



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

Date: 03/03/2026

Time: 02:00 PM

Location: 308 VIA VIDEOCONFERENCE

Committee: FIN

Department: Education

Person Testifying: Keith T. Hayashi, Superintendent of Education

Title of Bill: HB1785, HD1, RELATING TO STUDENT TRANSPORTATION.

Purpose of Bill: Authorizes 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. Authorizes the use of the school bus fare revolving fund to offset costs associated with procuring replacement services. Effective 7/1/3000. (HD1)

Department's Position:

The Hawai'i State Department of Education (Department) appreciates the opportunity to provide comments on HB 1785, HD1 which seeks to address prolonged disruptions in school bus service and improve transportation reliability for students and families.

The Department supports efforts to improve service reliability; however, respectfully notes that statutory solutions must align with the State's contracted service model, procurement framework, and existing oversight mechanisms. Reallocating or suspending routes does not address the underlying constraint affecting service reliability—the ongoing statewide shortage of qualified school bus drivers. The Department is concerned that increased contractual uncertainty may further discourage carrier participation, potentially exacerbating capacity challenges rather than resolving them.

The bill authorizes interim agreements exempt from chapter 103D, Hawai Revised Statutes, for up to thirty months, with authorization to re-procure services. While limited flexibility may be appropriate to address short-term service gaps, extended exemptions from competitive procurement raise concerns regarding fairness, transparency, and proportionality, which are core principles of State procurement law.

The Department also notes that its current student transportation procurement and contract-management framework reflects extensive corrective actions taken in response to the State Auditor's Report No. 12-07, Management Audit of the Department of Education's School Bus Transportation Services, and subsequent follow-up reports.

As documented by the Office of the Auditor, the Department has made changes in response to recommendations to improve route planning, performance monitoring, contract administration, procurement coordination, and competitive bidding practices. Extended procurement exemptions or route-level contract fragmentation may undermine the changes made by the Department in response to the recommendations of the State Auditor.

The Department thanks the Committee for the opportunity to comment on HB 1785, HD1.

JOSH B. GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



BONNIE KAHAKUI
ADMINISTRATOR

DAYNA OMIYA
ASSISTANT ADMINISTRATOR

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TESTIMONY
OF
BONNIE KAHAKUI, ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE HOUSE COMMITTEE
ON
EDUCATION
MARCH 3, 2026, 2:00 PM

HOUSE BILL 1785, HD1
RELATING TO STUDENT TRANSPORTATION

Chair Todd, Vice Chair Takenouchi, and members of the committee, thank you for the opportunity to submit testimony on House Bill 1785, HD1, which authorizes the Department of Education (DOE) to suspend or terminate school bus contracts after five or more missed instructional days. The State Procurement Office (SPO) respectfully offers comments.

Comments

The intent of House Bill 1785, HD1, to enforce contractual remedies for non-performance, is already addressed in Hawaii Revised Statutes (HRS), Chapter 103D, Hawaii Public Procurement Code (Code), and Hawaii Administrative Rules (HAR) Chapter 3-125, which provide the statutory framework for contract enforcement, termination, and remedies for contractor non-performance. The DOE shall continue to consistently enforce the existing procurement requirements. Furthermore, redundant statutory requirements within the established framework may compromise the consistency and uniform application of the current Code.

Additionally, this bill authorizes the Governor to make procurement decisions related to the removal or suspension of school routes, and to approve interim agreements for providing transportation on affected school routes. However, pursuant to Chapter 103D-203, the Chief Procurement Officer for the Department of Education is the Superintendent of Education. Giving the Governor the authority to intervene in DOE contracting processes usurps the CPO's authority pursuant to HRS Section 103D-205. This section of the Hawaii Public Procurement Code reads as follows:

"§103D-205 Authority and duties of the chief procurement officer. (a) For their respective jurisdictions and unless otherwise specifically provided in this chapter, each chief procurement officer shall serve as the central procurement officer for the officer's respective jurisdiction and:

- (1) Procure or supervise the procurement of all goods, services, and construction;
- (2) Exercise general supervision and control over all inventories of goods;
- (3) Sell, trade, or otherwise dispose of surplus goods;
- (4) Establish and maintain programs for the inspection, testing, and acceptance of goods, services, and construction;
- (5) Coordinate with the administrator regarding procurement policies, opportunities for statewide innovation implementation, and concerns;
- (6) Report procurement contract data pursuant to requirements established by the administrator, in the form and manner prescribed by the state procurement office; and
- (7) Assist and cooperate with the administrator regarding any compliance review by the administrator pursuant to section 103D-206.

(b) Consistent with the provisions of this chapter and rules adopted by the policy board to implement its provisions, the chief procurement officers may adopt operational procedures to assist in the performance of these duties and responsibilities."

Authorizing one entity to intervene in another jurisdiction's procurement decisions establishes a precedent that procurement authority may be reassigned outside existing statutory structures. This undermines the uniform statewide framework established in HRS Chapter 103D and introduces uncertainty into procurement governance.

Such shifts in authority can also lead to inconsistent application of contract enforcement, and reduced vendor and public confidence. Ensuring that all agencies follow the same procurement requirements is essential to maintaining transparency, safeguarding taxpayer funds, and supporting fair and open competition.

Recommendation

The SPO respectfully recommends that the Committee defer House Bill 1785, HD1, as written and instead emphasize the consistent enforcement of existing procurement rules and contract provisions.

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

HB-1785-HD-1

Submitted on: 3/2/2026 2:20:33 PM

Testimony for FIN on 3/3/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Terri Yoshinaga	Individual	Support	Written Testimony Only

Comments:

I support this bill.

HB-1785-HD-1

Submitted on: 3/2/2026 4:42:48 PM

Testimony for FIN on 3/3/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Kori Oros	Individual	Support	Written Testimony Only

Comments:

Dear Committee Members,

I strongly support this bill.

The DOE needs more options and also we need to open up the bus market.

Kori Oros,

Central District Parent & Teacher

HB-1785-HD-1

Submitted on: 3/2/2026 5:12:28 PM

Testimony for FIN on 3/3/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Dori Sparlin	Individual	Support	Written Testimony Only

Comments:

Thank you for the opportunity to submit testimony in support of allowing the Department to change a school bus contractor if the contractor fails to provide bus service for five consecutive days.

Reliable school bus service is not a convenience — it is a necessity for many working families. When contracted providers are unable to consistently deliver transportation, the burden shifts immediately and significantly onto parents.

During the 2024–2025 school year bus driver shortage, my family was directly affected. We were informed a few days before the start of the school year that my child’s bus route was suspended indefinitely, and as a result, I had to abruptly adjust my work schedule in order to drop off and pick up my child each day. This created professional strain, scheduling conflicts, and added stress to our household. While I understand that workforce shortages can occur, families should not be left without recourse when service disruptions extend for multiple consecutive days.

Five consecutive days without bus service is not a minor disruption — it is a full school week. At that point, the lack of service becomes a systemic failure, not a temporary inconvenience. Providing the authority to change contractors under these circumstances creates accountability, protects students’ access to education, and supports working families who depend on reliable transportation.

Students should not lose instructional time, and parents should not be forced to repeatedly rearrange employment obligations due to preventable contractor performance issues.

I respectfully urge you to support this measure to ensure accountability and continuity of service for our keiki and their families.

Thank you for your consideration.

Sincerely,
Dori Sparlin

Mililani Complex, Central District

