



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
TWENTY-NINTH LEGISLATURE, 2018**

ON THE FOLLOWING MEASURE:

S.B. NO. 2261, RELATING TO PUBLIC EDUCATION.

BEFORE THE:

SENATE COMMITTEE ON EDUCATION

DATE: Wednesday, February 14, 2018 **TIME:** 3:05 p.m.

LOCATION: State Capitol, Room 229

TESTIFIER(S): Russell A. Suzuki, Acting Attorney General, or
Anne T. Horiuchi, Deputy Attorney General, or
Melissa J. Kolonie, Deputy Attorney General

Chair Kidani and Members of the Committee:

The Department of the Attorney General provides the following comments.

The purposes of this bill are to establish the education special fund and to allocate twenty-five percent of the general excise tax revenue collected to the deposited into the education special fund for the purpose of funding public education.

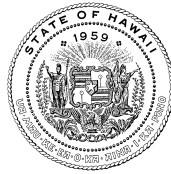
The bill does not contain an appropriation to authorize expenditures out of the education special fund. Section 5, article VII of the Hawaii Constitution, states, "No public money shall be expended except pursuant to appropriations made by law." As such, we recommend adding the following provisions:

"SECTION __. There is appropriated out of the education special fund the sum of \$_____ or so much thereof as may be necessary for fiscal year _____ for the purposes of the special fund.

The sum appropriated shall be expended by the department of education for the purposes of this Act."

Thank you for the opportunity to provide comments.

DAVID Y. IGE
GOVERNOR



LAUREL A. JOHNSTON
ACTING DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY
TESTIMONY BY LAUREL A. JOHNSTON
ACTING DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON EDUCATION
ON
SENATE BILL NO. 2261

February 12, 2018
2:50 p.m.
Room 229

RELATING TO PUBLIC EDUCATION

Senate Bill No. 2261 amends Section 237-31, HRS, and specifies that a sum from all general excise tax revenues realized by the State that is equal to 25% of the total revenues shall be deposited into the Education Special Fund in each fiscal year for the purpose of funding public education. In addition, the measure amends Chapter 302A, HRS, by adding a new section to establish the Education Special Fund to be administered by the Department of Education (DOE).

The Department of Budget and Finance has strong concerns regarding the earmarking of general tax revenues of the State for specific purposes. Furthermore, if the intent is to fully fund the DOE with the Education Special Fund, the department would be appropriated less funding than is currently provided. For example, based upon FY 17 general excise tax revenues of about \$3.24 billion, 25% would amount to \$810 million, which represents only about half of the \$1.61 billion in general funds the DOE is appropriated in FY 18.

Thank you for your consideration of our comments.

DAVID Y. IGE
GOVERNOR



CATHERINE PAYNE
CHAIRPERSON

STATE OF HAWAII
STATE PUBLIC CHARTER SCHOOL COMMISSION
(‘AHA KULA HO‘ĀMANA)

<http://CharterCommission.Hawaii.Gov>
1111 Bishop Street, Suite 516, Honolulu, Hawaii 96813
Tel: (808) 586-3775 Fax: (808) 586-3776

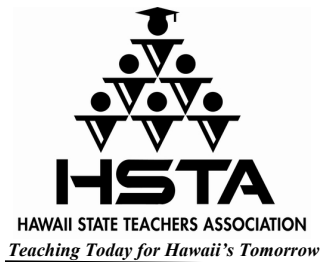
FOR: SB 2261 Relating to Public Education
DATE: February 12, 2018
TIME: 2:50 P.M.
COMMITTEE: Senate Committee on Education
ROOM: Room 229
FROM: Sione Thompson, Executive Director
State Public Charter School Commission

Chair Kidani, Vice Chair Kahele, and members of the Committee:

The State Public Charter School Commission (“Commission”) appreciates the opportunity to submit this testimony in **SUPPORT OF THE INTENT of SB 2261**, which ultimately seeks to increase funding for public education by establishing the education special fund.

