

NEIL ABERCROMBIE  
GOVERNOR



CATHERINE PAYNE  
CHAIRPERSON

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

<http://CharterCommission.Hawaii.Gov>  
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FOR: SB 2518 SD2, Relating to Education  
DATE: Friday, March 14, 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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**Written testimony in support**

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

The State Public Charter School Commission (“Commission”) supports this bill, which incorporates the Commission’s request to the Legislature for various revisions to Hawaii’s charter school statute, Hawaii Revised Statutes (“HRS”) Chapter 302D.

Among other changes, this bill would:

- Clarify that the Commission’s budget shall be appropriated separately from, and in addition to, appropriations made to charter schools—this was the expectation when the new charter school law, Act 130 of 2012, was enacted and replaced the previous formula under which the Charter School Administrative Office (“CSAO”) had been funded with two percent of the per-pupil funds appropriated for schools;
- Expressly allow the Commission to reconstitute a charter school’s governing board under certain exigent circumstances, including unlawful or unethical conduct by governing board members or school personnel or other circumstances that raise serious

doubts about the current board's ability to fulfill its statutory, contractual, or fiduciary duties;

- Authorize the Commission to assess fees of non-state entities as may help cover operating costs;
- Strengthen certain provisions relating to potential conflicts of interest on charter school governing boards, including by providing for "cooling off" periods and addressing vendors and contractors that provide goods or services to the school; and
- Clarify the legal status of an approved charter applicant before the school opens to students.

As a result of some new developments in the Commission's ongoing revamping of Hawaii's chartering system, we respectfully request some revisions to the bill, which we have submitted to Committee staff. Among other things, these changes would:

- Replace the current draft of the new section on the start-up period for a newly approved school, to provide that the new state entity is created before the school opens. The Department of the Attorney General advises the Commission that this is desirable to enable the school to engage in transactions necessary for a successful start-up, such as entering into employment agreements, leases, etc., with the advice of that department. The new proposed provision would stipulate that the new entity shall draw no charter school funds nor employ state employees during this start-up period.
- Reconcile contradictory provisions in the current statute as to Commissioner conflicts of interest by merging them into one provision applicable to trustees of all authorizers. Under this new provision, employees, trustees, and vendors of charter schools authorized by the authorizer would not be eligible to serve as trustees of that authorizer, and trustees who formerly had such roles would be required to disclose them.
- Clarify the intent of language related to the academic performance framework for charter schools.
- Clarify the intent of current language related to the timeframe for a charter school's contract renewal process.

- Clarify that a 1935 state statute that could be interpreted as restricting hitherto allowable uses of federal funds by authorizers and charter schools never was intended to do so, as authorizers and charter schools generally enjoy greater flexibility in spending but higher-stakes accountability for the results of their spending decisions. This would resolve a legal question that has been raised as to the Commission's intended allocation to charter schools of some federal Impact Aid funds for their facilities needs.
- Clarify that for purposes of certain statutorily allowed delegations of authority intended to reduce administrative burdens, the executive director of the Commission shall be deemed the department head for the Commission and the charter schools unless otherwise specifically provided. The current lack of such a designation in the charter sector has left the Commission and charter schools unable to make use of these delegations of authority.
- Clarify that express statutory authorization to submit budget requests for charter school facilities is not intended to restrict the Commission's ability to support the schools' facilities needs in other ways.

Thank you for the opportunity to provide this testimony.

TESTIMONY BY KALBERT K. YOUNG  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE HOUSE COMMITTEE ON EDUCATION  
ON  
SENATE BILL NO. 2518, S.D. 2

March 14, 2014

RELATING TO EDUCATION

Senate Bill No. 2518, S.D. 2, authorizes the State Public Charter School Commission to assess fees through the promulgation of administrative rules to help offset its operating costs and makes various other amendments to clarify the existing public charter school statute.

While the Department of Budget and Finance does not take any position on this bill, the Legislature should consider: 1) the broad language which allows the assessment of fees for unspecified purposes; and 2) the need to assess fees for the State Public Charter School Commission's operations, as it seems to circumvent the budget review process.



STATE OF HAWAII  
DEPARTMENT OF HUMAN SERVICES  
P. O. Box 339  
Honolulu, Hawaii 96809-0339

March 14, 2014

**MEMORANDUM**

TO: The Honorable Roy M. Takumi, Chair  
House Committee on Education

FROM: Barbara Yamashita, Deputy Director

SUBJECT: **S.B. 2236, S.D. 2 – RELATING TO EARLY LEARNING**

Hearing: Friday, March 14, 2014; 2:00 p.m.  
Conference Room 309, State Capitol

**PURPOSE:** The purpose of S.B. 2236, S.D. 2, is to authorize the Executive Office on Early Learning (EOEL) to enter into agreements with the Department of Education and charter schools for use of available classrooms as public preschool classrooms and to require the EOEL to contract with no less than five charter schools for the use of available classrooms for public preschool classrooms through June 30, 2019.

**DEPARTMENT'S POSITION:** The Department of Human Services (DHS) supports this bill.

Act 169, Session Laws of Hawaii 2013, established the existing child care assistance program, called Preschool Open Doors, as the statewide school readiness program to be administered by the Department of Human Services (DHS).

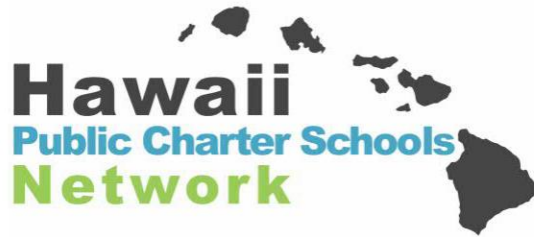
The Preschool Open Doors (POD) program serves low- to moderate-income families whose late-born children are affected by the change in kindergarten entry age

in the 2014-2015 school year or whose children will be eligible for kindergarten in the following school year.

There are communities throughout the State, however, which do not have preschools available to which families could send their children, even if the families are eligible for the POD program. Consequently, the POD program would not benefit families for whom community-based preschools are not available.

Allowing the Executive Office on Early Learning (EOEL) to enter into agreements with the Department of Education (DOE) and charter schools for use of available classrooms and an appropriation for such agreements would benefit families in communities where community-based preschools are not available.

Thank you for the opportunity to provide testimony on this bill.



State of Hawaii, House of Representatives  
Committee on Education

DATE: Friday, March 14, 2014  
TIME: 2:00 p.m.  
PLACE: Conference Room 309, Hawaii State Capitol

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

Re: SB2518 SD2 – Comments in Support

Hawaii Public Charter Schools Network (HPCSN) is committed to quality education for all public school students in Hawaii through our work with Hawaii's public charter schools. This bill proposes a variety of changes to 302D, the charter school statute.

**HPCSN is in STRONG SUPPORT of Section 4, Subsection (k)** - Funds the commission separate from, and in addition to, the charter school per pupil calculation. The legislature partnered with the charter school community to recodify the charter school law in 2012. The changes were focused on governance, authority and accountability. The charter school governance system is very different in that charter schools are accountable to their governing boards. The Governance, Accountability and Authority Legislative Task Force of 2011 anticipated additional costs that would be associated with their proposal for sweeping changes to the charter school law. The addition of this section will help to provide the needed funding to assist schools with the many added responsibilities and obligations charter schools are now subject to since the passing of Act 130 of 2012.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Lynn Finnegan". The signature is stylized and includes a long horizontal flourish extending to the right.

Lynn Finnegan  
Executive Director