
A BILL FOR AN ACT

RELATING TO EDUCATION FUNDING.

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

1 SECTION 1. The legislature finds that in the United
2 States, the federal government leaves to the individual states
3 the kuleana (responsibility) of providing funding for public
4 education and ensuring that the related educational financing
5 systems are founded on sound governance principles. Article X,
6 section 1 of the Hawaii State Constitution further provides for
7 the "establishment, support and control of a statewide system of
8 public schools..., including physical facilities therefor."
9 Education appropriations for the K-12 public school system
10 account for roughly twenty per cent of the entire state budget,
11 reflecting the uniquely important regard Hawaii's people have
12 for the State's educational system.

13 The legislature further finds that the department of
14 education is the only single statewide educational district in
15 the United States. Serving roughly one hundred eighty thousand
16 students, the department provides much more than classroom
17 instruction by also providing non-instructional services that



1 benefit communities throughout the State. These non-
2 instructional services include food services, homeless liaison
3 services, mental and behavioral health services, emergency
4 shelter during natural disasters, and access to broadband and
5 internet infrastructure. As such, the department serves as a
6 tremendous safety net for a significant number of Hawaii
7 families.

8 The legislature additionally finds that the year 2020 was
9 largely characterized by the onset of the coronavirus
10 disease 2019 (COVID-19) pandemic and its decimation of the
11 economies across the globe. Consistently, the State faces a
12 dire fiscal challenge with drastic cuts to the state budget and
13 virtually every government service it provides, including
14 education. The threat of decreased funding for K-12 public
15 education reduces access to learning and the existence of
16 critical safety nets for a significant number of students,
17 particularly the department's most vulnerable learners and their
18 families.

19 The legislature recognizes that a vibrant K-12 public
20 education system enables the fulfillment of educational goals
21 and aspirations far beyond a student's successful completion of



1 secondary education requirements. Stability and predictability
2 in the department's funding are critical and requisite
3 components in maintaining its capacity to meet constantly
4 evolving learning needs and the ability to design appropriate
5 learning and support systems for haumana and their ohana.

6 The legislature further finds that it must build on the
7 foundation established by the weighted student formula of
8 ensuring equity in access to educational opportunities for all
9 students. It is also incumbent on the legislature to promote
10 predictability and stability of K-12 education revenues by
11 committing a base of annual funding in the face of changing
12 circumstances to ensure the continuous and uninterrupted
13 equitable distribution of educational resources for all public
14 school students.

15 The purpose of this Act is to:

- 16 (1) Establish maintenance of effort provisions for free
17 education;
- 18 (2) Establish a public education stabilization trust fund;
19 and
- 20 (3) Appropriate funds for the maintenance of effort for
21 K-12 educational programs.



1 SECTION 2. Chapter 237, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§237- Public education stabilization trust fund;
5 remittances. If appropriations to the department of education
6 for the current fiscal year are less than the preceding fiscal
7 year, the sum from all general excise tax revenues realized by
8 the State that represents the difference between the preceding
9 fiscal year appropriation and the current fiscal year
10 appropriation shall be deposited to the credit of the public
11 education stabilization trust fund."

12 SECTION 3. Chapter 302A, Hawaii Revised Statutes, is
13 amended by adding a new subpart to part V to be appropriately
14 designated and to read as follows:

15 " . MAINTENANCE OF EFFORT

16 §302A- **Definitions.** As used in this subpart, unless
17 the context otherwise requires, "preceding fiscal year" means
18 the state fiscal year, or the twelve-month fiscal period most
19 commonly used for official reporting purposes, prior to the
20 beginning of the state fiscal year in which funds are available
21 for obligation by the department.



1 **§302A- Appropriations.** (a) Appropriations to the
2 department for the provision of free education for the current
3 fiscal year shall not be less than the appropriations to the
4 department for the preceding fiscal year.

5 (b) If appropriations to the department for the current
6 fiscal year are less than the preceding fiscal year, then the
7 aggregate proportion of the department's annual appropriations
8 from the general fund over the preceding ten years shall be
9 maintained as the appropriation to the department.

10 (c) If appropriations to the department for the current
11 fiscal year are less than the preceding fiscal year, the
12 difference between the preceding fiscal year appropriation and
13 the current fiscal year appropriation shall be deposited to the
14 credit of the public education stabilization trust fund.

15 **§302A- Temporary suspension.** (a) Upon a declaration
16 by the governor concurred to by the legislature, the maintenance
17 of effort provisions pursuant to this subpart may be temporarily
18 suspended for any of the following reasons:

19 (1) A precipitous decline in the general fund revenue of
20 the State as declared in an emergency proclamation by
21 the governor;



1 (2) Exceptional or uncontrollable circumstances, such as a
2 natural disaster; or

3 (3) The total enrollment of students attending department
4 schools falls below ten per cent of the average
5 official enrollment counts over the current and
6 preceding three school years.

7 (b) The suspension shall last until the legislature, with
8 the approval of the governor, determines that the maintenance of
9 effort provisions shall be reinstated. The suspension shall
10 automatically terminate no later than the start of the new
11 biennial period following the temporary suspension."

12 SECTION 4. Chapter 302A, Hawaii Revised Statutes, is
13 amended by adding a new section to part V to be appropriately
14 designated and to read as follows:

15 "§302A- Public education stabilization trust fund;
16 established. (a) There is established within the state
17 treasury a trust fund to be known as the public education
18 stabilization trust fund into which shall be deposited:

19 (1) All moneys transferred pursuant to section 237- for
20 the provision of free public education;



1 (2) Any other appropriations by the legislature to the
2 trust fund; and

3 (3) Income and capital gains earned by the trust fund.

4 (b) The public education stabilization trust fund shall be
5 administered by the department and used to fund any program in
6 the state budget; provided that the board shall approve all
7 expenditures of the fund made by the department prior such
8 expenditure.

9 (c) The department shall submit to the director of finance
10 a report that shall be prepared in the form described by the
11 director of finance and shall identify the total amount of funds
12 that will carry over to the next fiscal year. The department
13 shall submit the report to the director of finance within ninety
14 days of the close of each fiscal year and a copy of the
15 information contained in the report to the director of finance
16 shall be included within the agency's report to the
17 legislature."

18 SECTION 5. There is appropriated out of the general
19 revenues of the State of Hawaii the sum of \$ or so
20 much thereof as may be necessary for fiscal year 2021-2022 to be



1 deposited into the public education stabilization trust fund
2 established pursuant to section 4 of this Act.

3 SECTION 6. There is appropriated out of the public
4 education stabilization trust fund the sum of \$ or so
5 much thereof as may be necessary for fiscal year 2021-2022 and
6 the same sum or so much thereof as may be necessary for fiscal
7 year 2022-2023 for the maintenance of effort for K-12
8 educational programs as required by section 3 of this Act.

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

11 SECTION 7. New statutory material is underscored.

12 SECTION 8. This Act shall take effect on July 1, 2051;
13 provided that sections 5 and 6 shall take effect on July 1,
14 2021.



S.B. NO. 815
S.D. 2
H.D. 1

Report Title:

Department of Education; Maintenance of Effort; Trust Fund;
Appropriation

Description:

Establishes maintenance of effort provisions for free education.
Establishes a public education stabilization trust fund.
Appropriates funds. Effective 7/1/2051. (HD1)

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