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# 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           Accordingly, the purpose of this Act is to strengthen the  
13 reliability, flexibility, safety, and accountability of student  
14 transportation by:

15           (1) Requiring the department of education to:



- 1 (A) Remove or suspend portions of school bus
- 2 contracts if the contractor does not provide
- 3 services for five or more instructional days; and
- 4 (B) Enter into one or more interim agreements with
- 5 multiple qualified carriers and to divide
- 6 transportation routes or service areas into
- 7 smaller segments as necessary to maintain
- 8 continuity of service; and
- 9 (2) Ensuring the consistent enforcement of financial
- 10 penalties for contractor nonperformance by excluding
- 11 routine workforce shortages as a valid justification
- 12 absent a declared state of emergency specifically
- 13 affecting the workforce.

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

17 "§302A- Student transportation contracts; failure to  
 18 provide service. (a) Notwithstanding any law to the contrary,  
 19 when a contractor under a student transportation contract fails  
 20 to provide service on a contracted route for five or more  
 21 consecutive instructional days, the department may recommend to



1 the governor the suspension or removal of the affected route or  
2 routes from the contract.

3 (b) The governor may specify conditions and timelines for,  
4 and other limitations on, the suspension or removal of a route,  
5 as deemed necessary to protect the public interest.

6 (c) Upon written approval by the governor, the department  
7 shall:

8 (1) Remove or temporarily suspend the affected route or  
9 routes from the contract; and

10 (2) Enter into one or more interim agreements with one or  
11 more qualified carriers to provide transportation for  
12 the affected route or routes, including through the  
13 division of a single route or service area into  
14 multiple segments.

15 (d) An interim agreement executed under this section shall  
16 be exempt from chapter 103D; provided that:

17 (1) The agreement shall be limited to the scope of the  
18 suspended or removed route or routes;

19 (2) The agreement shall not exceed thirty months in  
20 duration; and



1       (3) The department shall ensure compliance with all  
2           applicable student safety standards.

3       (e) The department shall complete a competitive  
4 procurement process under chapter 103D for a permanent  
5 replacement service within thirty months of executing an interim  
6 agreement under subsection (d).

7       (f) The department shall assess a financial penalty  
8 against any contractor that fails to provide service on a  
9 contracted route without an approved justification; provided  
10 that a lack of available labor or inability to recruit drivers  
11 shall not constitute an approved justification for failure to  
12 provide service absent a declared state of emergency  
13 specifically affecting the workforce. The penalty shall be one  
14 hundred per cent of the daily contract or liquidated damages  
15 equal to the reasonable cost of replacement transportation  
16 services, whichever is greater, for each day the route is  
17 unfulfilled. Collected penalties shall be deposited into the  
18 school bus fare revolving fund under section 302A-407.5 and may  
19 be expended to offset costs associated with procuring  
20 replacement transportation services for affected routes.



1        (g) The removal or suspension of a route under this  
2 section, and the execution of an interim agreement, shall not  
3 otherwise affect the validity or enforceability of the remaining  
4 portions of the contract.

5        (h) Beginning July 1, 2026, all requests for proposals  
6 issued and contracts executed by the department for student  
7 transportation services shall specifically reference this  
8 section."

9        SECTION 3. Section 302A-407.5, Hawaii Revised Statutes, is  
10 amended to read as follows:

11        "~~[{]~~**\$302A-407.5**~~[}]~~ **School bus fare revolving fund.** (a)  
12 There is established in the state treasury the school bus fare  
13 revolving fund, into which shall be deposited ~~[all]~~:

14        (1) All moneys received from students and parents or  
15 guardians of students by public schools for  
16 state-provided school busing services, as authorized  
17 by section 302A-406~~[+]~~; and

18        (2) Financial penalties assessed under section 302A- .

19        (b) Except as otherwise provided by the legislature,  
20 moneys in the school bus fare revolving fund shall be used  
21 ~~[for]~~:



- 1        (1) For school busing services, as authorized by section
- 2                    302A-406[-]; and
- 3        (2) To offset costs associated with procuring replacement
- 4                    services for a student transportation contract under
- 5                    section 302A- ."

6            SECTION 4. The department of education shall submit a  
7 quarterly report of its findings and activities pursuant to this  
8 Act to the legislature. Each report shall include but not be  
9 limited to:

- 10           (1) The total number of school bus driver vacancies by
- 11                county;
- 12           (2) The total number of school bus driver hires and
- 13                separations;
- 14           (3) The number of canceled or restored routes attributed
- 15                to provisions established pursuant to this Act;
- 16           (4) School bus driver retention at six, twelve, and
- 17                twenty-four months; and
- 18           (5) Specific barriers encountered and recommended
- 19                legislation.

20 Each report shall be posted to the department of education's  
21 website to be available for public review.



1 SECTION 5. This Act does not affect rights and duties that  
2 matured, penalties that were incurred, and proceedings that were  
3 begun before its effective date.

4 SECTION 6. Statutory material to be repealed is bracketed  
5 and stricken. New statutory material is underscored.

6 SECTION 7. This Act shall take effect upon its approval.

7



**Report Title:**

DOE; Student Transportation; Governor; Reports

**Description:**

Requires the Department of Education to hire a new contractor or contractors with the Governor's approval if a contractor under a student transportation contract fails to provide service on a contracted route for five or more consecutive instructional days. Requires the DOE to assess a penalty if a contractor fails to provide service on a contracted route without an approved justification. Specifies that the assessed penalties be deposited into the School Bus Fare Revolving Fund. Beginning 7/1/2026, requires all requests for proposals issued and contracts executed by the DOE for student transportation services to specifically reference certain new provisions. Authorizes the use of the School Bus Fare Revolving Fund to offset costs associated with procuring replacement services. Requires quarterly reports to the Legislature. (SD1)

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

