

HB2524 HD1

Measure Title: RELATING TO TEACHER INCENTIVES.

Report Title: Charter Schools; Teacher Incentives; Teacher Bonuses; Appropriation

Description: Clarifies that funds for bonuses required by statute or collective bargaining shall not be paid out of a charter school's facilities funding or per-pupil funds. Appropriates funds for teacher bonuses for hard-to-fill placement incentives and National Board certified teacher incentives for charter school teachers. (HB2524 HD1)

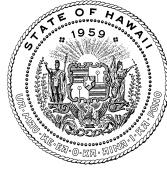
Companion: [SB2781](#)

Package: None

Current Referral: EDU, WAM/JDL

Introducer(s): OHNO, AQUINO, ICHIYAMA, ING, KONG, MATSUMOTO

DAVID Y. IGE
GOVERNOR



WESLEY K. MACHIDA
DIRECTOR

RODERICK K. BECKER
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
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ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON EDUCATION
ON
HOUSE BILL NO. 2524, H.D. 1

March 21, 2016
1:15 p.m.

RELATING TO TEACHER INCENTIVES

House Bill No. 2524, H.D. 1, amends Chapter 302D, HRS, Public Charter Schools, to exclude funds for teacher incentive programs, bonuses, and other compensation required by law or collective bargaining beyond regular wages to not be paid out of Charter Schools' facilities funding or its per pupil funds.

The Department of Budget and Finance opposes this measure. "Per pupil funds" have historically included all general fund appropriations (including collective bargaining funds beyond regular wages) for "non-facility funding" for both the Department of Education and Charter Schools as stated in current statute. As such, the per pupil funds for Charter Schools already include funds for teacher incentive programs, bonuses, and other compensation required by law or collective bargaining beyond regular wages.

The amendment would disallow Charter Schools from using per pupil funds to pay for teacher incentive programs, bonuses, and other compensation. The Legislature would need to double budget these items in order to allow Charter Schools to pay for these costs.

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

DAVID Y. IGE
GOVERNOR



CATHERINE PAYNE
CHAIRPERSON

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

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FOR: HB 2524 HD1 Relating to Teacher Incentives
DATE: Monday, March 21, 2016
TIME: 1:15 PM
COMMITTEE(S): Senate Committee on Education
ROOM: Conference Room 229
FROM: Yvonne Lau, Acting Executive Director
State Public Charter School Commission

Testimony in support of HB 2524 HD 1

Chair Kidani, Vice Chair Harimoto, and members of the Committee:

This measure is the House companion for SB 2781 for which the Commission is grateful that this committee has previously heard and passed out. The Commission deeply appreciates the support in these bills for our public charter schools and teachers to properly and fully fund teacher incentives for hard-to-fill and National Board certification.

As we explained in our budget briefing to the joint committees, all public charter schools employ Hawaii State Teachers Association (HSTA) Bargaining Unit 5 teachers. Schools in identified hard-to-fill areas are obligated to pay this teacher incentive. This request is made as a follow-up to the Special Provisions Section 127 of the Executive Budget bill (Act 119, SLH 2015), which provided that “the general fund appropriation for charter schools (EDN 600) shall be considered the non-facility appropriation for charter school students;...” and further provided that:

“for the purposes of this section, all grant appropriations issued pursuant to chapter 42F, Hawaii Revised Statutes, and funds appropriated for teacher recruitment and retention incentive for hard-to-fill positions shall be excluded from non-facility appropriations for the department of education and charter schools;....”

The budget proviso recognized the impact of the increase of the hard-to-fill teacher incentive from \$1,500 to \$3,000 starting in fiscal year 2015-2016, on the nine charter schools located in the designated areas. Up until fiscal year 2015-2016, charter schools in the designated areas had to use their per-pupil funds to fulfill this HSTA contractual obligation. This meant not only that the amount of funding that went to the charter schools was calculated based on the DOE budget and not on the actual cost for charter schools to provide the incentive pay, but also that the resulting funds were spread across all 34 schools rather than directed to those schools that actually are obligated to pay the bonuses.

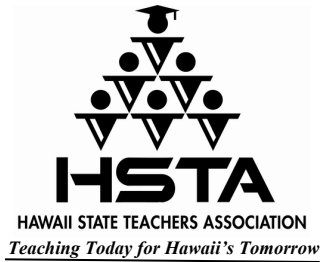
The budget proviso partly addressed this problem by separating the funds for the hard-to-fill incentive pay from the per-pupil funding so that they could instead be directed to those schools that have to make the payments. The Commission is very grateful to the Legislature for this short-term action. However, the amount budgeted was based on a calculation of the costs of the incentives for DOE teachers only, and it since has been determined to be insufficient even for that. This means that charter schools that have to pay the incentive, as well as the DOE, will need to make up the difference. The impact of this shortfall can be significant on the affected schools, many of which are small and have lean budgets.

The incentive pay for National Board certified teachers under Section 302A-706, HRS, presents the same problem as does pay for hard-to-fill bonuses, and the measure would effectuate the same solution.

To resolve the problem, the Commission has requested a separate allocation of funds. To avoid this allocation from being considered non-facility per-pupil funds as described above, the Commission recommends the allocation be made to EDN 612 to enable the specific distribution of funds to those schools that are required to pay the bonus. To fund the incentives directly out of per-pupil funding, assuming this were even legally permitted, would have a significant negative impact on funding for the other schools.

