

SB139

WRITTEN TESTIMONY

TESTIMONY BY GEORGINA K. KAWAMURA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON EDUCATION AND HOUSING
ON
SENATE BILL NO. 139

February 11, 2009

PROPOSING AMENDMENTS TO THE HAWAII STATE CONSTITUTION RELATING
TO ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS.

Senate Bill No. 139 proposes amendments to Article VII, Section 12, and Article X, Section 1 of the Hawaii State Constitution to authorize the State to issue Special Purpose Revenue Bonds (SPRB) and use the proceeds from those bonds to assist not-for-profit organizations that support charter schools.

The Department has **concerns with this bill** as there may be federal tax implications in using tax-exempt SPRBs to provide assistance to charter schools. Tax-exempt SPRB financing is used to assist private entities such as private hospitals, industries, utilities, and private schools, while charter schools are statutorily considered as “public schools” and fall under auspices of the State’s Department of Education.

In addition, should charter schools be eligible for SPRB financing, they must be able to generate sufficient revenue in order to repay the debt service associated with a bond issue. Currently, charter schools are not statutorily authorized to assess tuition. As such, it is uncertain as to what revenues would be used to repay the principal and interest on the bonds.

Linda Lingle
Governor



Vanelle Maunalei Love
Executive Director

Charter School Administrative Office

1111 Bishop Street, Suite 516
Honolulu, Hawaii 96813
Tel: 586-3775 Fax: 586-3776

FOR: SB139, Proposing Amendments to the Hawaii State Constitution relating to Issuance of Special Purpose Revenue Bonds
DATE: Wednesday, February 11, 2009
TIME: 2:30 p.m.
COMMITTEE(S): Committee on Education and Housing
ROOM: Conference Room 225
FROM: Maunalei Love, Executive Director

Testimony in **strong support of S.B. No. 139**

Chair Sakamoto, Vice Chair Kidani, and Members of the Committee:

Aloha, I am Maunalei Love, executive director of the Charter School Administrative Office. 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. This bill seeks to amend the State Constitution to allow the issuance of Special Purpose Revenue bonds to assist the not-for-profits that support charter schools.

One of the major costs of running a charter school is the facilities' costs. This bill seeks to address this issue by allowing Special Purpose Revenue Bonds to be used to the benefit of charter schools that have a not-for-profit so that the proceeds could be used to assist in providing new facilities for charter schools.

I strongly support this measure and commend the committee for its attention and support to ensuring that the issue of charter school facilities be addressed. I respectfully ask that this bill be passed. Thank you for the opportunity to testify.



KAMEHAMEHA SCHOOLS

Testimony to the Senate Committee on Education and Housing
Hearing Date: February 11, 2009
2:30 p.m. – Conference Room 225

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

Re: SB 139 PROPOSING AMENDMENTS TO THE HAWAII STATE CONSTITUTION RELATING TO ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS.

Good afternoon Chair Sakamoto, Vice Chair Kidani and members of the Senate Committee on Education and Housing. My name is Kalei Kailihiwa, Director of Ho'olako Like of Kamehameha Schools. Thank you for this opportunity to testify **in support of SB 139**. We believe that facilities funding is critically important for public charter schools.

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-risk" 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.



February 11, 2009
2:30 p.m.
Conference Room 225

TESTIMONY TO
THE SENATE COMMITTEE ON EDUCATION AND HOUSING

RE: SB 139 – Proposing Amendments to the Hawaii State Constitution
Relating to Issuance of Special Purpose Revenue Bonds

Dear Chair Sakamoto, Vice Chair Kidani, and Members of the Committee:

My name is Robert Witt, and I am executive director of the Hawaii Association of Independent Schools (HAIS), which represents 97 private and independent schools across our state, many of which were fortunate to have received legislative approval for the issuance of special purpose revenue bonds (SPRBs).

HAIS **supports the intent of Senate Bill 139** – Proposing Amendments to the Hawaii State Constitution Relating to Issuance of Special Purpose Revenue Bonds, which proposes a constitutional amendment to authorize the State to issue SPRBs and use the proceeds to assist not-for-profit organizations that support charter schools, and would like to offer comments on the measure.

