

JOSH GREEN, M.D.
GOVERNOR



RIKI FUJITANI
EXECUTIVE DIRECTOR



Hawai'i School Facilities Authority

2759 S. KING STREET, ROOM H201
HONOLULU, HAWAII 96826

Senate Committee on Ways and Means

April 1, 2026
10:03 AM

Hawai'i State Capitol, Room 211

House Bill 2345 House Draft 1, Senate Draft 1, Relating to School Facilities

Dear Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee:

The Hawai'i School Facilities Authority (SFA) offers **comments** on House Bill 2345, House Draft 1, Senate Draft 1, which would require the SFA to establish geographically based capital improvement project districts for the localized management of deferred maintenance and would transfer all deferred maintenance functions, funds, and vacant Facilities Development Branch positions from the Department of Education (DOE) to the SFA.

The SFA is committed to modernizing Hawai'i's public school environments to enhance educational outcomes, support student and staff well-being, and strengthen communities statewide. HB 2345 HD1 SD1 is of significant interest to the SFA because it proposes localizing the management of deferred maintenance, a critical and ongoing challenge affecting school facilities across the State.

Facilities management best practice defines deferred maintenance as the postponement of necessary repairs, replacements, and renewal work on buildings, infrastructure, and physical assets due to budget limitations or funding constraints. Deferred maintenance represents accumulated repair and renewal needs that remain unaddressed over time and may increase future costs, operational risks, or facility deterioration if not resolved. These needs are identified and quantified through facility condition assessments conducted by qualified architects, engineers, and building inspectors to evaluate building systems, identify deficiencies, and develop cost estimates.

Based on the foregoing, we recommend amending the definition of “deferred maintenance” (Page 4, Lines 3-6) to mean “the repair, replacement, or renewal of a department-owned building, facility, or other improvement that has been delayed past the ordinarily scheduled repair and maintenance cycle and may result in increased future costs, operational risks, or significant facility deterioration if left unaddressed; provided deferred maintenance shall not include routine, low-cost maintenance or minor repairs typically addressed through a standard operational budget appropriation.”

By establishing geographically based capital improvement project districts, this bill enables a more localized and responsive approach to managing deferred maintenance. Under the current structure, deferred maintenance activities are largely administered from O‘ahu, including for neighbor island schools. HB 2345 HD1 SD1 would allow for regional oversight and management closer to the affected facilities, improving response times, strengthening coordination with school communities, and enhancing accountability for project execution and resource stewardship.

It is important to note that this bill does not impact the operations of repair and maintenance work orders executed by the DOE and the Department of Accounting and General Services (DAGS) and funded through general fund appropriations. Such repair and maintenance work orders would not fall under the deferred maintenance program. Each year, approximately 44,540 repair and maintenance work orders are completed by the DOE Facilities Maintenance Branch for O‘ahu and DAGS for all other islands. These repair and maintenance work orders are categorized as follows:

1. Emergency work orders
2. Basic work orders for repairs and maintenance between \$0 to \$5,000
3. Minor work orders for repairs and maintenance between \$5,000 to \$15,000
4. Service contracts work orders executed by 70+ vendors

Deferred maintenance, especially as defined within this testimony, would essentially cover more significant repairs above the \$15,000 threshold.

If the Legislature determines that responsibility for a locally managed deferred maintenance program should be transferred from the DOE to the SFA, adequate transition resources will be essential. **To implement and administer this program effectively within the SFA, we request the authorization of at least seven positions exempted from civil service requirements.** This exemption is necessary to ensure timely hiring, maintain operational continuity, and support the specialized technical and program management functions required for deferred maintenance delivery.

We note that the Legislature typically appropriates funding for deferred maintenance to the DOE as a **capital improvement program lump sum**. This measure contemplates that the existing lump sum appropriation currently appropriated to the DOE would be

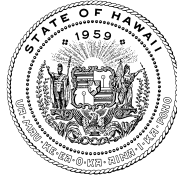
transferred to the SFA to support administration and implementation of the deferred maintenance program.

Mahalo for the opportunity to testify.

