

STAND. COM. REP. NO.

1227

Honolulu, Hawaii

MAR 23 , 2021

RE: S.B. No. 815
S.D. 2
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-First State Legislature
Regular Session of 2021
State of Hawaii

Sir:

Your Committee on Education, to which was referred S.B. No. 815, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO EDUCATION FUNDING,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Establish maintenance of effort provisions for free education in the State;
- (2) Authorize the Governor, with the concurrence of the Legislature, to temporarily suspend the maintenance of effort provisions under certain circumstances;
- (3) Establish a Public Education Stabilization Trust Fund, into which an amount of general excise tax revenues equal to the difference between the level of state appropriations to the Department of Education from the preceding fiscal year and the current fiscal year shall be deposited, if the appropriation in the current fiscal year is less than the appropriation in the preceding fiscal year;
- (4) Establish reporting requirements; and

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- (5) Appropriate monies into and out of the Public Education Stabilization Trust Fund for the maintenance of effort for K-12 educational programs.

Your Committee received testimony in support of this measure from the Department of Education, State Public Charter School Commission, Democratic Party of Hawai'i Education Caucus, and one individual. Your Committee received testimony in support of the intent of this measure from the Board of Education, Hawaii State Teachers Association, Kamehameha Schools, and Special Education Advisory Council. Your Committee received testimony in opposition to this measure from the Department of Budget and Finance. Your Committee received comments on this measure from the Tax Foundation of Hawaii and Hui for Excellence in Education.

Your Committee finds that the COVID-19 pandemic has severely reduced the economic gains the State made prior to the pandemic. The State faces a dire fiscal challenge with drastic cuts to the state budget and every government service it provides, including education. Your Committee additionally finds that to ensure predictability and stability of K-12 education revenues, a commitment to a base of annual funding in the face of changing circumstances is needed to guarantee the continuous and uninterrupted equitable distribution of educational resources for all public school students.

Your Committee has amended this measure by:

- (1) Deleting its contents and inserting the contents of H.B. 611 H.D. 1, Regular Session of 2021, a substantially similar measure previously passed by the House that:
 - (A) Establishes maintenance of effort provisions for free education in the State;
 - (B) Establishes the Public Education Stabilization Trust Fund into which shall be deposited the sum from all general excise tax revenues realized by the State that represents the difference between the preceding fiscal year appropriation and the current fiscal year appropriation if appropriations to the Department of Education for the current

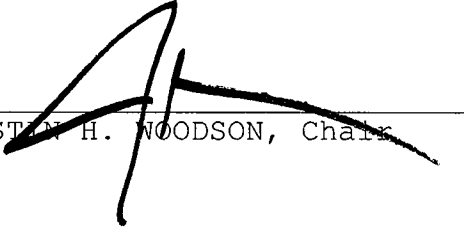


fiscal year are less than the preceding fiscal year;

- (C) Requires the approval of the Board of Education prior to any expenditures from the Public Education Stabilization Trust Fund; and
 - (D) Appropriates funds for the maintenance of effort for K-12 educational programs;
- (2) Changing its effective date to July 1, 2051; and
 - (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 815, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 815, S.D. 2, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Education,



JUSTIN H. WOODSON, Chair



Record of Votes of the Committee on Education

Bill/Resolution No.: SB 815, SO 2	Committee Referral: EDN, FIN	Date: 3/16/2021		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
EDN Members	Ayes	Ayes (WR)	Nays	Excused
1. WOODSON, Justin H. (C)	✓			
2. KAPELA, Jeanne (VC)	✓			
3. BELATTI, Della Au	✓			
4. DeCOITE, Lynn	✓			
5. GANADEN, Sonny	✓			
6. GATES, Cedric Asuega	✓			
7. HASHIMOTO, Troy N.	✓			
8. OHNO, Takashi				✓
9. QUINLAN, Sean	✓			
10. TAKAYAMA, Gregg	✓			
11. YAMANE, Ryan I.	✓			
12. OKIMOTO, Val			✓	
TOTAL (12)	10	0	1	1
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <small style="margin-left: 100px;">committee acronym(s)</small>				
Vice Chair's or designee's signature:				
Distribution: Original (White) - Committee Duplicate (Yellow) - Chief Clerk's Office Duplicate (Pink) - HMSO				