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KATHRYN S. MATAYOSHI  
SUPERINTENDENT

**STATE OF HAWAII  
DEPARTMENT OF EDUCATION  
P.O. BOX 2360  
HONOLULU, HAWAII 96804**

**Date:** 04/08/2015  
**Time:** 09:00 AM  
**Location:** 211  
**Committee:** Senate Ways and Means

**Department:** Education

**Person Testifying:** Kathryn S. Matayoshi, Superintendent of Education

**Title of Resolution:** SCR 062 REQUESTING THE UNITED STATES SECRETARY OF AGRICULTURE TO INCREASE THE FEDERAL BREAKFAST, LUNCH, AND AFTERSCHOOL SNACK REIMBURSEMENT RATES FOR HAWAII.

**Purpose of  
Resolution:**

**Department's Position:**

The Department of Education supports SCR 062, requesting the United States Department of Agriculture to increase federal reimbursement rates for Hawaii.

According to a March 2012 US Department of Agriculture Food and Nutrition Service report, Hawaii acquired 405 food items for an estimated total of \$28.7 million in SY 2009/10. Of the total dollar value, 85.5 percent were commercially purchased foods.

In terms of value, fruits and juices was the largest food group purchased in Alaska (20.4 percent), followed by milk and dairy products (15.7 percent). In Hawaii, milk and dairy products represented the largest food group (31.2 percent) followed by poultry (14 percent) and fruits and juices (13.5 percent). Bakery products held only a small share in Hawaii because the individual schools bake their own bread and bread products. The share of milk and other dairy products was particularly high in Hawaii, 31.2 percent, compared to 22 percent in the 48 states and 16 percent in Alaska. Milk and other dairy products held a particularly high share in Hawaii - 31 percent in value terms and almost half the volume of all food acquisitions (48 percent).

The additional federal funds sought could potentially decrease the amount of general funds required for working capital and minimize the frequency of increasing meal prices

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CATHERINE PAYNE  
CHAIRPERSON

STATE OF HAWAII  
**STATE PUBLIC CHARTER SCHOOL COMMISSION**  
**(‘AHA KULA HO‘ĀMANA)**

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FOR: SCR62 / SR26 Requesting the United States Secretary of Agriculture to Increase the Federal Breakfast, Lunch, and Afterschool Snack Reimbursement Rates for Hawaii

DATE: Wednesday, April 8, 2015

TIME: 9:00 a.m.

COMMITTEE(S): Senate Committee on Ways and Means

ROOM: Conference Room 211

FROM: Tom Hutton, Executive Director  
State Public Charter School Commission

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Chair Tokuda, Vice Chair Kouchi, and members of the Committee:

The State Public Charter School Commission ("Commission") appreciates the opportunity to submit this written testimony in strong support of this resolution.

Many public charter schools report that they struggle or are altogether unable to participate in the federal school lunch program because the rate of reimbursement is so inadequate to cover the cost of providing meals. In addition, some charter schools previously had contracted with the Department of Education ("DOE") for meals, but in 2013 the DOE discontinued this vending relationship as a result of operational and cost considerations, except as to charter schools that share a facility with a DOE school. This Session the Commission had requested a \$5 million appropriation to provide food service facilities at six charter schools to enable more schools to provide meals to their students themselves. A measure to accomplish the same purpose, Senate Bill 1215 SD1, did not survive the crossover deadline.

The Commission currently is participating on a Hawaii working group convened by Hawaii Appleseed on behalf of the DOE to conduct an analysis on the actual cost of school meals in Hawaii and explore the possibility of increasing the federal rate of reimbursement. This effort appears very promising.

Thank you for the opportunity to provide this testimony.



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SENATE COMMITTEE ON WAYS & MEANS  
Wednesday, April 8, 2015 — 9:00 a.m. — Room 211

**UluPono Initiative Strongly Supports SCR 62, Requesting the United States Secretary of Agriculture to Increase the Federal Breakfast, Lunch, and Afterschool Snack Reimbursement Rates for Hawaii**

Dear Chair Tokuda, Vice Chair Kouchi, and Members of the Committee:

