

February 21, 2017

Hawaii Board of Education  
Finance and Infrastructure Committee  
Grant Chun, Chair  
Kenneth Uemura, Vice Chair

Dear Chair Chun, Vice Chair Uemura and Members of the Committee,

I am writing to comment on **Agenda Item IV. B. Update on the Department of Education's Budget Background, Process and Status for the 2017-2019 Biennium.**

I am a parent of a public-school student. I have also been serving on a focus group working on the implementation plan for Board of Education Policy 105.14 Multilingualism for Equitable Education.

The Governor's adjustments to the Board approved budget cut funding for items that would support English learners and multilingual students. Cutting the items impedes implementation of Policy 105.14. We need to do more, not less, to provide effective services for our English learning and multilingual students. The achievement gap provides evidence that we urgently need to better serve these students. Let us all work together to insure supports are funded.

Thank you,

Brook Chapman de Sousa

February 21, 2017

Hawaii Board of Education  
Finance and Infrastructure Committee  
Grant Chun, Chair  
Kenneth Uemura, Vice Chair

Aloha Chair Chun, Vice Chair Uemura and Members of the Committee,

We would like to comment on **Agenda Item IV. B. Update on the Department of Education's Budget Background, Process and Status for the 2017-2019 Biennium.**

We are a group of advocates representing Native Hawaiian, Multilingual, English Learner, Special Education students, as well as organizations wanting improved community engagement in our schools, who have come together to express our concern for the DOE Budget, as adjusted by the Governor's Message of February 7, 2017.

As public education advocates, we provided input on our priorities for public education in the Governor's ESSA Task Force town hall meetings and BOE/DOE Strategic Plan community meetings. Attachment 1 lists these priorities along with the respective stakeholders. We noticed that the Governor and the BOE/DOE appeared supportive of our priorities since items such as Hawaiian Education/ Nā Hopena A'o (HĀ), the narrowing the achievement gap for English Learners, Special Education and disadvantaged students, and the importance of community engagement were recurrent throughout both the Blueprint for Education and the Strategic Plan.

We appreciated that the BOE and DOE supported our priorities in the Board approved budget for the Biennium FY18 and FY19 (attachment 2), in particular, because many of these line item inputs and supports addressed the Strategic Plan's aim to narrow the achievement gap. However, we are concerned by the Governor's recent adjustments to the budget, which cut the funding for all of these priorities (attachment 2), as well as reduced weighted student formula funds by \$18 million per year. Instead, the governor's budget recommends a school innovation fund for \$10 million per year for two years. Other items were cut from the budget along with our priorities, such as air conditioning and facilities maintenance, teacher induction and mentoring, and structural supports vital for the planning and implementation of the state's ESSA Plan, such as the Office of Strategy Innovation and Performance and data governance. While we agree innovation is important, it should not be at the expense of funding systemic basic needs and supports for our high needs students.

We have advocated to members of the legislature and hope to convey our concerns directly to the governor. We ask the Board to join us in our advocacy to support the Board approved budget, and restore these line items, which are critical for implementing the Strategic Plan and narrowing the achievement gap.

Thank you for the opportunity to testify.

Mahalo,

Martha Guinan (Special Education Advisory Council)  
Cheri Nakamura (HE'E Coalition)  
Sylvia Hussey (Native Hawaiian Education Council)  
Patricia Halagao  
Brook Chapman DeSousa  
Emily Lam  
Gavin Thornton  
William Pila Wilson (Ka Haka 'Ula O Ke'elikōlani College of Hawaiian Language, UH Hilo, 'Aha Pūnana Leo, Inc.)  
Ka'ano'i Walk  
Paula Adams (Hawai'i Afterschool Alliance)  
Dawn Dunbar (After-School All-Stars Hawai'i)  
Amy Agbayani (Filipino-American Advocacy Network)  
Faye Kennedy (Hawaii Friends of Civil Rights)  
Elisapeta Tuupo Alaimaleata (Le Fetuao Samoan Language Center)  
Terrina Wong (Pacific Gateway Center)  
Josie Howard (We are Oceania)  
Shawn Ford (Teaching English as a Second Language (TESOL))

# Governor's Blueprint and DOE Strategic Priorities (Attachment 1)

PRIORITY	STAKEHOLDER GROUP	LINE ITEM
<b>Nā Hopena A'o (HĀ)/Hawaiian Education</b>	Native Hawaiian Education Council Ka Haka 'Ula O Ke'elikōlani College Kamehameha Schools 'Aha Punana Leo	EDN 100 Office of Hawaiian Education
<b>Achievement Gap: SPED and Disadvantaged</b>	Special Education Advisory Council  Hawaii Appleseed Center	EDN150 Pre-school Teachers and Ed Assistants EDN150 Train & License of Paraprofessionals EDN200 Seclusion and Restraints EDN200 School Based Behavioral Health EDN200 Homeless Concerns Liaisons
<b>Achievement Gap: English Learners</b>	Hawaii Association of Language Teachers Filipino Community Center LeFetuao Samoan Language Center Micronesians United Big Island We are Oceania Hawai'i TESOL Pacific Gateway Center	EDN200 World Languages and Health EDN200 English Language Learner Program
<b>Community Engagement</b>	HE'E Coalition Hawai'i Afterschool Alliance University of Hawai'i College of Education After-School All-Stars Hawai'i Atherton and Campbell Foundations	EDN300 Community Engagement
<b>Facilities</b>	All Stakeholders	EDN400 Heat Abatement and AC Maintenance EDN400 Environmental Health Service EDN400 School Service and Maintenance
<b>ESSA and Other Supports</b>	All Stakeholders	EDN300 Teacher Mentoring EDN300 Data Gov and Strategic Initiatives EDN300 Funding for OSIP

# DOE/BOE Request vs. GOV's Decision (02/2017)

## (Attachment 2)

		DOE/BOE	DOE/BOE	GOV'S DECISION (02/2017)	GOV'S DECISION (02/2017)
Prog ID	DESCRIPTION	FY18	FY19	FY18	FY19
EDN100	OFFICE OF HAWAIIAN EDUCATION	283,255	283,255	0	0
EDN100	OFFICE OF HAWAIIAN EDUCATION	2,027,645	2,027,645	0	0
EDN150	TRAINING AND LICENSURE OF PARA-PROFESSIONALS	3 (FTE)	3 (FTE)	0	0
EDN150	PRESCHOOL TEACHERS AND ED ASSSTANTS (IDEA)	60 (FTE)	60 (FTE)	0	0
EDN200	SECLUSION AND RESTRAINTS	466,909	466,909	0	0
EDN200	SCHOOL BASED BEHAVIORAL HEALTH	183,818	183,818	91,909	183,818
EDN200	HOMELESS LIAISONS	844,776	844,776	0	0
EDN200	WORLD LANGUAGES AND HEALTH	183,818	183,818	0	0
EDN200	ELL PROGRAM	183,818	183,818	0	0
EDN300	COMMUNITY ENGAGEMENT OFFICE	293,557	293,557	0	0
EDN400	HEAT ABATEMENT AND AC MAINTENANCE	2,031,330	2,031,330	0	1,000,000
EDN400	ENVIRONMENTAL HEALTH SERVICES	800,000	800,000	0	0
EDN400	SCHOOL SERVICE AND MAINTENANCE	2,800,000	4,000,000	0	0
EDN300	TEACHER MENTORING	341,243	341,243	0	0
EDN300	DATA GOVERNANCE AND STRATEGIC INITIATIVES	1,311,004	1,311,004	0	0
EDN300	FUNDING FOR OFFICE OF STRATEGY INNOV AND PERFORM	1,080,184	1,080,184	0	0
EDN100	SCHOOL INNOVATION PROGRAM			10,000,000	10,000,000

February 21, 2017

Hawai'i Board of Education  
Finance and Infrastructure Committee  
Grant Chun, Chair  
Ken Uemura, Vice Chair

Dear Chair Chun, Vice Chair Uemura and Members of the Hawai'i Board of Education,

I am a professor of education and former member of the HIBOE. I would like to comment on **Agenda Item IV. B. Update on the Department of Education's Budget Background, Process and Status for the 2017-2019 Biennium.**

I support the joint letter submitted by a number of equity and community stakeholders outlining the budgetary needs that serves our high need's students. I would like to specifically address our request to reinstate the budget line items in the Governor's budget that pertain to our multilingual, English Learner (EL), and world language students.

