



EXECUTIVE CHAMBERS  
HONOLULU

NEIL ABERCROMBIE  
GOVERNOR

July 2, 2013

**GOV. MSG. NO. 1360**

The Honorable Donna Mercado Kim,  
President  
and Members of the Senate  
Twenty-Seventh State Legislature  
State Capitol, Room 409  
Honolulu, Hawaii 96813

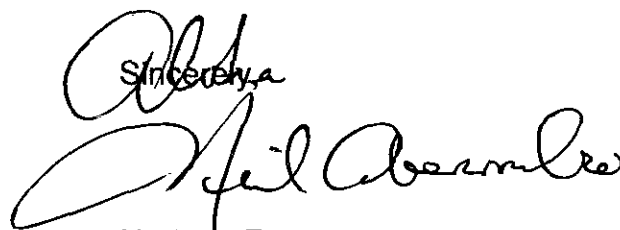
The Honorable Joseph M. Souki,  
Speaker and Members of the  
House of Representatives  
Twenty-Seventh State Legislature  
State Capitol, Room 431  
Honolulu, Hawaii 96813

Dear President Kim, Speaker Souki, and Members of the Legislature:

This is to inform you that on July 2, 2013, the following bill was signed into law:

SB1082 SD1 HD2 CD1

RELATING TO TRANSPORTATION OF SCHOOL  
CHILDREN  
**ACT 257 (13)**

Sincerely,  


NEIL ABERCROMBIE  
Governor, State of Hawaii

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# A BILL FOR AN ACT

RELATING TO TRANSPORTATION OF SCHOOL CHILDREN.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. In November 2012, the student bus  
2 transportation study final report was received by the department  
3 of education from its consultant, Management Partnership  
4 Services, Inc. The final report cited concerns with sections  
5 302A-406 and 302A-407, Hawaii Revised Statutes, and in  
6 particular, noted section 302A-407, Hawaii Revised Statutes, as  
7 atypically specifying contractual requirements by statute. The  
8 final report cites the high costs of service as an initial  
9 indication that the contracting process requires revision and  
10 states that the function of the contracting process must allow  
11 the State reasonable flexibility to maximize the use of  
12 resources.

13           The legislature finds and determines that the restructuring  
14 of contracting practices, policies, and procedures for state-  
15 authorized student transportation services is of utmost  
16 importance to ensure that school children are transported to and  
17 from school safely, efficiently, and at a reasonable cost. The  
18 legislature further finds and determines that the statutory



1 provisions governing contracts for the transportation of school  
2 children should be revised in a manner that will enable the  
3 department of education to implement the recommendations of the  
4 department's consultants and the auditor in Auditor's Report No.  
5 12-07 of August 2012 to restructure the practices, policies, and  
6 procedures of the department applicable to the transportation of  
7 school children and the procurement, execution, administration,  
8 and management of contracts for such transportation.

9 Accordingly, the purpose of this Act is to provide the  
10 department of education with greater flexibility in the  
11 contracting of student transportation to improve service  
12 delivery and contain escalating costs.

13 SECTION 2. Section 302A-406, Hawaii Revised Statutes, is  
14 amended by amending subsection (a) to read as follows:

15 "(a) The department may provide suitable transportation to  
16 and from school and for educational field trips for all children  
17 in grades kindergarten to twelve and in special education  
18 classes. The department shall adopt ~~[such policy, procedure,~~  
19 ~~and program]~~ policies, procedures, and programs as it deems  
20 necessary to provide suitable transportation. ~~[In formulating~~  
21 ~~the policy, procedure, and program, the department shall~~  
22 ~~consider the school district, the school attendance area in~~



1 ~~which a school child normally resides, the distance the school~~  
2 ~~child lives from the school, the availability of public carriers~~  
3 ~~or other means of transportation, the frequency, regularity, and~~  
4 ~~availability of public transportation, and the grade level,~~  
5 ~~physical handicap, or special learning disability of a school~~  
6 ~~child, and it may also consider such conditions and~~  
7 ~~circumstances unique or peculiar to a county or area. If the~~  
8 ~~implementation of student instructional hours pursuant to~~  
9 ~~section 302A-251 results in varying schedules for the~~  
10 ~~transportation of students, the department shall consider pick-~~  
11 ~~up and drop off times that optimize the department's~~  
12 ~~transportation services while minimizing costs to the State.]"~~

13 SECTION 3. Section 302A-407, Hawaii Revised Statutes, is  
14 amended to read as follows:

15 "**§302A-407 School bus contracts.** [~~(a) Any other law to~~  
16 ~~the contrary notwithstanding, school bus contracts between the~~  
17 ~~State and a private contractor may be extended for two years by~~  
18 ~~mutual agreement, provided that the parties may agree to extend~~  
19 ~~the contract for an additional two years thereafter. The~~  
20 ~~compensation due to the contractor by the State for each~~  
21 ~~extended year may be increased by an amount not to exceed five~~  
22 ~~per cent of the previous year's compensation. In addition, the~~



1 ~~compensation due to the contractor by the State for any original~~  
2 ~~or extended contract year may be increased by a reasonable~~  
3 ~~amount for unanticipated inflationary increases in the cost of~~  
4 ~~fuel. If the original contract between the State and a private~~  
5 ~~contractor already includes an option to extend the contract~~  
6 ~~period, this subsection shall apply after the contract option is~~  
7 ~~exercised.~~

8 ~~(b) In the renegotiation for the extension of any~~  
9 ~~contract, the contractor shall be notified at least three months~~  
10 ~~in advance to prepare data and facts relating to fuel cost for~~  
11 ~~the justification of an increase in the amount for the new~~  
12 ~~contract period.~~

13 ~~(c) If a school is temporarily closed due to an unexpected~~  
14 ~~disruption necessitating the closing of the school, the~~  
15 ~~contractor and the State may enter into renegotiation for~~  
16 ~~payments of fixed costs.~~

17 ~~(d) The contract between the State and the contractor~~  
18 ~~shall include an age limit for the school bus vehicles that may~~  
19 ~~be used. The serviceability of a vehicle shall be determined by~~  
20 ~~chapter 286.~~

21 ~~(e) The] (a) Any school bus contract between the State~~  
22 ~~and the contractor shall include a provision requiring the~~



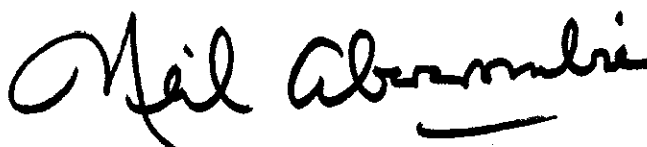
1 contractor to equip the contractor's vehicles with the signs and  
2 visual signals described in section 291C-95(d) and (g). The  
3 contract shall also include other provisions as may be deemed  
4 necessary by the State for the safety of school bus passengers  
5 and shall include provisions requiring [~~periodic refurbishment~~  
6 ~~of school buses over ten years old.~~] compliance with the rules  
7 and standards described in section 286-181.

8       [~~(f)~~] (b) All moneys received from students and parents or  
9 guardians of students by public schools for state-provided  
10 school busing services, as authorized by section 302A-406, shall  
11 be deposited into the school bus fare revolving fund. Except as  
12 otherwise provided by the legislature, expenditures for the  
13 operation of state-contracted school bus services, as authorized  
14 by section 302A-406, shall be made from this fund."

15       SECTION 4. Statutory material to be repealed is bracketed  
16 and stricken. New statutory material is underscored.

17       SECTION 5. This Act shall take effect upon its approval.

APPROVED this       2       day of       JUL       , 2013



GOVERNOR OF THE STATE OF HAWAII