The Association is a strong supporter of charter schools and, in general, is inclined to support the issuance of SPRBs that will benefit these schools. Over the past six years, the private school SPRB program – which was the result of a constitutional amendment similar to the one proposed by this bill – has enabled a number of our member institutions to implement campus construction and renovation projects that would have been difficult or more costly to fund via other means, and we would like to see charter schools enjoy the same benefits.

Assuming, however, that the approval process to put such a program in place would take several years, as was the case for the private schools, we would like to encourage the Legislature and the local charter school community to first consider requesting the Legislative Reference Bureau to conduct a thorough study of the most efficacious way to design a SPRB process for charter schools. A similar study was performed for the private schools, and it was extremely helpful in directing our campaign for a constitutional amendment and guiding the design of our eventual SPRB program.

Mahalo for the opportunity to comment on this measure.

Testimony to the Senate Committee on Education and Housing

Hearing Date/Time: **February 11, 2:30 p.m.**

Conference Room **225**

Bill No: **SB 139**

David Rizor
Volcano School of Arts & Sciences

Good afternoon Chair Sakamoto, Vice Chair Kidani and members of the Committee on Education and Housing.

Thank you for this opportunity to testify **in support of SB 139.**

We believe that this bill is a positive step forward and a strong statement of support for children who attend public charter schools in Hawaii. Facilities are a major concern for charter schools and access to special purpose revenue bonds will help in the improvement of facilities for our children.

Thank you for your continued support of charter schools.

David Rizor, PhD
Education Director
Volcano School of Arts & Sciences



KALO

Kanu o ka 'Äina Learning 'Ohana
Natives of the Land from Generations Back

Testimony to the Senate Committee on Education and Housing

Hearing Date/Time: **February 11, 2:30 p.m.**
Conference Room **225**
Bill No: **SB 139**

Taffi Wise
Kanu o ka Aina NCPCS

Testimony in strong Support of SB 139 “Proposing Amendments to the Hawaii State Constitution relating to issuance of special purpose revenue bonds”

Thank you for this opportunity to testify in Support to SB 139.

We strongly support SB 139, private and public schools can all receive support from bonds. Currently charter schools do not have access to this type of leverage please create this vehicle to allow charter schools to leverage funding for facilities.

We are certain that you are aware that the facilities needs among Hawai'i start-up charter schools are particularly acute because start-up charters do not receive public funding for facilities. In fact, schools are forced to pay for occupancy costs out of their per pupil allocations that tends to be around one-quarter less than that provided for other public Department of Education school students. In addition, Hawai'i start-up charters have no access to the State of Hawai'i Department of Education's regular repair, maintenance, and capital improvement funding, even though this funding is provided to all other public schools.

To address their facilities issues, and their ever-growing student populations, Hawai'i charter schools have been extremely creative, partnering with community organizations, and utilizing tents, shipping containers and other temporary structures for classroom space. At the same time, Hawai'i's 31 charters expend an estimated \$2 to \$3 million annually for facilities-related expenses. The majority of this spending is on lease payments for land and buildings that could be purchased (instead of rented) by charter schools, reducing their annual facilities costs and making more funds available for educational programs.

Kanu o ka Aina Learning Ohana has completed a survey amongst the charter schools throughout the state of Hawaii. The preliminary findings point to strong need and serviceable demand for community facilities

P.O. Box 6511
Kamuela, Hawai'i
96743

Phone: 808-887-1117
Fax: 808-887-0000

Kanu o ka 'Äina Learning 'Ohana grows womb-to-tomb models of education that advance Hawaiian culture for a sustainable Hawai'i.

financing, which could be supported with the availability of bonds. Some highlights from the preliminary findings include:

