



EXECUTIVE CHAMBERS
HONOLULU

LINDA LINGLE
GOVERNOR

Testimony of
Linda L. Smith
Senior Policy Advisor to the Governor

Before the
HOUSE COMMITTEE ON EDUCATION

Wednesday, March 10, 2010, 2:30 PM
State Capitol, Room 309

S.B. 2589 SD2 RELATING TO CHARTER SCHOOLS

Chair Takumi, Vice Chair Berg, and members of the Committee:

SB 2589 SD2 makes various changes to Hawaii's public charter school laws. The Administration strongly supports some of the provisions in this bill and has concerns with other provisions in this bill.

First, the Administration supports the bill's provisions that are similar to proposals in the Administration-sponsored public charter school measures, SB 2704 and SCR 63, including provisions which would:

1. Create a reauthorization process for charter schools in order to increase accountability;
2. Create a process by which the Department of Education must offer vacant facilities to public charter schools; and
3. Repeal the cap on the number of charter schools authorized to operate in Hawaii.

Secondly, the Administration is concerned with the bill's heavy handed approach to amending public charter school funding processes in sections 6 and 7 of this bill. For example, these sections include an unnecessary requirement for the Charter School

Administrative Office to submit an annual report to the Charter School Review Panel that differentiates between the operational and instructional expenditures of individual and aggregate charter schools as well as a provision that unnecessarily creates a special fund to deal with fluctuations in student enrollment at public charter schools. These provisions seem to micromanage Hawaii's charter schools in a manner that goes beyond what is necessary and creates rigid requirements that may actually stifle charter school's ability to improve and grow.

The Administration believes that the primary funding issue for charter schools is to ensure equitable funding for students. Attached is proposed language pertaining to the fiscal provisions of the Hawaii's public charter school law that would achieve this goal.

Thank you for the opportunity to testify on this important measure.

PROPOSED AMENDMENTS to SB 2589 SD2, Section 6

"SECTION 6. Section 302B-12, Hawaii Revised Statutes, is amended to read as follows:

"§302B-12 Funding and finance. (a) Beginning with fiscal year 2009-2010, and each fiscal year thereafter, the non-facility per-pupil funding [~~request~~] for charter school students shall not be less than the per-pupil amount to non-charter public schools in the department in the most recently [~~approved executive~~] enacted budget [~~recommendation~~] for the department, as set forth in paragraph (2); provided that:

(1) The per-pupil funding [~~request~~] shall include funding for projected enrollment figures for each charter school[;] and for proposed conversion and new start up charters over the biennium budget period; and

(2) The per-pupil [~~request~~] funding for each regular education and special education student shall:

(A) Include all regular education cost categories, including comprehensive school support services but excluding special education services; provided that [~~special education services are provided and funded by~~] the department[;] shall provide and fund special education services to students enrolled in charter schools on the same basis as such services are provided to special education students enrolled in non-charter public schools; provided further that if the department fails to provide special education services to special education services at charter schools, the department shall transfer directly to a charter school any federal or state aid attributable to a special education student attending a charter school;

(B) Include all means of financing [~~except federal funds~~], as [~~reported~~] appropriated in the most [~~recently approved executive~~] recently enacted department of education 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~~]; and

(C) Exclude fringe benefit costs and debt service.

(D) Include any federal or state aid attributable to a student for the provision of and payment for special education services in proportion to the level of services for such student that the public charter school directly provides; provided that a charter school and may contract with the department for alternate arrangements for the provision and payment for special educations services, the payment for which shall be excluded

(b) Fringe benefit costs for public charter school employees, regardless of the payroll system utilized by a public charter school, shall be included in the department of budget and finance's annual budget request[-], consistent with the treatment of fringe benefits

ATTACHMENT

costs of non-charter public schools. No fringe benefit costs shall be charged directly to or deducted from the charter school per-pupil allocations.

The legislature shall make an appropriation based upon the budget request; provided that the legislature may make additional appropriations for fringe, workers' compensation, and other employee benefits and facility costs. The legislature may make additional appropriations for other requested amounts that benefit charter schools.

The governor, pursuant to chapter 37, may impose restrictions or reductions on charter school appropriations similar to those imposed on other public ~~[schools,]~~ education appropriations.

(c) Charter schools shall be eligible for all federal financial support to the same extent as all other public schools. The department shall provide the office with all state-level federal grant proposals submitted by the department that include charter schools as potential recipients and timely reports on state-level federal grants received for which charter schools may apply or are entitled to receive. Federal funds received by the department for charter schools shall be ~~[transferred to the office for distribution]~~ distributed to charter schools in accordance with the federal requirements. If administrative services related to federal grants and subsidies are provided to the charter school by the department, the charter school shall reimburse the department for the actual costs of the administrative services in an amount that shall not exceed six and one-half per cent of the charter school's federal grants and subsidies.

