

LATE TESTIMONY

WRITTEN ONLY

TESTIMONY BY GEORGINA K. KAWAMURA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON EDUCATION
ON
SENATE BILL NO. 3186

January 30, 2008

RELATING TO CHARTER SCHOOLS

Senate Bill No. 3186 allows charter schools to acquire facilities through lease purchase agreements and establishes a revolving fund for lease payments. This bill appropriates an unspecified amount of general funds for FY 08-09 for deposit into the charter school revolving fund.

We do not support this bill. Lease purchase financing agreements are generally structured whereby payments are subject to legislative appropriations. A guarantee by the State would then change the obligation from a financing agreement to a debt of the State. As such, it would not be appropriate for the State to guarantee financing agreements as it would impact the State's debt ceiling.

Also, as a matter of general policy, this department does not support the creation of any special or revolving fund which does not meet the requirements of Section 37-52.3 of the Hawaii Revised Statutes. Special or revolving funds should: 1) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries of the program; 2) provide an appropriate means of financing for the program or activity; and 3) demonstrate the capacity to be financially self-sustaining. Because the proposed fund receives legislative appropriations, it is not self-sustaining and does not meet the criteria for a revolving fund.



KALO

LATE

Kanu o ka 'Aina Learning 'Ohana
Honors the Past, Addresses the Present, Serves the Future

January 30, 2008

President
Kū Kahakalau
Ph.D.

Vice President
Darryl Wise

Treasurer
Nancy Levenson

Secretary
Maile Zsupnik

Member
Barbara
Robertson

Member
Guy Kaulukukui
Ph.D.

For the Senate Committee on Education
January 30, 2008 hearing, 1:15 p.m., room 225

**Testimony in strong support of SB 3186 RELATING TO
CHARTER SCHOOLS with proposed amendments**

Facility financing is one of the most important challenges facing charter schools in Hawaii. Except for 2006 when charters received a one-time per pupil facilities appropriation of \$660, charters don't receive any state funding for facilities (except for the five conversions). Instead, they are forced to pay for their occupancy costs out of a per pupil allocation that is already significantly lower than that provided to Department of Education-operated schools.

Having said that (and in spite of a clear obligation under Article X, section 1 of the State Constitution to provide equitable funding for charter school facilities), let's focus on what is achievable and what we can do now to support the big-ticket repair, maintenance and capital improvement needs of all charter schools without partiality by developing the fiscal, administrative and statutory infrastructure needed to facilitate innovative public-private partnerships that can attract robust, diverse and sustainable resource streams from a wide variety of state and national players.

Kanu o ka Aina Learning Ohana urges the passage of this measure and would be happy to administer the charter school revolving fund through our proposed Hawaii charter school facilities fund, in order to offer all charter schools the convenience of "one-stop shopping" for a broad array of facilities finance needs.

P.O. Box 6511
Kamuela, Hawai'i
96743
Phone: 808-887-
1117
808 887

Sincerely,
Taffi Wise
Executive Director

*Kanu o ka 'Aina Learning 'Ohana
Grows womb-to-tomb models of education that advance Hawaiian culture
for a sustainable Hawai'i*