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STATE OF HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES

P.O. BOX 119, HONOLULU, HAWAII 96810-0119

TESTIMONY
OF
DOUGLAS MURDOCK, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
HOUSE COMMITTEE
ON
FINANCE
ON
FEBRUARY 26, 2016

H.B 2618, H.D. 1

RELATING TO WORKS OF ART SPECIAL FUND

Chair Luke and members of the Committee, thank you for the opportunity to submit written testimony on H.B. 2618, H.D. 1. The Department of Accounting and General Services (DAGS) opposes H.B. 2618, H.D. 1 (the measure).

We oppose the measure for the following reasons.

1. The intent of HRS 103-8.5 was to provide works of art for new and renovated state buildings funded from 1% of the amount appropriated for the project's construction cost element (into the works of art special fund). Requiring 50% of the expenditures made from the works of art special fund to be used to support art facilities, equipment, and supplies in the department of education does not fulfill the original intent of the law and denies the public the opportunity to enjoy works of art in public buildings.
2. The revenue of the special fund are from tax exempt bond issuances which requires that proceeds cannot be used for operational purposes. If we change the

nature of the expenditure the tax exempt status of the bonds could be lost, creating a significant negative impact on bond holders and the State increasing debt service cost and tarnishing the State's reputation in the financial markets.

3. Eliminating the construction cost element of state building renovation projects will significant reduce the revenue of the works of art special fund and consequently, limit the purchase of works of art for the public to enjoy and adversely impact the works of art special fund's future sustainability.

Thank you for the opportunity to submit written testimony on this measure.



HB 2618

RELATING TO WORKS OF ART SPECIAL FUND

Good Morning, Chair of the House Finance Committee, Sylvia Luke and members of the Committee. I am Patricia Hamamoto, Commission Chairperson of the STATE FOUNDATION ON THE CULTURE AND THE ARTS (SFCA) and speak on behalf of our commissioners who represent your respective Islands - from Hawaii Island (Jane Clement and Sherman Warner), from Maui (Michael Moore), from Kauai (Joel Guy) and from Oahu (Dean Sakamoto, Eva Rose Washburn-Repollo, Noelle Kahanu and Karen Tiller-Polivka. Thank you for this opportunity to testify in opposition to HB 2618.

As you all may well know, the State of Hawaii has charged us to promote, perpetuate, preserve and encourage culture and the arts as central to the quality of life of the people of Hawai'i. Simply put, our duty and responsibility is to ensure our citizens have access to culture and the arts as well as provide education to all so that every person is knowledgeable on these matters. To this end, our programs emphasize the cultural richness and diversity of Hawai'i; provide broad access to culture and arts; perpetuate

and encourage the host culture by supporting indigenous artists and practitioners; support the appreciation and practice of arts; and recognize and promote excellence.

Needless to say, the above is a tall order, however, with the support and funding we receive from renovations and other state construction along with federal funds and general funds, we are able to carry out our mission. Our legislators were wise when they enacted the law to create a works of art special fund.

Now, HB 2618 proposes to delete the renovation funds from the law which will have an adverse impact on our responsibility to support our citizens and specifically our sister agencies. Our major concern focuses on the Department of Education. Currently these funds along with other special funds are used to support a full time DOE Art Resource Teacher, provide funding to schools to implement arts education through professional development for classroom teachers, Artists in the Schools, fully fund learning experiences for public and charter school students at the Hawai'i State Art Museum and many other education programs that integrate arts in the academic curriculum, all based on interpreting the public art collection.

With the reauthorization of the Federal ESEA (Elementary Secondary Education Act), the emphasis on art education as a viable strategy to meet state standards and improve test scores will be highlighted and funded in classrooms and school districts across the nation. More than ever, this special fund will go a long way to garner federal support for Hawaii's school system. Hawai'i will be able to access and draw down matching federal funds to

expand and enhance our reach to the neighbor islands as well as provide access and education for the underserved populations on all islands via educational arts programs outside of the school day.

Without renovation funds, the programs above would be either eliminated or severely reduced to the extent that their impact would be questionable. Because these funds are dedicated in law to this end, SFCA has been able to develop, maintain and sustain ongoing and new programs to educate our citizens about their public art collection

For these reasons and others that have been articulated by interested parties, we ask for your consideration to defer this bill.

Again thank you for this opportunity to testify in opposition to HB 2618.

