



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

Date: 04/07/2026

Time: 10:31 AM

Location: CR 211 & Videoconference

Committee: WAM

Department: Education

Person Testifying: Keith T. Hayashi, Superintendent of Education

Title of Bill: HB1785, SD1, RELATING TO STUDENT TRANSPORTATION.

Purpose of Bill: 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)

Department's Position:

The Hawai'i State Department of Education (Department) appreciates the opportunity to provide comments on HB 1785, HD 1, SD1 which seeks to address prolonged disruptions in school bus service by authorizing limited suspension or removal or underperforming service segments and permitting interim transportation agreements.

The Department supports the bill's intent to restore service more quickly when students are left without transportation for five or more consecutive instructional days, and appreciates the limited authority granted to the Superintendent to address these disruptions.

However, the Department respectfully notes that the primary barrier to service reliability remains the statewide shortage of qualified school bus drivers, not the absence of contractual remedies. Reassigning or replacing routes does not address this underlying workforce constraint and may have limited long-term impact.

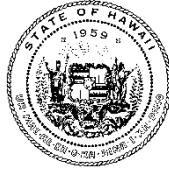
The Department is concerned that increased contractual uncertainty may further discourage carrier participation or investment. HB 1785, HD 1, SD 1 authorizes interim agreements exempt from Chapter 103D for up to twelve months or the remainder of the school year, whichever is less. While this flexibility may be justified in narrow, short-term circumstances, extended reliance on exemptions from competitive procurement raises concerns related to fairness, transparency, and proportionality, which are foundational 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, HD 1, SD 1.

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 SENATE COMMITTEE
ON
WAYS AND MEANS
April 7, 2026, 10:31 AM

HOUSE BILL 1785, SD1
RELATING TO STUDENT TRANSPORTATION

Chair Dela Cruz, Vice Chair Moriwaki, and members of the committee, thank you for the opportunity to submit testimony on House Bill 1785, HD1, SD1, which addresses the State Procurement Office's (SPO) comments that the Department of Education (DOE), as its own jurisdiction, shall have authority over their contracting processes. The State Procurement Office (SPO) respectfully offers comments.

This measure proposes to enforce additional contractual remedies for non-performance, which 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. Redundant statutory requirements within the established framework may compromise the consistency and uniform application of the current Code

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-SD-1

Submitted on: 4/6/2026 7:59:09 PM

Testimony for WAM on 4/7/2026 10:31:00 AM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|--|---------------------------|------------------------|
| Charmaine Doran | Testifying for Pearl City Neighborhood Board | Support | Written Testimony Only |

Comments:

I am submitting written testimony in strong support of HB1785 SD1. Improving student access to reliable school bus service has been a consistent legislative priority for our Board for several years, and this measure directly addresses the accountability gap that has harmed many communities throughout Hawaii.

Over many years, our Board has repeatedly heard from residents that reliable student transportation is foundational to education and neighborhood safety. In Pearl City, that need becomes urgent when route failures occur: we see increased absenteeism, increased pedestrian traffic without safety infrastructure, parents unable to report to work on time, and greater traffic congestion around campuses during peak hours. Our Board spends a substantial amount of time each month discussing road, traffic, and other safety issues directly related to school congestion. In short, a lack of school busing impacts our entire community.

This bill's core provisions empowers the Department of Education and provides an effective performance incentive for bus contractors. In truth, it is difficult to understand how the Department of Education and/or state procurement have allowed contracts to be awarded without adequate performance provisions. This bill presents an opportunity to fix this situation.

To strengthen transparency and enforcement, we respectfully suggest the Committee consider requiring DOE to publicly post notice of any contractor service cancellations. A transparent, timestamped public record protects families, supports enforcement, and builds community trust with the DOE.

We commend the introducers of this measure and this committee for looking thoroughly at ways to improve student transportation comprehensively. On behalf of the Pearl City Neighborhood Board, we respectfully urge the Committee to pass this bill.