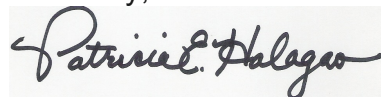
The BOE/DOE strategic plan and Governor's blueprint makes closing the achievement gap a central focus. Rightfully so, since EL students make up approximately 8-10% of student population and the recent Strive HI 2016 results show only 21-22% of these students are meeting ELA and math standards and 46% are graduating. In order to address the achievement gap and ESSA's requirements on English proficiency as an indicator, we must address the opportunity gap by increase DOE staffing and resources that directly supports this group.

More specifically, I support reinstating the DOE/BOE budget's request in the Governor's budget for 2 additional staff positions (**EDN 200 English Language Learner Program**) to bolster an existing skeleton DOE EL "group" of two who must service the entire state. Increasing EL staffing will expand services in professional development, family outreach and support, translation and interpretation, and multicultural/multilingual initiatives.

In addition, I support the DOE/BOE's request for a world language specialist position (**EDN 200 World Languages and Health**). Currently, one DOE specialist position covers art and world languages to service the entire state. Separating the position will allow the DOE to meet the demand for fostering 21<sup>st</sup> century global skills in bi-literacy and support language development for all our students.

EL and world language issues have long been under-funded in the DOE to the detriment of our students' needs. With the state's focus on equity, I hope the BOE will support efforts to align the biennium budget with their goals to address student achievement.

Sincerely,

A handwritten signature in black ink, reading "Patricia E. Halagao". The signature is written in a cursive, flowing style. The first name "Patricia" is written in a larger, more prominent script, followed by "E." and "Halagao".

Patricia Espiritu Halagao

February 20, 2017

Hawaii Board of Education  
Finance and Infrastructure Committee  
Grant Chun, Chair  
Kenneth Uemura, Vice Chair

Aloha Chair Chun, Vice Chair Uemura and Members of the Committee,

I am Sang Yee Cheon, director the Korean Language Flagship Center (KLFC) and associate professor of Korean language and linguistics at EALL Department at the University of Hawaii at Manoa. I am writing to you to urge you to support funding the Seal of Bilingualism at the BOE.

The UHM KLFC is the first and only Korean language center in the United States dedicated to cultivating Korea specialists with professional-level proficiency in Korean. The KLFC's goal is to prepare American students to be capable of functioning in Korean as professionals in their chosen academic or professional fields. The KLFC is part of *The Language Flagship* funded by the National Security Education Program:

"*The Language Flagship* leads the nation in designing, supporting, and implementing a new paradigm for advanced language education. Through an innovative partnership between the federal government and higher education, *The Language Flagship* seeks to graduate students who will take their place among the next generation of global professionals, commanding a superior level of proficiency in one of many languages critical to U.S. competitiveness and security."

(<https://www.thelanguageflagship.org/content/about-us>)

Cultivating global professionals with professional-level proficiency in target language(s) is necessary and critical to U.S. national security, but an extremely difficult goal without K-12 foreign language education or support. English proficiency is not sufficient enough to meet the nation needs in a globalized era. It is all agreed that our students will benefit from early exposure to foreign languages.

According to a new report from the American Academy of Arts and Sciences, just 22% of elementary and secondary students take foreign language classes, despite need for foreign language education before students enter a college or go to job market.

Most of all, Hawaii is a unique state constituting a diverse mix of multiracial and multilingual Americans, which is a valuable national asset. I hope that members of the legislature consider the Board approved budget for the Biennium FY18 and FY19 into consideration in order to utilize Hawaii's unique multilingual asset and to fulfill the nation's needs.

Mahalo and Sincerely,

*Sang Yee Cheon*



UNIVERSITY  
*of* HAWAII®  
MĀNOA

**Department of East Asian Languages and Literatures**

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February 21, 2017

Hawaii Board of Education  
Finance and Infrastructure Committee Meeting  
Grant Chun, Chair  
Kenneth Uemura, Vice Chair

Aloha Chair Chun, Vice Chair Uemura and Members of the Committee,

We would like to provide comment for **Agenda Item V. A. Committee Action to designate the Kalihi to Ala Moana School Impact Fee District.**

Hui for Excellence in Education, or "HE'E," is a statewide coalition of diverse stakeholders committed to working collaboratively to identify opportunities to improve public education in Hawai'i. HE'E seeks to be the focal point for community and parent engagement while serving as a public resource for educational policy.

We submitted testimony in support for the school impact fees for the Kalihi to Ala Moana district at the November 15, 2016 Finance and Infrastructure Committee meeting and we continue to stand by our testimony in support. We reiterate that the state's general funds alone cannot support the construction of new schools and the maintenance our aging schools so we believe that additional revenue streams are needed to support schools. We appreciate the Department's adjustment to lower the fee to \$5858 per unit from \$9374 per unit.

If the impact fees should be approved, we also still recommend the Department create an effective communication strategy to inform the public about the fees. The issue is not easy to understand without clear explanation so we hope that communication will be a priority. We would be happy to work with the Department as a community focus group to help craft the message.

Thank you for the opportunity to testify. Our support represents a 75% consensus or more of our voting membership.

Sincerely,

Cheri Nakamura  
HE'E Coalition Director



## HE'E Member List

Academy 21

After-School All-Stars Hawaii

Alliance for Place Based Learning

\*Castle Complex Community Council

\*Castle-Kahuku Principal and CAS

Coalition for Children with Special Needs

\*Faith Action for Community Equity

Fresh Leadership LLC

Girl Scouts Hawaii

Harold K.L. Castle Foundation

\*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 Charter School Network

\*Hawai'i Children's Action Network

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

Punahou School PUEO Program

Teach for America

The Learning Coalition

US PACOM

University of Hawai'i College of Education

YMCA of Honolulu

*Voting Members (\*) Voting member organizations vote on action items while individual and non-voting participants may collaborate on all efforts within the coalition.*

February 21, 2017

Grant Chun, Chair  
Kenneth Uemura, Vice Chair  
Finance and Infrastructure Committee  
Hawaii Board of Education

Aloha Chair Chun, Vice Chair Uemura and Members of the Committee,

I am writing with regard to Agenda Item IV. B. Update on the Department of Education's Budget Background, Process and Status for the 2017-2019 Biennium.

