



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

Date: 02/12/2026

Time: 02:00 PM

Location: 309 VIA VIDEOCONFERENCE

Committee: EDN

Department: Education

Person Testifying: Keith T. Hayashi, Superintendent of Education

Title of Bill: HB1785, 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. Requires the Department 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. Authorizes the use of the school bus fare revolving fund to offset costs associated with procuring replacement services.

Department's Position:

The Hawai'i State Department of Education (Department) appreciates the opportunity to provide comments on HB 1785, 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, the Department 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.

First, the bill is premised on an assumption that individual school bus routes function as separable contractual units. In practice, student transportation services are procured through capacity-based contracts that bundle drivers, vehicles, maintenance, and operations. Routes are not procured or priced as standalone units. Authorizing the suspension or removal of individual routes from such contracts risks undermining pricing assumptions, disrupting operational efficiency, and raising enforceability concerns, including potential claims of improper partial termination.

Second, the bill authorizes interim agreements exempt from chapter 103D, Hawai'i Revised Statutes, for up to thirty months. 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. Exemptions of this duration risk bypassing competition for services that are no longer temporary.

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 respectfully submits these comments to emphasize the importance of improving service reliability while preserving procurement integrity, contractual stability, and long-term market participation.

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



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
KA 'OIHANA O KA LOIO KUHINA
THIRTY-THIRD LEGISLATURE, 2026**

ON THE FOLLOWING MEASURE:

H.B. NO. 1785, RELATING TO STUDENT TRANSPORTATION.

BEFORE THE:

HOUSE COMMITTEE ON EDUCATION

DATE: Thursday, February 12, 2026 **TIME:** 2:00 p.m.

LOCATION: State Capitol, Room 309

TESTIFIER(S): Anne E. Lopez, Attorney General, or
Anne T. Horiuchi, Deputy Attorney General

Chair Woodson and Members of the Committee:

The Department of the Attorney General (Department) provides the following comments.

The bill authorizes the Department of Education (DOE), upon written approval of the Governor, to suspend or remove a contracted school bus route from a contract when a contractor fails to provide service on that route for five or more consecutive instructional days. The bill further authorizes the DOE to enter into an interim agreement with another qualified carrier, exempts that interim agreement from chapter 103D, Hawaii Revised Statutes (HRS), subject to specified limitations, requires completion of a competitive procurement within thirty months, and mandates the assessment of financial penalties for unapproved service failures. Collected penalties are to be deposited into the School Bus Fare Revolving Fund and may be used to offset replacement service costs.

Although contractors are generally presumed to be aware of all applicable state and federal laws, the new section to be added to chapter 302A, HRS, establishes significant consequences for nonperformance, including the loss of routes, the modification of contracts, and financial penalties. To promote clarity and reduce the likelihood of disputes, the Department recommends adding a new section to the bill to require express reference to the new statute in DOE solicitations and contracts for student transportation services as follows:

SECTION . All requests for proposals issued by the department of education for student transportation services, and all contracts executed by the department of education for student transportation services, after the effective date of this Act, shall specifically reference section 302A- .

Thank you for the opportunity to provide comments on this bill.

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
FEBRUARY 12, 2026, 2:00 PM

HOUSE BILL 1785
RELATING TO STUDENT TRANSPORTATION

Chair Woodson, Vice Chair La Chica, and members of the committee, thank you for the opportunity to submit testimony on House Bill 1785, 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 and recommendations.

The SPO appreciates the measure to ensure accountability for contractor performance. However, we note that the enforcement of contractual remedies for non-performance is already addressed in Hawaii Revised Statutes (HRS) Chapter 103D, Hawaii Public Procurement Code, and Hawaii Administrative Rules (HAR) Chapter 3-125. These provisions establish a comprehensive framework for contract enforcement, termination, and remedies when contractors fail to performance. The DOE should continue to consistently enforce the existing procurement requirements. Furthermore, adding redundant statutory requirements within the established framework may compromise the consistent and uniform application of the current code.

The SPO respectfully recommends that the Committee defer House Bill 1785 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.



HOALOHA PROJECT

Serving foster keiki of Hawai'i

Aloha Chair Woodson and Members of the Committee,

Hoaloha Project respectfully offers **strong support** for HB1785. Through our work with vulnerable keiki and their 'ohana, we see firsthand how a lack of reliable transportation disproportionately impacts students already facing hardship – including foster youth, families who cannot afford private transportation, and households where parents or caregivers are disabled. When bus routes are unavailable or inconsistent, it often results in missed school days, academic setbacks, and increased stress for children who most need stability.

HB1785 **helps ensure more reliable school transportation** by strengthening the Department of Education's ability to secure and maintain bus services when regular routes are disrupted. For foster youth who may move from home to home, dependable transportation provides critical continuity and connection to trusted teachers and peers. This is especially important for students in Kaiapuni schools serving many Native Hawaiian keiki, who make up nearly half of the foster care population in Hawai'i. Maintaining consistent access to their learning environment and culture-based education supports both academic success and emotional well-being.

We also encourage partnerships with experienced nonprofit organizations, such as the YMCA, that have a proven track record coordinating youth transportation services.

Mahalo for your commitment to Hawaii's keiki.



HB-1785

Submitted on: 2/10/2026 9:19:39 PM

Testimony for EDN on 2/12/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Johnnie-Mae L. Perry	Individual	Support	Written Testimony Only

Comments:

I, Johnnie-Mae L. Perry Support

1785 HB RELATING TO STUDENT TRANSPORTATION

HB-1785

Submitted on: 2/11/2026 4:59:32 PM

Testimony for EDN on 2/12/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Daniel C. Smith	Individual	Support	Written Testimony Only

Comments:

Aloha Committee Members:

I write in my individual capacity but I note that the Pearl City Neighborhood Board has long supported improving school bus service.

This is "good sense" legislation to help DOE effectively manage school bus contracts. Please recommend passage.

Mahalo and Best Regards,

Daniel C. Smith

HB-1785

Submitted on: 2/11/2026 6:57:31 PM

Testimony for EDN on 2/12/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Deanna Espinas	Individual	Support	Written Testimony Only

Comments:

Testimony in support of holding bus contractors accountable

HB-1785

Submitted on: 2/11/2026 8:10:16 PM

Testimony for EDN on 2/12/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Tony Velasco	Individual	Support	Written Testimony Only

Comments:

Hi I strongly support this bill for the good our keikis in Pearl City.

HB-1785

Submitted on: 2/11/2026 10:17:34 PM

Testimony for EDN on 2/12/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Larry Veray	Individual	Support	Written Testimony Only

Comments:

Totally support HB1785.

HB-1785

Submitted on: 2/11/2026 11:31:20 PM

Testimony for EDN on 2/12/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Ted Meehan	Individual	Support	Written Testimony Only

Comments:

I support HB 1785.

Bus contractors need to be held accountable when they violate conditions of their contracts. Thank you.

Ted Meehan