

TESTIMONY BY KALBERT K. YOUNG  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE HOUSE COMMITTEE ON FINANCE  
ON  
HOUSE BILL NO. 2576, H.D. 1

February 26, 2014

RELATING TO EDUCATION

House Bill No. 2576, H.D. 1, establishes a Hawaii Charter School Facility Development Special Fund into which shall be deposited contributions from Hawaii taxpayers for the development of charter school facilities. In exchange for these contributions, Hawaii taxpayers will receive an unspecified tax credit. The bill also includes an unspecified general fund appropriation for fiscal year 2014-2015 and a similar unspecified Hawaii Charter School Facility Development Special Fund appropriation for fiscal year 2014-2015.

While the Department of Budget and Finance does not take any position on the policy of the Hawaii Public Charter School Facility Development program, as a matter of general policy, the department does not support the creation of special funds which do not meet the requirements of Section 37-52.3, Hawaii Revised Statutes. There are specific concerns with this approach as it relates to the special fund structure and the availability of a tax credit. Special funds should: 1) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries of the program; 2) provide an appropriate means of financing for the program or activity; and 3) demonstrate the capacity to be financially self-sustaining. In regards to House Bill No. 2576, H.D. 1, it is difficult to determine whether the special fund will be self-sustaining in consideration of the potential costs of public

charter school facility development and the unknown amount of funding to be derived from taxpayer contributions. This would be particularly problematic if the proceeds from the special fund were to fund long-term capital projects requiring debt.

This bill also requires the State Public Charter School Commission (Commission) to keep an accounting of all taxpayer contributions and issue a certificate to taxpayers who participate in this program in order to claim their tax credit. The bill does not provide any funding for this requirement and it is unknown at this time the Commission's resource requirements to implement this accounting system related to the proposed Hawaii Charter School Facility Development Special Fund.

The tax credit established in this bill will result in an unknown loss of general fund tax revenues. The Department of Taxation could not provide any tax loss estimates as its unknown how many taxpayers will contribute towards the proposed Hawaii Charter School Facility Development Special Fund.

NEIL ABERCROMBIE  
GOVERNOR

SHAN TSUTSUI  
LT. GOVERNOR



STATE OF HAWAII  
**DEPARTMENT OF TAXATION**  
P.O. BOX 259  
HONOLULU, HAWAII 96809  
PHONE NO: (808) 587-1540  
FAX NO: (808) 587-1560

FREDERICK D. PABLO  
DIRECTOR OF TAXATION

JOSHUA WISCH  
DEPUTY DIRECTOR

To: The Honorable Sylvia Luke, Chair  
and Members of the House Committee on Finance

Date: Wednesday, February 26, 2014

Time: 5:00 P.M.

Place: Conference Room 308, State Capitol

From: Frederick D. Pablo, Director  
Department of Taxation

Re: H.B. 2576, H.D. 1 Relating to Education

The Department of Taxation (Department) appreciates the intent of H.B. 2576, H.D. 1 to support our State's educational system and presents the following comments for the Committee's consideration.

H.B. 2576, H.D. 1 creates a charter school special fund and also creates a nonrefundable income tax credit for contributions of money or in-kind services for the development of charter school facilities.

The Department notes that contributions of money or in-kind services for the development of school facilities are already likely subject to charitable deduction provisions. This tax credit would be incentivizing activities that are already incentivized by the tax system. In other words, this bill may provide double tax benefits for the same donation; a taxpayer would be able to first reduce their taxable income with a deduction, then offset their tax liability owed to the State with a credit.

The Department also requests that this bill be amended to apply to taxable years beginning no earlier than January 1, 2015, to give the Department time to make necessary changes to the tax forms.

Thank you for the opportunity to provide comments.

NEIL ABERCROMBIE  
GOVERNOR



CATHERINE PAYNE  
CHAIRPERSON

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

<http://CharterCommission.Hawaii.Gov>  
1111 Bishop Street, Suite 516, Honolulu, Hawaii 96813  
Tel: 586-3775 Fax: 586-3776

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FOR: HB2576 HD1 Relating to Education  
DATE: Wednesday, February 26, 2014  
TIME: 5:00 p.m.  
COMMITTEE(S): House Committee on Finance  
ROOM: Conference Room 308  
FROM: Tom Hutton, Executive Director  
State Public Charter School Commission

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**Testimony in support**

Chair Luke, Vice Chairs Nishimoto and Johanson, 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 establish a charter school facilities fund and establish a state income tax credit for taxpayers who make contributions to the development of charter school facilities.

