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GOVERNOR



CATHERINE PAYNE  
INTERIM CHAIRPERSON

STATE OF HAWAII  
**STATE PUBLIC CHARTER SCHOOL COMMISSION**  
**(‘AHA KULA HO‘ĀMANA)**

<http://CharterCommission.Hawaii.Gov>  
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FOR: HB 2438, Relating to Facilities Funding for Charter Schools  
DATE: Monday, February 03, 2014  
TIME: 2:00 p.m.  
COMMITTEE(S): House Committee on Education  
ROOM: Conference Room 309  
FROM: Tom Hutton, Executive Director  
State Public Charter School Commission

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**Testimony in support**

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

The State Public Charter School Commission is pleased to submit this testimony in strong support of this measure, which would make a general fund appropriation for the Commission to allocate to charter schools for facilities projects, based, in part, on the need and performance of the charter schools. The Commission expresses its appreciation to Chair Takumi and Committee members Ichiyama and Say for their sponsorship of this measure.

The need to address facilities costs is arguably the single greatest unaddressed challenge for Hawaii's chartering system. Currently, start-up charter schools must pay for the costs of their facilities from out of their already stretched operational funds.

As noted in the bill's findings, the Commission currently is implementing a Facilities Pilot Program for the awarding of funds to charter schools for relatively small-scale facilities projects and has allocated approximately \$680,000 of federal Impact Aid funds to this program from out of a temporary but sizable increase in such funds for the current fiscal year. Funds for the pilot program are planned for distribution around the beginning of the 2014 academic year.

This initiative by the Commission has engendered considerable controversy among some of the charter schools, which are anxious about the adequacy of their operating funds, as well as concern that the precedent not be misperceived by the Legislature as a sign that the

Commission somehow can address the facilities challenge using existing resources. Despite these concerns, the Commission has seized this opportunity to move ahead with the initiative, in an attempt to demonstrate that a program of investing in charter school facilities will prove a sound investment for the public, and to allow the system to work through any legal and practical issues before any additional state funds are invested.

The appropriation envisioned in this bill would enable the Commission to continue this program after the federal Impact Aid funds awarded in the pilot are exhausted. The proposal is the outgrowth of an informal interagency working group convened by Senate Education Committee Chair Jill Tokuda after the 2013 legislative session to explore funding options for charter schools. The Commission is grateful for the contributions of legislative members and staff, the Office of Governor, the Departments of Education and Budget and Finance, the Hawaii Charter Schools Network, and the charter schools, among others, to those discussions.

We note that this year, as in past years, the Commission also submitted on the schools' behalf capital improvement project (CIP) requests totaling some \$31 million. Eligibility for these requests is limited to start-up charter schools located on state land. We believe that these projects are meritorious, but, as in past years, they have been categorically rejected rather than considered on their merits. The Commission recognizes that there are some system questions regarding CIP funding for charter schools, and we welcome the opportunity to collaborate with the Legislature, the Department of Budget and Finance, and others to identify and work through those questions. If in the meantime, however, charter school CIP projects are not to be considered, in our view it is all the more important that other means of providing support for the charter schools' facilities needs be implemented.

In this regard the Commission notes that another measure before this Committee, HB 2576, Relating to Education, would make an appropriation for a charter school facilities fund but also would establish an income tax credit for taxpayers who make contributions to the development of charter school facilities. We address this bill in separate testimony but believe that this proposal as well as a third proposal in SB 2517, Relating to Charter Schools, to authorize the Commission to request the issuance of general obligation bonds from the Director of Finance, also are worthy of the Legislature's consideration.

Thank you for the opportunity to provide this testimony.



Monday, February 3, 2014  
2:00 PM  
Conference Room 309

TESTIMONY TO  
THE HOUSE COMMITTEE  
ON EDUCATION

**RE: HB 2438 – Relating to Facilities Funding for Charter Schools**

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

My name is Robert Witt, President and Chief Executive Officer of the Hawaiian Educational Council (HEC). In a partnership between HEC and the Polynesian Voyaging Society (PVS), Nainoa Thompson and I have founded the Mālama Honua Learning Center (MHLC), a public charter school committed to providing the students of Hawai`i a rigorous, values-based, and place-based education. MHLC stands to provide the community with a school dedicated to indigenous cultural values that nourish goodness; in addition to helping students develop into wise, compassionate navigators of their learning, lives and 21st century global world.

**HEC is in strong support of HB 2438**, a bill for an act which would appropriate funds for the state public charter schools for facilities projects.

