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## A BILL FOR AN ACT

RELATING TO EDUCATION.

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

1 SECTION 1. This Act shall be known as the "Fix Our Schools  
2 Act of 2014."

3 SECTION 2. The legislature finds that Hawaii's future is  
4 dependent upon our youth, and the investments we make in our  
5 young people today will determine the course of our State in the  
6 years to come. One of the greatest investments we can make is  
7 to provide our youth with the best possible opportunities in  
8 education, and therefore the purpose of this Act is to provide:

- 9 (1) Resources for operations, and repair and maintenance  
10 of Hawaii's educational facilities; and  
11 (2) Flexibility to the department of education for the  
12 construction of new schools.

13 PART I

14 SECTION 3. It has been proven that a proper scholastic  
15 environment--one that is safe, secure, well-maintained, and  
16 clean--is a key contributor to a child's capacity to learn.

17 However, the legislature finds that there is a continuing  
18 backlog of repair and maintenance projects for Hawaii's public



1 schools. In 2001, the Hawaii Opinion Poll on Public Education  
2 found that rundown, poorly kept, or inadequate facilities ranked  
3 third in the ten biggest problems facing our schools. Student  
4 leaders at the 2005 Hawaii Secondary Student Conference passed a  
5 resolution supporting the expenditure of funds to relieve the  
6 backlog.

7 It has become increasingly clear that the condition of our  
8 schools depends on the availability of funds and effective  
9 management of facility needs.

10 It is equally important that our schools be provided with  
11 sufficient funds for their operations, which also directly  
12 affect student achievement. Hence, the purpose of this part is  
13 to provide resources for both the operations and repair and  
14 maintenance of Hawaii's public schools.

15 SECTION 4. There is appropriated out of the general  
16 revenues of the State of Hawaii the sum of \$100,000,000 or so  
17 much thereof as may be necessary for fiscal year 2014-2015 for  
18 repair and maintenance of department of education school  
19 facilities.

20 The sum appropriated shall be expended by the department of  
21 education for the purposes of this part.



1 SECTION 5. The director of finance is authorized to issue  
2 general obligation bonds in the sum of \$50,000,000 or so much  
3 thereof as may be necessary, and the same sum or so much thereof  
4 as may be necessary is appropriated for fiscal year 2014-2015  
5 for the purpose of capital improvement projects for the  
6 department of education.

7 SECTION 6. The appropriation made for the capital  
8 improvement projects authorized by this Act shall not lapse at  
9 the end of the fiscal year for which the appropriation is made;  
10 provided that all moneys from the appropriation unencumbered as  
11 of June 30, 2016, shall lapse as of that date.

12 SECTION 7. The sum appropriated shall be expended by the  
13 department of education for the purposes of this part.

14 SECTION 8. There is appropriated out of the general  
15 revenues of the State of Hawaii the sum of \$ or so much  
16 thereof as may be necessary for fiscal year 2014-2015 for  
17 operations of the department of education.

18 The sum appropriated shall be expended by the department of  
19 education for the purposes of this part.

20 PART II

21 SECTION 9. The legislature finds that the department of  
22 education may serve Hawaii's students more effectively if given



1 flexibility in certain areas of its operations. The purpose of  
2 this part is to:

- 3 (1) Authorize the department to independently issue  
4 certificates of participation when initiating the  
5 construction of new schools; and
- 6 (2) Establish a special fund from which lease back  
7 payments may be made.

8 SECTION 10. Chapter 302A, Hawaii Revised Statutes, is  
9 amended by adding a new section to be appropriately designated  
10 and to read as follows:

11 "§302A- New school construction special fund. (a)

12 There is created in the state treasury the new school  
13 construction special fund, into which shall be deposited:

- 14 (1) Legislative appropriations, including designated  
15 appropriations made for the operations of the  
16 department of education; and
- 17 (2) All interest earnings accruing from moneys in the  
18 fund.

19 (b) Expenditures from the fund shall be limited to  
20 interest earnings and shall be solely for the purpose of making  
21 lease back payments for new schools constructed through



1 financing agreements entered into pursuant to chapter 37D,  
2 including using certificates of participation.

3 (c) The department of education shall administer the new  
4 school construction special fund.

5 SECTION 11. Section 37D-2, Hawaii Revised Statutes, is  
6 amended by amending subsection (a) to read as follows:

7 "(a) There is hereby established and authorized the  
8 financing agreement program of the State. Any agency desiring  
9 to acquire or improve projects through the financing agreement  
10 program established and authorized by this chapter shall submit  
11 a written request to the department providing any information  
12 that the department shall require. Notwithstanding any other  
13 law to the contrary, and except for the Hawaii health systems  
14 corporation and its regional system boards, only with the  
15 approval by the attorney general as to form and legality and  
16 upon the written request of one or more agencies may the  
17 department enter into a financing agreement in accordance with  
18 this chapter, and only with the approval by the attorney general  
19 as to form and legality, and by the director as to fiscal  
20 responsibility, and upon the written request of an agency, the  
21 agency may enter into a financing agreement in accordance with  
22 this chapter, except that the department of education may enter



