
A BILL FOR AN ACT

RELATING TO EDUCATION FUNDING.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that in the United
2 States, the federal government leaves to the individual states
3 the kuleana of providing funding for public education and
4 ensuring that the related educational financing systems are
5 founded on sound governance principles. Article X, section 1 of
6 the Hawaii State Constitution further provides for the
7 "establishment, support and control of a statewide system of
8 public schools ... including physical facilities therefor."
9 Education appropriations for the K-12 public school system
10 account for roughly twenty per cent of the entire state budget,
11 reflecting the uniquely important regard Hawaii's people have
12 for the State's educational system.

13 The department of education is the only single statewide
14 educational district in the United States. Serving roughly one
15 hundred eighty thousand students, the department provides much
16 more than classroom instruction but also non-instructional
17 services that benefit communities throughout the State. These



1 non-instructional services include food services, homeless
2 liaison services, mental and behavioral health services,
3 emergency shelter during natural disasters, and access to
4 broadband and internet infrastructure. Together with the
5 instructional services, the department serves as a tremendous
6 safety net for a significant number of Hawaii families.

7 The year 2020 was largely characterized by the onset of the
8 coronavirus disease 2019 (COVID-19) pandemic and its decimation
9 of the economies across the globe. Similarly, the State faces a
10 dire fiscal challenge with drastic cuts to the state budget and
11 virtually every government service it provides, including
12 education. The threat of decreased funding for K-12 public
13 education reduces both access to learning and the preservation
14 of critical safety nets for a significant number of students,
15 particularly the department's most vulnerable learners and their
16 families.

17 A vibrant K-12 public education system enables the
18 fulfillment of educational goals and aspirations far beyond a
19 student's successful completion of secondary education
20 requirements. Stability and predictability in the department's
21 funding are critical and requisite components in maintaining its



1 capacity to meet constantly evolving learning needs and the
2 ability to design appropriate learning and support systems for
3 haumana and their ohana.

4 The legislature further finds that it must build on the
5 foundation established by the weighted student formula of
6 ensuring equity in access to educational opportunities for all
7 students. It is also incumbent on the legislature to promote
8 predictability and stability of K-12 education revenues by
9 committing a base of annual funding in the face of changing
10 circumstances to ensure the continuous and uninterrupted
11 equitable distribution of educational resources for all public
12 school students.

13 The purpose of this Act is to;

- 14 (1) Establish maintenance of effort provisions;
15 (2) Establish a public education stabilization trust fund;
16 (3) Require reports; and
17 (4) Make appropriations.

18 SECTION 2. Chapter 237, Hawaii Revised Statutes, is
19 amended by adding a new section to be appropriately designated
20 and to read as follows:



1 state appropriations to the department for the preceding fiscal
2 year.

3 (b) If state appropriations to the department for the
4 current fiscal year are less than the preceding fiscal year,
5 then the aggregate proportion of the department's annual
6 appropriations from the state general funds over the preceding
7 ten years shall be maintained as the appropriation to the
8 department.

9 (c) If state appropriations to the department for the
10 current fiscal year are less than the preceding fiscal year, the
11 difference between the preceding fiscal year appropriation and
12 the current fiscal year appropriation shall be deposited to the
13 credit of the public education stabilization trust fund.

14 **§302A- Maintenance of effort; temporary suspension. (a)**

15 Upon a declaration by the governor concurred to by the
16 legislature, the maintenance of effort provisions pursuant to
17 this chapter may be temporarily suspended for any of the
18 following reasons:

19 (1) A precipitous decline in the general fund revenue of
20 the State as declared in an emergency proclamation by
21 the governor;



1 (2) Exceptional or uncontrollable circumstances, such as a
2 natural disaster; or

3 (3) The total enrollment of students attending department
4 schools falls below ten per cent of the average
5 official enrollment counts over the current and
6 preceding three school years.

7 (b) The suspension shall last until the legislature, with
8 the approval of the governor, determines that the maintenance of
9 effort provisions shall be reinstated. The suspension shall
10 automatically terminate no later than the start of the new
11 biennial period following the temporary suspension."

12 SECTION 4. Chapter 302A, Hawaii Revised Statutes, is
13 amended by adding a new section to part V to be appropriately
14 designated and to read as follows:

15 "§302A- Public education stabilization trust fund;
16 established. (a) There is established within the state
17 treasury a trust fund to be known as the public education
18 stabilization trust fund into which shall be deposited:

19 (1) All moneys transferred pursuant to section 237- for
20 the provision of free public education;



1 (2) Any other appropriations by the legislature to the
2 trust fund; and

3 (3) Income and capital gains earned by the trust fund.

4 (b) The public education stabilization trust fund shall be
5 administered by the department and used to compensate for any
6 reductions in general fund appropriations for direct school
7 funding programs in the state budget from the preceding fiscal
8 year to the current fiscal year; provided that public charter
9 school programs shall be compensated to the same extent as
10 public school programs.

11 (c) The department shall submit to the director of finance
12 a report that shall be prepared in the form described by the
13 director of finance and shall identify the total amount of funds
14 that will carry over to the next fiscal year. The department
15 shall submit the report to the director of finance within ninety
16 days of the close of each fiscal year and a copy of the
17 information contained in the report to the director of finance
18 shall be included within the agency's report to the
19 legislature."

20 SECTION 5. The department of budget and finance shall
21 submit to the legislature no later than twenty days prior to the



1 convening of the regular session of 2022 a report on the general
2 excise tax revenues diverted from the general fund to the public
3 education stabilization trust fund and the impact that diversion
4 had on other state departments and operations.

5 SECTION 6. The department of budget and finance shall
6 approve a report that shall be prepared by the department of
7 education regarding the amount of money spent from the public
8 education stabilization trust fund, which shall be submitted to
9 the legislature no later than twenty days prior to the convening
10 of the regular session of 2022.

11 SECTION 7. There is appropriated out of the general
12 revenues of the State of Hawaii the sum of \$ or so
13 much thereof as may be necessary for fiscal year 2021-2022 to be
14 deposited into the public education stabilization trust fund
15 established pursuant to section 4 of this Act.

16 SECTION 8. There is appropriated out of the public
17 education stabilization trust fund the sum of \$ or so
18 much thereof as may be necessary for fiscal year 2021-2022 and
19 the same sum or so much thereof as may be necessary for fiscal
20 year 2022-2023 for the maintenance of effort for K-12
21 educational programs as required by section 3 of this Act.



1 The sums appropriated shall be expended by the department
2 of education for the purposes of this Act.

3 SECTION 9. New statutory material is underscored.

4 SECTION 10. This Act shall take effect on July 1, 2050.



Report Title:

Department of Education; Maintenance of Effort; Trust Fund;
Appropriation

Description:

Establishes maintenance of effort provisions. Establishes a
public education stabilization trust fund. Requires reports.
Makes appropriations. Takes effect 7/1/2050. (SD1)

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not legislation or evidence of legislative intent.*

