

Linda Lingle  
Governor



Vanelle Maunalei Love  
Executive Director

**Charter School Administrative Office**

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**FOR: SB 496, SD2, HD1 Relating to Charter Schools**  
**DATE: Monday April 6, 2009**  
**TIME: 4:00 p.m.**  
**COMMITTEE(S): Committee on Finance**  
**ROOM: Conference Room 308**  
**FROM: Maunalei Love, Executive Director**

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Testimony in **support of the intent** of S.B. No. 496, SD2, HD1, **with proposed revisions**

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

Aloha, I am Maunalei Love, executive director of the Charter School Administrative Office ("CSAO"). I want to thank the chair and the entire committee for the time and effort being spent to remedy the issue of properly funding the public charter schools. In all my years advocating for the charters, the statutory formula for funding the Public Charter Schools has never thoroughly been applied when making the Charter Schools' appropriation.

This bill seeks to remedy this problem (and equitably fund the charter schools) by completely removing the formula funding mechanism for the charter schools, thereby requiring the executive director of the CSAO to submit a detailed, line item budget request (presumably based on the individual detailed budget requests of each of the 31 charter schools). Also, presumably, the CSAO would be required to determine and allocate whatever was appropriated. Although I appreciate the effort to look for a solution, I must oppose the bill in this form and this approach for the following reasons:

1. Diseconomies of scale – Charters are able to be efficient (i.e. they have thrived despite being under-funded all these years) because the formula causes the money to follow the child by providing educational services based on the number of students. The reason that DOE must look at closing schools is that they have individual schools that cost too much for the number of students that they are serving; they're maintaining and running a big bus to serve a group that could fit in a van. As a matter of fact, the superintendent has stated that she would like to go to a per-pupil formula for the department schools.
2. Currently, charters get a per-pupil amount and then maximize the value that those funds can purchase to provide educational services. Being made a part of the "regular" budget exercises like other state agencies (not other public schools) will force them into the undesirable position of maximizing their spending rather than efficiency and thrift.
3. Even the DOE doesn't use individual school budgeting for operational funding to the schools; they use the weighted student formula.

4. The unique approaches of each charter school leads to disparate needs in each area of their budgets. If B&F or the Legislature decides to cut one particular line item in the CS overall budget, it will severely impact some schools and have negligible effects on others. This circumstance would violate our state constitution by treating some students better/worse than others, solely based on the school and its type of educational and administrative model.
5. Size matters – because of the small size of most of our schools, and the unique and efficient ways that charters operate, they don't have any "hidden contingency" funds. For instance, many agencies can shift money from vacant positions or "other" unused funds in their department to make up for budget shortfalls in other line items. Individual charter schools (and probably small individual department schools) don't have the "hidden contingency funds" to do this.
6. It will greatly increase the workload of CSAO, B&F, WAM, and FIN and the Charter school Review Panel.
7. Retaining the formula is essential to ensure maximum access to the federal funds in the American Recovery and Reinvestment Act of 2009 for SY 09-10 and SY 10-11 (because a big chunk of money is allocated via statutory formula to ensure that school funding be maintained at the level of funding that the formula provided for SY 07-08).
8. Reverses the nationwide trend toward decentralization and moving decision-making as close to the classroom as possible.
9. Requires the CSAO to micromanage the schools and allocate funds pursuant to line item funding. This would be a substantial change in the authority and role of the CSAO and the Executive Director that is not authorized in the rest of the statute, nor is it appropriate.
10. We actually need to add a facilities support formula to allow us to pursue other federal grant money.

In President Barack Obama's speech to the Hispanic Chamber of Commerce on March 10, 2009, regarding education in the United States, he mentions, "end(ing) what has become a race to the bottom in our schools and instead spur a race to the top...we are being outpaced by other nations. It's not that their kids are any smarter than ours—it's that they are being smarter about how to educate their children. They're spending less time teaching things that don't matter, and more time teaching things that do."