Patricia Hamamoto

Commission Chairperson

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H. B. 2618, HD1

RELATING TO WORKS OF ART SPECIAL FUND

Chair Luke and members of the Committee, I am Jonathan Johnson, Executive Director of the State Foundation on Culture and the Arts (SFCA), and I am grateful for the opportunity to submit written testimony on H.B 2618. The SFCA OPPOSES this measure.

The percent for art law was created in 1967 to include art as an essential part of the architectural plan, providing access and education to the people of Hawai'i. Designating 1% appropriations from construction and renovation provides a funding base to carry out the intent of HRS 103-8.5 Works of Art special fund. Average annual revenues to the works of art special fund for FY14 and FY15 were \$4,660,239. Per SFCA review of FY14 and FY15, A15 allotment advice, renovations totaled 61% of contributions. If renovation is deleted, the amount would need to be replaced by general funds.

This bill is not consistent with the intent of the law to provide works of art for state buildings. Proposed changes will unilaterally divert contributions from the Department of Transportation, The University of Hawai'i System, the Judiciary and other departments who also contribute to the works of art special fund. Allow the decision of how to allocate funds to the SFCA board.

The SFCA is actively involved with the DOE and other departments in providing quality arts experiences to best suit the needs of each department.

The proposed allocation of 50% of expenditures to the DOE is not necessary as the SFCA offers a host of initiatives providing direct service to schools and teachers statewide including arts education for students, professional development for teachers, an art resource teacher in the DOE, museum education programming at the Hawaii State Art Museum, artists in the schools, artist in residence, collaborative residencies, and permanent and relocateable works of art for schools.

Currently, the SFCA has major works of art projects funded by renovations at existing facilities including Hilo Union Elementary, Castle High School, Kalama Intermediate, Innovations Public Charter School, Pukalani Elementary, Lahainaluna High School, Hale Kula Elementary, and Kualapu'u Public Conversion Charter School.

The SFCA welcomes an audit of the works of art special fund and the state foundation on culture and the arts.

Thank you for the opportunity to testify on this matter.

To: Rep. Sylvia Luke, Chair of the House Finance Committee
Members of the House Finance Committee

Re: HB2618 HD1, Relating to the Works of Art Special Fund

Date: Friday, February 26, 2016

Time: 11:00 a.m.

Place: Conference Room 308

Chair Luke, Vice Chair Nishimoto, and members of the House Finance Committee, I am Sherman Warner, a resident of Hawaii Island, a Commissioner at the State Foundation on Culture and the Arts (SFCA), and a member of the board of directors of the Kahilu Theatre in Waimea. I am grateful for the opportunity to submit testimony regarding H.B. 2618.

I am testifying in opposition to H.B. 2618.

This year, we are proudly celebrating the 50th anniversary of the creation of the SFCA and Hawaii's percent-for-the-arts legislation, the first of its kind in the nation and a widely-followed model for similar legislation across the country.

Removing renovation from the HRS 103-8.5 Works of Art Special Fund would result in diminished funding that would significantly limit the SFCA's ability to fulfill the intent of that law.

Further, designating 50% of expenditures of the works of art special fund for Department of Education (DOE) art facilities, equipment and supplies would adversely affect the SFCA's ability to provide and manage programs that support schools and teachers by delivering high-quality arts education to Hawaii's children.

There is an extensive body of evidence showing that arts education is associated with six major types of benefits associated with student achievement: reading language skills, mathematical skills, thinking skills, social skills, motivation to

learn, and positive school environment. Yet, I have visited Hawaii schools where arts classrooms and band rooms are empty, where parents have told me that when they attended the same schools that their children now attend there were arts programs and music teachers and those programs were the primary reason they stayed in school, went to college, and became productive members of their communities. And they plead for the restoration of those programs. The important role of arts education in shaping the future of Hawaii's children must be guarded and enhanced, not diminished.

I also oppose the provision in H.B. 2618 that proposes an appraisal of each art object acquired by Works of Art Special Fund. It is one of SFCA's greatest responsibilities to see that money spent on acquisitions is spent wisely, not only on works that are consistent with and support the mission of the SFCA, but also to see that those funds are spent as wisely and carefully as possible. Nevertheless, it is important to note that an audit that compares the price paid to the current value of each art object would be an inappropriate measure of the collection's value, one that substitutes a valuation based on a fickle commodities market for a valuation based on artistic, historic and cultural values. Art collections, unlike stock portfolios, have a value that is greater than the sum of their parts because their combination of objects communicates and preserves intangible values — our arts, our culture, our history and our humanity — and the grand total at the bottom of an Excel worksheet cannot measure what those things are worth.