HEC, as well as the Hawaii Association of Independent Schools (HAIS), an organization of which I am the Executive Director, believe in the public purpose of education and that families should have choices when it comes to the education of their children. Charter schools in Hawaii provide that option for our families who otherwise may not be able to find a public school that shares their cultural values.

Charter schools currently receive less funding than their DOE counterparts for the education of their students and are left to their own devices to raise additional capital to make up the difference. Furthermore, they struggle to raise the needed monies to build new facilities or for the upkeep of their current ones.

Thank you for the opportunity to testify in strong support of this measure.



KAMEHAMEHA SCHOOLS®

The House of Representatives  
Twenty-Seventh Legislature 2014  
State of Hawai'i

TO: Honorable Roy M. Takumi, Chair  
Honorable Takashi Ohno, Vice Chair  
Members of the Committee on Education

DATE: Monday, February 3, 2014  
TIME: 2:00 p.m.  
PLACE: Conference Room 309  
Hawai'i State Capitol

FROM: Kamehameha Schools

**RE: HOUSE BILL 2438, RELATING TO FACILITIES FUNDING FOR CHARTER SCHOOLS**

Chair Takumi, Vice Chair Ohno, and members of the Committee,

Thank you for this opportunity to testify on HB2438, relating to facilities funding for charter schools. Kamehameha Schools offers comments in **support** of appropriating funds for the state public charter school commission to allocate to charter schools for facilities projects based, in part, on the need and performance of the charter schools. This bill also requires annual reporting to the legislature.

Kamehameha Schools supports promoting the achievement and success of Hawai'i's public school students and, as such, has been a collaborator with the Hawai'i public charter schools for over a decade. Through our work with public charter schools, we hope to significantly impact more children and their families through education. We believe charter schools provide positive choices for education and ultimately enhance both achievement and engagement for students across Hawai'i.

Financial support for the charter school system is crucial in maintaining the services these schools provide. We ask that you help to provide our state's most innovative educators with the strong support and stable foundation they need continue their positive growth. We believe efforts to improve the public charter school system improve access to education and, ultimately, enhance education for all of Hawai'i's children.

Thank you for the opportunity to testify on this measure.



# Ho'okāko'o Corporation

Hawaii State House of Representatives  
Committee on Education

Rep. Roy M. Takumi, Chair  
Rep. Takashi Ohno, Vice Chair

## **Testimony In Support of HB 2438 Relating to Facilities Funding for Charter Schools**

Honorable Chair Roy Takumi,

Mahalo for the opportunity to testify on HB 2438. The Ho'okāko'o Corporation is committed to excellence in public education through our work with conversion charter schools, which educate nearly 20% of Hawaii's charter school student population in grades Pre-Kindergarten through 12.

HC wishes to express support for HB 2438.

Hawaii's charter schools have accepted the challenge to provide public education opportunities to Hawaii's children to promote their academic achievement and ensure their success in school and in life. Through innovations, best practices, and operational efficiencies, and while remaining accountable for the same state and federal standards and requirements, charters are attempting to give its students an educational experience and learning environment beyond what district schools are providing. But, as a charter school community, we are asked to build quality public schools with fewer dollars per pupil than non-charter schools receive.

The cost of facilities construction, rental, maintenance and repair directly impacts and limits funds charter schools can access for student education. With instructional budgets already seriously under resourced, every dollar spent on facilities are funds taken directly from our classrooms.

While efforts continue to achieve greater parity in per-pupil allocations, facilities funding for charter schools through appropriations to the State Charter School Commission will provide charters with a valuable resource and will strengthen partnerships as we together work to transform public education for all of Hawaii's public school students.

We appreciate this opportunity to testify on behalf of this legislation, and urge the committee to vote in favor of HB 2438.

Mahalo,

Megan McCorriston, Executive Director  
Ho'okāko'o Corporation

Testimony HB2438  
House Education Committee  
February 3, 2014 Conference Room 309 2:00pm  
Support with one concern

Dear Chair Takumi and committee,

I am elated that the legislature is recognizing the need to support charter school students with proper facilities. There is a direct correlation between student achievement and proper facilities including good lighting, good ventilation, proper temperature controls, and well maintained buildings and grounds. It is true that charters have used their educational funds to support the basic facility needs in the past. Since the 2008-09 funding year, our per pupil funds have decreased by 30-35%, while our facilities fixed costs have risen. This has put an extreme burden on our academic programs, especially in the arts and sciences. We will be very grateful to receive support for our facilities and will be accountable for reporting use of the funds in our annual financial audits.

