



HB1347 HD1
RELATING TO CHARTER SCHOOLS
Ke Kōmike Kumuwaiwai

Pepeluali 26, 2019

12:30 p.m.

Lumi 308

The Office of Hawaiian Affairs (OHA) appreciates the opportunity to **SUPPORT** HB 1347 HD1, which proposes that (i) annual charter school audits be performed by an auditor selected by the charter school authorizer, while still maintaining the authorizer’s discretion to conduct a financial review in lieu of an independent audit, and (ii) charter schools be required to provide access to their records to their authorizer, including access to financial accounts and accounting systems.

This measure will help strengthen the State Public Charter School Commission’s (Commission)—and any future authorizers’¹—oversight over public charter schools operating in Hawai‘i. The Commission currently conducts a quarterly financial review of the thirty-seven charter schools in its portfolio, and has an intervention protocol for schools that fail to maintain established financial benchmarks. In instances where an audit is eventually required, a charter school is responsible for selecting the auditor. In these cases, the Commission may not be granted full access to audit records because the school, rather than the authorizer, is the auditor’s client. OHA therefore appreciates the improved oversight and accountability this measure would provide, particularly as OHA has been a major funder of Hawai‘i’s public charter schools, having invested almost \$22 million in the seventeen Hawaiian culture-based or Hawaiian language immersion charter schools since FY 2005-2006.

As a funder, OHA understands the unique financial challenges faced by public charter schools, which lack dedicated funding for facilities and other costs not borne by Department of Education schools. Accordingly, due to the high cost of audits, which can be approximately \$13,000 per year, OHA encourages the Commission and future authorizers to continue to exercise their discretion by conducting financial reviews in lieu of audits, and in instances where an audit is required, to consider ways for this cost to be borne by sources **other** than a school’s limited per-pupil funding.

Mahalo nui for the opportunity to testify on this measure.

¹ Currently, the Commission is the sole public charter school authorizer in Hawai‘i, and the State Board of Education is in the process of implementing administrative rules to allow for multiple charter school authorizers.

HB-1347-HD-1

Submitted on: 2/25/2019 10:22:58 AM

Testimony for FIN on 2/26/2019 12:30:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Brandon Keoni Bunag	Halau Ku Mana Public Charter School	Oppose	No

Comments:

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Submitted on: 2/25/2019 11:57:37 AM

Testimony for FIN on 2/26/2019 12:30:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Andrea Quinn	Individual	Support	No

Comments:

Dear Honorable Committee Members:

Please support HB1347. If charter schools are receiving public funding there is no reason they should be immune to auditing.

Thank you for your time.

Andrea Quinn

Kihei

DAVID Y. IGE
GOVERNOR



JOHN S.S. KIM
CHAIRPERSON

LATE

STATE OF HAWAII
STATE PUBLIC CHARTER SCHOOL COMMISSION
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FOR: HB 1347 HD 1 RELATING TO CHARTER SCHOOLS
DATE: February 26, 2019
TIME: 12:30 P.M.
COMMITTEE: Committee on Finance
ROOM: Conference Room 308
FROM: Sione Thompson, Executive Director
State Public Charter School Commission

Chair Luke, Vice Chair Cullen, and members of the Committee:

The State Public Charter School Commission ("Commission") appreciates the opportunity to submit this testimony with **COMMENTS on HB1347 HD1**. The Commission is grateful for the bill's intent in strengthening its oversight role and provide more accountability and transparency for state funds by clarifying an authorizer's ability to access public charter school financial records.

In addition, this bill would allow the authorizer to review and determine the independent auditors eligible to service the public charter schools. Currently, Section 302D-32, Hawaii Revised Statutes, requires public charter schools to complete an annual financial audit or financial review.

Thank you for the opportunity to provide this testimony.