

ACT 322

H.B. NO. 889

A Bill for an Act Relating to Family Literacy.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. The legislature finds that, according to a needs assessment conducted by the governor's office of children and youth in 1988, an estimated 154,000 adults in Hawaii are functionally illiterate. Research done nationally indicates that the literacy levels of children are strongly linked to those of their parents — particularly the mother. Additional research done by the national center for family literacy indicates that family literacy programs have proven to be effective in breaking the cycle of illiteracy.

Furthermore, the legislature finds that Hawaii's business community has joined in partnership with state and federal government to initiate, develop, and support literacy programs through the coordination of the governor's office of

children and youth's governor's council for literacy program.

The purpose of this Act is to continue the active public-private partnership for literacy by establishing a family literacy endowment and by doing so, provide permanent funding for the development of family literacy programs across the State.

SECTION 2. Chapter 581, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

“§581- Public-private partners for literacy trust fund. (a) There shall be established as a separate fund of the Hawaii community foundation, a Hawaii nonprofit corporation, by that certain instrument of gift dated May 2, 1991, a fund known as the public-private partners for literacy trust fund, the income and capital gains from which shall be used exclusively for family literacy programs, as defined in the instrument of gift. The public-private partners for literacy trust fund shall consist of sums appropriated for deposit into the fund, private contributions to the fund made to satisfy any matching conditions set forth in legislation or otherwise, and the income and capital gains earned by the fund. The public-private partners for literacy trust fund is and shall be subject to the following restrictions:

- (1) Only the income and capital gains earned by investment of the public-private partners for literacy trust fund may be expended;
- (2) Income and capital gains earned by investment of the public-private partners for literacy trust fund may not be used during any period that the value of the fund shall be less than the aggregate principal sum contributed to the fund; and
- (3) Restrictions as may be imposed with respect to transfers of funds in future legislation appropriating sums to be contributed to the fund.

(b) All state funds deposited into the fund as principal which are not matched by private contributions by June 30, 1992, shall be due and owing to the State on July 1, 1992. For purposes of this section, the requirement for matching private contributions shall be deemed satisfied if any of the following occurs prior to the date the funds are to be matched:

- (1) Cash, including the United States dollar equivalent of foreign currency, is received by the fund;
- (2) Interest and title in personal property, including securities and cash value of life insurance policies, and real property, valued by appraisal, market quotations, or other generally accepted valuation methods, are transferred to the fund; or
- (3) Pledges to the fund of cash or interest and title to real or personal property, payable not later than five full years following the date by which the funds contributed by the State are to be matched, are received by the fund; provided that any sums appropriated by the State and matched by such pledges within the matching period shall be due and owing to the State at the end of the five-year period to the extent that the sums appropriated by the State are not matched by actual payment of such pledges within the five-year period.

(c) The aggregate principal sum deposited in the public-private partners for literacy trust fund and any income and capital gain earned by the fund but not used for family literacy programs shall be invested in accordance with the provisions of the instrument of gift creating the fund in a manner intended to maximize the rate of return on investment of the fund consistent with the objective of preserving the principal amounts contributed to the fund.

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(d) In the event of the termination of the public-private partners for literacy trust fund or the dissolution of the Hawaii community foundation, the principal amount of all contributions made by the State to the public-private partners for literacy trust fund shall be distributed to the general fund of the State and any other amounts remaining in the public-private partners for literacy trust fund shall be distributed in accordance with the provisions of the instrument of gift creating the fund.

(e) The results of the annual audit of the Hawaii community foundation shall be submitted to the office of children and youth not later than thirty days from the date the Hawaii community foundation receives the audit results. In addition, the Hawaii community foundation shall retain for a period of three years and permit the office of children and youth, the department of accounting and general services, state legislators, and the legislative auditor, or their duly authorized representatives, to inspect and have access to any documents, papers, books, records, and other evidence which is pertinent to the public-private partners for literacy trust fund.

(f) The purpose of this section is to create, by statute, a private charitable trust fund so that the State can appropriate matching moneys into the fund to ensure its perpetual existence. This is not a fund to be placed in the state treasury, and the State shall not administer the fund nor shall the State be liable for its operation or solvency. The fund shall be a private charitable trust fund to be administered by a private trust company as the trustee. The State may donate moneys by legislative appropriation to the fund on the same basis as a private person. The legislature intends that the public and private sectors work together as partners in making deposits into the fund. All legislative appropriations shall be on a matching basis only.”

SECTION 3. There is appropriated out of the general revenues of the State of Hawaii the sum of \$400,000, or so much thereof as may be necessary for fiscal year 1991-1992, for deposit into the public-private partners for literacy trust fund, to be matched by private sector donations in accordance with the provisions of this Act.

SECTION 4. The sum appropriated shall be expended by the office of children and youth for the purposes of this Act.

SECTION 5. New statutory material is underscored.¹

SECTION 6. This Act shall take effect on July 1, 1991.

(Approved July 2, 1991.)

Note

1. Edited pursuant to HRS §23G-16.5.