I do have a concern with using Federal Impact Aid funds towards facility financing. It is like the State requiring putting in Federal Impact Aid funds into its CIP projects. The impact aid should have been distributed to the school in the year it was allotted for and not held for future use in a facility funding project. There are many needs operationally for the funds. One of the department's use of these funds is to subsidize the huge cost of substitute teachers. Charter Schools do not get any support for substitute teachers.

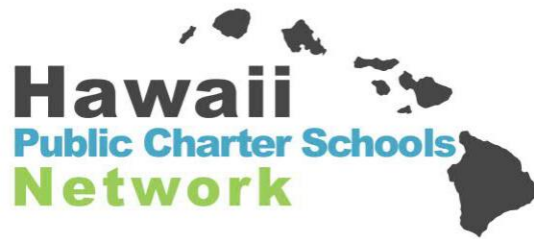
The debt service for the department is around \$1600 per pupil. Charters have gotten by with more modest facilities, so that figure may be unreasonable as a per pupil amount for charter school facilities. However, for the past 13 years (with exception of 2008), we have received zero dollars. There were two years where about \$200 per pupil was "carved" out of our per pupil allocation, but it did not add extra money to our budget. We ask you to support the children in our public charter schools as you do in other public schools in the State. They deserve this basic need of education. Food and transportation are the other basic needs that remain unsupported in charter schools, but we are willing to address these basics one at a time. This will be a major step forward for our children in public charter schools.

Thank you for the opportunity to testify.

Steve Hirakami

Director, Hawaii Academy of Arts & Science PCS

**LATE**



Hawaii State House of Representatives  
Committee on Education

DATE: Monday, February 3, 2014

TIME: 2:00 p.m.

PLACE: Conference Room 309, Hawaii State Capitol

Chair Takumi, Vice Chair Ohno, and members of the House Education Committee,

Re: HB2438 – Strong Support

Mahalo for the opportunity to testify on HB2438 Relating to Facilities Funding for Charter Schools. Hawaii Public Charter Schools Network (HPCSN) is committed to quality education for all public school students in Hawaii through our support of, and work with, Hawaii's public charter schools. The number one priority for HPCSN this legislative session is to help make significant progress to address the financial challenges, most especially with facilities, that exist for Hawaii's public charter schools.

Hawaii governors and state legislatures have stated the importance of facilities for public school students. Currently, there is no funding for facilities for start-up charter schools and this has been a decade old problem. In 2005 the Legislative Reference Bureau in its report entitled, *On the Level? Policy, Law and the Charter School Movement* stated, "Unlike their public school, conversion school, and school-within-school counterparts, start-up schools must rent or build facilities, or ask the public to donate facilities, or both. The cost of building public schools is usually spread out over twenty years through the issuance of general obligation bonds. Neither the BOE, the HIDOE, nor individual public schools are responsible for debt service—or the payment of principal and interest on these bonds. These bonds are the responsibility of the State, and are backed by it's the full faith and credit (i.e., taxing power)."

This bill is one part of a package of efforts to address funding and facilities support for charter schools. These issues are complex. Previously, stumbling blocks would be identified during discussions that would stop progress instead of work toward solutions. Now, the DOE, BOE, Dept. of Budget and Finance, State Public Charter School Commission and charter schools are willing to work on it through the efforts described in this package of bills. SB2516/HB2438, together with SB2517, SB2518/HB1745 and HB2576 will help to address a variety of funding/facilities challenges with an array of methods that use different and creative funding mechanisms. HPCSN strongly supports the following bills as they relate to funding and facilities support:

- SB2516/HB2438 is funded by general funds and has the flexibility to provide facilities funding to charter schools that are currently not on state land. This solution also moves from previous efforts to obtain per pupil facilities funding to all charter schools to a more nuanced process that considers charter school performance and need.
- SB2517 proposes to address a more consistent way to fund charter school facilities for charter schools on state land.
- SB2518/HB1789 adds a line item to the state budget separate from the charter school per pupil funding to acknowledge the significant and growing responsibilities of each and every charter school governing board since the passing of Act 130 SLH of 2012. The charter school governance structure is very different from the HIDOE model. This will allow charter schools additional funds to start to build a shared system of supports that charter schools lost when the Charter School Administrative Office was eliminated.
- HB2576 proposes a special fund and a tax credit system to support charter school facilities.

Mahalo for your support of Hawaii's public students, their families and public charter schools.

A handwritten signature in black ink, appearing to read 'Lynn Finnegan', with a large, stylized flourish at the end.

