

**SB1174**

**Date:** 01/31/2011

**Committee:** Senate Education

**Department:** Education

**Person Testifying:** Kathryn Matayoshi, Superintendent of Education

**Title of Bill:** SB 1174 RELATING TO CHARTER SCHOOLS.

**Purpose of Bill:** Establishes a funding formula for charter school facilities.

**Department's Position:** The Department **opposes** the bill as currently drafted, but supports the intent of the bill to provide charter schools with additional funding to assist with facility costs.

The bill is seeking to find a means to provide charter schools with additional funding by requiring the Department to calculate and allocate an "annual facilities funding support amount" per charter school using the following: (average monthly cost per square foot (x) 12 months (x) authorized square feet of the school). The "average monthly cost per square foot" would be determined annually by the Department of Accounting and General Services. The "authorized square feet" would be determined by the Department based on a calculation of the per DOE student's "actual square footage of facilities space" (x) the number of primary and secondary charter school students (-) the square footage of state facilities being used by the school.

The **three major concerns** with the bill as drafted are: **1)** The bill mandates that the Department shall follow the formula described in the bill to allocate funding for charter school facilities costs (Page 1, lines 5-7), yet fails to identify funds the Department is to use for this purpose. As drafted the Department would need to internally restrict operating funds,

which would include funds currently provided to schools, to provide for charter school facility funds. **2)** The bill requires the Department determine an amount that is comparable to the "actual square footage of facilities space provided to each student enrolled in public schools" (page 3, lines 3-6), but is silent on defining what constitutes "facilities space" for a Department school. It is not clear if "facilities space" is limited to any structure on a school with four walls and a roof or if other school facilities such as athletic fields, stadiums, parking lots, and open space are to be counted as "facilities space." This level of ambiguity would be difficult to implement in a fair and transparent manner. **3)** The bill requires that for distance-learning charter schools that the Department shall determine a "reasonable approximation of the amount of facilities space needed by the school for its operations (Page 3, lines 11-13)." Again, this level of ambiguity would be difficult to implement and lead to subjective determinations.



**SB 1174**  
**RELATING TO CHARTER SCHOOLS**  
Senate Committee on Education

January 31, 2011

1:15 p.m.

Room 225

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The Office of Hawaiian Affairs (OHA) offers the following comments on SB 1174, which seeks to establish a facilities funding formula for charter schools.

The OHA Administration will recommend that the OHA Board of Trustees support SB 1174, because it would help address the longstanding budget shortfalls faced by charter schools. Since 2005, OHA has provided \$8.5 million in grants to Hawaiian-focused charter schools. As a result of OHA's funding and the funding of other educational partners, we have seen growth in the number of Native Hawaiian students attending charter schools as well as improvement in achievement and success among Native Hawaiian students. Notwithstanding this supplemental funding, however, charter schools still face major budget shortfalls.

SCR 108, Session Laws of Hawaii 2010, requested that a task force be convened to establish a consistent funding formula by which equitable funding to charter schools could be determined. Among other things, the Charter Schools Funding Task force found that:

- While the changes in statute made during the 2010 Legislative Session to clarify the calculation of per pupil funding for charter school operations, the next step is to develop a formula for funding charter schools needs.
- There are some variations in the appropriation of funding for charter schools, specifically variation in federal funding, SPED and other non-general fund appropriations.
- The Department of Education public schools routine repairs and maintenance costs are only partially reflected in the Department of Education's budget.
- In the 2010 Legislative Session, a portion of charter school operating funds, calculated per statutory formula, was redirected, per budget proviso, to provide a funding source for charter schools facilities leaving charter schools with the difficult task of reducing the amount of resources available for operations below the comparable amount provided to the Department of Education per statutory formula.

SB 1174 addresses a key recommendation of the Charter Schools Funding Task Force: to develop a facilities funding formula distinct from the formula used to appropriate

operational funding for charter schools. Adoption of this measure would bring all charter schools closer to funding parity with their Department of Education counterparts.

