
A BILL FOR AN ACT

RELATING TO CHARTER SCHOOL FACILITIES.

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

1 SECTION 1. The legislature finds that Hawaii has some of
2 the highest public school construction costs in the nation.
3 These costs make it difficult to provide adequate facilities for
4 students, particularly in areas experiencing rapid population
5 growth.

6 The legislature further finds that the school facilities
7 authority was established to deliver public school facilities in
8 a more timely and cost-effective manner, including through
9 public-private partnerships that leverage private sector
10 expertise and financing. In times of economic uncertainty, the
11 legislature recognizes the need to prioritize cost-efficiency
12 and community need.

13 The legislature additionally finds that in some
14 communities, longstanding facility needs and enrollment growth
15 have outpaced the State's ability to deliver schools through
16 traditional construction timelines, resulting in overcrowding
17 and limited access to quality public education options for



1 students and families. In the current fiscal climate, the
2 legislature believes that innovative, cost-effective delivery
3 models are even more necessary to respond to urgent community
4 needs while responsibly and transparently stewarding public
5 resources.

6 The purpose of this Act is to:

- 7 (1) Authorize the school facilities authority to enter
8 into partnerships for the design, financing,
9 maintenance, or development of public school
10 facilities and projects on privately-owned land;
- 11 (2) Require the school facilities authority to establish a
12 pilot program for the development of proposals for
13 three new public schools through public-private
14 partnerships, including but not limited to long-term
15 leases, leasebacks, acquisitions, or sales of land and
16 assets; and
- 17 (3) Evaluate the effectiveness of the pilot program
18 through reports to the legislature.

19 SECTION 2. Section 302A-1703, Hawaii Revised Statutes, is
20 amended by amending subsection (c) to read as follows:



- 1 "(c) Except as otherwise limited by this chapter, the
2 authority may also:
- 3 (1) Have a seal and alter the same at its pleasure;
- 4 (2) Subject to subsection (b), make and execute contracts
5 and all other instruments necessary or convenient for
6 the exercise of its powers and functions under this
7 subpart;
- 8 (3) Make and alter bylaws for its organization and
9 internal management;
- 10 (4) Adopt rules pursuant to chapter 91 with respect to its
11 projects, operations, properties, and facilities,
12 including qualifications for persons and entities
13 wishing to enter into a public-private partnership
14 with the authority, as permitted in paragraph (7);
- 15 (5) Acquire or contract to acquire by grant or purchase
16 real, personal, or mixed property or any interest
17 therein; to clear, improve, and rehabilitate and to
18 sell, assign, exchange, transfer, convey, lease,
19 subdivide, or otherwise dispose of or encumber the
20 same;



- 1 (6) Acquire property by condemnation pursuant to chapter
2 101;
- 3 (7) Enter into partnerships with qualified persons,
4 including public-private partnerships, as defined in
5 the authority's rules, to acquire, construct,
6 reconstruct, rehabilitate, improve, alter, or provide
7 for the design, financing, construction,
8 reconstruction, improvement, [~~or~~] alteration, or
9 maintenance of any project, including prekindergarten
10 facilities[+], public charter school facilities, and
11 projects on privately-owned land; and sell, assign,
12 transfer, convey, exchange, lease, or otherwise
13 dispose of or encumber any project; and in the case of
14 the sale of any project, accept a purchase money
15 mortgage in connection therewith;
- 16 (8) Grant options to purchase any project or to renew any
17 lease entered into by it in connection with any of its
18 projects, on terms and conditions as it deems
19 advisable;
- 20 (9) Prepare or cause to be prepared plans, specifications,
21 designs, and estimates of costs for the construction,



1 reconstruction, rehabilitation, improvement, or
2 alteration of any project, and from time to time to
3 modify the plans, specifications, designs, or
4 estimates;

5 (10) Procure insurance against any loss in connection with
6 its property and other assets and operations in
7 amounts and from insurers as it deems desirable;

8 (11) Apply for and accept gifts or grants in any form from
9 any public agency or from any other source, including
10 gifts or grants from private individuals and private
11 entities;

12 (12) Borrow money or procure loan guarantees from the
13 federal government for or in aid of any project the
14 authority is authorized to undertake pursuant to this
15 chapter. Additionally, in connection with borrowing
16 or procurement of loan guarantees, the authority:

17 (A) Shall comply with conditions required by the
18 federal government pursuant to applicable
19 regulation or required in any contract for
20 federal assistance;



