



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

Date: 02/11/2022

Time: 03:30 PM

Location: CR 229 & Videoconference

Committee: Senate Education

Department: Education

Person Testifying: Interim Superintendent Keith Hayashi
Hawaii State Department of Education

Title of Bill: SB 2081 RELATING TO THE DEPARTMENT OF EDUCATION
COMMERCIAL ENTERPRISES REVOLVING FUND.

Purpose of Bill: Establishes the Department of Education Commercial Enterprises
Revolving Fund for funds to be expended in the operation of
commercial enterprises by the Department of Education. Makes
an appropriation into the revolving fund.

Department's Position:

The Hawaii State Department of Education (Department) supports SB 2081 to establish the commercial enterprise revolving fund.

The Department supports opportunities for students to participate in commercial enterprises in their schools. Commercial enterprises provide students with the hands-on and real-world experiences that are critical to post-secondary or workforce success. The generated revenues support various programs within schools and ensure the sustainability of commercial enterprise efforts. The restrictions on the intake and distribution of funds in schools are a challenge when implementing a commercial enterprise. SB 2081 will remove the barriers that hinder the effectiveness and progression of the commercial enterprises, thereby providing more schools with the opportunity to create and implement commercial enterprises with fidelity.

Thank you for the opportunity to provide testimony in support of SB 2081.

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
DIRECTOR

GLORIA CHANG
DEPUTY DIRECTOR

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

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

WRITTEN ONLY
TESTIMONY BY CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON EDUCATION
ON
SENATE BILL NO. 2081

February 11, 2022
3:30 p.m.
Room 229 and Videoconference

RELATING TO THE DEPARTMENT OF EDUCATION COMMERCIAL ENTERPRISES
REVOLVING FUND

The Department of Budget and Finance (B&F) offers comments on Senate Bill (S.B.) No. 2081.

S.B. No. 2081 adds a new section to Chapter 302A, HRS, to establish the Department of Education (DOE) Commercial Enterprises (DOECE) Revolving Fund for funds to be expended in the operation of commercial enterprises by DOE. This measure also makes an appropriation for an undetermined sum of general funds for FY 23 for deposit into the DOECE Revolving Fund.

As a matter of general policy, B&F does not support the creation of any revolving fund which does not meet the requirements of Section 37-52.4, HRS. Revolving funds should: 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. Regarding S.B. No. 2081, it is difficult to determine whether the proposed revolving fund would be self-sustaining or demonstrates a clear nexus between the benefits sought and charges made upon users.

Thank you for your consideration of our comments.



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the Senate Committee on Education
Friday, February 11, 2022, at 3:30 P.M.
Via Videoconference**

RE: SB 2081 Relating to the Department of Education Commercial Enterprises Revolving Fund

Chair Kidani, Vice Chair Kim, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports** SB 2775, which establishes the Department of Education Commercial Enterprises Revolving Fund for funds to be expended in the operation of commercial enterprises by the Department of Education. Makes an appropriation into the revolving fund.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 2,000+ businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

SB 2775 will help the Department of Education monetize its facilities and create a better return on investment for taxpayers. School facilities are oftentimes the meeting place for communities and can be used for entertainment and other events. For example, the Hawaii Symphony Orchestra performed at the new theatre at Moanalua High School which generated revenue for the school.

These professional organizations that use school facilities bring in much needed rental income that can help fix and maintain facilities. By creating the Commercial Enterprises Revolving Fund for the Department of Education, it would help alleviate the costs on taxpayers and continue to generate revenue for schools.

Thank you for the opportunity to testify.