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.

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 order 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 Commission welcomes HB 2576 as one of several bills introduced this session that would build upon the momentum, and benefit from the experienced gained by, the pilot program. SB 2516 SD1, Relating to Facilities Funding for Charter Schools, would simply make a general fund appropriation for charter school facilities needs, based in part on charter school need and performance. A third bill, SB 2517 SD1, Relating to Charter Schools, would authorize the Commission to request the issuance of general obligation bonds from the Director of Finance and establish a charter school facilities funding working group, including the Director of Finance and the Chairs of the Senate Committee on Ways and Means and the House Committee on Finance, to determine criteria for and to prioritize the allocation of fund to the schools. We believe all of these proposals merit this Committee's consideration.

The Commission expresses its appreciation for the introduction of HB 2576 by Representative Ken Ito, who participated in the discussions 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. This proposal also would expressly authorize the use of funds to secure loans from private lending institutions for financially stable charter schools, another idea the Commission believes holds promise.

Thank you for the opportunity to provide this testimony.

# TAXBILLSERVICE

126 Queen Street, Suite 304

TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, Charter school facility development tax credit

BILL NUMBER: HB 2576, HD-1

INTRODUCED BY: House Committee on Education

BRIEF SUMMARY: Adds a new section to HRS chapter 235 to allow taxpayers to claim a credit for contributions of money or in-kind services for the development of charter school facilities. The credit shall be equal to \_\_\_% of the value of contributions of in-kind goods and services to the Hawaii charter school development special fund; provided such contributions of in-kind services claimed by a taxpayer do not exceed \$\_\_\_\_\_ for a taxable year.

Credits in excess of a taxpayer's income tax liability may be used against the taxpayer's income tax liability until exhausted. Delineates recordkeeping, verification, and certification requirements of the state public charter school commission. When the total amount of certified contributions reaches \$\_\_\_\_\_, the state public charter school commission shall discontinue certifying contributions and notify the department of taxation. Stipulates that the amount of total certified contributions shall not exceed \$\_\_\_\_\_ for each taxable year and the state shall not provide more than \$\_\_\_\_\_ in tax credits for contributions of in-kind services.

Adds a new section to HRS chapter 302D to establish the Hawaii charter school facility development special fund which shall be used for: (1) the acquisition, planning, design, improvement, construction, equipping, furnishing, administering, operating, and maintaining of charter school facilities; or (2) pledged by the state public charter school commission to secure loans from private lending institutions for financially stable charter schools.

Also appropriates \$\_\_\_\_\_ in general funds for fiscal 2015 to be deposited into the Hawaii charter school facility development special fund. Also appropriates \$\_\_\_\_\_ out of the Hawaii charter school facility development special fund for fiscal 2015 to support the development of charter school facilities. The appropriations shall take effect on July 1, 2014.

EFFECTIVE DATE: Tax years beginning after December 31, 2013

STAFF COMMENTS: This measure establishes an income tax credit to encourage taxpayers to make contributions of money or in-kind services to the Hawaii charter school facility development fund. However, the tax system is a poor means of achieving such social goals. Providing such credits against state tax merely reduces state revenues which may necessitate a shift in the tax burden to other taxpayers who are not able to claim the credit.

It should also be noted that taxpayers making contributions to a government program or those that may be nonprofit educational organizations (IRC 501(c)(3)), i.e., a charter school, may take the contribution

as a deduction. Thus, if a contributor itemizes deductions, he or she may be able to double-dip, namely take the deduction and the credit at the same time.

The proposed measure would establish another special fund. The problem with special funds is that once the money is deposited to the special fund, lawmakers tend to lose oversight over how the moneys are being used. Moneys in a special fund would be tied up and would not be available for many other pressing needs of the state. Such moneys in a special fund would also circumvent the excess revenues and expenditure ceiling provisions in the Hawaii Constitution. This money, although sitting in the coffers of state government, is not counted as part of the general fund surplus and spending from the fund is not counted as general fund spending.