President Obama also states, "...the fourth part of America's education strategy- (is) promoting innovation and excellence in America's schools...One of the places where much of that innovation occurs is in our most effective charter schools...and these are public schools founded by parents, teachers, and civic or community organizations with broad leeway to innovate-schools I supported as a state legislator and a United States senator..."

Clearly, if we are to promote and support excellence in our schools, then Hawaii's charters, many on the cutting edge of innovation, deserve the equitable funding they have been struggling to achieve since their conception. Our public school students deserve to have an equitable amount of funding that is spent on education in our state.

Looking back on what has been appropriated to Hawaii's charter schools, we will see years of inequity in many areas of funding...from federal funds, Special Education and facilities, to the amount that goes to each pupil.

This current school year, Hawaii charter school students are receiving approximately 8.8% less per pupil than they did in school year 2007-08. With the amount approved by the Governor for the next biennium (approximately 60 million for SY 2009-10), charters will see a two year decrease (2008-09 & 2009-10) of 17.7%.

Facilities needs and support is another area where charters have felt the disparity. I do believe that this year, the legislature understands that funding support for facilities should be included in the appropriation to charter schools.

I ask that the Legislature remedy this disparity in funding and take an honest look at bringing parity to all public school students. We are all tired of having to address the issue of equal funding for charter schools year after year. Hawaii's charters are schools our state should be proud of. We should be saying, "Look at what Hawaii's charter schools are accomplishing. We are honored to call them ours!"

In addition, because of President Obama's desire to encourage Charter Schools, recently released federal guidelines (U.S. DOE) concerning competitive grants indicate that states will be given negative scores for having statutory caps on the number of charter schools allowed in the state. We request that the caps be removed to allow Hawaii to be more competitive in receiving educational grants by repealing Section 302B-4, HRS.

I continue to support the proper funding of the public charter schools and commend the committee for its attention and support to ensuring that this issue be resolved. However, I believe that the language of this approach will create more problems than solutions. For these reasons, **I respectfully ask that this bill be substantially rewritten to use the "dual-formula" approach of SB496 SD2, with edits proposed in our testimony before the house committee on education on March 18, 2009.** The CSAO is ready, willing, and able to help with such a revision.

Thank you for this opportunity to testify.

Date of Hearing: Monday, April 6, 2009

Committee: House Committee on Finance

**WRITTEN COMMENTS ONLY**

Board: Education

Person Testifying: Garrett Toguchi, Chairperson, Board of Education

Title of Bill: S.B. No. 496, S.D. 2, H.D. 1, Relating to Charter Schools

Purpose of Bill: Makes clarifying amendments to the charter school laws by, among other things: (1) Clarifying that charter schools shall comply with Board of Education (Board) and Department of Education (DOE) directives made in the Board's and DOE's role as the State Education Agency (SEA), as agreed upon in a Memorandum of Agreement between the Board and the Charter School Review Panel (CSRP), that is valid for one year, identifying those directives; (2) Eliminating the per-pupil method of funding for charter schools; (3) Clarifying that CSRP is subject to the Sunshine Law; (4) Authorizing the Board to remove a CSRP member for cause; (5) Requiring the budgetary request submitted by the Charter School Administrative Office to the Director of Finance, to expressly identify all means of financing; (6) Repealing the requirement that the Board adopt rules pursuant to Chapter 91, Hawaii Revised Statutes, for placing charter schools on probation and for revoking a charter; and (7) Changing the interval in which CSRP is to conduct multi-year evaluations of each charter school.

S.B. No. 496, S.D. 2, H.D. 1  
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Board's Position: Chairperson Oshiro, Vice Chairperson Lee, and members of the House Committee on Finance, thank you for the opportunity to submit written comments on this measure.