Any charter school shall be eligible to receive any supplemental federal grant or award for which any other public school may submit a proposal, or any supplemental federal grants limited to charter schools; provided that if department administrative services, including funds management, budgetary, fiscal accounting, or other related services, are provided with respect to these supplemental grants, the charter school shall reimburse the department for the actual costs of the administrative services in an amount that shall not exceed six and one-half per cent of the supplemental grant for which the services are used.

All additional funds generated by the local school boards, that are not from a supplemental grant, shall be held separate from allotted funds and may be expended at the discretion of the local school boards.

(d) To enable charter schools to access state funding prior to the start of each school year, foster their fiscal planning, and enhance their accountability, ~~[the office]~~ charter schools shall[:] receive:

(1) ~~[Provide fifty]~~ Fifty per cent of a charter school's per-pupil allocation based on the charter school's projected student enrollment no later than July 20 of each fiscal year; provided that the charter school shall have submitted ~~[to the office]~~ a projected student enrollment no later than May 15 of each year;

ATTACHMENT

(2) ~~[Provide an]~~ An additional forty per cent of a charter school's per-pupil allocation no later than November 15 of each year; provided that the charter school shall have submitted ~~[to the office]~~:

(A) Student ~~[enrollment]~~ enrollments as verified on October 15 of each year; provided that the student enrollment shall be verified on the last business day immediately prior to October 15 should that date fall on a weekend; and

(B) An accounting of the percentage of student enrollment that transferred from non-charter public schools established and maintained by the department; ~~[provided that these accountings shall also be submitted by the office to the legislature no later than twenty days prior to the start of each regular session; and]~~

(3) Ensure the appropriate transfer between EDN 100 (school-based budgeting) and EDN 600 (charter schools) of those per-pupil amounts that reflect students transferring between public charter schools and public non-charter schools; and

~~[(3) Retain no more than]~~ (4) Release the remaining ten per cent of a charter school's per-pupil allocation no later than ~~[June]~~ March 30 of each year ~~[as a contingency balance to ensure fiscal accountability and compliance]~~;

provided that the panel may make adjustments in allocations based on noncompliance with board policies made in the board's capacity as the state education agency, department directives made in the department's capacity as the state education agency, and the office's administrative procedures ~~[-and board-approved accountability requirements]~~.

(e) The department shall provide appropriate transitional resources to a conversion public charter school for its first year of operation as a charter school based upon the department's allocation to the school for the year prior to the conversion.

(f) No start-up charter school or conversion charter school may assess tuition."



SB 2589 SD2
RELATING TO CHARTER SCHOOLS
House Committee on Education

March 10, 2010

2:30 p.m.

Room: 309

The Office of Hawaiian Affairs (OHA) **SUPPORTS** SB2589 SD2, which requires the Department of Education to make available vacant school facilities or portions of school facilities for use by charter schools and which now requires the charter school review panel to compile a prioritized list of charter schools that wish to use vacant school facilities or portions of school facilities. This measure also makes appropriate changes to bring parity and per pupil equity to charter school funding. These proposals would alleviate pressures to charter schools and help ensure that they continue to succeed.

OHA does, however, have concerns with the bill's proposed amendments to Hawaii Revised Statutes 302A-1151, Sale of school lands unnecessary for school purposes. We note that the sale of school lands must comply with Act 176, Session Laws of Hawaii 2009. Among other things, Act 176 requires a two-thirds majority vote of both houses of the Legislature before any specific lands controlled by the State can be sold (this includes but is not limited to ceded lands). We ask that appropriate consideration be given to the requirements of Act 176 when amending §302A-1151.

Therefore, OHA urges the Committee to PASS SB 2589 SD2. Mahalo for the opportunity to testify.

Date: 03/10/2010

Committee: House Education

Department: Education

Person Testifying: Kathryn Matayoshi, Interim Superintendent of Education

Title of Bill: SB 2589, SD2 (SSCR 2619) RELATING TO CHARTER SCHOOLS.

Purpose of Bill: Requires the Department of Education to make available vacant school facilities or portions of school facilities for use by charter schools. Requires the charter school review panel to compile a prioritized list of charter schools that wish to use vacant school facilities or portions of school facilities. Makes changes to charter school funding. Requires the Charter School Review Panel (CSRP) to determine a clear process with rigorous criteria for the reauthorization of charter schools. Requires the CSRP to reauthorize charter schools no later than four years following the initial issue of the charter, and every four years thereafter. Requires the Charter School Administrative Office (CSAO) to withhold funds for its operational expenses, subject to certain requirements. Requires the CSAO to report annually to the CSRP individual and aggregate operational and instructional expenditures of charter schools. Requires per-pupil allocation checks paid by the CSAO to individual charter schools to be co-signed by the executive director of the CSAO and an agent of the CSRP. Repeals the cap on the number of charter schools. Effective 7/1/2050.

