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**Narrative**

The effects of the economic downturn have begun to impact the charter schools in fiscal year 2008-09 in several ways. First, the amount of the per pupil appropriations to the charter schools declined in 2008-09 by 8.8%. Although the overall amount appropriated to EDN 600 in fiscal year 2008-09 increased from \$52,701,087 to \$59,670,891, a 13% increase, enrollments in charter schools also increased from 6,131 to 7,603, a 24% increase, over this same time frame. As a result, the per pupil amount declined from \$8,595.84 to \$7,841.76, a decrease of \$754.08 per pupil. This decrease is felt most acutely by charter schools with stable enrollments over these two years. Most of the enrollment growth occurred from the addition of four new schools - three new start-up schools and one new conversion school.

The decline in per pupil funding will continue and become worse into the biennium budget years if the funding for charter schools remains unchanged from the current Governor's approved level of \$60,046,281. This is the case because of projected enrollment growth for the charter schools from the current level of 7,603 to 8,488 an increase of 885 students. This is the projected growth in enrollment for current extant charter schools. The resultant change in per pupil funding is a projected decrease to \$7,074.26 a decrease of more than 9% from the 2008-09 per pupil amount or a combined two year decrease of 17.7%.

In order to avoid this disastrous outcome the charter schools respectfully request that serious consideration be given to increasing the per pupil amount so that the per pupil amount remains no lower than the current per pupil amount of \$7,841.76. This would result in the continuation of the cut in funding at the school level of 8.8%. The added funding needed to accomplish this is \$6,514,540.

The charter schools are also feeling the impacts of budget cuts made by the Department of Education (DOE). The DOE has included in their budget reductions a cut in the School Service Coordinators provided in the past by the DOE as part of its obligation to provide resources to the charter schools for the operation of the special

education programs. This cut eliminates the funding for the 28 SSCs currently funded by the DOE. These positions are essential for the operation of the special education programs for charter schools. The total amount of this cut is \$1,871,565, this amount is the minimum cost increase to be felt by the charter schools in order to continue to fund these positions. In addition, the charter schools are impacted by cost increases passed on by the DOE for services provided under the Memorandum of Agreement between the charter schools and the DOE for selected services (primarily payroll/personnel services) and cost transfers impacting the conversion schools related to health aides.

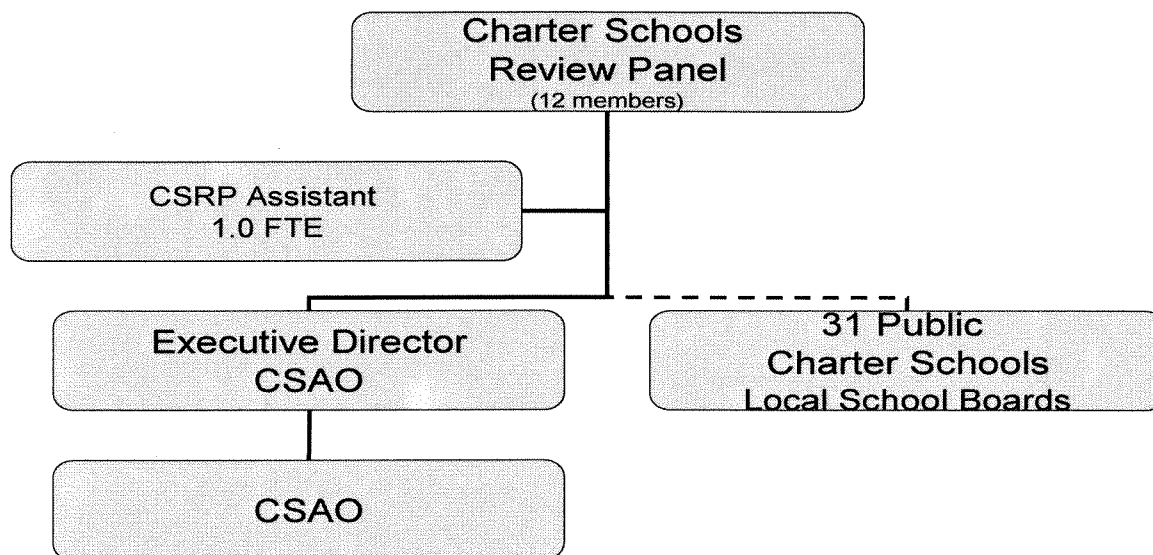
On behalf of the Public Charter Schools, mahalo for the opportunity to discuss these issues with you and mahalo for your continuing support for the public charter schools of Hawaii.

**Mission Statement:**

The mission of the CSAO is to provide advocacy, assistance and support for the development, growth, progress and success of charter schools and the charter school system in Hawai'i in accordance with applicable state and federal laws.

**Organizational Chart:**

Charter Schools System Organizational Chart:



The dashed line linking the CSRP with the 31 Public Charter Schools is indicative of the autonomy of the charter schools. While the CSRP may hold the charter schools accountable for academic, administrative and financial success, the charter schools are largely autonomous in deciding how these goals are to be achieved.

Worksheet  
Funding levels for divisions/branches

Division or Branch Name	FY09 Pos	FY09 \$\$\$	FY10 Pos	FY10 \$\$\$
Connections-PCS		2,768,141		2,544,611
Educ Lab: A Hawaii NC-PCS		3,340,588		3,004,054
Hakipu'u Learning Ctr-PCS		666,549		890,614
Halau Ku Mana-PCS		1,019,429		883,546
Halau Lokahi NC-PCS		1,983,965		1,788,296
Hi Academy of A&S-PCS		3,175,912		3,110,081
Hawaii Technology Academy		1,858,497		3,534,182
Innovations-PCS		1,309,574		1,272,306
Ka 'Umeke Ka'eo-PCS		1,607,561		1,851,912
Ka Waihona O Ka Naauao-PCS		4,109,081		3,915,873
Kamaile		5,583,331		5,796,058
Kawaikini		619,499		650,290
Kanu O Ka'aina-PCS		1,544,826		1,661,066
Kanuikapono-PCS		345,037		614,948
Ke Ana La'ahana-PCS		619,499		706,836
Ke Kula Nawahi Iki Lab-PCS		1,074,321		1,060,255
Ke Kula O Kamakau Lab-PCS		815,543		784,589
Ke Kula Ni'ihau Kekaha-PCS		290,145		282,735
Kihei-PCS		3,340,589		3,534,182
Kona Pacific		752,809		1,017,845
Kualapuu-PCS		2,940,659		2,643,568
KANAKA - PCS		462,665		424,103
Kua O Ka La-PCS		643,024		848,204
Lanikai-PCS		2,587,780		2,332,560
Myron Thompson Acad-PCS		4,571,745		4,665,121
Volcano Sch of A&S-PCS		1,152,739		1,152,143
Voyager-PCS		1,811,446		1,625,724
Waialae-PCS		3,230,805		2,777,867
Waimea Mid-PCS		2,799,508		2,000,347
Waters of Life-PCS		1,199,789		1,385,400
West Hi Explor-PCS		1,395,833		1,236,964
Charter School Review Panel		50,000		50,000
<b>Total</b>		<b>59,670,889</b>		<b>60,046,280</b>



Table 1  
Priority List of Functions

Priority #	Description of Function	Performance Measures	Statutory Reference (HRS, PL, etc.)
<b>Charter Schools:</b>			
1	To assure that students choosing to enroll in charter schools learn fundamental skills, concepts and learning processes, develop appropriate physical, social, aesthetic and occupational skills; and acquire attitudes and values necessary for successful membership in society.	<ol style="list-style-type: none"> <li>1. % of students scoring proficient or better in reading</li> <li>2. % of students scoring proficient or better in math</li> <li>3. % of middle/intermediate grade students retained in grade</li> <li>4. % of freshmen graduating in four years</li> <li>5. Measurements of student's personal growth</li> </ol>	None
2	Provide administrators, parents, students and teachers with expanded alternative public school choices in the types of schools, educational programs, opportunities, and settings, including services for underserved populations, geographical areas, and communities.	Number of charter schools; number of charter schools vs. number of charter school slots; # of charter schools offering alternative programs, # of charter schools serving underserved populations	Preamble to SB 603, 2007 Legislative Session
3	Encourage, and when resources and support are provided, serve as a research venue for the development, use and dissemination of alternative and innovative approaches to educational governance, financing, administration, curricula, technology, and teaching strategies.	N/a	Preamble to SB 603, 2007 Legislative Session
<b>Charter Schools Administrative Office:</b>			
1	Under the direction of the panel [CSRP] and in consultation with the charter schools, [the CSAO] shall be responsible for the internal organization, operation, and management of the charter school system.	Appropriate, timely response to directions from the CSRP, and in consultation with the charter schools, regarding these functions	302B-8(b), HRS 2007
2	Preparing and executing the budget for the charter schools, including submission of the budget request to the board, the governor, and the legislature	On-time submission of charter school budget request to the CSRP, BOE, Governor's Office, and Legislature.	302B-8(b)(1), HRS 2007
3	Allocating annual appropriations to the charter schools and distribution of federal funds to charter schools and distribution of federal funds to charter schools	On-time, accurate allocation and distribution of per pupil and federal funds to the charter schools.	302B-8(b)(2), HRS 2007
4	Complying with applicable state laws related to the administration of the charter schools	Absence of complaints against the CSAO regarding its failure to comply with applicable state laws	302B-8(b)(3), HRS 2007

