

ACT 364

H.B. NO. 2156

A Bill for an Act Relating to Education.

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

SECTION 1. The education of our children is one of the most important functions of our government and a foundation of our democracy. We must prepare our students for life in the twenty-first century—a century that will be rooted in the information age and its rapidly developing technologies. The key to our children's success in the next century is their becoming lifelong learners who know how to use these technologies effectively. To meet the needs of our children, schools must be reinvented to reflect current future-oriented educational strategies and incorporate modern learning technology.

Within the context of existing constitutionally-defined roles and statutory authority, and from a perspective of being outcome-oriented rather than process-oriented, it is the intent of this Act to set forth the legislature's vision and expectations for educational reform to be undertaken by the board of education, the department of education, and the schools.

School reform is difficult work, and requires that parents, community leaders, teachers, and school-level administrators share a common vision. Schools must be given the opportunity to plan innovative programs appropriate for their schools. Reform also requires statewide commitment to measurable improvement and a guarantee of quality facilities and services to provide the best possible learning environment for Hawaii's children.

The purpose of this Act is to put the needs of Hawaii's children first, and to facilitate positive change in the schools by removing obstacles to local funding and planning initiatives, encouraging greater community participation in schools, improving assessment and accountability at both the state and local level, and using creative methods to finance, plan, design, and construct quality school facilities and equipment for the education of Hawaii's children. The legislature hopes to accomplish these objectives by:

- (1) Providing budget and fiscal flexibility to empower schools to be innovative and creative;
- (2) Improving educational assessment and accountability programs;
- (3) Encouraging innovation, changing incentives, and stabilizing leadership during the transformation of the public schools; and
- (4) Reinventing and renewing our commitment to quality school facilities.

PART I. BUDGET AND FUNDING REFORM

SECTION 2. Chapter 37, Hawaii Revised Statutes, is amended by adding two new sections to be appropriately designated and to read as follows:

“§37- **Department of education; allotment and expenditure plan; updates.** The department of education shall submit an annual allotment and expenditure plan to the governor for each fiscal year. The governor may require the department of education to submit an update of the expenditure plan based on changing economic conditions.

§37- **Department of education; carryover of funds.** (a) The department of education may retain up to five per cent of any appropriation at the close of a fiscal year and the funds retained shall not lapse until June 30 of the first fiscal year of the next fiscal biennium. The department of education shall submit:

ACT 364

- (1) A report to the director of finance, by the close of the first fiscal year, identifying the total amount of funds that will carry over to the second fiscal year; and
- (2) A copy of this report to the legislature, as well as a report identifying the carryover of funds on a school-by-school basis, at least twenty days prior to the convening of the next regular session of the legislature.

(b) Any appropriation retained in accordance with this section may be used by the department of education to supplement the appropriation for any program for which the department of education is responsible; provided that the retention of an appropriation shall not be used as a basis for reducing the department's future budget requests unless the department requests such a reduction."

SECTION 3. Section 37-32, Hawaii Revised Statutes, is amended to read as follows:

"§37-32 Quarterly allotment periods. [No] Except as provided in section 37-, no officer, department or establishment shall expend or be allowed to expend during any fiscal year any sum for any purpose not specifically authorized by the legislature for expenditure during that particular fiscal year, and not made available pursuant to the allotment system provided for in sections 37-31 to 37-41. For the purposes of the allotment system, each fiscal year shall be divided into four quarterly allotment periods, beginning, respectively, on the first days of July, October, January, and April; provided that in any case where the quarterly allotment period is impracticable, the director of finance may prescribe a different period suited to the circumstances, not exceeding six months nor extending beyond the end of the fiscal year."

SECTION 4. Section 37-41, Hawaii Revised Statutes, is amended to read as follows:

"§37-41 Appropriations to revert to state treasury; exceptions. Unless otherwise provided by [law,] section 37- or any other law, every appropriation or part thereof of any kind made subject to sections 37-31 to 37-40, remaining unexpended and unencumbered at the close of any fiscal year shall lapse and be returned to the general fund in the manner prescribed in section 40-66."

