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

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Date: March 11, 2019

TO: The Honorable Ronald D. Kouchi, President  
Hawaii State Senate

The Honorable Scott Saiki, Speaker  
Hawaii House of Representatives

FROM: Sione Thompson, Executive Director  
Hawaii State Public Charter School Commission

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SUBJECT: Report on Facilities Funding Workgroup Recommendations

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The Hawaii State Public Charter School Commission submits the following report on facilities funding distribution as required by Hawaii Revised Statutes ("HRS") 302D-29.5.

Act 234 of 2015, codified as HRS 302D-2.5, explicitly directs the Commission to develop criteria to determine the distribution of funds appropriated for charter school facilities to be used for the following purposes:

1. Design, planning, construction, repair and maintenance of charter school facilities. (Act 234 of 2015, page 6 line 18&19) (Bond funding page 6, lines 17)
2. Repair and maintenance to address issues of health and safety, and legal compliance; essential infrastructure upgrades. (Act 234 of 2015, page 6, line s 19&20)
3. Expand and improve instructional space (Act 234 of 2015, page 6 line 20&21)
4. Capital improvement projects such as facility upgrades including the addition of food service and restroom facilities. (Act 234 of 2015, page 6 lines 20&21)

Pursuant to Act 234, the Facilities Funding Working Group was formed and comprised of the following individuals:

- (1) The chairperson of the commission;
- (2) The executive director of the commission;
- (3) The director of finance;
- (4) The comptroller;
- (5) The superintendent of education;
- (6) An individual with expertise in real estate, to be appointed by the chairperson of the commission; and
- (7) An individual with expertise in finance, to be appointed by the chairperson of the commission.

The Commission is deeply appreciative and grateful to the following individuals for their service on the facilities funding workgroup:

Catherine Payne, Sione Thompson, Laurel Johnston, Roderick Becker, Dr. Christina Kishimoto, Dann Carlson, Miles Nishijima, and Jason D'Olier.

The Facilities Funding Workgroup met on February 27, 2017, March 14, 2017, April 22, 2017, May 3, 2017, June 20, 2017, and December 20, 2018. The Facilities Funding Working Group made recommendations to the Commission regarding future distribution of funds appropriated for charter school facilities funding.

On February 14, 2019, at its general business meeting, the Commission reviewed, discussed and approved the following guidelines for the distribution of facilities funding, should such funding be allocated by the legislature:

### **Charter School Facilities Funding Framework**

**Purpose of ACT 234:** To provide a framework for providing facilities funding and support for public charter school facilities with adequate prioritization, oversight, and accountability.

**Purpose of facilities funding:** Ensuring essential infrastructure upgrades are done and to help with the construction, repair, rehabilitation, and improvement of charter school facilities.

Nearly twenty-five years after Hawaii's public education statutes were changed first to allow up to 25 existing DOE schools to convert to Student-Centered schools to operate

as individual learning units within the public school system, and then five years later amended Hawaii public education statutes to establish start-up and conversion charter schools, facilities funding was specifically excluded from the funding formula. At the time, proponents of charter schools vowed to make do without funding for facilities in exchange for the autonomy to create public schools that met the needs of each unique community. What worked twenty years ago, doesn't work in the twenty-first century. Indeed, the time to revisit the need for facilities funding has come, as public education in the form of charter school education has now come at the cost of our public school students. Public charter school students deserve a great public education, like every other public school student that attends a department public school. The Commission is charged to authorize high-quality public charter schools across the state. The Commission cannot make good on this promise at the cost to public charter school students who attend public charter schools in less than ideal and suitable educational environments. Due to the lack of facilities funding, public charter school students are shortchanged by the learning environments that they have been dealt. Without acknowledgment of facilities funding, public charter schools across the state have been forced to spend many of their per-pupil dollars, not on actual student learning, but on paying the rent for the facilities. It is with this understanding, that the Commission makes the following recommendations for distribution of facilities funding:

1. Commission will solicit applications for facilities funding for charter schools on an annual basis, subject to funding.
2. The charter school's application for facilities funding shall be reviewed based upon the condition of the school's current existing facilities.
3. Virtual education may not be the schools' primary method of delivering core subject instruction.
4. Charter schools eligible for facilities funding shall not have their school facilities' costs paid by DOE/DAGS.

The Commission's annual applications process shall evaluate and prioritize applications for funding based on:

1. The need(s) of the charter school, overall benefit to the surrounding community, amount of risk and availability of recourse to the State, and whether a particular charter school received facilities funding through other state funding, including grants-in-aid or a separate appropriation. (Act 234 of 2015, page 8 line 7-13)
2. The existence of substandard facilities; addresses providing equity and adequacy as well as issues of health, safety, and legal compliance.

3. School facilities located on State of Hawaii property or under an agreement whereby the State controls the property with at least 20 years remaining.
4. Benefit to surrounding community:
  - Relieve overcrowding in district schools caused by an increasing student population.
  - Provide families an option when schools in their district are low performing.
  - Schools must provide a clear statement of public need along with policies and guidelines for public use if requesting funds for a new building or renovating an existing space, e.g. cafeteria, library or auditorium that would be made available to the public.
5. Title I schools
6. Facilities to be built or repaired meet requirements for or have been issued building permits and comply with county laws;

The Commission's grant application shall require:

1. Applicant charter school to address all of the recommended priorities;
2. A detailed budget of what money will be used for;
3. The submission of the Applicant charter school's procurement policy to the Commission.
4. The Applicant charter school's existing lease agreement(s) between landlord and the charter school or the landlord and the support organization and the support organization and the charter school.

The Commission presents these criteria to determine the distribution of funds appropriated for charter school facilities as required by HRS 302D-29.5, as a first step towards addressing the broader issue of facilities funding for public charter schools. The Commission stands ready to continue to work with the Legislature, public charter schools, and other stakeholders to develop solutions to this on-going problem.

This report is available online at <https://www.chartercommission.hawaii.gov/reports>.

cc: Michele N. Kidani, Senate Education Committee, Chair  
Justin H. Woodson, House Committee on Education, Chair