

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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HONOLULU, HAWAII 96810-0150

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 HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 2524, H.D. 1

February 25, 2016
11:00 a.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.

By amending current statute to exclude Charter Schools' funds for teacher incentive programs, bonuses, and other compensation, would essentially double budget these cost items for the Charter Schools.

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



HB2524 HD1
RELATING TO TEACHER INCENTIVES
House Committee on Finance

February 25, 2016

11:00 a.m.

Room 308

The Office of Hawaiian Affairs (OHA) **SUPPORTS** HB2524 HD1, which clarifies that funds for teacher bonuses required by law or collective bargaining shall not be paid out of a charter school's facilities or per-pupil funds, and appropriates funds for such teacher bonuses.

This measure helps to ensure a fair allocation of funds for public charter school and Department of Education ("DOE") schools and their students. Currently, the DOE maintains a designated fund to pay incentive bonuses to DOE school teachers who have earned National Board Certification, or who teach at hard-to-fill schools. In contrast, there is no such designated fund for teachers in public charter schools who have similarly earned National Board Certification, or who teach at hard-to-fill schools. Consequently, public charter schools have had to pay these incentive bonuses out of each individual school's per-pupil funds, a cost that was not calculated into the moneys provided each year by the State. This places an enormous burden on charter schools already struggling to balance their lean budgets. HB2524 HD1 seeks to address the inequity of this situation, by clarifying that charter school per-pupil and facility funds should not be used to fund teacher incentive bonuses.

OHA notes that this measure also appropriates funds for fiscal year 2016-2017 to pay charter schools' hard-to-fill placement and National Board Certification teacher incentives. OHA appreciates that funding is being provided to remedy this matter, and respectfully requests that the Legislature appropriate funding every year, or consider a mechanism to otherwise ensure permanent funding for the purposes of this measure.

Therefore, OHA urges the Committees to **PASS** HB2524 HD1. Mahalo nui for the opportunity to testify on this measure.

DAVID Y. IGE
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: (808) 586-3775 Fax: (808) 586-3776

FOR: HB 2524 HD1 Relating to Teacher Incentives
DATE: Thursday, February 25, 2016
TIME: 11:00 AM
COMMITTEE(S): House Committee on Finance
ROOM: Conference Room 308
FROM: Tom Hutton, Executive Director
State Public Charter School Commission

Testimony in support of HB 2524 HD 1

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

The Commission deeply appreciates the support in this bill for our public charter school teachers and schools in properly and fully funding teacher incentive pay for charter school teachers who teach in hard-to-staff areas and who have earned National Board certification. We thank Vice Chair Ohno, Aquino, Ichiyama, Ing, Kong, and Matsumoto for their sponsorship of this bill, which also comprises part of the Commission’s supplemental budget request.

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 hard-to-fill areas are obligated to pay hard-to-fill teacher incentive pay. 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 recognizes that with the increase of the hard-to-fill teacher incentive from \$1,500 to \$3,000 per teacher per year starting in fiscal year 2015-2016, the financial impact of this requirement on the nine charter schools located in the designated hard-to-fill areas has doubled. 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 at those schools that actually are obligated to pay the bonuses.

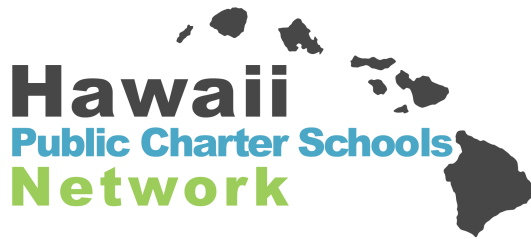
The budget proviso partly addressed this problem by separating the funds for the hard-to-fill incentive pay from the per-pupil funding so that they could instead be directed to those schools that have to make the payments. The Commission is very grateful to the Legislature for this short-term action. 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.



February 23, 2016

To: Honorable Sylvia Luke, Chair
Honorable Scott Nishimoto, Vice Chair
House Finance Committee

From: Jeannine Souki, Executive Director
Hawaii Public Charter Schools Network

Re: **HB 2524, HD1 – RELATING TO TEACHER INCENTIVES – SUPPORT**
Conference Room 306 – Hawaii State Capitol – Feb. 25, 2016, 11:00 A.M.

