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## HOUSE CONCURRENT RESOLUTION

REQUESTING THE OFFICE OF THE AUDITOR TO CONDUCT A FINANCIAL AND  
MANAGEMENT AUDIT OF THE STATE EDUCATIONAL FACILITIES  
IMPROVEMENT SPECIAL FUND.

1           WHEREAS, ensuring that Hawaii's schoolchildren learn in  
2 facilities that are safe, secure, and in good repair is critical  
3 to successful educational delivery; and

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5           WHEREAS, more than half of Hawaii's public schools are over  
6 50 years old, with 16 percent that are more than 100 years old;  
7 and

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9           WHEREAS, older facilities present serious risks to the  
10 health and well-being of those who use them, illustrated most  
11 recently by the collapse of the auditorium roof at Farrington  
12 High School in November 2012; and

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14           WHEREAS, older facilities, by their nature require more  
15 funding to maintain as upgrades, particularly for water and  
16 electrical systems, are difficult and expensive to undertake;  
17 and

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19           WHEREAS, recognizing the extraordinary costs of capital  
20 improvements to ensure the proper maintenance and repair of the  
21 State's public schools, the Legislature established the State  
22 Educational Facilities Improvement Special Fund through Act 368,  
23 Session Laws of Hawaii 1989, to earmark a portion of general  
24 excise tax revenues to improve school facilities; and

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26           WHEREAS, codified in section 36-32, Hawaii Revised  
27 Statutes, the State Educational Facilities Improvement Special  
28 Fund is to be used solely to plan, design, acquire lands for,  
29 and construct public school facilities and to provide equipment  
30 and technology infrastructure to improve public schools and



1 other Department of Education facilities, except public  
2 libraries; and

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4 WHEREAS, the Department of Education may also use monies in  
5 the State Educational Facilities Improvement Special Fund for  
6 activities intended to eliminate the gap between schools'  
7 facility needs and available resources; and

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9 WHEREAS, the State Educational Facilities Improvement  
10 Special Fund receives each fiscal year a sum from all general  
11 excise tax revenues realized by the State that represents the  
12 difference between \$45,000,000 and the proceeds from the sale of  
13 any general obligation bonds authorized for that fiscal year for  
14 the purposes of the Fund, pursuant to section 237-31, Hawaii  
15 Revised Statutes; and

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17 WHEREAS, expenditures from the State Educational Facilities  
18 Improvement Special Fund are limited to projects authorized by  
19 the Legislature, are subject to certain provisions of the  
20 State's allotment system, and must be expended by the  
21 Superintendent of Education; and

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23 WHEREAS, within the State Educational Facilities  
24 Improvement Special Fund is a separate Lease Payments for  
25 Schools Account, for lease payments on new schools approved by  
26 the Legislature and included within the Department's current six  
27 year capital improvement programs, subject to legislative  
28 appropriation; and

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30 WHEREAS, the Department of Education is required to  
31 annually report to the Legislature on the status of projects  
32 undertaken, including financial statements for the State  
33 Educational Facilities Improvement Special Fund and the Lease  
34 Payments for Schools Account; and

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36 WHEREAS, there continues to be a backlog for capital  
37 improvement projects under the Department of Education's  
38 jurisdiction; and

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40 WHEREAS, it appears that the Department of Education is not  
41 always able to satisfactorily account for monies in and expended  
42 from the State Educational Facilities Improvement Special Fund;  
43 and



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1           WHEREAS, the Legislature finds that an audit of the State  
 2 Educational Facilities Improvement Special Fund will illuminate  
 3 any potential issues so that they may be appropriately  
 4 rectified; now, therefore,

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 6           BE IT RESOLVED by the House of Representatives of the  
 7 Twenty-seventh Legislature of the State of Hawaii, Regular  
 8 Session of 2013, the Senate concurring, that the Office of the  
 9 Auditor is requested to conduct a financial and management audit  
 10 of the State Educational Facilities Improvement Special Fund;  
 11 and

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 13           BE IT FURTHER RESOLVED that the Office of the Auditor is  
 14 requested to submit its findings and recommendations, including  
 15 any proposed legislation, to the Legislature no later than  
 16 twenty days prior to the convening of the Regular Session of  
 17 2014; and

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 19           BE IT FURTHER RESOLVED that certified copies of this  
 20 Concurrent Resolution be transmitted to the Governor, Acting  
 21 Auditor, and Superintendent of Education.  
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OFFERED BY: *[Signature]*  
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