

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
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GLORIA CHANG
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HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY
TESTIMONY BY CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON EDUCATION
ON
HOUSE BILL NO. 1565

February 3, 2022
2:00 p.m.
Room 309 and Videoconference

RELATING TO CHARTER SCHOOLS

The Department of Budget and Finance (B&F) offers comments on this bill.

House Bill No. 1565 appropriates an unspecified sum of general funds to the State Public Charter School Commission for distribution to public charter schools, based on the distribution methodology determined by the charter school facilities funding working group report, for infrastructure costs, rental or lease assistance, and the repair and maintenance of network infrastructure for charter schools.

B&F notes that the above noted working group proposed having a lump sum appropriation to be allocated by the Commission based on specified criteria. This methodology apparently assumes that funding appropriated would be generally sufficient to meet all of the various charter school's facility funding needs. B&F strongly believes that if a non-formulaic methodology is to be used, then the Legislature should make the funding decisions as it does for regular public school facilities.

B&F also notes that, with respect to the general fund appropriation in this bill, the federal Coronavirus Response and Relief Supplemental Appropriations Act requires that

states receiving Elementary and Secondary School Emergency Relief (ESSER) II funds and Governor's Emergency Education Relief II funds must maintain state support for:

- Elementary and secondary education in FY 22 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and
- Higher education in FY 22 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

Further, the federal American Rescue Plan (ARP) Act requires that states receiving ARP ESSER funds must maintain state support for:

- Elementary and secondary education in FY 22 and FY 23 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and
- Higher education in FY 22 and FY 23 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

The U.S. Department of Education has issued rules governing how these maintenance of effort (MOE) requirements are to be administered. B&F will be working with the money committees of the Legislature to ensure that the State of Hawai'i complies with these ESSER MOE requirements.

Thank you for your consideration of our comments.

DAVID Y. IGE
GOVERNOR



JOHN S.S. KIM
CHAIRPERSON

STATE OF HAWAII
STATE PUBLIC CHARTER SCHOOL COMMISSION
(‘AHA KULA HO‘ĀMANA)

<http://CharterCommission.Hawaii.Gov>
1111 Bishop Street, Suite 516, Honolulu, Hawaii 96813
Tel: (808) 586-3775 Fax: (808) 586-3776

FOR: HB 1565 Relating to Charter Schools
DATE: February 3, 2022
TIME: 2:00 P.M.
COMMITTEE: Committee on Education and Committee on Higher Education and Technology
ROOM: Conference Room 309 and Videoconference
FROM: Yvonne Lau, Interim Executive Director
State Public Charter School Commission

Chair Woodson, Chair Takayama, Vice Chair Kapele, Vice Chair Clark, and members of the Committees on Education and Higher Education and Technology:

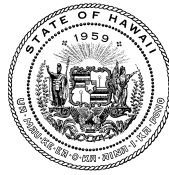
The State Public Charter School Commission (“Commission”) appreciates the opportunity to submit this testimony in **SUPPORT of HB 1565** which provides funding for the rental or lease of facilities, infrastructure costs, and the repair and maintenance of network infrastructure for public charter schools.

Facilities costs for charter schools continues to be one of the greatest unaddressed challenges for Hawaii’s chartering system. In school year 2020-2021, charter schools expended over \$9.0 million for rent/lease payments, repair and maintenance, and utilities payments. The Commission determined this figure based on information provided from the annual audits that all charter schools are required to complete, pursuant to Section 302D-32, Hawaii Revised Statutes.

The needs of each individual charter school vary greatly as shown by a range of facility-related expenses, which start at about \$1 for rent payments to a high of over \$1.0 million for a charter school that operates facilities/campuses on multiple islands. The reasons for this wide disparity can be attributed to the wide range of facilities that charter schools operate in, which include former Department of Education schools, unused state facilities, private buildings, and new campuses built from scratch. Any support provided by this committee and the Legislature

would go far in addressing the challenge that charter schools have faced in regards to facilities funding.

Thank you for the opportunity to provide this testimony.



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

House Committee on Education

Thursday, February 3, 2022
2:00 p.m.
Via Videoconference
Hawaii State Capitol, Room 309

House Bill 1565, Relating to Charter Schools

Dear Chair Woodson, Vice Chair Kapela, and Members of the Committee:

The Board of Education ("Board") **supports** HB 1565, which would provide funding for rental or lease of facilities to the State Public Charter School Commission ("Commission") for the design, planning, construction, repair, and maintenance of public charter school improvements, and appropriate general funds for infrastructure costs, rental or lease assistance, and the repair and maintenance of network infrastructure for charter schools.

The Board supports proposed legislation that addresses charter school facilities needs as a longstanding and unresolved issue that the Board cites in its annual charter school report to the Legislature every year.

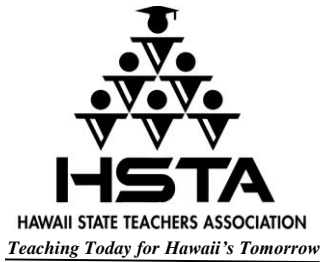
The Board's position on this measure is from a policy-level standpoint, and the Board defers to the Commission on operational and implementation matters.

Thank you for this opportunity to testify on behalf of the Board.

A handwritten signature in cursive script that reads "William N. Arakaki".

