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TESTIMONY BY LUIS P. SALAVERIA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON EDUCATION
ON
HOUSE BILL NO. 2384, H.D. 2

March 18, 2024
3:05 p.m.
Room 229 and Videoconference

RELATING TO THE SCHOOL FACILITIES SPECIAL FUND

The Department of Budget and Finance (B&F) supports this Administration bill with requested amendments.

House Bill No. 2384, H.D. 2, is an emergency appropriation bill which amends Act 257, SLH 2022, as amended by Act 175, SLH 2023, to: 1) repeals the appropriation of \$200,000,000 in general funds for deposit into the School Facilities Special Fund (Special Fund) in Section 1; 2) repeals the appropriation of \$200,000,000 out of the Special Fund to expand access to pre-kindergarten; and 3) makes a new general obligation (G.O.) bond appropriation of \$100,000,000 in FY 24 for deposit into the Special Fund.

B&F prefers the text of the bill in its original form, which is necessary to help balance the State financial plan by reducing the amount of general funds appropriated for deposit into the Special Fund for FY 24 by an undetermined amount and replacing it with an appropriation of the same amount in G.O. bond funds. The original bill also extended the lapse date to June 30, 2025, to provide sufficient time to allow the School Facilities Authority (SFA) to encumber the amended general fund and new G.O. bond fund appropriations, and also extended the lapse dates on the appropriation out of the Special

Fund until June 30, 2025, to allow SFA sufficient time to expend the funds for the purposes of Act 257, SLH 2022.

Thank you for the opportunity to provide testimony in support of this bill.

JOSH GREEN, M.D.
GOVERNOR

RIKI FUJITANI
INTERIM EXECUTIVE DIRECTOR



STATE OF HAWAII
SCHOOL FACILITIES AUTHORITY
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Senate Committee on Education

Monday, March 15, 2024
3:05 p.m.
Hawai'i State Capitol, Room 229

House Bill 2384, House Draft 2, Relating to the School Facilities Special Fund

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

The School Facilities Authority (SFA) has comments on House Bill 2384, House Draft 2, which would repeal all of the \$200 million in general funds appropriated to the school facilities special fund by Act 257, Session Laws of Hawaii 2022, as amended by Act 175, Session Laws of Hawaii 2023, are replace it with \$100 million in general obligation bond funds for the purpose of expanding pre-kindergarten capacity.

The original draft of this measure converted only \$100 million of general funds to bond funds, and the SFA understands this conversion in the means of financing is necessary for access to more general revenue funds to balance the state budget. The Department of Budget and Finance (B&F) has offered its assistance in the expenditure of general obligation bond funds. We appreciate B&F's solution-oriented approach to both balancing the state budget and ensuring accessible funding for the important task of expanding pre-kindergarten access.

However, the current draft of this measure takes away the full \$200 million appropriation of general funds, a portion of which the SFA has already expended or encumbered, and replaces only half of the amount with bond funds. We are concerned that this will delay progress toward meeting the goals of the Ready Keiki initiative.

Thank you for this opportunity to testify.

Sincerely,

Riki Fujitani
Interim Executive Director