1 into a financing agreement in accordance with section 36-32  
2 [~~with the concurrence~~] without the approval of the director  
3 [~~and~~] but with the approval of the attorney general as to form  
4 and legality; and that the board of regents of the University of  
5 Hawaii may enter into a financing agreement in accordance with  
6 this chapter without the approval of the director and of the  
7 attorney general as to form and legality if the principal amount  
8 of the financing agreement does not exceed \$3,000,000. A  
9 financing agreement may be entered into by the department on  
10 behalf of one or more agencies, or by an agency, at any time  
11 (before or after commencement or completion of any improvements  
12 or acquisitions to be financed) and shall be upon terms and  
13 conditions the department finds to be advantageous. In each  
14 case of a written request by the judiciary to participate in the  
15 financing agreement program, the department shall implement the  
16 request; provided that the related financing agreement shall be  
17 upon terms and conditions the department finds to be  
18 advantageous. Any financing agreement entered into by the  
19 department without the approval, or by an agency without the  
20 approvals required by this section shall be void and of no  
21 effect. A single financing agreement entered into by the  
22 department may finance a single item or multiple items of



1 property to be used by multiple agencies or may finance a single  
2 item or multiple items of property to be used by a single  
3 agency. If the financing agreement is by the department, the  
4 department shall bill any agency that benefits from property  
5 acquired with the proceeds of a financing agreement for the  
6 agency's pro rata share of:

7 (1) The department's costs of administration of the  
8 financing agreement program; and

9 (2) The financing costs, including the principal and  
10 interest components of the financing agreement and  
11 insurance premiums,

12 on a monthly or other periodic basis, and may deposit payments  
13 received in connection with the billings with a trustee as  
14 security for the financing agreement. Any agency receiving such  
15 a bill shall be authorized and shall pay the amounts billed from  
16 available moneys.

17 If a financing agreement is by an agency, the agency shall  
18 deposit on a monthly or other periodic basis with the  
19 department, payments from available moneys with respect to the  
20 agency's financing costs, including the principal and interest  
21 components of the financing agreement and insurance premiums,  
22 which payments the department may deposit with a trustee as



1 security for the financing agreement. The department may bill  
2 an agency for the department's costs of administering the  
3 agency's payments and the agency receiving such a bill shall be  
4 authorized to and shall pay the amounts billed from available  
5 moneys."

6 SECTION 12. There is appropriated out of the general  
7 revenues of the State of Hawaii the sum of \$50,000,000 or so  
8 much thereof as may be necessary for fiscal year 2014-2015 to be  
9 deposited into the new school construction special fund.

10 The sum appropriated shall be expended by the department of  
11 education for the purposes of this part.

12 PART III

13 SECTION 13. The legislature finds that while it is  
14 important to improve Hawaii's schools at the primary and  
15 secondary levels, it is also vital that we address the needs of  
16 Hawaii's post-secondary school educational system. Therefore,  
17 the purpose of this part is to provide funding for the  
18 operations of, and repair and maintenance for the University of  
19 Hawaii.

20 SECTION 14. There is appropriated out of the general  
21 revenues of the State of Hawaii the sum of \$ or so much  
22 thereof as may be necessary for fiscal year 2014-2015 for repair





1 and maintenance of buildings and facilities of the University of  
2 Hawaii.

3 The sum appropriated shall be expended by the University of  
4 Hawaii for the purposes of this part.

5 SECTION 15. The director of finance is authorized to issue  
6 general obligation bonds in the sum of \$ or so much  
7 thereof as may be necessary, and the same sum or so much thereof  
8 as may be necessary is appropriated for fiscal year 2014-2015  
9 for the purpose of repair and maintenance of facilities of the  
10 University of Hawaii.

11 SECTION 16. The appropriation made for the capital  
12 improvement project authorized by this Act shall not lapse at  
13 the end of the fiscal year for which the appropriation is made;  
14 provided that all moneys from the appropriation unencumbered as  
15 of June 30, 2016, shall lapse as of that date.

16 SECTION 17. The sum appropriated shall be expended by the  
17 University of Hawaii for the purposes of this part.

18 SECTION 18. There is appropriated out of the general  
19 revenues of the State of Hawaii the sum of \$ or so much  
20 thereof as may be necessary for fiscal year 2014-2015 for the  
21 operations of the University of Hawaii.



# H.B. NO. 1872

1 The sum appropriated shall be expended by the University of  
2 Hawaii for the purposes of this part.

3 PART IV

4 SECTION 19. Statutory material to be repealed is bracketed  
5 and stricken. New statutory material is underscored.

6 SECTION 20. This Act shall take effect on July 1, 2014.

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INTRODUCED BY:

*Calvin H. Amy*  
*Linda Lehigama*  
*[Signature]*  
*[Signature]*  
*[Signature]*

JAN 17 2014



# H.B. NO. 1872

**Report Title:**

Fix Hawaii's Schools Act

**Description:**

Makes appropriations for operations of, and repair and maintenance for the department of education and the University of Hawaii. Authorizes the department of education to use certificates of participation to finance the construction of new schools.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