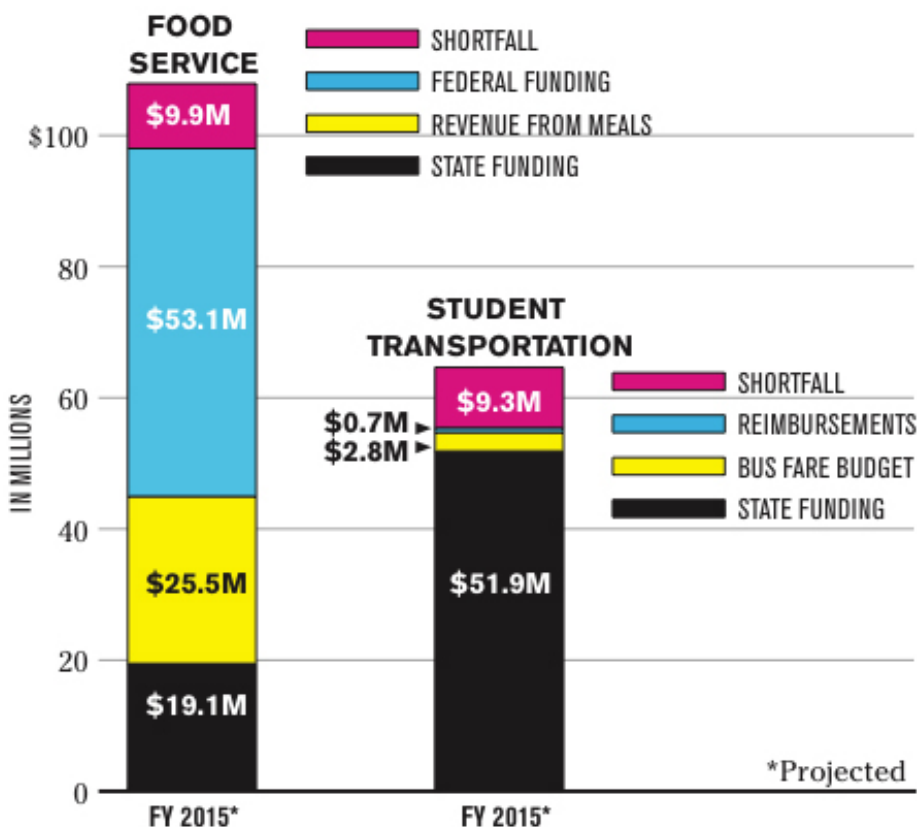
My name is Kyle Datta and I am General Partner of the UluPono Initiative, a Hawai'i-based impact investment company that strives to improve the quality of life for the people of Hawai'i by working toward solutions that create more locally grown food, increase clean, renewable energy, and waste reduction. We believe that self-sufficiency is essential to our future prosperity, and will help shape a future where economic progress and mission-focused impact can work hand in hand.

**UluPono strongly supports SCR 62**, because it aligns with our goal of providing more locally produced food. One of the most important ways to grow local agriculture is to get more local food into schools. This will garner awareness and interest of local foods to generate future demand as those kids grow and eventually enter the workforce, provide for healthy and nutritious foods for our local children as they learn, create new farmers to lower the average age of 60 years old for a farmer in Hawai'i, and create an additional marketplace for local farmers to earn revenue. However, purchasing local food will require additional funding. Currently, the school lunch budget for the Department of Education is funded about half via federal funds, a quarter is earned from meal fees, and the remaining quarter (about \$29 million) comes from the State of Hawai'i.

*Investing in a Sustainable Hawai'i*

## DOE SHORTFALL

*The Department of Education is projecting shortfalls in its school lunch and student bus programs for the current fiscal year. It plans to seek a \$19 million boost from the Legislature to cover the costs.*



Source: Department of Education

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This means any additional federal funds can both allow more increased local food purchases and could reduce the shortfall the State would need to cover. As the State's funding is limited, any additional federal funds can help open funding for other local needs.

Furthermore, local food purchases have a multiplier effect on the local economy.

**Table 3. Economic multipliers for selected food and agricultural industries, Hawai'i.**

	Multipliers			
	Output (sales)	Earnings	State tax	Employment
Beef	1.90	0.51	0.063	24.20
Pork	1.90	0.51	0.063	24.20
Eggs	1.90	0.51	0.063	24.20
Fresh milk	1.90	0.51	0.063	24.20
Fresh fruits	1.95	0.58	0.075	31.20
Fresh vegetables	2.06	0.54	0.078	26.30

Source: The 2005 State of Hawaii Input-Output Study, August 2008, DBEDT.

Note: Beef, pork, eggs and milk are represented by a single sector in the 2005 Input-Output Model.

For example, an additional \$1 million in local fresh vegetable purchases will produce:

- \$2,060,000 in total economic activity in Hawai'i (from the actual direct purchase of vegetables plus the indirect ripple effect of additional input purchases such as water, seeds, energy and additional worker spending due to wages received from increased employment)
- \$540,000 in earnings for the vegetable farmer
- \$78,000 in additional state tax revenue
- An increase of 26.3 local jobs

If Hawai'i were to receive its appropriate allocation under the pre-determined formula, Hawai'i would receive additional tens of millions of dollars for school food purchases. We urge this committee to adopt this resolution to urge the federal government to increase the reimbursement rates for Hawai'i.

We appreciate this committee's efforts to look at policies that support local food production. We believe that by collaborating we can help produce more local food, support an economically strong homegrown agriculture industry, which strengthens our community with fresh, healthy food. Thank you for this opportunity to testify.

Respectfully,

Kyle Datta  
General Partner