Sincerely,

Riki Fujitani
Executive Director

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



KEITH A. REGAN
COMPTROLLER
KA LUNA HO'OMALU HANA LAULĀ

MEOH-LENG SILLIMAN
DEPUTY COMPTROLLER
KA HOPE LUNA HO'OMALU HANA LAULĀ

STATE OF HAWAI'I | KA MOKU'ĀINA O HAWAI'I
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES | KA 'OIHANA LOIHELU A LAWELAWE LAULĀ
P.O. BOX 119, HONOLULU, HAWAII 96810-0119

WRITTEN TESTIMONY
OF
KEITH A. REGAN, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE

COMMITTEE ON WAYS AND MEANS

APRIL 1, 2026, 10:03 A.M.
CONFERENCE ROOM 211 AND VIA VIDEOCONFERENCE, STATE CAPITOL

H.B. 2345, H.D. 1, S.D. 1

RELATING TO SCHOOL FACILITIES

Chair Dela Cruz, Vice Chair Moriwaki, and members of the Committee, thank you for the opportunity to submit testimony on H.B. 2345, H.D. 1, S.D. 1.

The Department of Accounting and General Services (DAGS) offers **comments** on H.B. 2345, H.D. 1, S.D. 1 which modernizes Hawai'i's approach to managing public school deferred maintenance. The bill requires the School Facilities Authority (SFA) to establish geographically based capital improvement project districts and transfer all deferred maintenance–related functions, funds and vacant Facilities Development Branch positions from the Department of Education (DOE) to the SFA.

DAGS–DOE Service Level Agreement (SLA) Considerations

The [Service Level Agreement \(SLA\) between the Department of Accounting and General Services \(DAGS\) and DOE](#), effective August 12, 2015, remains a central component of the State’s school repair and maintenance framework for the counties of Kaua’i, Maui and Hawai’i (East Hawaii and West Hawaii). Under this SLA:

- DAGS district offices receive and coordinate school repair and maintenance requests.
- DAGS provides emergency, minor and major repair services as defined by the SLA.
- DAGS is compensated for the work performed in support of the SLA.

Because HB 2345, HD1 transfers deferred maintenance responsibilities to the SFA, clarification is needed on whether SFA will assume the DOE’s role under the existing SLA and funding path or whether a successor agreement with DAGS must be executed to ensure continuity. This is critical to ensure continuity of services and clarity of reporting and funding.

Recommendations

If this measure were to move forward, we would encourage the committee to support an orderly and effective transition. As such, we respectfully recommend the measure be modified to require that an updated SLA be developed that establishes a relationship between the SFA and DAGS for all Neighbor Island school facilities that are

supported currently under the DOE-DAGS SLA. This update must include and reflect a clear scope of work, responsibilities, and expectations along with funding to support the work that DAGS will execute as part of the SLA.

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



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

Date: 04/01/2026

Time: 10:03 AM

Location: CR 211 & Videoconference

Committee: WAM

Department: Education

Person Testifying: Keith T. Hayashi, Superintendent of Education

Title of Bill: HB2345, SD1, RELATING TO SCHOOL FACILITIES.

Purpose of Bill: Requires the School Facilities Authority to establish geographically based capital improvement project districts for the localized management of deferred maintenance. Transfers all deferred maintenance functions, funds, and vacant Facilities Development Branch positions from the Department of Education to the School Facilities Authority. Appropriates funds. Effective 7/31/2055. (SD1)

Department's Position:

The Hawaii State Department of Education (Department) appreciates the Legislature's continued focus on addressing deferred maintenance and shares the goal of ensuring safe, functional learning environments across all public schools. However, the Department respectfully opposes HB 2345, HD 1, SD 1 because it duplicates existing systems, fragments accountability, and disrupts improvement efforts already underway.

The bill suggests that centralized organization is the cause of deferred maintenance backlogs. However, these backlogs are driven by factors common to public agencies statewide, including aging facilities, evolving building codes, and inconsistent historical funding, rather than by the Department's organizational structure.

In practice, deferred maintenance is already managed through a geographically based, district-focused model. District Project Coordinators provide localized, on-the-ground support while remaining integrated into a statewide prioritization and compliance framework. This hybrid approach leverages shared expertise, avoids duplicative administrative layers, and maintains a unified system for planning and oversight.

Transferring deferred maintenance authority to the Hawaii School Facilities Authority (SFA) would divide responsibility for facilities between two agencies, creating operational misalignment and fracturing accountability. Under the proposed structure, the SFA would execute projects while the Department would remain accountable for school safety, compliance, and long-term facility conditions, without the authority needed to direct or manage the work. This division would weaken oversight, complicate lines of responsibility, and increase risk.

The Department has also begun significant reforms to modernize its facilities operations, including a shift to lump-sum budgeting and school-level prioritization. These steps represent meaningful structural changes to improve direct lines of communication within the Department and public transparency. The Department respectfully urges the Legislature to allow these improvements to mature and be evaluated before transferring authority, funds, and positions to another agency.

For these reasons, the Department respectfully opposes HB 2345, HD 1, SD 1.