- 1 (B) Shall repay indebtedness incurred pursuant to
- 2 this section, including any interest thereon;
- 3 (C) May execute loan and security agreements and
- 4 related contracts with the federal government;
- 5 (D) May issue bonds pledging revenues, assessments,
- 6 or other taxes as security for indebtedness
- 7 incurred pursuant to this section; and
- 8 (E) May enter into financing agreements as that term
- 9 is defined in section 37D-1;
- 10 (13) Appoint or retain by contract one or more attorneys
- 11 who are independent of the attorney general to provide
- 12 legal services solely in cases of negotiations in
- 13 which the attorney general lacks the sufficient
- 14 expertise; provided that the independent attorney
- 15 shall consult and work in conjunction with the
- 16 designated deputy attorney general;
- 17 (14) Use the department of human resources development or
- 18 the department of education to recruit, hire, and
- 19 retain exempt employees, architects, engineers,
- 20 existing civil service positions, and other technical



- 1 positions for the development, planning, and
2 construction related to capital improvement projects;
- 3 (15) Partner with public and private development agencies
4 to develop:
- 5 (A) Housing on or off campus;
- 6 (B) Classrooms[+] and other public school facilities,
7 including those at public charter schools; and
- 8 (C) Prekindergarten, preschool, child care, and early
9 learning program facilities;
- 10 (16) Request any state or county agency to render services
11 to the authority;
- 12 (17) Transfer the property to another public agency or
13 contract to manage the leasing and property management
14 of housing projects; and
- 15 (18) Do any and all things necessary to carry out its
16 purposes and exercise the powers given and granted in
17 this subpart."

18 SECTION 3. (a) The school facilities authority shall
19 establish a pilot program to develop three new public schools
20 located in different geographic areas based on demonstrated need
21 through public-private partnerships, which may include but are



1 not limited to long-term leases, leasebacks, acquisitions, or
2 sales of land and assets.

3 (b) The school facilities authority shall issue requests
4 for proposals, which shall be evaluated based on:

5 (1) Cost savings to the State through a public-private
6 partnership, including any proposed resource
7 contributions by the State;

8 (2) How well the proposal mitigates unmet community needs
9 for public school capacity in an area, including
10 consideration of:

11 (A) Projected enrollment growth in the proposed area;
12 and

13 (B) Existing public school capacity in the proposed
14 area;

15 (3) The quality and durability of the design of the
16 proposed new school;

17 (4) The speed of delivery of the proposed new school;

18 (5) The availability of suitable public or private land
19 for the project site; and

20 (6) Compliance with applicable state laws.



1 (c) The school facilities authority may conduct a request
2 for information process before issuing any request for proposal
3 to solicit market feedback and identify potential delivery
4 methods.

5 (d) The school facilities authority shall submit an
6 interim report on the progress of the pilot program to the
7 legislature no later than twenty days prior to the convening of
8 the regular session of 2027. The report shall include, for each
9 request for proposals solicitation, the geographic area selected
10 and:

- 11 (1) The number of applicants;
- 12 (2) A summary of the project proposed by the awarded
13 proposal; and
- 14 (3) The state contributions proposed by the awarded
15 proposal, including any state funding the proposal
16 requests for fiscal year 2027-2028 and fiscal year
17 2028-2029.

18 (e) The school facilities authority shall submit a final
19 report of its findings and recommendations, including any
20 proposed legislation, to the legislature no later than twenty
21 days prior to the convening of the regular session of 2028. The



1 report shall include an analysis of the costs, efficiencies, and
2 challenges of the pilot program and a recommendation on whether
3 the program should be continued, expanded, terminated, or
4 otherwise adapted.

5 (f) The pilot program shall cease to exist on June 30,
6 2028.

7 SECTION 4. There is appropriated out of the general
8 revenues of the State of Hawaii the sum of \$ or so much
9 thereof as may be necessary for fiscal year 2026-2027 to develop
10 and administer the requests for proposals for the pilot program
11 as provided in section 3 of this Act.

12 The sum appropriated shall be expended by the school
13 facilities authority for the purposes of this Act.

14 SECTION 5. Statutory material to be repealed is bracketed
15 and stricken. New statutory material is underscored.

16 SECTION 6. This Act shall take effect on July 1, 2050.



Report Title:

School Facilities Authority; Pilot Program; Public-private Partnership; Request for Proposals; Reports; Appropriation

Description:

Authorizes the School Facilities Authority to use public-private partnerships for the development of public school facilities, including facilities at public charter schools. Requires the School Facilities Authority to establish a pilot program to develop three new public schools in areas based on demonstrated need through public-private partnerships. Requires reports to the Legislature. Appropriates funds. Effective 7/1/2050.
(SD2)

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