Department's Position: The Department of Education (DOE) supports SB 2589, SD 2 with two amendments.

The Department requests that Section 7 be amended to exclude only special education and adult education from the general fund per-pupil request. This would maintain the charter schools' access to funding for

the after-school plus program. The Department's after-school plus program general fund budget has been reduced. If the services of the after-school plus program are required to be provided to charter school students and funded by the Department, and the charter schools do not have funding to continue to buy back the services, the fiscal viability of the after-school plus program will be in jeopardy.

The DOE respectfully recommends adding operating costs to the full or pro rata share of costs that the charter school will be responsible for in 302B-A(d) in Section 3. The DOE should not incur operational costs for facilities that it no longer uses.

We also need to note that the DOE does not own land. Schools on state parcels are on land owned by the Department of Land and Natural Resources (DLNR). If the DOE were to close a school on a state parcel, depending on the wording of that particular parcel's Executive Order, use of the land may revert to DLNR. In that case, DLNR may have other ideas for the use of the closed school's land. Similarly, if the DOE were to close a school on a county-owned parcel, the respective county may have another intended use for the closed school's property.

Thank you for the opportunity to testify.

TESTIMONY BY GEORGINA K. KAWAMURA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON EDUCATION
ON
SENATE BILL NO. 2589, S.D. 2

March 10, 2010

RELATING TO CHARTER SCHOOLS

Senate Bill No. 2589, S.D. 2: 1) requires the Department of Education to make vacant public school facilities available for use by charter schools; 2) requires the Charter School Review Panel to adopt criteria for the reauthorization of charter schools and to reauthorize each charter school every four years; 3) requires the charter schools to report operational and instructional expenditures to the Charter School Review Panel; 4) amends the funding formula for charter schools; and 5) repeals the cap on the number of charter schools.

Senate Bill No. 2589, S.D. 2, also establishes an “over-appropriation special fund” that is intended to prevent the over-allocation of general funds to the charter schools. The proposed special fund would be capitalized by any excess amount appropriated to the charter schools after the Department of Budget and Finance updates the comparable per pupil funding level (between the charter schools and the Department of Education) based on the October 15 enrollment count. The excess funds would be allocated to the charter schools if their appropriation was insufficient to ensure comparable funding with the Department of Education. Any special fund balance in excess of \$5,000,000 would lapse to the credit of the general fund.

As a matter of general policy, this department does not support any special fund which does not meet the requirements of Section 37-52.3 of the Hawaii Revised Statutes. Special or revolving funds should: 1) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries of the program; 2) provide an appropriate means of financing for the program or activity; and 3) demonstrate the capacity to be financially self-sustaining. It is difficult to determine whether the bill meets any of these criteria.

Further, we do not support the “setting aside” of general funds in special fund accounts. This reduces the availability of general funds for other critical needs. Any excess funds should lapse to the general fund.



Ho'okāko'o Corporation

To: Representative Roy Takumi, Chair
Representative Lyla Berg, Vice Chair
House Committee on Education

From: Lynn Fallin, Ho'okako'o Corporation

Date: Wednesday, March 10, 2010 at 2:30 pm

Subject: SB 2589 SD2

SUPPORT FOR THE INTENT OF SB 2589 SD 2 Relating to Charter Schools:

Ho`okāko`o Corporation supports the intent.

- ▶ HC agrees that accountability is important for all of Hawaii's public schools including charter schools.
- HC and its' partner conversion schools are committed to being fiscally responsible and achieving the goals leading to positive changes in student outcomes, increased parent and community involvement , quality teaching and effective school leadership. HC works closely with the schools to guide, monitor and support each of the schools.

Examples of fiscal accountability:

- Schools hire School Business Managers and work closely with the HC Administrative Services Manager and a CPA firm (Ikeda and Wong) to receive guidance and technical assistance and support.
- An annual financial audit by a CPA firm (Nishihama and Kishida) is required for each school .

