

STAND. COM. REP. NO. **2331**

Honolulu, Hawaii

FEB 18 2026

RE: S.B. No. 2549
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Sir:

Your Committee on Education, to which was referred S.B. No. 2549 entitled:

"A BILL FOR AN ACT RELATING TO STUDENT TRANSPORTATION,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Authorize the Department of Education to hire a new contractor if a contractor under a student transportation contract fails to provide service on a contracted route for five or more consecutive instructional days;
- (2) Require the Department to assess a penalty if a contractor fails to provide service on a contracted route without an approved justification;
- (3) Specify that the assessed penalties be deposited into the School Bus Fare Revolving Fund; and
- (4) Authorize the use of the School Bus Fare Revolving Fund to offset costs associated with procuring replacement services.



Your Committee received comments on this measure from the Department of the Attorney General, State Procurement Office, and Department of Education.

Your Committee finds that the State has been experiencing an acute shortage of school bus drivers. To fill gaps, the Department of Education has been contracting with commercial bus drivers to assist with transportation needs. However, recent disruptions to student transportation services caused by contractors failing to fulfill their obligations have presented a major barrier to stability and student success in the State's public education system. Unfulfilled bus routes compel parents or guardians to arrange alternative means of transportation for their students, disrupting daily schedules and burdening local residents. These disruptions often cause students to be tardy or miss school entirely, hindering their educational development. Your Committee notes that as the legislature explores options to ensure that there are appropriate mechanisms in place to promote route availability for children to get to school, this measure presents a possible solution to hold contractors accountable and compensate the State to find replacement services to support student success.

To increase accountability, your Committee has amended this measure by:

- (1) Requiring, rather than authorizing, the Department of Education to:
 - (A) Remove or temporarily suspend the affected route or routes from the contract; and
 - (B) Enter into one or more interim agreements with one or more qualified carriers to provide transportation for the affected route or routes, including through the division of a single route or service area into multiple segments;
- (2) Clarifying that a lack of available labor or inability to recruit drivers shall not constitute an approved justification for failure to provide service absent a declared state of emergency specifically affecting the workforce;



- (3) Increasing the financial penalty assessed against any contractor that fails to provide service on a contracted route without an approved justification to one hundred percent of the daily contract or liquidated damages equal to the reasonable cost of replacement transportation services, whichever is greater;
- (4) Requiring that, beginning July 1, 2026, all requests for proposals issued and contracts executed by the Department of Education for student transportation services specifically reference the provisions of law established pursuant to this measure;
- (5) Requiring the Department of Education to submit to the Legislature and post on its website for public review a quarterly report including information relating to the implementation of this measure, its impact on school bus driver shortages, and disruptions to student transportation services;
- (6) Amending section 1 to reflect its amended purpose; and
- (7) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2549, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2549, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Education,



DONNA MERCADO KIM, Chair



The Senate
 Thirty-Third Legislature
 State of Hawai'i

Record of Votes
Committee on Education
EDU

Bill / Resolution No.:* SB 2549	Committee Referral: EDU, WAM	Date: 02/13/2026		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
KIM, Donna Mercado (C)	/			
KIDANI, Michelle N. (VC)	/			
FUKUNAGA, Carol				/
HASHIMOTO, Troy N.				/
DECORTE, Samantha	/			
TOTAL	3			2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>Michelle N. Kidani</i>				
Distribution: Original Yellow Pink File with Committee Report Committee Drafting Agency				

***Only one measure per Record of Votes**