

SB2593

Measure Title: RELATING TO EDUCATION.

Report Title: Education; Debit Cards; Appropriation (\$)

Description: Requires the department of education to establish a debit card system for purchases by teachers at each public school. Clarifies that purchases on the debit card are limited to classroom and curriculum supplies. Makes an appropriation.

Companion:

Package: None

Current Referral: EDU, WAM

Introducer(s): KIDANI, SHIMABUKURO, Dela Cruz, Galuteria

DAVID Y. IGE
GOVERNOR



KATHRYN S. MATAYOSHI
SUPERINTENDENT

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

Date: 02/10/2016
Time: 01:15 PM
Location: 229
Committee: Senate Education

Department: Education

Person Testifying: Kathryn S. Matayoshi, Superintendent of Education

Title of Bill: SB 2593 RELATING TO EDUCATION.

Purpose of Bill:

Department's Position:

The Department acknowledges that this measure supports lower level decision making by teachers, but possibly at the expense of oversight and input of Principals and the School Community Councils. It is not clear if debit charges would be made against schools' Weighted Student Formula (WSF) funds or against a new categorical program. Full Time Equivalent (FTE) positions at schools are approximately 11,100 classroom teachers, 200 librarians, and 600 counselors (source: Superintendent's 2014 Annual Report for FY13-14). At \$1,000 per FTE teacher type position, the estimated fiscal impact would be \$11,900,000 per year.

Beyond the need for funding, there are processing, procurement, reconciliation and work load issues at both the school (School Administrative Services Assistant - SASA) and Vendor Payment levels.

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

DAVID Y. IGE
GOVERNOR



SARAH ALLEN
ADMINISTRATOR

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TESTIMONY
OF
SARAH ALLEN, ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE SENATE COMMITTEE
ON
EDUCATION
February 10, 2016, 1:15 p.m.

SB 2593
RELATING TO EDUCATION

Chair Kidani, Vice-Chair Harimoto, and members of the committee, thank you for the opportunity to submit testimony on SB 2593. The State Procurement Office (SPO) supports the intent of the bill and offers an alternative to a debit card system. Additionally, the SPO opposes the language exempting school supplies from chapter 103D, §302A on page 2 lines 2 -3.

The SPO administers the State's pCard program which includes the traditional credit card and a declining balance purchasing card (DBpC). As a participating jurisdiction, the DBpC feature is available to the Department of Education to implement at any time.

The declining balance pCard (DBpC) is comparable to a gift card rather than a traditional credit card. The DBpC is set to a specific dollar amount for each cardholder (may vary for each cardholder) and used until the value is depleted. Expiration dates may be assigned to the card allowing the issuance for a specific period (monthly, quarterly, or annually). The DBpC utilizes authorized controls for credit and merchant categories and may be used with any approved vendor accepting MasterCard.

The DBpC does not require prepayment associated with typical 'gift cards' programs. The DOE will be billed monthly for purchases, thereby taking advantage of the float associated with the State's pCard program. The transaction amount is withdrawn immediately, but payment to the pCard provider is made based on when the cycle ends, this averages 50 days from the time the purchase is made to when the payment is due to the bank.

Currently, jurisdictions enjoy quarterly rebates based on pro-rated spend volume through the State's pCard Program. All expenditures on a declining balance pCard would also be included in the State's total spend volume and qualify for quarterly rebates, thus giving more back to the State.

The DBpC is personalized with teacher's name, offering enhanced accountability and audit tracking capabilities. The program allows the DOE to allocate budgeted funds without fear of overspending due to revolving or refreshing credit lines. Teachers will have 24-hour internet access to verify transactions and check balances.

The declining balance card program offers the Department of Education more flexibility, while maintaining control and accountability with audit capabilities.

The State Procurement Office opposes the language on §302A- page 2, lines 2 to 3, exempting debit card purchases from chapter 103D. SPO recommends the following language:

“...provided that ~~debit card~~ DBpC purchases shall be exempt from in accordance with chapter 103D.”

Thank you.



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TESTIMONY FOR SENATE BILL 2593, RELATING TO EDUCATION

Senate Committee on Education
Hon. Michelle N. Kidani, Chair
Hon. Breene Harimoto, Vice Chair

Wednesday, February 10, 2015, 1:15 PM
State Capitol, Conference Room 229

Honorable Chair Kidani and committee members:

I am Kris Coffield, representing IMU Alliance, a nonpartisan political advocacy organization that boasts over 350 members. On behalf of our members, we offer this testimony **in strong support** of Senate Bill 2593, relating to education.

In 2013, the National School Supply and Equipment Association released a report stating that public school teachers annually spend \$1.6 billion of their discretionary income on supplementary school supplies and instructional materials. On average, teachers surveyed spent a total of \$268 on school supplies in the 2012-2013 school year, \$491 on instructional materials, and \$186 on miscellaneous items, for an average total of \$945 on classroom materials not subsidized by federal or state education departments. Moreover, NSSEA attributes the drop not to increased classroom funding, but the lingering impact of the recent recession upon educators' discretionary income levels.

