

SB244

Relating to Education

EDU/JDL, WAM

NEIL ABERCROMBIE
GOVERNOR



KAREN STREET
CHAIRPERSON

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

FOR: SB244 Relating to Education
DATE: Friday, February 1, 2013
TIME: 1:15 p.m.
COMMITTEE(S): Senate Committee on Education
Senate Committee on Judiciary and Labor
ROOM: Conference Room 414
FROM: Roger Takabayashi
State Public Charter School Commission

Testimony in support with reservations of SB244

Chairs Tokuda and Hee, Vice Chairs Kidani and Shimabukuro, and Members of the Committees:

Aloha, I am Roger Takabayashi, member of the State Public Charter School Commission.

SB244 continues the work of Act 130, passed by the Legislature last year, in improving the charter school system by amending newly created Chapter 302D. The Commission supports SB244 with reservations as there are portions that raise concern. Our comments on SB244 are below.

Section 1 (page 1, line 1 to page 2, line 8), Carryover of funds

The CSAO opposes restricting the amounts a charter school can carry over from one fiscal year to the next. The restriction severely undermines the autonomy of the schools as many charter schools use reserves to advance their educational programs. Some examples of purposes that schools intentionally set aside funds for are:

- Changes in curriculum and/or curriculum providers;
- School/program expansion and/or addition of grades;
- Upgrades in educational technology;
- Other large educational purchases such as bulk orders of books and supplies; and
- Infrastructure improvements.

Further, charter schools use carryover reserves as contingency “rainy day” funds. For example, if a school’s enrollment is lower than anticipated, there could be a significant impact to the

school's budget and programs without a reserve. Reserves are also used to maintain cash flow to allow a school to cover expenses, including salaries, at the beginning of a fiscal year prior to receiving its first allocation of the year. Having a healthy reserve is sound business practice.

In addition to the annual financial audits that SB244 requires charter schools to submit, the performance frameworks of the charter contracts that will be executed between the State Public Charter School Commission and each charter school contain financial performance measures. Therefore, the funds at each school are accounted for and financial viability measured.

As a replacement for Section 1 of SB244, we propose inserting language from recently repealed Chapter 302B that states "Funds distributed to charter schools shall be considered expended."

§302D-A Annual audit (page 2, lines 12-14)

While we agree that annual independent financial audits are necessary for ensuring financial viability of charter schools, the users of these audit reports are generally external to the schools (Commission, DOE, DAGS, etc.). Therefore, it seems unfair to require schools to use per-pupil operational funds to cover the high cost of financial audits. We ask the legislature to consider alternate means of funding audits.

§302D-B Criminal history record checks (pages 2-4)

We support enabling charter schools to conduct criminal history checks. We have a few suggestions for amendments:

1. In subsection (a), page 2, line 15, change it to state "(a) Governing boards shall develop procedures for obtaining verifiable information..." Governing boards are technically the employers of charter school employees.
2. In subsection (b), page 3, line 9, change it to state "...if the person has been convicted of a crime..."
3. Also in subsection (b), page 3, line 18, remove "any administrative rule of the commission." The Commission does not have rulemaking authority.
4. Referring to subsection (c) (page 3, lines 19-22), no charter school was in existence prior to July 1, 1990.

§302D-C Enrollment (pages 4-6)

We support adding the nondiscriminatory admission section to Chapter 302D. We recommend two amendments to subsection (b):

1. Change paragraph (4) (page 5, lines 1-5) to state "May give an enrollment preference to students within a given age group or grade level and may be organized around a special emphasis, theme, or concept as stated in the charter contract."
2. Change paragraph (5) (page 5, lines 6-9) to state "May give an enrollment preference to students enrolled in the charter school during the previous school year, to siblings of

students already enrolled at the charter school, and to children of employees of the charter school.”

§302D-3(j) Commission conflict of interest (page 15, line 19 to page 16, line 5)

Even in its amended version within SB244, §302D-3(j) is inconsistent with §302D-8 pertaining to conflicts of interest of authorizers. If it is the Legislature’s intent to allow charter school employees, governing board members, vendors, contractors, agents, or representatives to serve on the Commission, we recommend amending §302D-8 for consistency. If it is the Legislature’s intent to not allow charter school employees, governing board members, vendors, contractors, agents, or representatives to serve on the Commission, we recommend amending §302D-3 by removing subsection (j).

