



HAWAII TECHNOLOGY ACADEMYSM

Hawaii Public Charter School #551

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February 21, 2013

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

Re: SB 244 SD1, Relating to Education – Support
Conference Room 211, 9 a.m.

Aloha Chair Ige, Vice Chair Kidani and Committee Members:

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

Since returning to Hawaii to take on this role at HTA, I have committed myself to working alongside with many of our charter school supporters throughout the state. I am a firm believer that we need to improve the educational outcomes of Hawaii's students. As such, I am happy to support the advancement of this legislation to clarify the governance structure for Hawaii's charter school system with clear lines of authority and accountability that will foster improved student outcomes.

HTA appreciates all the work that has been put into recasting a strong foundation for Hawaii's public charter schools and all the subsequent work that has been done to further refine the new system being implemented this year. However, we continue to have serious concerns regarding the chasm in funding for public charter school students which has declined significantly since Fiscal Year 2007 by 34.5% from \$9,063 to \$5,933 for FY 2013, which is why we also support the changes to establish facilities funding for schools. Studies and audits confirm it costs about the same to provide an online and/or blended learning public school education as it does for a traditional public school education. Online public schools may have less overhead costs than traditional schools but spend significantly more on courses and assessments, learning management systems, technology and instructional materials. Therefore, in order to improve and maintain improvements to student's educational outcomes, adequate funding is needed for all public charter schools.

HTA also strongly supports the changes proposed in Section 15 of this bill that clarifies that students enrolled at charter schools whose curriculum incorporates virtual education have the same opportunity to participate in athletics as is provided to students at other public schools. There are innumerable examples of how participation in extra curricular activities benefits students in the classroom. HTA is committed to fostering the development of students both inside and outside of their traditional learning environments.

The changes contained in this bill are steps in the right direction because children attending a public charter school should not be deprived of the same extra-curricular opportunities or funding provided for children attending a traditional public school.

We appreciate the opportunity to provide testimony on this matter.

Sincerely,

Leigh Fitzgerald
Executive Director
Hawaii Technology Academy

Testimony SB244
Senate Committee on Education
February 21, 2013 Room 211 9:00am
Support

Dear Chair Ige and committee,

I am in support of this attempt to revise Act 130 which repealed all of HRS 302B and replaced it with 302D which represents a change in authorizers from the Charter School Review Panel to the Charter School Commission, replaces the original Detailed Implementation Plan with a bi-lateral contract, changes the schools' boards from a stakeholder make up as the Local School Board to Governing boards, and many more changes that were suggested to the Legislature from NASCA. We will be spending a few years in adapting it to Hawaii's different political, socio-economic, island make-up, single school district, state and union involvement, and general unique climate.

I am very supportive of the amendment that students can now play sports in the service area of where they reside, providing that the charter school does not have that sports program. Virtual education was approved as part of our curriculum in February 2005 by the State Board of Education. Playing sports only at our school or our complex area has been a huge problem for these student athletes because some of them live over a hundred miles away. Athletics is not only an important part of the school experience; it serves as an avenue to college education for talented scholar-athletes.

I am opposed to limiting charter schools to be able to carryover only five percent of any appropriation. Since 2008, our per pupil revenue has decreased by over 35%. In other words, we have already fallen off the fiscal cliff. If it were not for carryover funds, some of it from ARRA funds, most charter schools would not have survived the past two years. In twelve years of operations, fiscal year 2012 was the first year for our charter school to reflect a negative bottom line. Carryover funds, limited to 5%, would not have seen us through this financial downturn. Schools might have needs to reserve funds for increased enrollments or to provide more space or equipment for our students. Please don't force us into a "spend it or lose it" situation where needless spending is done like in traditional schools towards the end of the school year. We often set out reserves for building repairs or maintenance and we never know when a vehicle may need extensive repairs.

Annual audits have been required of charter schools for several years. It is not new to this legislation. Audits involve more than just the average cost of ten thousand dollars per audit. The amount of administrative and clerical time and dollars to successfully complete an audit is increasing and schools are not funded for the cost of the mandated audits. A separate appropriation should be made to

cover these costs. Charters want to be accountable and demonstrate this via audits and budget reports, but lack the layers of personnel to do it cost effectively.

Another mandate that will force charters to spend part of its education funds on is employee background checks. Holding us to the same FBI fingerprinting as incoming DOE employees will mean spending way more money on something that should be offered to us as a State agency. Charters have used a variety of background check agencies to insure that their new employees have a thorough background check. Costs increase when new employees have lived in multiple states. The service that is available to DOE schools is not available to charters, unless we place our employees on DOE payroll. Some of the charters put employees on DOE payroll, because unlike private payroll providers like Ceridan, schools have to carry the State's burden of FICA/Medicare which amounts to 7.65% of payroll. Quarterly reimbursements are made by Budget and Finance but payments are not timely. For instance, on the date of this hearing, charter schools have not received the reimbursements for FY2013 1st and 2nd quarter. This amounts to 7.65% of our payroll costs from July 1, 2012 to December 31, 2012. For charters struggling to maintain positive cash flow, this is an extreme hardship.

Section 302D-(6) gives the charter school the ability to give enrollment preference to students with disabilities, who have severe disciplinary problems, or who are at a risk of academic failure. We have a special program at our charter that serves the first subgroup. Along with this service to these at-risk populations should be an exemption to academic measurements, not the testing, but the ranking. We intake these students with the full understanding that they are on a Certificate track and not a Diploma track. We administer the HSA knowing that they most likely will test below their grade level. Even with this in mind, our program continues to be successful and prepares these students for a vocational path. With an exemption to the standard academic compliance measures, schools could develop programs that specifically address the needs of these special students.

Another omission of Act 130 which became HRS 302D is the method of calculating per pupil or per school allocations for facilities funding and support. This is a major shortfall. For years now, start-up charter schools have put forth the constitutional right to have adequate facility funding support. Three years ago, we finally made progress by having a formula based on the debt service of the department divided by the total public school enrollment serve as a basis for facility funding for charter schools. The next year, a charter school facility working task force was charged with finding methodology to replace the debt service formula. It was headed by Marcus Oshiro, House Finance Committee chair. As a result of the task force recommendations, a needs based formula replaced the debt service formula. Neither was funded because the law remained as the legislature "may" make appropriations for facilities and other costs. SB 362 addressed this shortfall in an earlier Senate

Education committee meeting but was incorporated into SB244. But the most important word in the bill “shall” as in shall make appropriations for facilities has returned to “may” when inserted into this bill. This is a major disappointment and soon may prove to become the “straw” that that led to the demise of charter education.

There are a few other issues that need fixing in the present law, but I wanted for this submittal to only speak to the most important issues. Thank you for working with charter school leaders in making charter schools an excellent choice for education in the State of Hawaii.

Thank you for this opportunity to testify.

Steve Hiramami

Director, Hawaii Academy of Arts & Science PCS