



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

**Date:** 03/28/2014

**Committee:** House Finance

**Department:** Education

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

**Title of Bill:** SB 2288,SD2,HD1(hscr996-14) RELATING TO EDUCATION.

**Purpose of Bill:** Amends or repeals various provisions of Chapter 302A, Hawaii Revised Statutes, governing the Department of Education, for housekeeping and other purposes. Effective July 1, 2050. (SB2288 HD1)

**Department's Position:**

The Department of Education supports the content of this bill, however defers to the State Public Charter School Commission regarding the new amendment to the definition of "Charter schools."

Thank you for your consideration of our testimony and the opportunity to testify on this bill.

TESTIMONY BY KALBERT K. YOUNG  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE HOUSE COMMITTEE ON FINANCE  
ON  
SENATE BILL NO. 2288, S.D. 2, H.D. 1

March 28, 2014

RELATING TO EDUCATION

Senate Bill No. 2288, S.D. 2, H.D. 1, proposes to exempt the Hawaii 3R's school repair and maintenance (special) fund and the After-school plus program revolving fund from contributing their prorated estimate towards central services expenses of state government as currently required of all special funds except those exempted via Chapter 302A, Hawaii Revised Statutes.

The Department of Budget and Finance ("Department") does not generally support the selective exemption of special funds from their fair contribution to the central services expenses. The funds collected for central services from special and revolving funds in accordance with Chapter 302A, HRS, are meant to account for the general expenses that are provided by a number of administrative-support functions which are exclusively funded from general funds. The Legislature should already be aware that there are significant core administrative programs that rely on central services funds for operations - such as, the Office of Information Management and Technology and various operations within the Department of Accounting and General Services. There are also a number of other general business and administrative processes whose costs of operations are off-set in the budget with the reimbursement that is afforded via the central services fee.

While I recognize that the central services fee is a charge that can place a burden on certain special funds, these programs also need to recognize that some of the administrative costs of operating a special fund is borne by the general fund. A component of consideration for when the Legislature deliberates the establishment of any special fund, should be whether the fund can be financially viable after accounting for all of its cost of operations – including the central services fee in Chapter 302A, HRS.

As a matter of general principle, the Department recommends that Senate Bill No. 2288, S.D. 2, H.D. 1, be deferred.