



STATE OF HAWAII
DEPARTMENT OF EDUCATION
KA 'OIHANA HO'ONA'AUAO
P.O. BOX 2360
HONOLULU, HAWAII 96804

Date: 03/20/2026

Time: 01:00 PM

Location: CR 229 & Videoconference

Committee: EDU

Department: Education

Person Testifying: Keith T. Hayashi, Superintendent of Education

Title of Bill: HB2345, HD1, RELATING TO SCHOOL FACILITIES.

Purpose of Bill: Requires the School Facilities Authority to establish geographically based capital improvement project districts for the localized management of deferred maintenance. Transfers all deferred maintenance functions, funds, and vacant facilities development branch positions from the Department of Education to the School Facilities Authority. Appropriates funds. Effective 7/1/3000. (HD1)

Department's Position:

The Hawaii State Department of Education (Department) appreciates the opportunity to provide comments in opposition to HB 2345, HD 1. The Department shares the Legislature's continued attention to addressing deferred maintenance needs across public school facilities and shares the goal of reducing the deferred maintenance backlog to ensure safe, functional learning environments statewide; however, this measure duplicates existing systems and would fragment a statewide structure that is functioning and continually improving.

The bill assumes that the backlog of deferred maintenance is a result of organizational centralization; however, the factors driving the backlog, including the age and complexity of facilities, evolving building codes, and historical fluctuations in funding, are not organizational in nature and are common challenges across public agencies and are not the result of the Department's organizational structure.

The bill also presumes that localized, district-based management does not currently exist. The Department clarifies that this approach is already in operation. The Department's deferred maintenance program is organized around geographically based school districts, supported by the Facilities Maintenance Branch on Oahu and the Department of Accounting and General Services crews on the neighboring islands. District Project Coordinators serve as school-facing extensions of the Department, providing on-the-ground coordination and responsiveness while remaining fully integrated into statewide prioritization and compliance systems.

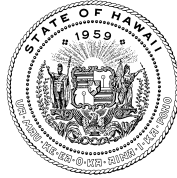
This hybrid model, school-level coordination within a consistent statewide framework, balances statewide equity for all schools while leveraging economies of scale and

shared expertise. It already delivers the responsiveness and local engagement that HB 2345, HD 1 seeks to create, without introducing a new, duplicative authority that would add complexity, create confusion, reduce efficiency, and create parallel systems competing for resources.

The Department, not the Hawaii School Facilities Authority, is best equipped to prioritize the daily and deferred maintenance needs of school campuses in alignment with school-level administrative directives and curriculum. The Facilities Development Branch has initiated an overhaul of its business objectives and operations. The first phase of this transformation involved the transition toward lump-sum budgeting and school-level prioritization. If allowed to retain all deferred maintenance functions, funds, and vacant Facilities Development Branch positions, the Legislature can expect to see increased transparency and accountability from the Department's deferred maintenance program.

For these reasons, the Department respectfully opposes HB 2345, HD 1.

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



KEITH A. REGAN
COMPTROLLER
KA LUNA HO'OMALU HANA LAULĀ

MEOH-LENG SILLIMAN
DEPUTY COMPTROLLER
KA HOPE LUNA HO'OMALU HANA LAULĀ

STATE OF HAWAII | KA MOKU'ĀINA O HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES | KA 'OIHANA LOIHELU A LAWELAWE LAULĀ
P.O. BOX 119, HONOLULU, HAWAII 96810-0119

WRITTEN TESTIMONY
OF
KEITH A. REGAN, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE

COMMITTEE ON EDUCATION

MARCH 20, 2026, 1:00P.M.
CONFERENCE ROOM 229 AND VIA VIDEOCONFERENCE, STATE CAPITOL

H.B. 2345, H.D. 1

RELATING TO SCHOOL FACILITIES

Chair Mercado Kim, Vice Chair Kidani, and members of the Committee, thank you for the opportunity to submit testimony on H.B. 2345, H.D. 1.

The Department of Accounting and General Services (DAGS) offers **comments** on HB 2345, HD1, which modernizes Hawai'i's approach to managing public school deferred maintenance. The bill requires the School Facilities Authority (SFA) to establish geographically based capital improvement project districts and transfer all deferred maintenance–related functions, funds and vacant Facilities Development Branch positions from the Department of Education (DOE) to the SFA.

