



February 28, 2012  
9:00 a.m.  
Conference Room 211

TESTIMONY TO  
THE SENATE COMMITTEE ON WAYS AND MEANS

RE: SB 2598 – PROPOSING AMENDMENTS TO THE HAWAII STATE CONSTITUTION  
RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS.

Dear Chair Ige, 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 99 private and independent schools in Hawaii and educates over 33,000 elementary and secondary students statewide.

The Association **strongly supports Senate Bill 2598** which proposes a constitutional amendment to authorize the State to issue special purpose revenue bonds to assist charter schools, not-for-profit corporations that support charter schools, and community development financial institutions that support charter schools.

The legislature deemed, and voters reinforced, that the issuance of special purpose revenue bonds to private schools is in the public interest. For almost a decade, private schools have judiciously utilized this financing tool as a strategy for leveraging capital funds for improvement and enrichment projects. Special purpose revenue bonds do not divert funds from the public school system and this arrangement has spawned many millions of dollars in construction on campuses large and small across the state. The extension of this valuable authorization to charter schools will multiply the economic and educational benefits already realized.

Private schools in Hawaii serve everyday families from all walks of life and present parents the opportunity to choose a school, educational philosophy, or campus environment that supports their child's strengths. Similarly, choice and flexibility are core principles of charter schools.

Hawaii Association of Independent Schools appreciates the opportunity to testify in strong support of SB 2598 and the mission of charter schools in Hawaii.

**From:** [mailinglist@capitol.hawaii.gov](mailto:mailinglist@capitol.hawaii.gov)  
**To:** [WAM Testimony](#)  
**Cc:** [wchang@lowysc.com](mailto:wchang@lowysc.com)  
**Subject:** Testimony for SB2598 on 2/28/2012 9:00:00 AM  
**Date:** Monday, February 27, 2012 5:19:47 PM  
**Attachments:** [00186642.DOC](#)

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Testimony for WAM 2/28/2012 9:00:00 AM SB2598

Conference room: 211  
Testifier position: Support  
Testifier will be present: No  
Submitted by: Wesley Y.S. Chang  
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Submitted on: 2/27/2012

Comments:

This testimony is submitted to support the substance and intent of S.B. No. 2598.

S.B. No. 2598 will assist charter schools in financing their educational activities by amending the Hawaii State Constitution to allow for the issuance of tax exempt special purpose revenue bonds available to charter schools on the same basis as not-for-profit private schools.

Inasmuch as the State Constitution provides that special purpose revenue bonds are not secured by the general credit of the State of Hawaii and requires that the State legislature by two-thirds vote of each house approve of the issuance of special purpose revenue bonds for each charter school seeking to have such bonds issued, the State of Hawaii will not be responsible for the debt service on any special purpose revenue bonds that are issued for charter schools.

Access by charter schools to the lower cost of financing available from the tax exempt bond market will lower the overall cost to charter schools in acquiring or constructing needed facilities and thereby enhance their educational activities.

Very truly yours,

Wesley Y.S. Chang



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

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February 28, 2012

Honorable David Ige, Chair  
Honorable Michelle Kidani, Vice Chair  
Senate Committee on Ways and Means

**Re: SB 2598 – Proposing Amendments to the Hawaii State Constitution Relating to the Issuance of Special Purpose Revenue Bonds – Support**  
Conference Room 211, 9:00 AM

Aloha Chair Ige, 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 Maui, thank you for the opportunity to testify in support of this bill. We support SB2598 to propose a constitutional amendment authorizing the State to issue special purpose revenue bonds (SPRBs) to assist charter schools.

SPRBs are proven and valuable tool for financing capital infrastructure improvements for school or leveraging the capital construction costs of schools. These have been used for a number of public-private purposes including independent schools, private hospitals, and energy and technology companies allowing these projects to qualify for interest rates well below the market rates; thereby, reaping significant savings in financing capital projects.

Hawaii's public charter schools experienced a growing chasm in funding, which has declined significantly since Fiscal Year 2007 by 34.5 percent from \$9,063 to \$5,933/per student for the current fiscal year. Moreover, most public charter schools, namely start-up schools, receive a significantly inadequate sum to "offset" facilities cost. For several start-up public charter schools that are not in public facilities, 1/5 of this overall per pupil funding is spent on facilities costs, leaving fewer dollars in the classroom.

We support initiatives that leverage investments toward high quality education by providing students and teachers a safe and comfortable learning environment.

For these reasons, we urge your strong support for the passage of this bill proposing a constitutional amendment authorizing SPRB funding for Hawaii's public charter schools.

Sincerely,

Leigh Fitzgerald  
Executive Director, Hawaii Technology Academy