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Priority List of Functions

Priority #	Description of Function	Performance Measures	Statutory Reference (HRS, PL, etc.)
5	Preparing contracts between the charter schools and the department for centralized services to be provided by the department	Satisfaction of charter schools with the CSAO's performance of this function	302B-8(b)(4), HRS 2007
6	Preparing contracts between the charter schools and other state agencies for financial or personnel services to be provided by the agencies to the charter schools	Satisfaction of charter schools with the CSAO's performance of this function	302B-8(b)(5), HRS 2007
7	Providing independent analysis and recommendations on charter school issues	Satisfaction from the users of this information provided by the CSAO in the performance of this function	302B-8(b)(6), HRS 2007
8	Representing charter schools and the charter school system in communications with the board, the governor, and the legislature	Satisfaction of charter schools with the CSAO's performance of this function	302B-8(b)(7), HRS 2007
9	Providing advocacy, assistance, and support for the development, growth, progress, and success of charter schools and the charter school system	Satisfaction of charter schools with the CSAO's performance of this function	302B-8(b)(8), HRS 2007
10	Providing guidance and assistance to charter applicants and charter schools to enhance the completeness and accuracy of information for panel review	Satisfaction of charter school applicants and charter schools in the CSAO's performance of this function	302B-8(b)(9), HRS 2007
11	Assisting charter applicants and charter schools in coordinating their interactions with the panel as needed	Satisfaction of charter school applicants and charter schools in the CSAO's performance of this function	302B-8(b)(10), HRS 2007
12	Assisting the panel to coordinate with charter schools in panel investigations and evaluations of charter schools	Satisfaction of the CSRP with the CSAO's performance of this function	302B-8(b)(11), HRS 2007
13	Serving as the conduit to disseminate communications from the panel, the board, and the department to all charter schools	Satisfaction of all of the stakeholders in the CSAO's performance of this function	302B-8(b)(12), HRS 2007
14	Determining charter school system needs and communicating those needs to the panel, the board, and the department	Satisfaction on the part of the charter schools with the CSAO in the performance of this task	302B-8(b)(13), HRS 2007
15	Establishing a dispute resolution and mediation process	Creation of a satisfactory dispute resolution and mediation process that meets the needs of the charter schools	302B-8(b)(14), HRS 2007
16	Upon request by one or more charter schools, assisting in the negotiation of a collective bargaining agreement with the exclusive representative of its employees.	Satisfaction of charter schools with the CSAO's performance of this function	302B-8(b)(15), HRS 2007
<b>Charter School Review Panel:</b>			

Table 1  
Priority List of Functions

Priority #	Description of Function	Performance Measures	Statutory Reference (HRS, PL, etc.)
1	Appoint and evaluate the executive director and approve staff and salary levels for the charter school administrative office;	Timely appointment and evaluation of the CSAO Executive Director and satisfaction on the part of the charter schools in regards to the CRRP's responsiveness to the CSAO ED and staff requirements & salary levels.	302B-3(i)(1), HRS 2007
2	Review, approve, or deny charter applications for new charter schools in accordance with section 302B-5 for the issuance of new charters; provided that applicants that are denied a charter may appeal to the board for a final decision pursuant to section 302B-3.5;	Timely review, approval or denial of charter school applicants	302B-3(i)(2), HRS 2007
3	Review, approve, or deny significant amendments to detailed implementation plans to maximize the school's financial and academic success, long-term organizational viability, and accountability. Charter schools that are denied a significant amendment to their detailed implementation plan may appeal to the board for a final decision pursuant to section 302B-3.5;	Timely review and approval or denial of amendments to detailed implementation plans submitted	302B-3(i)(3), HRS 2007
4	Adopt reporting requirements for charter schools;	Adoption of appropriate reporting requirements for charter schools	302B-3(i)(4), HRS 2007
5	Review annual self-evaluation reports from charter schools and take appropriate action;	Completion of reviews of annual self-evaluation reports from the charter schools and appropriateness of actions taken	302B-3(i)(5), HRS 2007
6	Evaluate any aspect of a charter school that the panel may have concerns with and take appropriate action, which may include probation or revocation;	History of evaluation and appropriateness of actions taken by the CSRP with respect to schools placed on probation or revocation	302B-3(i)(6), HRS 2007
7	Periodically adopt improvements in the panel's monitoring and oversight of charter schools; and	History of adopting improvements to monitoring and oversight practices	302B-3(i)(7), HRS 2007
8	Periodically adopt improvements in the office's support of charter schools and management of the charter school system.	History of adopting improvements to CSAO's support and management of the charter school system	302B-3(i)(8), HRS 2007











Table 5  
 Current Year (FY09) Restrictions

<u>Prog ID</u>	<u>FY09 \$\$\$</u>	<u>Impact</u>	<u>FY10 \$\$\$</u>	<u>FY11 \$\$\$</u>
NONE				



Attachment 1  
Department-Wide Summary Information (by MOF)

Fiscal Year (FY) 2009				
Act 158/08 Appropriation (a)	Restriction (b)	Emergency Request (c)	Total FY09 (a)+(b)+(c)	MOF
57,745,483	1,925,408		59,670,891	A
			-	
			-	
57,745,483	-		57,745,483	Total

Fiscal Year (FY) 2010					
Act 158/08 Appropriation (d)	Collective Bargaining (e)	Reduction (f)	Additions (g)	Total FY10 (d)+(e)+(f)+(g)	MOF
57,745,483	2,300,789			60,046,272	A
				-	
				-	
57,745,483	2,300,789	-		60,046,272	Total

Fiscal Year (FY) 2011					
Act 158/08 Appropriation (h)	Collective Bargaining (i)	Reduction (j)	Additions (k)	Total FY11 (h)+(i)+(j)+(k)	MOF
57,745,483	2,300,798			60,046,281	A
				-	
				-	
57,745,483	2,300,798	-		60,046,281	Total

Please indicate restrictions and reductions as negative numbers, using brackets ()

Attachment 2  
FY09 Proposed Emergency Requests

Program ID	Description of Emergency Request	FTE	\$\$\$	MOF
NONE	NONE	NONE	NONE	NONE













Attachment 8  
CIP Summary

Priority	Project Title	FY10 \$\$\$	FY11 \$\$\$	MOF
1	KANUIKAPONO-PCS, BUILDING IMPROVEMENT, KAUAI	61,000	-	C
2	KE ANA LAAHANA-PCS, CAMPUS IMPROVEMENT AND R&M, HAWAII	15,000	-	C
3	WHEA-PCS, SHADE CLOTHING PROJECT, HAWAII	48,000	-	C
4	MYRON B THOMPSON ACAD-PCS, ENERGY IMPROVEMENT, OAHU.	5,000	-	C
5	KA UMEKE KAE0-PCS, ELECTRICAL WIRING, HAWAII.	24,000	-	C
6	KIHEI-PCS, DISABILITY ACCESSIBLE RESTROOMS IMPROVEMENT, MAUI	15,000	-	C
7	CONNECTION-PCS, R & M PROJECT, HAWAII	408,000	-	C
8	KANU O KA AINA NCPCS, CLASSROOM IMPROVEMENT,HAWAII	50,000	-	C
9	HALAU KU MANA-PCS, PORTABLE STAGING, OAHU	9,000	-	C
10	WAIMEA MIDDLE SCHOOL,ELETRICAL UPGRADES L2, HAWAII	30,000	-	C
11	HAAS-PCS, CAMPUS IMPROVEMENT, HAWAII	82,000	-	C
12	VOLCANO-PCS, CAMPUS IMPROVEMENT, HAWAII	50,000	-	C
13	KAWAIHONA-PCS, FIRE LANE IMPROVEMENT, OAHU	256,000	-	C
14	WOLPCS, RENOVATION OF SITE GRANDFATHERED IN HAWAII	97,000	-	C
15	KAMAKAU-PCS, ROAD ACCESS IMPROVEMENT, KANE0HE-HAWAII	400,000	-	C
16	KAWAIKINI-PCS, PHOTOVOLTAIC SYSTEM, KAUAI	307,000	-	C
17	KUALAPUU ELEMENTARY SCHOOL, CLASSROOM SPACE IMPROVEMENT, MOLOKAI.	5,000,000	500,000	C
18	WAIMEA MIDDLE SCHOOL, NIGHT LIGHT IMPROVEMENT, HAWAII	30,000	-	C
19	HAAS-PCS, FLOORING PROJECT, HAWAII	8,000	-	C
20	KAMAKAU-PCS, COVERD-OUTDOOR AREA IMPROVEMENT, KANE0HE-HAWAII	50,000	-	C
22	HAAS-PCS, PAINTING PROJECT, HAWAII	5,000	-	C
25	WAIMEA MIDDLE SCHOOL, CAMPUS RAILING IMPROVEMENT, HAWAII	100,000	-	C
26	KA UMEKE KAE0-PCS, LIGHTING SYSTEM, HAWAII	22,000	-	C
27	NAWAHI-PCS, OFFICE IMPROVEMENT, HAWAII	8,000	-	C
28	KAMAKAU-PCS, CLASSROOM SPACE IMPROVEMENT, KANE0HE-HAWAII	250,000	-	C
30	KIHEI-PCS, AIR-CONDITIONING SYSTEM UPGRADE, MAUI	25,000	-	C
31	WAIMEA MIDDLE SCHOOL, WINDOW IMPROVEMENT, HAWAII	80,000	-	C
32	KAWAIKINI-PCS, ROADWORK IMPROVEMENT, KAUAI.	59,000	-	C
33	KA UMEKE KAE0-PCS, FLOORING, HAWAII	11,000	-	C
34	KA UMEKE KAE0-PCS, EXTERIOR SIDING REPAIR & PAINTING, HAWAII	25,000	-	C
35	KA UMEKE KAE0-PCS, EXIT STAIRS, HAWAII	10,000	-	C
37	WAIMEA MIDDLE SCHOOL, GROUNDS REPAIRS, HAWAII	110,000	-	C
38	KA UMEKE KAE0-PCS, WINDOWS , HAWAII	12,000	-	C
39	HAAS-PCS, GREENHOUSE & SHADEHOUSE, HAWAII	3,000	-	C
40	NAWAHI-PCS, OFFICE PAINTING, HAWAII	10,000	-	C