The trend is, if anything, worse in Hawaii, which has consistently ranked at the bottom in national cost-of-living studies and was recently ranked second-worst in a Center for Budget and Policy Priorities ranking of per-pupil spending cuts, with Hawaii cutting \$1,175 in per-pupil spending between FY 2008 and FY 2012, adjusted for inflation. Similarly, local cities have the highest ACCRA values in the country, typically hovering between 160 and 165, leading to our state being ranked last, year after year, in teacher salaries adjusted for cost-of-living. Today, the average Hawai'i teacher makes a COL-adjusted median income of \$32,312 per year, according to the National Center for Policy Analysis. Pay cuts, rising health care costs, adjusted insurance co-pays, and the loss of the state's \$1,690-per-special-education-teacher classroom supply fund have all aggravated the financial burden borne by teachers' pocketbooks. In a recent survey conducted by HSTA, 47 percent of respondents cited personal expenditures between \$250 and \$500 each year on classroom supplies, with many claiming expenditures in excess of \$1,000. Not

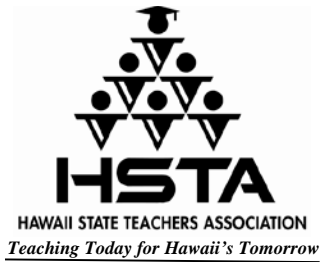
surprisingly, these same teachers have called upon HSTA—and lawmakers—to take action to lighten their financial load.

While debit cards for classroom supplies do not, in themselves, rectify the structural barriers hindering the DOE's appropriation of funds for supplies, we understand that structural inefficiencies result, in part, from a lack of adequate funding. Mandatory budget cuts have crippled the DOE, in recent years, leading to reconsideration of whether or not to continue successful learning programs. Unfortunately, when budget cuts pose an existential threat to successful learning centers and categorical programming, the DOE's priorities shift from classroom support to programmatic savings. Put simply, in times of economic austerity, the DOE must spend more time accounting for basic, overarching programmatic needs, crowding out concerns about the efficient allocation of funds for individual teacher needs.

Additionally, ensuring that educators have more money in their pocketbooks through debit, rather than personal, expenditures effectively increases their purchasing power. Therefore, providing debit cards to teachers incentivizes the teaching profession at a time when our state's high cost-of-living and low adjusted-average income compel many would-be teachers to choose more highly compensated professions or, even worse, leave the state altogether—today, approximately 50 percent of teachers leave our state's classrooms every five years, giving Hawaii the distinction of having the highest turnover rate in the nation. If policymakers are truly interested in enhancing the DOE's ability to recruit highly effective teachers into our schools, providing fiscal incentives that offset cost-of-living problems is a worthy path to take, whose long-term benefits are extremely likely to outweigh its immediate costs.

Again, we urge your committee to increase state educators' purchasing power by establishing a debit card system for purchasing classroom materials, which will ease the financial hurdles borne by teachers. Mahalo for the opportunity to testify **in strong support** of this bill.

Sincerely,
Kris Coffield
Executive Director
IMUAlliance
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TESTIMONY BEFORE THE SENATE COMMITTEE ON
EDUCATION

RE: SB 2593 - RELATING TO EDUCATION

WEDNESDAY, FEBRUARY 10, 2016

COREY ROSENLEE, PRESIDENT
HAWAII STATE TEACHERS ASSOCIATION

Chair Kidani and Members of the Committee:

The Hawaii State Teachers Association **strongly supports SB 2593**, relating to education. If passed, this bill will significantly reduce the overall cost of supplies purchased by teachers using personal funds, expenses that are beyond those allocated in academic and financial plans.

With the nation's lowest cost of living adjusted salaries, increased healthcare costs, and the elimination of \$1,690 in special education supply funds, teachers have to dig deep into their pockets to prepare their lessons. In the case of classroom supplies, it's true that teachers "do it for the kids," purchasing materials out of their own paychecks. Waiting for departmental or purchase order approval would often disrupt planned curricula and, in turn, student learning. Teachers won't abide that.

In the past, HSTA conducted a survey asking teachers how much they were spending on additional supplies. A jarring 47 percent of teachers said that they were spending between \$250 and \$500 per year on materials, with many spending \$1,000 or more. That's \$250 to \$1,000 that would be spent on family needs, food, bills, recreation, and other personal expenses in a fully-funded school system. This hidden tax on teachers could be offset, we feel, by establishing a debit card system, managed by the department of education, through which teachers could purchase supplies needed for the provision of quality instruction to their students, needs that often arise unexpectedly as the schoolyear unfolds.