Digested 2/25/14



**KAMEHAMEHA SCHOOLS®**  
The House of Representatives  
Twenty-Seventh Legislature 2014  
State of Hawai'i

**TO:** Honorable Sylvia Luke, Chair  
Honorable Scott Nishimoto, Vice Chair  
Honorable Aaron Ling Johanson, Vice Chair  
Members of the Committee on Finance

**DATE:** Wednesday, February 26, 2014  
**TIME:** 5:00 p.m.  
**PLACE:** Conference Room 308  
Hawai'i State Capitol

**FROM:** Kamehameha Schools

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

Chair Luke, Vice Chair Nishimoto, Vice Chair Johanson, and members of the Committee,

Thank you for this opportunity to testify on HB 2576, HD1, 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, 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.





Wednesday, February 26, 2014  
5:00 PM  
Conference Room 308

TESTIMONY TO  
THE HOUSE COMMITTEE  
ON FINANCE

**RE: HB 2576 HD1 – Relating to Education**

Chair Luke, Vice Chairs Nishimoto and Johanson, 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 2576 HD1**, a bill for an act which would establish a special fund for the development of charter school facilities and establish an income tax credit for taxpayers who make contributions to the development of charter school facilities.

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 educational 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 revenue to make up the difference. More importantly, charter schools must use these same operational funds to build new facilities or for the upkeep of their current ones, thereby stretching their already limited funds further.

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

Allyson H. Chambers, MD  
Kaiser Permanente Physician, Kona Clinic  
**West Hawaii Explorations Academy Parent** (WHEA) 6<sup>th</sup> grader and  
**Kona Pacific Public Charter School Parent** (KPPCS) 3<sup>rd</sup> grader

In support of: **SB2516** (funds for charter school facilities); **SB2517** (bonds for construction and maintenance of charter facilities); and **HB2576** (special fund and tax credit for donors to charters).

February 25, 2014

Dear Hawaii State Legislature,

My clinic (Kaiser Kona) is desperate to attract talented professionals, as are many businesses here on the Big Island. One of the reasons is the very poor reputation of our public school system. **The promise of paradise is not enough for young professionals looking to raise their kids here.**

**Without the two charter schools (WHEA and KPPCS) that my children attend we would not stay;** and without increased support from this legislature, the future of these schools is not assured for my youngest child who will be starting school soon.

Fixing the whole Hawaii Public School system is a worthy long term goal, but it is not one that can be realized in the near term. Strengthening the charter school system is something you can do now, and with a relatively small investment that will **act as a catalyst to change attitudes and expectations about public education**: strong, well-funded charter schools increase the chances that new, well-educated, upwardly mobile young professionals will bring their talents and their families here.

Especially on this island **we need the energy and diversity that is afforded by highly talented, highly educated émigrés from the mainland; they stimulate all of us to think beyond our shores, and open up new possibilities for all of our children.**

I love the education my kids are getting here, both in school and from the Kumu and 'Anakala who have taught them many lessons from the Island's long history: surfing, paddling, fishing, cultivation of Kalo and other native plants, respect for elders and the environment, etc., **but both of them are taking their DOE testing in tents!**

**The Big Island is an amazing place, but a fervent passion for academics is still difficult to instill in a child who grows up here.**

We are so close, but without your help we could tip backward into failure.

Sincerely,

Allyson H. Chambers, MD

**finance1**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, February 25, 2014 1:24 PM  
**To:** FINTestimony  
**Cc:** vanbakel2000@yahoo.com  
**Subject:** \*Submitted testimony for HB2576 on Feb 26, 2014 17:00PM\*

**HB2576**

Submitted on: 2/25/2014

Testimony for FIN on Feb 26, 2014 17:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Jo van Bakel	Individual	Support	No

Comments:

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**finance1**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, February 25, 2014 1:01 PM  
**To:** FINTestimony  
**Cc:** tauchert@mac.com  
**Subject:** \*Submitted testimony for HB2576 on Feb 26, 2014 17:00PM\*

**HB2576**

Submitted on: 2/25/2014

Testimony for FIN on Feb 26, 2014 17:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Kurt Tauchert	Individual	Support	No

Comments:

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, February 25, 2014 1:09 PM  
**To:** FINTestimony  
**Cc:** purney72@me.com  
**Subject:** \*Submitted testimony for HB2576 on Feb 26, 2014 17:00PM\*

**HB2576**

Submitted on: 2/25/2014

Testimony for FIN on Feb 26, 2014 17:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
shannon tauchert	Individual	Support	No

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**finance1**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, February 25, 2014 12:57 PM  
**To:** FINTestimony  
**Cc:** wheapcs@gmail.com  
**Subject:** Submitted testimony for HB2576 on Feb 26, 2014 17:00PM