Attachment 8  
CIP Summary

41	KAMAKAU-PCS, OFFICE SPACE IMPROVEMENT, KANEOHE-HAWAII	30,000	-	C
42	WAIMEA MIDDLE SCHOOL GYM IMPROVEMENT, HAWAII	25,000	-	C
43	KE ANA LAAHANA-PCS, SYSTEM IMPROVEMENT, HAWAII	9,000	-	C
47	HAAS-PCS, PLAY FIELD IMPROVEMENT, HAWAII	3,000	-	C
48	KAWAIKINI-PCS, ADMINISTRATION TRAILER IMPROVEMENT, KAUAI.	10,000	-	C
49	KANU O KA AINA NCPCS, LEARNING ENVIROMENT IMPROVEMENT, HAWAII	258,000	-	C
50	KA UMEKE KAE0-PCS, ENTRY STAIRS, HAWAII	8,000	-	C
51	WHEA-PCS, OFFICE TRAILER, HAWAII	58,000	-	C
52	HAAS-PCS, IRRIGATION SYSTEM, HAWAII	-	2,000	C
53	KA UMEKE KAE0-PCS, TERMITE REPAIR, HAWAII	28,000	-	C
54	KE ANA LAAHANA-PCS, ENERGY IMPROVEMENT, HAWAII	24,000	-	C
55	WAIMEA MIDDLE SCHOOL, RESTROOMS RENOVATION, HAWAII	60,000	-	C
56	KA UMEKE KAE0-PCS, ROOFING, HAWAII	18,000	-	C

CIP Budget											
Req Cat	Dept Pri	Proj ID	Senate District	Repr. District	Proj No.	Project Title	MO F	FY 10 (,000)	FY 11 (,000)	Description	Justification
M	1	EDN600	7	15	PCS008	KANUIKAPONO-PCS, BUILDING IMPROVEMENT, KAUAI	C	61	-	Renovation and repairing for DOE building	Currently students use portable tents to serve as their classroom. Students share multiple learning spaces being shared by students in grade k-8. The outdoor tent classrooms are suitable when the weather provides no rain and wind.
M	2	EDN600	1	2	PCS047	KE ANA LAAHANA-PCS, CAMPUS IMPROVEMENT AND R&M, HAWAII	C	15	-	Construction, replacement, updating for campus area, including gravel for tent area, replacing ceiling fans, windows.	Begin the process of enhancing Nā Papa Naua Loa to more effectively offer established tracks and determine the means by which to offer non-established tracks.
M	3	EDN600	3	6	PCS046	WHEA-PCS, SHADE CLOTHING PROJECT, HAWAII	C	48	-	Replacement of 14 year-old shade cloth and resetting supports and footing.	Needs to be replaced due to salt sea spray and wind damage. Shade cloth provides a protected area, for various student projects.
E	4	EDN600	12	23	PCS043	MYRON B THOMPSON ACAD-PCS, ENERGY IMPROVEMENT, OAHU.	C	5	-	Equipment and installment of electrical panel and new meter.	Our current facility located at 629 Pohukaina St. includes two separate air conditioning units, one of which was installed by us when we first occupied the building. The overall building unit was not operational for at least two years.
E	5	EDN600	1	2	PCS030	KA UMEKE KAE0-PCS, ELECTRICAL WIRING, HAWAII.	C	24	-	Update and installment of electrical wiring system.	The old electrical wiring is very old and may be dangerous for students.
HS	6	EDN600	5	11	PCS006	KIHEI-PCS, DISABILITY ACCESSIBLE RESTROOMS IMPROVEMENT, MAUI	C	15	-	Remodeling of bathrooms into handicap accessible restroom for entire campus.	ADA compliance laws. This project will improve the use
M	7	EDN600	2	1	PCS011	CONNECTION-PCS, R & M PROJECT, HAWAII	C	408	-	Construction, equipment, and improvement for building on campus, including air conditioning, acoustic panels, sound masking, flooring for elementary classrooms, security system, wiring, roofing, and fire alarm.	Long range development plans are required for Kress Building as it provides the foundation for a comprehensive and cohesive campus design utilizing facilities to meet the educational goals and needs of Connections PCS.
M	8	EDN600	1	7	PCS015	KANU O KA AINA NCPCS, CLASSROOM IMPROVEMENT, HAWAII	C	50	-	Renovation and hooking up plumbing and addition of ADA for existing double wide trailer	For students' safety issue and ADA compliance
O	9	EDN600	11	25	PCS005	HALAU KU MANA-PCS, PORTABLE STAGING, OAHU	C	9	-	Purchase of additional staging attached to old one for dancing program.	Staging is needed for the large Hawaiian cultural classes that are hula, chanting, and olelo. Hawaiian culture is a major part of our student's learning experience and every student must excel and pass the skills test.
E	10	EDN600	1	7	PCS023	WAIMEA MIDDLE SCHOOL, ELECTRICAL UPGRADES L2, HAWAII	C	30	-	Construction and improvement of electrical upgrades for Building K& L.	It is needed to repair and improve the campus. In doing so, it will make the areas safer and more functional.
M	11	EDN600	2	4	PCS	HAAS-PCS, CAMPUS IMPROVEMENT, HAWAII	C	82	-	Construction of driveways and installation of drywells	Safety and Cost effectiveness are the main reason for completing this project. Pahoa is an area with average rainfall of 180 inches/year. HAAS spends an incredible amount of materials (gravel), personnel (spot filling potholes), and contract equipment (grading).
M	12	EDN600	5	2	PCS014	VOLCANO-PCS, CAMPUS IMPROVEMENT, HAWAII	C	50	-	Conversion from cesspools to septic tanks for entire campus. The project is mandated by EPA.	The federal Environmental Protection Agency has mandated replacement of all gang-type cesspools with septic systems; there are three of these cesspools on the Volcano school campus.
HS	13	EDN600	21	44	PCS044	KAWAIHONA-PCS, FIRE LANE IMPROVEMENT, OAHU	C	256	-	Construction and renovate roadway, steel gate, fire hydrant line next to Modular Building.	For safety issue and easiness of access to the building, improvement of campus road is critical.