The Board is in support of two provisions in S.B. No. 496, S.D. 2, H.D. 1 that are similar to the Board-initiated legislation on charter schools. The provisions are:

- Enabling the Board to remove a CSRP member for cause; and
- Repealing Subsection 302B-14(h), Hawaii Revised Statutes, which requires the Board to adopt rules for placing charter schools on probation and for revoking a charter. This provision is no longer necessary or applicable as the Board's only role is to serve as an appeals board with respect to appeals from CSRP decisions in denying the approval of a charter school application, revoking a charter school's charter, and denying the approval of an amendment to a charter school's Detailed Implementation Plan.

Thank you for the opportunity to submit written comments on  
S.B. No. 496, S.D. 2, H.D. 1.

TESTIMONY BY GEORGINA K. KAWAMURA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE HOUSE COMMITTEE ON FINANCE  
ON  
SENATE BILL NO. 496, S.D. 2, H.D. 1

April 6, 2009

RELATING TO CHARTER SCHOOLS

Senate Bill No. 496, S.D. 2, H.D. 1, deletes provisions relating to the funding formula for Charter Schools and requires the budget request submitted to the Director of Finance to expressly identify all means of financing.

We support this bill. In previous testimony, we maintained that the most accurate and fair method of budgeting for the Charter Schools would be to review actual needs and expenditures, similar to the budgeting method for other State departments. With the deletion of the funding formula, the budget process for Charter Schools would be similar to the process for other State departments.

We also support the provision which requires the Charter Schools to identify all means of financing in their budget request.



## KAMEHAMEHA SCHOOLS

Testimony to the House Committee on Finance  
Hearing Date: Monday, April 6, 2009  
4:00 p.m. – Conference Room 308

***Kalei Kailihiwa, Director, Ho'olako Like  
Kamehameha Schools***

Re: SB 496 SD2 HD1: RELATING TO CHARTER 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 comment on SB 496 SD2 HD1. We support the intent of this measure however we would like retain a per pupil formula in the statute.

Kamehameha Schools has been a collaborator in the charter school movement for more than six years now. 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 12 nonprofit tax-exempt organizations, including 'Aha Pūnana Leo, OHA, KALO and Ho'okāko'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 3,200 students in eleven communities on 4 major islands, within the public education system.

Recent research conducted over the past three years shows that Hawaiian-focused charter schools are implementing positive educational strategies and make a difference to Hawai'i's public school landscape in the following ways:

- They demonstrate success in helping "at-promise" students jump-start academic momentum using rigorous place-based and project-based strategies;
- The schools provide relevant and rigorous education in ways that engage both Hawaiian and non-Hawaiian students;
- They cultivate values of environmental stewardship and civic responsibility among future leaders;
- They build a strong sense of 'ohana through caring and supportive student/teacher relationships;
- They enhance the well-being, family involvement, and economic sustainability of communities.

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.



# Ho'okako'o Corporation

*"Supporting New Opportunities  
for Student Success through  
Conversion Charter Schools"*

To: The Honorable Marcus Oshiro, Chair  
Members of the House Committee on Finance

From: Lynn Fallin, Executive Director/Chief Executive Officer  
Ho'okako'o Corporation

Lydia Trinidad, Principal  
Kualapu'u School

John Colson, Chief Education and Executive Officer  
Waimea Middle School

Glen Kila, Administrator  
Kamaile Academy

Clarence DeLude, Administrator  
Kamaile Academy

Date: April 6, 2009  
Time: 4:00 pm  
Location: State Capitol  
Room 308

Subject Senate Bill (SB) 496 SD 2 HD1 Relating to Charter Schools

The Ho'okako'o Corporation (HC) and its partner conversion charter schools, Waimea Middle School, Kualapu'u School and Kamaile Academy, thank the legislature for its efforts and support over the years to clarify and to resolve many of the policies that affect charter school students. The creation of conversion charter schools operated and managed by HC, a Hawaii based non-profit, was made possible in 2002 when the Hawaii legislature passed Act 2. The Act expanded education choices through charter conversion schools in Hawaii and allows eligible non-profit organizations to manage and operate conversion schools and to provide a \$1 match for every \$4 state dollars. The matching funds are intended to enrich and not to supplant state funding of public schools.

