

Date: 03/30/2011

Committee: House Finance

Department: Education

Person Testifying: Kathryn S. Matayoshi, Superintendent of Education

Title of Bill: SB 1174,SD2,HD1 (HSCR1107) RELATING TO CHARTER SCHOOLS.

Purpose of Bill:

Requires charter school budget requests for needs-based facilities funding to include a detailed explanation as to the formula used and the funding request breakdown by school. Allows charter schools to appeal and denied reauthorizations to BOE. Requires charter schools and their local school boards to develop internal policies and procedures on ethics. Requires the Charter School Review Panel to conduct a multi-year evaluation of each charter school every six years, instead of every five. Establishes separate task forces to (1) determine a needs-based facilities funding formula for charter schools and (2) address issues on charter school governance, accountability, and authority. Effective July 1, 2050. (SB1174 HD1).

Department's Position: The Department supports this measure, which: 1) authorizes the Charter School Administrative Office Executive Director to submit a budget request for needs-based facilities funding accompanied by a detailed explanation of the formula used to calculate the request; 2) authorizes the Board of Education to hear appeals to Charter School Review Panel decisions on reauthorizations and revocations of charters; 3) directs charter schools and their local school boards to develop internal policies and procedures consistent with ethical standards of conduct; 4) extends the period of mandatory evaluations of each charter school after the first evaluation from five to six years; and, 5) establishes a task force on charter school governance, accountability, and authority.

One suggestion is that the Committee may want to clarify what would constitute "facilities funding," as this could be interpreted to include costs such as utilities, salaries and supplies for regular maintenance,

depreciation, and rental/lease of buildings and grounds.

Thank you for the opportunity to testify on this measure.



SB1174 SD2 HD1
RELATING TO CHARTER SCHOOLS
House Committee on Finance

March 30, 2011

2:00 p.m.

Room 308

The Office of Hawaiian Affairs (OHA) **SUPPORTS** SB1174 SD2 HD1, which would establish two separate task forces to: (1) determine a needs-based facilities funding formula for charter schools; and (2) address issues on charter school governance, accountability, and authority. The bill would also require charter school budget requests for needs-based facilities funding to include a detailed explanation as to the formula used and the funding request breakdown by school.

While OHA is disappointed that a charter school facilities funding formula could not be codified at this time, we support the continuation of the task force and commend the group for their hard work in bringing the charter school community together to examine ways to achieve funding parity with the Department of Education's regular schools.

In addition, OHA appreciates the need to create a task force to examine governance and accountability issues for charter schools, and we respectfully request a seat on the task force so we can represent the many Native Hawaiian students who attend charter schools. The task force on governance will help ensure that Hawai'i's charter school statute becomes the model law for charter schools in the nation.

Therefore, OHA urges the committee to PASS SB1174 SD2 HD1. Mahalo for the opportunity to testify.



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TESTIMONY BEFORE THE HOUSE COMMITTEE ON FINANCE

RE: SB 1174, SD2, HD1 -- RELATING TO CHARTER SCHOOLS.

March 30, 2011

WIL OKABE, PRESIDENT
HAWAII STATE TEACHERS ASSOCIATION

Chair Oshiro and Members of the Committee:

The Hawaii State Teachers Association supports SB 1174, SD2, HD1, which establishes separate task forces to, (1) determine a needs-based facility and/or funding formula (2) address issues on charter school governance, accountability, and authority.

This bill gives the Charter School Administrative Office (CSAO) and the Charter School Review Panel the authority to develop policies and procedures that allow for more accountability and governance. HSTA believes that the development of two task forces will help resolve some of the critical issues facing charter schools. The first task force, which deals with facilities funding, comes at a time when charter schools are in need of assistance. Many of our charter schools have had to exist without adequate facilities conducive for learning. The second task force is necessary to provide clarity to the relationships, responsibilities, and lines of accountability and authority among stakeholders of the charter school system.

HSTA is the exclusive representative for all teachers in charter schools. We hope this committee will consider an amendment that would allow HSTA representation on both task forces. We feel HSTA would bring, to the task force, the perspective of the classroom teacher which will benefit student learning and achievement.

Thank you for the opportunity to testify.



KAMEHAMEHA SCHOOLS

Testimony to the House Committee on Finance
Hearing Date: Wednesday, March 30, 2011
2:00 p.m. – Conference Room 308

Kalei Kailihiwa
Director, Ho'olako Like
Kamehameha Schools

Good afternoon Chair Oshiro, Vice Chair Lee and members of the House Committee on Finance. My name is Kalei Kailihiwa Director of Ho'olako Like of Kamehameha Schools. Thank you for this opportunity to testify in support of **SB 1174 SD2 HD1** which requires charter school budget requests for needs-based facilities funding to include a detailed explanation as to the formula used and the funding request breakdown by school; allows charter schools to appeal a denial of reauthorization to the Board of Education; requires charter schools and their local schools boards to develop internal policies and procedures on ethics; requires the Charter School Review Panel to conduct a multi-year evaluation of each charter school every six years, instead of every five; establishes separate task forces to (1) determine a needs-based facilities funding formula for charter schools and (2) address issues on charter school governance, accountability, and authority (effective 7/1/2050).