**HB2576**

Submitted on: 2/25/2014

Testimony for FIN on Feb 26, 2014 17:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Curtis Muraoka	Individual	Support	No

Comments: West Hawaii Explorations Academy has always operated with high levels of frugal, innovative success, first as a DOE school-within-a-school, and then from May, 2000 on, as a public charter school. During our time as a DOE program (1994-1999), the school was provided about \$300,000 worth of state CIP (a portable classroom and a fence with gates). If you extrapolate those dollars out over 20 years and 2,500 students, it comes to about \$120 per student. The rest of WHEA's campus was built over 15 years by students, parents, teachers, administrators, and community volunteers (including the Carpenters' Union). Therefore, the notion of partnering with communities and enlisting support locally is not new. Most, if not all charters are already good at it. To assist further through establishing a special fund and tax credits is a logical and reasonable support.

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**finance1**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, February 25, 2014 2:34 PM  
**To:** FINTestimony  
**Cc:** rreifa@yahoo.com  
**Subject:** \*Submitted testimony for HB2576 on Feb 26, 2014 17:00PM\*

**HB2576**

Submitted on: 2/25/2014

Testimony for FIN on Feb 26, 2014 17:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Robin Alterman	Individual	Support	No

Comments:

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**finance1**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, February 25, 2014 3:18 PM  
**To:** FINTestimony  
**Cc:** bennyjduke@gmail.com  
**Subject:** Submitted testimony for HB2576 on Feb 26, 2014 17:00PM

**HB2576**

Submitted on: 2/25/2014

Testimony for FIN on Feb 26, 2014 17:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Benjamin Duke	Individual	Support	No

Comments: I have been a teacher at West Hawaii Explorations Academy PCS for seven years and have seen the positive effects of giving charter schools freedom to provide a hands-on, real-world, project-based curriculum. Hopefully, my son will be attending Innovations Public Charter School starting next year. As a responsible tax payer, I cannot understand why fair funding support for my child and students isn't required by law. Please provide equitable operational funding and equitable access to capital funding and facilities for all public school children. Charter schools provide important options for families and students. WHEA is consistently among the top high schools in the state. WHEA students have to take DOE tests in tents and outdoors. Half of WHEA's Senior Class is already enrolled in college through the UH Running Start Program. Mahalo for your consideration, Benjamin Duke

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**LATE**

From: mailinglist@capitol.hawaii.gov  
Sent: Tuesday, February 25, 2014 8:52 PM  
To: FINTestimony  
Cc: aquamell@mac.com  
Subject: \*Submitted testimony for HB2576 on Feb 26, 2014 17:00PM\*

**HB2576**

Submitted on: 2/25/2014

Testimony for FIN on Feb 26, 2014 17:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Melanie Gross	Individual	Support	No

Comments:

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**LATE**

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To: FINTestimony  
Cc: ckleanio@gmail.com  
Subject: Submitted testimony for HB2576 on Feb 26, 2014 17:00PM

**HB2576**

Submitted on: 2/25/2014

Testimony for FIN on Feb 26, 2014 17:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Fredanette Leanio	Individual	Support	No

Comments: Charter schools provide important options for families and students. I support charter schools.

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From: mailinglist@capitol.hawaii.gov  
Sent: Tuesday, February 25, 2014 9:08 PM  
To: FINTestimony  
Cc: white@whea.net  
Subject: Submitted testimony for HB2576 on Feb 26, 2014 17:00PM

**HB2576**

Submitted on: 2/25/2014

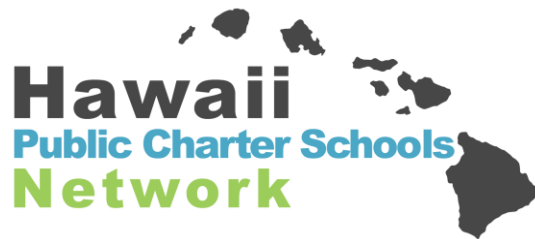
Testimony for FIN on Feb 26, 2014 17:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Liana White	Individual	Support	No

Comments: Please provide equitable funding and access to capital funding and facilities for all public school children.

