited all proceeds from leases, permits, interest income generated from public school lands and facilities, and other revenue generated from the non-permanent disposition of public school lands and facilities under this chapter net of the following:

- (1) The principle and interest on the bonds;
- (2) The cost of administering, operating, and maintaining the project not to exceed fifteen percent of the sums collected, net of principal and interest payments on bonds;
- (3) Other sums as may be necessary for purposes as may be authorized in the proceedings providing for the issuance of bonds.

The proposed amendments carry out the intent of Act 55, Session Laws of Hawaii 2011, regarding all proceeds being net of cost.

Thank you for the opportunity to testify.

Date: 02/06/2012

Committee: Senate Education
Senate Water, Land and Housing

Department: Education

Person Testifying: Kathryn S. Matayoshi, Superintendent of Education

Title of Bill: SB 2534 RELATING TO PUBLIC SCHOOL FACILITIES.

Purpose of Bill: Establishes the school facilities special fund. Requires that income generated by the public land development corporation from public school lands and facilities be deposited into the school facilities special fund for the purposes of new construction, upgrades, and repair and maintenance of public school facilities.

Department's Position: The Department of Education **supports this bill**. This would be beneficial to the Department to create this revolving fund that supports the development of new facility improvements, as well as the repair and maintenance of existing facilities.

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEES ON EDUCATION
AND WATER, LAND, AND HOUSING
ON
SENATE BILL NO. 2534

February 6, 2012

RELATING TO PUBLIC SCHOOL FACILITIES

Senate Bill No. 2534 establishes the school facilities special fund and requires income generated by the public land development corporation from public school lands to be deposited into the school facilities special fund for the purpose of new construction, upgrades, and repairs and maintenance of public facilities.

The Department of Budget and Finance takes no position on the impact of the expanded use of funds from the Hawaii Public Land Development Revolving Fund; however, as a matter of general policy, the department does not support the creation of any special fund which does not meet the requirements of Section 37-52.3 of the Hawaii Revised Statutes. Special or revolving funds should: 1) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries of the program; 2) provide an appropriate means of financing for the program or activity; and 3) demonstrate the capacity to be financially self-sustaining. In regards to Senate Bill No. 2534, it is difficult to determine if the new fund meets the requirements of a special fund.



SB2534
RELATING TO PUBLIC SCHOOL FACILITIES
Senate Committee on Education and
Senate Committee on Water, Land, and Housing

February 6, 2012

1:30 p.m.

Room 225

The Office of Hawaiian Affairs (OHA) offers the following **comments on SB2534**, which would establish the school facilities special fund into which would be deposited all proceeds from public school lands and facilities. OHA points out that the bill's proposal to restrict the use of revenues generated on public trust land solely for public schools violates the State's obligation and standing policy to provide OHA with a pro-rata share of public land trust revenue.

A review of the State Land Information Management System (SLIMS) shows that at least 1,515 acres of state land set aside for public education purposes are part of the public land trust, and therefore are ceded lands. Notably, SLIMS only provides public land trust status for *state* lands, not county lands. Therefore, we are unable to ascertain how many acres of county lands set aside for public school uses are ceded. However, of the 254 public schools in Hawai'i, at least 79 schools sit fully or partially on public trust land.

Section 5(f) of the Admission Act, Article XII of the Hawai'i Constitution, Chapter 10 of the Hawai'i Revised Statutes, Act 178 (2006), and Executive Order 06-06 impose trust obligations with respect to the public land trust on all state agencies. Act 178 sets OHA's interim share of public land trust revenues at \$15.1 million per year. Executive Order 06-06 requires state agencies to transfer 20 percent of the revenues generated from their use of public trust land in order to meet OHA's annual \$15.1 million public land trust payment.

To ensure these obligations are satisfied, we ask that the following provision be added to Section 1:

Nothing in this section shall diminish the revenues owed to the office of Hawaiian affairs pursuant to Act 178, session laws of Hawaii 2006, or any other law providing for the office of Hawaiian affairs' pro rata portion of the public land trust, pursuant to article XII, section 6, of Hawaii's constitution.

Mahalo for the opportunity to testify on this important measure.



Testimony of Clyde T. Hayashi
Director
Hawaii LECET
1617 Palama Street
Honolulu, HI 96817

SENATE COMMITTEE ON EDUCATION
SENATE COMMITTEE ON WATER, LAND, AND HOUSING
Monday, February 06, 2012
1:30 p.m., Conference Room 225

SB 2534 - RELATING TO PUBLIC SCHOOL FACILITIES

Aloha Chair Tokuda, Chair Dela Cruz, Vice-Chair Kidani, Vice-Chair Solomon and Members of both Committees:

My name is Clyde Hayashi and I am the director of Hawaii LECET (Laborers-Employers Cooperation and Education Trust). Hawaii LECET is a partnership between the Hawaii Laborers' Union, Local 368 and our union contractors.

I am submitting this testimony in **strong support** of the intent and purpose of SB 2534

Hawaii LECET supports the concept of redevelopment of excess school land and the establishment of the schools facilities special fund. All proceeds deposited into this special fund should be used to fund upgrades and the new 21st century school development.

