



SCR154 SD1/SR116 SD1
REQUESTING A STUDY ON THE PER-PUPIL FUNDING SYSTEM FOR PUBLIC CHARTER
SCHOOLS TO DETERMINE WHETHER THE SYSTEM FULFILLS ITS STATUTORY
PURPOSE OF EQUALIZING OPERATIONAL FUNDING AMONG PUBLIC SCHOOLS
Senate Committee on Ways and Means

April 5, 2016

1:00 PM

Room 211

The Office of Hawaiian Affairs (OHA) **SUPPORTS** SCR154 SD1/SR116 SD1, which requests a study on the per-pupil funding system to determine whether and how the system fails to ensure equal operational funding between public charter and Department of Education (DOE) schools.

Haw. Rev. Stat. §302D-28 mandates that the non-facility general fund per-pupil funding for public charter school students be the same as the general fund per-pupil amount provided to the DOE in its most recently approved executive budget. However, questions have been raised as to whether this per-pupil funding system equalizes funding for public charter schools as intended. For example, start-up public charter schools, which must find their own facilities, have resorted to using per-pupil funding to meet significant facilities expenses, because facilities funding has not been provided them. In its 2014-2015 Annual Report, the Commission stated that “charter schools generally were in fair financial positions as of June 30, 2015, and appear to have exercised sound stewardship of public funds.” However, the Commission warned that financial sustainability challenges lie ahead if funding levels remain essentially flat and/or schools cannot realize additional cost savings. The Commission concluded: “As of this writing, per-pupil funding is expected to be about \$6,846 for fiscal year 2015-2016. Further increases, and assistance in the critical need area of facilities, will help strengthen the financial position of Hawaii’s charter schools.”

The requested study in this resolution will provide the Legislature with critical information on whether funding parity exists between public charter school students and DOE students. OHA has a strong interest in our Hawai‘i public charter school system, since, among other reasons, seventeen of the thirty-four public charter schools are Hawaiian-focused and Hawaiian language immersion charter schools; accordingly, OHA has invested over \$15,000,000 in Hawai‘i’s public charter schools since SY2005-2006.

Therefore, OHA urges the Committee to **PASS** SCR154 SD1/SR116 SD1. Mahalo nui for the opportunity to testify on these resolutions.

DAVID Y. IGE
GOVERNOR



CATHERINE PAYNE
CHAIRPERSON

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

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FOR: SCR 154/SR 116 Requesting a Study on the Per-Pupil Funding System for Public Charter Schools to Determine Whether the System Fulfills Its Statutory Purpose of Equalizing Operational Funding Among Public Schools

DATE: Tuesday, April 5, 2016

TIME: 1:00 PM

COMMITTEE(S): Senate Committee on Ways and Means

ROOM: Conference Room 211

FROM: Yvonne Lau, Acting Executive Director
State Public Charter School Commission

Testimony in strong support of SCR 154 SD1/SR 116 SD1

Chair Tokuda, Vice Chair Dela Cruz, and members of the Committee:

The State Public Charter School Commission strongly supports SCR 154 SD1/SR 116 SD1 as it endorses the Commission’s standing advocacy position that charter schools must be funded and supported adequately to be able to meet the educational needs of their students and to fulfill their role as a strategy for system-wide improvement. This includes funding and other support for adequate facilities.

The purpose of this study is to have an impartial examination of the per-pupil funding system to determine whether it provides equity for charter schools within the public school system. The Commission intends to fully assist the Legislative Reference Bureau in the preparation of this study and, if requested by LRB, facilitate communication and feedback with the charter schools and other interested stakeholders.

Thank you for the opportunity to provide this testimony.

