IMUALLIANCE
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TESTIMONY FOR SENATE BILL 573, SENATE DRAFT 1, RELATING TO TAXATION

Senate Committee on Ways and Means
Hon. David Y. Ige, Chair
Hon. Michelle N. Kidani, Vice Chair

Thursday, February 21, 2013, 9:00 AM
State Capitol, Conference Room 211

Honorable Chair Ige and committee members:

I am Kris Coffield, representing the IMUAlliance, a nonpartisan political advocacy organization that currently boasts over 150 local members. On behalf of our members, we offer this testimony in strong support, with proposed amendments for SB 573, relating to taxation.

In 2011, the National School Supply and Equipment Association released a report stating that public school teachers spent $1.33 billion of their discretionary income on supplementary school supplies and instructional materials during the 2009-2010 school year, an average of $356 dollars per teacher. Though less than previous years in which a report was issued, that number, when broken down, nonetheless amounts to $170 for supplies and $186 on instructional materials not provided for by the Departments of Education. Moreover, NSSEA attributes the drop not to increased classroom funding, but the impact of the recent recession upon educators' discretionary income levels.

The trend is, if anything, worse in Hawaii, which has consistently ranked at or near the bottom in national cost-of-living studies and was recently ranked second-worst in a Center for Budget and Policy Priorities ranking of per-pupil spending cuts, with Hawaii cutting $1,175 in per-pupil spending between FY 2008 and FY 2012, adjusted for inflation. Similarly, Hawaii has the highest ACCRA value in the country, typically hovering between 160 and 165, leading to our state being ranked last, year after year, in teacher salaries adjusted for cost-of-living, with the average teacher making a COL-adjusted income of $31,854 per year, roughly $4,000 below the next-to-last state on the list (Maine), according to statistics compiled and released by the U.S. Census Bureau. Pay cuts (including teacher furloughs and DLWOP days), rising health care costs, adjusted insurance co-pays, and the loss of the state's $1,690-per-special-education-teacher classroom supply fund have all aggravated the financial burden borne by teachers' pocketbooks. In a recent survey conducted by HSTA, 47 percent of respondents cited personal expenditures between $250 and $500 each year on classroom supplies, with many claiming expenditures in excess of $1,000. Not surprisingly, these same teachers have called upon HSTA—and lawmakers—to take action to lighten their financial load.

In the past, opponents of this bill have argued that a tax credit for teachers amounts to a *de facto* pay increase for a selected class of citizens, one that would not rectify the structural barriers hindering the DOE's appropriation of funds for supplies. We agree with our opponents that it should not take up to six months for funding requests to be approved and facilitated. At the same time, though, we understand that structural inefficiencies result, in part and in a self-fulfilling fashion, from a lack of adequate funding. Mandatory budget cuts have crippled the DOE, in recent years, leading to reconsideration of whether or not to continue successful learning programs. Unfortunately, when budget cuts pose an existential threat to successful learning centers and categorical programs, the DOE's priorities shift from classroom support to programmatic savings. Put simply, in times of economic austerity, the DOE must spend more time accounting for basic, overarching programatic needs, crowding out concerns about the efficient allocation of funds for individual teachers.

Additionally, it must be said that the “pay increase” contention cuts both ways. Granted, tax credits do lessen the individual tax burden of educators. Ensuring that educators have more money in their pocketbooks, however, effectively increases their purchasing power. Therefore, providing a tax credit for teachers incentivizes the teaching profession, at a time when our state's high cost-of-living and low adjusted-average income compel many would-be teachers to choose more highly compensated professions or, even worse, leave the state altogether—today, approximately 50 percent of teachers leave our state's classrooms every five years, giving Hawaii the distinction of having the highest turnover rate in the nation. If policymakers are truly interested in enhancing the DOE's ability to recruit highly effective teachers into our schools, providing fiscal incentives that offset cost-of-living problems is a worthy path to take, whose longterm benefits are extremely likely to outweigh its immediate costs.

That said, we encourage the committee to extend this tax credit to cover librarians working within the Hawaii State Public Library System, who also spend personal money to expand educational resources and programs for Hawaii's schoolchildren. To enact this amendment (which has been considered as part of previous versions of this measure), we urge you to amend the definition of "qualified tax payer" to mean "a school teacher, special education teacher, school librarian, or counselor employed by the department of education, a charter school, ~~or~~ a private school in Hawaii that instructs students between junior kindergarten and twelfth grade**, or a public service librarian employed by the Hawaii state public library system.**"

Again, we urge your committee to increase state educators' purchasing power by instituting tax credits for supplies, computer equipment, and supplementary materials, which will assist in the recruitment and retention of highly effective teachers who might otherwise leave the profession, or even the state, because of financial hurdles.

Mahalo for the opportunity to testify in strong support of this measure.

Sincerely,
Kris Coffield
Legislative Director
IMUAlliance