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**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)

WRITTEN ONLY

**TESTIMONY BY LAUREL A. JOHNSTON
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
HOUSE BILL NO. 2162, H.D. 1**

**April 6, 2018
11:00 a.m.
Room 211**

RELATING TO TEACHER INCENTIVES

House Bill No. 2162, H.D. 1, amends Section 302D-28, HRS, and specifies that funds necessary to pay for teacher incentive programs, bonuses, and other compensation required by law or collective bargaining beyond regular wages shall be excluded from the per-pupil budget adjustment request and shall not be paid out of a charter school's facilities funding or per-pupil funds. In addition, the measure indicates that funding requests for these amounts shall be a separate line item in the General Appropriations Act and the Supplemental Appropriations Act. The measure makes an unspecified appropriation of general funds for FY 18-19.

The Department of Budget and Finance offers the following comments on this measure. If enacted, the measure would provide the public charter schools with additional funding to which the Department of Education (DOE) public schools are not proportionately allocated. Moreover, the measure as amended appears to exclude funding for teacher incentive programs, bonuses, and other compensation required by law or collective bargaining beyond regular wages from the per-pupil budget adjustment request for both the DOE and public charter schools. The DOE absorbs most of these costs within its budget, but it is not readily apparent where they are included in the budget details.

Thank you for your consideration of our comments.

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 2162 HD1 Relating to Teacher Incentives
DATE: April 6, 2018
TIME: 11:00 A.M.
COMMITTEE: Senate Committee on Ways and Means
ROOM: Room 211
FROM: Sione Thompson, Executive Director
State Public Charter School Commission

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee:

The State Public Charter School Commission ("Commission") appreciates the opportunity to submit this testimony in **SUPPORT of HB 2162 HD1**, which provides teacher incentive funds as a separate budgetary appropriation. This proposed amendment to the charter school law, Chapter 302D, HRS, would allow for a permanent solution that would fully fund teacher incentive pay for charter school teachers who teach in hard-to-staff areas and charter school teachers who have earned National Board certification.

The current Master Agreement between the Board of Education and the Hawaii State Teachers Association requires that teachers in specific geographic areas designated as hard-to-fill be paid an annual differential of \$3,000. For the previous school year, funding of \$567,473 was provided to over 200 teachers in nine charter schools designated as being in hard-to-fill areas.

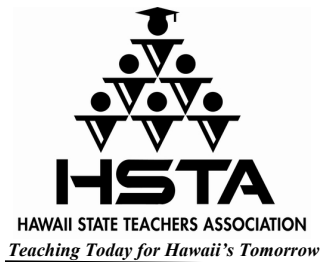
National Board Certified teachers represent another group of teachers charter schools are required to provide an incentive to. Section 302A-706, HRS, establishes the teacher national board certification incentive program which provides a \$5,000 bonus to teachers who maintain national board certification. Incentives are also provided for completion of the certification program and an additional \$5,000 is provided to national board certified teachers who teach at a designated hard-to-fill area.

For the 2017-2018 school year, there are twenty teachers in twelve charter schools who have current national board certification. Of these twenty teachers, six teachers work in charter

schools designated hard-to-fill, making each teacher eligible for at least a \$10,000 incentive payment. Funding of \$137,000 is needed to cover the National Board Certification incentive for this school year; this funding includes \$7,000 for two charter school teachers who completed the certification process this school year.

The Commission also appreciates the efforts of the Legislature in providing a permanent solution to this funding challenge through the amendment to Section 302D-28, HRS, proposed in this measure. The Commission looks forward to collaborating with this committee and the Legislature as a whole in advancing this important legislation.

Thank you for the opportunity to provide this testimony.



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TESTIMONY BEFORE THE SENATE COMMITTEE ON
WAYS AND MEANS

RE: HB 2162, HD 1 - RELATING TO TEACHER INCENTIVES

FRIDAY, APRIL 6, 2018

COREY ROSENLEE, PRESIDENT
HAWAII STATE TEACHERS ASSOCIATION

Chair Dela Cruz and Members of the Committee:

The Hawaii State Teachers Association **supports HB 2162, HD 1**, relating to teacher incentives.

Adequate funding, especially for facilities, is a long-standing issue for charter schools. In Hawai'i, start-up charter schools have paid the costs of their facilities from operational funds. In 2013, however, lawmakers authorized the Hawai'i State Public Charter School Commission to request facilities funding as part of its annual budget request. Later, in 2015, legislators called for a working group to establish a framework for providing facilities funding and support for public charter school facilities with adequate prioritization, oversight, and accountability.

