

SB252

DAVID IGE
GOVERNOR



CATHERINE PAYNE
CHAIRPERSON

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

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FOR: SB 252 Relating to Charter Schools
DATE: Friday, February 6, 2015
TIME: 1:15 p.m.
COMMITTEE(S): Senate Committee on Education
ROOM: Conference Room 229
FROM: Tom Hutton, Executive Director
State Public Charter School Commission

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

The State Public Charter School Commission (“Commission”) appreciates the opportunity to submit this testimony on Senate Bill 252, “Relating to Charter Schools,” which establishes a special fund for the operation of the Commission and charter schools.

At this time, the Commission still is discussing this proposal and its implications for the charter school system with the Department of Budget and Finance. We would recommend reporting the measure out while these discussions continue.

Thank you for the opportunity to provide this testimony.

TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON EDUCATION
ON
SENATE BILL NO. 252

February 6, 2015

RELATING TO CHARTER SCHOOLS

Senate Bill No. 252 proposes to establish within the State treasury the "Charter Schools Special Fund" to pay for the operations of the charter school commission and charter schools.

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, HRS. 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 Senate Bill No. 252, it is difficult to determine whether the special fund will be self-sustaining. In addition, the bill does not make an appropriation to allow the Charter School Commission to expend the funds within the proposed "Charter Schools Special Fund."

Senate Bill No. 252, also proposes to exempt the Charter Schools Special Fund from the central services and administrative expenses of State government as currently required of all special funds except those exempted via Chapter 36-27 and Chapter 36-30, HRS, respectively.

The Department of Budget and Finance does not generally support the selective exemption of special funds from their fair contribution to the central services and administrative expenses. The funds collected for central and administrative services from special funds are meant to account for the general expenses that are provided by a number of administrative-support functions which are exclusively funded from general funds.



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The Office of Hawaiian Affairs (OHA) Beneficiary Advocacy and Empowerment Committee will recommend to the Board of Trustees a position of **SUPPORT** for SB252, which establishes in the state treasury a special fund for the operation of the charter school commission and charter schools, to be administered by the State Public Charter School Commission (Commission).

Among other things, SB252 appears to identify all of the funding sources for Hawai'i public charter schools, as well as all the funding sources for the Commission, in an attempt to create a more formal and distinct separation between the two. OHA believes that this may facilitate greater economic efficiency and transparency, and relieve administrative burdens and confusion, relating to funding for our public charter school system.

As a technical matter, OHA notes that it continues to provide funds to Hawaiian-focused public charter schools. As such, OHA respectfully requests the Committee's clarification as to whether the provision in paragraph (b)(5) of the proposed special fund, regarding grants and donations from government agencies and private parties, is intended to apply to all grants and donations given to any charter school, or if this provision is intended merely to provide grantmakers and donors with the option to directly deposit such monies into the fund.

Accordingly, OHA urges the Committee to **PASS** SB252.

Mahalo nui for the opportunity to testify on this measure.