Kamehameha Schools supports promoting the achievement and success of Hawaii public school students and, as such, has been a collaborator with the Hawaii public charter schools for over eight years. As part of our Education Strategic plan, KS hopes to significantly impact more Hawaiian children ages 0-8 and grades 4-16+, and their families/ caregivers over the next five years, in collaboration with others whenever possible.

Currently, Kamehameha Schools works with 13 nonprofit tax-exempt organizations, including 'Aha Punana Leo, OHA, KALO and Ho'okako'o Corporation, to assist a total of 14 start-up and 3 conversion charters with special projects, professional development, and technical assistance.

Kamehameha Schools believes that these efforts provide more positive educational choices and ultimately enhances academic achievement and greater school engagement for Hawaiian students. Through these collaborations, Kamehameha Schools currently assists more than 3,800 students in eleven communities on 4 major islands, within the public education system.

In summary, supporting and replicating the successful strategies found in Hawaiian-focused charter schools is a good way to invest in education that has potential benefits for the entire public school system.

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Founded and Endowed by the Legacy of Princess Bernice Pauahi Bishop



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House Committee on Finance

Wednesday, March 30, 2011

2:00 P.M.

Conference Room 308

Dear Chair Oshiro, Vice Chair Lee, and Members of the Committee,

Position: **Support of SB 1174 SD2 HD1**

I am Steve Hirakami representing the Hawaii Charter Schools Network (HCSN), a non-profit organization with the mission to advance high quality public education in Hawai'i by advocating for and providing supports to public charter schools. I am also the Director of Hawaii Academy of Arts and Sciences PCS. The HCSN is in support of SB 1174 SD2 HD1.

Needs-Based Facilities Funding Formula

Senate Concurrent Resolution 108 was passed last year. The HCSN was an integral part of the Charter School Funding Task Force (CSFTF) that it created. It soon became apparent that the CSFTF would not have enough time to discuss all of the items that it was tasked to cover and decided to focus the CSFTF's energy on the issue of facilities funding. This bill is the result of the CSFTF's recommendations to the legislature.

Sen. Dwight Takamine also convened a working group with DOE and charter involvement entitled *Understanding Public School Funding Fiscal Year 2009-2010* to best identify fair funding to charters while using DOE funding as a comparison.

It was discovered that the major areas of inequitable support were facilities funding and in the distribution of federal funding. Recognizing the large continuing revenue shortfalls for the state and the differences between schools that have facilities at no cost to their operating budgets and schools that spend up to 30% + of their operating budgets for lease costs, the CSFTF decided to move toward a needs-based facilities funding

formula. The lack of facilities support and the cuts throughout the last years have caused major strains on our charter school budgets.

Charter schools received \$5363 per student last year per the formula. The legislature and both governors approved additional ARRA A&B and facilities funding that brought charter school per student funding to approximately \$6200 should all appropriations be released.

The HCSN has asked for feedback from the schools regarding special considerations to the needs based facilities funding formula like online/distance learning adjustments, conversion charter schools, and charters that lease State land.

I was the main contributor for researching the data and developing the needs based facilities funding formula suggestions thus far. I offer my help should you have any questions.

Task Forces for Charter School Governance, Accountability, and Authority and Facilities Funding

We support the reconvening/creating of the task forces. HCSN has already started meeting with Directors and Local School Board Members.

We also support other parts of the bill such as creating an appeals process for charter revocations and denial of reauthorization.

Mahalo for hearing this bill, for passing the resolution that created the CSFTF last year, and for the House involvement in the CSFTF.

Sincerely,
Steve Hiramami
Treasurer, HCSN



Ho'okāko'o Corporation

Testimony to the House Committee on Finance
Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair
Re: SB 1174 SD2 HD1 – Relating to Charter Schools

Wednesday, March 30, 2011, 2:00 p.m.
State Capitol, Conference Room 308

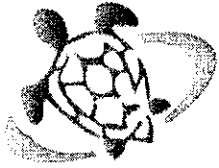
Chair Oshiro, Vice Chair Lee, and Members of the Committee:

Aloha, my name is Megan McCorriston, executive director of Ho'okāko'o Corporation (HC), a 501(c)(3) charter support organization that serves as the local school board for three public conversion charter schools — Waimea Middle School on Hawai'i Island, Kualapu'u Elementary School on Moloka'i, and Kamaile Academy in Wai'anae — which educate nearly 1,600 students, or roughly 19 percent of the total public charter school student population in Hawai'i.