SECTION 5. Section 37-71, Hawaii Revised Statutes, is amended by amending subsection (e) to read as follows:

"(e) The proposed budget shall include [such other]:

- (1) A statement of the percentage differences between the current biennium recommendations and the previous biennium appropriations for education programs. The information shall be displayed by programs or groups of programs, with corresponding amounts and percentage differences. If any component of an education program is added or removed, the governor shall provide an estimate of how the addition or removal affects the current biennium recommendations;
- (2) A statement of the difference between the total amount proposed for the current biennium and the total amount expended in the previous biennium for education programs per pupil; and
- (3) Other financial statements, information, and data [which] that in the opinion of the governor are necessary or desirable in order to make

known in all practical detail the programs, program plans, and financial conditions of the State.

As used in this subsection, "education programs" include instructional, personnel, transportation, facilities, facilities repair and maintenance, and other programs deemed appropriate by the department of education."

SECTION 6. Act 295, Session Laws of Hawaii 1992, is amended by amending section 7 to read as follows:

"SECTION 7. **Review of existing statutes.** The auditor shall review chapter 37 in general and specifically with regard to exempting the department of education from sections 37-31 through 37-42 relating to the allotment system, and chapter 26 in general and specifically with regard to the operation and maintenance of public buildings, for the purposes of determining whether current laws support, enhance, or restrict the administration and implementation of education restructuring designed to promote and enhance decision-making at the school level.

The auditor shall submit a report to the legislature no later than twenty days prior to the convening of the 1993 regular session and make recommendations concerning the inclusion, deletion, or amendment of current laws. [Beginning July 1, 1993, provisions of chapters 26 and 37 which have an affect or impact on public schools that are not reenacted or amended during the 1993 regular session shall no longer apply to the department of education.]"

PART II. ASSESSMENT AND ACCOUNTABILITY

SECTION 7. Chapter 296, Hawaii Revised Statutes, is amended by adding a new part to be appropriately designated and to read as follows:

"PART . EDUCATIONAL ASSESSMENT AND ACCOUNTABILITY

§296- Findings and purpose. The legislature recognizes that while it bears the constitutional authority for raising revenues and allocating resources, the successful implementation of school improvement programs that bring about enhanced student outcomes requires that schools be provided greater flexibility in budgeting, expenditure control, and determination of educational needs at the school level. The legislature also recognizes that providing increased flexibility requires increased accountability. Therefore, the purpose of this part is to provide greater fiscal autonomy in exchange for enhanced assessment and reporting of educational outcomes by the board of education and individual schools.

The legislature believes that achieving enhanced assessment and greater accountability requires the board of education and the legislature to work together as partners, over time, to change the fundamental assumptions that govern the current school system. The legislature intends that there be a transition period, wherein the board and the superintendent begin to implement the provisions of this part, within the constraints of the department's budget. While improved assessment and accountability will not be achieved overnight, the reporting requirements outlined in this part should give schools and communities the information they need to begin structuring programs tailored to improving student outcomes at the school level.

§296- Educational assessment and accountability; annual reports. The board of education shall submit to the legislature and to the governor, at least twenty days prior to the convening of each regular legislative session, an educational status report which shall include, but not be limited to, the following:

- (1) Results of school-by-school assessments of educational outcomes, including reference to such student performance standards and school-by-school assessment models as may be developed by the commission on performance standards and adopted by the board;
- (2) Summaries of school improvement plans;
- (3) Summary descriptions of the demographic makeup of the schools, with indications of the range of such conditions among schools within Hawaii;
- (4) Comparisons of conditions affecting Hawaii's schools with those of schools in other states;
- (5) Summaries of the resource allocations and expenditures under the control of the schools; and
- (6) Other such assessments as may be deemed appropriate by the board."

SECTION 8. Chapter 296C, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

"§296C- Student assessment waiver. Any school electing to participate in school/community-based management may develop and implement its own student assessment mechanisms; provided that the board of education shall include the results of the assessments in the educational status report to the legislature and the governor required in section 296-

SECTION 9. Section 296-11, Hawaii Revised Statutes, is amended to read as follows:

"§296-11 Duties of superintendent. (a) Under policies established by the board of education, the superintendent of education shall administer programs of education and public instruction throughout the State, including education at the preschool, primary, and secondary school levels, health education and instruction, and such other programs as may be established by law.

