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FOR: SB833 Relating to Public Charter Schools
DATE: Monday, March 2, 2015
TIME: 9 a.m.
COMMITTEE(S): Senate Committee on Ways and Means
ROOM: Conference Room 211
FROM: Tom Hutton, Executive Director
State Public Charter School Commission

Chair Tokuda, Vice Chair Kouchi, and members of the Committee:

The State Public Charter School Commission (“Commission”) appreciates the opportunity to submit this testimony in support of Senate Bill 833, “Relating to Public Charter Schools.” The measure, which was developed by the Commission, would:

1. Provide that a public charter school that becomes financially insolvent shall be deemed to have voluntarily surrendered its charter contract;
2. In the event of serious health and safety concerns at a charter school, require the school’s authorizer to determine whether the concerns require school closure;
3. Under both of these closure scenarios, require the authorizer to adopt a closure protocol; and
4. Under both of these scenarios, require the authorizer to determine whether a transition period is necessary for the school’s students and staff.

The need for this revision to Hawaii’s charter school statute has been revealed by the current situation with the pending revocation of Hālau Lōkahi Charter School. The lengthy revocation process established under Chapter 302D never contemplated a scenario in which the school already is insolvent and/or in which the school insists on continuing operations despite its insolvency.

Upon further consideration, we believe Section 2 of the bill, which addresses a health or safety emergency at a school, to be unnecessary. Under current law, the Commission already has the

authority to order a school to suspend operations for health or safety considerations, so that if for some reason contract revocation and closure were warranted, the normal process could be followed. We respectfully request that this section be deleted from the bill.

We also recommend revising proposed section (a) simply to read, "In the event that any public charter school becomes financially insolvent, the school shall be deemed to have surrendered its charter contract," to delete the word "voluntarily," since the point of this provision is that the surrender of the contract in the event of insolvency be statutorily required.

As of this writing, we are working on a definition of "insolvency" for purposes of this measure, in an attempt to make the provision's applicability clear in advance and to reassure schools by clarifying that this measure is intended to apply narrowly to an extreme situation such as the one prompting the legislation, not to any situation in which a school may be experiencing financial challenges. In the meantime we recommend that the measure advance so that we can discuss the definition with the Hawaii Public Charter School Network with the intent of proposing it to subject matter committees after this bill and its companion measure, House Bill 831 HD2, cross.

Thank you for the opportunity to provide this testimony.