

# TAX FOUNDATION OF HAWAII

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SUBJECT: MISCELLANEOUS, Repeal non-general fund

BILL NUMBER: SB 981, SD-1

INTRODUCED BY: Senate Committee on 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.

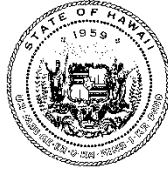
EFFECTIVE DATE: July 1, 2021.

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 2/19/2019



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

February 19, 2019

**TESTIMONY BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS**

**PERSON TESTIFYING:** Lynn Hammonds, for the Hawaii Teacher Standards Board

**DATE:** February 21, 2019

**TIME:** 10:00 am

**LOCATION:** Conference Room 211

**TITLE OF BILL:** SB 981 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. Takes effect on 7/1/2021. (SD1)

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee on Ways and Means:

The Hawaii Teacher Standards Board (HTSB) supports SB 981 SD1, 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, professional development support, continuing work on full reciprocity with other states in order to efficiently receive teachers, and alternative routes to licensure.

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 licensure 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.



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

**Date:** 02/21/2019  
**Time:** 10:00 AM  
**Location:** 211  
**Committee:** Senate Ways and Means

**Department:** Education

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

**Title of Bill:** SB 0981, SD1 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. Takes effect on 7/1/2021. (SD1)

**Department's Position:**

The Department of Education (Department) supports the intent of SB 981, yet 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](http://www.hawaiipublicschools.org).