Section 14, page 40, lines 16-18

We oppose the amendment to §302D-28 that limits funding to only those students that fall under the purview of §302A-1132. It would eliminate junior kindergarten and kindergarten from charter schools, instantly changing the programs of 27 of the 32 charter schools currently operating and one of two approved charter applicants. One school, Kualapu’u Elementary, has a pre-kindergarten program which has contributed to their success. Kualapu’u Elementary converted to a charter school after falling into restructuring and has since raised itself into good standing.

The Commission rigorously reviews charter applications and should continue to be allowed to determine which programs have a high chance of success in accordance to the state accountability system, and those programs that are authorized should be fully funded. Conversely, the Commission will monitor and, if necessary, close those schools whose programs are not delivering.

§302D-31 Sports (page 41, lines 7-21)

We support the clarifying this section. We recommend including language that allows charter school students to participate in other extracurricular activities that are not available at their charter school as well. We suggest amending §302D-31 as follows:

“[+] §302D-31 [+] Sports and extracurricular activities. (a) The department shall provide students at charter schools, including students enrolled at charter schools whose curriculum incorporates virtual education, with the same opportunity to participate in athletics or extracurricular activities as is provided to students at other public schools. If a student at [a] any charter school wishes to participate in a sport or extracurricular activity for which there is no program at the charter school, the department shall allow that student to participate in a comparable program of any public school in the complex in which the charter is located [–] or at the public school in the service area in which the student resides. All charter school students participating in athletics shall abide by all rules, regulations, and policies of the athletic league, association, and program applicable to the public school in whose athletic program the student is participating. All charter school students participating in an extracurricular activity shall meet

the participation requirements and restrictions for that activity, including paying appropriate fees.

(b) As used in this section, “extracurricular activity” means a school-authorized or education-related activity occurring during or outside the regular instructional school day, including cheerleading, clubs, and other programs. The department may adopt rules setting forth which programs qualify as extracurricular activities under this section.”

Thank you for this opportunity to testify.



HAWAII STATE ETHICS COMMISSION

State of Hawaii • Bishop Square, 1001 Bishop Street, ASB Tower 970 • Honolulu, Hawaii 96813

February 1, 2013

The Honorable Jill N. Tokuda, Chair
The Honorable Michelle N. Kidani, Vice Chair
Honorable Members
Senate Committee on Education
Hawaii State Capitol, Room 218
415 South Beretania Street
Honolulu, Hawaii 96813

The Honorable Clayton Hee, Chair
The Honorable Maile S. L. Shimabukuro
Honorable Members
Senate Committee on Judiciary and Labor
Hawaii State Capitol, Room 407
415 South Beretania Street
Honolulu, Hawaii 96813

Re: **Testimony on SB No. 244, Relating to Education**

Hearing: Friday, February 1, 2013, 1:15 p.m.
State Capitol, Conference Room 414

Written Testimony From: Hawaii State Ethics Commission

Thank you for considering the Hawaii State Ethics Commission's testimony on Senate Bill No. 244, Relating to Education. The Commission's comments relate to the bill's proposed amendment to HRS section 302D-12(h), relating to the definition of the term "employee." The Commission strongly supports broadening the definition of charter school "employee" in section 302D-12(h) to include "any person under an employment contract to act as the chief executive officer, chief administrative officer, executive director, or designated head of a charter school," as proposed in SB No. 244.¹ The Commission takes no position with respect to the bill's changes to the governance structure for Hawaii's charter schools.

¹ See page 18, lines 20-22, through page 19, lines 1-5.

Charter school employees, currently, are subject to and must comply with the standards of conduct established in the State Ethics Code. However, employees of a private entity, including a business contracted by a charter school to provide leadership or managerial-type services for the school, are not “employees” as defined by the State Ethics Code and therefore are not required to comply with the State Ethics Code. That means, for example, someone who is employed by the charter school as its head of school must comply with the conflicts of interest provision, cannot accept certain types of gifts, and is prohibited from misusing his position to give himself or others an unwarranted benefit or advantage. If that same person was employed by a private business under contract with the charter school to provide those services to the school, because the State Ethics Code does not apply to him, he could, for instance, accept lavish gifts from competing vendors and suppliers given to influence or reward his procurement decisions, take action with respect to matters that may financially benefit himself, and misuse his position to give others, including his friends and family, special treatment and unfair advantages.

