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# A BILL FOR AN ACT

RELATING TO EDUCATION FUNDING.

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

1 SECTION 1. Article X, section 1, of the Hawaii State  
2 Constitution requires the State to provide a system of public  
3 education. Unlike all of the other states, in Hawaii, the  
4 State, rather than a county or other local jurisdiction, is  
5 responsible for providing public education. As a result,  
6 funding for public education in Hawaii comes primarily from the  
7 general fund of the State.

8 Adequate funding is crucial to providing each of Hawaii's  
9 children with the opportunity for a high-quality education.  
10 However, some studies have found that educational funding in  
11 Hawaii may lag in comparison to districts on the mainland of  
12 similar size and cost of living. According to an analysis of  
13 real property taxes in Hawaii performed by the department of  
14 business, economic development, and tourism in 2017, for  
15 instance, Hawaii's educational expenditures, as a share of  
16 combined state and local government expenditures, is 27.3 per  
17 cent and ranks as the lowest in the nation.



1 Underfunding public schools undermines the State's goal of  
2 providing a high-quality education to all of Hawaii's children.  
3 Insufficient funding for education results in larger class  
4 sizes, a lack of adequate classroom supplies, elimination of  
5 arts and career-and-technical education courses, budget cuts for  
6 special education and English-language-learner programs, and an  
7 increasing number of vacant teacher positions. To prepare  
8 Hawaii's children to meet the economic and social demands of the  
9 twenty-first century, it is crucial to understand the amount of  
10 funding necessary to support student learning.

11 The purpose of this Act is to require the department of  
12 education to contract with a consulting firm that specializes in  
13 school finance, particularly with respect to adequacy studies of  
14 public education systems in multiple states, to perform a study  
15 on the adequacy of funding for education in Hawaii.

16 SECTION 2. (a) The department of education shall contract  
17 with a consulting firm that specializes in school financing,  
18 particularly with respect to adequacy studies of public  
19 education systems in multiple states, to perform a study on the  
20 adequacy of funding for education in Hawaii. The study shall:



- 1 (1) Employ multiple methods to evaluate school financing,  
2 which shall include the evidence-based method but may  
3 also include the professional judgement method, the  
4 successful schools method, the cost function method,  
5 comparable wage analysis, and hedonic wage analysis;
- 6 (2) Identify variables most closely associated with a  
7 high-quality education and estimate the amount of  
8 additional funding needed to provide all public school  
9 students with an equal educational opportunity;
- 10 (3) Compare Hawaii teacher salaries with teacher salaries  
11 in districts on the mainland of similar size and cost  
12 of living to determine compensation characteristics  
13 that affect the department of education's ability to  
14 recruit and retain qualified teachers;
- 15 (4) Evaluate the impact of school funding on student  
16 achievement, special-education programs, the  
17 availability of arts-and-culture curricula, access to  
18 public preschool and afterschool programs, the  
19 provision of wraparound care and student support  
20 systems, and any other issue related to the operation  
21 of Hawaii's public school system; and



1 (5) Assess the equity of funding among schools throughout  
2 the Hawaii public school system.

3 (b) The department shall report the findings and  
4 recommendations of the study, including any proposed  
5 legislation, to the legislature no later than twenty days prior  
6 to the convening of the regular session of 2022.

7 SECTION 3. There is appropriated out of the general  
8 revenues of the State of Hawaii the sum of \$100,000 or so much  
9 thereof as may be necessary for fiscal year 2019-2020 to  
10 contract with a consulting firm that specializes in school  
11 finance, particularly with respect to adequacy studies of public  
12 education systems in multiple states, to perform a study on the  
13 adequacy of funding for education in Hawaii.

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

16 SECTION 4. This Act shall take effect on July 1, 2050.



**Report Title:**

Education Funding in Hawaii; Study

**Description:**

Requires the Department of Education to contract with a consulting firm that specializes in school finance, particularly with respect to adequacy studies of public education systems in multiple states, to perform a study on the adequacy of funding for education in Hawaii. Appropriates funds. (HB243 HD1)

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