

SB2374

Date of Hearing: Monday, February 8, 2010

Committee: Senate Committee on Education and
Housing

Person Testifying: Garrett Toguchi, Chairperson, Board of Education

Title of Bill: S.B. No. 2374, Relating to Charter Schools

Purpose of Bill: Among other things: (1) Requires each charter school to maintain financial records on a fiscal year basis; (2) Requires that a financial audit and report be conducted of each charter school annually by a certified public accounting firm; (3) Places a charter school on probation for failure to comply with maintaining its financial records and having a financial audit and report be conducted annually; (4) Specifies the process for probation and revocation with respect to charter school noncompliance with the financial records and annual financial audit requirements; and (5) Specifies that where a charter school has been placed on probationary status for such non-compliance, the Department of Education shall suspend the release of general fund appropriations to the charter school, and the charter school shall be ineligible for further general fund appropriations until the Charter School Review Panel votes to remove the charter school from probation.

Board's Position: Chairperson Sakamoto, Vice Chairperson Kidani, and members of the Senate Committee on Education and Housing, thank you for the opportunity to submit testimony on S.B. No. 2374.

The Board of Education (Board) supports this measure. As the appeals board for decisions by the Charter School Review Panel in denying the approval of a charter school's application, revoking a charter school's charter, or denying the approval of an amendment to a charter school's detailed implementation plan, the Board believes that specifying the financial records requirements of charter schools will support charter schools in ensuring there are adequate process controls over the acquisition and use of resources, while helping to prevent probationary appeals related to charter school financial records from going before the Board.

Thank you for the opportunity to testify on this measure.

sakamoto2 - Erin

From: mailinglist@capitol.hawaii.gov
Sent: Saturday, February 06, 2010 6:12 PM
To: EDH Testimony
Cc: director@whea.net
Subject: Testimony for SB2374 on 2/8/2010 1:45:00 PM

Testimony for EDH 2/8/2010 1:45:00 PM SB2374

Conference room: 225
Testifier position: oppose
Testifier will be present: No
Submitted by: Curtis Muraoka
Organization: Hawai'i Charter Schools Network
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Phone: 808-987-2522
E-mail: director@whea.net
Submitted on: 2/6/2010

Comments:

Dear Chair Sakamoto, Vice Chair Kidani, and Esteemed Senators Chun-Oakland, Galuteria, Tsutsui and Hemmings of the Senate EDH Committee,

HCSN supports the intent behind SB2374, but cannot support its current form. We note that public charters already file detailed annual reports which include fiscal accountability with the CSRP.

There is also a concern about how the school level annual audits would be financed, and whether this ultimately paints all schools, especially high performing public charter schools, too broadly. This bill appears to take the reporting process in a decidedly compliance-driven direction.

Hawaii's public charter school leaders look in the mirror every single day and tend to be very honest and self critical about what we have accomplished to help or to hurt educational quality in this state. And, we are ultimately answerable to our school boards and school communities. This bill seems to have other intentions which are along the lines of building a compliance structure where perhaps one is not so broadly necessary.

Just Saturday, Arne Duncan himself forwarded a mea culpa regarding the USDOE that seems apropos to the terms of SB2374. He said: "I would argue quite frankly that this department (USDOE) has been part of the problem. We have been this big, compliance-driven bureaucracy. I've said repeatedly that the best ideas are never going to come from me or from Washington. They're always going to come from great educators at the local level."

As for suspension and revocation of a school's charter, HCSN is acutely cognizant that this has been a convoluted journey for the Board, CSRP and certain specific schools.

We wish to point out that most Hawaii public charters have had no such struggles. We also commend the CSRP for their progress in accomplishing the very things this bill intends to accomplish.

Sincerely,
Curtis Muraoka, Vice President
Hawaii Charter Schools Network

The Unified Voice of Hawaii's 31 Public Charter Schools



HAWAII TECHNOLOGY ACADEMYSM

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February 8, 2010

Honorable Norman Sakamoto, Chair
Senate Committee on Education and Housing

Re: SB2374, Relating to the Charter Schools – Support intent with concerns
EDH Committee – February 8, 2010, Conference Room 225, 1:45 PM

Aloha Chair Sakamoto, Vice Chair Kidani and Committee members:

On behalf of the Hawaii Technology Academy (HTA), a public charter school which serves students in Oahu, Kauai, Hawaii Island and parts of Maui, thank you for the opportunity to offer testimony on this bill.

While we support the intent of the bill to require a stricter level of fiscal management for charter schools and support the establishment of a process for suspending a school's charter and process for appealing a charter revocation, we do have some general concerns about this bill.

Currently all charter schools are required to submit an annual report to the Charter School Review Panel (CSRP) and Charter School Administrative Office (CSAO) and do account for financial records. So, many of the proposed requirements in this bill are occurring already. However, we do feel it is overly burdensome and unfair that charter schools would be required to conduct an annual financial audit by a CPA. This is not a requirement to which Department of Education (DOE) schools are subject. So, it would be an inequity for charter schools to be subject to such a requirement.

HTA is one of Hawaii's 31 public charter schools that are part of the state public school system. Like Hawaii Department of Education (DOE) schools, charters comply with federal and state education standards. We support efforts to improve Hawaii's public education system.

Most of all, we endorse changes that create equitable funding and a supportive environment for all DOE and public charter schools to better position Hawaii in competition for U.S. Department of Education Race to the Top (RTT) grants. States with policies in place supporting equitable funding for all public school students are at greater competitive advantage to qualify for RTT and other federal grant programs.

For these reasons, we respectfully urge members to defer action on this bill.

Sincerely,

Jeff Piontek
Hawaii Technology Academy Head of School

Testimony in Support of the intent of SB 2374 with reservations on some of the points

COMMITTEE ON EDUCATION AND HOUSING

Senator Norman Sakamoto, Chair
Senator Michelle Kidani, Vice Chair

Hearing Monday, February 8, 2010
Conference room 225 1:45pm

Gene Zarro
LSB Chair
Kihei Charter School
808 385 1197

Dear Chair Sakamoto, Vice Chair Kidani and members of the committee,

I support SB 2374 with its intention of accountability for state funds. I would like to see this same call for accountability and transparency in all state departments.

As the chair of the local school board of Kihei Charter School I would like to inform the committee that it has been our practice to have annual audits of our finances by an outside CPA firm. This practice has helped us in many ways not the least of which is knowing that we are all accountable to each other.

There is a cost factor to this audit and if there were funds to help the schools cover this expense that would always be welcome. Our audit costs \$10,000.

One of the points I am concerned about is the timeline.

Kihei does its audit on an annual basis and prides itself on its financial practices and we are just now closing the books on our audit. I could see the December 31st deadline to get our audit to the panel as a potential problem that may not necessarily be in the control of the school. Start of school business, holidays, tax deadlines for CPAs etc all present potential delays in getting the audit finished. Not to mention that charter schools are typically understaffed or have staff with multiple tasks.

I also am concerned about the loss of funding once the Panel has determined that a school is on probation. I think if the Panel came up with a prescription for the probationary period, with appropriate monitoring during that period, as long as the school was progressing favorably funding should continue.

It concerns me the references to the automatic revocations of charters. These schools have been part of their communities for a long time now. The actions of a LSB may make it necessary to remove the LSB but to revoke the charter may be extreme in some cases. The Panel could authorize a new interim LSB as a possible solution until reorganization of administration can take place. The education and welfare of the students is everyones priority and many have chosen their charter schools because of the programs and the faculty not necessarily the way the books are kept.

I think there could be a number of solutions to a charter school that is not functioning properly than automatic revocation.

Sincerely

Gene Zarro
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