On behalf of the Hawaii Public Charter School Network (HPCSN), we are writing in support of HB 2524, HD1, Relating to Teacher Incentives, to provide for bonuses required by statute or collective bargaining.

This bill will authorize the appropriation of teacher bonuses for hard-to-fill placement incentives and National Board certified teacher incentives for charter schools to be disbursed by the Hawaii Charter School Commission.

HPCSN supports the provision of incentive pay that is separate and above the per pupil funds for charter schools in general. This helps to resolve an inadequacy of funding among schools in hard-to-fill areas and schools with teachers having National Board certifications.

HPCSN works to support Hawaii's public charter schools and to be a voice for children and families that seek choice in an independent public school setting.

Thank you for consideration of our comments. We appreciate the opportunity to provide testimony on behalf of HPCSN.

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 24, 2016 12:40 PM
To: FINTestimony
Cc: ekekela@ahapunanaleo.org
Subject: Submitted testimony for HB2524 on Feb 25, 2016 11:00AM

HB2524

Submitted on: 2/24/2016

Testimony for FIN on Feb 25, 2016 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Ekekela Aiona	Aha Punana Leo	Support	No

Comments: Testimony of the 'Aha Pūnana Leo, Non-Profit Educational Organization Dedicated to the Revitalization of the Hawaiian Language Aloha Rep. Sylvia Luke, Chair and Rep. Scott Y. Nishimoto, Vice Chair My name is 'Ekekela Aiona, Executive Director of the 'Aha Pūnana Leo. The 'Aha Pūnana Leo supports HB 2524 HD1 which provides that teacher incentive bonuses are separate from per-pupil funding. Mahalo nui

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From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 24, 2016 9:18 AM
To: FINTestimony
Cc: duke@sandwichisles.net
Subject: Submitted testimony for HB2524 on Feb 25, 2016 11:00AM

HB2524

Submitted on: 2/24/2016

Testimony for FIN on Feb 25, 2016 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Marion K A Kapuniaia	GBKanuOKa'AinaNCPCS	Support	No

Comments: Support with Amendments: SECTION 3. There is appropriated . . .as may be necessary "beginning with" (for)fiscal year 2016-2017 ", and every consecutive year thereafter" to pay. . . "There is also appropriated the sum of \$_____to reimburse all public charter schools for replacement and board certified incentive bonuses disbursed, including relative fringe benefit amounts." SECTION 5. This Act shall take effect "upon approval" (on July 1, 2050). Thank you!

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From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 24, 2016 11:02 AM
To: FINTestimony
Cc: taffi@kalo.org
Subject: *Submitted testimony for HB2524 on Feb 25, 2016 11:00AM*

HB2524

Submitted on: 2/24/2016

Testimony for FIN on Feb 25, 2016 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Taffi Wise	Individual	Support	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 24, 2016 9:59 AM
To: FINTestimony
Cc: keomailanicas@hawaiiantel.net
Subject: Submitted testimony for HB2524 on Feb 25, 2016 11:00AM

HB2524

Submitted on: 2/24/2016

Testimony for FIN on Feb 25, 2016 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Keomailani Case	Individual	Support	No

Comments: I support this bill because teacher salary incentives will not be paid by per pupil allocations.

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From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 24, 2016 2:26 PM
To: FINTestimony
Cc: kauanoek@gmail.com
Subject: Submitted testimony for HB2524 on Feb 25, 2016 11:00AM

HB2524

Submitted on: 2/24/2016

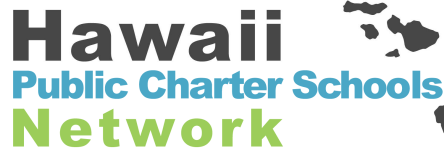
Testimony for FIN on Feb 25, 2016 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Kauanoek Kamana	Individual	Support	No

Comments: We need to advocate for students so they get the benefit of per pupil funding.