Ho'okāko'o Corporation is in strong support of Senate Bill 1174, SD 2, HD1, which proposes to establish a task force to address issues on charter school governance, accountability and authority. HC, in its dual role as local school board and nonprofit, supports increased measures of accountability and performance standards in the public charter school system. Ho'okāko'o Corporation, in its role as Local School Board, also fully supports the development of charter school and local school board policies and procedures consistent with ethical standards of conduct. This measure aligns with the Corporation's current policies and practices, as well as that of its schools.

As a member of the Charter School Funding Task Force, HC supports the revisions to the Hawaii Revised Statutes recommended in Section 302B-8. HC also supports the intent to establish a charter school facilities funding task force if the purpose is to establish a needs-based facilities funding formula. HC would like further clarification on how an extension of the charter school funding task force enhances the work that was done by the previous task force in fiscal year 2010-11 and how it enables the members of the task force to develop a needs-based formula expeditiously.

Mahalo for the opportunity to testify on this measure.



HAWAII TECHNOLOGY ACADEMYSM

Hawaii Public Charter School #551

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March 30, 2011

LATE TESTIMONY

Honorable Marcus Oshiro, Chair
Honorable Marilyn Lee, Vice Chair
House Committee on Finance

Re: **SB 1174, SD2 HD1, Relating to Charter Schools – Support with comments**
FIN Agenda #5: Conference Room 308, 2:00 PM

Aloha Chair Oshiro, Vice Chair Lee and Committee Members:

On behalf of the Hawaii Technology Academy (HTA), a public charter school with learning centers in Waipahu and Princeville serving students on Oahu, Kauai, Hawaii Island and parts of Maui, thank you for the opportunity to testify.

HTA supports governance and ethical reforms, and the establishment of needs-based funding for charter-school facilities. However, instead of a convening a new taskforce for needs-based facilities funding, HTA respectfully requests consideration of the funding formula in HB 159, HD1 -- representing the Charter School Funding Task Force's collaborative efforts.

1. HTA Supports Needs-Based Facilities Funding

In FY 2010-11 facilities costs were supplanted from per-pupil funds. This practice detrimentally affects charter schools for two reasons.

Facilities costs encumber a large portion of per-pupil funds, which also includes personnel costs for teachers and administrators. This results in a diminished amount of available funds for other educational needs.

During this recession (FY2007 to 2010), charter schools experienced nearly 34% in budget cuts in comparison to other state agencies, which saw an average of 13-14% in cuts during the same period. Funding has decreased precipitously from \$8,149 per pupil in FY2007-08 to \$5,363 in FY2010-11. During the same period, enrollment in public charter schools has grown from 6,657 students in FY2007-08 to 9,026 students for this fiscal year.

Throughout the recession period, charter schools have made cost cutting efforts to operate with less staff and fewer resources, and to defer building maintenance or capital building projects. Some schools have made recent cuts to faculty just to get by this school year. Funding at such razor thin margins is unsustainable and perilously threatens the quality of public student education. Several charters may be approaching a breaking point in which the only choice will be to turn away students and or to close their doors.

2. **HTA Supports Governance and Ethical Reforms**

HTA supports all efforts to create high-quality, high-performing charter schools in Hawaii.

In particular, this measure improves the governance of charter schools by providing for the periodic reauthorization of charter schools, and establishes a process to appeal the denial of reauthorization. A similar appellate process is also created for the denial or revocation of a school's charter.

HTA further supports the adoption of ethical standards for charter schools, and the establishment of a taskforce on charter school governance, accountability, and authority.

Undoubtedly, the foregoing governance and ethics measures will positively impact Hawaii's charter schools.

3. **HTA Supports a Taskforce to address charter school governance, accountability, and authority. However, while HTA support the intent of continuing of a facilities funding task force, we believe facilities funding is needed now to help restore cuts.**

As previously mentioned, HTA strongly supports the establishment of needs-based funding for charter-school facilities. This benefits charter schools by creating a source of facilities funding that is independent from per-pupil funds.

Rather than convening a new task force, however, HTA respectfully requests that the committee consider the needs-based facilities funding formula.

In removing facilities costs from per-pupil funds, that formula would result in more available monies for other educational needs, and alleviate the more than 30 percent in budget cuts for charter schools since the recession began in 2007.

Most importantly, the needs-based facilities funding formula is the product of the collaborative efforts by the Charter School Funding Task Force (established by SCR 108). That task force looked at detailed information on existing funding sources for charter schools, evaluated the Department of Budget and Finance's calculation for DOE and charter school per-pupil allocations, reviewed discrepancies between these allocations, and examined whether a portion of the debt service, repair and maintenance, and capital improvement expenses should be paid by charter schools.

In closing, we understand these are dire times for the state and, therefore, welcome and appreciate every nickel and dime in place to get schools by as the state makes its way through to economic recovery and as charter schools regain their pathway to sustainability. We humbly request that the committee pass a needs-based funding bill for charter schools this session.

Sincerely,

Jeff Piontek
Head of School
Hawaii Technology Academy