The Commission does not believe that the head of a public agency, such as a charter school, funded primarily through public monies, should be exempt or otherwise not subject to the standards of conduct that the legislature deemed necessary to foster public confidence in state government. For that reason, the Commission strongly supports the amendment to section 302D-12(h) to include contracted employees in certain managerial positions within the definition of “employee” for purposes of section 302D-12.

Section 302D-12(f) mandates that all charter school employees shall be subject to chapter 84, which is the State Ethics Code. By amending the definition of “employee” to include the contracted employees in certain leadership positions, the Commission believes that those people will be required to follow and abide with the same standards of conduct as other charter school employees.

The Commission, however, notes that the definition of “employee” in the State Ethics Code is not amended by this bill. For that reason, the Commission likely will not have jurisdiction to enforce section 302D-12(f) with respect to those people who are employed by a non-state entity contracted by a charter school to provide leadership or managerial-type services. Enforcement of section 302D-12(f), as it applies to persons “under an employment contract to act as the chief executive officer, chief administrative officer, executive director, or designated head of a charter school” will likely be through the Department of the Attorney General.

The Honorable Members of the Senate Committee on Education
The Honorable Members of the Senate Committee on Judiciary and Labor
February 1, 2013
Page 3

Lastly, the Commission notes that the disqualification provision in the portion of the bill amending section 302D-3(j) is more stringent than the State Ethics Code, specifically section 84-14(a). The bill requires members of the Public Charter School Commission, if they are an employee, governing board member, vendor, contractor, agent, or representative of a charter school, to disqualify themselves from voting on or participating in matters involving their interests.²

Under the State Ethics Code, an employee cannot take official action directly affecting a business or other undertaking in which he has a substantial financial interest. In interpreting this provision, the Commission has construed the term “business or other undertaking” to be limited to private interests and not to include other governmental agencies. For that reason, generally, a state employee who serves on a state board or holds another state position is not prohibited from taking action that may directly affect his other state agency. Hence, the State Ethics Code would not prohibit a Charter School Commission member, who is employed by a public charter school or serves on a governing board, from taking official action affecting the charter school.

The Commission appreciates your consideration of its testimony relating to S.B. No. 244.

² See, SB No. 244 page 15, lines 19-22, through page 16, lines 1-5.

TO: **The Honorable Jill Tokuda, Chair**
 Senate Committee on Education

The Honorable Clayton Hee, Chair
 Senate Committee on Judiciary and Labor

FROM: **William Haft**

DATE: **Friday, February 1, 2013**

RE: **TESTIMONY IN SUPPORT OF SENATE BILL 244**

Chairs Tokuda and Hee and Members of the Committees:

I am the Vice-President of Authorizer Development for the National Association of Charter School Authorizers (NACSA) and Director of NACSA's Transition Coordinator work on behalf of the State Public Charter School Commission (Commission). I am pleased to submit this testimony in strong support of Senate Bill 244.

NACSA is devoted to improving public education by strengthening the policies and practices of the organizations responsible for authorizing charter schools. Quality authorizing leads to quality charter schools, and NACSA works to create expectations, relationships, practices, policy, and resources for authorizers to excel. NACSA works with local experts to create the conditions needed for quality charter schools to thrive. We push for high standards for authorizers and help to define successful authorizer practices through our *Principles & Standards for Quality Charter School Authorizing*. NACSA believes that genuine reform through charter schools occurs when authorizers adhere to three principles: maintaining high standards for schools, upholding school autonomy, and protecting student and public interests.

NACSA has been contracted by the Board of Education (BOE) pursuant to Act 131, SLH 2012, which authorized the BOE to contract for a transition coordinator to assist with the implementation of Act 130, SLH 2012, and to transition to the new charter school system.