Req Cat	Dept Pri	Progr ID	Senate District	Repr. District	Proj No.	Project Title	MO F	FY 10 (.000)	FY 11 (.000)	Description	Justification
M	14	EDN601	2	4	PCS040	WOLPCS, RENOVATION OF SITE GRANDFATHERED IN HAWAII	C	97	-	Construction, Repairment, Replacement and Equipemnt of site 2, including roofing, wiring, plumbing, ADA upgrade, classrooms, wall demolition, stairs rebuilding.	St. Theresa Parish in Mt. View, Hawaii is site of two older buildings that must be updated to comply with Education code requirements for safety. Renovations to the church were last completed in 1981.
M	15	EDN600	24	49	PCS001	KAMAKAU-PCS, ROAD ACCESS IMPROVEMENT, KANEOHE-HAWAII	C	400	-	Construction and improvement of roadway and access for emergency vehicle	For safety issue and easiness of access to the building, improvement of campus road is critical.
E	16	EDN601	7	15	PCS052	KAWAIKINI-PCS, PHOTOVOLTAIC SYSTEM, KAUAI	C	307	-	Construction and equipment for photovoltaic system.	In order to more efficiently use energy, photovoltaic system will be helpful.
M	17	EDN600	6	13	PCS050	KUALAPUU ELEMENTARY SCHOOL, CLASSROOM SPACE IMPROVEMENT, MOLOKAI.	C	5,000	500	Construction and facilities for 7-classroom building.	The current 7 portables on campus are approximately 15 years old. These buildings are in need of replacement to ensure safety of the children and staff. Constant repairs have been maintained on the buildings however, at this point in time, constant renovation reduces the utility of the portables.
M	18	EDN600	1	7	PCS026	WAIMEA MIDDLE SCHOOL, NIGHT LIGHT IMPROVEMENT, HAWAII	C	30	-	Rewire of night lights for Building K & L.	It is needed to repair and improve the campus. In doing so, it will make the areas safer and more functional.
M	19	EDN600	2	4	PCS020	HAAS-PCS, FLOORING PROJECT, HAWAII	C	8	-	Refinishing of concrete floors stain and grout	The original concrete floors were stained but not sealed. This project would eliminate fading in high traffic areas. Also approximately 3600 sq ft. was never stained and would need both staining and sealing.
M	20	EDN600	24	49	PCS003	KAMAKAU-PCS, COVERD-OUTDOOR AREA IMPROVEMENT, KANEOHE-HAWAII	C	50	-	Renovation and repairing for covered outdoor area	Campus area is old and roads are cracking; this project will help improve the safety issue.
M	22	EDN600	2	4	PCS018	HAAS-PCS, PAINTING PROJECT, HAWAII	C	5	-	Painting of interior and exterior of buildings on campus.	Every two years, HAAS desires to maintain the buildings by exterior and interior painting. This insures protection from the elements and daily use by students and staff and will prevent a huge maintenance bill in the future.
M	25	EDN600	1	7	PCS029	WAIMEA MIDDLE SCHOOL, CAMPUS RAILING IMPROVEMENT, HAWAII	C	100	-	Construction and repairment of railings on campus.	It is needed to repair and improve the campus. In doing so, it will make the areas safer and more functional.
M	26	EDN600	1	2	PCS031	KA UMEKE KAE0-PCS, LIGHTING SYSTEM, HAWAII	C	22	-	Replacement of interior lighting.	Current building is old and this project will help to improve the learning environment.
M	27	EDN600	2	4	PCS013	NAWAHI-PCS, OFFICE IMPROVEMENT, HAWAII	C	8	-	Upgrading and construction for office layout and systems, mandated by Thomas Wolf	Current office is old and need to be maintained.
M	28	EDN600	24	49	PCS002	KAMAKAU-PCS, CLASSROOM SPACE IMPROVEMENT, KANEOHE-HAWAII	C	250	-	Renovation and construction of classroom space for Building.	Current building is old and this project will help to improve the learning environment.
M	30	EDN600	5	11	PCS007	KIHEI-PCS, AIR-CONDITIONING SYSTEM UPGRADE, MAUI	C	25	-	Replacement of current air-conditioning system for building on campus.	Current air conditioner is aged and wiring is dangerous.
M	31	EDN600	1	7	PCS028	WAIMEA MIDDLE SCHOOL, WINDOW IMPROVEMENT, HAWAII	C	80	-	Replacement of windows on campus.	It is needed to repair and improve the campus. In doing so, it will make the areas safer and more functional.
M	32	EDN602	7	15	PCS053	KAWAIKINI-PCS, ROADWORK IMPROVEMENT, KAUAI.	C	59	-	Construction for walkways to maincampus area.	Campus area is old and roads are cracking; this project will help improve the safety issue and access to campus.
M	33	EDN600	1	2	PCS035	KA UMEKE KAE0-PCS, FLOORING, HAWAII	C	11	-	Construction of new floor.	Current building is old and this project will help to improve the learning environment.
M	34	EDN600	1	2	PCS033	KA UMEKE KAE0-PCS, EXTERIOR SIDING REPAIR & PAINTING, HAWAII	C	25	-	Repair and painting of exterior siding.	Current building is old and this project will help to improve the learning environment.



Req Cat	Dept Pri	Pro ID	Senate District	Repr. District	Proj No.	Project Title	MO F	FY 10 (,000)	FY 11 (,000)	Description	Justification	
HS	35	EDN600	1	2	PCS037	KA UMEKE KAE0-PCS, EXIT STAIRS, HAWAII	C	10	-	Construction of Entry stairs.	For safety of everyone on campus, the exit stairs need to be repaired in case the accident happen people can escape from the exit.	
M	37	EDN600	1	7	PCS025	WAIMEA MIDDLE SCHOOL, GROUNDS REPAIRS, HAWAII	C	110	-	Construction and repair of Basketball Court.	It is needed to repair and improve the campus. In doing so, it will make the areas safer and more functional.	
M	38	EDN600	1	2	PCS036	KA UMEKE KAE0-PCS, WINDOWS, HAWAII	C	12	-	Repair and replace of windows.	Current building is old and so as windows which can not be closed well.	
M	39	EDN600	2	4	PCS019	HAAS-PCS, GREENHOUSE & SHADEHOUSE, HAWAII	C	3	-	Reclothing of outside greenhouse and shadehouse.	Pahoehoe When the shade and green houses are relocated they will need to be irrigated with a complement of timers, valves, PVC piping and other equipment. This will be at a distance of over 250 feet from its present location.	
M	40	EDN600	2	4	PCS012	NAWAHI-PCS, OFFICE PAINTING, HAWAII	C	10	-	Upgrading and painting for Nawahi Office, mandated by Caton Painting	Office is never be pained and well maintained; this project will help the improvement.	
M	41	EDN600	24	49	PCS004	KAMAKAU-PCS, OFFICE SPACE IMPROVEMENT, KANE0HE-HAWAII	C	30	-	Renovation and repairing of office space on campus.	Office space is not well designed that cause not efficient.	
M	42	EDN600	1	7	PCS024	WAIMEA MIDDLE SCHOOL GYM IMPROVEMENT, HAWAII	C	25	-	Renovation and construction of Gym.	It is needed to repair and improve the campus. In doing so, it will make the areas safer and more functional.	
M	43	EDN600	1	2	PCS049	KE ANA LAAHANA-PCS, SYSTEM IMPROVEMENT, HAWAII	C	9	-	Construction, installment of serve system and disposal system.	Develop a structured and consistent standards-based curriculum for all content areas.	
M	47	EDN600	2	4	PCS022	HAAS-PCS, PLAY FIELD IMPROVEMENT, HAWAII	C	3	-	Top dressing of playing fields with soil.	Safety and Cost effectiveness are the main reason for completing this project. Pahoehoe is an area with average rainfall of 180 inches/year. HAAS spends an incredible amount of materials (gravel), personnel (spot filling potholes), and contract equipment (grading).	
M	48	EDN603	7	15	PCS054	KAWAIKINI-PCS, ADMINISTRATION TRAILER IMPROVEMENT, KAUALA	C	10	-	Equipment for office use, 10 X 20 trailer with shaded space and alternate space to meet.	The trailer for meeting visitors is aged and need to be maintained for future use.	
M	49	EDN600	1	2	PCS016	KANU O KA AINA NCPGS, LEARNING ENVIRONMENT IMPROVEMENT, HAWAII	C	258	-	Replacement and construction for classrooms including side walkings.	Campus area is old and affect students' learning; this project will improve or solve this matter.	
M	50	EDN600	1	2	PCS038	KA UMEKE KAE0-PCS, ENTRY STAIRS, HAWAII	C	8	-	Construction of exit stairs.	Current building is old and this project will help to improve the learning environment.	
M	51	EDN600	3	6	PCS045	WHEA-PCS, OFFICE TRAILER, HAWAII	C	58	-	Upgrade and replacement of old office trailer.	While asbestos has been mitigated trailer is overall in poor condition and disrepair, simply stated needs replacement. Cost is estimated at 65,000 + with installation.	
E	52	EDN600	2	4	PCS021	HAAS-PCS, IRRIGATION SYSTEM, HAWAII	C	-	2	Furnishing of irrigation system.	When the shade and green houses are relocated they will need to be irrigated with a complement of timers, valves, PVC piping and other equipment. This will be at a distance of over 250 feet from its present location.	
M	53	EDN600	1	2	PCS034	KA UMEKE KAE0-PCS, TERMITE REPAIR, HAWAII	C	28	-	Repair and paint interior termite.	Current building is old and this project will help to improve the learning environment.	
E	54	EDN600	1	2	PCS048	KE ANA LAAHANA-PCS, ENERGY IMPROVEMENT, HAWAII	C	24	-	Construction and equipment for solar system.	Resume grade level "learning" to provide for better articulation and collaboration.	
HS	55	EDN600	1	7	PCS027	WAIMEA MIDDLE SCHOOL, RESTROOMS RENOVATION, HAWAII	C	60	-	Renovation and construction of general restrooms for Building H.	It is needed to repair and improve the campus. In doing so, it will make the areas safer and more functional.	
M	56	EDN600	1	2	PCS032	KA UMEKE KAE0-PCS, ROOFING, HAWAII	C	18	-	Replace of roofing.	Current building is old and this project will help to improve the learning environment.	
									<b>8,206</b>	<b>502</b>		
<b>TOTAL</b>												

