



March 2, 2023
Finance and Infrastructure Committee Meeting

Dear Chair Fallin and Members of the Board,

We appreciate this update on the status of the DOE's Capitol Improvement Projects (CIP) and Repair and Maintenance (R&M).

HE'E Coalition is extremely concerned about the entire situation at the DOE's Office of Facilities and Operations (OFO). Our concerns are nothing new. Our March 3, 2022 testimony provides examples of poor management and decision making made by OFO.¹ The following points do not reflect well on leadership.

1. For the \$256 million that the legislature allocated for Maintenance of Effort (MOE), at only 2% of funds obligated at this time, DOE will not be able to spend 100% of legislative line item projects by 6/30/2024. DOE's failure to meet the federal MOE requirement may result in the State having to repay the federal government in State dollars.
 - DOE has explained that line item delays are caused by things out of its control like permitting and lack of architects and engineers and construction workers. All projects in Hawai'i face these challenges. Why can't OFO address these challenges systematically? Will these excuses be accepted by the Legislature? Will these excuses be accepted by the BOE?
2. According to the "Status of Appropriations" page of the DOE facilities web portal, DOE obligated CIP funds are **\$1,024,318,166**, unencumbered CIP funds lapsing 6/30/24 is **\$1,099,760,007**, unencumbered CIP funds lapsing 6/30/26 is **\$105,825,322** for a total of **\$2,229,903,405 unexpended funds** (Appendix 1).
 - The BOE should ask the DOE for a detailed breakdown of these all of these buckets.
 - For obligated funds, how much are in design? How much are in construction? What is the expected date of completion? Are there any other encumbrances? If so, what projects are they for?
 - For unencumbered CIP funds, what is the amount of state funds? What is the amount of federal funds? What are the anticipated plans? What are the timelines?

¹ <https://boe.hawaii.gov/Meetings/Notices/Meeting%20Material%20Library/2022-03-03%20FIC%20Testimony.pdf>

- These staggering amounts are indicative of inadequate processes at OFO. The legislature, school staff, and the community expect the DOE to utilize funds effectively to manage school facilities projects. If the DOE is not able to execute on these funds, **it would be best to return the \$1 billion in unencumbered funds to the State** so that it can be reinvested in projects that will have a greater return on investment for taxpayers.
3. At the House Finance Committee Information Briefing on January 13, 2023, when asked what the R&M maintenance backlog was, Deputy Superintendent Curt Otaguro answered, “When you add up all the different projects it’s an **excess of \$2.4 billion** in total.”²
 - If we have over \$2.4 billion in R&M, why is the DOE focusing on the new construction of a central kitchen or purchasing St. Francis School? Should we be building new facilities when we have so much deferred maintenance? Should we acquire the assets of an entire school, which was founded in 1924, to add to our R&M list?
 4. The DOE claims that Kūlanihāko‘i High is a \$120 million school.³ However, according to the its own facilities portal, over \$270 in legislative appropriations have been made for the school and over \$200 million in construction contracts have been spent including \$50 million in change orders thus far⁴ (Appendix 2). Yet, after 17 years, only half the school is built.

Even though a grade-separated pedestrian crossing (GSPC) was required in 2013 by the State Land Use Commission (LUC) for the opening of the school, the DOE used funds (\$16 million) without informing neither the legislature nor the BOE for a Department of Transportation (DOT) project of a roundabout in 2021, which did not meet the LUC’s requirement.⁵

Despite a reconfirmation from the LUC in 2022 that a GSPC was required for opening, DOE spent funds on consultants to prepare materials for community meetings to try to sway community members to push for options of a school opening without a GSPC.⁶ DOE’s efforts failed as Maui County confirmed that a Certificate of Occupancy would not be issued without a GSPC.⁷

It will take another 3-5 years to build the GSPC and open the school.

- The victims of the DOE’s mismanagement of Kūlanihāko‘i High are the students, school staff, the Kihei community, and Hawai‘i taxpayers whose funds have been mishandled throughout this project.
5. DOE’s March 2 memo lacks critical information and is confusing.

² <https://www.khon2.com/local-news/doe-2-4-billion-repair-deferred-maintenance-backlog/>

³ <https://www.khon2.com/local-news/kihei-school-missing-legal-requirement-to-open-campus/>

⁴ <https://www.hidoefacilities.org/portalSchoolsPage.php>

⁵ <https://www.staradvertiser.com/2023/02/22/editorial/our-view/editorial-act-swiftly-to-get-maui-school-open/>

⁶ <https://www.hawaiipublicschools.org/ParentsAndStudents/EnrollingInSchool/SchoolFinder/Pages/Kulanihakoi-High-School.aspx>

⁷ <https://www.civilbeat.org/2023/01/opening-of-new-maui-high-school-delayed-amid-safety-concerns/>

- If MOE funded projects the highest priority, why does the memo not include details of the projects such as type of project, status and expected timeline? Wouldn't the legislature be interested in the status of the legislative line items?
- The table of CIP Allotment Status Report on page 2 of \$547,841,107 does not align with the web portal CIP Funds Status of Appropriations encumbered amount of \$1,024,318.166. What is the difference?
- The 682 CIP projects listed in the memo differs from the web portal's 664 projects. The amount of \$1.5 billion on the memo differs from the \$1.3 billion on the web portal. What is the difference?
- Does the DOE's table on page 3 describe all types of obligated funds? If so, why is there a difference between the \$1.5 billion on contracted costs in the memo and the \$1 billion in obligated funds on the web portal?