DAGS–DOE Service Level Agreement (SLA) Considerations

The [Service Level Agreement \(SLA\) between the Department of Accounting and General Services \(DAGS\) and DOE](#), effective August 12, 2015, remains a central component of the State’s school repair and maintenance framework for the counties of Kaua’i, Maui and Hawai’i. Under this SLA:

- DAGS district offices receive and coordinate school repair and maintenance requests.
- DAGS provides emergency, minor and major repair services as defined by the SLA.
- DAGS is compensated for the work performed in support of the SLA.

Because HB 2345, HD1 transfers deferred maintenance responsibilities to the SFA, clarification is needed on whether SFA will assume the DOE’s role under the existing SLA and funding path or whether a successor agreement with DAGS must be executed to ensure continuity. This is critical to ensure continuity of services and clarity of reporting and funding.

Recommendations

If this measure were to move forward, we would encourage the committee to support an orderly and effective transition. As such, we respectfully recommend the measure be modified to require that an updated SLA be developed that establishes a relationship between the SFA and DAGS for all Neighbor Island school facilities that are

supported currently under the DOE-DAGS SLA. This update must include and reflect a clear scope of work, responsibilities, and expectations along with funding to support the work that DAGS will execute as part of the SLA.

Thank you for the opportunity to provide testimony on this measure.

JOSH GREEN, M.D.
GOVERNOR



RIKI FUJITANI
EXECUTIVE DIRECTOR



Hawai'i School Facilities Authority

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Senate Committee on Education

March 20, 2026

1:00 PM

Hawai'i State Capitol, Room 229

House Bill 2345 House Draft 1, Relating to School Facilities

Dear Chair Kim, Vice Chair Kidani, and Members of the Committee:

The Hawai'i School Facilities Authority (SFA) offers **comments** on House Bill 2345, House Draft 1, which would require the SFA to establish geographically based capital improvement project districts for the localized management of deferred maintenance and would transfer all deferred maintenance functions, funds, and vacant Facilities Development Branch positions from the Department of Education (DOE) to the SFA.

The SFA is committed to modernizing Hawai'i's public school environments to enhance educational outcomes, support student and staff well-being, and strengthen communities statewide. HB 2345 HD1 is of significant interest to the SFA because it proposes localizing the management of deferred maintenance, a critical and ongoing challenge affecting school facilities across the State.

Facilities management best practice defines deferred maintenance as the postponement of necessary repairs, replacements, and renewal work on buildings, infrastructure, and physical assets due to budget limitations or funding constraints. Deferred maintenance represents accumulated repair and renewal needs that remain unaddressed over time and may increase future costs, operational risks, or facility deterioration if not resolved. These needs are identified and quantified through facility condition assessments conducted by qualified architects, engineers, and building inspectors to evaluate building systems, identify deficiencies, and develop cost estimates.

Based on the foregoing, we recommend amending the definition of “deferred maintenance” (Page 4, Lines 3-6) to mean “the repair, replacement, or renewal of a department-owned building, facility, or other improvement that has been delayed past the ordinarily scheduled repair and maintenance cycle and may result in increased future costs, operational risks, or significant facility deterioration if left unaddressed; provided deferred maintenance shall not include routine, low-cost maintenance or minor repairs typically addressed through a standard operational budget appropriation.”

By establishing geographically based capital improvement project districts, this bill enables a more localized and responsive approach to managing deferred maintenance. Under the current structure, deferred maintenance activities are largely administered from O’ahu, including for neighbor island schools. HB 2345 HD1 would allow for regional oversight and management closer to the affected facilities, improving response times, strengthening coordination with school communities, and enhancing accountability for project execution and resource stewardship.

It is important to note that this bill does not impact the operations of repair and maintenance work orders executed by the DOE and the Department of Accounting and General Services (DAGS) and funded through general fund appropriations. Such repair and maintenance work orders would not fall under the deferred maintenance program. Each year, approximately 44,540 repair and maintenance work orders are completed by the DOE Facilities Maintenance Branch for O’ahu and DAGS for all other islands. These repair and maintenance work orders are categorized as follows:

1. Emergency work orders
2. Basic work orders for repairs and maintenance between \$0 to \$5,000
3. Minor work orders for repairs and maintenance between \$5,000 to \$15,000
4. Service contracts work orders executed by 70+ vendors

Deferred maintenance, especially as defined within this testimony, would essentially cover more significant repairs above the \$15,000 threshold.

If the Legislature determines that responsibility for a locally managed deferred maintenance program should be transferred from the DOE to the SFA, adequate transition resources will be essential. **To implement and administer this program effectively within the SFA, we request the authorization of at least seven positions exempted from civil service requirements.** This exemption is necessary to ensure timely hiring, maintain operational continuity, and support the specialized technical and program management functions required for deferred maintenance delivery.

