

**Date:** 02/09/2009

**Committee:** House Education

**Department:** Education

**Person Testifying:** Patricia Hamamoto, Superintendent of Education

**Title of Bill:** HB 0483

RELATING TO EDUCATION.

**Purpose of Bill:** Allows the principal of each public school to establish and use a debit card system based at the individual school level for the purpose of purchasing school supplies and other related curriculum support supplies as deemed appropriate by the school's academic and financial plan. The intent is to streamline the purchasing process by allowing flexibility to teachers to make purchases, in order to take advantage of discounts and sales. This bill also aims to help in defraying out of pocket expenses by teachers. This bill also provides for an appropriation of an undetermined amount to implement this debit card system by the department.

**Department's Position:** The department appreciates the Legislature's support of principals and teachers; however, the department does not support this bill, since we already have a procurement card program in place for the purchase of classroom supplies. The procurement card can be utilized by teachers to place internet and phone orders. Debit cards for the teachers would not provide proper fiscal accountability of funds by the principal. Our current procurement card allows charges to be reviewed by the principal prior to payment to the bank. This allows schools to meet goals of purchasing flexibility as well as financial accountability. Debit cards do not allow for this review by the principal. Additionally, schools currently have the option to utilize open purchase orders, which allow teachers to purchase items at their discretion within certain dollar amounts. Finally, if purchases by teachers are not subject to either pre-approval or post review by the principal, the debit card could be construed as an expense account and

may be subject to personal tax liability for the teacher.

It should also be noted that the Department already has a weighted student formula in its general fund appropriation, that results in allocation of funding to schools, reviewed annually by a Committee on Weights as required by State law. It is under the purview of each school's financial plan to determine how much in school supplies is apportioned to each teacher. This bill would be contrary to the spirit and intent of the weighted student formula allocation methodology.

Furthermore, the department has concerns about the implementation and on-going management and staffing of such a debit card program for approximately 13,000+ teachers who may be eligible for a debit card, and the workload it would add to our limited staff, when there are teacher transfers to different schools, retirements, resignations, reassignments to positions no longer in the classroom, lost cards, etc., as school procurement cards are school-specific and cannot be transferred with the teacher (or principal).

In order to manage the workload increase caused by this initiative, we would need a minimum of two (2.00 FTE) unit 13 specialists in addition to one (1.00 FTE) clerical staff to assist in the implementation/management of this program. The total estimated amount for salaries and fringe benefits would be \$183,300. We would also need start-up funds for furniture, computers, supplies, mileage and postage. The total estimated amount for the one-time start-up costs would be \$15,000, while the recurring costs for on-going operating expenses is estimated at \$12,500. Therefore, the total estimated costs to implement and manage this program is \$210,800.

An additional impact would be on Vendor Payment in the Operations Section. The additional workload created to post-audit and followup on 13,000 debit card holders for documents will create an extremely difficult task for our present staff. With the present 500 purchasing cards in place, the staff currently struggles to obtain purchase documents for review and

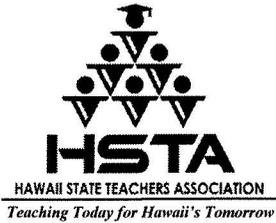
place in storage for records retention. In order to assure timely followup with the debit card purchases, we estimate an additional three (3.00 FTE) pre-audit clerk positions will be required to manage this additional post-audit function. The total estimated amount for salaries and fringe benefits would be \$135,360. The total estimated amount for one-time start-up costs would be \$15,000, while the recurring costs for on-going operating expenses is estimated at \$12,500. The total estimated costs for post-audit would be \$162,860. Storage of the additional debit card documents will also pose a major space problem in our office. While scanning documents may be a possible solution, the training, equipment and manpower to successfully store documents will require more equipment and personnel to implement. The department does recognize that teachers often use their own funds for special instructional supplies not typically provided in school. For example, food is often used in language arts, mathematics, science, social studies, or health lessons. Teachers often purchase their own additional reference books to enrich lessons. They often also provide specialty supplies such as colored pens, small rewards like stickers, and other art supplies for promoting and encouraging student achievement. In addition to food or other specialty supplies, schools and/or teachers may take it upon themselves to help needy students with basic living needs such as rubber slippers to be worn in the classroom, or other daily hygiene needs like deodorant, soap, shampoo, toothbrushes, and toothpaste in order for children to not be negatively singled out.

There are already procedures and mechanisms in place to reimburse teachers for expenses, once there is adequate funding to do so. The question is not how or whether we should reimburse, but do we have sufficient funds to reimburse?

In summary, the department appreciates the Legislature's support of principals and teachers; however, the department opposes this measure, since we already have a procurement card process that has controls that

allow principals to review the transactions prior to bank payment, and we already have procedures in place to reimburse teachers for expenses.

The real issue is lack of sufficient funding for schools to educate our students. We request that funding priority be given to the Board of Education's biennium operating budget request before this measure is considered.



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**TESTIMONY BEFORE THE HOUSE COMMITTEE ON  
EDUCATION**

**RE: HB 483 – RELATING TO EDUCATION.**

February 9, 2009

**ROGER TAKABAYASHI, PRESIDENT  
HAWAII STATE TEACHERS ASSOCIATION**

Chair Takumi and Members of the Committee:

The Hawaii State Teachers Association supports HB 483 which allows the principal of each public school to establish and use a debit card system based at the individual school level for the purpose of purchasing school supplies and other related curriculum support supplies.

The Association believes this is a positive step toward helping teachers provide a high-quality public education to our children of Hawaii. Input from teachers indicates that they spend approximately \$800 from their own income to buy supplies for their classroom to enhance their teaching environment.

We ask the committee to pass this bill.

Thank you for the opportunity to testify.