

JAN 21 2022

S.B. NO. 2550

A BILL FOR AN ACT

RELATING TO FEDERAL IMPACT AID.

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

1 SECTION 1. The legislature finds that the United States
2 Department of Defense is not meeting its financial obligations
3 to Hawaii's public schools. Pursuant to section 3 of United
4 States Public Law 81-874, the Department of Defense is required
5 to pay impact aid to the State to offset the financial burden on
6 the State's public education system of non-taxable military
7 lands and non-payment of income and general excise tax by
8 military personnel. However, according to the department of
9 education, in fiscal year 2019, the federal impact aid
10 reimbursement paid to the State was only 12.91 per cent of the
11 total per-pupil cost of educating eleven thousand to fourteen
12 thousand military students.

13 The legislature notes that, when reimbursing tuition for
14 federally connected students attending approved overseas
15 schools, the Department of Defense Education Activity office
16 calculates reimbursement rates using the "full cost recovery
17 method", in compliance with Government Accountability Office



1 guidelines. Applying this same methodology of full cost
2 recovery to military students in Hawaii, the Department of
3 Defense owes the State approximately \$170,687,000 to
4 \$217,238,000 for fiscal year 2019 alone.

5 The legislature recognizes that income tax and general
6 excise tax are the primary sources of funding for the department
7 of education. When Department of Defense families utilize the
8 State's public education system without paying full, or any,
9 income or excise taxes, and the Department of Defense does not
10 fully reimburse the State for these students' educational costs,
11 Hawaii residents and taxpayers effectively, and unfairly,
12 subsidize the military students' education. Over decades, this
13 amounts to several billion dollars owed by the Department of
14 Defense to the State for costs incurred by Hawaii's residents.
15 The legislature finds that an annual report to the legislature
16 and the public is needed to hold the Department of Defense
17 accountable for moneys owed.

18 Accordingly, the purpose of this Act is to require the
19 department of education to provide to the legislature and
20 publish on the department's website an annual summary of the



1 federal impact aid owed and paid by the United States Department
2 of Defense.

3 SECTION 2. (a) No later than twenty days prior to the
4 convening of the regular session of 2023 and no later than
5 twenty days prior to the convening of each regular session
6 thereafter, the department of education shall report to the
7 legislature and publish on the department's website a summary of
8 the federal impact aid owed and paid by the United States
9 Department of Defense pursuant to section 3 of United States
10 Public Law 81-874.

11 (b) Information reported to the legislature and published
12 on the department's website annually shall include:

13 (1) The total number of federally connected and military
14 students attending department of education schools and
15 the per-pupil cost of the students' education;

16 (2) The full cost recovery method calculation for federal
17 impact aid reimbursement owed for the year, in
18 compliance with Government Accountability Office
19 guidelines;

20 (3) The basic support payment calculation for federal
21 impact aid reimbursement owed for the year; and



1 (4) The total amount of federal impact aid paid that year
2 by the Department of Defense.

3 SECTION 3. This Act shall take effect upon its approval.

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INTRODUCED BY: Jana Acasio



S.B. NO. 2550

Report Title:

HDOE; DOD; Impact Aid; Annual Report

Description:

Requires the Department of Education to provide to the Legislature and publish on the department's website an annual summary of the Federal Impact Aid owed and paid by the United States Department of Defense.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