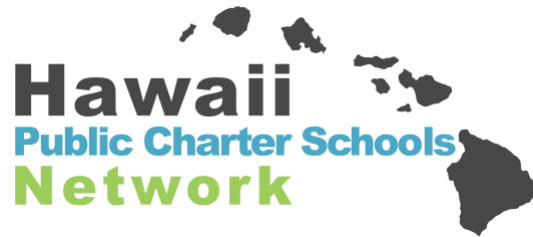
Today, amounts received by charter schools fail to keep pace with the cost of providing and quality instruction and maintaining adequate facilities. Charter schools receive \$7,323 per-pupil, most of which is disbursed toward operational expenses, often leaving charters to rely on private donations to fund facilities and rent. Charter schools' per-pupil operating funds cover items like salaries, collective bargaining costs, curricula, school supplies, equipment, and utilities, but do not encompass the facilities and maintenance costs that comprise approximately 10 percent of charter school budgets, according to the Hawai'i Public Charter Schools Network.

Poorly funded charter schools are sometimes forced to hold classes in unstable temporary structures to the detriment of their students' learning and safety. Thus,

we support safeguarding charter schools' facilities and per-pupil budgets by exempting teacher incentives from these funding streams and, instead, making them line items in the state budget. We also wholeheartedly support appropriating funds for national board certified teachers at charter schools. 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. Research shows that NBCTs excel in the classroom, with the students taught by NBCTs showing evidence of deeper learning at three times the rate of their peers, according to a 2008 study published in *Advances in Program Evaluation*.

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 our chronic resource shortage, 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 would be jeopardized.

The need for NBCTs is significant in charter schools, which often serve economically disadvantaged communities. To support and develop quality charter school teachers, the Hawaii State Teachers Association asks your committee to **support** this bill.



April 6, 2018

To: Honorable Donovan M. Dela Cruz, Chair
Honorable Gilbert S.C. Keith-Agaran, Vice Chair
Senate Committee on Ways and Means

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

**Re: HB 2162 HD1 - RELATING TO TEACHER INCENTIVES - SUPORT
Conference Room 211 - Hawaii State Capitol - April 6, 2018, 11 A.M.**

On behalf of the Hawaii Public Charter School Network (HPCSN), I respectfully submit our testimony in strong support for HB 2162 HD1, Relating to Teacher Incentives. This bill addresses the long-standing need to provide equity for all Hawai'i public school teachers and clarifies the means for providing funding for teacher incentive pay required under the state's collective bargaining agreements and statutes.

This bill will clarify that teacher bonuses required by statute or collective bargaining shall not be paid out of a charter school's facilities funding or per-pupil funds. It further clarifies that the require bonuses should be paid through separate line items in the state budget, beginning with fiscal year 2018-2019.

Teacher Bonus Pay Requirement for All Public Schools

Bonuses are required to be paid by schools in designated hard-to-fill areas under the Master Agreement between HSTA and State BOE for incentive pay of \$3,000 per teacher. Schools must also pay National Board Certified teachers an incentive which ranges from \$5,000 per teacher who maintains certification, and can add \$5,000 more per teachers in designated hard-to-fill areas, as required under HRS §302A-706.

Current General Fund Allocation to Charter Schools Do Not Account for Teacher Bonuses

The sum of teacher incentive pay funds for charter schools are assigned in EDN 600 by Budget & Finance. All public charter schools receive the same level of state per pupil funding of \$7383/student in SY17-18 appropriated through EDN 600 to provide for its instructional operations and, currently, there is no separate facilities funding provided to start-up charter

schools. This charter school per pupil amount is derived by adding up EDNs 100, 200, 300 and 400 and dividing that by the total number of all enrolled public school students. When EDN 600 funds are dispersed to charters, the aggregate sum is divided by the total enrollment of charter students to establish a per pupil amount. This amount is then multiplied by each school's reported student enrollment and becomes the sum of the school's annual allocation. This is distributed to respective charter schools in allotments by the State Public Charter School Commission during the course of the operational school year.

Currently, in the per pupil allocation, there are no break out of funding for teacher incentive pay for designated hard-to-fill charter schools or those with National Board Certifications. This bill will establish a line item distribution for charter school teacher incentives to be allocated to respective schools for distribution to compensate teachers as required in the State's current Master Agreement with HSTA and under HRS §302A-706

How to Ensure Teacher Bonus Allocations are Distributed

This bill provides the guidance to calculate required teacher incentive pay for respective charter schools and fund that separately from the per pupil allocation. Without this bill, the current allocation in EDN 600 remains a perennial conundrum for charter schools because these costs are major expenses especially for those in designated hard-to-fill areas. Unlike DOE schools with centralized support services and budgets that can be redistributed across EDNs to absorb costs like teacher incentive programs, charter schools do not have the means absorb these expenses across the board.