(b) Except as otherwise provided, the superintendent shall sign all drafts for the payment of moneys, all commissions and appointments, all deeds, official acts, or other documents of the department. The superintendent may use a printed facsimile signature in approving appointments, contracts, and other documents. The superintendent shall, at such time as may be prescribed by the board, present to the board full annual reports of the principal transactions within the department during the last completed year, which reports together with such recommendations as the board may think proper, shall be presented to the governor and the legislature.

[The superintendent shall annually report to the governor on:

- (1) The number and percentage of students in public schools who, based on the statewide testing program, are scoring in each of the lowest three stanines in basic skills. Such a breakdown shall include statewide, districtwide, and individual school totals, and the number and percentage of students according to grade levels; and
- (2) The actions being taken by the department to improve these students' achievement levels; and
- (3) The progress of the students in the lowest three stanines to ascertain if these students are improving on a yearly basis; and
- (4) An analysis of the effectiveness of actions implemented to address the needs of these students.

The report shall be submitted to the legislature twenty days prior to the convening of each regular session and made available to the general public.]"

PART III. INNOVATION, INCENTIVES, AND LEADERSHIP

SECTION 10. The legislature finds that while a great deal of time, energy, and money have been invested in improving schools, there is often a gap between program intent and measurable results. To be effective, school improvement programs must be integrated with student achievement from the outset, and continually evaluated to ensure their effectiveness in improving student outcomes. Further, the school budget process should be explicitly linked to outcomes, with funding directed at those programs that are proven effective in increasing student achievement.

The purpose of these sections is to empower schools by providing them with the tools they need to institute creative and innovative school programs, identify current successful programs, stabilize school leadership, and re-direct funding towards those areas proven effective in improving student achievement.

SECTION 11. Chapter 89, Hawaii Revised Statutes, is amended by adding two new sections to be appropriately designated and to read as follows:

“§89- Collective bargaining and local school initiatives. (a) Notwithstanding any other law to the contrary, any collective bargaining agreement concerning public school employees may include terms that would allow an employee to work a longer period each day and a longer school year. Consideration of a longer school day or longer school year shall be related to state and local school initiatives and may be included in proposals submitted in connection with the incentive and innovation grant review process.

(b) Upon mutual agreement between the board of education and the affected exclusive representative, the department of education may develop a proposal and request funding for performance-based, retention, and differentiated pay adjustments. The department shall submit its proposal for pay adjustments to the legislature for review and consideration in its operating budget or in a separate appropriation.

The adjustments proposed by the parties shall recognize the efforts of and encourage public school employees to:

- (1) Adopt a student-centered approach in all aspects of public school education;
- (2) Demonstrate improvement in the performance of students and the school;
- (3) Provide continuous commitment, involvement, and leadership in educational initiatives; and
- (4) Achieve other educational outcomes as agreed to by the parties.

(c) Pay adjustments may be considered for groups of employees who are recognized for their collective efforts in one or more of the four areas outlined in subsection (b), as well as for individuals.

§89- School/community-based management waiver. A school participating in the school/community-based management program shall have the authority to initiate a waiver from policies, rules, or procedures, including collective bargaining agreements, as provided for in section 296C-4.”

SECTION 12. Chapter 296, Hawaii Revised Statutes, is amended by adding a new section to read as follows:

“§296-2 Department of education; board of education; superintendent of education. (a) There shall be a principal executive department to be known as

the department of education which shall be headed by an elected executive board to be known as the board of education. The board shall have power in accordance with law to formulate policy and to exercise control over the public school system through its executive officer, the superintendent of education.

(b) The board shall appoint and may remove the superintendent by a majority vote of its members. The superintendent:

- (1) May be appointed without regard to the state residency provisions of section 78-1(b);
- (2) May be appointed for a term of up to four years; and
- (3) May be terminated only for cause."

