

## ACT 9

H.B. NO. 5-S

A Bill for an Act Relating to Education.

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

SECTION 1. The purpose of this Act is to facilitate funding, through the issuance of general obligation bonds, to construct, expand, and maintain quality educational facilities for Hawaii's children. This Act also amends various provisions relating to the expenditure of funds by the department of education to ensure full adherence to the spending priorities established by the legislature.

SECTION 2. The director of finance is authorized to issue general obligation bonds in the sum of \$90,000,000 in fiscal year 1995–1996 and \$90,000,000 in fiscal year 1996–1997, 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 3. Section 296D-3, Hawaii Revised Statutes, is amended to read as follows:

**“§296D-3 Distribution of resources.** [(a)] The superintendent of education shall allot the moneys of the school priority program to the school districts based on enrollment. In the allotment of positions to the districts, the superintendent shall calculate each district's entitlement based on enrollment and [shall] may deploy [or redeploy positions beginning September, 1983, such that each district will be provided with its full entitlement of positions by September, 1985.] one instructional resource augmentation position for each two hundred fifty students enrolled in each school; provided that all positions shall be deployed.

[(b)] The district superintendents may withhold up to seven per cent of their district allotment of moneys for a reserve which may be used, first, to ensure that any elementary school may continue its participation in the Hawaii English Program at its fiscal 1981–82 level, and second, for such purposes as unforeseen enrollment increases, compliance with comparability requirements, emergency school need for funds, and special school projects that directly benefit students. After deducting the district reserve, the district superintendents shall allot the balance of the moneys to the schools based on enrollment. In the allotment of positions to the schools, the district superintendents shall strive for equity using enrollment as a guide without unduly fractionating individual positions.

(c) The district superintendents may transfer moneys in an equitable manner among schools in the event of significant shifts in enrollment.]”

SECTION 4. Section 296-2.58, Hawaii Revised Statutes, is amended to read as follows:

“**[§296-2.58] School system financial [structure.] accountability.** (a) [The following terms whenever used and referred to in this chapter shall have the following meanings unless a different meaning is clearly apparent from the context:

“Administrative expenses” means those state, district, or other regional administrative unit expenditures pertaining to:

- (1) Business services;
- (2) Personnel services;
- (3) Compliance with laws and rules;
- (4) Facilities planning;
- (5) Telecommunications and information system services;
- (6) Planning and evaluation;
- (7) Communications and public relations;
- (8) Administration of state, regional, and district offices; and
- (9) Other state, district, and regional functions.

“Instructional expenses” means those expenses pertaining to:

- (1) The operation and maintenance of school facilities;
- (2) School instructional personnel;
- (3) School food services;
- (4) School-based health services;
- (5) After-school care;
- (6) Learning support centers;
- (7) Curriculum development;
- (8) Training of instructional personnel and non-instructional school staff;
- (9) Diagnostic services;
- (10) School administration;
- (11) School safety and security services; and
- (12) Other such expenses incurred in the delivery of instruction at the school and complex level.

(b) Beginning with the 1995–1997 fiscal biennium, the department’s [operating budget for the public school system shall separate administrative from instructional expenses and shall be submitted to the governor pursuant to chapter 37; provided that the department’s] administrative expenditures shall not exceed 6.5 per cent of the total department operating budget unless approved by the legislature.

[c] (b) The department shall not transfer any funds [from instructional expenditure categories for administrative expenditures.] appropriated under the school-based budgeting program EDN 100 of the state budget, except for unforeseeable circumstances that pose a threat to the health and safety of personnel and students, and subject to approval by the governor and notification to the legislature. For the purposes of this part, “EDN 100” means the budget program identification number for the school-based budgeting program within the department of education.”

SECTION 5. Section 296-2.59, Hawaii Revised Statutes, is amended to read as follows:

“**[§296-2.59] School-based budget flexibility.** For the purposes of this section, “school-based budget flexibility” means an operating budget preparation and allocation process which shall provide maximum flexibility to individual schools, complexes, and learning support centers in the preparation and execution of their operating budgets. The flexibility shall be limited to the school-based budgeting program EDN 100 of the department. Beginning with the 1995–1997 fiscal

biennium, the department shall implement school-based budget flexibility for schools, complexes, and learning support centers.”

SECTION 6. Section 37-41.5, Hawaii Revised Statutes, is amended to read as follows:

**“§37-41.5 Department of education; carryover of funds.** (a) The department of education may retain up to five per cent of any appropriation for the school-based budgeting program EDN 100 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:

- (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 only for instructional purposes at the schools, complexes, or learning support centers,] shall be used exclusively for the school-based budgeting program EDN 100, and of those appropriations allocated to the schools, funds shall remain within the budget of the school to which they were originally allocated; provided that the retention of an appropriation shall not be used by the department as a basis for reducing [the department’s future budget requests unless the department requests such a reduction.] a school’s future budget requirements. For the purposes of this chapter, “EDN 100” means the budget program identification number for the school-based budgeting program within the department of education.”

SECTION 7. The sum appropriated in section 2 of this Act shall be expended by the department of accounting and general services.

SECTION 8. Statutory material to be repealed is bracketed. New statutory material is underscored.

SECTION 9. This Act shall take effect upon its approval; provided that section 2 shall take effect on July 1, 1995.

(Approved June 29, 1995.)