For these reasons, we humbly ask your support for this bill to deliver equitable funding for public charter school teachers that deserve this incentive pay.

Mahalo for your consideration. HPCSN works to improve the operation and governance of public charter schools in Hawai'i and to be a voice for children and families that seek educational choices and quality in an independent public-school setting.

HB-2162-HD-1

Submitted on: 4/5/2018 8:51:44 AM

Testimony for WAM on 4/6/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Ian Barbato	Testifying for Kamaile Academy PCS	Support	No

Comments:

Aloha,

As a counselor for 8 years and now Dean of Students at Kamaile Academy, I am highly vested in the interests of Hawaii Charter Schools. I am in full support of the appropriation of funds for bonuses to come from a separate budget and NOT come from pupil-based funding. Our very low income students are already used to getting the "smaller piece of the pie" in everyday life, but they shouldn't be punished in this way when it comes to their free and appropriate education. They should be granted the very best opportunities to strive, but how can this happen if the teachers are taking those funds away from the students for bonuses.

We as teachers have never have been in this position to make a lot of money. We are simply here to do our best to better our students' lives. To think that funds were being taken away from the keiki to go into our pockets is heartbreaking. Please pass this bill with the students' best interest in mind.

Thank you for your time,

Ian Barbato, Dean of Students, Kamaile Academy

HB-2162-HD-1

Submitted on: 4/5/2018 9:05:52 AM

Testimony for WAM on 4/6/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Laura Barbato	Testifying for Kamaile Academy PCS	Support	No

Comments:

I am writing to SUPPORT HB 2162 – RELATING TO TEACHER INCENTIVES.

As Transition Coordinator and Special Education teacher at Kamaile Academy, I am in strong support of HB 2162, which 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.

As a Conversion Charter School, Kamaile Academy PCS continues to be the home school for the local attendance area, and is a hard-to-fill placement location. With at least 70 teachers at Kamaile, \$210,000 taken out of our per-pupil funding impacts programing, student supplies, and supports in the classroom.

Kamaile Academy PCS strongly supports HB 2162 as it will help our charter school meet the needs of our keiki and provide equity funding for access to an education and for our students who are in our poorest communities.

Thank you for your time and consideration regarding the future of our keiki.

Laura Barbato



Ho'okāko'o Corporation

THE SENATE
COMMITTEE ON WAYS AND MEANS
Senator Donovan M. Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair

**Testimony In Support of HB 2162, HD1
Relating to Teacher Incentives**

Friday, April 6, 2018, 11:00 AM
Conference Room 211, Hawai'i State Capitol

Chair Dela Cruz and Members of the Committee:

Ho'okāko'o Corporation (Ho'okāko'o) is in **strong support of HB 2162, HD1** which 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. Beginning with fiscal year 2018-2019, requires that such bonuses be separate line items in the budget, and appropriates funds for teacher bonuses for hard-to-fill placement incentives and National Board certified teacher incentives for charter school teachers.

Ho'okāko'o governs and manages three 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, 86% of whom are from low-income families, and nearly 60% are of Hawaiian ancestry.

For 2017-2018, mandated hard-to-fill and National Board certified teacher bonuses for our three schools alone total over \$219,000, payable each year.

Our understanding is that the funds for hard-to-fill and National Board certified teacher bonuses are allocated in addition to the per-pupil funds our schools receive. Unfortunately, our receipt of these funds are always uncertain, and its source unclear. As a result, in order to fund this differential as mandated, our schools must be prepared to pay for these bonuses from their per-pupil funds resulting in less funding available for programs and teaching lines.

HB 2162 would provide a solution that would ensure the full funding of incentive pay for charter school teachers, and clearly separate funds for teacher incentives from facilities and per pupil allocations.

Ho'okāko'o strongly supports HB 2162, HD1 as it will help charter schools meet the added and well-deserved cost of providing teacher incentives and bonuses as mandated by statute and collective bargaining, allowing us to attract and retain the highest quality teachers for our poorest and most rural communities. We respectfully request that the Senate Committee on Ways and Means support HB 2162.

Thank you,

David Y. Gibson, Executive Director
Ho'okāko'o Corporation
(808) 983-3835

HB-2162-HD-1

Submitted on: 4/5/2018 5:24:40 AM

Testimony for WAM on 4/6/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	Testifying for Oahu County Committee on Legislative Priorities of the Democratic Party of Hawai'i	Support	No

Comments:

To the Honorable Donovan M. Dela Cruz, Chair; the Honorable Gilbert S. C. Keith-Agaran, Vice-Chair, and Members of the Committee on Ways and Means:

Good morning. My name is Melodie Aduja. I serve as Chair of the Oahu County Committee ("OCC") on Legislative Priorities of the Democratic Party of Hawaii. Thank you for the opportunity to provide written testimony on **HB2162 HD1** relating to Charter Schools; Teacher Incentives; Teacher Bonuses; and an appropriation.