Lynn Finnegan  
Executive Director





Hawaii State House of Representatives  
Committee on Education  
February 3, 2014

Chair Takumi, Vice Chair Ohno, and Members of the Education Committee,

Mahalo for the opportunity to provide testimony regarding HB2438 and HB2576. This testimony is in support allowing charter schools access to facilities funding both through the charter commission and through the establishment of a special fund for the development of charter school facilities.

I am the Founder and School Leader for SEEQS, the School for Examining Essential Questions of Sustainability. We are the state's newest public charter school; we were authorized in December 2012 and opened our doors to our founding class of more than sixty 6th and 7th graders in August 2013. While we are incredibly proud of the work our students are doing and have done thus far, the intent of my testimony is to provide a first-hand account of the desperate financial challenges of finding an appropriate facility--especially in Honolulu--that we can afford on the meager existing per-pupil funding.

As a brand new school, we began with a small founding class; this enabled us to begin our school with just a few classes, and develop our systems, processes, and school culture before we grow to a larger school, as is consistent with best practices in charter schools across the country. However, we face with a serious financial challenge. Sixty-five students multiplied by the per-pupil allocation of approximately \$6100 gives us an operating budget of just over \$400,000. With those funds, we must pay our five core teachers--as a secondary school our students need access to Science and History in addition to English Language Arts and Mathematics, plus Arts--as well as our two administrators. Our school is run by a School Leader/Principal and a School Manager. As you can estimate, paying fair salaries for our employees uses up the bulk of our revenues provided by per-pupil allocation. We also had to purchase curricular materials, technology, infrastructure, and provide professional development for our teachers. And then we must pay rent! Our current facility, in which we will barely fit by the end of our second year, costs us more than \$9,000 per month in rent and utilities.

By full size, our school will reach approximately 420 students. Accordingly, by full size we will need on the order of 25,000 to 35,000 square feet to house our facility. Commercial real estate prices ranging from \$1.35 to \$2.00 per month and up per square foot. There is no doubt--we cannot afford a facility of that size at this point, and even in the future this will stretch our budget beyond our capacity to handle.

Unless we are able to find a rent-free facility, which we have not been able to do, we will need to do significant fundraising in order to cover our facilities costs regardless of the rent price. Any fundraising we do--and any extra time we spend searching for a facility year after year--is time that we spend away from working with students.

Our school was authorized, through an incredibly rigorous process, based on our vision for a school that is based on best practices in education, as well as community need and interest. Our successes already in this first year, as well as the already high demand for next year's enrollment (more than 70 applications for sixty spots within the first two weeks of open enrollment!) are a testament to the great success our school can be as part of the Hawaii state public school system. We want to spend as much time as possible making our school successful for our students, and we believe that our primary role as a school is to focus on what's happening **inside** the school, working with teachers, students and content. Facilities support and funding from the legislature will enable us to do the work we set out to do, and that we were authorized to do.

Mahalo for your consideration.  
Buffy Cushman-Patz  
SEEQS Founder and School Leader

**LATE**

Testimony HB2438  
House Education Committee  
February 3, 2014 Conference Room 309 2:00pm  
Support

Dear Chair Takumi and committee,

I appreciate, beyond belief, that the legislature is recognizing the need to support charter school students with proper facilities. I support the funding of Public Charter Schools equal to regular DOE schools because shelter, food and transportation are every public school students basic need and should be fairly provided.

Thank you for the opportunity to testify.

Olivia Cockcroft

Parent, Hawaii Academy of Arts & Science PCS Community Action Network

**From:** Terri York <terriyork2@gmail.com>  
**Sent:** Tuesday, February 04, 2014 9:09 AM  
**To:** EDU Testimony; EDNtestimony  
**Subject:** SB2516 & HB2438



To Whom it May Concern,

I am writing to support the bill addressing facilities funds for public charter schools. Currently, charter schools need to pay for facilities with their per pupil allocations, which directly takes from the academic well being of the students. Charter Schools need facilities in order to have a safe place for the students to learn. I, however, believe that the funding should go to the schools each year as opposed to being held for future use.

Thank you for considering my testimony.

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**Terri York**

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, February 03, 2014 5:09 PM  
**To:** EDNtestimony  
**Cc:** ggzfranchini@yahoo.com  
**Subject:** Submitted testimony for HB2438 on Feb 3, 2014 14:00PM

**LATE**

**HB2438**

Submitted on: 2/3/2014

Testimony for EDN on Feb 3, 2014 14:00PM in Conference Room 309

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|---------------------|---------------------|---------------------------|---------------------------|
| Gina Franchini      | Individual          | Support                   | No                        |

Comments: Please support the future success of charter schools

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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