To implement Act 130 and transition to the new charter school system, the following have been accomplished since July 2012:

- BOE appointed the Commission's inaugural members;
- BOE contracted with a transition coordinator (NACSA) to assist with the implementation of Act 130, SLH 2012;
- NACSA conducted a review of functions and developed a draft Commission staffing plan and proposed a Commission operating budget for FB 2013-2015;





- NACSA drafted the charter contract template and developed Hawaii performance frameworks (academic, financial and organizational) with drafts now circulating with the charter schools and other stakeholders to obtain feedback before Commission approval;
- NACSA drafted administrative rules which are now being reviewed;
- NACSA assisted the Commission in implementing a rigorous process to evaluate new charter school applications;
- Commission is now recruiting for its first Executive Director.

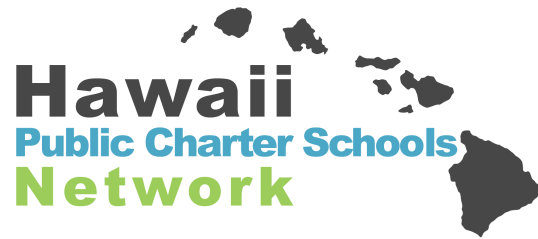
With the adoption of Act 130, SLH 2012, the Hawaii charter school law has already moved from 35th in the nation to 14th based on the National Alliance for Public Charters Schools' ranking, but we believe that Senate Bill 244 includes important improvements that will further strengthen Hawaii's charter sector, including the following:

- Adds annual audit requirement: Audits are a standard assessment of financial operations for any organization and a standard requirement of charter schools across the nation. Audits are used to ensure accountability for public funds as well as to measure a school's financial viability.
- Adds criminal history checks: This amendment will provide charter schools with the same access to criminal background data that other public schools have in order to protect the health and safety of students and staff.
- Adds enrollment language: The proposed language mirrors the model charter law advocated by the National Alliance of Public Charter Schools. This enrollment language aims to ensure charter schools truly operate as public schools in their admission practices.
- Amends contract renewal process: This proposed language will allow for a renewal process that aligns with best practices.
- Makes housekeeping changes: There is much clean-up language that ensures both clarity and enforceability, including provisions that clarify conflict of interest provisions, pre-opening requirements for newly-approved charter schools, and requirements for conversion charter school applicants.

We also note that SB 244 adds a provision for charter schools to carry over funds. NACSA supports the clarification that schools are able to carry over funds. In most sectors in which NACSA works, charter schools, as not-for-profit organizations, have the flexibility to carry over 100% of their funds. Like any organization that has a long term mission and commitment to the public good, the ability for charter schools to conduct long-term financial planning is critical for things like maintaining an emergency fund, saving to pay for facilities and other infrastructure investments, and planning for long-term growth. This is especially true for the majority of charter schools that build their grade structure and size gradually over time.

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





Hawaii State Senate
Committees on Education and Labor & Public Employment

DATE: Friday, February 1, 2013

TIME: 1:15 p.m.

PLACE: Conference Room 414, Hawaii State Capitol

Chair Tokuda, Chair Hee, Vice Chair Kidani, Vice Chair Shimabukuro and members of the Senate Education and Labor & Public Employment Committees,

Re: SB244 – Support w/reservations

Mahalo for the opportunity to testify for SB244. HPCSN is committed to quality education for all public school students in Hawaii through our work with Hawaii's public charter schools. Hawaii Public Charter Schools Network (HPCSN), in partnership with our member schools, Commission, CSAO, BOE and NACSA, have been hard at work implementing Act 130 of the 2012 legislative session. This has been no easy feat, but certainly an opportunity to put into place fair and consistent "rules of the game" for oversight, monitoring and governance.

Pg 1, line 4

37-Charter schools; carryover of funds

The Bilateral Contracts between the charters and the State Public Charter School Commission (PCSC) are currently being negotiated and this language may not allow schools to meet one of proposed Financial Performance Framework's "meets standards" indicators for the contract. The Unrestricted Days Cash standard is currently set at 60 days cash, which is approximately 16% of a school's annual budget. On the other hand, realistically, the current per pupil allocation, and the economic downturn that caused the lowering of the per pupil, will make it difficult for any of our charter schools to potentially meet this standard.

The essence of a charter school is to allow for maximum flexibility and decision making of a charter school's governing board to plan, budget and spend. This language will make it difficult for schools to plan for needs such as a change in location of the school or other large cost items by saving for them in advance.