Req Cat	Dept Pri	Prog ID	Senate District	Repr. District	Proj No.	Project Title	MO F	FY 10 (,000)	FY 11 (,000)	Description	Justification
Request Category:											
M						Maintenance of Existing Facilities		-	-		
C						Completion of Current Projects		-	-		
HS						Health, Safety, Court Mandates		-	-		
E						Energy Efficiency		8,206	502		
G						Governor's Program Initiatives		-	-		
O						Other		-	-		
<b>BY MOF</b>											
						General Fund	A	-	-		
						Special Funds	B	-	-		
						General Obligation Bonds	C	-	-		
						Reimbursable GO Bonds	D	8,206	502		
						Revenue Bonds	E	-	-		
						Federal Funds	N	-	-		
						Private Contributions	R	-	-		
						County Funds	S	-	-		
						Interdepartmental Transfers	U	-	-		
						Revolving Funds	W	-	-		
						Other Funds	X	-	-		

# Biennium Budget Request Charter Schools

2009-11 Biennium  
Prepared by CSAO

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## Agenda

- Recent History of Charter School Funding
- B&F Budget Instructions & Statutory Language – HRS 302B-12
- Funding Formula
- Comparison of Formula Using Governor's 2008-09 Recommendation and 2006-07 DOE CAFR
- Impacts From DOE Cuts
  - SSCs
  - Health Aides
- CIP Requests
- CSRP Funding
- Summary/Questions

Charter Schools' 2009-11 Biennium Budget Request 2

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## Recent History of Charter School Funding

- Charter Schools Enrollment Growth
- Comparison of DOE Per Pupil to Charter Schools Per Pupil
- Charter School per pupil funding and cut in 2008-09

Charter Schools' 2009-11 Biennium Budget Request 3

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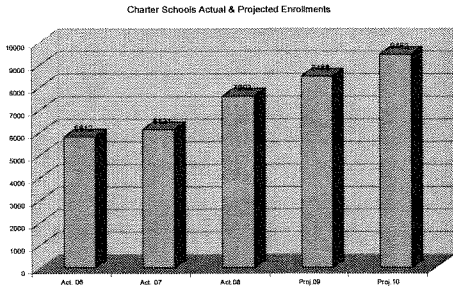
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### Charter Schools Actual & Proj. Growth



Charter Schools 2009-11 Biennium Budget Request

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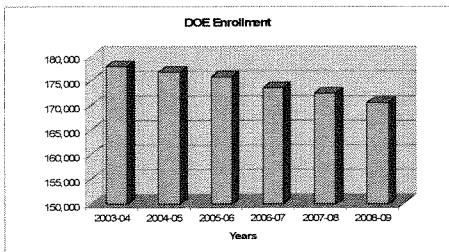
### Charter School Enrollments: By School

School Name	Act. 06	Act. 07	Act. 08	Proj. 09	Proj. 10
Cherokee PCS	305	302	303	300	301
Edna Lee A. Hines NC PCS	417	413	410	405	401
Hemlock Learning Ctr PCS	50	50	50	50	50
Howe K-8 Middle PCS	100	94	130	131	125
Howe Learning Ctr PCS	130	130	130	130	130
IT Academy of AS PCS	394	333	265	440	480
Island Technology Academy	100	100	100	100	100
Johnston PCS	175	154	187	181	184
K-8 Unionsville PCS	133	146	156	162	172
K-8 Watauga O. K. Nantais PCS	390	490	574	554	574
Kennett Academy	100	100	100	100	100
Kennett	100	100	100	100	100
Kennett K-8 Middle PCS	138	150	157	161	164
Kennett Middle PCS	38	50	44	61	107
Kennett Unionsville PCS	81	92	101	100	104
Kennett Unionsville PCS	88	100	137	150	161
Kennett Unionsville PCS	78	100	104	111	126
K-8 North Thurston PCS	38	31	37	50	72
Kyle PCS	281	316	348	360	376
Kyle PCS	372	387	385	384	385
Kyle PCS	57	62	71	74	74
KANAWA - PCS	32	48	59	60	60
Kearney PCS	100	100	100	100	100
Lehigh PCS	314	313	330	330	335
Lehigh Unionsville Acad PCS	703	695	692	690	696
Volcano Sch of AAS PCS	144	147	147	151	153
Lyons PCS	211	220	231	236	236
Lyons PCS	404	361	412	363	411
Lyons Middle PCS	208	493	497	501	513
Marysville PCS	102	100	100	100	100
Marysville PCS	102	100	100	100	100
Mount St. Joseph PCS	104	104	104	104	104
TOTAL	6413	6131	7383	8488	9415
Kennett	600	600	600	600	600
Total with Kennett	7013	6731	7983	9088	10015

Charter Schools 2009-11 Biennium Budget Request

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### Changes in DOE Enrollment:

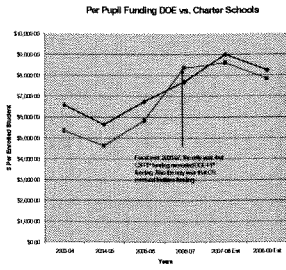


Charter Schools 2009-11 Biennium Budget Request

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## Per Pupil Funding DOE vs. Charters



• This chart compares per pupil funding for DOE schools to per pupil funding for charter schools

○ The calculations use the language in statute to base the comparison (no fringes, no aped, same basis for fringe)

○ The calculations compare DOE exp. per the CAFR with CS per pupil amounts from all state funding sources

• FYs 2007-08 and 2008-09 are labeled estimated because the CAFR has not been issued for those years. Instead the source data for those years are the Governor's budget recommendation

Charter Schools 2009-11 Biennium Budget Request

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## DOE & CS Enrollment & Funding Table

Years	DOE		Charter Schools	
	DOE Enrollment	DOE Per Pupil \$	CS Enrollment	CS Per Pupil \$
2003-04	177,932	\$6,572.00	4,317	\$5,355.00
2004-05	176,730	\$6,632.58	4,964	\$4,630.47
2005-06	175,759	\$6,749.75	5,744	\$5,844.21
2006-07	173,556	\$7,696.37	5,812	\$8,363.30
2007-08 Est.	172,366	\$8,995.68	6,131	\$8,595.84
2008-09 Est.	170,498	\$8,247.31	7,603	\$7,841.76

Ratio of comparisons:

2003-04 thru 2006-07 DOE CAFRs  
2007-08 & 2008-09 Gov. Bdgt. Recommendation  
Comparisons use the same base - No Fed. no SPCED, same basis for fringe

From this schedule it is clear that charter schools have seen a significant reduction in funding (approx. 8.8%)

This fact is sometimes lost because the overall State funding increased over this time from \$52M to \$59M

Charter Schools 2009-11 Biennium Budget Request

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## Biennium Budget Request

- B&F Budget Instructions
- Statutory Requirements for CSAO Budget Request (HRS 302B-12)
  - Examining the Statute
  - HRS 302B-12 & Fringe Benefits
  - Applying the Statute
    - 2009-10
    - 2010-11

Charter Schools 2009-11 Biennium Budget Request

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## B&F Budget Instructions & Statutory Requirements of HRS 302B-12

- Biennium budget instructions issued by B&F conflict with requirements in HRS 302B
  - Budget instructions require budget to be submitted on a three tiered basis: 1, 2, & 3% cuts to charter schools TOTAL budget ceiling amount
  - HRS 302B requires that CSAO submit budget on a formula basis
- CSAO is required to submit budget following requirements of the statute
  - This was discussed with B&F Budget Analyst

Charter Schools: 2009-11 Biennium Budget Request

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## Statutory Funding Formula

- §302B-12 Funding and finance.** (a) Beginning with fiscal year 2006-2007, and each fiscal year thereafter, the office shall submit a request for general fund appropriations for each charter school based upon:
- (1) The actual and projected enrollment figures in the current school year for each charter school;
  - (2) A per-pupil amount for each regular education and special education student, which shall be equivalent to the total per-pupil cost based upon average enrollment in all regular education cost categories, including comprehensive school support services but excluding special education services, and for all means of financing except federal funds, as reported in the most recently-approved executive budget recommendations for the department, provided that in preparing the budget the executive director shall include an analysis of the proposed budget in relationship to the most recently published department consolidated annual financial report; provided further that the legislature may make an adjustment to the per-pupil allocation for the purposes of this section; and
  - (3) Those fringe benefit costs requested shall be included in the department of budget and finance's annual budget request. No fringe benefit costs shall be charged directly to or deducted from the charter school per-pupil allocations unless they are already included in the funds distributed to the charter school.

