
A BILL FOR AN ACT

RELATING TO STUDENT TRANSPORTATION.

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

1 SECTION 1. The legislature finds that, while the number of
2 school bus drivers has increased since the governor's August 2,
3 2024, emergency proclamation relating to school bus services,
4 the department of education continues to experience a school bus
5 driver shortage.

6 The legislature further finds that some school bus
7 contractors enter into contracts but are later unable to provide
8 transportation for all contracted routes. Under existing law,
9 the department of education cannot simply cancel or reassign the
10 unfulfilled portion of the contract. This leaves students
11 without access to school transportation.

12 The purpose of this Act is to provide the department of
13 education with flexibility to remove or suspend portions of
14 school bus contracts if the contractor does not provide services
15 for five or more instructional days, subject to approval by the
16 superintendent.



1 SECTION 2. Chapter 302A, Hawaii Revised Statutes, is
2 amended by adding a new section to part II, subpart C, to be
3 appropriately designated and to read as follows:

4 **"§302A- Student transportation contracts; failure to**
5 **provide service.** (a) Notwithstanding any law to the contrary,
6 when a contractor under a student transportation contract with
7 the department fails to provide service on a contracted service
8 capacity or designated service segment for five or more
9 consecutive instructional days, the superintendent may
10 temporarily suspend or remove the designated service segment or
11 segments from the contract.

12 (b) The superintendent may specify conditions and
13 timelines for, and other limitations on, the suspension or
14 removal of a contracted service capacity or designated service
15 segment, as deemed necessary to protect the public interest.

16 (c) In addition to subsection (a), the superintendent may
17 enter into an interim agreement with another qualified carrier
18 to provide transportation for the contracted service capacity or
19 capacities, or designated service segment or segments.

20 (d) An interim agreement executed pursuant to this section
21 shall be exempt from chapter 103D; provided that:



- 1 (1) The agreement shall be limited to the scope of the
2 suspended or removed contracted service capacity or
3 capacities, or designated service segment or segments;
- 4 (2) The agreement shall not exceed twelve months in
5 duration or the remainder of the school year,
6 whichever is less; and
- 7 (3) The department shall ensure compliance with all
8 applicable student safety standards.
- 9 (e) The department shall complete a competitive
10 procurement under chapter 103D for a permanent replacement
11 service within twelve months of executing an interim agreement
12 under subsection (d).
- 13 (f) The department may assess a financial penalty against
14 any contractor that fails to provide service on a contracted
15 service capacity or designated service segment without an
16 approved justification. The penalty may be up to one hundred
17 per cent of the daily contract rate or liquidated damages equal
18 to the reasonable cost of replacement transportation services,
19 whichever is greater, for each day the service is unfulfilled.
20 Collected penalties shall be deposited into the school bus fare
21 revolving fund under section 302A-407.5 and may be expended to



1 offset costs associated with procuring replacement
2 transportation services.

3 (g) The suspension or removal of a contracted service
4 capacity or designated service segment under this section shall
5 be deemed a termination for default in part pursuant to chapter
6 103D and applicable administrative rules.

7 (h) The removal or suspension of a contracted service
8 capacity or designated service segment under this section, and
9 the execution of an interim agreement, shall not otherwise
10 affect the validity or enforceability of the remaining portions
11 of the contract."

12 SECTION 3. . Section 302A-407.5, Hawaii Revised Statutes, is
13 amended by amending subsection (b) to read as follows:

14 "(b) Except as otherwise provided by the legislature,
15 moneys in the school bus fare revolving fund shall be used
16 [~~for~~]:

17 (1) For school busing services, as authorized by section
18 302A-406[-]; and

19 (2) To offset costs associated with procuring replacement
20 services for a student transportation contract under
21 section 302A- ."



1 SECTION 4. All requests for proposals issued by the
2 department of education for student transportation services, and
3 all contracts executed by the department of education for
4 student transportation services, after the effective date of
5 this Act, shall specifically reference section 302A- , Hawaii
6 Revised Statutes.

7 SECTION 5. This Act does not affect rights and duties that
8 matured, penalties that were incurred, and proceedings that were
9 begun before its effective date.

10 SECTION 6. Statutory material to be repealed is bracketed
11 and stricken. New statutory material is underscored.

12 SECTION 7. This Act shall take effect on July 31, 2055.



Report Title:

DOE; Superintendent; Student Transportation; Penalty; School Bus Fare Revolving Fund

Description:

Authorizes the Superintendent to hire a new contractor if a contractor under a student transportation contract fails to provide service on a contracted service capacity or designated service segment for five or more consecutive instructional days. Authorizes the Department of Education to assess a penalty if a contractor fails to provide service on a designated service segment without an approved justification. Authorizes the use of the School Bus Fare Revolving Fund to offset costs associated with procuring replacement services. Effective 7/31/2055.
(SD1)

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