Jennifer Evans, a first year teacher at Moanalua Elementary, like many new teachers walked into an empty room at the beginning of the year. She spent close to

\$2000 to setup her classroom out of her own pocket, and she is not done yet. Buying books, containers, manipulatives, binders, and has gone of her way to buy special seats in order to meet students' needs. All of this has come out of her own pocket, and causing her to defer student loans and having to live with her parents.

Teachers should not be taxed with personally purchasing school supplies. Accordingly, the Hawaii State Teachers Association asks your committee to **support** this bill.

EDUtestimony@capitol.hawaii.gov

Heading: Testimony in support of SB2593

Testimony for: Committee on Education Hearing on Wednesday, February 10, 2016 1:15pm

Honorable Chair Kidani and committee members,

My name is Debbie Anderson. I am a teacher at Waiakea Intermediate School on the island of Hawaii. As a teacher of over 25 years in Hawai'i, I am writing in support of SB2593 Classroom and curriculum supplies, SB2586 The Schools Our Keiki Deserve Act subcomponent Part VIII, which "Requires the department of education to establish a debit card system for purchases by teachers at each public school. Clarifies that purchases on the debit card are limited to classroom and curriculum supplies."

Essence: Empower greater decision-making of teachers who are in the position closest to identify need in a timely manner. Teachers classroom teachers need to be funded properly funding in timely ways that meet their needs, but also providing for increased teacher voice, autonomy, and control over curriculum material purchase decisions.

Need: In a survey conducted by the Hawaii State Teachers Association (HSTA), 47 percent of respondents cited personal expenditures of between \$250 and \$500 each year on classroom supplies, with many claiming expenditures in excess of \$1,000. As teacher line assignments depend on Principal decision-making, elementary teachers in particular can be transferred into grade levels or subject areas for which they feel forced professionally to supplement from their own funding.

Timing: A need for funding access is particularly acute for teachers who are new to the job, or new to a course. The sooner teachers are notified of position changes in age range or subject area, the easier it is for them to request funds. Newly arriving probationary teachers can be forced to operate with little or no available funds due to the "limitations" of the budgeting process: At least seven times the HSTA Contract mentions "within budget/ing limitations." In effect, teachers can be forced to function without all of the following:

- lockable desks,
- closet space,
- chalkboard/whiteboard space,
- basic textbooks for students,
- adequate typing/word processing computers,
- software,
- printing,
- duplicating facilities,
- telephones,
- appropriate teaching tools and
- software program training, and
- classroom equipment, machinery and tools maintained in proper working order.

In the 1970s, the Department of Education (DOE) planned and executed the rental of a DOE Storeroom in Waipahu, to address access concerns particularly for neighbor island schools. As greater accessibility has arrived for most islands in the form of alternatives, the DOE Storeroom began to languish, and was extinguished upon recommendation from our State Auditor. However, the need continues for adequate supplies on for most remote island school locations.

Schools have Academic and Financial Plans, and grade-levels or departments have group expenditure plans and collective budgets for ordering supplies and equipment. The principal shall make the "final decision." Some principals authorize opening POs for teacher supplies to be spend within a clear deadline, usually under a maximum amount.

In addition, as expensive (\$20,000) top down "canned" curriculum purchases (such as Achieve 3000, Kid Biz) are being imposed, teachers have less academic freedom. For example, the College Board promotes the annual sale of its Springboard consumables. Grade level, department and teacher voice should have a say over curriculum purchases. How fair can a teacher's evaluation be when the teacher has no choice of what to teach? [An Association Policy Committee (APC) can attempt to hold the principal accountable in an unfeasible lengthy process to include grievance, etc.]

Though contractually every school should provide an open supply room, this provision does not operate well at many schools. The supply room does not provide a wide enough range of materials specific to a particular discipline or curriculum.

Classroom teachers are unlikely to receive a funding allocation. One exception was in the 2000s when \$1690 was allocated to each special education teacher. However, this was reduced by the state office, complexes and unfortunately administrators taking what they felt was their fair share, a very common practice for the DOE to skim off money for "administrative costs." We are hoping to address state renewal of dedicated Special Education funding in Schools Our Keiki Deserve Act subcomponent Part **III**, or [SB2588](#).

Teachers waste valuable time fundraising for programs and students' needs

Teachers have already asked parents to provide supplies on the "supplies list." To compensate for the lack of funding, families are also asked to pay lab fees, etc. Students who have difficulty paying are burdened with labels like "having obligations."

Alternatives: Teachers are trusted professionals! Gallup has conducted an "Honesty and Ethics" survey on various professions periodically since 1976, and annually since 1990. In 2013, Grade school teachers were rated the 3rd highest profession, with over 70% of respondents selecting high or very high. In 2015, High school teachers ranked 4th, with 60-65% high or very high.

Conclusion: Access to the cumbersome funding process and its timeline remains an issue for which teachers pay out of their own pockets.