- 80% of the survey respondents indicated their current facilities were inadequate; 17% indicated their facilities were adequate and 3% did not respond.
- Survey respondents pointed to a wide range of facilities needs, including additional classroom space, library, multi-purpose space, administrative office space, restroom improvements, cafeteria, gymnasiums, playgrounds, and parking.
- 70% of survey respondents reported unique facility needs due to their outdoor learning approaches.
- 52% of the survey respondents indicated they wanted to pursue specific improvements to facilities such as re-roofing, painting, repairs, or adding playground space, parking stalls, etc.
- 100% of all respondents indicated they are interested in green building, green rehabilitation/retrofit projects, and renewable energy additions to current facilities.
- 69% of the survey respondents indicated they were willing to assume debt to finance their projects and 52% of the survey respondents indicated they would borrow immediately, thus establishing a significant unmet financing demand in this market.
- 76% of the survey respondents are very confident of their organization's ability to repay their debt.
- 66% of survey respondent had already made contact with planners, architects, contractors, construction managers and other professional to start addressing their facilities needs.
- Survey responses indicated a budget needs ranging from \$120,920 to \$15 million for already planned facilities improvements. However, most pointed to smaller project amounts of under \$100,000 for specific immediate improvement projects.
- 76% of the survey respondents indicated their school receives Title I (free and reduced lunch) allocations, and 68% had more than 50% of their students receiving Title I benefits. 93% of the respondents indicated their student body included Native Hawaiians, with 59% of the charter schools responding having over 50% Native Hawaiian students.

Thank you for the opportunity to testify in strong support of SB 139.

Sincerely,

Taffi Wise
Executive Director

Kanu o ka 'Āina Learning 'Ohana grows womb-to-tomb models of education that advance Hawaiian culture for a sustainable Hawai'i.

February 11, 2009

To: Senate Committee on Education and Housing

RE: Strong Support of SB 139

Aloha Chair Sakamoto, Vice Chair Kidani and members of the Committee on Education and Housing. My name is Dr. Kū Kahakalau and I am the founder and director of Kanu o ka 'Aina New Century Public Charter School, Hawai'i's first culturally-driven charter, celebrating its 9th year of ongoing growth and progress.

Thank you for this opportunity to testify **in strong support of SB 139.**

Since our start-up in 2000, our Kanu o ka 'Aina Public Charter School, its affiliated non-profit the Kanu o ka 'Aina Learning 'Ohana also known as KALO, as well as our various other educational programs including Hälau Wänana Center for Higher Learning – the first alternative state-approved teacher education program (SATEP) have grown beyond our wildest dreams. This January we opened the door to our 9,300 square foot, green multimedia community resource facility incorporating the latest standards in high performance building technology.

SB 139 proposes a constitutional amendment to authorize the State to issue special purpose revenue bonds and use the proceeds from the bonds to assist not-for-profit organizations that support charter schools. Such bonds are already available for private schools, and should most certainly also be available to support public charters. In addition to making available much needed facilities funding for charters, passage of this bill may also provide unprecedented opportunities to take advantage of upcoming federal funding opportunities.

Mahalo nui for this opportunity to testify in support of SB 129 and your ongoing efforts to support quality choices in education. Our record to date speaks for itself, please give us a chance to reach our highest level.

Me ke aloha pumehana,



Kū Kahakalau, Ph.D.
Director, Kanu o ka 'Aina New Century Public Charter School



K A W A I K I N I

A New Century Public Charter School

Testimony to the Senate Committee on Education and Housing
Hearing Date: February 11, 2009
2:30 p.m. – Conference Room 225

*Mohala Aiu, Development & Community Liaison
Kawaikini New Century Charter School*

Re: SB 139 PROPOSING AMENDMENTS TO THE HAWAII STATE CONSTITUTION
RELATING TO ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS.

Ano'ai Chair Sakamoto, Vice Chair Kidani and members of the Senate Committee on Education and Housing. My name is Mohala Aiu and I am the Development & Community Liaison for Kawaikini New Century Charter School. Mahalo for this opportunity to testify **in support** of SB 139. We know that facilities funding is of vital importance for public charter schools.

Kawaikini New Century Public Charter School is a K-12 Hawaiian medium school located in Puhi, Kaua'i. We currently serve 79 students from communities of Hanalei through Kekaha. We are one of the 14 Hawaiian-focused charter schools located on Hawai'i Island, O'ahu, and Kaua'i. We are also part of the Hawai'i Charter School Network which represents all 31 schools.

Charter schools have been a part of the educational landscape since 2001. Through years of innovation and research by the Kamehameha Schools we know we are making a difference in our children, environment, and family systems. Mahalo for this opportunity to testify.