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TESTIMONY FOR SENATE BILL 2624, SD1, RELATING TO TAXATION

Senate Committee on Ways and Means
Hon. Jill N. Tokuda, Chair
Hon. Donovan M. Dela Cruz, Vice Chair

Monday, February 29, 2016, 1:30 PM
State Capitol, Conference Room 211

Honorable Chair Tokuda and committee members:

I am Kris Coffield, representing IMUAlliance, a nonpartisan political advocacy organization that boasts over 350 members. On behalf of our members, we offer this testimony **in strong support** of Senate Bill 2624, SD1, relating to taxation.

In 2013, the National School Supply and Equipment Association released a report stating that public school teachers annually spend $1.6 billion of their discretionary income on supplementary school supplies and instructional materials. On average, teachers surveyed spent a total of $268 on school supplies in the 2012-2013 school year, $491 on instructional materials, and $186 on miscellaneous items, for an average total of $945 on classroom materials not subsidized by federal or state education departments. Moreover, NSSEA attributes the drop not to increased classroom funding, but the lingering impact of the recent recession upon educators' discretionary income levels.

The trend is, if anything, worse in Hawaii, which has consistently ranked at 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, local cities have the highest ACCRA values 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. Today, the average Hawai'I teacher makes a COL-adjusted median income of $32,312 per year, according to the National Center for Policy Analysis. Pay cuts, 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 months for funding requests to be approved and facilitated. At the same time, though, we understand that structural inefficiencies result, in part, 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 programming, 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 programmatic 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 long-term benefits are extremely likely to outweigh its immediate costs.

Again, we urge your committee to increase state educators' purchasing power by instituting tax credits for supplies, computer equipment, and teacher travel expenses, 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 bill.

Sincerely,
Kris Coffield
Executive Director
IMUAlliance