Examples of academic innovation and change:

- Expanded learning time
- PreK
- A new teacher evaluation program

► **Concerns About SB 2589 SD2**

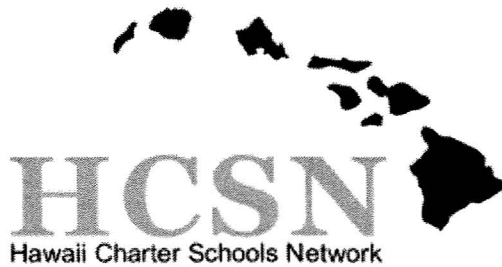
As conversion charter schools, like their DOE counterparts, the schools continue as the public community feeder school for the students living in the geographical area after becoming conversion charter schools. Like other public DOE buildings, conversions also serve the broader public as emergency shelters, election voting locations and other public facility services that state DOE facilities may need to provide. We hope that any amendments to 302A will not jeopardize or diminish the schools role and capacity to serve as the public feeder community school.

HC is concerned about the amendment to 302B-12(B) (b) regarding fringe benefits. The amendment removes the requirement that the legislature *shall make* an appropriation for fringe benefits for charter school public employees to *shall consider* to pay fringe benefits costs for charter school employees. Charter school employees are public employees and therefore entitled to fringe benefits like other public employees.

► **Background About the Ho'okako'o Corporation:** HC's mission is to help schools reinvent themselves for the purpose of improving the academic achievement and personal growth of their students. The Ho'okako'o Corporation(HC) is implementing Act 2 (2002) that enables a Hawaii based nonprofit corporation to operate and manage conversion charter schools and the nonprofit board to serve as the local school board of the school. HC collaborates with communities, educators, and families to provide conversion charter schools with expertise and resources to improve student success.

● HC was established in late 2002 and began operating in 2003. Three partner schools converted with HC - Waimea Middle School on the Island of Hawaii in 2003, Kualapu'u School on Molokai in 2004 and Kamaile Academy in Leeward Oahu in 2007. The three schools are located in communities of significant socio-economic need and are Title 1 schools. The total enrollment of the three schools is about 1500 students. As conversion charter schools, like their DOE counterparts, the schools continue as the public community feeder school and also serving the broader public as emergency shelters, election voting locations and other public facility services that state DOE facilities may need to provide.

Thank you for the opportunity to testify on SB 2589 SD2.



March 9, 2010

Honorable Chair Roy M. Takumi
Honorable Vice-Chair Lyla B. Berg
Esteemed Members of the House Committee on Education

Aloha Chair Takumi, Vice-Chair Berg and members of the House Committee on Education,

The Hawaii Charter Schools Network (HCSN) represents the unified voice of all 31 public charter schools in our state. We thank the Education Committee for this opportunity to speak on their behalf. We support SB 2589 SD2 Relating to the Charter Schools. We support amendments to this measure.

HCSN believes that SB 2589 SD2 should be amended in several important ways. Provided that the amendments are addressed, we believe the bill will accomplish several improvements to Hawaii's charter school laws and that these improvements are in line with the expectations of the Obama Administration's Race to the Top (RTT) program. With continued work, legislative actions this session could better position Hawaii to successfully secure an expected \$75million dollars in federal education support.

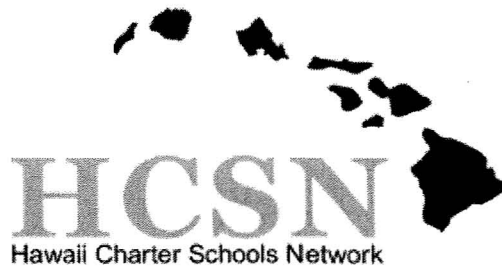
RTT validates what charters have been saying for years: Provide equitable resources, including facilities support, and in return charter schools must provide accountable and transparent governance and academic success benefiting kids.

1. General Funds. We are concerned that the current language in the bill refers to "general funds" in a way which we believe will limit the availability of funds and prefer the earlier (previous version) draft language in the bill. We believe that it is vitally important for public charter school students to receive equitable funding with respect to all public funding, not merely those funds allocated in the general fund.

2. Rule Making and Up Front Set aside for CSAO. We support accountability for charter schools and believe that the ability to demonstrate accountability for charters is critically important for the state to achieve federal funds such as RTT. We are concerned however, that the CSAO and/or CSRP may not be the appropriate entity for adopting administrative rules and we query whether they will be able to meet the statutory requirements for adopting such rules. While we support the principle of "follow the student" we are also concerned that the mechanism for holding back funds pending verification of student population and the "off the top" set aside of funding for CSAO could tend to diminish the per pupil allocation. We want to emphasize that in principle we support fair and equitable funding and we want to work collaboratively with the legislature to ensure that any solutions do, when implemented, accomplish what they are intended to accomplish.