We support the intent of SB 496 SD 2 HD 1 to clarify the roles and responsibilities of the Charter School Review Panel and the state Board of Education (BOE). However, we are very concerned about the impact that any changes to the current per pupil formula may make to the students that we serve. The three HC conversion charter schools are in communities with significant socio-economic need and with some of the highest risk factors. On October 15, 2008,



the official student enrollment count date for charter schools, the three schools enrollment for SY 2008-2009 is 1444 students or almost 19% of the charter school enrollment.

Conversion charter schools have a unique role in the charter world because we are the feeder schools for the geographical communities like our DOE counterparts. We accept all children residing within the public school service area and very sensitive to fluctuations in student enrollment and funding. When a school converts to charter status it is faced with many new roles and responsibilities, the expenses for the management and operations which may have been previously paid at the state level now falls to the school and it must be accountable for budgeting and expending the resources. During the 2008-2009 legislative session, while the overall allocation did increase, when it was divided up and allocated at the school level, the schools the charter schools the per pupil allocation was reduced from about \$8150 per pupil for SY 2007-2008 to about \$7588 per pupil for SY 2008-2009. Further reductions would be very detrimental and challenging to the schools.

#### School Challenges

#### Three HC Conversion Charter Schools

- Waimea Middle School, a 6 - 8 grade conversion charter school in Waimea on Hawai'i Island, 357 students
- Kualapu'u Elementary School, a K-6 conversion charter school on Molokai, 375 students
- Kamaile Academy, a K-8 conversion charter school in Waianae on Oahu, 712 students

In SY 2009-2010, Waimea Middle School's enrollment will be reduced by about 80 students due to the decision made by the state BOE to expand Waikoloa Elementary to a K-8 school. The WMS school community is pleased that the students of Waikoloa now have a community school and do not have to commute to Waimea; however, as a result of the K-8 expansion, WMS student enrollment has been reduced from about 530 students when it first converted to about 280 students in SY 2009-2010. At the time of conversion in 2003, WMS charter application was based on a financial plan for 530 students. The reduction in enrollment has forced WMS to reduce its budget and to make dramatic cuts in faculty, staff and programs for students. Any further reduction in the per pupil allocation will have a devastating impact on WMS students.

Kamaile Academy's enrollment fluctuates dramatically during a school year because of the large number of houseless and homeless families and therefore it is very difficult to project student enrollment. In addition to the fluctuations in enrollment, two of the five state's new homeless shelters and housing are located within the school's boundaries. HC is very concerned that the children that Kamaile serves need many more student support services because of the serious risk factors that homeless children face. For the Kamaile school community, supporting the children appropriately is about being responsive and doing the right thing and a matter of social justice for the sake of the children. Examples of student needs - Kamaile opens its doors at 6:30 am with breakfast and literacy tutoring programs; provides showering and laundering for students that may come to school and need to clean up; and opened a school store where children can get food, clothing and school supplies using the "core value" points that the children earned.

Kualapu'u School has worked very hard to moving its' NCLB status from reconstruction/reconstitution to unconditional school in good standing. Cuts will erode Kualapu'u's ability to maintain the progress made and to deliver services to the students it

serves in very challenging economic times for the Molokai community. KUU employs 70 full and part time employees. Cuts may send a message to the school community and students, that the hard work, commitment, performance and the positive results achieved by becoming an NCLB AYP in good standing do not seem to matter.

## **BACKGROUND**

Ho'okako'o Corporation is a private, non-profit organization established in 2002.

*Our mission is helping HC conversion chart schools reinvent themselves for the purpose of improving the academic achievement and personal growth of their students. Collaborating with communities, educators, and families, Ho'okako'o provides conversion charter schools with expertise and resources to improve student achievement.*

HC helps schools reinvent themselves for the purpose of improving the academic achievement and personal growth of their students. HC provides schools with expertise and resources to improve student achievement.