As a concerned citizen of the state, I stand together with those advocates who have written regarding the critical importance of maintaining funding for Native Hawaiian, Multilingual, English Learner, Special Education students, as well as for improved community engagement in our schools, funding that has been cut to zero in the Governor's adjusted budget of February 7, 2017. Zero dollars means zero resources. More importantly, zeroing out of these costs, comes at a cost.

A simple example: Students who enter school speaking (and often also reading) a home language other than English soon find that their point of pride becomes a badge of shame, something to be kept hidden, or even silenced. Yet this practice of assigning functional bilingualism zero value has a direct impact on the student's future: her chances of dropping out of school increase, while her lifelong success in career advancement and earning potential decrease.<sup>1</sup> Indeed, a student's loss of proficiency in her heritage language (i.e., failure to develop balanced proficiency in both English and her home language) also comes with an annual wage penalty of approximately \$5,000.<sup>2</sup>

The fabric of our community is strengthened when we weave into it the capabilities and contributions of **all** of our students. We are calling on you, as the governing board for education in the state, to insist on support for these diverse populations so that they are able to stand shoulder-to-shoulder with their classmates, ready to contribute to the bright future of our Hawai'i.

Thank you for this opportunity to testify.

Respectfully submitted,

Dina R. Yoshimi  
Aiea, HI

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<sup>1</sup> Rumbaut, R.G. (2014). English plus: Exploring the socioeconomic benefits of bilingualism in Southern California. In R.M. Callahan & P.C. Gándara (Eds.), *The bilingual advantage: Language, literacy, and the labor market* (pp. 182–205). Bristol, England: Multilingual Matters. Cited in Gándara, P. & Acevedo, S. (June 2016). Realizing the economic advantages of a multilingual workforce, p. 4. <https://www.civilrightsproject.ucla.edu/research/k-12-education/language-minority-students/realizing-the-economic-advantages-of-a-multilingual-workforce/gandar-acevedo-economic-advantages-bilingual-2016.pdf> (Retrieved February 20, 2017)

<sup>2</sup> Agirdag, O. (2015). The literal cost of language assimilation. Presentation at American Educational Research Association, Chicago, Ill. April 20, 2015. Cited in Gándara, P. & Acevedo, S. (June 2016). Realizing the economic advantages of a multilingual workforce, pp 5-6. (Same link as above.)



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**TESTIMONY FOR AGENDA ITEM V, A, COMMITTEE ACTION TO DESIGNATE  
THE KALIHI TO ALA MOANA SCHOOL IMPACT FEE DISTRICT**

**Finance and Infrastructure Committee**

**Hon. Grant Chun, Chair**

**Hon. Kenneth Uemura, Vice Chair**

**Tuesday, February 21, 2017, 10:30 AM**

**Queen Liliuokalani Building, Room 404**

Honorable Chair Chun and committee members:

I am Kris Coffield, representing the IMU Alliance, a nonpartisan political advocacy organization that currently boasts over 350 local members. On behalf of our members, we offer this testimony **in strong support** of establishing the Kalihi to Ala Moana school impact fee district and requesting the board to apply the fee at the originally proposed amount of \$9,374, which will bring in over \$365 million for area schools.

In comparison to school districts of similar size and demographic composition, Hawai'i ranks 227th in per-pupil funding *before* adjusting for cost of living, according to a Ballotpedia analysis of public school spending, at \$11,823 per child. Washington D.C., New York City, Boston, Pittsburgh, and Cincinnati school districts, for example, spend nearly twice as much as Hawai'i per pupil, at well over \$22,000 to over \$26,000 per student. Similarly, local private schools, discounting Catholic institutions, spend nearly \$19,173 dollars per student, with Punahou President Jim Scott revealing, in 2014, "The real cost of our education per student is \$26,000," owing to the school's then-total endowment of \$235 million and fundraising operations of \$12-\$15 million annually.

Our state must consider all possible ways to plug our education funding deficit, including the expansion of school impact fees, which could finance new or existing public school facilities as demand for such facilities increases, including through new residential properties spurred by transit oriented development (TOD). Pursuant to HRS §302A-1604, the Board of Education is empowered to establish districts that **"may range from one school to one or more high school complexes"** in which impact fees are to be applied, with new developers of residential properties in those districts then required to contribute to constructing school facilities that serve the ensuing influx of families and students. There are two types of fees established in state law: construction

cost component impact fees and land component impact fees. Put simply, the former are fees paid for the construction of new school facilities, while the latter involve fees paid in lieu of or actual acreage given to the Department of Education to offset the cost of vacant land suitable for a school site. Since new residential developments within designated impact fee districts create demand for public school facilities, developers are required to contribute toward the creation of new school space through both of the aforementioned means.

Both the land and construction requirements are based on a proportionate share of the need to provide additional public school facilities, consistent with fair-share principles. New residential developments are not charged for higher levels of service than existing developments demand, which is borne out by the DOE imposing fees based on averages taken from recently built and comparable developments. Notably, construction cost component impact fees, per state law, involve ten percent of the share of the construction cost for a required new school or expansion of existing school facilities—or both—that is attributable to a specific new residential development, with the cost per student meaning the average of actual school construction costs divided by the respective design enrollments (maximum number of students a school facility is designed to accommodate) for schools constructed within approximately the last ten years. Using data from 1997-2007, state law further codifies the construction cost component impact fee averages for different school types as follows:

- (1) Elementary schools: \$35,357 per student;
- (2) Middle and intermediate schools: \$36,097 per student; and
- (3) High schools: \$64,780 per student.

Ergo, the average contribution per student to a developer varies, depending on the type of school(s) being built to accommodate relocating families.

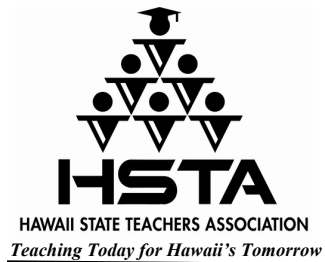
Kaka’ako, an area covered by this proposal, is set to be filled with freshly designed high-rise projects. Nearly 39,000 new multi-family units are scheduled to be built in the Kalihi to Ala Moana corridor, with the population of the Kaka’ako portion of the district expected to double to 30,000 people in the next fifteen years, according to the Hawai’i Community Development Authority. Those 39,000 units are expected to bring 10,000 additional students into the area’s schools, of which current facilities can only accommodate 1,500. DOE officials are considering all possible answers to school capacity questions posed by new developments, including mixed use schools that cater to grades K-12 and rededicating unused space at schools operating below their design enrollment—McKinley High School’s maximum capacity is 2,100 students, for example, but enrollment is just over 1,600, leaving room for an additional 500 students. These strategies are not demographically sustainable, however, raising the urgency of creating alternative financial instruments to subsidize new schools. TOD, as previously stated, only exacerbates school capacity problems, as transit hubs incentivize residential and commercial development.

Therefore, we continue to support the codification of the Kalihi to Ala Moana school impact fee district to address capacity concerns, allowing the department to prevent school overcrowding and facilities dilapidation before it begins. It shouldn't take a falling roof at Farrington High School or the 1,300-student overload at Campbell High School to spur us to act. Additionally, we note that the list of permissible uses for impact fees collected in the urban core, including the Kalihi to Ala Moana district under consideration, was expanded by the legislature in 2016, under Act 130 and Act 237, with the department now being allowed to use revenue generated by the fee-in-lieu funds for completed construction, constructing new school facilities, leasing land or facilities, or improving or renovating existing structures for school use—a new opportunity for the DOE, as fee-in-lieu funds are not allowed to improve existing school structures in other impact districts. We ask you to work with public school advocates, this year, to convince the Legislature to extend these permissions to all impact districts, thereby maximizing the department's ability to prevent capacity and facilities problems before they become an education emergency.