Community ♦ Choice ♦ Quality

*Hawaii Charter Schools Network PO Box 1689 Hilo, Hawaii 96720
Tel. 808-640-4642/ www.hawaiiarterschools.com*



3. Adult Education. Finally, we strongly request that you not remove EDN 500, adult education, from charter schools funding.

We greatly appreciate the opportunity for a meaningful dialog on Hawaii's public charter schools and look forward to working with the legislature further.

Sincerely,

Alapaki Nahale-a
Executive Director
Hawaii Charter Schools Network

Curtis Muraoka
VP of Legislative Affairs
Hawaii Charter Schools Network

Community ♦ Choice ♦ Quality

*Hawaii Charter Schools Network PO Box 1689 Hilo, Hawaii 96720
Tel. 808-640-4642/ www.hawaiiarterschools.com*



KAMEHAMEHA SCHOOLS

Testimony to the House Committee on Education
Hearing Date: Wednesday, March 10, 2010
2:30 p.m. – Conference Room 309

Kalei Kailihiwa
Director, Ho'olako Like
Kamehameha Schools

Good afternoon Chair Takumi, Vice Chair Berg and members of the House Committee on Education. My name is Kalei Kailihiwa Director of Ho'olako Like of Kamehameha Schools. Thank you for this opportunity to testify in support of SB 2589 SD2 which has become an omnibus measure concerning Hawaii's public charter schools.

Kamehameha Schools supports promoting the achievement and success of Hawaii public school students and, as such, has been a collaborator with the Hawaii public charter schools. 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 13 nonprofit tax-exempt organizations, including 'Aha Punana Leo, OHA, KALO and Ho'okako'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 3,600 students in eleven communities on 4 major islands, within the public education system.

We support the intent of SB 2589, SD 2 and defer to the charter schools to provide more detailed comments about the implementation of the proposed provisions. We note, however, with concern the change in funding language to "general funds" and query whether the change could have the consequence of diminishing funding for Hawaii's public charter school students. We ask that you please consider the provisions of this bill carefully so that charter school students are ensured that they receive continued equitable funding.

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.

berg1-Matthew

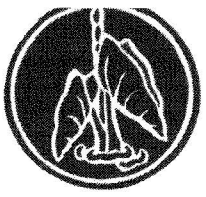
From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 08, 2010 12:00 PM
To: EDNtestimony
Cc: sandoherty8@yahoo.com
Subject: Testimony for SB2589 on 3/10/2010 2:30:00 PM

Testimony for EDN 3/10/2010 2:30:00 PM SB2589

Conference room: 309
Testifier position: support
Testifier will be present: No
Submitted by: sandra doherty
Organization: Individual
Address: 75-5949 Pumehana Way Kailua Kona, HI 96745
Phone: 808 326-1927
E-mail: sandoherty8@yahoo.com
Submitted on: 3/8/2010

Comments:

SB2589 Please support this bill NOW, not 40 years from now. Hawaii can't wait 40 years to do the right thing in repeeling the CAP on charter schools, equality in funding of all public schools which includes charter schools. Please pass this bill and change the DATE!



Kanu o ka 'Āina Learning 'Ohana

Grows womb-to-tomb models of education that advance Hawaiian culture for a sustainable Hawai'i

Testimony as of March 8, 2010

SB2589 SD2
Education Committee

WEDNESDAY, MARCH 8, 2010
Conference Room 309, 2:30pm

Aloha Chair Takumi, Vice Chair Berg, and members of the committee:

My name is Taffi Wise, I am the Executive Director of KALO, testifying on behalf of Kanu o ka 'Āina NCPCS a member of Na Lei Na'auao.

Thank you for allowing me to share the school level impact of SB2589 SD2. The following components of this bill will severely handicap the financial viability of the schools:

- **Funding:**
The funding formula is fine the way it is, I respectfully request that it remain intact so we can continue to work with the DOE on parity for our students. The conversations have been very positive and productive thanks to Senator Takamine and the DOE representatives that have been attending. To remove "all cost categories" from the language and exclude the public school students from RELEVANT Special, Trust, Revolving and Interdepartmental Funds in charter schools would create greater social inequity between charter students and other public school students, moving us backwards. In this year's draft budget it would remove 95 million worth of resources/services from our children's reach.

Additionally with regard to adult education and after-school plus program funding, we critically need these services and have been working within our communities to better all public education. KALO has an alternative teacher licensing program (Halau Wanana) approved by the Hawaii Teacher Standards Board as an official State Approved Teacher Education Program that is currently on its third cohort of teachers (35 new teachers in 3 cohorts), some of them DOE teachers. This program is provided at a cost of \$100 per student teacher and upon completion they graduate with a formal teacher license. Additionally we currently provide after-school and intersession programs (Ho'okauhale) at KANU that are open to all community members including DOE students.