We urge the BOE to use its power to convene and question and require comprehensive and understandable reporting to get clarity on what appears to be a dire situation at OFO.

Thank you for this opportunity to testify.

Sincerely,
Cheri Nakamura
HE'E Coalition Director

HE'E Coalition Members and Participants

Academy 21
Alliance for Place Based Learning
American Civil Liberties Union
Atherton YMCA
Castle Complex Community Council
Castle-Kahuku Principal and CAS
Education Institute of Hawai'i
*Faith Action for Community Equity
Fresh Leadership LLC
Girl Scouts Hawai'i
Harold K.L. Castle Foundation
*HawaiiKidsCAN
*Hawai'i Afterschool Alliance
*Hawai'i Appleseed Center for Law and Economic Justice
*Hawai'i Association of School Psychologists
Hawai'i Athletic League of Scholars
*Hawai'i Children's Action Network
Hawai'i Education Association
Hawai'i Nutrition and Physical Activity Coalition
* Hawai'i State PTSA
Hawai'i State Student Council
Hawai'i State Teachers Association
Hawai'i P-20
Hawai'i 3Rs
Head Start Collaboration Office
It's All About Kids
*INPEACE
Joint Venture Education Forum
Junior Achievement of Hawaii
Kamehameha Schools
Kanu Hawai'i
Kaua'i Ho'okele Council
Keiki to Career Kaua'i
Kupu A'e
*Leaders for the Next Generation
Learning First
McREL's Pacific Center for Changing the Odds
Native Hawaiian Education Council
Our Public School
*Pacific Resources for Education and Learning
*Parents and Children Together
*Parents for Public Schools Hawai'i
Special Education Provider Alliance
*Teach for America
The Learning Coalition
US PACOM
University of Hawai'i College of Education
* Youth Service Hawai'i
Voting Members () Voting member organizations vote on action items while individual and non-voting participants may collaborate on all efforts within the coalition.*



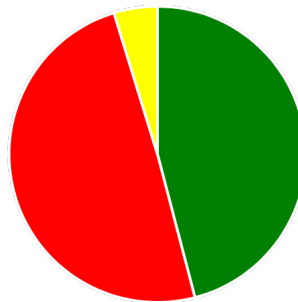
Improving Hawaii School Facilities

CIP Funds

OBLIGATED CIP FUNDS (encumbered or restrictions placed on the use of funds unspent)	CIP FUNDS LAPSING 6/30/24 (unencumbered or no restrictions placed on the use of funds unspent)	CIP FUNDS LAPSING 6/30/26 (unencumbered or no restrictions placed on the use of funds unspent)	TOTAL UNSPENT CIP FUNDS
\$1,024,318,166.20	\$1,099,760,006.95	\$105,825,322.00	\$2,229,903,495.14