The exciting opportunities that new 21st century school development will provide for our keiki is enormous. The new innovations and best practices in education that fit Hawaii should be made available to our children.

We urge that it be clearly established that the proceeds will be overseen by the DOE for new construction and renovation.

Thank you for the opportunity to submit this testimony.



Testimony of John White
Executive Director
The Pacific Resource Partnership

Senate Committee on Education
Senator Jill Tokuda, Chair
Senator Michelle Kidani, Vice Chair

Senate Committee on Water, Land, and Housing
Senator Donovan Dela Cruz, Chair
Senator Malama Solomon, Vice Chair

Monday, February 6, 2012
1:30 pm
Conference Room 225

SB 2534 – Relating to Public School Facilities

Aloha Chair Tokuda, Chair Dela Cruz, and Members of the Committees:

My name is John White, Executive Director of the Pacific Resource Partnership (PRP), a labor-management consortium representing over 240 signatory contractors and the Hawaii Regional Council of Carpenters, formerly the Hawaii Carpenters Union.

PRP would like to submit comments on SB 2534 – Relating to Public School Facilities, which establishes the school facilities special fund. The measure requires that income generated by the public land development corporation from public school lands and facilities be deposited into the school facilities special fund for the purposes of new construction, upgrades, and repair and maintenance of public school facilities.

PRP supports the concept of the redevelopment of excess school land to fund school facility upgrades and new 21st century school development, however, we would like to request clarification be made on the proceeds from development to be overseen by the Department of Education for the new construction and renovation.

Thank you for the opportunity to share our views with you and we respectfully ask for your support on SB 2534.



Testimony of C. Mike Kido
External Affairs
The Pacific Resource Partnership

Senate Committee on Education
Senator Jill Tokuda, Chair
Senator Michelle Kidani, Vice Chair

Senate Committee on Water, Land, and Housing
Senator Donovan Dela Cruz, Chair
Senator Malama Solomon, Vice Chair

Monday, February 6, 2012
1:30 pm
Conference Room 225

SB 2534 – Relating to Public School Facilities

Aloha Chair Tokuda, Chair Dela Cruz, and Members of the Committees:

My name is C. Mike Kido, External Affairs of the Pacific Resource Partnership (PRP), a labor-management consortium representing over 240 signatory contractors and the Hawaii Regional Council of Carpenters, formerly the Hawaii Carpenters Union.

PRP would like to submit comments on SB 2534 – Relating to Public School Facilities, which establishes the school facilities special fund. The measure requires that income generated by the public land development corporation from public school lands and facilities be deposited into the school facilities special fund for the purposes of new construction, upgrades, and repair and maintenance of public school facilities.

PRP supports the concept of the redevelopment of excess school land to fund school facility upgrades and new 21st century school development, however, we would like to request clarification be made on the proceeds from development to be overseen by the Department of Education for the new construction and renovation.

Thank you for the opportunity to share our views with you and we respectfully ask for your support on SB 2534.

The Senate
The Twenty-Sixth Legislature
Committees on Education and on
Water, Land, and Housing
February 6, 2012
1:30 p.m., Room 225

Statement of the Hawaii Carpenters Union on SB 2534

The Hawaii Carpenters Union strongly supports the development of 21st Century Schools with the proceeds from public-private development partnerships utilizing public school lands. It is an essential step to take, and a half step will not get it done.

We support SB 2534 with the following comments.

Awareness has grown that school facilities have great impact on learning, in addition to curriculum, the craft of teaching, community support, etc. Beyond the condition of buildings, the design of schools can enhance learning, or inhibit learning. Hawaii's ranking as 51st out of 51 in spending on school facilities indicates a neglected need.

The dilemma of underutilized or vacant school sites presents an opportunity for the generation of funds where the sites are in desirable, marketable locations. Multi-use development can produce private financing and new funds for new or upgraded school facilities, including higher density (per land area) schools on the same sites.

This Bill, by establishing a schools facilities special fund, will further these purposes. However, we urge further clarification that proceeds from development agreements other than leases, permits, other revenue from non-permanent disposition of school lands, etc., are to go into the fund. While this may be the intent, we believe that future controversy can be avoided over funds generated by public-private partnerships that could be construed to be separate from a lease agreement. Any proceeds generated through the use of school lands should be directed into the school facilities special funds.

We also believe the special fund should be administered by the Department of Education, or in the least, administered as directed by the Department of Education, rather than "...in consultation with..."

The inclusion of repair and maintenance of existing school facilities calls for further discussion. While at some point enough funds could be generated for both, dilution of special funds could prevent the "critical mass" of funding for the first 21st Century Schools from ever being reached. While at some point 21st Century Schools will need repair and maintenance, the priority to build, or upgrade to them, must be clear.

The special fund should be looked at as an addition to the ongoing investment in education from general funds, not as taking the place of it. We are hopeful that a solution can be found to prioritize new construction and renovation, as compared to repair and maintenance.

The children of our members overwhelmingly attend public schools. We commend legislators for recognizing this opportunity to advance Hawaii on a path we simply must take. Thank you for consideration of our testimony.