- **Four year charter authorization term:**



Kanu o ka 'Āina Learning 'Ohana

Grows womb-to-tomb models of education that advance Hawaiian culture for a sustainable Hawai'i

A short four year authorization will cripple the schools; accreditation would provide the same accountability measures and normally runs in six year cycle, perhaps an initial probationary status of four years.

- **Aggregate financial reporting:**
Internal control over financial reporting required by generally accepted auditing standards (GAAS) will achieve the same level of compliance and internal controls the current language looks for in a widely recognizable standard. The process recognizes and tests compliance requirements and regulated funding sources that have a direct and material effect on the program. It also produces standardized financials which include, Statement of Net Assets, Statement of Revenue and Expenses, Statement of Changes in Net Assets, Statement of Cash flows with notes to the Financial Statements.
- **Compliance and Transparency:**
We are completely supportive of the need for compliance and transparency with State allocated funding especially with our autonomous status. Clean audits will be the schools strongest asset as they have been ours. However, asking the schools to fund it from the per-pupil allocation which is already disproportionately unfair in comparison to other public school students is inappropriate. Funding for the audits need to be provided as is done for ALL other audits the State requires. The cost per student for an audit taken from our per-pupil allocation will be \$208 per child.
- **Over-appropriation:**
May we also request that the fund allow for reciprocation when schools are converted (historically the money has not followed the child) or when schools under project enrollment. The Charter School Review Panel (CSRP) was mandated by the AG to charter Kona Pacific, Hawaii Tech Academy and Kamaile with threat of personal liability if they did not. The premise was their responsibility was not to control the funding, that was the legislatures yet the CSRP was obligated to charter as long as all criteria were met. The same situation is already unfolding this year with Laupahoehoe.

Key Facts:

- Charters cannot charge tuition
- Charters are bound by collective bargaining
- Charters are subject to NCLB and all State testing requirements
- Charters run only on the cash they have in-hand
- Charters must be in compliant safe facilities
- CSRP mandated to charter by AG, despite funding

Thank you for the opportunity to testify, respectfully submitted.

Testimony as of March 9, 2010

SB2589 SD2
Education Committee

WEDNESDAY, MARCH 8, 2010
Conference Room 309, 2:30pm

Aloha, my name is Dr, Kü Kahakalau and I am the director of Kanu o ka Āina New Century Public Charter School (KANU) located on Hawai'i Island. I am also co-founder of Nā Lei Na'auao - Native Hawaiian Charter School Alliance and a member of the Charter School Review Panel (CSRP).

Thank you for the obvious effort put forth on this Bill, I respectfully submit my comments as follows:

The funding formula is fine the way it is, please do not limit the funding to only "general fund" monies.

I am also the founder of Hālau Wānana. The Hawaii Teacher Standards Board (HTSB) granted the first provisional alternative license to Halau Wanana allowing us to provide unrestricted licensure for Elementary and Secondary Education. Halau Wanana - Indigenous Center for Higher Learning's teacher education program received provisional approval as a State Approved Teacher Education Program (SATEP) in 2004. We offer cohort-based courses leading to state licensure for both the Elementary and Secondary levels.

The goal of Halau Wanana is to transform thinking, learning and teaching through indigenous knowledge systems and practices. The vision of Hālau Wānana is to radically improve indigenous educational experiences in Hawaii so that youth, adults and communities can engage in a deeper and more purposeful way to live, grow and create.

We are currently on our third cohort of student teachers which is made up of a diverse group of participants including DOE teachers. Thus to exclude us from an adequate share of adult education funds would be inappropriate.

Additionally, Kanu o ka Āina currently provides after-school and intersession programs through "Ho'okauhale". Our programs are open to all community members including DOE students.

As a member of the CSRP I would request that after an initial chartered period, schools who prove themselves accountable be granted a longer charter status, four years is too short to provide any continuity for students or the business of running a school.

Last year, as a CSRP member I was put under extreme pressure by the Attorney General to charter schools, to issue charter to Kona Pacific, Hawaii Tech Academy and Kamaile with threat of personal liability if I did not. We were advised that the CSRP was obligated to charter new schools as long as all criteria were met and the funding was not our responsibility. The same situation is already unfolding this year with Laupahoehoe. The CSRP placed a moratorium in December 2009 understanding the budget crisis and that is now being challenged. Please provide for a mechanism in the over-appropriation fund so the DOE may also reciprocate allowing the funding to follow the child. This was not the case with the schools chartered last year.

