



January 11, 2024  
Finance and Infrastructure Committee Meeting

Dear Chair Kuraya Members of the Committee,

**Discussion Item 3A: Review of status of Department capital improvement projects**

*A version of this appeared in the January 4, 2024, Island Voices section of the Star Advertiser, titled "To improve schools' building, expand DOE system that works."*

HE'E Coalition members are deeply disappointed that \$465 million in funds allocated for CIP line-items has not been expeditiously deployed and understand that funding thus lapsed will be returned to the state for other vital needs. Delayed CIP is a problem that has been discussed for years.

Our schools have critical needs to support quality teachers and instruction to deliver excellent equitable education. The worst consequence of this would be if the public and legislature conclude that the available funding not being used for timely completion of CIP line-items has any bearing on educational budget needs.

In studying this serious problem and failure to deliver for our keiki, we see that a system for DOE CIP is already working at the DOE, it's called Facilities Asset Management. We urge implementation for CIP line-items in addition to the deferred maintenance currently employing it.

The \$2 billion in unspent CIP funds and the impending lapsing of \$465 million for DOE line-items has received much attention in recent months. One of the main contributors to the backlog of CIP line-items is the traditional process of appropriation, design, bidding, and construction which simply takes too long. DOE continues to use the same process that the Department of Accounting and General Services (DAGS) used when DOE took over the management of school facilities from DAGS through the Reinventing Education Act of 2004 (Act 51). It didn't work well in 2004 and still doesn't work well in 2023. In response, the DOE indicated that the DOE and the Board of Education are working to re-evaluate the Department's CIP spending and construction processes in 2024. However, there is a more efficient process that is already working in the DOE and expanding it to include CIP line-items would go a long way towards expediting vital CIP.

Through the Act 40 (2019) and Act 6 (2020) budget bills, the legislature allocated \$140 million for a pilot program to address DOE's deferred maintenance projects. Deferred maintenance projects can be recurring projects such as painting, roofing, recarpeting, and air conditioning and non-recurring projects such as renovations and ADA improvements. In 2019, the DOE used these funds to institute a pilot

program for roof repair, which used a streamlined appropriation process called Job Order Contracting (JOC). The DOE repaired the first roof under this program at the Castle High School Auditorium in May of 2019. What previously took the DOE 7 years in the traditional process was completed in 3 months under the JOC process. In addition, construction efficiency, which measures New Construction/Appropriation, improved to 71% from 46% under the pilot program.

Fast forward to December 2023. DOE is now using the Facilities Asset Management (FAM) System for all project allocations under its deferred maintenance lump sum budget. FAM includes the JOC process along with another procurement method called Prequalified Small Contractors (PSC). FAM projects are managed locally by the affected district, and there is an online project management platform so the public can track specific jobs. FAM uses prequalified architects, engineers and contractors strategically aligned by districts to get things done in weeks and months instead of years. All the normal delays in the public sector are removed from the process. According to the FAM Dashboard on the DOE Facilities Portal, of the \$506.6 million estimated deferred maintenance, projects the FAM process has appropriated over \$283 million in jobs, with \$64 million in jobs ready and waiting for legislative funding, and \$89 million in jobs still in the evaluation stages. Therefore, 86% of the FAM appropriations are completed or moving, (only 14% pending). Compare this to the \$1.2 billion of CIP line-item funds (58%) ready to lapse.

Other school districts have employed similar facilities asset management systems. [Washington State](#), [Oakland Unified School District](#), [Austin Independent School District](#) are all examples of school districts that have built their successful facilities program around asset management:

*“An asset preservation program (WAC 392-347-023) is a systematic approach to ensure performance accountability; promote student health and safety by maintaining and operating building systems to their design capacity; maintain an encouraging learning environment; and extend building life, thus minimizing future capital needs.” Washington Office of Superintendent of Public Instruction*

FAM does not remove all bottlenecks from the CIP process. Any required permitting, for example, is not controlled by the DOE. FAM streamlines what is in DOE control. If we expand the Hawaii DOE FAM System, we can have greater efficiency in addressing the needs of our school facilities and make a difference for our students. Let’s work together to support and expand this DOE system so that we can effectively utilize scarce funding to help our schools and students.

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  
Education Institute of Hawai'i  
\*Faith Action for Community Equity  
Fresh Leadership LLC  
Girl Scouts Hawai'i  
\*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  
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.*