



March 27, 2014

Supporting Testimony for HB 2576, HD1, SD1

Currently the level of funding directed to Hawaii's charter schools is just a part of the full cost of keeping the lights on. In some cases, the funding may not go much further beyond paying staff salary. This leaves each charter school on its own to find the money to pay rent in one of the most aggressive real estate markets on the planet.

It calls into question the very motivation for charter schools in Hawaii. The motivation should be to implement methodologies that have been proven to work in the rest of the country. The motivation should be to give Hawaii families these options for their children. If these are the motivation, then Hawaii's charter schools should be given a fair chance to succeed.

I do not think that being given a fair chance has to mean financial equality. However, there is a great disparity between the value of public school facilities and the lack of facilities for charter schools. We as a state must decide if we want our charter schools to succeed and strength our educational system or if they are a means to save money by spending significantly less on charter school students.

Thank you for supporting this bill.

Justin Lolofie



KAMEHAMEHA SCHOOLS®  
The Senate  
Twenty-Seventh Legislature 2014  
State of Hawai'i



TO: Honorable David Y. Ige, Chair  
Honorable Michelle N. Kidani, Vice Chair  
Members of the Committee on Ways and Means

DATE: Monday, March 28, 2014  
TIME: 9:15 a.m.  
PLACE: Conference Room 211  
Hawai'i State Capitol

FROM: Kamehameha Schools

**RE: HOUSE BILL 2576, HD1 SD1 RELATING TO EDUCATION**

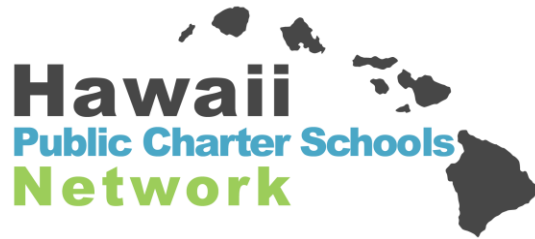
Chair Ige, Vice Chair Kidani, and members of the Committee,

Thank you for this opportunity to testify on HB 2576, HD1, SD 1 relating to education. Kamehameha Schools strongly supports the efforts of the legislature to enhance the education opportunities across the state. We, therefore, support HB 2576, HD1, SD1 which establishes a special fund for the development of charter school facilities and establishes an income tax credit for taxpayers who make contributions to the development of charter school facilities. This bill also appropriates funds for the Hawaii charter school facility development special fund.

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.



Hawaii State Senate  
Committee on Ways and Means

DATE: Friday, March 28, 2014  
TIME: 9:15 a.m.  
PLACE: Conference Room 211, Hawaii State Capitol

Chair Ige, Vice Chair Kidani, and members of the Senate Ways and Means Committee,

Re: HB2576 HD1 SD1 – Strong Support

Mahalo for the opportunity to testify on HB2576 HD1 SD1 Relating to Education. 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 progress to address the financial challenges, most especially with facilities, that exist for Hawaii's public charter schools. Our objectives are:

- 1) to gain facilities funding/support for charter schools in a variety of scenarios;
- 2) to reassure legislators that the charter accountability system is fair, strong and getting stronger;
- 3) to make reasonable and incremental progress on facilities funding; and,
- 4) during the process, to provide transparency and good data to help inform decisions.

This bill creates a special fund and tax credit program that supports charter school facilities and incentivizes another private/public partnership opportunity. HPCSN is open to amendments to address concerns that have been mentioned to include:

- 1) addressing language that potentially gives donors double tax benefits;
- 2) for predictability purposes, adding language that states a total tax credit limit for this program; and,
- 3) clarifying language that the program will only exist if taxpayers choose to participate.

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).” Some charter schools have facilities on state land and have access through the normal CIP process - others do not (see attachment).

Solutions are not easy given the state’s many priorities for funding. This bill is one part of a small group of bills to address funding and facilities support for charter schools. 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, through an informal working group, expressed their willingness to work through these challenges. 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.



Lynn Finnegan  
Executive Director

Attachments