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION

AFSCME Local 152, AFL-CIO

RANDY PERREIRA, Executive Director • Tel: 808.543.0011 • Fax: 808.528.0922

The Thirty-Third Legislature, State of Hawaii
The Senate
Committee on Ways and Means

Testimony by the
Hawaii Government Employees Association

April 1, 2026

H.B. 2345, H.D. 1, S.D. 1 – RELATING TO SCHOOL FACILITIES

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO wishes to provide comments on H.B. 2345, H.D. 1, S.D. 1, which requires the School Facilities Authority (SFA) to establish geographically based capital improvement project districts for the localized management of deferred maintenance.

We recognize and respect the Legislature's desire to have a centralized system for managing school capital improvement projects. Greater efficiency, accountability, and responsiveness to deferred maintenance projects are ones we fully support. However, this measure does not clearly define the authority, decision-making power, or operating scope of the School Facilities Authority (SFA) in relation to the Department. Add to that the role of the Department of Accounting and General Services which is involved in neighbor island school projects.

Without clear statutory delineation, this bill risks deepening the confusion and misalignment that already exist between these entities. Our members continue to experience inconsistent communication, unclear roles, and overlapping responsibilities between the SFA and the Department. Creating geographically based capital improvement project districts will just add another layer of bureaucracy.

For these reasons, we respectfully request that the Legislature have further discussions and refine this measure to ensure clear, non-overlapping definitions of authority and responsibility between the SFA, DOE, and DAGS, formalized processes for communication, coordination, and shared decision-making; and transparent accountability structures that prevent duplication, enhance efficiency, and a clear transition plan to ensure that students, schools, and communities receive the timely facilities improvements they have been promised.

Our members are committed to supporting safe and modern learning environments. To do that effectively, we need legislation that strengthens—not complicates—the governance structure guiding our public school facilities.

Thank you for the opportunity to provide comments on H.B. 2345, H.D. 1, S.D. 1.

Respectfully submitted,

Randy Perreira
Executive Director



UNITED PUBLIC WORKERS

AFSCME Local 646, AFL-CIO

THE SENATE
KA 'AHA KENEKOA

THE THIRTY-THIRD LEGISLATURE
REGULAR SESSION OF 2026

COMMITTEE ON WAYS AND MEANS
Senator Donovan M. Dela Cruz, Chair
Senator Sharon Y. Moriwaki, Vice Chair

Wednesday, April 1, 2026, 10:03 AM
Conference Room 211 & Videoconference

Re: Testimony on HB2345, HD1, SD1 – RELATING TO SCHOOL FACILITIES

Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee:

The United Public Workers, AFSCME Local 646, AFL-CIO (“UPW”) is the exclusive bargaining representative for approximately 14,000 public employees, which includes blue collar, non-supervisory employees in Bargaining Unit 1 and institutional, health, and correctional employees in Bargaining Unit 10, in the State of Hawaii and various counties.

UPW provides **comments** on HB2345, HD1, SD1, which requires the School Facilities Authority (“SFA”) to establish geographically based capital improvement project districts for the localized management of deferred maintenance. This measure also transfers all deferred maintenance functions, funds, and vacant Facilities Development Branch positions from the Department of Education “DOE” to the SFA.

UPW appreciates the Legislature’s continued efforts to address the deferred maintenance of Hawaii’s public school facilities, but we are concerned that establishing separate geographically based project districts may unintentionally undermine the efficiency, accountability, and responsiveness this bill hopes to generate. It is likely that without communication, coordination, and clearly defined authorities between DOE, SFA, and, in the case of neighbor island deferred maintenance projects, the Department of Accounting and General Services (“DAGS”), this legislation could worsen delays.

UPW is also concerned that the maintenance work, which had historically been performed by public workers, may be contracted out to the private sector without clearly defined responsibilities between DOE, SFA, and DAGS. UPW members remain committed to properly managed and maintained educational facilities, but we do not believe this legislation is the appropriate path forward.

Mahalo for the opportunity to testify on this measure.

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HB-2345-SD-1

Submitted on: 3/30/2026 7:43:06 PM

Testimony for WAM on 4/1/2026 10:03:00 AM

Submitted By	Organization	Testifier Position	Testify
Susan Pcola_Davis	Individual	Support	Written Testimony Only

Comments:

Strongly Support testimony from SFA Riki Fujitani. His recommendations to amend some of the wording makes sense.

He clearly understands the scope and needs the support and resources from the Legislature.

Our schools need a solution. This appears to be it.

We can't keep doing the same thing and expect better results. Time for a change. Riki will get it done.