Our understanding of the budget proviso from last session and for this proposal is that the appropriation to the DOE for these bonuses to its own teachers would not be included in the calculation of per-pupil funding to charter schools, since the funding would instead be provided directly to impacted schools. Enactment of this bill would ensure that the solution is permanent and not dependent on recurring budget provisos.

Thank you for the opportunity to provide this testimony.



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Corey Rosenlee
President
Justin Hughey
Vice President
Amy Perruso
Secretary-Treasurer
Wilbert Holck
Executive Director

TESTIMONY BEFORE THE SENATE COMMITTEE ON
EDUCATION

RE: HB 2524, HD1 - RELATING TO TEACHER INCENTIVES.

MONDAY, MARCH 21, 2016

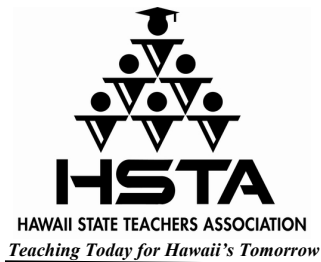
COREY ROSENLEE, PRESIDENT
HAWAII STATE TEACHERS ASSOCIATION

Chair Kidani and Members of the Committee:

The Hawaii State Teachers Association **supports HB 2524, HD1**, relating to teacher incentives.

National board certified educators are critical to increasing learning growth. As the National Board for Professional Teaching Standards states, national board certified teachers shape the profession that shapes our society's future. Created by teachers, for teachers, national board certification is widely viewed as the gold standard of teaching certification, with the same being respectively true for national board certified counselors and school psychologists. Research shows that the students of national board certified education professionals achieve more and perform better in the classroom.

National board certified education professionals are, therefore, critical to raising graduation rates, setting and meeting rigorous performance goals, and bridging achievement gaps. A study performed by Stanford sociologist Sean Reardon found that the "rich-poor gap" in math and reading test scores is roughly 40 percent larger now than it was 30 years ago. Given the chronic resource shortages, teacher turnover, demographic inequalities, and low pay experienced by educators working in high-need and economically impaired areas, it is imperative that policymakers take steps to incentivize the pursuit of professional excellence and reward quality educators, without whom scholastic progress may be jeopardized.



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The need for national board certified and other quality educators is, perhaps, most apparent in charter schools, which often serve impoverished or minority communities. Twenty-three of our state's charter schools are classified as Title I, meaning that they serve low-income communities. Attracting and retaining top-flight educators at these schools requires a variety of creative incentives, though we agree with this measure's findings that funds for incentive pay should never lessen charter school facilities funds. These funds come from the schools' per-pupil operating monies, with the majority being used for rent payments, according to the Hawaii State Public Charter School Commission. We urge you to ensure that incentive pay for charter school teachers does not erode dwindling facilities funds, while resolving charter school infrastructure inequity by **giving the commission additional funds in the state budget to be used for repairing and maintaining charter school facilities.**

The Hawaii State Teachers Association supports charter school teachers and believes they should be offered lucrative incentives to develop their skills and first-rate classrooms in which to practice their profession. Accordingly, we ask your committee to **support** this bill.



THE SENATE
 COMMITTEE ON EDUCATION
 Senator Michelle N. Kidani, Chair
 Senator Breene Harimoto, Vice Chair

**Testimony In Support of H.B. 2524 HD1
 Relating to Teacher Incentives
 Conference Room 229 – Hawai'i State Capitol – Mar. 21, 2016 1:15 P.M.**

Honorable Kidani and Members of the Committees:

Ho'okako'o Corporation (Ho'okako'o) is in **strong support of H.B. 2524 HD1**, which appropriates funds for the HSTA contracted hard-to-fill placement incentives and National Board Certified Teacher incentives for charter school teachers, and establishes that these bonuses required by statute or collective bargaining are not to be paid from charter school facilities or per-pupil funding.

Ho'okako'o is a non-profit organization and governing board of three public conversion charter schools: Kamaile Academy in Wai'anae, Kualapu'u School on Moloka'i, and Waimea Middle School on Hawai'i Island. Collectively, our schools serve over 1,500 children in Pre-K through 12th grade, 84% of whom are from low-income families, and 61% are of Hawaiian ancestry.

As mandated by the HSTA Master Contract, all Hawai'i public school licensed teachers working in hard-to-fill areas are to receive an additional \$3,000 pay differential annually. This differential helps attract and retain licensed teachers in the more rural and underserved communities in Hawai'i. Of the 34 charter schools in Hawai'i, eight are in designated hard-to-fill areas.

Two of our schools, Kamaile and Kualapu'u, are situated in the designated hard-to-fill areas of Wai'anae and Moloka'i, respectively. For 2016, mandated hard-to-fill teacher bonuses for our two schools alone totaled \$267,000, and this amount is payable to our teachers each year by contract.

	Hard-to-Fill Area	Licensed Teachers	Bonus Amount
Kamaile Academy	Wai'anae	63	\$189,000
Kualapu'u School	Moloka'i	26	\$78,000
	total	89	\$267,000

Hawai'i public charter schools receive a fixed per pupil allocation which does not include a separate allocation for teacher bonuses mandated by collective bargaining. As a result, these schools must cut services, programs or teaching lines in order to fund this differential and meet contractual requirements.

Ho'okako'o strongly supports H.B. 2524 HD 1 as it will help charter schools meet the added and well-deserved cost of teacher bonuses as required through collective bargaining, allowing us to attract the highest quality teachers while preserving quality educational programs in our poorest and most rural communities.

Thank you,

David Y. Gibson, Executive Director
 Ho'okāko'o Corporation