Charter Schools: 2009-11 Biennium Budget Request

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## Examining the Statute

- As can be seen from HRS 302B-12 the statute specifies the basis on which to calculate the formula:
  - "... the most recently-approved executive budget recommendations for the department;"
- What is to be included in the formula:
  - "...all regular education cost categories"
  - "...comprehensive student support services"
  - "...all means of financing"
- And what is to be excluded from the formula:
  - "... special education services"
  - "... federal funds"

Charter Schools: 2009-11 Biennium Budget Request

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## Examining the Statute: Fringe Benefits

- Fringe benefit costs have also been excluded from the formula calculation because the statute provides that B&F is responsible for budgeting for these costs and that:
  - "No fringe benefit costs shall be charged directly to or deducted from the charter school per-pupil allocations unless they are already included in the funds distributed to the charter school."
- In order for this language to apply, fringe benefit costs must be excluded from the formula calculation.
  - It is important for this language to apply so that all charter school employees have coverage through State of Hawaii employee benefit programs.

Charter Schools' 2009-11 Biennium Budget Request

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## Applying the Formula: 2009-10

<p>Uses all reg. ad cost categories &amp; all MOE. Net: exclusion fringe</p>	<p>1 DOE 2009 Budget</p> <p>2 Deduct: Federal Funds</p> <p>3 Deduct: Special Allocation Without Federal Funds</p> <p>4 Subtotal</p> <p>5 Total: Base of Funds Available for Calculation of Allocation to Charter Schools</p> <p>6 Divided by: DOE K-12 Enrollment 2008-09, including NPE/D (Per DOE Memo 8/15/09)</p> <p>7 Per Pupil Allocation: Regular DOE Schools</p> <p>8 Charter School Allocated per Pupil Unit (2008-09 Budget Ceiling, less DOE appropriated for CRBP)</p> <p>9 Add: Collected Disparaging Funds (2009-10)</p> <p>10 Total: Charter Schools Budget Ceiling (2009-10)</p> <p>11 Estimated Learning Charter Schools 10/10/09 Enrollment (all current schools, including NPE/D)</p> <p>12 Total per Pupil Allocation per Formula 2009-09 (7 x 11)</p> <p>13 Statutory Funding Formula Adjustment (12 - 8)</p>	<table border="0"> <tr> <td colspan="2" style="text-align: center;"><b>Using 2008-09 Executive Budget Recommendation</b></td> </tr> <tr> <td>\$ 1,613,326,957</td> <td></td> </tr> <tr> <td>\$ 406,624,244</td> <td></td> </tr> <tr> <td>\$ 3,699,766</td> <td></td> </tr> <tr> <td>\$ 76,448,723</td> <td></td> </tr> <tr> <td>\$ 242,270,249</td> <td></td> </tr> <tr> <td>\$ 25,190,509</td> <td></td> </tr> <tr> <td>\$ 238,896,511</td> <td></td> </tr> <tr> <td>\$ 2,075,310,369</td> <td></td> </tr> <tr> <td></td> <td>\$ (261,247,202)</td> </tr> <tr> <td></td> <td>\$ (697,629,443)</td> </tr> <tr> <td></td> <td>\$ (102,723,000)</td> </tr> <tr> <td></td> <td>\$ 1,406,160,659</td> </tr> <tr> <td></td> <td>\$ <u>1,406,160,659</u></td> </tr> <tr> <td></td> <td>\$ 120,486</td> </tr> <tr> <td></td> <td>\$ <u>8,247.31</u></td> </tr> <tr> <td></td> <td>\$ 57,895,483</td> </tr> <tr> <td></td> <td>2,997,708</td> </tr> <tr> <td></td> <td>\$ <u>10,000,211</u></td> </tr> <tr> <td></td> <td>6,452</td> </tr> <tr> <td></td> <td>\$ <u>77,053,215</u></td> </tr> <tr> <td></td> <td>\$ <u>10,025,830</u></td> </tr> </table>	<b>Using 2008-09 Executive Budget Recommendation</b>		\$ 1,613,326,957		\$ 406,624,244		\$ 3,699,766		\$ 76,448,723		\$ 242,270,249		\$ 25,190,509		\$ 238,896,511		\$ 2,075,310,369			\$ (261,247,202)		\$ (697,629,443)		\$ (102,723,000)		\$ 1,406,160,659		\$ <u>1,406,160,659</u>		\$ 120,486		\$ <u>8,247.31</u>		\$ 57,895,483		2,997,708		\$ <u>10,000,211</u>		6,452		\$ <u>77,053,215</u>		\$ <u>10,025,830</u>
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Charter Schools' 2009-11 Biennium Budget Request

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## Applying the Formula: 2010-11

<p>1 DOE 2009 Budget</p> <p>2 Deduct: Federal Funds</p> <p>3 Deduct: Special Allocation Without Federal Funds</p> <p>4 Subtotal</p> <p>5 Total: Base of Funds Available for Calculation of Allocation to Charter Schools</p> <p>6 Divided by: DOE K-12 Enrollment 2008-09, including NPE/D (Per DOE Memo 8/15/09)</p> <p>7 Per Pupil Allocation: Regular DOE Schools</p> <p>8 Charter School Allocated per Pupil Unit (2008-09 Budget Ceiling, less DOE appropriated for CRBP)</p> <p>9 Add: Collected Disparaging Funds (2009-10)</p> <p>10 Total: Charter Schools Budget Ceiling (2009-10)</p> <p>11 Estimated Learning Charter Schools 10/10/10 Enrollment (all current schools, including NPE/D)</p> <p>12 Total per Pupil Allocation per Formula 2009-09 (7 x 11)</p> <p>13 Statutory Funding Formula Adjustment (12 - 8)</p>	<table border="0"> <tr> <td colspan="2" style="text-align: center;"><b>Using 2008-09 Executive Budget Recommendation</b></td> </tr> <tr> <td>\$ 1,613,326,957</td> <td></td> </tr> <tr> <td>\$ 406,624,244</td> <td></td> </tr> <tr> <td>\$ 3,699,766</td> <td></td> </tr> <tr> <td>\$ 76,448,723</td> <td></td> </tr> <tr> <td>\$ 242,270,249</td> <td></td> </tr> <tr> <td>\$ 25,190,509</td> <td></td> </tr> <tr> <td>\$ 238,896,511</td> <td></td> </tr> <tr> <td>\$ 2,075,310,369</td> <td></td> </tr> <tr> <td></td> <td>\$ (261,247,202)</td> </tr> <tr> <td></td> <td>\$ (697,629,443)</td> </tr> <tr> <td></td> <td>\$ (102,723,000)</td> </tr> <tr> <td></td> <td>\$ 1,406,160,659</td> </tr> <tr> <td></td> <td>\$ <u>1,406,160,659</u></td> </tr> <tr> <td></td> <td>\$ 120,486</td> </tr> <tr> <td></td> <td>\$ <u>8,247.31</u></td> </tr> <tr> <td></td> <td>\$ 57,895,483</td> </tr> <tr> <td></td> <td>2,997,708</td> </tr> <tr> <td></td> <td>\$ <u>10,000,211</u></td> </tr> <tr> <td></td> <td>6,452</td> </tr> <tr> <td></td> <td>\$ <u>77,053,215</u></td> </tr> <tr> <td></td> <td>\$ <u>11,407,202</u></td> </tr> </table>	<b>Using 2008-09 Executive Budget Recommendation</b>		\$ 1,613,326,957		\$ 406,624,244		\$ 3,699,766		\$ 76,448,723		\$ 242,270,249		\$ 25,190,509		\$ 238,896,511		\$ 2,075,310,369			\$ (261,247,202)		\$ (697,629,443)		\$ (102,723,000)		\$ 1,406,160,659		\$ <u>1,406,160,659</u>		\$ 120,486		\$ <u>8,247.31</u>		\$ 57,895,483		2,997,708		\$ <u>10,000,211</u>		6,452		\$ <u>77,053,215</u>		\$ <u>11,407,202</u>
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Charter Schools' 2009-11 Biennium Budget Request

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## Analysis of Proposed Budget vs. 2006-07 CAFR

- HRS 302B-12 requires that the proposed budget be analyzed with respect to the most recently published DOE CAFR (2006-07):

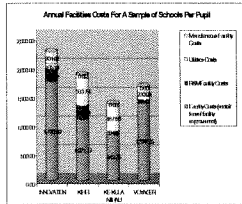
Description	2008-09 Gov's Bdgt.		2006-07 CAFR		
	2009-10	2010-11	2009-10	2010-11	
Base of Funds Available for Calculation of Allocation to Charter Schools	\$ 1,406,150,009	\$ 1,406,150,009	\$ 1,335,751,974	\$ 1,335,751,974	
b. DOE Enrollment 2008-09	170,498	170,498	170,498	170,498	
c. Calculated Per Pupil - DOE	a / b	\$8,247.31	\$7,834.41	\$7,834.41	
d. Projected Charter School Enrollment	8,488	9,452	8,488	9,452	
e. Total per Pupil Allocation Per Formula	c x d	70,003,167	77,963,574	66,468,472	74,050,843
f. BMF Budget Ceiling (excluding CSRP)	59,996,281	59,996,281	59,996,281	59,996,281	
g. Funding Formula Adjustment	c - f	10,006,886	17,967,293	6,502,191	14,054,562

Charter Schools' 2009-11 Biennium Budget Request

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## Why Include Debt Service in PP?

