
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 of providing funding for public education and
4 ensuring that the related educational financing systems are
5 founded on sound governance principles. Article X, section 1 of
6 the Hawaii State Constitution further provides for the
7 "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 department of education is the only single statewide
14 educational district in the United States. Serving roughly one
15 hundred eighty thousand students, the department provides much
16 more than classroom instruction but also non-instructional
17 services that benefit communities throughout the State. These



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

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

17 A vibrant K-12 public education system enables the
18 fulfillment of educational goals and aspirations far beyond a
19 student's successful completion of secondary education
20 requirements. Stability and predictability in the department's
21 funding are critical and requisite components in maintaining its



1 capacity to meet constantly evolving learning needs and the
2 ability to design appropriate learning and support systems for
3 haumana and their ohana.

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

13 The purpose of this Act is to;

- 14 (1) Establish maintenance of effort provisions;
- 15 (2) Establish a public education stabilization trust fund;
- 16 (3) Require reports; and
- 17 (4) Make appropriations.

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



1 **§302A-B Maintenance of effort; appropriations.** If state
2 appropriations to the department for the current fiscal year are
3 less than the preceding fiscal year, the difference between the
4 preceding fiscal year appropriation and the current fiscal year
5 appropriation shall be deposited to the credit of the public
6 education stabilization trust fund, as provided in section
7 237- , to maintain the department's funding at the preceding
8 fiscal year's level.

9 **§302A-C Maintenance of effort; temporary suspension.** (a)
10 Upon a declaration by the governor concurred to by the
11 legislature, the maintenance of effort provisions pursuant to
12 this chapter may be temporarily suspended for any of the
13 following reasons:

- 14 (1) A sudden and severe decline in the general fund
15 revenue of the State as declared in an emergency
16 proclamation by the governor;
- 17 (2) Exceptional or uncontrollable circumstances, such as a
18 natural disaster; or
- 19 (3) The total enrollment of students attending department
20 schools falls below ten per cent of the average



1 official enrollment counts over the current and
2 preceding three school years.

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

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

11 "§302A- Public education stabilization trust fund;
12 established. (a) There is established within the state
13 treasury a trust fund to be known as the public education
14 stabilization trust fund into which shall be deposited:

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

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

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

20 (b) The public education stabilization trust fund shall be
21 administered by the department and used to compensate for any



1 reductions in general fund appropriations for direct school
2 funding programs in the state budget from the preceding fiscal
3 year to the current fiscal year subject to subpart ; provided
4 that public charter school programs shall be compensated to the
5 same extent as public school programs.

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

15 SECTION 5. No later than twenty days prior to the
16 convening of the regular session of 2022, the department of
17 budget and finance shall submit to the legislature a report on
18 the general excise tax revenues diverted from the general fund
19 to the public education stabilization trust fund and the impact
20 that diversion had on other state departments and operations.



1 SECTION 6. The department of budget and finance shall
2 approve a report that shall be prepared by the department of
3 education regarding the amount of money spent from the public
4 education stabilization trust fund, which shall be submitted to
5 the legislature no later than twenty days prior to the convening
6 of the regular session of 2022.

7 SECTION 7. There is appropriated out of the general
8 revenues of the State of Hawaii the sum of \$ or so
9 much thereof as may be necessary for fiscal year 2021-2022 to be
10 deposited into the public education stabilization trust fund
11 established pursuant to section 4 of this Act.

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

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

20 SECTION 9. In codifying the new sections added by section
21 3 of this Act, the revisor of statutes shall substitute



1 appropriate section numbers for the letters used in designating
2 the new sections in this Act.

3 SECTION 10. New statutory material is underscored.

4 SECTION 11. This Act shall take effect on July 1, 2050.



Report Title:

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

Description:

Establishes maintenance of effort provisions. Establishes a public education stabilization trust fund. Requires reports. Makes appropriations. Effective 7/1/2050. (SD2)

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