Increased funding for public education is an investment in the children that attend public charter schools, as well as children that attend Department of Education public schools. The Commission looks forward to working with the Legislature and the larger community of supportive stakeholders who strive to better the lives of all our public school students.

Thank you for the opportunity to provide this testimony.



1200 Ala Kapuna Street ♦ Honolulu, Hawaii 96819
Tel: (808) 833-2711 ♦ Fax: (808) 839-7106 ♦ Web: www.hsta.org

Corey Rosenlee
President
Justin Hughey
Vice President
Amy Perruso
Secretary-Treasurer
Wilbert Holck
Executive Director

TESTIMONY BEFORE THE SENATE COMMITTEE ON
EDUCATION

RE: SB 2261 – RELATING TO PUBLIC EDUCATION

MONDAY, FEBRUARY 12, 2018

COREY ROSENLEE, PRESIDENT
HAWAII STATE TEACHERS ASSOCIATION

Chair Kidani and Members of the Committee:

The Hawaii State Teachers Association **supports and suggests amendments for SB 2261**, relating to public education.

Hawai'i *still* shortchanges its public schools. While our state's per-pupil spending of \$12,855 ranks 17th in the nation when compared to other states in raw dollars, comparison with school districts of similar size and demographics yields different results. Mainland districts with high costs of living are typically urban and averaged with rural districts experiencing lower costs of living in statewide analyses, a geographic and fiscal situation that is not applicable to the islands' single statewide school district.

When comparing school districts of similar size, Hawai'i ranked 227th in per-pupil funding *before* adjusting for cost of living, according to an analysis performed by Ballotpedia.org. Likewise, the Department of Business, Economic Development, and Tourism reported, in March of 2017, that Hawai'i's education expenditures, as a share of combined state and local government spending, is 27.3 percent, which ranks as the lowest in the nation. Hawai'i's major private schools, in contrast, average \$15,173 in per-pupil spending. When Catholic schools, subsidized by the Roman Catholic Diocese, are removed, private school spending jumps to nearly \$19,173 dollars per student, sans endowment funds that further boost private school baselines. Punahou President Jim Scott revealed, in 2014, that the "real cost of our education per student is \$26,000," with the school's endowment standing then at \$235 million and fundraising operations generating an additional \$12-\$15 million

each year. It is no wonder, then, that Hawai'i has one of the highest private school enrollment rates in the nation. According to U.S. Census Bureau data, for the 2016-2017 school year, approximately 20 percent of K-12 students on O'ahu attended private schools, with that number rising to 38 percent for students living in the urban core of Honolulu.

The islands also continue to suffer from a shortage of qualified teachers. According to the DOE's STRIVE HI accountability reports, for the 2017-2018 school year, the state saw 1,011 SATEP vacancies, up from 920 SATEP vacancies in 2016-2017, including a slight increase in SPED SATEP vacancies, from 290 in 2016-2017 to 311 in 2017-2018. SPED teacher attrition has led to a situation in which 1 out of every 6 SPED teachers have not completed a state-sanctioned teacher training program. Our teacher shortage problem is further clarified in the DOE's 2016-2017 Employment Report, which shows that teacher resignations increased from 781 in 2015-2016 to 850 in 2016-2017. Similarly in-state SATEP hires decreased from 404 to 387 over that time span, while out-of-state SATEP hires increased from 508 to 572. Teacher attrition is even worse in high-poverty areas. In the Nanakuli-Waianae Complex Area, for example, an astounding 18 out of 19 SPED teachers hired for the 2017-2018 school year do not have a special education license.

Moreover. In 2015, the DOE released a study entitled *Equitable Access to Excellent Educators*, which found that an average of 14.48 percent of teachers in low-poverty schools are inexperienced (haven't completed one full year of full-time teaching), unqualified (have not obtained full licensure in Hawai'i), or teaching out of their field of expertise. In high-poverty schools, however, the study noted that an average of 21.48 percent of teachers are inexperienced, unqualified, or out-of-field. In other words, high-poverty schools have 50 percent more teachers who are inexperienced, unqualified, or out-of-field than their low-poverty peers.