Concerns raised previous board hearings about the unintended consequences of designating the impact fee in question are understandable, but unfounded. Department officials **estimate revenue generated from the Kalihi to Ala Moana impact fee district to be \$365,586,000** if imposed at the \$9,374 amount, \$22,736,872 in \$584-per-unit construction cost component impact fees and the equivalent of 63.5 acres of land, with a fee-in-lieu impact fee amount of \$8,790 per unit. With regard to the fee's impact on affordable housing, at public hearings on the impact fee, affordable housing advocates stated a possible need for an additional \$800,000 in rental housing revolving funds to complete already-approved affordable housing projects, if the fee is implemented. We believe that \$800,000 in return for \$365 million is a steal, an investment that only a financial fool would fail to make. HCDA is also and already considering regulation changes to incentivize affordable housing in and around Kaka'ako, like lowering the income thresholds for what makes a project truly affordable. Relatedly, it's unfair to compare cash amounts generated in other impact fee districts with figures for the Kalihi to Ala Moana District, since, in other districts, developers donated land to the department, rather than the "fee-in-lieu" cash equivalent because there was much more open land to give than there is in the urban core.

Imagine a society in which our schools are the sign and signal of Hawai'i's highest standards of excellence. To realize that vision, we ask you to make impact fees part of our state's solution to providing first-rate facilities for our students.

Sincerely,  
Kris Coffield  
*Executive Director*  
IMUAlliance



1200 Ala Kapuna Street ♦ Honolulu, Hawaii 96819  
Tel: (808) 833-2711 ♦ Fax: (808) 839-7106 ♦ Web: [www.hsta.org](http://www.hsta.org)

Corey Rosenlee  
President  
Justin Hughey  
Vice President  
Amy Perruso  
Secretary-Treasurer  
Wilbert Holck  
Executive Director

TESTIMONY BEFORE THE BOARD OF EDUCATION  
FINANCE AND INFRASTRUCTURE COMMITTEE

RE: AGENDA ITEM V, A, COMMITTEE ACTION TO DESIGNATE THE KALIHI  
TO ALA MOANA SCHOOL IMPACT FEE DISTRICT.

TUESDAY, FEBRUARY 21, 2017

COREY ROSENLEE, PRESIDENT  
HAWAII STATE TEACHERS ASSOCIATION

Chair Chun and Members of the Committee:

The Hawaii State Teachers Association **strongly supports** enactment of the Kalihi to Ala Moana school impact fee district and asks the board to adopt the original fee proposal of \$9,374, rather than siting new facilities on existing campuses.

As both HSTA and the Hawai'i State Department of Education have noted at prior BOE hearings, our state's public school buildings are approximately 65-years-old on average. Facilities are damaged, restrooms and water foundations are in disrepair, classroom windows are broken, and campuses are plagued by rat and insect infestations. Our students, especially those with special needs, are subjected to dilapidated infrastructure. Though our state's repair and maintenance backlog has declined, the total cost of lingering projects runs into the hundreds of millions of dollars. Maintenance and capacity problems are particularly painful for developing communities, like the 'Ewa Plain, which will welcome 28,000 more buildings by the year 2021, and Kaka'ako, in which 39,000 new multi-family units are projected to be built within an approximately half-mile radius of rail transit stations, per the Honolulu Community Development Authority.

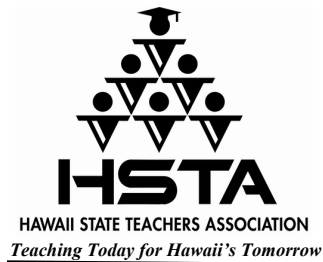
During the 2016 legislative session, lawmakers passed Act 130 and Act 237, allowing fee-in-lieu funds collected in Honolulu's urban core—which the bills specifically defined as the Kalihi to Ala Moana school impact fee district—to be spent on purchasing completed construction, leasing land or facilities, and improving or renovating existing structures for school use. Following passage of these proposals, DOE officials performed an analysis of the district in question. In their original recommendation, they estimated

revenue generated from the additional 39,000 units being built in the district to be \$22,736,872 in \$584-per-unit construction cost component impact fees and the equivalent of 63.5 acres of land, with a fee-in-lieu impact fee amount of \$8,790 per unit if money is tendered by developers instead of land. Thus, the total all-cash fee would be \$9,374 per new unit or a total of \$365,586,000, once the district is established by the board.

While significantly lower amounts have been collected in already existing school impact fee districts, the lesser amounts can be explained by a) the fact that developers could give land, rather than cash, to the department in districts where vacant land was readily available and b) former Big Island Mayor Billy Kenoi's staunch refusal to collect fees imposed in his county. Since less vacant land is available in the urban core than, for example, the 'Ewa Plain or West Maui, the cash amount paid by developers will be higher in the Kalihi to Ala Moana impact district than previously established areas. Moreover, constructing new facilities on buildable space at existing schools may overburden the personnel at those schools. Unless teachers, administrators, and staff are concurrently and proportionally increased to meet the needs of the increase in student population, adding facilities to existing campuses will only increase the workload of hardworking educators, while making urban schools more congested.

Prior concerns about the impact of the \$9,374 fee amount on affordable housing are well intentioned, but unfounded. At public hearings on the impact fee, affordable housing advocates stated a possible need for an additional \$800,000 in rental housing revolving funds to complete already-approved affordable housing projects, if the fee is implemented, a number that is dwarfed by the tens of millions of dollars in annual revenue generated by the fee. Legislators are also advancing several proposals, this session that would exempt affordable housing developments from school impact fees. We also note that HCDA is considering new regulations to make the urban core more affordable, particularly in Kaka'ako, by reducing allowable prices for rental apartments that developers of large housing projects must offer at below-market rates and lowering the income threshold used to measure the affordability of housing offered to working class residents.

A quality education is priceless. To prevent facilities degradation from worsening in high-growth areas, the Hawaii State Teachers Association asks the board to adopt the Kalihi to Ala Moana School Impact Fee District at the initially proposed fee amount.



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**Corey Rosenlee**  
President  
**Justin Hughey**  
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TESTIMONY BEFORE THE BOARD OF EDUCATION  
FINANCE AND INFRASTRUCTURE COMMITTEE

RE: AGENDA ITEM IV, A, UPDATE ON DEPARTMENT OF EDUCATION FISCAL  
REPORTS (AIR CONDITIONING)

TUESDAY, FEBRUARY 21, 2017

COREY ROSENLEE, PRESIDENT  
HAWAII STATE TEACHERS ASSOCIATION

Chair Chun and Members of the Committee:

To begin, thank you for diligently overseeing use of the funding approved last year to cool classrooms statewide. In public updates to the BOE and private conversations with stakeholders, Hawai'i State Department of Education officials have offered assurances that they will meet their goal of cooling 1,000 classrooms by this summer, as demonstrated in the DOE's presentation, which details the 1,064 classrooms completed, being worked on, or planned to be cooled with the \$100 million appropriated by lawmakers at Gov. David Ige's urging.

Yet, we should be clear: 1,000 classrooms is a good start, but thousands more remain, with teachers and their students still sweating through the day in conditions that, according to National Weather Service heat safety guidelines, are unsafe and unsuitable for learning. We must not let them continue to suffer. We must maximize revenue to expand the DOE's heat abatement program to other sweltering schools.

As you know, initial contractor bids for the \$100 million appropriation were exorbitant, running into the hundreds of thousands of dollars per classroom. DOE officials rejected those bids and expanded their pool of pre-qualified applicants. Until today, we were given to believe that the average cost of future heat abatement projects would be approximately \$60,000 to \$70,000 per classroom, with further cost decreases possible.

Unfortunately, using the DOE's figures presented today, the average cost of classroom cooling projects being paid for out of the \$100 million is \$93,985, or nearly \$100,000 per classroom. This is unacceptable. Last April, NextEra Energy Hawai'i donated 33 hybrid



solar air-conditioning units to Kaunakakai Elementary and Kilohana Elementary schools on Moloka'i. Greenpath Technologies Inc., a Honolulu-based renewable energy company, performed the installations at a cost of \$20,000 per classroom, verifying that classroom cooling could be accomplished at significant cost savings.

There is no reason, then, that the board or the department should find \$100,000 per classroom to be an agreeable amount for classroom cooling. For the 2017 legislative session, HSTA introduced legislation that would allow green infrastructure loan funds (GEMS funds) to be used for heat abatement, which would not only provide comfort to thousands of children at risk of heat exhaustion, but ensure that future cooling upgrades will comport with the DOE's goal of becoming net-zero with regard to energy use by 2035, set by lawmakers last year.

The "green fund" is currently running a balance of \$146 million, approximately \$60 million will likely be committed by the end of fiscal year 2017, according to the Green Infrastructure Authority. That includes funding for some of the \$60 million in potential energy efficiency upgrades identified through the DOE's Ka Hei energy and sustainability program that, per the authority, could reduce the department's electricity consumption by 25 percent. If approved, both the additional green funding and savings from electricity consumption can and should be recycled into the DOE's heat abatement program, and must be spent on renewable technologies and contractors that have a proven record of not only energy efficiency, but cost efficiency.

Heat abatement is needed now. While cutting the energy gluttony of the DOE should remain a priority, providing relief to teachers and children in danger of heat-related illness cannot wait until our temperatures reach record levels again.



## KAMEHAMEHA SCHOOLS®

Date: February 21, 2017  
To: Board of Education, General Business Meeting  
When: 1:30 p.m.  
Testifier: Wai‘ale‘ale Sarsona  
Agenda Item: IV. B. Finance and Infrastructure Committee Report

Aloha! My name is Wai‘ale‘ale Sarsona, and I serve as the Managing Director of the Kūamahi Community Education Group of Kamehameha Schools. We are writing to express our support for funding in the state budget relating to the Office of Hawaiian Education and offer the following comments:

Although planned increased funding for the Office of Hawaiian Education of the Department of Education was not initially included in the Governor’s Executive Budget, we are encouraged that legislators have expressed in preliminary hearings a willingness to address the Office’s needs.

Kamehameha Schools advocates for and supports the achievement of Hawai‘i’s Native Hawaiian public school students. As such, we have been a collaborator with the Board of Education, the Department of Education and, specifically, the Office of Hawaiian Education. We believe that the inclusion of funding for the positions necessary to fulfill the mission of the office is consistent with the Board and Department’s approved strategic plan and essential to advance the education of the children of the state. We acknowledge the Board of Education’s efforts in this area and want to be a part of the ongoing dialog surrounding support for the Office of Hawaiian Education.

Founded in 1887, Kamehameha Schools is an organization striving to advance a thriving Lāhui where all Native Hawaiians are successful, grounded in traditional values, and leading in the local and global communities. We believe that community success is individual success, Hawaiian culture-based education leads to academic success and local leadership drives global leadership. ‘A‘ohe hana nui ke alu ‘ia. No task is too large when we all work together! Mahalo nui.

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Mr. Grant Chun, Committee Chairperson  
STATE OF HAWAII, BOARD OF EDUCATION  
FINANCE AND INFRASTRUCTURE COMMITTEE  
Queen Liliuokalani Building  
1390 Miller Street, Room 404  
Honolulu, Hawaii 96813

February 21, 2017

Via email: [boe\\_hawaii@notes.k12.hi.us](mailto:boe_hawaii@notes.k12.hi.us)  
[Donalyn Dela Cruz/SUPT/HIDOE@notes.k12.hi.us](mailto:Donalyn_Dela_Cruz/SUPT/HIDOE@notes.k12.hi.us)  
[Donalyn Dela Cruz@hawaiiidoe.org](mailto:Donalyn_Dela_Cruz@hawaiiidoe.org)

Dear Mr. Chun and Members of the Committee:

**Subject: Designation of the Proposed Kalihi to Ala Moana School Impact Fee District**

My name is Gladys Quinto Marrone, CEO of the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, the Building Industry Association of Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii.

BIA-HAWAII is in opposition to the Department of Education's (DOE) proposed School Impact Fee for all residential developments located between Kalihi and Ala Moana.

**Rationale:**

Pursuant to Chapter 302A-1604, the Board of Education (BOE) is allowed to designate a new school impact district for imposing impact fees. In recommending the designation, the DOE is required to prepare a written analysis requiring the following:

- A map and legend describing the boundaries of the proposed school impact district area, which may range from one school to one or more high school complexes, as well as maps and legends describing surrounding districts and school enrollments at existing school facilities in and around the school impact district;
- The need to construct new or expand existing school facilities in the proposed school impact district area within the next twenty-five years to accommodate projected growth in the area based on various state and county land use, demographics, growth, density, and other applicable historical data projections and plans;
- An analysis to determine appropriate student generation rates by dwelling unit type for all new residential developments in the school impact district area to provide the basis for determining the steady state enrollment generated by new residential developments that will need to be accommodated. The analysis shall also consider enrollment at existing school facilities, in and around the school impact district;
- Student generation rates, based on full build-out of the developments when student generation rates are anticipated to be in a steady state mode;

- An analysis to estimate the number of students generated by all new residential developments in the school impact district at the point in time when the total enrollment from these developments is anticipated to peak. This information is required for or related to the determination of the impact fee, and will provide the basis for determining the maximum enrollment generated by new residential developments that will need to be accommodated in both permanent facilities and portable buildings;
- Calculation of the current statewide level of service;
- An analysis of appropriate school land area, or other appropriate state lands, and enrollment capacity, which may include nontraditional (i.e., mid-rise or high-rise structures) facilities to accommodate the need for public school facilities in high-growth areas within existing urban developments;
- A statewide classroom use report, which shall include the following:
  - Current design enrollment per school (i.e., maximum number of students per classroom per school);
  - Current total student enrollment per school; and
  - Current number of classrooms not being used for active teaching; and
- An analysis including the advantages and disadvantages of making more efficient use of existing or underused assets in the school impact district through school redistricting.

The DOE presented its analysis to the BOE in April of 2016 and again in November 2016 requesting adoption of an impact fee based on the cost of land (\$8,790.00) and cost of a new school construction (\$584.00) for a total school impact fee of \$9,374.00 to be imposed on any new residential unit developed in the designated area.