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**LATE**

Hawaii State House of Representatives  
Committee on Finance

DATE: Wednesday, February 26, 2014  
TIME: 5:00 p.m.  
PLACE: Conference Room 308, Hawaii State Capitol

Chair Luke, Vice Chair Nishimoto, Vice Chair Johanson and members of the House Finance Committee,

Re: HB2576 – Strong Support

Mahalo for the opportunity to testify on HB2576 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

# Charter Schools Facilities Bills

Disclosure: Confirmation of data is in progress with schools.

			SB2517	SB2516/ HB2438	HB2576
			CIP (G.O. Bond)	Facilities Pilot (Gen Funds)	Tax Credit/ Special Fund
On state land	Lease	Kawaikini, Kekaha^, Kanuikapono, Halau Ku Mana, ULS, Hakipuu, Ka Waihona,	P	A	A
	USDA loan	Kamakau, WHEA~+, Kanu o ka Aina, Volcano ~+	P	A	A
	Conversions	Kualapuu, Lanikai^, Waialae^, Kamaile, Waimea Middle^, Lapahoehoe	P	A	A
Not on state land	Lease	Kihei, KANAKA, MBTA, HTA, Voyager, Halau Lokahi, Connections+, Na Wai Ola, Kua o ka La, HAAS, SEEQS		P	A
	USDA loan	Kona Pacific, Innovations.		P	A
Facilities are on both on state land and not on state land		Nawahi	A	P	A
Checking status		Ka Umeke, Laahana		A	A

Note: Leases could be held by non-profit, school enters lease with non-profit

Blue = Checking/verifying with schools

P = Priority

A = Applies

+ Received GIA

^ Received CIP and/or upgrades through the DOE system

~ USDA in process

# McKeague and Roberts. Memo to Karen Street – Chair Hawaii Public Charter Schools Commission, CSAO, Honolulu, HI 11 October 2012.

Attachment 2

## Lump-sum Funding Request For Facilities

Act 130 Section 3(b)(1) provides the following with respect to a needs based facilities funding request:

“... in preparing the budget request with regard to needs-based facilities funding, the executive director shall ensure that, as a budget item separate from other operating costs, the request is accompanied by a detailed explanation of the formula used and a funding request breakdown by school;”

On September 17, 2012 the CSAO distributed an email to all charter schools requesting that they submit to the CSAO their projected facilities related expenses for FB13-15. The email included a spreadsheet for each charter school to use in providing their projected facilities expenses to the CSAO. The CSAO requested that charter schools provide all projected facilities related expenses, including utility costs, maintenance costs, custodial costs, etc.

The following table summarizes the data that was submitted by the charter schools. Four schools did not respond to the CSAO's request, for those four schools their projected facilities related expenses were estimated by the CSAO using actual FY11-12 facilities costs. The data was summarized into three different columns for each year: Projected lease/rental of building and grounds costs; adjusted projected facilities expenses and total projected facilities expenses. The CSAO has based the lump-sum facilities budget request on the adjusted facilities expenses columns.

The column labeled Rental/Lease of Building and Grounds is the most restricted of the columns. It reports only projected lease/rental of facilities costs as reported by the charter schools. The column labeled Adjusted Proj. Facilities Expenses includes rental/lease of buildings and grounds plus rental/lease of building/grounds equipment, depreciation of equipment and buildings and maintenance of building and grounds. The total projected facilities expenses column also includes projected utilities, maintenance and operations salaries and custodial supplies expenses.

This request is described as a “lump-sum” request because many of the charter schools, should this item be funded, would like to further develop a more precise distribution methodology different from the projected expense amounts per the attached schedule. The charter schools, with the HPCSN and the CSAO have not developed a methodology at the time this request was prepared. However, there is precedence for this based on the distribution methodology used in FY 10-11 and 11-12 for the small carve out funding for facilities in those fiscal years. Any distribution methodology so developed would be subject to Commission approval.