Sincerely,

Bill Arakaki
Chairperson, Board of Education 2022 Legislative Ad Hoc Committee



Osa Tui, Jr.
President
Logan Okita.
Vice President
Lisa Morrison
Secretary-Treasurer
Wilbert Holck
Executive Director

TESTIMONY BEFORE THE HOUSE COMMITTEE ON EDUCATION AND THE
COMMITTEE ON HIGHER EDUCATION & TECHNOLOGY

RE: HB 1565 - RELATING TO CHARTER SCHOOLS

THURSDAY, FEBRUARY 3, 2022

OSA TUI, JR., PRESIDENT
HAWAII STATE TEACHERS ASSOCIATION

Chair Woodson, Chair Takayama, and Members of the Committees:

The Hawaii State Teachers Association **supports HB 1565** relating to charter schools. This bill provides funding for rental or lease of facilities under legislative appropriations and bond authorizations to the state public charter school commission for the design, planning, construction, repair, and maintenance of public charter school improvements. Appropriates general funds for infrastructure costs, rental or lease assistance, and the repair and maintenance of network infrastructure for charter schools

Facilities funding is a long-standing issue for our public charter schools. In Hawai'i, start-up charter schools have paid the costs of their facilities from operational funds. In 2013; however, lawmakers authorized the Hawai'i State Public Charter School Commission to request facilities funding as part of its annual budget request. Later, in 2015, legislators called for a working group to establish a framework for providing facilities funding and support for public charter school facilities with adequate prioritization, oversight, and accountability.

Today, amounts received by charter schools fail to keep pace with the cost of providing and quality instruction and maintaining adequate facilities. Charter schools receive \$7,872 per-pupil, most of which is disbursed toward operational expenses, often leaving charters to rely on private donations to fund facilities and rent. Charter schools' per-pupil operating funds cover items like salaries, collective bargaining costs, curricula, school supplies, equipment, and utilities, but do not encompass the facilities and maintenance costs that comprise approximately ten percent of charter school budgets, according the Hawai'i Public Charter Schools Network. Poorly funded charter schools are sometimes forced to hold classes in unstable temporary structures to the detriment of their students' learning and safety.

To provide our public charter schools with the funds they need for their students to succeed, the Hawaii State Teachers Association asks your committee to **support** this bill.



Kamehameha Schools®

House Committees on Education and
Higher Education & Technology

Time: 2:00 p.m.

Date: February 3, 2022

Where: Conference Room 309

TESTIMONY

By Dr. Wai‘ale‘ale Sarsona
Kamehameha Schools

RE: **HB 1565, Relating to Charter Schools**

E ka Luna Ho‘omalu Woodson, ka Hope Luna Ho‘omalu Kapela, ka Luna Ho‘omalu Takayama, ka Hope Luna Clark, a me nā Lālā o kēia mau Kōmike ‘elua o ka Hale o nā Lunamaka‘āinana, aloha kākou! My name is Dr. Wai‘ale‘ale Sarsona, Vice President of Hi‘ialo at Kamehameha Schools, and my kuleana includes oversight of KS’ support of 17 Native Hawaiian-focused Public Charter Schools.

Kamehameha Schools **supports** HB 1565, which provides funding for rental or lease of facilities under legislative appropriations and bond authorizations to the state public charter school commission for the design, planning, construction, repair, and maintenance of public charter school improvements. This measure also appropriates general funds for infrastructure costs, rental or lease assistance, and the repair and maintenance of network infrastructure for charter schools.

A functioning and safe school facility is critical to the longevity and success of all schools and consistent funding is a necessity. As shared in this year’s annual State Public Charter Schools report by the Board of Education, and noted in previous reports, the lack of funding for charter school facilities is “a major and ongoing challenge.” Although Act 234 (2015) offered a forward path to resolving this long-standing issue, the Legislature has not yet appropriated general funds or authorized bonds for charter school facilities to date. The advancement of this measure will ensure that the top listed challenge for our public charter schools is addressed this legislative session and hopefully moving forward every school year to ensure equity in education for every public-school learner.

Kamehameha Schools has been a key collaborator with the Hawaiian-focused Charter Schools for two decades, which number seventeen (17) in total. We believe that Hawaiian-focused Charter Schools provide quality educational choices for all families and ultimately enhance academic achievement, student engagement, and a strengthened sense of place and belonging in Hawai‘i.

Founded in 1887, Kamehameha Schools is an educational organization striving to restore our people through education and 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 ‘ulu e loa‘a i ka pōkole o ka lou. There is no success without preparation. **Please advance this measure.**

HB-1565

Submitted on: 2/2/2022 3:12:17 PM

Testimony for EDN on 2/3/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Louisa Lee	Ka Umeke Kaeo	Support	No

Comments:

Ka ‘Umeke Kaeo strongly supports HB1565. Charter schools currently receive no funding for school facilities and no support for the renovation and maintenance of the facilities that we currently occupy. Additionally we are provided with no financial support when it comes to meeting county school occupancy requirements for existing spaces that we utilize for our educational program. At current time our PreK3-Grade 12 program serves 260 students spread across three distinct campuses. These "temporary" facilities cost us in excess of \$430,000 annually just in lease rent. Not to mention the costs that come with operating three distinct campuses. Facilities funds provided by HB1565 will help to offset current temporary facilities costs and allow us to save capital for permanent facilities, it will provide funding to ensure our students have access to school facilities that are up to code and at the very least equitable in comparison to DOE school classrooms, and also allow us to access funds for building new facilities. The current facilities requirements and costs are unsustainable for charter schools. This bill will support Ka ‘Umeke (and other charter schools) towards our goal of having a single permanent facility for our students and allow us to remain sustainable.

HB-1565

Submitted on: 2/2/2022 1:20:08 PM

Testimony for EDN on 2/3/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Denise Kelekolio	Ka ʻUmeke Kaʻeo	Support	No

Comments:

All students in Hawai‘i deserve access to appropriate and safe facilities to receive their education. Our charter school has struggled as rental rates and upkeep have been putting a stress on our finances. DOE schools are not required to set aside funds for these costs while charter schools must - where is the equity? Schools should concentrate on educating instead of finding funds to stay afloat and open.