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FINANCIAL ADMINISTRATION DIVISION  
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

**WRITTEN ONLY**  
TESTIMONY BY CRAIG K. HIRAI  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE HOUSE COMMITTEE ON EDUCATION  
ON  
HOUSE BILL NO. 1865

**February 3, 2022**  
**2:00 p.m.**  
**Room 309 and Videoconference**

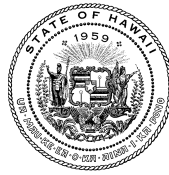
RELATING TO CHARTER SCHOOLS

The Department of Budget and Finance (B&F) opposes this bill.

House Bill No. 1865 amends Chapter 302D, HRS, to: 1) remove the general fund disbursement authority from the State Public Charter School Commission (Commission); 2) authorize B&F to disburse general funds directly to the public charter schools; and 3) repeal the exemption for charter schools from requirements on the administration and use of the federal funds allocated to the State for public education purposes.

B&F is not in a position to administer and disburse funding to individual charter schools as this is appropriately the responsibility of the Commission.

Thank you for your consideration of our comments.



**STATE OF HAWAII  
BOARD OF EDUCATION**  
P.O. BOX 2360  
HONOLULU, HAWAII 96804

**House Committee on Education**

Thursday, February 3, 2022  
2:00 p.m.  
Via Videoconference  
Hawaii State Capitol, Room 309

**House Bill 1865, Relating to Charter Schools**

Dear Chair Woodson, Vice Chair Kapela, and Members of the Committee:

The Board of Education (“Board”) respectfully provides **comments** on HB 1865, which would remove federal funds disbursement authority from the State Public Charter School Commission (“Commission”) and authorize the Department of Budget and Finance to disburse federal funds directly to public charter schools, among other things.

The Board appreciates the intent of this measure. While the Board’s recent performance evaluation of the Commission did not find the Commission to be acting unlawfully as to the distribution of per-pupil funds to charter schools,<sup>1</sup> it is still plausible that the Commission’s distribution has not occurred as the Legislature originally intended.

The Board sees this as a systemic issue rather than an issue with the Commission. However, the solution proposed by HB 1865 would convolute the structure of the charter school system by inserting the Department of Budget and Finance. In general, the Board opposes proposed legislation that makes the organizational structure and lines of authority within the public education system, including within the charter school system, less clear and more confusing.

Rather, the Board would like to see this measure get to the systemic root cause of the issue it is trying to address by instead reexamining the governance, authority, and accountability structures of the charter school system as recommended in the Board’s

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<sup>1</sup> See the Board’s report of the Commission’s performance here:  
[https://boe.hawaii.gov/Meetings/Notices/Meeting%20Material%20Library/GBM\\_20220120\\_Action%20on%20performance%20evaluation%20of%20Commission.pdf](https://boe.hawaii.gov/Meetings/Notices/Meeting%20Material%20Library/GBM_20220120_Action%20on%20performance%20evaluation%20of%20Commission.pdf).

most recent annual charter school report to the Legislature.<sup>2</sup> The Board’s annual report states, in pertinent part:

“It has been nearly a decade since the Legislature passed Act 130, SLH 2012, overhauling the charter school system. The charter school system could benefit from another holistic reassessment of governance, authority, and accountability structures, especially in regards to powers, duties, and responsibilities.

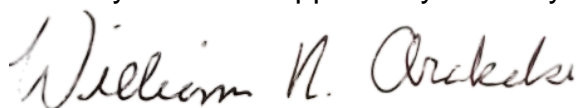
One aspect of charter school law that has seen incremental yet consistent changes since 2012 is the expansion of powers and responsibilities of authorizers, particularly the Commission. It is important to analyze the structural implications and practical effects of these policy changes. For example, since the original codification of HRS Chapter 302-D, it seems that an authorizer now has the ability to de facto close a school without corresponding relief or due process. It is necessary to examine whether this is the intent of the Legislature and the implications this has on the charter school system.

...

Because the task force the Legislature established in 2011 to address issues on charter school governance, accountability, and authority was successful in recommending comprehensive system changes that led to Act 130, SLH 2012, the Board recommends that the Legislature convene another task force to examine similar opportunities for improvement.”

**Therefore, the Board recommends amending this measure to establish a task force to examine the governance, authority, and accountability structures of the charter school system and require the task force to report its recommendations to the 2023 Legislature.** For drafting purposes, it may be useful to look at language from Act 130 from 2011 (not to be confused with Act 130 of 2012, which was a direct result of the work of the 2011 task force).

Thank you for this opportunity to testify on behalf of the Board.



Sincerely,

Bill Arakaki

Chairperson, Board of Education 2022 Legislative Ad Hoc Committee

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<sup>2</sup> See page 4 of the Board’s annual report here:

[https://boe.hawaii.gov/policies/Documents%20/BOE%20Charter%20School%20Report%20to%202022%20Legislature%20\(transmittal\).pdf](https://boe.hawaii.gov/policies/Documents%20/BOE%20Charter%20School%20Report%20to%202022%20Legislature%20(transmittal).pdf).

**HB-1865**

Submitted on: 2/2/2022 5:14:32 PM

Testimony for EDN on 2/3/2022 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Remote Testimony Requested</b>
Jhernie Evangelista	Individual	Support	No

Comments:

There has been a severe lack of effective governance on the part of the Hawaii Public Charter School Commission. This bill begins to address some of the major issues that plague our schools that focus on educational justice and culture-based practice. I fully support this bill.

Jhernie Evangelista

Waikloa, Hawai'i