The OHA Administration will make this recommendation to our Board of Trustees at its meeting on February 3, 2011. Mahalo for the opportunity to testify.

NEIL ABERCROMBIE  
GOVERNOR



MAUNALEI LOVE  
EXECUTIVE DIRECTOR

STATE OF HAWAII  
CHARTER SCHOOL ADMINISTRATIVE OFFICE  
1111 Bishop Street, Suite 516, Honolulu, Hawaii 96813  
Tel: 586-3775 Fax: 586-3776

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**FOR:** SB 1174 Relating to Charter Schools  
**DATE:** Monday, January 31, 2011  
**TIME:** 1:15 p.m.  
**COMMITTEE(S):** Committee on Education  
**ROOM:** Conference Room 225  
**FROM:** Maunalei Love, Executive Director

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Testimony in support of the intent of S.B. No. 1174

Chair Tokuda, Vice Chair Kidani, 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 addressing funding for public charter schools.

This bill establishes a funding formula for charter school facilities. The CSAO supports the intent of this bill while recognizing that this formula may still be a work in progress.

The CSAO is ready, willing, and able to help with clarifying the details and specifics of the formula in this bill as it advances forward. Thank you for this opportunity to testify.



State of Hawaii  
Charter School Review Panel  
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JANUARY 31, 2011

1:15 P.M.

Conference Room 225

TESTIMONY TO THE  
SENATE COMMITTEE ON EDUCATION

**RE: SB1174**  
**Relating to Charter Schools**

**The Charter School Review Panel (CSRP) supports SB1174.**

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

Aloha,

This bill provides for a funding formula to be used for allocating funds for charter schools' facilities costs. This formula is the result of the work done by the Task Force for Charter School Funding under the direction of chairs Sen. Donna Mercado Kim and Rep. Marcus Oshiro.

The Charter School Review Panel supports SB1174 because it provides for charter schools' needs with regards to facilities costs.

Thank you for this opportunity to provide testimony.

Ruth Tschumy, Chair  
Charter School Review Panel



## KAMEHAMEHA SCHOOLS

Testimony to the Senate Committee on Education

Hearing Date: Monday, January 31, 2011

1:15 p.m. – Conference Room 225

Kalei Kailihiwa  
Director, Ho‘olako Like  
Kamehameha Schools

Good afternoon Chair Tokuda, Vice Chair Kidani and members of the Senate 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 1174 which establishes a funding formula for charter school facilities.

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 for over eight years. 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 3,800 students in eleven communities on 4 major islands, within the public education system.

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.

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# Ho'okāko'o Corporation

Testimony to the Senate Committee on Education  
Senator Jill Tokuda, Chair  
Senator Michelle Kidani, Vice Chair  
**Re: SB 1174 – Relating to Charter Schools**

Monday, January 31, 2011, 1:15 p.m.  
State Capitol, Conference Room 225

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

Aloha, my name is Megan McCorrison, executive director of Ho'okāko'o Corporation (HC), a 501(c)(3) charter support organization that serves as the local school board for three public conversion charter schools — Waimea Middle School on Hawai'i Island, Kualapu'u Elementary School on Moloka'i, and Kamaile Academy in Wai'anae — which educate nearly 1,600 students, or roughly 19 percent of the total public charter school student population in Hawai'i.

Ho'okāko'o Corporation is in strong support of Senate Bill 1174, which proposes the inclusion in statute of a funding formula to determine the allocation of facilities funds for charter schools.

As a member of the Charter School Funding Task Force, HC supports the revisions to the Hawaii Revised Statutes recommended by the Task Force in its report to the 2011 Hawaii State Legislature. The facilities funding formula put forth by SB 1174 is consistent with these recommendations, which include the implementation of a needs-based facilities funding formula that is applied independently of the formula used to allocate operating funds for charter schools.