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LATE

February 23, 2016

To: Honorable Sylvia Luke, Chair
Honorable Scott Nishimoto, Vice Chair
House Finance Committee

From: Jeannine Souki, Executive Director
Hawaii Public Charter Schools Network

Re: HB 2524, HD1 – RELATING TO TEACHER INCENTIVES – SUPPORT
Conference Room 306 – Hawaii State Capitol – Feb. 25, 2016, 11:00 A.M.

On behalf of the Hawaii Public Charter School Network (HPCSN), we are writing in support of HB 2524, HD1 Relating to Teacher Incentives, to provide for bonuses required by statute or collective bargaining.

This bill will authorize the appropriation of teacher bonuses for hard-to-fill placement incentives and National Board certified teacher incentives for charter schools to be disbursed by the Hawaii Charter School Commission.

HPCSN supports the provision of incentive pay that is separate and above the per pupil funds for charter schools in general. This helps to resolve an inadequacy of funding among schools in hard-to-fill areas and schools with teachers having National Board certifications.

HPCSN works to support Hawaii's public charter schools and to be a voice for children and families that seek choice in an independent public school setting.

Thank you for consideration of our comments. We appreciate the opportunity to provide testimony on behalf of HPCSN.

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 24, 2016 4:36 PM
To: FINTestimony
Cc: leila@kuaokala.org
Subject: *Submitted testimony for HB2524 on Feb 25, 2016 11:00AM*



HB2524

Submitted on: 2/24/2016

Testimony for FIN on Feb 25, 2016 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Leila Kealoha	Individual	Support	No

Comments:

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LATE



KAMEHAMEHA SCHOOLS®

House Committee on Finance

Time: 11:00 a.m.

Date: February 25, 2016

Where: State Capitol Room 308

TESTIMONY

By Ka'ano'i Walk
Kamehameha Schools

To: Chair Luke, Vice Chair Nishimoto and Members of the Committee

RE: **HB 2524 HD1 Relating to Teacher Incentives**

E ka Luna Ho'omaluku, ka Hope Luna Ho'omaluku Nishimoto a me nā Lālā o ke Kōmike Waiwai o ka Hale o nā Lunamaka'āinana, aloha! My name is Ka'ano'i Walk and I serve as the Senior Policy Analyst of the Kūamahi Community Education Group of Kamehameha Schools. House Bill 2524 HD1 relating to teacher incentives 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, and appropriates funds for teacher bonuses for hard-to-fill placement incentives and National Board certified teacher incentives for charter school teachers.

As part of the second goal of Kamehameha Schools' strategic plan, which guides us to contribute to the communities' collective efforts to improve Hawai'i's education systems for Native Hawaiian learners, Kamehameha Schools is committed to support Hawaiian-focused charter schools and therefore we stand in **support** of HB 2524 HD1.

Kamehameha Schools advocates for and supports the achievement of Hawai'i's Native Hawaiian public school students. As such, we have been a collaborator with the Hawai'i public charter schools for over a decade. Through our work with Hawaiian-focused public charter schools, we hope to significantly impact more children and their families through education. We believe that Hawaiian-focused charter schools provide quality educational choices for our families and ultimately enhance both academic achievement and engagement for students. We encourage you, the leaders of our government to stand with us in supporting a move to improve the educational system in Hawai'i in this way.

Founded in 1887, Kamehameha Schools is a statewide educational system supported by a trust endowed by Princess Bernice Pauahi Bishop, whose mission is to improve the capability and well-being of Native Hawaiian learners. We believe that by continuing to engage in dialog around these charter school policies and proposals, we can contribute in a positive and meaningful way.

We believe that this bill promotes the saying, e kūlia i ka nu'u. To constantly strive for the summit! We commend the legislature for working hard to increase the effectiveness of our public education system. Mahalo nui.

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, February 25, 2016 9:00 AM
To: FINTestimony
Cc: kauanoek@gmail.com
Subject: *Submitted testimony for HB2524 on Feb 25, 2016 11:00AM*

HB2524

Submitted on: 2/25/2016

Testimony for FIN on Feb 25, 2016 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Kauanoek Kamana	Individual	Support	No

Comments:

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