In conclusion, I urge you to oppose H.B. 2618.

Sherman Warner
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AMERICAN INSTITUTE OF ARCHITECTS

February 26, 2016

Honorable Sylvia Luke, Chair
House Committee on Finance

Subject: **House Bill 2618 HD1**
Relating to Works of Art Special Fund

Dear Chair Luke and Members of the Committee,

My name is Daniel Chun, Fellow of the American Institute of Architects, practicing local architect for 40 years and President of the American Institute of Architects Hawaii State Council. AIA is **OPPOSED** to House Bill 2618 HD1 that would revise the long-standing law in inappropriate ways.

AIA was the original supporter of the works of art special fund. Hawaii was then a young state with innovative legislation; such as this law that has become a model for other jurisdictions. We architects proposed, and the state legislature agreed, that we would dedicate 1% of our building budgets for works of public art. We would use the other 99% for our building construction. Thus the 1% is an integral part of our construction budgets and a special fund to be spent only on installing public works of art. AIA has come back many times over several decades to explain the origin of the fund and **oppose** bills like this one. Each time the bills have been deferred, as should this defective-dated bill.

Removing renovation of state buildings overlooks the fact that older state buildings are in need of upgrading and reuse; sometimes on a major scale. For example the Honolulu International Airport and University of Hawaii often engage in significant renovations. Renovation is a good environmental and financial practice. The inclusion of new works of art can add significantly to renovations.

The diversion of fifty percent of expenditures is in violation of the original intent of the law that finances long-term and long-service life improvements to the built environment. The original law also intends public art be accessible to many present and future residents and visitors; the works of art fund expended under the guidance of SFCA board representing the community.

If a different propose be considered for the 1%, then AIA strongly recommends it be reconnected to the other 99% under architect responsibility. Thank you for this opportunity to **OPPOSE** House Bill 2618 HD1. .



LATE

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TESTIMONY BEFORE THE HOUSE COMMITTEE ON
FINANCE

RE: HB 2618, HD1 - RELATING TO EDUCATION.

FRIDAY, FEBRUARY 26, 2016

COREY ROSENLEE, PRESIDENT
HAWAII STATE TEACHERS ASSOCIATION

Chair Luke and Members of the Committee:

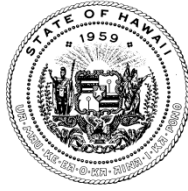
The Hawaii State Teachers Association supports SB 2618, HD1, relating to education.

Whole child education, including arts education, promotes creative thinking and improves academic achievement across subject areas. According to a 2014 study performed by Lois Hetland and Ellen Winner of the Harvard Graduate School of Education, education in music and drama shows a generalizable causal relationship to increases in verbal achievement and spatial reasoning. Similarly, researchers in the Department of Education Reform at the University of Arkansas found, in 2013, that instruction in visual arts led to gains in critical thinking skills.

Additionally, arts education is often tied to place-based cultural curricula that immerse students in the history, heritage, and expressivity of their local communities, engaging students in applying cultural content to local community experiences. Given the unique history of Hawai'i as a former sovereign nation and problems faced by communities dealing with the legacy of annexation, including higher risks of poverty and lower levels of academic achievement for Native Hawaiians, arts and place-based aesthetic education is crucial to giving students the skills necessary to solve community problems and become self-directed learners.

Because a robust education involves developing all aspects of the childhood experience, the Hawaii State Teachers Association asks your committee to support this bill.

DAVID Y. IGE
GOVERNOR



LATE

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IN REPLY REFER TO:

February 26, 2016
11:00 a.m.
State Capitol, Room 308

H.B. 2618, H.D. 1
RELATING TO WORKS OF ART SPECIAL FUND

House Committee on Finance

The Department of Transportation (DOT) **opposes** H.B. No. 2618, H.D. 1.

Use of 50% of the Works of Art Special Fund to support the Department of Education would be a diversion of revenue for Airports Division special funds in violation of the Department of Transportation grant assurances with the Federal Aviation Administration (FAA) since 50% of the 1% contribution for capital construction from the Airport Special Funds to the Works of Art Special Fund would not be used for works of arts in Airports. This diversion of revenue would result in the loss of future grant funding for the Airports Division capital program.

Thank you for the opportunity to provide testimony.