- Because charter schools are paying for the cost leasing/renting, repairing & maintaining their facilities from the per pupil amount
- Because the DOE debt service amount is the best objective measure to estimate the State of Hawaii's ongoing support for DOE facilities costs
  - Not a perfect measure because only school facilities that still have State debt are counted, all other installed infrastructure is not reflected in DS
- Because the statute (302B) does not exclude debt service
  - Statute does state what should be excluded - debt service is not mentioned
- Because only in one year has there been separate funding for charter schools facilities (2006-07) -
  - Every other year, when separate funding has been requested it has been cut
- 24 of 31 charter schools incur significant facilities costs - only the conversion schools & UH Lab school do not pay for facilities costs from their per pupil (operating) funds



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## Impacts from DOE Cuts

- SSCs
  - DOE has included in their biennium budget request plans to cut 28 SSC positions that have been provided to charter schools
    - Amount of budget cut = \$1,871,565
    - DOE states that this is justified because SSCs are no longer reported by DOE as SPED program positions
      - However:
        - Changing the accounting treatment does not change the function of these positions
        - Stating that these positions are covered under the "Formula" ignores the fact that CS have been funded below the formula, more than \$500 per pupil below the formula in 2008-09 (equal to under funding by more than \$6.0M)
    - CSAO has included restoring this as an item in the charter schools' budget request
- Health Aides
  - DOE has notified CSAO that five health aides for conversion charter schools will be cut effective FY 2010
    - Amount of budget cut = \$119,227
- Other - increasing costs from MOU
  - DOE has tentatively notified CSAO that MOU costs for FMS payroll services will be increasing effective FY 2009
  - Estimated increase 3x current rates

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## CIP Requests

- Rationale for asking for Per Pupil including Debt Service and specific CIP funding
  - Charter schools were encouraged by B&F (per instructions) and Gov's policy advisor to include CIP for projects that could be started quickly
    - Helps to promote statewide economic growth
  - Conceptually, debt service represents cost over time of existing installed facilities while CIP represents need for new projects
  - Charter school CIP requests were limited to repair, major maintenance, improvements to existing facilities...not construction of new facilities
  - DOE has debt service and CIP each year in its budget

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## Summary of CIP Requests – Approved by CSRP

### Summary of Charter Schools CIP Requests

School	Per/Improvement to Existing	Planned Equipment	Total
TRADITIONARCS		9,000	9,000
TRIBEC HIGH SCHOOL CS	40,000		40,000
TRINITY CS	60,000	19,000	79,000
CONNECTICUS CS	43,000		43,000
WARRIOR LABS CS	17,500		17,500
VOLUNTEER CS	30,000		30,000
WINDY HILLS CS	2,600,000		2,600,000
WACONIA CS	102,000		102,000
WARRIAMIDRCS	436,000		436,000
WATERS OF LIFE CS	194,000		194,000
WATERS OF LIFE CS	475,444	64,170	539,614
WARRIOR HIGH SCHOOL CS	4,735		4,735
WARRIOR HIGH SCHOOL CS	223,034		223,034
WEST HILLS CS	43,000	57,473	100,473
WINDY HILLS CS	19,200	9,000	28,200
WINDY HILLS CS	5,000,000		5,000,000
WARRIOR	375,435		375,435
<b>Total</b>	<b>\$1,507,722</b>	<b>\$1,309,170</b>	<b>\$2,816,892</b>

Charter Schools 2009-11 Biennium Budget Request

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## CIP Prioritization Issue

- CIP requests are required to be prioritized
- Prioritization of CIP requests among autonomous charter schools is at best difficult
  - How does an outside reviewer decide one school's request is higher priority than an equally important request from another school
- CSAO is asking each charter school to prioritize the individual requests from their school
- CSAO has also prioritized requests among the schools using a lottery

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## CSRP Funding

- CSRP has cut its spending in 2008-09
  - Eliminated all out-of-state travel savings of approx. \$30K
    - Twelve members attending one out-of-state conference per year @ \$2,500 per member
  - Reduced funding for additional staff position
    - Replaced with small amount for hourly P/T help
- Need to restore some costs
  - CSRP members will benefit by attending NACSA
    - Professional development for charter school authorizers
    - Most CSRP members have never attended NACSA
    - Need to add support staff
      - Currently CSRP has one F/T staff member supporting 12 members and 31 schools

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## Summary

- Budget request is based on requirements in statute
- Request results in a per pupil amount below per pupil received by charter schools in 2007-08
  - \$8,595.84 vs. \$8,247.31 (4.2% less)
  - Not fair to compare to 2008-09 since charter schools per pupil was cut by 8.8% vs. prior year
- Request includes funding for SSCs cut by DOE
- CIP request based on major maintenance, repairs, improvements needs of charter schools
- CSRP request reflects needs due to responsibilities of the CSRP

Charter Schools: 2009-11 Biennium Budget Request

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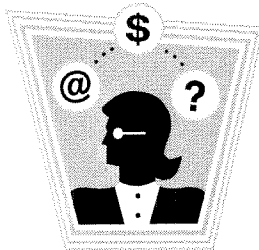
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## Questions?



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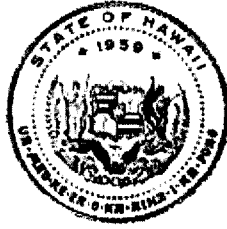
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Linda Lingle  
Governor

Maunalei Love  
Interim Executive Director



**Charter School Administrative Office**

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Honolulu, Hawaii 96813  
Tel: 586-3775 Fax: 586-3776

October 6, 2008

MEMO TO: The Honorable Breene Harimoto, Chairperson  
Board of Education Committee on Budget and Fiscal Accountability

FROM: Maunalei Love, Interim Executive Director  
Charter School Administrative Office

SUBJECT: **CHARTER SCHOOLS' OPERATING AND CIP BUDGET REQUESTS  
FOR BIENNIUM FISCAL YEAR 2009-11**

**1. RECOMMENDATION**

It is recommended that the Board of Education Committee on Budget and Fiscal Accountability accept the Charter Schools' Operating and CIP Budget Request for the 2009-11 Biennium as approved by the Charter School Review Panel. The Charter Schools' Operating Budget Request for 2010 and 2011 totals \$74,131,060 and \$82,081,477 respectively. The Charter Schools' CIP budget request for 2010 totals \$11,543,368.

**2. RECOMMENDED EFFECTIVE DATE**

Upon approval.

**3. RECOMMENDED COMPLIANCE DATE**

Upon approval.

#### 4. DISCUSSION

##### a. Conditions leading to the recommendation

HRS 302B-8 provides that the Charter School Administrative Office is responsible for preparing and executing the budget for the charter schools including submission of the budget request to the board, the governor and the legislature. The Department of Budget and Finance's deadline for submittal of the Charter Schools Budget request is October 10, 2008.

On September 7, 2007 the CSAO received a letter from the BOE clarifying the Board and the Panel's responsibilities regarding the approval of the charter schools biennium and supplemental budgets. Specifically, this letter recognizes the CSRP's responsibility in approving the charter schools biennium and supplemental budget submissions while also recognizing that the statute continues to require that the charter school budget be presented to the BOE before submission to the Governor.

On September 11 2008, the Charter Schools Administrative Office received from the Department of Budget and Finance budget instructions, related memoranda and forms to be used as guidelines in preparing the Charter Schools budget request for the upcoming biennium (2009-11). In summary, the instructions include information describing the State's fiscal condition with softening revenues projected to continue through the second year of the biennium. The overall gap between State revenues and State expenditures is estimated to total over \$900+ million through the second year of the biennium.

Because of the seriousness of the fiscal challenges facing the State, the budget guidelines require that all departments prepare their executive budget requests using a three tier format. Per the budget guidelines: *"Three budget packages must be developed and submitted to correspond to Tier 1 (minus 10%), Tier 2, (minus 15%) and Tier 3 (minus 20%). These plans are needed for the development of a balanced budget, as required by the State Constitution."* However, per B&F, these tiered reductions were to be applied to each department's discretionary funding. Because the charter schools budget has no discretionary funding the tiers were revised to Tier 1 (minus 1%), Tier 2 (minus 2%) and Tier 3 (minus 3%).

These tiered reductions ignore the statutory requirement that the CSAO submit its budget request based upon a formula (HRS 302B-12). As a result, after consulting with the B&F analyst assigned to charter schools, and consulting with leadership from the charter schools the CSAO choose to submit a budget request on behalf of the charter schools which is in conformance with HRS 302B-12 and in excess of the budget ceiling (and therefore also above each of the three tiered reductions as directed by the Department of Budget and Finance). Because the recommended operating budget request is in excess of the budget ceiling, it makes no sense to also submit a budget request complying with the tiered reductions requirement.

On September 25, 2008 the CSRP approved the charter schools biennium operating budget request as presented in the following list. The CSAO recommends that the charter schools' supplemental budget request for fiscal year 2010 and 2011, totaling \$74,131,060 and \$82,081,477, respectively and which includes the items listed below, be accepted by the Board of Education's Committee on Budget and Fiscal Accountability.