In fiscal year 2016, the general excise tax raised \$3.2 billion dollars, accounting for 51.8 percent of total general fund revenues. Ergo, depositing 25 percent of GET revenue into a special fund for education totals roughly \$800 million. While substantial, that figure is far less than the \$1.61 billion in state funds currently received by the DOE (out of a \$1.98 billion total budget). Accordingly, **we urge you to amend this bill by specifying that 25 percent of GET funds shall be provided in addition to state funds already spent on public education.**

To deliver the schools our keiki deserve, the Hawaii State Teachers Association asks your committee to **support** this bill.



46-063 Emepela Pl. #U101 Kaneohe, HI 96744 · (808) 679-7454 · Kris Coffield · Co-founder/Executive Director

TESTIMONY FOR SENATE BILL 2261, RELATING TO PUBLIC EDUCATION

Senate Committee on Education
Hon. Michelle N. Kidani, Chair
Hon. Kaiali'i Kahele, Vice Chair

Monday, February 12, 2018, 2:50 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 currently boasts over 400 members. On behalf of our members, we offer this testimony in support of, with proposed amendments for Senate Bill 2261, relating to public education.

In comparison to school districts of similar size and demographic composition, Hawai'i, ranks 227th in per-pupil funding *before* adjusting for cost of living, at \$12,855 per child. Washington D.C., New York City, Boston, Pittsburgh, and Cincinnati school districts, for example, spend nearly twice as much as Hawai'i per pupil, at well over \$22,000 to over \$26,000 per student. Similarly, local private schools, discounting Catholic institutions, spend nearly \$19,173 dollars per student, with Punahou President Jim Scott revealing, in 2014, "The real cost of our education per student is \$26,000," owing to the school's then-total endowment of \$235 million and fundraising operations of \$12-\$15 million annually.

Moreover, for the 2017-2018 school year, the Hawai'i State Department of Education report 1,011 teacher vacancies. The number of new teachers hired who have not completed a state approved teacher education program has increased from 125 for the 2011-2012 school year to 294 for the 2016-2017 school year. Over the same period, the number of teacher resignations has increased from 624 in 2011-2012 to 850 in 2015-2016, while the total number of voluntary teacher separations has increased from 934 in 2011-2012 to 1,170 in 2016-2017. In short, hundreds of teachers are leaving the workforce each year at an accelerating pace, while the DOE does not have enough trained and licensed teachers in waiting to fill the holes they leave. Accordingly, we must raise Hawai'i's last-in-the-nation teacher pay (adjusted for cost of living) as a means of addressing the problem. Studies have shown that as teacher pay increases, so, too, does student achievement.

A Stanford University study found that “raising teacher wages by 10 percent reduces high school dropout rates by 3 percent to 4 percent,” while a Florida study showed that pay raises reduced teacher attrition by as much as 25 percent for hard-to-fill subject areas, with children’s learning growth gaining from more exposure to experienced educators. Recently, the Hawai’i State Teachers Association performed a study of teacher compensation in comparison with mainland peer districts. HSTA discovered that teachers’ wages are \$4,000 to \$26,000 below that of their mainland peers. Put simply, to reduce teacher turnover, we must pay educators what they’re worth.