### **Problems:**

Public Engagement—the original impact fee law, Act 245, 2007 SLH was developed by a working group comprised of stakeholders (i.e. development community and DOE). It focused on new residential development in “Greenfield” situation but recognized the need to revisit the law when rezoned property or redevelopment projects were involved. Specifically, Act 245 States:

“It also recognizes the need for more detailed planning for implementation of this Act by the Department of education, and recognition of how the methodology will be applied in new residential projects involving rezoned properties or parcels, current zoned parcels with or without buildings, and redevelopment projects.”

Rather than amend the existing law (Chapter 302A, HRS) to address new urban in-fill schools, which would seem appropriate given the language of Act 245, the DOE attempted to re-interpret the “Greenfield” impact fee law and apply it to new urban in-fill development.

### **Analysis:**

The heart of the issue is that a “Greenfield” new school and an Urban In-fill new school are two entirely different projects. Greenfield schools are usually part of a master planned community with the

developer providing the lands for the new school in the master planning process. DOE would then assess the master planned developer with an impact fee based on 10% of the construction cost for the school which is imposed on every new residential unit constructed in the master planned development.

In addition, Section 302A-1602 provides the following definition for “Recent school site area averages” means the department's historical average acres for new elementary (K-5), middle (6-8), and high (9-12) schools. Based on historic schools constructed in the 1997 to 2007 period, the initial recent school site area averages are as follows:

School	Land Area	Enrollment	Area/Student
Elementary	12.5 Acres	800	.0156 Acres
Middle	16.5 Acres	1,500	.0110 Acres
High	49 Acres	1,600	.0306 Acres

Rather than first establish a new standard for urban In-fill schools, which would logically assume a smaller foot print and more vertical structures, the DOE has taken “Existing Urban Schools” all built prior to the recent efforts by the City to increase density within the primary urban corridor, as the “standard” for a new urban in-fill school.

The DOE analysis states: “For the Kalihi to Ala Moana district, the DOE is relying on the flexibility provided in the school impact fee law for “non-traditional facilities” in existing urban areas to modify the impact fee formula. Where the law aims to provide the same average acreage per student provided in the most recent schools built by DOE across the state; the urban exception is to rely on actual average acreage per student within the 13 schools that comprise the Kalihi to Ala Moana district.”

The following tables show how DOE determined the size of new urban in-fill schools based on existing urban schools. The first four (4) columns are from the report and the last four columns were derived from information provided in other sections of the report.

Existing Schools (Urban Areas)	Total Acres	Total Enrollment	Acres/Student	Acres/School	Enrollment/School	Cost/Student	Cost/School
9 Elementary	46.123	3,866	0.0119	5.12	430	\$ 48,084.00	\$ 20,654,749.33
2 Middle	17.275	1,387	0.0125	8.64	694	\$ 52,928.00	\$ 36,705,568.00
2 High Schools	72.104	3,979	0.0181	36.05	1,990	\$ 79,401.00	\$ 157,968,289.50

Using construction cost data from new schools built in a “greenfield” development provides questionable cost information if new urban in-fill schools will be more vertical in nature.

Also, using existing urban schools as some type of basis for what a new urban in-fill school will be seems to ignore the opportunity presented to build more vertical schools on a smaller footprint.

No information is provided in the DOE report on recent urban in-fill school sizes. It is our understanding that the DOE must establish clearly defined level of service standards new urban in-fill schools which would be the basis for assessing the impact fee. The impact fee amount must be based upon a detailed analysis of existing and anticipated future conditions and capital improvements required in order to maintain the established level of service. The fee cannot be used to support operational or

maintenance improvements, or to correct deficiencies in the existing system. In addition, new development may not be held to a higher level of service than existing development unless there is a mechanism in place for the existing users to make improvements to the existing system to match the higher level of service.

Although not clearly stated in the DOE's report, the new standard for an urban in-fill school appears to be as follows:

School	Land Area	Enrollment	Area/Student
Elementary	5.12 Acres	430	.0119 Acres
Middle	8.64 Acres	694	.0125 Acres
High	36.05 Acres	1,990	.0181 Acres

With no recently constructed urban in-fill school, it is difficult to image how the DOE would be able to acquire the land area listed above for the various types of schools. It is also puzzling why there is no mention of how vertical schools would be used in a dense urban in-fill setting. Also, we are not aware of the Board of Education approving this new standard for urban in-fill schools.

The report also fails to identify any redevelopment or joint redevelopment of State or County owned lands within the Kalihi to Ala Moana area that maybe suitable for joint development that would include a school. It would appear that Section 302A-1604 (7) would require such an analysis.

#### **Suggestions/Recommendations:**

From a Planning standpoint, the DOE should develop and adopt a new standard, to be approved by the BOE, for urban in-fill elementary, middle, and high schools with acreage requirements and student enrollment capacities for each type of school.

Once the new standard is established, the DOE should assess the entire length of the transit project and identify the need for new schools along the transit corridor based on projected development at each transit station, and develop student generation rate based on similar product types in other school districts across the country.

Based on the projected need for schools, the DOE should:

- Assess all existing government owned lands near transit stations to determine if acquisition or joint use/mixed use of the property could accommodate a new urban in-fill school;
- Develop of budget for land acquisition and new school construction for each of the stations that will require a new school based on projected development;
- Analyze and project different build out scenarios to determine a range of time of when new school facilities will be required based on the timing of completion of the various projects; and,
- Based on the budget and build out scenario's, the DOE would then be in a position to recommend a new urban in-fill impact fee for residential developments in specifically identified growth areas.

**Political Context:**

The Department is attempting to impose a new school impact fee on all new residential development in the designated area along the transit corridor. This is being done while the State of Hawaii is facing a housing "Crisis" with projected shortfall of residential units somewhere between 65,000 to 80,000 units statewide over the next 10 years. On Oahu, the projection is we will need 25,000 new residential units over the next ten years to keep up with natural population growth. That equates to 2,500 new units per year.

The Legislature and Governor have established production goals for developing rental housing units on State owned lands. The proposed school impact fees will add to the cost per unit as the State, Counties and private developers attempt to build our way out of this housing crisis.

In 2016, the National Association of Home Builders (NAHB) prepared a state by state analysis of the number of home buyers impacted for every \$1,000 increases in price. In 2016, 548 households in Hawaii were priced out of the market by a \$1,000 increase in price.

Our concern is that Hawaii's needs to build its way out of our current housing crisis by increasing the supply of housing at all price points. A healthy housing market allows people to purchase housing at price ranges they can afford and as their income improves, provides them with the opportunity to "move up" the housing ladder. Shifting the school impact fee to only apply to buyers at the 80% or more AMI will just add more costs to these units and negatively impact housing affordability in the State.

The housing market has changed dramatically since the impact fee law was passed in 2007. Most of the developments were "greenfield" projects and there was no rail rapid transit project in Honolulu. Now the focus is on urban infill with more compact units and more rental units on government lands in the urban core.

Perhaps it's time to rethink the notion of school impact fees and find other ways to get new public schools built along the transit corridor.

We stand in opposition to the proposed impact fees for all residential developments located between Kalihi and Ala Moana. Thank you for the opportunity to express our views on this matter.

Sincerely,

A handwritten signature in dark ink, appearing to read "G Marrone", written in a cursive style.