Kanu o ka Āina and other Nā Lei Na'auao schools are based on the pedagogy of hope and aloha. Like our kūpuna we believe in the reciprocal nature of "pono" as we claim our birthright to design and control our own processes of education. We have initiated a variety of professional development opportunities, including establishing Hālau Wānana, Hawai'i's first alternative teacher licensing program. We have shared our progress with each other at yearly Ku'I Ka Lono Indigenous Education conferences and established ongoing partnerships with native educators from Aotearoa (New Zealand) to Arizona. As documented in our annual Self-Evaluation reports, we have demonstrated that we can meet the needs of our students, even with being shorted millions of dollars in funding.

We also provide realistic opportunities to fulfill the mandate of Article X of the State constitution. Furthermore, providing Hawai'iys children with a strong foundation in Hawai'iys host culture will be of benefit to all of Hawai'i.

Me ke aloha pumehana,

Kū Kahakalau, Ph.D.

Key Facts:

Mission: Zulia i ka Nu'u—Strive to reach your highest

Charters cannot charge tuition
Charters are bound by collective bargaining
Charters are subject to NCLB and all State testing requirements
Charters run only on the cash they have in-hand

Testimony
House Education Committee
March 10, 2010 Room 309
2:30 PM
OPPOSE

Dear Chair Takumi and committee,

Although this bill has finally addressed the facility issue for charters, it does not represent true support for our public school children enrolled in charter schools. Waiting for a chance to occupy vacant space at a department school is like waiting for a chance to occupy Hawaiian Homes Land if you even qualify. Charters need the facility issue addressed in a meaningful way and the vehicle should be 302B-12 where the word “may” in the phrase: “The legislature *may* make additional appropriations for facility and other costs” be changed to “The legislature [~~may~~] shall make additional appropriations for facility and other costs”. This non-support goes against the opening statement of the Hawaii Constitution Article X: **Section 1.** The State shall provide for the establishment, support and control of a statewide system of public schools free from sectarian control, a state university, public libraries and such other educational institutions as may be deemed desirable, **including physical facilities therefor.** This also violates Title VI of the Civil Rights Act of 1964 which prohibits creating a subclass in education. It has been years of non-support for charter school facilities and this needs to be addressed in a meaningful way.

Creating a new section 302B-B Over-appropriation special fund assumes that there is a valid per pupil amount derived by formula. There is a formula established in 302B-12, but it has not been utilized for two years in a row. The actual method being used is lump sum budgeting whereby the per pupil equals dividing the appropriation by the amount of students at the October 15 count date. The budget amount starts out without any relationship to projected enrollment. Last legislative session, WAM reduced EDN 600 by \$5,314,269 following a calculation by a DOE analyst “on loan” to WAM that showed that the per pupil for the department was \$6,448.16 per student and charters were set to receive \$626 more per student.

Now assuming that \$6448.16 is a good per pupil number to use for funding, then the 2010-2011 EDN 600 budget should have reflected that amount times the projected enrollment of 9668 and totaled \$62,340,810.88. If that had happened, then this “over-appropriation” special fund could have been created. The reality is that next year’s 2010-2011 appropriation for EDN 600 total \$53,210,212 including \$2,835,696 in ARRA Part A funds.

With a projected enrollment of 9668, this equates to \$5503.74 per pupil. This is not formula driven. It is a lump sum amount that is divided by enrollment. If this law is put into effect, the projected enrollment minus the actual enrollment will be multiplied by the per pupil and put into this special-fund account. It is necessary to develop a fair methodology to come up with a per pupil amount and then this “over enrollment” fund can come into use. I have been suggesting this method for years and was told that it cannot be done. Of course it can, as this introduction to 302B demonstrates. But it is necessary to work out an equitable amount of charter school per pupil funding first. Start the process with a formula driven per pupil allocation and then a contingency fund can be used to hold excess funds from over projections.

302B-8 Charter School Administrative Office Section (d) The office shall withhold funds for its operational expenses, including the salaries of the executive director and staff, from the annual charter school general fund appropriation. The total amount of operational expenses withheld: (3) Shall be determined annually by the panel. This constitutes a circular authority. The panel is appropriated annual funds of \$50,000 as part of EDN 600. Their one employee, the panel assistant, utilizes all of that money. The rest of their annual budget comes from the CSAO which gets its funds by way of “up to two percent” of EDN 600. This has been around the \$1M figure. Charters will effectively lose any checks and balances of the size of the office and expenditures of both office and panel.