Charlotte A. Carter-Yamauchi
Acting Director

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LEGISLATIVE REFERENCE BUREAU
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Written Testimony

SCR154, SD1
REQUESTING A STUDY ON THE PER-PUPIL FUNDING SYSTEM FOR PUBLIC CHARTER SCHOOLS TO DETERMINE WHETHER THE SYSTEM FULFILLS ITS STATUTORY PURPOSE OF EQUALIZING OPERATIONAL FUNDING AMONG PUBLIC SCHOOLS

Testimony by the Legislative Reference Bureau
Charlotte A. Carter-Yamauchi, Acting Director

Presented to the Senate Committee on Ways and Means

Tuesday, April 5, 2016, 1:00 p.m.
Conference Room 211

Chair Tokuda and Members of the Committee:

Good afternoon Chair Tokuda and members of the Committee, my name is Charlotte Carter-Yamauchi and I am the Acting Director of the Legislative Reference Bureau. Thank you for providing the opportunity to submit written comments on S.C.R. No. 154, S.D. 1, Requesting a Study on the Per-Pupil Funding System for Public Charter Schools to Determine Whether the System Fulfills its Statutory Purpose of Equalizing Operational Funding Among Public Schools.

The purpose of this measure is to request that:

- (1) The Legislative Reference Bureau conduct a study on the per-pupil funding system to determine whether the system fulfills its statutory purpose of equalizing operational funding among public schools;
- (2) By June 30, 2016, the Department of Education and State Public Charter School Commission provide specific data to the Legislative Reference Bureau detailing what the present system of funding consists within the statutory allocation, to permit the Bureau to target its study and complete it in a timely manner;
- (3) The State Public Charter School Commission, Hawaii Public Charter School Network, Hawaii Educational Policy Center, and other stakeholder agencies provide other information and assistance as requested by the Legislative Reference Bureau; and

- (4) The Legislative Reference Bureau submit a report of its findings and recommendations, including any proposed legislation, to the Legislature no later than twenty days prior to the convening of the Regular Session of 2017.

The Bureau takes no position on this measure, but submits the following comments for your consideration.

As a baseline matter, the Bureau lacks any specific expertise in how the budgets of the Department of Education and public charter schools operate. As such, we would appreciate very specific instructions and study parameters in order to accomplish any tasks directed to us that relate to fiscal policy issues.

The Bureau very much appreciates the efforts made by the previous Senate Committee that considered this measure to more specifically frame the issue to be studied. However, the Bureau believes that, if the Department of Education and the State Public Charter School Commission could first come to an agreement on the parameters of the per-pupil funding system cost categories to be reported on, what is to be included in these categories, the means of financing, and any other relevant fiscal information, prior to any data being submitted to the Bureau, then the task of compiling, reviewing, and analyzing the submitted data would be completed in a more expeditious manner. Otherwise, the Bureau's study could be stalled due to waiting for the parties to agree on what information should be submitted.

To facilitate completion of the requested study in the timeframe provided and ensure an "apples to apples" comparison, the Bureau respectfully requests that the measure be amended to specifically request that both the Department of Education and the Public Charter School Commission first agree on the financial information to be provided to the Bureau. If amended in this manner, the Bureau may then focus its study efforts on actually comparing funding for each cost category. The following is suggested language to be inserted as the first "BE IT FURTHER RESOLVED" paragraph:

"BE IT FURTHER RESOLVED that the Department of Education and the State Public Charter School Commission are requested to come to an agreement on:

- (1) The per-pupil funding system cost categories to be reported to the Legislative Reference Bureau;
- (2) What is to be included in these categories;
- (3) The format for data submission; and
- (4) Any other fiscal information that would be relevant to the Bureau's study,

prior to any data being submitted to the Bureau; and"

If the measure is amended to address the concern noted above, the Bureau believes that the services requested of the Bureau under this measure are manageable and that the Bureau will be able to provide the services in the time allotted; provided that the Bureau's interim workload is not adversely impacted by too many other studies or additional responsibilities, such as conducting, writing, or finalizing other reports, drafting legislation, or both, for other state agencies, task forces, or working groups that may be requested or required under other legislative measures.

Thank you again for your consideration.