SECTION 13. Chapter 296, Hawaii Revised Statutes, is amended by adding three new sections to be appropriately designated and to read as follows:

"§296- Reallocation of vacant positions. (a) To promote decentralization and facilitate restructuring of the department, the board of education may, without regard to the position variance requirements of the department of budget and finance:

- (1) Reallocate existing vacant positions throughout the department;
- (2) Directly authorize and implement internal reorganization actions;
- (3) Reassign employee duties;
- (4) Authorize position classifications; and
- (5) Conduct recruitment.

(b) The governor, the department of personnel services, and the department of budget and finance shall facilitate, expedite, and assist the department of education in the implementation of its decentralization and staffing reallocation plan.

(c) The department of education shall submit an annual report of reallocations to the department of budget and finance by December 31st of each year.

§296- Authority to create temporary positions. The department of education may create temporary positions as it deems necessary, provided that:

- (1) Department expenditures shall not exceed its allocated budget;
- (2) The term of each position shall not exceed one year; and
- (3) The department shall report the creation of temporary positions to the department of budget and finance.

§296- Incentive and innovation grants. (a) There is established in the state treasury a trust fund to be known as the incentive and innovation grant trust fund to provide incentive and innovation grants to qualified schools. Expenditures from the trust fund shall be made by the department of education and shall be subject to the allotment and expenditure plan required under section 37- . Notwithstanding any statute to the contrary, tax deductible donations may be made to and received by this trust fund.

(b) Grants shall be for such purposes as funding of experimental and innovative instructional programs, in-service training and other activities that promote innovation as outlined in the proposal.

(c) The board of education shall establish and appoint the members of a grant award panel, which shall consist of at least one representative from each of the following groups:

- (1) Parents;
- (2) Students;
- (3) Teachers;
- (4) School administrators;

- (5) School support staff;
- (6) Business persons; and
- (7) The military.

The panel shall include a representative from each school district among its members.

The panel shall review proposals and make recommendations to the superintendent on grant awards. Panel members shall serve for a term of two years without compensation, but shall be entitled to reimbursement for necessary expenses while attending meetings and while in the discharge of their duties. A portion of the moneys in the incentive and innovation grant trust fund, not to exceed one per cent, shall be used to offset the expenses incurred by the review panel.

(d) The panel shall develop a process for submitting proposals which shall be distinguished by its simplicity and minimization of paperwork.

(e) All proposals for incentive and innovation grants shall include:

- (1) A clear statement of how the proposed program will improve student performance;
- (2) A method of evaluation to determine if the program has achieved its stated goals;
- (3) A detailed budget and expenditure plan, which shall include any commitment of existing funds under the school or schools' allotment toward the proposed program; and
- (4) Other criteria required by the committee.

(f) In the case of a renewal request, a school or schools shall submit a specific plan for establishing the program within the school or schools' biennium budget.

(g) The panel shall assist the superintendent in the evaluation of all grant programs under this section on a continuing basis. If an approved program fails to meet the requirements of its proposal, the panel shall recommend to the superintendent that funding for the grant shall be terminated.

(h) The superintendent shall submit a report to the legislature on the operations of the review panel at least twenty days before the convening of the regular session, beginning in 1995."

SECTION 14. The legislative auditor shall review the operations of the incentive and innovation grant review panel established by the board of education pursuant to section 296-. The auditor shall submit a report to the legislature with its findings and recommendations no later than twenty days prior to the convening of the 1995 regular session.

SECTION 15. Review of classification and compensation for public school employees. The legislature believes that in keeping with the spirit of innovation in the public schools, it is fitting to consider the restructuring of compensation for public school employees. To fully implement the reforms necessary to bring our schools into the twenty-first century, the current system of rewards and incentives for teachers, administrators, and other school personnel must be altered to fit a new way of thinking. If the compensation system for public school employees continues to reward old habits and old ways of thinking, there will be no incentive for employees to embrace the new system, and consequently there will be no change.

In addition, the legislature believes that in putting children first, it is essential to attract and retain the "best and the brightest" individuals to the teaching profession. And the best teachers should be encouraged to remain in the classroom, close to the children. The legislature intends to restructure the current system,

ACT 364

which rewards teachers for moving farther and farther away from the classroom, with a system where rewards are firmly rooted in the needs of the children.

To remove barriers that contribute to system gridlock, the legislature is providing all parties involved in public school collective bargaining agreements with a window in which to consider negotiating teacher salary and classification. The board of education, the department of education, and public school employee unions shall negotiate for salary and classification in preparation for the 1995-1997 collective bargaining agreement.

SECTION 16. Section 89-9, Hawaii Revised Statutes, is amended to read as follows:

1. By amending subsection (a) to read:

“(a) The employer and the exclusive representative shall meet at reasonable times, including meetings in advance of the employer’s budget-making process, and shall negotiate in good faith with respect to wages, hours, the number of incremental and longevity steps and movement between steps within the salary range, salary ranges and applicable requirements as provided in sections 297-32 and 297-33, classification as provided in section 297-31.1, the amounts of contributions by the State and respective counties to the Hawaii public employees health fund to the extent allowed in subsection (e), and other terms and conditions of employment which are subject to negotiations under this chapter and which are to be embodied in a written agreement, or any question arising thereunder, but such obligation does not compel either party to agree to a proposal or make a concession.”

2. By amending subsection (d) to read:

“(d) Excluded from the subjects of negotiations are matters of classification and reclassification, except teacher classification as provided in section 297-31.1, benefits of but not contributions to the Hawaii public employees health fund, retirement benefits, and the salary ranges now provided by law[;], except those salary ranges and applicable requirements provided in sections 297-32 and 297-33; provided that the number of incremental and longevity steps, the amount of wages to be paid in each range and step, and movement between steps within the salary range shall be negotiable. The employer and the exclusive representative shall not agree to any proposal which would be inconsistent with merit principles or the principle of equal pay for equal work pursuant to sections 76-1, 76-2, 77-31, and 77-33, or which would interfere with the rights of a public employer to (1) direct employees; (2) determine qualification, standards for work, the nature and contents of examinations, hire, promote, transfer, assign, and retain employees in positions and suspend, demote, discharge, or take other disciplinary action against employees for proper cause; (3) relieve an employee from duties because of lack of work or other legitimate reason; (4) maintain efficiency of government operations; (5) determine methods, means, and personnel by which the employer’s operations are to be conducted; and take such actions as may be necessary to carry out the missions of the employer in cases of emergencies; provided that the employer and the exclusive representative may negotiate procedures governing the promotion and transfer of employees to positions within a bargaining unit, procedures governing the suspension, demotion, discharge or other disciplinary actions taken against employees, and procedures governing the lay off of employees; provided further that violations of the procedures so negotiated may be the subject of a grievance process agreed to by the employer and the exclusive representative.”

SECTION 17. Section 16 shall be repealed on June 30, 1995, and section 89-9, subsections (a) and (d), Hawaii Revised Statutes, is reenacted in the form in which it read on the day before the approval of this Act.

SECTION 18. **Educational officer classification/ compensation; review of statutes.** The legislative auditor shall review Chapter 297, Part III, Salaries and Classification, with particular emphasis on the role of the educational officers classification/compensation appeals board. The auditor shall submit a report to the legislature no later than twenty days prior to the convening of the 1994 regular session with recommendations on the inclusion, deletion, or amendment of current law. Beginning July 1, 1995, sections 297-31.2 through 297-31.5 shall be repealed unless reenacted or amended during the 1994 or 1995 regular session.

SECTION 19. Section 296-2, Hawaii Revised Statutes, is repealed.

PART IV. FACILITIES

SECTION 20. The legislature finds that a critical factor in educational reform is the improvement of the physical environment in our public schools. Our educational facilities not only need to be expanded and maintained, but also equipped with technology that will assist in the transformation of our educational system from the industrial-based school model to the modern information-age model. In order to achieve this transition, our students need access within our educational facilities to the latest technologies developed for modern schools. The legislature further finds that this large-scale construction and renovation of our public school facilities is necessary to enable our students to compete as we approach the twenty-first century.

The purpose of these sections is to confirm the legislature's commitment to funding school facilities by making the state educational facilities improvement special fund permanent, and providing for the authorization of general obligation bonds into the fund. In addition, these sections explore innovative financing mechanisms for the improvement of public educational facilities and the provision of modern learning technology and equipment. These mechanisms may provide for a long-range construction and improvement plan and spread the cost of educational facilities over time to assure that sufficient revenues are available to complete the plan. Finally, these sections provide for improving facilities on a day-to-day basis, in the classroom, by allowing school/community-based management schools to implement innovative programs for classroom cleaning.

SECTION 21. Chapter 89, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

“§89- Classroom cleaning; exception. No collective bargaining agreement or executive policy put forth after July 1, 1993 shall contain provisions which may preclude the implementation of the classroom cleaning program established in section 296- , unless a contract waiver process exists between the parties.”

SECTION 22. Chapter 296C, Hawaii Revised Statutes, is amended by adding two new sections to be appropriately designated and to read as follows:

“§296C- Classroom cleaning; findings and purpose. The legislature finds that the physical environment within the classroom is an important factor in student learning and achievement. The legislature has been made aware of ongoing problems related to classroom cleaning, and further finds that this is a health and

ACT 364

safety issue, as well as an educational issue, that can no longer be tolerated. The purpose of this section is to put the needs of the students first, by allowing schools to develop innovative mechanisms to ensure that students and teachers have clean classrooms.

§296C- Classroom cleaning project; established. (a) There is established a classroom cleaning project in schools designated to participate in school/community-based management. Each SCBM school, through its council, may develop mechanisms to provide for classroom cleaning, including, but not limited to, having parent, student, or other community groups clean the classrooms on a regular, continuing basis.

(b) SCBM schools shall be authorized to use any available resources to achieve the purposes of this section; provided that no full-time custodial staff currently employed at the school shall be displaced.

(c) The department shall submit a report to the legislature on the program at least twenty days prior to the convening of the 1995 regular session."

SECTION 23. Chapter 296, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

"§296- Public school facilities. The department of education may enter into such contracts, lease-purchase agreements, or other transactions as may be necessary for the acquisition of public school facilities on such terms as it may deem appropriate, subject to the provisions imposed upon it by law."

SECTION 24. Section 36-32, Hawaii Revised Statutes, is amended to read as follows:

"[[§36-32]] State educational facilities improvement special fund. (a) There is created in the treasury of the State the state educational facilities improvement special fund, into which shall be deposited a portion of all general excise tax revenues collected by the department of taxation under section 237-31. The [state educational facilities improvement] special fund shall be used solely to plan, design, acquire lands, construct, provide equipment, and improve public schools and other facilities under the jurisdiction of the department of education, except public libraries. In addition, activities of the department of education intended to eliminate the gap between the facility needs of schools and available resources shall be eligible for funding from the special fund. Expenditures from the [state educational facilities improvement] special fund shall be limited to projects authorized by the legislature and shall be subject to [the provisions of] sections 37-31, and 37-33 through 37-40. Appropriations or authorizations from the [state educational facilities improvement] special fund shall be expended by the comptroller.

[All unobligated, unencumbered, or unexpended funds remaining in the state educational facilities improvement special fund as of June 30, 1999, shall revert to the general fund of the State. The state educational facilities improvement special fund shall be terminated as of June 30, 1999.]

(b) The department of accounting and general services shall submit an annual report to the legislature, which shall include a financial statement of the special fund and the status of projects undertaken pursuant to this section, no later than twenty days prior to the convening of each regular session."