302B-8 Section (e) Requires the office to adopt rules to develop a standardized method for charter schools to report the expenditures and to determine expenditures that constitutes expenditures for instructional purposes. Rules and policy making must follow HAPA. Even the panel now lacks the power for rule and policy making. Somehow, it is still a BOE function. The BOE should authorize the panel to make policy and rules for charters. Otherwise, we will be waiting for the BOE to formulate policies and rules for charters.

302B-12 Funding and Finance. The formula in 302B has included all means of financing. The formula has been ignored even if it would basically give us an idea of an actual per pupil calculation. Now that the per pupil has dropped to an unsustainable level, using only “general” funds in the formula is going to diminish that amount even more. Also eliminating adult education and the after school plus program (provided that these services are provided and funded by the department) means that they still should be included in the formula, because these programs and services aren't and won't be provided by the department.

Thank you for this opportunity to testify. Charter schools, in comparison to other State entities operate on a meager budget which has been reduced by a disproportionate amount (32% in three fiscal years). We realize that the State is in crisis, but we have disproportionately shared in reductions and furlough savings. We just want the legislature to realize that it is becoming extremely difficult, if not impossible, to continue to provide quality education to our public school children. We want you to keep these children in the front of your mind when you make these decisions that affect the future of our State.

Sincerely,

Steve Hiramami, Director

Hawaii Academy of Arts & Science PCS

Treasurer,

Hawaii Charter Schools Network

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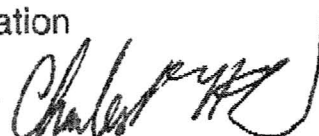
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February 22, 2010

**SB 2589, SD 2 – Favorable Testimony
 With Amendments
 (Relating to Charter Schools)**

To: Chair: Hon. Roy M. Takumi (EDN),
 Vice-Chair: Hon. Lyla B. Berg (EDN);
 Members: House Committee on Education

From: Charles K.Y. Khim, Esq. – Attorney at Law



Thank you for this opportunity to present testimony in favor, with amendments, of SB 2589, Proposed SD 2. This bill provides for, among other things the usage of public school property by charter schools.

While this bill provides for the future usage by charter schools of public school buildings and facilities which become vacant in the future, this bill does not address what occurs with previously vacant public school properties which are currently being used by charter schools.

Regarding such schools, legislation is needed to clarify that those schools will remain in their existing public school buildings until there is a need for those buildings by the state. At that time there should be a negotiation process whereby the existing needs of both the charter school and the state will be accommodated.

In addition, the definition of "public school" needs to be clarified in order to comply with the definition of the term "public

school" which is set forth by the State Attorney General in Attorney General Opinion No. 64-55.

In order to remedy this situation I propose that the amendments which are attached hereto be adopted. They constitute an amendment to the definition of the term "public school" and new statutory language which addresses the situation of existing charter schools.

Thank you for this opportunity to present testimony before this honorable committee. I will be happy to answer any questions of the committee members at the appropriate time.

CKYK:rwd

Attachment

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March 10, 2010

**SB 2589, SD 2 – Favorable Testimony
With Amendments
(Relating to Charter Schools)**

Attached Sheet Stating Proposed Amendments

Amend section 2, by amending the current section (g) to
read as follows:

(g) For purposes of this section, “public school” means any
school that falls within the definition of public schools in section 302A-
101, or Attorney General Opinion No. 64-55, except for charter
schools.

Amend section 2, by adding a new sub-section to be
appropriately designated and to read as follows:

§302A- () Any charter school which was previously a public school immediately prior to its transformation into a charter school, or which utilizes buildings or facilities which were previously utilized by a public school immediately prior to being utilized by the charter school, shall be given continued exclusive use of those buildings or facilities, provided that the state may reclaim some or all of those buildings or facilities if it demonstrates a tangible and imperative need for such reclamation, and the state and the charter school voluntarily enter into an agreement as to the amount of these buildings and facilities shall be reclaimed by the state, and time table for such reclamation. If such a timetable cannot be reached, then the state may petition the charter school review panel, in a contested case proceeding, for such reclamation with the charter school review panel granting such a petition only to such an extent that is necessary to fulfill the state's imperative need.

Add a new section 9, and re-designate the current sections 9 and 10 to 10 and 11 respectively, which shall read as follows:

Section 9. In order to implement the provisions in section 2 which concern the continued usage of state buildings and facilities by the charter schools which currently occupy said buildings and facilities, any other law to the contrary notwithstanding, any charter school which was transformed thereinto from a public school within the meaning of Attorney General Opinion No. 64-55, but is not a conversion school within the meaning of section 302B-1 (1) and (2), shall have its local school board members who, under section 302B-7, are not required to be selected by the constituent groups stated therein, be selected and serve at the pleasure of the local school board chair who was first selected after the issuance of that charter school's charter.

Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.