Not only would such a funding formula help to address the pressing facilities needs of Hawai'i's public charter schools, but it would also begin to redress the funding inequities inherent in the methods used to allocate facilities funds for these schools in years past. In fiscal year 2010-11, a portion of the per-pupil allocation for public charter schools' operating funds was redirected, per Budget Proviso 39.1 (Act 180, SLH 2010), to provide funding for charter school facilities costs. This redirection of funds was essentially a deduction from the operating funds available to public charter schools, which, as described in the Charter School Funding Task Force's report, "had the effect of decreasing the amount of resources available for the charter school for operations below the comparable amount provided to the DOE per statutory formula." Unlike this previous practice, the new formula proposed by SB 1174 would provide public charter schools with facilities funds that are separate from their per-pupil allocation and would leave their operating funds — which are greatly needed to support teaching and learning — intact.

Mahalo for the opportunity to testify on this measure.



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

Hawaii Public Charter School #551

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

## LATE TESTIMONY

January 31, 2011

Honorable Jill Tokuda, Chair  
Honorable Michelle Kidani, Vice Chair  
Senate Committee on Education

**Re: SB 1174, Relating to Charter Schools - Support**  
Conference Room 225, 1:15 PM

Aloha Chair Tokuda, Vice Chair Kidani and Committee Members:

On behalf of the Hawaii Technology Academy (HTA), a public charter school with learning centers in Waipahu and Princeville serving students on Oahu, Kauai, Hawaii Island and parts of Maui, thank you for the opportunity to testify in support of this bill.

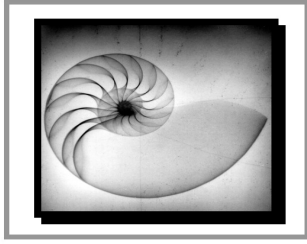
We support SB 1174, which establishes a funding formula for charter school facilities.

This bill is an outcome of the collaboration from the Charter School Funding Task Force (established by SCR 108), to look at detailed information on existing funding sources for charter schools, look at the Department of Budget and Finance's calculation for DOE and charter school per pupil allocations, review discrepancies between these allocations, and examine whether a portion of the debt service, repair and maintenance and capital improvement expenses should be paid by charter schools.

We would like the opportunity to collaborate with members of this committee and other hybrid schools like HTA to provide information about average facilities funding costs needed to support hybrid or "distance-learning" facilities. HTA uses technology to deliver Science, Technology, Engineering, the Arts and Creative Media, and Math-focused curriculum through online and face-to-face instruction with our teachers. As such, we do have certain space and facilities requirements that are unique to online learning.

For these reasons, we respectfully request to provide members of the committee with additional information to help refine this bill for passage.

Sincerely,  
Jeff Piontek  
Hawaii Technology Academy Head of School



# West Hawai'i Explorations Academy

A Public Charter School

Located near the Natural Energy Laboratory—Hawai'i, Keahole-Kona, Island of Hawaii

73-4460 Queen Ka'ahumanu Hwy #105, Kailua-Kona, HI 96740

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January 30, 2011

Testimony of **West Hawaii Explorations Academy Public Charter School**

## **Position: Strong Support**

January 31, 2011, Room 225, 1:15 PM

**SB1174** RELATING TO CHARTER SCHOOLS: Charter School Facilities; Funding Formula; Establishment of a funding formula for charter school facilities

Aloha Chair Tokuda, Vice-Chair Kidani and Esteemed Members of the Senate Committee on Education:

Thank you for hearing this very important bill seeking a level playing field for charter school students by providing reasonable support for facilities. I respectfully note:

- The DOE's Grant Thornton adequacy study of 2005 stated that \$10,117 per pupil was required for Hawai'i's public school system to serve children well;
- In 2010, the Hawai'i Association of Independent Schools put forward a figure of \$16,338 required to properly educate children;
- In contrast, "bricks-and-mortar" start-up charters schools like WHEA were provided \$5,363 in state general funding this school year.

