



STATE OF HAWAII
HAWAII TEACHER STANDARDS BOARD
650 IWILEI ROAD, SUITE 268
HONOLULU, HAWAII 96817

March 27, 2019

TESTIMONY BEFORE THE HOUSE COMMITTEE ON FINANCE

PERSON TESTIFYING: Lynn Hammonds for the Hawaii Teacher Standards Board

DATE: Tuesday, March 28, 2019

TIME: 3:00 PM

LOCATION: Conference Room 308

TITLE OF BILL: SB 981 SD2 HD1 RELATING TO THE HAWAII TEACHER STANDARDS BOARD SPECIAL FUND

PURPOSE OF BILL: Repeals the Hawaii Teacher Standards Board Special Fund and transfers the remaining balance to the general fund. Amends related HRS sections.

POSITION: Strong Support

Chair Luke, Vice Chair Cullen, and Members of the Committee on Finance:

The Hawaii Teacher Standards Board (HTSB) strongly supports SB 981 SD2 HD1, which repeals the HTSB special fund so that all funding can be returned to the general fund, in order to fully support teacher licensing, approval of educator preparation programs, and professional development support.

HTSB also looks forward to its continuing work on full reciprocity with other states in order to efficiently receive out of state licensed teachers which include exiting military and military spouses, and alternative routes to licensure which focus on local individuals interested in serving their own communities as licensed teachers.

The HTSB has been diligent in controlling its operational expenses to stay within its limited special fund budget by downsizing its office space and reducing staff each year since 2012, when it became solely funded by the HTSB special fund. However, these cuts have also meant that our office has needed to limit the scope of services and support to Hawaii teachers, school counselors, and school librarians as they seek preparation, licensure, and professional development in Hawaii. The HTSB members and staff are eager to enhance and add services with sufficient general funding.

Thank you for your support of the HTSB and for the opportunity to testify on this bill.

DAVID Y. IGE
GOVERNOR



RODERICK K. BECKER
DIRECTOR

ROBERT YU
DEPUTY 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)

**TESTIMONY BY RODERICK K. BECKER
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON FINANCE
ON
SENATE BILL NO. 981, S.D. 2, H.D. 1**

**March 28, 2019
3:00 p.m.
Room 308**

RELATING TO THE HAWAII TEACHER STANDARDS BOARD SPECIAL FUND

Senate Bill No. 981, S.D. 2, H.D. 1, repeals the Hawaii teacher standards board special fund, transfers the remaining balance to the general fund as of June 30, 2021, and amends related HRS sections.

The department notes that this special fund does meet the requirements of Section 37-52.3, HRS, respectively. The special fund does: 1) serve a need as demonstrated by the purpose, scope of work and an explanation why the program cannot be implemented successfully under the general fund appropriation process; 2) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries or a clear link between the program and the sources of revenue; 3) provide an appropriate means of financing for the program or activity; and 4) demonstrate the capacity to be financially self-sustaining.

The special fund follows the same professional licensing construct that is established in the Department of Commerce and Consumer Affairs, which requires the licensees to fund the cost of regulation for their professional licenses.

Thank you for your consideration of our comments.



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

Date: 03/28/2019
Time: 03:00 PM
Location: 308
Committee: House Finance

Department: Education

Person Testifying: Dr. Christina M. Kishimoto, Superintendent of Education

Title of Bill: SB 0981, SD2, HD1 RELATING TO THE HAWAII TEACHER STANDARDS BOARD SPECIAL FUND.

Purpose of Bill: Repeals the Hawaii Teacher Standards Board Special Fund and transfers the remaining balance to the general fund. Amends related HRS sections. (SB981 HD1)

Department's Position:

The Department of Education (Department) supports the intent of SB 0981, SD2, HD1 and respectfully requests this measure be deferred.

Currently, there is no recurring general fund appropriation to support the operating costs for Hawaii Teachers Standards Board (HTSB). The special fund exists so the Department can transfer collectively bargained licensure fees, which supports the operating needs of HTSB. If the repeal of the special fund occurs prior to establishment of a base appropriation to support HTSB, there would be no mechanism for the Department to transfer the required payments and could put the services provided by HTSB in jeopardy due to lack of general fund support.

The Department has been in discussions with HTSB about these concerns. The Department is certainly open to the intent of this measure, but wants to ensure that HTSB is not subject to unintended consequences that this measure could create if prematurely passed into law.

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

The Hawaii State Department of Education seeks to advance the goals of the Strategic Plan which is focused on student success, staff success, and successful systems of support. This is achieved through targeted work around three impact strategies: school design, student voice, and teacher collaboration. Detailed information is available at www.hawaiipublicschools.org.

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: MISCELLANEOUS, Repeal non-general fund

BILL NUMBER: SB 981, HD-1

INTRODUCED BY: House Committee on Lower & Higher Education

EXECUTIVE SUMMARY: Abolishes the Hawaii Teacher Standards Board Special Fund and transfers the unencumbered balances to the general fund,

SYNOPSIS: Repeals the Hawaii Teacher Standards Board Special Fund in section 302A-806, HRS.

All unencumbered balances remaining on June 30, 2021, will lapse to the general fund.

EFFECTIVE DATE: July 1, 2052.

STAFF COMMENTS: The 1989 Tax Review Commission noted that use of special fund financing is a “departure from Hawaii’s sound fiscal policies and should be avoided.” It also noted that special funds are appropriate where the revenues to the funds maintain some direct connection between a public service and the beneficiary of that service. The Commission found that special funds which merely set aside general funds cannot be justified as such actions restrict budget flexibility, create inefficiencies, and lessen accountability. It recommended that such programs can be given priority under the normal budget process without having to resort to this type of financing.

Because of the spotlight of monies in special funds, Hawaii Revised Statutes section 23-12 requires the State Auditor to review all existing special, revolving, and trust funds beginning in 2014 and at five-year intervals. This fund was last reviewed in 2016, and the Auditor’s Report No. 16-11 concluded that the fund met the criteria for a special fund.

Created in 1988, the fund was created to pay the expenses of the Hawaii Teacher Standards Board, including but not limited to the payment of all operational and personnel costs, and reimbursements to board members for travel expenses incurred. Revenues come from fees paid by licensees/permittees who obtain a Hawaii teaching license or permit, add a field to their existing license, or renew their license. Expenditures consist of personnel costs and operational expenses for Hawaii Teacher Standards Board meetings, stakeholder meetings, and professional development activities to support Hawai‘i educators.

Digested 3/27/2019