Mahalo for your consideration,

Charmaine Doran

Vice Chair, Pearl City Neighborhood Board

Pearl City, HI

TESTIMONY OF
LARRY S VERAY

TO THE COMMITTEE ON WAYS AND MEANS

MOST STRONGLY SUPPORT HB1785, HD1, SD1

RELATED TO BUS TRANSPORTATION

March 6, 2026

Aloha, Chair Donovan, Vice Chair Moriwaki and committee members. I am Larry Veray, Chairman for the Pearl City Neighborhood Board No. 21 and I am submitting this testimony representing our board based on the previous approved resolutions and outgoing letters to our officials stating our requirement for the Department of Education (DOE) to provide reliable bus service for our students to travel to and from Pearl City High School. **I most STRONGLY SUPPORT HB1785, HD1, SD1.**

Every year as the Pearl City High School students return to school and the families of these students experience DOE sponsored bus driver transportation shortages; this shortfall extremely negatively impacts all these families because they have to find alternate transportation to get their children to school. It literally happens every year leaving these students and families high and dry since year 1991. On O'ahu, over 15,000 students ride the bus and other schools experience the same situation as what the Pearl City High School is experiencing.

Although the DOE has had their challenges in managing this specific problem set and concerned with increasing any contracts; it is the same thing over and over every year. A solution has been brought forward with this bill and all DOE staff needs to do is manage their contracts and holding those contractors accountable if they do not deliver.

I ask you to please approve HB1785, HD1, SD1 and fund this bill since reliable bus transportation to and from school is extremely important for academic success for our students. Mahalo!

Larry S. Veray

April 6, 2026

TESTIMONY IN SUPPORT WITH COMMENTS H.B. 1785, H.D. 1 – RELATING TO STUDENT
TRANSPORTATION

Dear Chair and Members of the Committee,

www.robortshawaii.com

Roberts Hawaii appreciates the opportunity to provide comments on SCR 101 regarding the transition to electric school buses. Thank you for the opportunity to provide testimony on H.B. 1785, H.D. 1.

We appreciate the Legislature's continued focus on addressing the ongoing student transportation challenges across Hawai'i. The intent of this measure, to provide the Department of Education with additional flexibility to address unserved routes, is both reasonable and necessary given the current operating environment.

As outlined in the bill, the Department would be authorized to suspend or remove routes and enter into interim agreements if service is not provided for five or more consecutive instructional days. This creates an important accountability mechanism and, in certain markets, may improve service continuity.

From an operational perspective, this bill presents both opportunity and risk.

On O'ahu and Maui, where there is relatively greater workforce availability and contractor capacity, this approach could allow operators like us to step in and assume routes where service gaps occur. In these environments, reassignment can be an effective tool to restore service quickly.

However, in more rural and constrained markets such as Kona, the underlying issue is not contractor performance. It is workforce availability. In these areas, reassigning routes from one contractor to another does not resolve the core constraint and may further destabilize service by shifting limited resources across providers.

Additionally, the bill expands the allowable use of the school bus fare revolving fund to offset costs associated with procuring replacement services. While this supports the State's ability to respond to service disruptions, it does not directly address the root cause of driver shortages in hard to staff regions.

For these reasons, we respectfully offer the following recommendation.

Provide the DOE with additional flexibility in the use of the school bus fare revolving fund to support targeted workforce solutions in hard to staff areas.

Specifically, we suggest allowing existing contractors to access funding, on a limited and controlled basis, to implement targeted recruitment and retention strategies in rural markets. These may include enhanced travel incentives, housing support, or other localized solutions necessary to attract and retain drivers.

Under the current contract pricing structure, contractors have limited ability to absorb these incremental costs, despite already offering daily incentives. Without targeted support, the risk remains that routes will continue to go unserved, regardless of which contractor holds the assignment.

This approach would better align with the intent of the bill by addressing the root cause of service gaps in rural markets, stabilizing existing operations rather than relying solely on reassignment, and maximizing the effectiveness of available funding.

In summary, we support the direction of this measure and believe it can be an effective tool in certain operating environments. With the addition of targeted flexibility to address workforce constraints in rural areas, the bill would more fully achieve its intended outcome of improving service reliability for students statewide.

Thank you for the opportunity to provide testimony.

Sincerely,



Noel Kamealoha
Vice President of Operations

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April 6, 2026

Senate Ways and Means Committee
The Capitol
Honolulu, Hawaii

Aloha Chair and Committee Members:

Please pass HB1785. As a grandparent, who too often must drive students to or from school, I believe it is important to give DOE more tools to enforce, cancel or replace school busing contracts.

Reliable school busing is also consistent with the Navahine lawsuit settlement. And more immediately beneficial to students, consistent, dependable school busing helps them perform well.

I strongly urge you to approve HB1785.

Mahalo and Best Regards,

A handwritten signature in black ink that reads "Daniel C. Smith". The signature is written in a cursive style with a large, prominent "D" and "S".

Daniel C (Dan) Smith