



STATE OF HAWAII
DEPARTMENT OF EDUCATION
P.O. BOX 2360
HONOLULU, HAWAII 96804

Date: 03/12/2014

Committee: House Education

Department: Education

Person Testifying: Kathryn S. Matayoshi, Superintendent of Education

Title of Bill: SB 2288, SD2(sscr2776) RELATING TO EDUCATION.

Purpose of Bill: Amends or repeals various provisions of chapter 302A, Hawaii Revised Statutes, for housekeeping and other purposes. Effective 7/1/2050.
(SD2)

Department's Position:

The Department of Education (Department) supports the content of this bill, but respectfully requests changes be made for purposes of clarity and consistency with terminology used by the Department. Such changes include:

- Definition of "Enroll or Enrollment"- Replace "formally put on a school's roll" with "formally placed on the school's roll";
- Replace all references to "district" with "complex area"; and
- Remove "Service area" when it is used to replace "district" and instead, as requested above, insert "complex area".

Thank you for consideration of our testimony and the opportunity to testify on this bill.

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON EDUCATION
ON
SENATE BILL NO. 2288, S.D. 2

March 12, 2014

RELATING TO EDUCATION

Senate Bill No. 2288, S.D. 2, proposes to exempt the Hawaii 3R's school repair and maintenance (special) fund and the After-school plus program revolving fund from contributing their prorated estimate towards central services expenses of state government as currently required of all special funds except those exempted via Chapter 302A, Hawaii Revised Statutes.

The Department of Budget and Finance ("Department") does not generally support the selective exemption of special funds from their fair contribution to the central services expenses. The funds collected for central services from special and revolving funds in accordance with Chapter 302A, HRS, are meant to account for the general expenses that are provided by a number of administrative-support functions which are exclusively funded from general funds. The Legislature should already be aware that there are significant core administrative programs that rely on central services funds for operations - such as, the Office of Information Management and Technology and various operations within the Department of Accounting and General Services. There are also a number of other general business and administrative processes whose costs of operations are off-set in the budget with the reimbursement that is afforded via the central services fee.

While I recognize that the central services fee is a charge that can place a burden on certain special funds, these programs also need to recognize that some of the administrative costs of operating a special fund is borne by the general fund. A component of consideration for when the Legislature deliberates the establishment of any special fund, should be whether the fund can be financially viable after accounting for all of its cost of operations – including the central services fee in Chapter 302A, HRS.

As a matter of general principle, the Department recommends that Senate Bill No. 2288, S.D. 2, be deferred.