Yet, according to a study performed by the Department of Business, Economic Development and Tourism entitled *An Analysis of Real Property Tax In Hawai’i*, published in March of 2017, "Hawai’i’s education expenditure, as a share of combined state and local government expenditure (current operations), is 27.3 percent, which is below the U.S. average of 37.2 percent and ranks Hawai’i as the lowest in the nation.” Our state does not currently employ property taxes in any way to fund public education, with our schools instead being funded primarily through general fund revenues—\$1.61 billion of the DOE’s \$1.98 billion budget for fiscal year 2017-2018 comes from state funds. Until the Hawai’i State Constitution is amended to allow the state to levy a surcharge on visitor accommodations and residential investment properties—which we strongly support—it is imperative that lawmakers increase education funding to provide a quality learning experience to all of Hawai’i’s keiki. This bill proposes that 25 percent of the state’s GET revenue be deposited into a special fund for public education, which would amount to an approximately \$800 million disbursement or roughly half of what the DOE now receives in state funds (current GET revenues are approximately \$3.2 billion). This measure does *not* say that the GET deposit shall be added to state funds already spent on public education, though, leaving open the question of whether or not the GET deposit imagined by this bill would supplant today’s education expenditures or simply be a new way of distributing current funds. Accordingly, while we support the significant appropriation envisioned by this measure, **we urge your committee to amend this measure by stipulating that 25 percent of GET revenue shall be appropriated for public education in addition to all state moneys currently spent on Hawai’i’s public schools, excluding capital improvement funds and using the budget for school year 2017-2018 as a baseline for future spending.**

Hawai’i’s children deserve a chance to reach for their dreams. Mahalo for the opportunity to testify in support of this bill.

Sincerely,
Kris Coffield
Executive Director
IMUAlliance

SB-2261

Submitted on: 2/11/2018 11:55:37 AM

Testimony for EDU on 2/12/2018 2:50:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	OCC Legislative Priorities	Support	No

Comments:

**PRESENTATION OF THE
OAHU COUNTY COMMITTEE ON LEGISLATIVE PRIORITIES
DEMOCRATIC PARTY OF HAWAII
TO THE COMMITTEE ON EDUCATION
THE SENATE
TWENTY-NINTH LEGISLATURE
REGULAR SESSION OF 2018**

Monday, February 12, 2018

2:50 p.m.

Hawaii State Capitol, Conference Room 229

RE: Testimony in Support of SD 2261, RELATING TO PUBLIC EDUCATION

To the Honorable Michelle N. Kidani, Chair; the Honorable Kaiali'i Kahele, Vice-Chair and the Members of the Committee on Education:

Good afternoon, my name is Melodie Aduja. I serve as Chair of the Oahu County Committee ("OCC") Legislative Priorities Committee of the Democratic Party of Hawaii. Thank you for the opportunity to provide written testimony on Senate Bill No.2261, relating to 25% of the General Excise Tax to be allocated to a special fund for public education.

The OCC Legislative Priorities Committee is in favor of Senate Bill No.2261 and supports its passage.

Senate Bill No. 2261 HD1 is in alignment with the Platform of the Democratic Party of Hawai'i ("DPH"), 2016, as it establishes the education special fund and allocates twenty-five percent of the general excise tax revenue to be deposited into the education special fund to fund public education.

The DPH Platform states that "[w]e believe that the future of our state as well as or county depends upon an educated and knowledgeable citizenry. We support the prioritization of our resources toward providing quality public education and library services to every student, regardless of learning capacity or ability to pay, in an environment conducive to the learning process. These resources shall be made available at every level, from pre-school through higher education, including life-long learning. Educational facilities must be maintained, renovated and built to 21st-century innovations so that our students learn in a well-designed, safe environment." (Platform of the DPH, P. 6, Lines 296-302 (2016)).

We support a dedicated source of funding for the Department of Education. (Platform of the DPH, P. 6, Line 329 (2016)).

Given that Senate Bill No. 2261 establishes the education special fund and allocates twenty-five percent of the general excise tax revenue to be deposited into the education special fund to fund public education, it is the position of the OCC Legislative Priorities Committee to support this measure.

Thank you very much for your kind consideration.

Sincerely yours,

/s/**Melodie Aduja**

Melodie Aduja, Chair, OCC Legislative Priorities Committee

Email: legislativepriorities@gmail.com, Tel.: (808) 258-8889

SB-2261

Submitted on: 2/9/2018 7:52:06 PM

Testimony for EDU on 2/12/2018 2:50:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Margaret Maupin		Support	No

Comments: