
A BILL FOR AN ACT

RELATING TO PUBLIC EDUCATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that public schools in
2 Hawaii are not adequately funded to meet all student needs. In
3 comparison to school districts of similar size in other states,
4 Hawaii ranks two hundred twenty-seventh in per-pupil funding
5 before adjusting for cost of living. Private education
6 expenditures per-pupil averages \$15,173 while public education
7 expenditures per-pupil trails behind at \$12,855. Hawaii is also
8 ranked last nationally in capital improvement expenditures for
9 public schools, appropriating about \$300 per pupil, which lacks
10 compared to other states that average \$1,200 to \$1,500.

11 The United States Department of Education considers over
12 seventy per cent of Hawaii's public schools to be Title I
13 schools. A large portion of Hawaii's student population consist
14 of "high-needs" students, those who qualify for free or reduced
15 price lunch, and of those students most are either an English
16 language learner or a special education student. In addition to
17 the dilapidating school facilities that average sixty-one years



1 in age, the issue of funding for public education continues to
2 grow.

3 Hawaii ranks last out of fifty states and the District of
4 Colombia in starting and median teacher salaries adjusted for
5 cost of living, according to a 2017 study performed by
6 WalletHub.com. Mid-career teachers in Hawaii are currently paid
7 \$15,000 to \$25,000 less than their mainland counterparts. This
8 puts Hawaii students at risk due to the lack of qualified
9 teachers. Currently, there are three hundred twenty-eight newly
10 employed teachers who were hired without education degrees and
11 two hundred newly emergency hires without a college degree.
12 Without having the expertise in the fields that they are
13 teaching, students are not getting quality education.

14 The legislature further finds that article X, section 1, of
15 the Constitution of the State of Hawaii requires the State to
16 provide a system of public education. The jurisdiction over
17 public schools lie within the State and as a result, funding for
18 public education in Hawaii is primarily sourced from the general
19 fund of the State.

20 Insufficient education funding results in delayed repairs
21 to school facilities, overheated classrooms, higher class sizes,



1 a lack of adequate classroom supplies, elimination of arts and
2 career and technical educations courses, budget cuts for special
3 education and English language learner programs, and an
4 increasing number of vacant teacher positions statewide. It is
5 necessary to develop a new means of funding Hawaii's public
6 education system to ensure that the State will be able to
7 prepare children to meet the social and economics demands of the
8 twenty first century.

9 The purpose of this Act is establish the education special
10 fund and to allocate twenty-five per cent of the general excise
11 tax revenue collected in addition to other sources of
12 educational funding to be deposited into the education special
13 fund for the purpose of funding public education.

14 SECTION 2. Chapter 302A, Hawaii Revised Statutes, is
15 amended by adding a new section to be appropriately designated
16 and to read as follows:

17 "§302A- Education special fund established. (a) There
18 is established within the state treasury a special fund to be
19 known as the education special fund to be administered by the
20 department of education and into which shall be deposited



1 twenty-five per cent of the general excise tax revenue for the
2 purpose of funding public education.

3 (b) The education special fund shall not be subject to
4 sections 36-27, 36-30, and 37-53. Expenditures from the special
5 fund shall be subject to sections 37-31 and 37-33 through 37-40.

6 (c) All amounts in the education fund shall be exempt from
7 all taxes and surcharges imposed by the State or the counties."

8 SECTION 3. Section 237-31, Hawaii Revised Statutes, is
9 amended to read as follows:

10 "**§237-31 Remittances.** All remittances of taxes imposed by
11 this chapter shall be made by money, bank draft, check,
12 cashier's check, money order, or certificate of deposit to the
13 office of the department of taxation to which the return was
14 transmitted. The department shall issue its receipts therefor
15 to the taxpayer and shall pay the moneys into the state treasury
16 as a state realization, to be kept and accounted for as provided
17 by law; provided that:

18 (1) A sum, not to exceed \$5,000,000, from all general
19 excise tax revenues realized by the State shall be
20 deposited in the state treasury in each fiscal year to
21 the credit of the compound interest bond reserve fund;



(2) A sum from all general excise tax revenues realized by the State that is equal to one-half of the total amount of funds appropriated or transferred out of the hurricane reserve trust fund under sections 4 and 5 of Act 62, Session Laws of Hawaii 2011, shall be deposited into the hurricane reserve trust fund in fiscal year 2013-2014 and in fiscal year 2014-2015; provided that the deposit required in each fiscal year shall be made by October 1 of that fiscal year; [and

~~+] (3) [+~~ Commencing with fiscal year 2018-2019, a sum from all general excise tax revenues realized by the State that represents the difference between the state public employer's annual required contribution for the separate trust fund established under section 87A-42 and the amount of the state public employer's contributions into that trust fund shall be deposited to the credit of the State's annual required contribution into that trust fund in each fiscal year, as provided in section 87A-42 ~~[+]~~; and

(4) A sum from all general excise tax revenues realized by the State that is equal to twenty-five per cent of the



1 total amount of the revenues shall be deposited into
2 the education special fund in each fiscal year for the
3 purpose of funding public education."

4 SECTION 4. There is appropriated out of the education
5 special fund the sum of \$ or so much thereof as may be
6 necessary for fiscal year 2018-2019 for the purpose of funding
7 public education.

8 The sum appropriated shall be expended by the department of
9 education for the purposes of this Act.

10 SECTION 5. Statutory material to be repealed is bracketed
11 and stricken. New statutory material is underscored.

12 SECTION 6. This Act shall take effect on July 1, 2018.



S.B. NO. 2261 S.D. 1

Report Title:

Public Education Funding; General Excise Tax; Special Fund;
Appropriation

Description:

Establishes the education special fund and allocates twenty-five per cent of the general excise tax revenue to be deposited into the education special fund to fund public education.
Appropriates moneys out of the education special fund. (SD1)

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