There is also a concern that the 5% may not allow a school to meet its monthly obligations, including payroll, between the end of the fiscal year and before the school receives its first per pupil allocation in the following fiscal year. One month or 1/12 of a school's budget equals 8%.

Pg 2, line 12

302D-A Annual audit

Charter schools currently conduct annual independent financial audits. HPCSN understands the importance of a financial audit. Financial audits can run \$10-15k per year, a sizable cost for schools. The previous authorizer, the Charter School Review Panel, had discussed ways to help ease the financial burden of schools that consistently performed well on their audits. Please consider language that would permit the Commission to allow a school, under certain circumstances, to do a less costly financial review every other year, two or three years instead of an audit.

Pg 40, line 16

"shall include only those students who fall within the purview of section 302A-1132."

This language will cut off funding for most, if not all, kindergarten students, SPED students who stay in school until their 20th birthday, other overage students born in states with differing entry dates and those who have been retained at younger ages in charter schools. Hopefully this was an oversight. If the bill is not amended to allow for payment of per pupil for these groups of students, HPCSN would have to change its support of this bill.

In conclusion, the Hawaii public charter sector is going through a major transition and for the most part our schools are making every effort to engage and make this an opportunity for, instead of a detriment to, our charter schools. HPCSN applauds these efforts. Charter schools are struggling with most of our schools' reserves being depleted during these past years of the economic downturn and a large drop in per pupil funding. As we continue this tedious and time-consuming work, on behalf of charter schools, we strongly request some relief through funding charter schools for their facilities needs.

Thank you for your support of Hawaii's public charter schools.



Lynn Finnegan
Executive Director



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Aloha e Lunaho'omalū 'o J. Tokuda me Lunaho'omalū 'o C. Hee a me nā lālā o ke Kōmike Ho'ona'auao me ke Kōmike Ho'okolokolo o ka 'Aha Kenekoa

Lā Ho'olohe Pila (Hearing Date/Time): 02-01-13 1:15p
Lumi hālāwai (Meeting Room) 414

RE: SB244: Kāko'o me nā LOLI (SUPPORT WITH AMENDMENTS)

'O au 'o 'Ekekelā Aiona e kāko'o nei me nā loli. He mea nui ka wehe i ke ala no ka ho'okele 'ia e ka hui 'ōlelo Hawai'i no ke kula 'ōlelo Hawai'i a me ka 'ākūloia kau'āina. He kū loa ka 'ākūloia 'ōiwi kau'āina i ka pahuhopu ho'ōla 'ōlelo me ka mo'omeheu Hawai'i. 'O Hawai'i wale nō kahi e mālama ana i ka ho'ona'auao ma nā 'ōlelo kūhelu 'elua o Hawai'i a he mea e ha'aheo ai kākou a pau.

Aloha Chair Tokuda, Senate Committee on Education; Chair Hee, Senate Committee on Judiciary and Labor; and members of the committees.

My name is 'Ekekelā Aiona, Executive Director, 'Aha Pūnana Leo. Mahalo for giving me the opportunity to testify on SB244.

The 'Aha Pūnana Leo is the only statewide provider of early education through the medium of Hawaiian and is connected to a P-20 Hawaiian Medium Education system. The amendments are based on the 30 years of experience in indigenous language revitalization.

Pg 9, line 16, Section 4. 302D-1 HRS "Authorizer"

The term may include a Hawaiian medium entity or the commission when appropriate.

Pg 16, line 16 Section 6. 302D-6 -Principles and standards for charter authorizing.

All authorizers shall be required to follow nationally or internationally recognized principles and standards for quality charter authorizing in all major areas of authorizing responsibility including:

Authorizers shall carry out all their duties under this chapter in a manner consistent with nationally or internationally recognized principles and standards and with the spirit and intent of this chapter.

These are important amendments recognizing that indigenous international authorities be included in principles and standards for quality assurance. Hawai'i's educational system includes two distinct language pathways and schools in which the rich language and culture of Hawai'i are the foundation and the medium of instruction in some of these schools. The amendments to expand beyond the national framework of quality will provide these schools the opportunity to work with indigenous international expertise and to have an authorizer with the capacity to conduct its oversight in the Hawaiian language.