While WHEA was part of Konawaena High (1994-2000), it was provided about \$300,000 in CIP support (a portable and a fence line). Since 1994, WHEA has educated over 2,000 students. This comes to about \$150 per pupil amortized over 17 years, which I believe shows WHEA is a proven good steward of taxpayer dollars. In addition, WHEA consistently performs well on state testing, and has high levels of parent satisfaction and community involvement. WHEA has also gained national recognition from the George Lucas Educational Foundation, Blue Ribbon Schools, Intel and Scholastic, and also regularly presents "best practices" at national educational conferences.

In closing, I respectfully point out that your "bricks-and-mortar" start-up charters like WHEA, Innovations, Volcano, and Voyager (among others) find ourselves near the bottom of funding adequacy, yet still manage to occupy the upper tiers of academic performance and public accountability. Therefore, I truly appreciate your focused consideration of SB1174.

Sincerely,

Curtis Muraoka, Co-Director  
West Hawaii Explorations Academy PCS

WHEA is Fully Accredited by the Western Association of Schools and Colleges



Testimony  
Senate Committee on Education  
January 31, 2011 Room 225  
1:15 PM  
Strongly Support

Dear Chair Tokuda and committee,

I am in strong support of this bill that creates a funding formula for charter schools facilities. Two years ago, language was inserted into 302 B-8 that said facilities funding shall be based on the department of budget and finance's debt service appropriation for the department of education divided by the department of education's actual enrollment that school year. This methodology has been disputed by Budget and Finance and the legislature.

As a result of study done during the waning days of the Charter School Funding Task Force, which was created via a Senate resolution, a needs based approach was devised to try and come up with the answer to the question: "How much space is needed to educate a student adequately?" The study included 6 different states and a national average. This bill supports the study.

Adjustments to the formula can be made addressing the lower facilities needs of distance learning students which can vary from a small percentage per school to an entire charter school's student body. Also adjustments and reductions can be made so that charters already occupying State facilities, like conversion charters, and charters in other State facilities will receive far less or in some cases, no additional per pupil support.

The study could not find any statistics on Hawaii schools, but there have been new Hawaii schools added to the system that would have that current data. If this data were available, then we could actually equate the square footage per student to our State's needs. This is a starting point and there will be adjustments made, but the important thing is to get a consistent, reliable amount that start up charters can budget on. Currently, one Honolulu charter school has an enormous burden with monthly lease payments and these costs are currently taken from its educational operating funds.

Sincerely,

Steve Hirakami, Director

Hawaii Academy of Arts & Science PCS

Treasurer,

Hawaii Charter Schools Network

Senate

Committee on Education  
Senator Jill Tokuda, Chair

Monday, January 31, 2011; 1:15 p.m.  
Capitol Conf. Room 225

Testimony  
SB 1174

Chair Tokuda and members of the Committee on Education.

My name is Jim Williams and I am testifying as an individual in strong support of Senate Bill 1174. I urge your committee to move this bill forward for further consideration by this Legislature.

The purpose of this bill is to establish a formula for State funding of facilities costs for charter schools located in private facilities.

As a co-founder and board member (currently vice-chair) of Voyager Charter School, I am acutely aware of the need for facilities funding for public charter schools that do not have the good fortune to be located in a State facility. Voyager is one on those schools, and it is a big challenge for our local school board to budget for both the school program and facilities costs in those years (which historically have been most years) in which no funds are provided to offset the costs of leasing space for the school.

The formula set forth in SB 1174, clearly and fairly sets forth a method for determining how much each qualifying charter school will receive. This bill represents a major advance in providing equitable funding for charter schools.

I urge this committee to approve this bill.

Thank you for this opportunity to testify in support of Senate Bill 1174.

Jim Williams  
Honolulu