Highlights of the operating budget request are as follows:

<b><u>DESCRIPTION</u></b>	<b>FY 2009-10 <u>Request</u></b>	<b>FY 2010-11 <u>Request</u></b>
<p><b>Current Operating Budget Ceiling:</b> This is the budget ceiling as established by the Department of Budget and Finance for charter schools. It was derived by combining the 2008-09 charter schools appropriation of \$57,745,483 and the 2009-11 Collective Bargaining adjustment of \$2,300,798. The collective bargaining adjustment was calculated by B&amp;F using payroll data supplied by the CSAO and the charter schools.</p>	\$60,046,281	\$60,046,281
<p><b>Statutory Funding Formula Adjustment:</b> Applying the provisions of law, Section 302B-12(a) for estimated enrollment increases and changes in the funding base based on the most recently approved executive budget recommendations for the department (2008-09 DOE) yields the increase in funding requested. The revised funding equates to a per pupil funding amount of \$8,247.31 for 2009-10 and 2010-11. This funding level is higher than the current per pupil funding level for charter schools (2008-09 - \$7,396.86, est.) which incurred an 11.7% cut below the prior year funding level.</p> <p>The other factor impacting this adjustment is projected charter school enrollments in each year of the biennium. Enrollments in existing charter schools are projected to increase to 8,488 students in 2009-10 and 9,452 students in 2010-11.</p> <p>Calculations showing how these amounts were determined are included as Attachment 1.</p>	10,006,886	17,957,293
<p><b>Funding Adjustment for Charter School Student Services Coordinators:</b> On September 24, 2008 the Department of Education announced that it was including in its budget request a cut in funding for 28</p>	1,871,565	1,871,565

<u>DESCRIPTION</u>	<u>FY 2009-10</u> <u>Request</u>	<u>FY 2010-11</u> <u>Request</u>
<p>Student Services Coordinators funded by the Department for charter schools. These positions fill an essential role at the charter schools regarding compliance with Federal and State requirements pertaining to SPED and other essential student/school functions. The charter schools cannot eliminate these positions. Instead, the DOE's cut in reality becomes a transfer in the obligation to fund these positions from the DOE to the charter schools. Therefore we are including the cost of the 28 SSC positions in this request.</p>		
<p><b>Funding Adjustment for New Schools:</b> There is currently one open slot for new start-up charter schools. Estimated enrollment for the first two years of this projected new start-up school is 250 students. Using the same pupil amount as requested for existing charter schools (\$8,247.31) yields an overall increase in funding necessary for this item of \$2,061,828.</p>	2,061,828	2,061,828
<p><b>Charter School Review Panel:</b> This item will provide specific funding for the operations and staffing of the charter school review panel. HRS 302B-3(k) provides that <i>"The office shall provide staff support and expenses of the panel."</i> However, the CSAO does not have the financial capacity to fund the ongoing staffing and operations of the panel and provide for its other responsibilities under the statute. In the CSRP's first year of operations the CSAO has provided funding to support the CSRP. In its second year of operations the State provided \$50,000 to support the operations of the CSRP. However, even after making significant cuts to the normal needs of the CSRP the 2008-09 budget for the CSRP requires resources totaling \$194,510. Providing the additional funding to support the CSRP on an ongoing basis is beyond the CSAO's financial capacity.</p>	144,500	144,500
<p><b>Grievance Process Funding:</b> Section 302B-8(e)(4), Act 298, SLH 2006, requires the CSAO to include in its budget request additional funds to cover the costs of arbitration in the grievance process. The CSAO has been informed by the State Attorney General's Office that these costs are estimated to be \$40,000</p>	0	0

<u>DESCRIPTION</u>	<b>FY 2009-10 <u>Request</u></b>	<b>FY 2010-11 <u>Request</u></b>
per year. Although the statute requires that the CSAO include this item in its budget request it has never been funded. As a result, in order to comply with the statute the CSAO recommends submitting a request for zero funding for this item		
<b>Substitute Teacher Funding:</b> As with the preceding item Section 302B-8(e)(2), Act 298, SLH 2006, requires the CSAO to include in its budget request to the legislature a request for additional funds to cover the costs of substitute teachers needed when a teacher is out on vacation or sick leave. This cost has been estimated by polling the schools regarding their most recent experience and extrapolating that data using projected enrollments. However, because of past experience, and the current budget situation, the CSAO recommends a request for zero funding for this item.	0	0
<b>Total: Charter Schools Operating Budget Request</b>	<u>\$74,131,060</u>	<u>\$82,081,477</u>

The CSAO also requested that charter schools submit requests for capital improvement projects for major maintenance, repair or improvements to existing facilities during fiscal year 2009-10. Budget guidelines from the Department of Budget and Finance stated the following: "For the upcoming biennium, the Capital Improvement plan shall focus on an expanded Major Repair and Maintenance program to get projects out quickly to address the current backlog and, at the same time, provide a stimulus to Hawaii's economy. Planning, design or construction of new buildings to be funded with general obligation bonds is greatly discouraged." The following table summarizes the requests that have been received by the CSAO from the schools as of September 23, 2008:

### Summary of Charter Schools CIP Requests

School	R&M /Improvement to Existing	Related Equipment	Total
HALAU KU MANA-PCS		9,000	9,000
KIHEI PC HIGH SCHOOL-PCS	40,000		40,000
KANUIKAPONO-PCS	60,000	19,000	79,000
CONNECTIONS-PCS	408,000		408,000
NAWAHI IKI LAB-PCS	17,500		17,500
VOLCANO SCH OF A&S-PCS	50,000		50,000
KANU O KA'AINA-PCS	2,680,000		2,680,000
HI ACADEMY OF A&S-PCS	102,500		102,500
WAIMEA MID-PCCS	435,000		435,000
KA 'UMEKE KA'EO-PCS	158,000		158,000
WATERS OF LIFE-PCS	475,420	69,170	544,590
MYRON THOMPSON ACAD-PCS	4,735		4,735
KA WAIHONA O KA NAAUAO-PCS	255,934		255,934
WEST HI EXPLOR ACAD-PCS	48,000	57,473	105,473
KE ANA LA'AHANA-PCS	39,200	9,000	48,200
KUALAPU'U ELEMENTARY	5,500,000		5,500,000
KAWAIKINI	375,436		375,436
<b>Total</b>	<b>\$ 11,379,725</b>	<b>\$ 163,643</b>	<b>\$ 11,543,368</b>

The table above summaries the requests from the charter schools and presents only those items for R&M, Improvements to existing facilities and related equipment. The CSRP approved the CIP requests for R&M/Improvements and Related Equipment as presented above on September 25, 2008.

- b. Previous action of the Board on the same or similar matter

The Board of Education approved the Charter Schools 2008-09 Supplemental Budget request on October 4, 2007.

- c. Other policies effected

Board Policy No. 1200-1.12, "Department of Education Budgets" states the Board's roles and responsibilities in reviewing the budget. The policy states, in pertinent part:

*"The establishment of budget priorities is one of the primary ways in which the Board of Education (BOE) articulates its policies for the Department of Education (DOE). The review of the biennial and supplemental budgets that specify the ways in which funds are expended is the process through which the BOE exercises its responsibility in order to monitor the programs of the DOE to evaluate their contribution to student success..."*

- d. Arguments in support of the recommendation



The approval of this budget request will allow the CSAO to submit the Charter Schools 2009-11 Biennium Budget request to B&F for consideration in the Executive Budget submittal to the 2009 Legislature.

e. Arguments against the recommendation

The Executive Branch may object that the budget request is too high in relation to the instructions from B&F.

f. Findings and conclusions of the Board committee

Not Applicable

g. Other agencies or departments of the State of Hawaii involved in the action

B&F and the Governor's Office will review the request and will submit the Executive Supplemental Budget to the Hawaii State Legislature for the 2009 Regular Session.

h. Possible reaction of the public, professional organizations, unions, DOE staff, Charter school staff and/or others to the recommendations

Some members of the public, professional organizations, unions, DOE staff, and charter school staff may believe that although the Charter Schools Budget request is increased over the previous year that it is still insufficient to meet the charter schools' needs.

i. Educational implications

Charter schools are held accountable, as are all public schools, to meet the Hawaii Content and Performance Standards.

j. Personnel implications

Personnel decisions are under the purview of the charter schools and their local school boards.

k. Facilities implications

The budget request includes resources for the start-up charter schools to lease and/or improve facilities and facilities maintenance.

l. Financial implications

This biennium operating budget request for fiscal year 2009-10 is in the amount of \$74,131,060 and for fiscal year 2010-11 the amount of the request is \$82,081,477. The Charter Schools Operating Budget request includes items that

are critically needed to achieve the charter schools' goals and those of the CSRP & Board.

The biennium CIP budget request for fiscal year 2009-10 totals \$11,543,368. These major repair, maintenance, renovation and improvements to existing facilities projects represent requests from the charter schools that are important to their ability to continue to provide quality educational services to public charter school students.

**5. OTHER SUPPLEMENTARY RECOMMENDATIONS**

None.