As an education change agent, HC seeks partnerships with public school communities committed to implementing the following necessary conditions for conversion school success:

- Effective school leadership
- Capable teachers with high expectations and the skills to work together in focused learning communities
- Curriculum that is aligned, articulated, and integrated
- Parents and the greater community with a sense of ownership in the school and willingness to be part of the change process
- Personalized schools
- More time on instructional and co-curricular activities
- Data and results driven
- Supportive and effective policies and regulations

## **Examples of School Outcomes/Results**

Overall each school has shown a trend of steady growth. Initial measures of success include:

### **School Year 2006-07**

A growth in reading and math scores (at Kualapu'u); increased student attendance at Kualapu'u and Waimea; a decrease in the special education population due to improved identification, remediation, and curriculum (at Kualapu'u); new programs offered (at Kualapu'u and Waimea); greatly increased family involvement (Waimea); Waimea and Kualapu'u achieved NCLB AYP

### **School Year 2007-08**

Kualapu'u met federal NCLB AYP targets for two consecutive years and was awarded school in good standing status.

HC, Waimea Middle School, Kualapu'u School and Kamaile Academy thank the legislature for the opportunity to provide information about HC and HC schools and to testify on this legislation.



# HAWAII TECHNOLOGY ACADEMY<sup>SM</sup>

Hawaii Public Charter School #551

94-810 Moloaio Street  
Waipahu, Hawaii 96797  
808-676-3444  
808-676-5470 (Fax)

April 6, 2009

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

**Re: SB496, SD2 HD 1 - Relating to Charter Schools - Support with Amendments**  
FIN Committee Agenda #3 – Monday, April 6, Conference Room 308, 4 PM

Aloha Chair Oshiro, Vice Chair Lee, and Committee members:

On behalf of the Hawaii Technology Academy, one of 31 of Hawaii's charter schools that are part of the state's public school system, thank you for the opportunity to testify in support of SB 496 SD 2 HD1 , Relating to Charter Schools.

Hawaii's public charter schools are part of the state public school system. So, there is no tuition to attend any public charter school. Like traditional public schools, public charter schools rely on the same funding sources, which is why we are respectfully asking for more equity in the distribution of funding for all public charter school students.

Over the past five years there is significant growth in enrollment in public charter schools, but per pupil, charters have not experienced an increase in funding. Concurrently, although enrollment in traditional public school slightly decreased, per pupil funding has increased and is significantly higher than it is for public charter school students.

Last year public charter schools were forced to adapt to a situation in which each pupil received about 11% less in funding. This cut came on the heels of a previous funding decrease.

This session, every state department and organization will have to do more with less because of the significant decrease in revenue expected into the state. Public charter schools will continue to do more with innovations in public education, however, we ask that charter schools students receive an equitable share of funding.

In his speech on education issues last month, President Barack Obama touched upon the considerable friction over charter schools, which are publicly funded but operate independently, free from some of the rules that constrain regular schools. Obama said state limits on numbers of charter schools aren't "good for our children, our economy or our country." He said many of the innovations in education today are happening in charter schools.

Hawaii Technology Academy is one of those innovators. We feature a combination of online learning facilitated by a parent or other responsible adult with monthly face-to-face interaction with a state-certified teacher and activities. We utilize a combination of both online curriculum and offline materials, including textbooks, CDs, videos, and hands-on manipulatives, to complement interactive online elements to address different learning styles and maximize the learning experience for all students. We believe that this approach helps to build on the previous grades' teaching and to weave an ever-richer tapestry of knowledge to meet each individual child's needs. This approach also inspires and cements the importance of the 'Ohana to the educational outcomes expected of the children. The tradition of involving the 'Ohana in the child's education is important and leads to the improved education of all who are involved.

