



**STATE OF HAWAII
BOARD OF EDUCATION
PAPA HO'ONA'AUAO
FINANCE AND INFRASTRUCTURE COMMITTEE MEETING**

MINUTES

Queen Liliuokalani Building
1390 Miller Street, Room 404
Honolulu, Hawaii 96813
Thursday, May 14, 2026

**This meeting was a remote meeting under Section 92-3.7, Hawaii Revised Statutes.
The meeting recording is available [here](#).*

PRESENT:

Ken Kuraya, Chairperson
Elynne Chung, Vice Chairperson
Kahele Dukelow
Mary Hattori
Bill Arakaki, Ex Officio
Sylvia Lee, Ex Officio
Roy Takumi, Ex Officio

EXCUSED:

Wesley Lo

ALSO PRESENT:

Keith Hayashi, Superintendent, Department of Education
Jesse Souki, Deputy Superintendent of Operations, Department of Education
Jadine Urasaki, Public Works Administrator, Facilities Development Branch, Office of
Facilities and Operations, Department of Education
Keli Houston, Board Analyst
Siobhan Ng, Board Analyst

I. Call to Order

Committee Chairperson Ken Kuraya called the Finance and Infrastructure Committee (Committee) meeting to order at 11:57 a.m. A roll call vote was conducted to establish

quorum. Committee Chairperson Kuraya, Committee Vice Chairperson Elynne Chung and Committee Member Mary Hattori were present. Committee Member Kahele Dukelow participated remotely.

II. Approval of meeting minutes of March 12, 2026, Finance and Infrastructure Committee meeting

This agenda item was deferred.

III. Update on Department of Education's capital improvement projects funds set to lapse on June 30, 2026

Committee Chairperson Kuraya called on Keith Hayashi, Superintendent, to provide an update on the Department of Education (Department) capital improvement projects (CIP) funds scheduled to lapse on June 30, 2026. Hayashi introduced Jesse Souki, Deputy Superintendent of Operations, and Jadine Urasaki, Public Works Administrator, to present on the agenda item.

Souki provided an overview of the CIP funds appropriated pursuant to Act 164, Session Laws of Hawai'i (SLH) 2023 (Act 164), and Act 230, SLH 2024 (Act 230), that are scheduled to lapse on June 30, 2026. He stated that the Department remains focused on encumbering eligible CIP funds and advancing projects toward construction, contracting, closeout, or other appropriate project actions before the lapse deadline. As of March 2026, Act 164 and Act 230 appropriated a combined total of approximately \$771 million for repair and maintenance (R&M) projects. Of this amount, approximately \$144 million had been obligated, \$101 million had been expended, and \$518 million remained in the allotment balance.

Souki noted that approximately \$33 million had previously lapsed under Act 250, SLH 2025 (Act 250), and that the Department was proposing an additional lapse of approximately \$8.1 million. He stated that the proposed lapse represented a small portion of the overall appropriation. The attachment to the memorandum summarized the status of projects within the various contracting schedules. He noted that some projects span multiple fiscal years and are funded through lump-sum appropriations supporting numerous individual projects statewide.

Souki summarized the status of projects in the design and construction phases and noted that the proposed lapse group consisted of 36 line items: 26 line items that lapse under Act 250, seven line items previously vetoed under Act 230, and three line items currently proposed for lapse. He stated that the Department continues to actively advance projects toward award and encumbrance prior to June 30, 2026. Projects anticipated to proceed to bid, award, or contract during spring 2026 may have remaining balances encumbered through contract modifications or change orders, where appropriate. Projects utilizing pre-qualified small contractors or job order contracting (JOC) were anticipated to be awarded in May or June prior to the lapse deadline.

Souki stated that federally grant-funded projects under Act 164 and Act 230 have an extended lapse deadline. The Department continues to actively manage these appropriations while balancing project readiness, procurement timelines, escalation pressures, permitting requirements, and statewide operational priorities. He also stated that the Department is implementing improvements to long-term governance, project tracking, financial reconciliation, and portfolio management for CIP.

Committee Chairperson Kuraya called for oral testimony. No testimony was provided.