SECTION 25. Section 237-31, Hawaii Revised Statutes, is amended to read as follows:

“§237-31 Remittances. All remittances of taxes imposed by this chapter shall be made by money, bank draft, check, cashier’s check, money order, or certificate of deposit to the office of the department of taxation to which the return was transmitted. The department shall issue its receipts therefor to the taxpayer and shall pay the moneys into the state treasury as a state realization, to be kept and accounted for as provided by law; provided that [on or about September 1 of each year from 1989 through 1991 and 1993 through 1995,] the sum [of \$90,000,000] from all general excise tax revenues realized by the State that represents the difference between \$90,000,000 and the proceeds from the sale of any general obligation bonds authorized for that fiscal year for the purposes of the state educational facilities improvement special fund shall be deposited in the state treasury in each fiscal year to the credit of the state educational facilities improvement special fund; provided further that a sum, not to exceed \$5,000,000, from all general excise tax revenues realized by the State shall be deposited in the state treasury in each fiscal year to the credit of the compound interest bond reserve fund[; provided further that from July 1, 1981, to June 30, 1991, all taxes derived from the sale of liquid fuel under section 237-16, sold or used for operating motor vehicles upon the public highways of the State, shall be deposited into the state treasury to the credit of the state highway fund.

The director of taxation with the approval of the governor shall establish by July 1 of each year from 1984 through 1990, a formula that will equitably establish the amount of taxes collected under section 237-16 in each fiscal year that are derived from the sale of liquid fuel sold or used for operating motor vehicles upon the public highways of the State which are to be deposited into the state treasury to the credit of the state highway fund.”

SECTION 26. The superintendent of education shall prepare a facilities improvement master plan outlining the specific actions, including a timetable and desired funding, that the department of education shall take to close the gap between the current need for facilities construction and improvement, as identified by the department of education, and the current funding available for that purpose. The plan shall link the planned department actions to the funding anticipated from the state educational facilities improvement special fund.

The plan shall include, but not be limited to:

- (1) Actions that will add to present funding for facilities, including earmarking tax increases for education, reviewing current impact fee guidelines, and making more efficient use of capital improvement projects funding;
- (2) Actions that will reduce capital improvement project design and construction costs, including using standardized design, constructing less than fifty-year life buildings, reviewing use of air-conditioning, utilizing turn-key contracts, issuing design-construct bids, and sharing infrastructure costs with counties;
- (3) Proposals to revise program guidelines, including reducing class size, changing existing space requirements, double-shifting kindergarten classes, building larger schools, and reviewing supplementary pull-out programs;
- (4) Proposals to maximize the use of existing facilities, including promoting multi-track, year-round schools, promoting a longer school day, redistricting students outside their normal school area, taking administrative functions out of classroom space, and using other non-school space within the community; and
- (5) Consideration of the capacity of the construction industry in Hawaii to carry out proposed projects.

ACT 364

The superintendent of education shall submit an interim plan with its findings and recommendations to the legislature no later than twenty days prior to the convening of the regular session of 1994.

SECTION 27. The director of finance is authorized to issue general obligation bonds in the sum of \$90,000,000 in fiscal year 1993-1994 and \$90,000,000 in fiscal year 1994-1995, or so much thereof as may be necessary, and the same sum is appropriated for deposit into the state educational facilities improvement special fund for each of those fiscal years; provided that the department of education shall not be required to assume the payment of the debt service associated with the general obligation bonds authorized under this section.

SECTION 28. There is appropriated out of the general revenues of the State of Hawaii the sum of \$488,000, or so much thereof as may be necessary for fiscal year 1993-1994, and the sum of \$148,000, or so much thereof as may be necessary for fiscal year 1994-1995, to implement the performance-based, retention, and differentiated pay adjustments for qualifying school principals. The sum appropriated shall be expended by the department of education in accordance with the provisions of section 11 of this Act concerning performance-based, retention, and differentiated pay adjustments.

SECTION 29. If any provision of this Act, or the application thereof to any person or circumstance is held invalid, the invalidity shall not affect other provisions or applications of the Act that can be given effect without the invalid provision or application, and to this end the provisions of this Act are severable.

SECTION 30. Statutory material to be repealed is bracketed. New statutory material is underscored.¹

SECTION 31. This Act shall take effect upon its approval; provided that sections 27 and 28 shall take effect on July 1, 1993; and provided further that the provisions of section 11 concerning pay adjustments and the provisions of section 13 concerning reallocation of vacant positions shall be repealed on June 30, 1995.

(Approved July 8, 1993.)

Note

1. Edited pursuant to HRS §23G-16.5.