Gladys Marrone, CEO  
Building Industry Association of Hawaii



**Via Hand-Delivery**

February 21, 2016

Grant Chun, Chairperson  
Kenneth Uemura, Vice Chairperson,  
and Members of the Finance and Infrastructure Committee  
State of Hawaii Board of Education  
P.O. Box 2360  
Honolulu, Hawaii 96813

**Testimony in Opposition to Proposed Designation of Impact Fee  
District from Kalihi to Ala Moana**

**Tuesday, February 21, 2017, at 10:30 a.m., at Queen Liliuokalani  
Building, 1390 Miller Street, Room 404, Honolulu, Hawaii 96813**

The Land Use Research Foundation of Hawaii (LURF) is a private, non-profit research and trade association whose members include major Hawaii landowners, developers and a utility company. LURF's mission is to advocate for reasonable, rational and equitable land use planning, legislation and regulations that encourage well-planned economic growth and development, while safeguarding Hawaii's significant natural and cultural resources, and public health and safety.

LURF **opposes** the **revised** proposal by the State Department of Education (DOE) to designate a School Impact Fee District from Kalihi to Ala Moana, and **respectfully requests that the Board of Education (BOE) direct the DOE to work in a meaningful and productive manner** with LURF and the housing developers, State housing agencies, the City and County of Honolulu, and other parties most affected by DOE's school impact fee proposes designation (the School Impact Fee Stakeholders); **and that this matter be deferred another three months** to allow the DOE and Stakeholders to work together to create a fair and equitable school impact fee proposal. LURF's opposition is based on the following grounds:



- **The DOE has not attempted to work in good faith with LURF and the School Impact Fee Stakeholders since November 2016.** This matter was postponed from November 11, 2016, with the intent that DOE would work with LURF and other Stakeholders. However, during the months of November and December, the DOE failed to return repeated phone calls requesting a simple return phone call, meetings and requests for information. Separate meetings were held in early January 2017, where numerous issues were discussed and information requested, however, there was no follow-up by DOE; no notice by DOE to the Stakeholders regarding the revised DOE report and proposed revised designation;
- **Major issues raised by the Stakeholders, were ignored or not seriously addressed in DOE's February 21, 2017 report and revised proposal.**
- **As a result of DOE's failure to work with the Stakeholders, there are a number of bills at the legislature to exempt housing projects from the Impact Fee law: House Bill 656, HB 841, HB 884, HB 1001, Senate Bill 1146; and bills to impose education tax surcharges on others;**
- **Misleading statement by DOE in its report that "*The Legislature supports the collection of school impact fees.*"** The truth is that the following bills propose to exempt housing projects from DOE school impact fees: HB 656, HB 841, HB 884, HB 1001, SB 1146; and
- **LURF and the other Stakeholders are willing to work with DOE to create a fair and equitable school impact fee.**

**DOE's revised designation proposal.** For consideration before this Committee, is the revised proposal by the DOE to designate a School Impact Fee District from Kalihi to Ala Moana, pursuant to authority afforded the DOE by Hawaii Revised Statutes (HRS), Chapter 302A, Sections 1601–1612, to collect school impact fees within defined impact fee districts approved by the BOE. The substantive difference is that the DOE is recommended, without a detailed analysis, the following two options:

- a. \$9,374 per unit, or
- b. \$5,858 per unit.

The DOE has previously acknowledged in writing that the school impact fee law, Act 245 (2007) was largely the initiative of LURF. Thus, LURF fully supports reasonable and equitable school impact fees and understands the need of the DOE to fund justified development, expansion, or remodeling of State schools to meet projected growth in enrollment, however, it also believes that due to the significant negative consequences and economic implications which may

potentially arise from the proposed designation, any resulting districting and impact fees must be reasonably based on accurate and credible facts and analysis, and must involve participation of, and collaboration with, all stakeholders affected by such designation.

In order that any consideration be given, or any action be taken whatsoever by this Committee relating to the proposed designation, the following concerns must necessarily be taken into consideration and included in the Committee's review and discussion of this significant matter.

**LURF's Position.** This matter should be **deferred for another 3 months** to allow DOE to engage in further meetings with the LURF and the other Stakeholders. We hope that the deferral and meetings with DOE will address the reasonableness and accuracy of the DOE's assumptions and methodology relating to the DOE's proposed Ala Moana to Kalihi school impact fees designation and impact fees and possible further revisions.

LURF believes that this matter should be deferred, so that the DOE and Stakeholders can work on the issues in LURF's November 14, 2016 testimony; and the following issues, which were discussed, at the January 2017 meetings with DOE:

**Establish fair DOE process to determine impact fees (amend law or rules?)** LURF's position is that DOE should follow the existing spirit, intent and interpretation of the provisions in the existing DOE Impact Fee law and establish a fair and accurate process to determine impact fees (amend law or rules?) If that is not possible, others are seeking for the law to be repealed.

1. **Include Stakeholders (those directly affected) in process of determining and implementing DOE impact fees** (not just by public notice)
2. **Confirm realistic student generation rates, "absorption" and the "timing" of future need of additional classrooms**, based on existing developments and projections:

➤ ***Facts: Determine how many public school students were actually generated by existing housing projects in Kakaako?***

- ✓ See attached ***"Hawaii Community Development Authority Housing Development projects 1984-2014 (updated 2014)"***
- ✓ **Halekauwila Place: 204 Reserved Rentals**, up to 60% AMI (Stanford Carr)



- ✓ **801 South Street, Building A (635 units, Workforce Housing, up to 140% AMI (**
  - ✓ **SALT-Block F: 54 Reserved Hsg units, (Kamehameha Schools)**
  - ✓ **Rycroft Terrace (fka Pagoda Terrace/Bishop Terrace) 162 units of affordable For-Sale 30% AMI (Savio/KS)**
  - ✓ **Waihonua: 341 Market rate housing**
  - ✓ **Other projects**
- ***Facts: Over the past ten years, how many building permits were issued for residential units in the area; and did those building permits result in an increase in public school enrollment? By how much?***
- ✓ A prior review of the draft Kona DOE Impact Fees, determined that the number of residential building permits issued increased, but the public school enrollment decreased. That analysis resulted in a decreased school impact fee for the Kona area.
- 3. Confirm realistic residential unit “*absorption*” and the “*timing*” of future need of additional classrooms, based on existing developments and projections (See above examples and information).**
- 4. Identify existing capacity of under-enrolled schools in neighboring districts from Aiea to Hawaii Kai, which could accept more students**
- ***Facts:*** Assume cancelling all Geographic Exceptions(GE’s), which could be phased-out over time. Consider requiring GEs to pay the DOE impact fee?
- 5. Reassess and revise existing school district boundaries to shift students to neighboring school complexes with additional capacity**
- For example, could schools in the Roosevelt High School complex and Kaimuki High School complex accept more students from schools in the McKinley High School complex (Kakaako district)?
  - For example, could schools in the Kalani High School complex accept more students from schools in the Kaimuki complex?
- 6. Identify “*closed schools*,” which can be re-opened.**
- Prepare plans and a budget for re-opening schools which have been closed, or are being used by the DOE or the State for other uses.
- 7. Determine “*proto type models*” for 21<sup>st</sup> Century Schools, including “*vertical construction*” schools for Honolulu**

- Each potential school site is unique, however, DOE should be able to develop some “*prototypes*” (and costs), which could be applied to various existing school campuses; and used as a factor in potential impact fee calculations
8. **Identify existing school sites which can implement “vertical construction” to add classrooms and other facilities.** DOE should conduct a school-by-school analysis of all campuses and determine whether vertical construction is possible.
  9. **Additional Revenue from DOE 21<sup>st</sup> Century Schools development.** One of the main purposes of this program is to generate additional revenue for schools, thus, this additional revenue should be calculated and factored-into the impact fees. DOE should present the status of, and timetable for this additional revenue to DOE.
  10. **Determine whether DOE impact fees can be paid over time, through their real property taxes** (similar to the GEMS program, which allows renters or residential unit owners to pay for renewable energy improvements over time, through their electricity bills.).
  11. **Policy Decision: Whether State will pay the impact fees for low-income affordable housing units.**
    - The legal justification for imposing DOE impact fees is a legal “nexus” or connection (all units that will generate school children, should pay DOE impact fees to build more classrooms).
    - If there is an attempt to “waive” the DOE impact fees for certain low-income developments which will generate school children, the “nexus” will be eliminated; and there will be no legal nexus to impose the impact fee on the market-unit developments.