Board Member Takumi, Ex Officio, stated that the aggregated total of lapsed funds over the past two years was approximately 4.4 percent. He asked whether this percentage was within the range experienced by other State agencies and acknowledged that some level of lapse is expected due to extenuating circumstances. Souki confirmed that the current lapse percentage was within an acceptable margin. Urasaki added that the previous lapses were anomalous and emphasized that no State department is completely lapse-free, particularly given the significant amount of CIP funding received by the Department.

Board Member Takumi, Ex Officio, asked whether it would be more efficient to reduce redundancy between the Department and the School Facilities Authority (SFA). Souki explained that the statutory authorities and missions of the Department and SFA are different. He opined that creating a new entity does not necessarily resolve existing challenges and that it would be beneficial to build upon the structures and processes already in place.

Committee Member Dukelow asked how long SFA had been in existence and how many projects it had completed in order to better understand its capacity. Souki responded that SFA had not constructed any schools and that its focus had been on pre-kindergarten.

Committee Member Dukelow asked for clarification regarding the seven CIP line items that were vetoed. Urasaki explained that, during the budget review process, the Governor has the authority to veto individual line items. Committee Member Dukelow asked how projects that were vetoed but still require attention, such as school alarm systems, would be addressed. Souki responded that one of the proposed lapses had been resolved and that, if a need remains, it would be addressed.

Committee Member Hattori asked whether the seven CIP line items vetoed by the Governor represented lower-priority projects and whether this level of information was provided to the Governor. Souki and Urasaki explained that several factors may be considered when determining which projects are selected for lapse. Committee Member Hattori asked Hayashi whether the Department has an opportunity to provide comments regarding vetoed CIP projects. Hayashi confirmed that the Department has an opportunity to provide input.

Committee Chairperson Kuraya expressed concern regarding the lapsing of CIP funds and emphasized the importance of understanding the reasons projects lapse so that the

Board can anticipate and address potential issues in a timely manner. Souki stated that the Department would provide additional information during a subsequent portion of the meeting. He added that the use of project "buckets" has helped improve project efficiencies.

IV. Update on Department of Education's assessment of capital improvement projects from 2005 through 2022

Committee Chairperson Kuraya called on Hayashi to provide an update on the Department of Education's assessment of capital improvement projects (CIP) from 2005 through 2022. Hayashi invited Souki and Urasaki to present on the agenda item.

Souki stated that the purpose of the assessment is to improve long-term governance, accountability, financial transparency, and reporting accuracy statewide. He noted that the Department manages a large and complex CIP portfolio and that some legacy projects require additional review to determine project priorities.

Souki stated that the Department has reduced the number of legacy CIP projects and identified 54 projects with balances greater than \$1 million, totaling approximately \$359 million. A review of CIP projects with balances of less than \$1 million identified 582 projects totaling approximately \$124 million. He stated that the Department's efforts are intended to align with broader operational improvements, establish more active project priorities, and demonstrate responsible stewardship of public funds.

Committee Chairperson Kuraya called for oral testimony. No testimony was provided.

Committee Chairperson Kuraya referred to projects in the design phase with construction funding pending and asked whether there was a possibility of eventually lapsing seven projects with balances greater than \$1 million and 147 projects with balances of less than \$1 million. Urasaki stated that such lapses were possible.

Committee Member Dukelow stated that the explanation was important because discussions regarding lapses can create an assumption that the Department failed to take action, which may not accurately reflect the circumstances. She noted that there are complex reasons for lapses and emphasized the importance of the Board clearly articulating those reasons to provide greater public understanding.

Committee Vice Chairperson Chung suggested providing a general, categorized explanation (rather than detailing each project individually) to give the Board and the public a better understanding of why lapses occur.

Committee Member Hattori echoed the comments of the other Board members regarding the need for additional information to provide context and ensure accurate public understanding. She asked about the long-term success of legislative projects that receive design funding, including the percentage of projects that ultimately reach completion, and whether project outcomes are affected by changes in political

leadership. Souki responded that the line items were developed before he joined the Department but stated that maintaining a relationship with the Legislature is helpful in addressing the complexities associated with CIP.

Committee Member Hattori expressed appreciation for the information and stated that the discussion was helpful in raising awareness of the issues.

Committee Chairperson Kuraya stated that the Board needs to understand the reasons projects lapse in order to effectively support the Department. He emphasized the importance of ensuring that the Board and the public understand the circumstances contributing to lapsing funds.

V. Adjournment

Committee Chairperson Kuraya adjourned the meeting at 12:37 p.m.