The OCC on Legislative Priorities is in favor of **HB2162 HD1** and supports its passage.

HB2162 HD1 is in alignment with the Platform of the Democratic Party of Hawai'i ("DPH"), as it 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; beginning with fiscal year 2018-2019, requires that such bonuses be separate line items in the budget; and appropriates funds for teacher bonuses for hard-to-fill placement incentives and National Board certified teacher incentives for charter school teachers.

Specifically, the DPH Platform states, "[w]e believe that the future of our state as well as our country depends upon an educated and knowledgeable citizenry. We support the prioritization of our resources toward providing quality public education and library services to every student, regardless of learning capacity or ability to pay, in an environment conducive to the learning process. These resources shall be made available at every level, from pre-school through higher education, including life-long learning. Educational facilities must be maintained, renovated and built to 21st century innovations so that our students learn in well-designed, safe environments.

Education shall be respected as a valuable resource and those pursuing a profession in education shall be compensated with a competitive wage based on national standards while taking into consideration the state's cost of living. We support

hiring the most qualified individuals to be teachers and administrators for our educational system. We also support and value the universities and colleges that prepare educators and provide advanced degrees. (Platform of DPH, P. 6, Lines 296-308 (2016)).

We support a dedicated source of funding for the Department of Education. (Platform of DPH, P. 6, Line 329 (2016)).

Given that **HB2162 HD1** 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; beginning with fiscal year 2018-2019, requires that such bonuses be separate line items in the budget; and appropriates funds for teacher bonuses for hard-to-fill placement incentives and National Board certified teacher incentives for charter school teachers, it is the position of the OCC on Legislative Priorities to support this measure.

Thank you very much for your kind consideration.

Sincerely yours,

/s/ Melodie Aduja

Melodie Aduja, Chair, OCC on Legislative Priorities

Email: legislativepriorities@gmail.com, Text/Tel: (808) 258-8889

HB-2162-HD-1

Submitted on: 4/4/2018 10:29:26 PM

Testimony for WAM on 4/6/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Maria Kottwitz	Individual	Support	No

Comments:

Please support this bill. This is a very important move to incentivize teachers take difficult positions to fill. Hawaii's students need good teachers. Hawaii's future depends on the decisions we make today. Let's make it a future that is bright and good for all and something we can be proud of.

HB-2162-HD-1

Submitted on: 4/5/2018 8:24:24 AM

Testimony for WAM on 4/6/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
JOHN D. WACKER	Individual	Support	No

Comments:

Aloha,

Thank you for this opportunity to submit testimony **in support of HB2162 HD1** relating to teacher incentives.

Great students come from great schools. Great schools are made with great teachers.

It is no secret that our cost of living is very high in Hawaii, and that this cost of living is deterrent to workers in all careers. However, our schools rely on the support of our state government. Specifically, our public charter school teachers do not receive fair compensation for their hard work in the classroom and outside the classroom. They deserve bonuses and incentives for their efforts and dedication to our youth. Charter schools do not receive facility funding, thus the bad option of reaching into facility funds to pay teachers is not even an option.

Outside of the home, teachers are our children's role models. Teachers should be allowed to do their job and be fairly compensated for their achievements. When our teachers struggle just to pay their rent, it affects their performance and affects our students. Our students constantly see their teachers be forced to leave to another school, another state, or even change careers due to their financial hardship. This is a dangerous trend. Our youth have become programmed that there is not a future for them in education and even in our state. This is a lose lose situation.

Please give our teachers their due compensation. Please show our youth that education is important and that they have a future that they can look forward to in Hawaii. Please support HB2162.

Thank you for your time and consideration.

Respectfully submitted,

J.D. Wacker

Charter School Parent

HB-2162-HD-1

Submitted on: 4/5/2018 8:41:59 AM

Testimony for WAM on 4/6/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
JANE HOWARD	Individual	Support	No

Comments:

Please continue to provide teacher bonuses for hard to fill schools. I am a teacher that works in a remote school and rely on this incentive pay to meet family and personal needs. Remote schools like the one I work in require experienced professional teachers and when there is a high turnover of teachers, it negatively affects student achievement and behavior. Providing the bonus pay to kumu that work in hard to fill schools ensures that teachers commit to and remain in those schools. I urgently request that you approve this bill.

Sincerely, Jane Howard