TOTAL UNSPENT CIP FUNDS

\$2,229,903,495.14



- Obligated_CIP_Funds
- CIP_Funds_Lapsing 6/30/24
- CIP_Funds_Lapsing 6/30/26

Appendix 2

Appr	Item	Appr Lapsed	Appr Title (Desc)	Appropriation Total	Appropriation Balance	Allotment Balance	Cost Total	Expenditures	Encumbrance Total	Job#
B-2014-509	G37	6/30/2016	KIHEI HIGH SCHOOL, MAUI-L/S New High School	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
B-2014-511	G37	6/30/2016	KIHEI HIGH SCHOOL, MAUI-DES New High School	\$3,000,000.00	\$0.00	\$0.00	\$3,000,000.00	\$3,000,000.00	\$0.00	Q00017-06
B-2014-512	G37	6/30/2016	KIHEI HIGH SCHOOL, MAUI-CON New High School	\$27,000,000.00	\$0.00	\$0.00	\$26,963,593.00	\$26,963,593.00	\$0.00	Q00017-06, Q55000-16
B-2016-514	G33.01	6/30/2018	NEW HIGH SCHOOL IN KIHEI, MAUI-DES New School Phas	\$8,000,000.00	\$0.00	\$0.00	\$8,000,000.00	\$7,064,360.00	\$935,640.00	Q00017-06
B-2016-515	G33.01	6/30/2018	NEW HIGH SCHOOL IN KIHEI, MAUI-CON New School Phas	\$29,500,000.00	\$0.00	\$0.00	\$29,465,000.00	\$29,465,000.00	\$0.00	Q55000-17
B-2017-484	G33	6/30/2020	KIHEI HIGH SCHOOL, MAUI-PLN New School	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
B-2017-485	G33	6/30/2020	KIHEI HIGH SCHOOL, MAUI-DES New School	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
B-2017-486	G33	6/30/2020	KIHEI HIGH SCHOOL, MAUI-CON New School	\$0.00	(\$30.00)	\$30.00	\$0.00	\$0.00	\$0.00	Q55000-16; Q55000-17; Q55208-11
B-2017-486	G33	6/30/2020	KIHEI HIGH SCHOOL, MAUI-CON New School	\$63,000,000.00	\$0.00	\$0.00	\$63,000,000.00	\$62,421,757.00	\$578,243.00	Q55000-17, Q55000-16; Q55208-11
B-2017-487	G33	6/30/2020	KIHEI HIGH SCHOOL, MAUI-EQP New School	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
B-2018-550	G87.42	6/30/2020	KIHEI HIGH SCHOOL, MAUI-CON NEW SCHOOL	\$39,000,000.00	\$0.00	\$31,051.57	\$38,968,948.43	\$20,899,332.34	\$18,069,616.09	Q55000-17, Q55208-18
B-2018-550	G87.42	6/30/2020	KIHEI HIGH SCHOOL, MAUI-CON NEW SCHOOL	\$0.00	\$2,000.00	(\$2,000.00)	\$0.00	\$0.00	\$0.00	Q55000-17; Q55208-18
B-2018-663	G87.42	6/30/2020	KIHEI HIGH SCHOOL, MAUI-DES New School	\$1,000,000.00	\$0.00	\$0.00	\$1,000,000.00	\$0.00	\$1,000,000.00	Q00017-06
B-2019-668	G98	6/30/2022	KIHEI HIGH SCHOOL, MAUI-L/S PLANS AND DESIGN FOR D	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
B-2019-670	G98	6/30/2022	KIHEI HIGH SCHOOL, MAUI-DES PLANS AND DESIGN FOR D	\$250,000.00	\$0.00	\$0.00	\$250,000.00	\$2,500.00	\$247,500.00	Q00017-06
S-2014-410	G37	6/30/2016	KIHEI HS, MAUI-L/S /PROJ ADJ FD, S/W-PLN New High	\$100,000,000.00	\$100,000,000.00	\$0.00	\$0.00	\$0.00	\$0.00	
				\$270,750,000.00	\$100,001,970.00	\$29,081.57	\$170,647,541.43	\$149,816,542.34	\$20,830,999.09	

S-2014-410	G37	6/30/2016	KIHEI HS, MAUI-L/S /PROJ ADJ FD, S/W-PLN New High	\$100,000,000.00	\$100,000,000.00	\$0.00	\$0.00	\$0.00	\$0.00
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Records 1-16 of 16

Job Order Contracting (JOC)

No records found.

Job Contracts

Type ▲	Job	Contract No.	Original Contract Amount	Mods / Change Orders	Adjusted Contract Total
<input type="checkbox"/>	CIP		\$145,170,020.00		\$203,703,317.00
<input type="checkbox"/>	Q00017-06 - Irrigation Wells / PC: Mitch Tamayori / Status: Construction Completed				
	CO-80178		\$1,559,878.00	\$14,841,724.00	\$16,401,602.00
	C2000841		\$424,217.00	\$0.00	\$424,217.00
<input type="checkbox"/>	Q55000-16 - New School, Ph 1B - Infrastr / PC: Mitch Tamayori / Status: Construction Completed				
	C2000950		\$21,365,000.00	\$9,130,488.00	\$30,495,488.00
<input type="checkbox"/>	Q55000-17 - New School, Phase 2 / PC: Mitch Tamayori / Status: Active				
	C2001379		\$103,062,140.00	\$31,553,219.00	\$134,615,359.00
	C1001453		\$1,828,785.00	\$3,007,866.00	\$4,836,651.00
<input type="checkbox"/>	Q55208-18 - New School, Phase 3 / PC: Mitch Tamayori / Status: Active				
	C2001631		\$16,930,000.00	\$0.00	\$16,930,000.00
<input type="checkbox"/>	Q55212-19 - Pedestrian Crossing / Status:				
			\$0.00	\$0.00	\$0.00
Total			\$145,170,020.00		\$203,703,317.00

Records 1-7 of 7



Improving Hawaii School Facilities

Schools Facilities Projects

Active Projects Under Construction

Number of C2 Contracts	234
Total Amount	\$1,010,463,445.41
Unspent Amount	\$445,890,713.53

Active Projects Under Design

Number of C1 Contracts	430
Total Amount	\$293,569,858.40
Unspent Amount	\$51,459,415.15

Job Order Contracting

Number of Purchase Orders	2,213
Total Amount	\$274,471,166.45
Unspent Amount	\$99,678,396.02

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