Since the first public charter schools were established, we have seen a rapid growth and strong demand for the individualized education a public charter school can provide. But public charter schools continue to struggle to establish funding parity with traditional public schools.

Therefore, we support the changes to funding formula recommended by the Charter School Administrative Office (CSAO) as well as other changes to develop a Memorandum of Understanding between the SEA and LEAs, which is supported by the majority of our stakeholders.

We appreciate the ideas to set aside the funding formula and to reconstruct the current formula so that it is equitable for students. But we strongly urge you not to cast aside the current per pupil formula. With a few more tweaks to provide more equity in resources, it is the best mechanism we have going forward to ensure that future student population increases are addressed.

For these reasons, we respectfully urge members of your committee to support the passage of SB496 SD2 HD1 with the amendments offered by the CSAO.

Sincerely,

Jeff Piontek  
Head of School  
Hawaii Technology Academy

## FINTestimony

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Sunday, April 05, 2009 6:54 AM  
**To:** FINTestimony  
**Cc:** director@whea.net  
**Subject:** Testimony for SB496 on 4/6/2009 4:00:00 PM

Testimony for FIN 4/6/2009 4:00:00 PM SB496

Conference room: 308  
Testifier position: comments only  
Testifier will be present: No  
Submitted by: Curtis Muraoka  
Organization: Hawaii Charter Schools Network  
Address:  
Phone: 808-987-2522  
E-mail: director@whea.net  
Submitted on: 4/5/2009

### Comments:

Aloha Chair Oshiro and Esteemed Members of the Committee on Finance:

Hawai'i Charter Schools Network supports the apparent intent of bringing clarity in public charter school legislation. However, as is clear year after year, public charter schools are not well understood in their pedagogy, funding or in their governance independent of long-established department policies and practices.

The most damaging misunderstandings have, year after year, been related to funding parity.

Please note, HCSN understands full well that the State is in an unprecedented budgetary dilemma. Please further understand that Hawai'i Public Charter School leaders are not asking for funding of "positions", and are not seeking a statutory funding "increase". Instead, please understand the ramifications of what "per pupil" means for the education of our public school students: it clearly means a stable and fair amount on the basis of EACH child.

Therefore, when HCSN vigorously advocates fair funding for each individual child, we are doing so with a clear mission of serving their interests. While it appears superficially we are asking for an increase, in reality it is not "more" on a per pupil basis, it is clearly LESS.

This disconnection is at the root of the issue, and your committee is strongly urged to consider:

1) Public demand drives enrollment growth, yet the schools are still unable to serve the thousands of families currently on waiting lists. Charter school leaders are duty-bound to advocate for EACH child's per pupil support.

2) Growth in PCS budget requests therefore is driven ONLY by PUBLIC DEMAND. No other force is at play except PUBLIC DEMAND. Policymakers at the Capitol are strongly encouraged to understand "per pupil" funding, and begin rethinking our shrinking per pupil allocations as just that, per pupil REDUCTIONS.

3) Per pupil amounts have never discernibly followed statutory formula. The Department of Budget and Finance needs to be given clear language to work with so they do not act unilaterally to disqualify certain categories on preconceived notions.

4) The Charter School Administrative Office and Review Panel have been collaborative and responsible bodies overseeing the PCS system with due diligence. The mutual respect, dialog and support between CSAO, CSRP, HCSN, Na Lei Na'auao, Ho'olako Like, Ho'okako'o Corporation, OHA, Kamehameha Schools and the myriad foundations and community supporters of public charter school education in Hawaii are a testament to the power of collaboration in support of children and families.

5) The Obama Administration has voiced active and conspicuous support of public charter schools as an important inroad to innovation and accountability--something Hawaii's public charter schools have been saying for years.

.CSN strongly encourages the Committee on Finance to do all it can to nurture the system of public charter schools in Hawai'i.

Sincerely,  
Curtis Muraoka, Secretary  
Hawaii Charter Schools Network  
The Unified Voice of Hawaii's 31 Public Charter Schools