Based on the above, LURF respectfully urges this Committee to carefully consider all the facts and circumstances relating to the designation proposed to be made, and at the very least, defer taking any action until all issues and concerns relating to this very significant decision have been thoroughly reviewed and vetted.

Thank you for the opportunity to provide comments regarding this matter.



1/21/2017

Good Morning Chairperson Chun

My name is John Sosa Executive Director of the Education Institute Of Hawaii (EIH)

We would like to comment on the Department's ESSA fiscal reporting requirements through the lens of fiscal transparency, clarity and ease of understanding of the DOE budget. While we welcome the Departments efforts in improving fiscal reporting in conjunction with the CCSSO we would like to point out the following:

1. The Department and we believe many on the BOE know EIH has been advocating for fiscal transparency for well over a year. The purpose is to bring clarity to the budgetary process so that all interested parties can readily understand how 100% of the funding is allocated and how it is spent. We feel this will ultimately build true trust at all levels and actually result in much better spending decisions with clarity of purpose.
2. The process being presented here is based solely on "Who Benefits"- State Office-Complex Areas-or Schools. We advocate for a system that would be much richer. To the extent that we could obtain data to analyze the system we advocate for a system that clearly states, Who Decides-Who Budgets-Who Accounts- Who Acts- and Who Benefits. A system such as this would be of much greater help to schools, and the legislature that allocates the funding.
3. While we understand decisions have been made to exclude certain parts of the income (EDN 500 Community Schools, A+, Capital outlay, Debit services, Fringe on general funded employees, Student activity funds) we feel these exclusions result in presenting an *incomplete picture* of the DOE budget. If 100% of dollars are included, not just operating amounts, then the DOE will have addressed the transparency and decision-making needs of all stakeholders for most questions in a responsible way. If that DOE reporting tool allowed for stakeholders to drill down into the details of reported subtotals, then real trust would evolve.
4. Additionally this report as drafted lacks clarity and ease of understanding. For example on page 5 is a graph showing that Hawaii DOE expends 24% of its resources at the central offices and 76% school based. Further down on page 9 if I read the left side of the spreadsheet correctly it reflects a 95% figure for school level expenditures. On the HIDEOE website it states that 94% of the budgeted funding goes directly to schools. Which figure is correct?
5. If you take either the 95% figure or the 94% it implies a large percentage of the funding is "reaching " the school level. Yet this Board has heard direct testimony from Principals in past meetings that they have very little discretionary monies are available to them after all fixed cost are accounted for.
6. The extensive detail provided in the FMS detail spreadsheets, while appreciated does not lend itself to true clarity or sense of

understanding. The descriptions lack clarity and understanding and would befuddle most readers.

7. Fringe on General funded employees is the elephant in the room, while we understand that the State is currently responsible for the paying down this unfunded liability, we feel it is not good practice, nor is it wise to simply ignore this cost. The DOE commands the largest share of the state budget. If we at least recognized that any DOE budget expansion request that involves positions, adds to this liability, we are then truly being transparent. By its sheer size the BOE/DOE could and should be a leader in recognizing these costs as part of the budget request process.
8. What if in the future the legislature/governor decide to pass on the responsibility to this liability directly to the state Departments? The BOE would be well served to have this salaries plus fringes built into its budget process as we move forward.
9. Lastly, the model as presented is largely regulatory reporting vs. managerial decision-making. We need a system that gives us fiscal transparency that allows us to make decisions on 100% of the dollars.
10. The ESSA Blueprint for Public Education cannot move forward without resources and we need complete transparency to make wise decisions on the use of all dollars. The state is not awash in dollars, if you doubt that witness this budgetary cycle. When it started everyone was talking about a near billion-dollar surplus, now the process is cutting to meet lower tax projections.
11. If the BOE and those within the system as well as the legislature and general public have a clear understanding of 100% of the dollars allocated and spent they will be more inclined to support honest requests.
12. The DOE and BOE also need to come to the realization that future budgetary decisions can and need to be based on what we have, rather, than simply expecting more. Shifting of current expenditures could go a long way towards meeting program needs. Then as necessary new requests could be anchored in to specific school or system level needs.

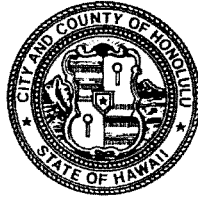
Trade offs are part of any organizations budget but we t cannot make good decisions using incomplete data. With the Boards approval EIH is willing and ready to work with the Department and the Board to provide a budgetary tool that reflects how 100% of the dollars are accounted for and expended.

Thank you

DEPARTMENT OF PLANNING AND PERMITTING  
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KIRK CALDWELL  
MAYOR



KATHY K. SOKUGAWA  
ACTING DIRECTOR

TIMOTHY F. T. HIU  
DEPUTY DIRECTOR

February 21, 2017

The Honorable Grant Y. M. Chun, Chair  
and Members of the Finance  
and Infrastructure Committee  
Hawaii Board of Education  
P.O. Box 2360  
Honolulu, Hawaii 96804

Dear Chair Chun and Committee Members:

SUBJECT: Designation of Kalihi to Ala Moana Area  
as a School Impact Fee District

The City is not opposed to the use of impact fees. We have used this fee for other purposes.

However, we cannot support the additional cost of school impact fees on affordable housing. As you know, Governor David Ige, the State Legislature, and Mayor Kirk Caldwell have put a high priority on affordable housing. The imposition of a new school impact fee is in direct opposition to these commitments. Increasing workforce housing production is already such a daunting challenge. To address this challenge, Mayor Caldwell recently proposed a "rollback" on all major permit fees to incentivize production of new affordable housing. This school impact fee would be in direct conflict with this strategy.

Moreover, there are several bills currently under consideration by the Legislature that will exempt certain types of housing from school impact fees. If any of these bills are adopted in present form, they could affect the actual revenues realized under this Fee District. For example, House Bill No. 884 would exempt all housing units in a project from impact fees, even if only a few of them are in the affordable range.

Therefore, we respectfully ask this Committee and the Board of Education to delay decision-making on the proposed designation of a Kalihi to Ala Moana School Impact Fee District. It is premature and detracts from the ability of State, City and private sector to build much needed affordable housing.

The Honorable Grant Y. M. Chun, Chair  
and Members of the Finance  
and Infrastructure Committee  
Hawaii Board of Education  
February 21, 2017  
Page 2

Thank you for this opportunity to testify on the proposed school impact fees.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Kathy K. Sokugawa', written in a cursive style.

Kathy K. Sokugawa  
Acting Director