School Name	ORGID	Reported Projected Facilities Expenses FY13-14			Reported Projected Facilities Expenses FY14-15		
		Rental/Lease of Building & Grounds	Adjusted Proj. Facilities Expenses FY 13-14	Total Projected Facilities Expenses FY 13-14	Rental/Lease of Building & Grounds	Adjusted Proj. Facilities Expenses FY 14-15	Total Projected Facilities Expenses FY 14-15
Waialae-PCS	149	\$0	\$3,500	\$316,634	\$0	\$3,710	\$335,632
Kamalei	275	-	50,000	705,000	-	50,000	750,000
*Lanikai-PCS	320	-	15,034	178,468	-	15,034	178,468
Laupahoehoe Community PCS	377	-	64,000	420,513	-	69,120	334,604
Waimea Mid-PCS	394	-	25,000	218,494	-	25,000	221,605
Connections-PCS	396	501,600	549,900	971,300	501,600	549,900	971,300
Kanu O Ka'aina-PCS	397	537,500	582,500	786,000	537,300	583,300	790,000
Waters of Life-PCS	398	29,050	64,050	119,595	29,050	65,396	125,990
West Hi Explor-PCS	399	10,000	29,000	221,869	70,000	110,000	393,369
Kualapuu-PCS	411	-	-	298,614	-	-	275,614
KANAKA - PCS	466	45,000	69,000	103,100	45,000	69,000	103,700
Halau Ku Mana-PCS	540	300	399,878	521,898	300	399,878	521,898
Voyager-PCS	541	643,600	697,300	717,500	669,800	724,800	746,000
Halau Lokahi NC-PCS	542	321,780	334,280	434,588	321,780	334,280	434,588
Educ Lab: A Hawaii NC-PCS	543	100,000	125,000	125,000	100,000	125,000	125,000
Myron Thompson Acad-PCS	544	371,798	442,298	481,298	385,487	455,987	494,987
*Ka Waihona O Ka Naaauo-PCS	545	-	298,257	895,247	-	298,257	895,247
Hakipu'u Learning Ctr-PCS	546	17,021	53,181	80,681	18,000	56,000	84,000
Ke Kula O Kamakau Lab-PCS	547	144,105	174,447	385,617	144,105	174,447	416,517
Innovations-PCS	548	360,000	395,000	560,000	360,000	395,000	560,000
Ke Ana La'ahana-PCS	549	15,000	29,000	127,000	17,250	33,450	142,150
Hawaii Technology Academy	551	295,000	598,800	830,800	309,750	615,350	833,250
Kihai-PCS	554	816,000	1,139,000	1,454,000	900,000	1,240,000	1,574,000
Ke Kula Ni'ihau Kekaha-PCS	556	-	42,200	96,555	-	43,500	272,450
Kua O Ka La-PCS	557	147,615	153,615	225,115	167,615	179,615	270,115
Volcano Sch of A&S-PCS	560	36,918	66,518	198,268	38,764	70,265	208,183
Hi Academy of A&S-PCS	561	365,000	469,000	803,000	385,000	496,000	850,500
Ka 'Umeke Ka'eo-PCS	562	207,420	231,420	379,965	207,420	231,420	391,815
*Ke Kula Nawahi Iki Lab-PCS	563	133,632	162,246	358,347	133,632	162,246	358,347
*Kanuikaponu-PCS	564	1,690	8,434	50,038	1,690	8,434	50,038
Kawaikini	565	72,000	95,400	132,400	72,000	95,400	132,400
Kona Pacific	566	167,100	189,100	243,178	167,100	189,100	243,178
<b>TOTALS</b>		<b>\$5,339,129</b>	<b>\$7,556,758</b>	<b>\$13,440,082</b>	<b>\$5,582,643</b>	<b>\$7,868,889</b>	<b>\$14,084,945</b>

\* These schools did not submit estimated FY 14 & FY15 facilities related costs. Therefore, their estimated costs were based on actual FY11 facilities costs.





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**HB2576**

Submitted on: 2/26/2014

Testimony for FIN on Feb 26, 2014 17:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
shellese guieb	Individual	Support	No

Comments: Tax credit for contributions made to charter school facilities is of value. Charter schools in Hawaii have not received any support for facilities please support HB2576.

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**HB2576**

Submitted on: 2/26/2014

Testimony for FIN on Feb 26, 2014 17:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Gina Little	Individual	Comments Only	No

Comments: I support state facilities funding for charter schools. My son has attended. Charter school since kindergarten. He loves his school and I can't imagine him anywhere else. Charter schools Re public schools and more than deserving of their share of state funding.

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**HB2576**

Submitted on: 2/26/2014

Testimony for FIN on Feb 26, 2014 17:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Jonathan Kissida	Individual	Support	No

Comments: Supporting charter school funding and facilities is supporting Hawaii's youth and alternative approaches to education.

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**HB2576**

Submitted on: 2/26/2014

Testimony for FIN on Feb 26, 2014 17:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Mae Gauvin	Individual	Support	No

Comments:

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