

JAN 22 2021

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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. 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. Consistently, the State  
10 faces a dire fiscal challenge with drastic cuts to the state  
11 budget and virtually every government service it provides,  
12 including education. The threat of decreased funding for K-12  
13 public education reduces both access to learning and the  
14 existence of critical safety nets for a significant number of  
15 students, particularly the department's most vulnerable learners  
16 and their 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 and
- 17 (3) 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        **"§237-    Public education stabilization trust fund;**  
2 **remittances.**    The sum from all general excise tax revenues  
3 realized by the State that represents the difference between  
4 state appropriations to the department of education for the  
5 provision of free public education from the preceding fiscal  
6 year and the current fiscal year shall be deposited to the  
7 credit of the public education stabilization trust fund."

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

11                        "                        .        MAINTENANCE OF EFFORT

12        **§302A-    Definitions.** As used in this subpart, unless the  
13 context otherwise requires, "preceding fiscal year" means the  
14 state fiscal year, or the twelve-month fiscal period most  
15 commonly used for official reporting purposes, prior to the  
16 beginning of the state fiscal year in which funds are available  
17 for obligation by the department.

18        **§302A-    Maintenance of effort; appropriations.** (a) The  
19 state appropriations to the department for the provision of free  
20 education for the current fiscal year shall not be less than



1 state appropriations to the department for the preceding fiscal  
2 year.

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

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

14 **§302A- Maintenance of effort; temporary suspension. (a)**

15 Upon a declaration by the governor concurred to by the  
16 legislature, the maintenance of effort provisions pursuant to  
17 this chapter may be temporarily suspended for any of the  
18 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.

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

16           SECTION 5. There is appropriated out of the general  
17 revenues of the State of Hawaii the sum of \$                    or so  
18 much thereof as may be necessary for fiscal year 2021-2022 to be  
19 deposited into the public education stabilization trust fund  
20 established pursuant to section 4 of this Act.



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

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

9 SECTION 7. New statutory material is underscored.

10 SECTION 8. This Act shall take effect upon its approval;  
11 provided that sections 5 and 6 shall take effect on July 1,  
12 2021.

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INTRODUCED BY: Michelle R. Tedani





# S.B. NO. 015

**Report Title:**

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

**Description:**

Establishes maintenance of effort provisions. Establishes a public education stabilization trust fund. Makes appropriations.

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