We note that the Legislature typically appropriates funding for deferred maintenance to the DOE as a **capital improvement program lump sum**. This measure contemplates that the existing lump sum appropriation currently appropriated to the DOE would be

transferred to the SFA to support administration and implementation of the deferred maintenance program.

Mahalo for the opportunity to testify.

Sincerely,

Riki Fujitani
Executive Director



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION

AFSCME Local 152, AFL-CIO

RANDY PERREIRA, Executive Director • Tel: 808.543.0011 • Fax: 808.528.0922

The Thirty-Third Legislature, State of Hawaii
The Senate
Committee on Education

Testimony by
Hawaii Government Employees Association

March 20, 2026

H.B. 2345, H.D. 1 – RELATING TO SCHOOL FACILITIES

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO wishes to provide comments on H.B. 2345, H.D. 1, which requires the School Facilities Authority (SFA) to establish geographically based capital improvement project districts for the localized management of deferred maintenance.

We recognize and respect the Legislature's desire to have a centralized system for managing school capital improvement projects. Greater efficiency, accountability, and responsiveness to deferred maintenance projects are ones we fully support. However, this measure does not clearly define the authority, decision-making power, or operating scope of the School Facilities Authority (SFA) in relation to the Department. Add to that the role of the Department of Accounting and General Services which is involved in neighbor island school projects.

Without clear statutory delineation, this bill risks deepening the confusion and misalignment that already exist between these entities. Our members continue to experience inconsistent communication, unclear roles, and overlapping responsibilities between the SFA and the Department. Creating geographically based capital improvement project districts will just add another layer of bureaucracy.

For these reasons, we respectfully request that the Legislature refine this measure to ensure clear, non-overlapping definitions of authority and responsibility between the SFA, DOE, and DAGS, formalized processes for communication, coordination, and shared decision-making; and transparent accountability structures that prevent duplication, enhance efficiency, and a clear transition plan to ensure that students, schools, and communities receive the timely facilities improvements they have been promised.

Our members are committed to supporting safe and modern learning environments. To do that effectively, we need legislation that strengthens—not complicates—the governance structure guiding our public school facilities.

Thank you for the opportunity to provide comments on H.B. 2345, H.D. 1.

Respectfully submitted,


Randy Perreira
Executive Director



UNITED PUBLIC WORKERS

AFSCME Local 646, AFL-CIO

THE SENATE
KA 'AHA KENEKOA

THE THIRTY-THIRD LEGISLATURE
REGULAR SESSION OF 2026

COMMITTEE ON EDUCATION
Senator Donna Mercado Kim, Chair
Senator Michelle N. Kidani, Vice Chair

Friday, March 19, 2026, 1:00 PM
Conference Room 229 & Videoconference

Re: Testimony on HB2345, HD1 – RELATING TO SCHOOL FACILITIES

Chair Kim, Vice Chair Kidani, and Members of the Committee:

The United Public Workers, AFSCME Local 646, AFL-CIO (“UPW”) is the exclusive bargaining representative for approximately 14,000 public employees, which includes blue collar, non-supervisory employees in Bargaining Unit 1 and institutional, health, and correctional employees in Bargaining Unit 10, in the State of Hawaii and various counties.

UPW provides comments on HB2345, HD1, which requires the School Facilities Authority (“SFA”) to establish geographically based capital improvement project districts for the localized management of deferred maintenance.

UPW appreciates the Legislature’s continued efforts to address the deferred maintenance of Hawaii’s public school facilities, but we are concerned that establishing separate geographically based project districts may unintentionally undermine the efficiency, accountability, and responsiveness this bill hopes to generate. It is likely that without communication, coordination, and clearly defined authorities between DOE, SFA, and, in the case of neighbor island deferred maintenance projects, the Department of Accounting and General Services (“DAGS”), this legislation could worsen delays.

UPW is also concerned that the maintenance work, which had historically been performed by public workers, may be contracted out to the private sector without clearly defined responsibilities between DOE, SFA, and DAGS. UPW members remain committed to properly managed and maintained educational facilities, but we do not believe this legislation is the appropriate path forward.

Mahalo for the opportunity to testify on this measure.

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HB-2345-HD-1

Submitted on: 3/17/2026 9:36:57 PM

Testimony for EDU on 3/20/2026 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Ted Meehan	Individual	Support	Written Testimony Only

Comments:

With 40 years of facilities experience, school facilities and capital programs **belong with the Facilities Department.** Please support HB2345. Thank you.

Ted Meehan