Mahalo nui

RE: SB244: SUPPORT WITH AMENDMENTS

My name is Kauanoe Kamanā, principal of Ke Kula 'O Nāwahīokalani'ōpu'u Iki Hawaiian Medium charter school in Kea'au, Puna, Hawai'i.

SB244 needs to reflect the provision of Hawaiian language accommodations that address the distinctiveness of Hawaiian medium education. Our school, Nāwahīokalani'ōpu'u Iki is a charter school taught through Hawaiian, one of Hawai'i's two official languages. Established in 2001, Nāwahī maintains a 100% graduation rate and an 80% college attendance rate among its students. Ke Kula 'O Nāwahīokalani'ōpu'u was featured in the Hawai'i DOE's Race To The Top application as an exemplary school.

There are a number of areas in the bill that need particular attention. For example: student and teacher evaluations; the lack of the provision of a Hawaiian language medium school authorizer, as well as overall principles and standards. I am concerned that without special attention to such details in terms of Hawaiian medium education, the successes we've experienced so far will be compromised and further program growth and integrity will be jeopardized. This bill could potentially close our school.

The Hawaiian language belongs to Hawai'i. Let's make sure this is reflected in our laws.

Mahalo
kauanoe@hawaii.edu

From: mailinglist@capitol.hawaii.gov
To: [EDU Testimony](#)
Cc: chinooker@gmail.com
Subject: *Submitted testimony for SB244 on Feb 1, 2013 13:15PM*
Date: Monday, January 28, 2013 11:15:10 PM

SB244

Submitted on: 1/28/2013

Testimony for EDU/JDL on Feb 1, 2013 13:15PM in Conference Room 414

Submitted By	Organization	Testifier Position	Present at Hearing
Daniel Alvarez	Individual	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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Senate Neighbor Island Videoconference Pilot Project
Application to Testify Via Videoconference

Name:	Steve Hirakami		
Organization:	Hawaii Academy of Arts & Science PCS		
Email Address:	steve_hirakami@notes.k12.hi.us		
Island of Residence:	Hawaii		
Measure:	SB	244	
Committee	EDU		
Hearing Date	Feb 1, 2013	Time	1:15pm

Minimum Requirements

Neighbor Island Resident

Working webcam

Valid email account.

Written Testimony: Submit to Committee at least 24 hours before the start of the hearing.

Internet connection: Cable modem, DSL, or better (700 Kbps or more bandwidth)

Operating system: Windows 7, Vista, XP or 2003; Mac OS X 10.5 Leopard or later

Processor: Dual core 1.6 GHZ CPU or faster with at least 2 GB of RAM

Browser: Internet Explorer 7.0 or later, Mozilla Firefox 3.0 or later, Google Chrome 5.0 or later, or Safari 3.0 or later (JavaScript and Java enabled).

PLEASE INDICATE IF YOU MEET THE MINIMUM REQUIREMENTS

meet the minimum requirements listed above

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Testimony SB244
Senate Committee on Education
February 1, 2013 Room 414 1:15 pm
Support

Dear Chair Tokuda 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 reflecting a negative bottom line. Carryover funds, limited to 5%, would not have seen us through this financial downturn.

Annual audits have been required of charter schools for several years. 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.

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.

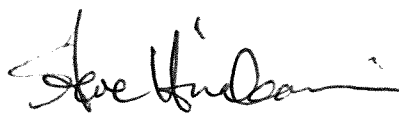
This bill, in Section 302A-1132, adds charter schools to the compulsory education statute. That is not the problem. The problem is in Section 302D-28 where the charter school per pupil allocation is incorrectly based on the age for compulsory education. A recent amendment adds: “and shall include ONLY those students who fall within the purview of section 302-1132. This needs immediate attention and correction.

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. Act 130 eliminated the language and presently there is no determination in the law as to a facility appropriation. This needs immediate attention because combined with decreasing per pupil revenue, schools are faced with escalating costs in facilities spending. Please refer to SB362 which is now suggesting addition to the statute to address this issue.

There are a few other issues that need fixing in the present law, but I wanted for this first 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 Hirakami



Director, Hawaii Academy of Arts & Science PCS