



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

Date: 02/08/2021

Time: 03:00 PM

Location: 229

Committee: Senate Education

Department: Education

Person Testifying: Dr. Christina M. Kishimoto, Superintendent of Education

Title of Bill: SB 0808 RELATING TO THE SCHOOL FACILITIES AGENCY.

Purpose of Bill: Describes the powers and responsibilities of the school facilities agency by amending Act 72, Session Laws of Hawaii 2020. Transfers the total fund balance in the state educational improvement fund to the school facilities special fund by a certain date.

Department's Position:

The Hawaii State Department of Education (Department) respectfully offers comments on SB 0808.

The Department appreciates the legislature's commitment to addressing the needs of the students of Hawaii. SB 0808 provides further clarification of the School Facilities Agency and its role and responsibilities. The Department looks forward to working with the School Facilities Agency and its Executive Director in determining how to best address the facilities needs for the students and teachers of the Department.

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

The Hawai'i State Department of Education is committed to delivering on our promises to students, providing an equitable, excellent, and innovative learning environment in every school to engage and elevate our communities. This is achieved through targeted work around three impact strategies: school design, student voice, and teacher collaboration. Detailed information is available at www.hawaiipublicschools.org.



STATE OF HAWAII
STATE PROCUREMENT OFFICE

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TESTIMONY
OF
BONNIE KAHAKUI, ACTING ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE SENATE COMMITTEE
ON
EDUCATION

February 8, 2021, 3:00 P.M.

SENATE BILL 808
RELATING TO THE SCHOOL FACILITIES AGENCY

Chair Kidani, Vice-Chair Kim, and members of the committee, thank you for the opportunity to submit testimony on SB808. The State Procurement Office (SPO) provides the following comments regarding section 2, page 4, lines 15 to 18, which states:

“Any award of a contract for construction shall be subject to the requirements of section 103D-302; provided that the agency shall give preference to construction bids submitted by a contractor or subcontractor domiciled within the State.”

Following this requirement may be problematic for the Department of Education (DOE) to implement. Restricting construction contracts to section 103D-302, Hawaii Revised Statutes (HRS) Competitive Sealed Bidding, will eliminate the benefits of awarding contracts pursuant to Small Purchase and Competitive Sealed Proposals – specifically design build. This may cause confusion as DOE’s Facilities and Operations Auxiliary Service Branch are not bound by this requirement and will continue to use the Request for Proposal (RFP) method to award contracts.

In addition, Act 72, SLH 2020, does not address the methodology of applying such a local construction preference. SB808 is not clear as to what local preference the agency will use. Will DOE continue to utilize Act 17 (SLH 2009) – Apprenticeship Program, Act 68 (SLH 2010) – Employment of State Residents on Construction Procurement Contracts, and §103D-1002, HRS, Hawaii Products, or will DOE create a new preference exclusive to the school facilities agency?

The implementation of a new DOE construction preference may cause undue confusion and frustration among agencies and construction companies, and because of this, the SPO favors the language used in SB466, Section 1, page 3, line 4, which states, "The agency shall comply with chapter 103D."

The SPO's position is that Chapter 103D, HRS, the Hawaii Public Procurement Code, should be universally applied to all agencies statewide.

Thank you.

((CONTINUATION OF TESTIMONY))

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DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
DIRECTOR

ROBERT YU
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
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ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY
TESTIMONY BY CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON EDUCATION
ON
SENATE BILL NO. 808

February 8, 2021
3:00 p.m.
Room 229

RELATING TO THE SCHOOL FACILITIES AGENCY

The Department of Budget and Finance offers comments on Senate Bill (S.B.) No. 808.

S.B. No. 808 describes the powers and responsibilities of the School Facilities Agency (SFA) and its Executive Director, school facilities board, and administrative staff by amending some of the provisions of Act 72, SLH 2020, which established the SFA and amends the School Facilities Special Fund (SFSF) so the fund would generate revenues through all moneys the SFA receives, including funds appropriated or transferred by the Legislature; funds collected pursuant to Section 302A-1608(a), HRS, provided that these moneys shall be deposited into the appropriate subaccount; any moneys received by the Department of Education (DOE) in the form of a grant, gift, endowment, or donation for the development, planning, or construction of new school facilities or major renovations of school facilities; and all other moneys received by the SFA and not deposited into a trust fund, including unrestricted grants, gifts and donations; proceeds from sales of property, lease, rent, and payments; and receipts, interest, refunds, and other payment of receipts.

It should be noted that the entire fund balance in the State Educational Facilities Improvement (SEFI) Special Fund is unavailable to be transferred to the SFSF since the SEFI funds are encumbered for contracts.

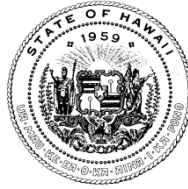
As a matter of general policy, the department does not support the creation of any special fund which does not meet the requirements of Section 37-52.3, HRS.

Special funds should: 1) serve a need as demonstrated by the purpose, scope of work and an explanation why the program cannot be implemented successfully under the general fund appropriation process; 2) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries or a clear link between the program and the sources of revenue; 3) provide an appropriate means of financing for the program or activity; and 4) demonstrate the capacity to be financially self-sustaining. Regarding S.B. No. 808, it is difficult to determine whether the proposed special fund would be self-sustaining.

The department defers to DOE regarding program implementation and funding.

Thank you for your consideration of our comments.

DAVID Y. IGE
GOVERNOR



TESTIMONY BY:

JADE T. BUTAY
DIRECTOR

Deputy Directors
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DEREK J. CHOW
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LATE

STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

February 8, 2021
3:00 P.M.
State Capitol, Teleconference

S.B. 808
RELATING TO THE SCHOOL FACILITIES AGENCY

SENATE COMMITTEE ON EDUCATION

The Department of Transportation (DOT) Highways Division, as the Administration's lead for setting up the SFA, **supports** S.B. 808.

We appreciate the legislature's commitment to addressing the needs of the students of Hawaii. S.B. 808 provides further clarification of the School Facilities Agency (SFA) and its role and responsibilities. We have been working with the Department of Education (DOE), specifically with the Assistant Superintendent Randall Tanaka to ensure that the SFA and the DOE operate seamlessly to improve DOE facilities and provide Hawaii students and teachers the learning environments they deserve.

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