

**SB140**

TESTIMONY BY GEORGINA K. KAWAMURA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE SENATE COMMITTEE ON EDUCATION AND HOUSING  
ON  
SENATE BILL NO. 140

February 11, 2009

RELATING TO SPECIAL PURPOSE REVENUE BONDS.

Senate Bill No. 140 proposes to amend Chapter 39A, Hawaii Revised Statutes, by adding a new part to authorize the issuance of Special Purpose Revenue Bonds (SPRB) to assist not-for profit organizations that support charter schools.

The Department **has concerns with this bill** as there may be federal tax implications in using tax-exempt SPRBs to provide assistance to charter schools. Traditionally, SPRB tax-exempt financing is used to assist private entities such as private hospitals, industries, and utilities, while charter schools are statutorily considered as “public schools” and fall under auspices of the State’s Department of Education. More expensive, taxable revenue bonds may be necessary to provide financing for charter schools if tax-exempt financing is not permitted.

In addition, should charter schools be eligible for SPRB financing, they must be able to generate sufficient revenue in order to repay the debt service associated with a bond issue. Currently, charter schools are not statutorily authorized to assess tuition. As such, it is uncertain as to what revenues would be used to repay the principal and interest on the bonds.

Furthermore, the issuance of SPRB tax-exempt financing by nonprofit organizations does not eliminate the requirement that tax-exempt bond financing must be used to assist

private entities, or the need for the charter schools to generate sufficient revenues to pay debt service.

LINDA LINGLE  
GOVERNOR



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**STATE OF HAWAII**  
**STATE PROCUREMENT OFFICE**  
P.O. Box 119  
Honolulu, Hawaii 96810-0119  
Tel: (808) 587-4700 Fax: (808) 587-4703  
www.spo.hawaii.gov

TESTIMONY  
OF  
AARON S. FUJIOKA  
ADMINISTRATOR  
STATE PROCUREMENT OFFICE

TO THE  
SENATE COMMITTEE  
ON  
EDUCATION AND HOUSING

February 11, 2009

2:30 PM

SB 140

RELATING TO SPECIAL PURPOSE REVENUE BONDS.

Chair Sakamoto, Vice Chair Kidani and committee members, thank you for the opportunity to testify on S.B. 140.

The State Procurement Office has **no objections** to the provision that establishes an exemption from chapter 103D for special purpose revenue bonds to assist not-for-profit organizations that supports charter schools on the basis that the Department of Budget and Finance's role under chapter 39A is only as an accommodation party to assist with the issuance of the bonds.

Thank you.

Linda Lingle  
Governor



Vanelle Maunalei Love  
Executive Director

**Charter School Administrative Office**

1111 Bishop Street, Suite 516  
Honolulu, Hawaii 96813  
Tel: 586-3775 Fax: 586-3776

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**FOR:** SB140, Relating to Special Purpose Revenue Bonds  
**DATE:** Wednesday, February 11, 2009  
**TIME:** 2:30 p.m.  
**COMMITTEE(S):** Committee on Education and Housing  
**ROOM:** Conference Room 225  
**FROM:** Maunalei Love, Executive Director

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Testimony in **support of S.B. No. 140**

Chair Sakamoto, Vice Chair Kidani, and Members of the Committee:

Aloha, I am Maunalei Love, executive director of the Charter School Administrative Office. I want to thank the chair and the entire committee for the time and effort being spent to remedy the issue of properly funding the public charter schools. This bill seeks create a statute authorizing the issuance of Special Purpose Revenue bonds to assist the not-for-profits that support charter schools.

One of the major costs of running a charter school is the facilities' costs. This bill seeks to address this issue by authorizing Special Purpose Revenue Bonds to be used to the benefit of charter schools that have a not-for-profit so that the proceeds could be used to assist in providing new facilities for charter schools.

I strongly support this measure and commend the committee for its attention and support to ensuring that the issue of charter school facilities be addressed. I respectfully ask that this bill be passed. Thank you for the opportunity to testify.



## KAMEHAMEHA SCHOOLS

Testimony to the Senate Committee on Education and Housing  
Hearing Date: February 11, 2009  
2:30 p.m. – Conference Room 225

***Kalei Kailihiwa, Director, Ho'olako Like  
Kamehameha Schools***

Re: SB 140 RELATING TO SPECIAL PURPOSE REVENUE BONDS

Good afternoon Chair Sakamoto, Vice Chair Kidani and members of the Senate Committee on Education and Housing. My name is Kalei Kailihiwa, Director of Ho'olako Like of Kamehameha Schools. Thank you for this opportunity to testify **in support of SB 140**. We believe that facilities funding is critically important for public charter schools.

Kamehameha Schools has been a collaborator in the charter school movement for more than six years now. As part of our Education Strategic plan, KS hopes to significantly impact more Hawaiian children ages 0-8 and grades 4-16+, and their families/ caregivers over the next five years, in collaboration with others whenever possible.

Currently, Kamehameha Schools works with 12 nonprofit tax-exempt organizations, including `Aha Pūnana Leo, OHA, KALO and Ho`okāko`o Corporation, to assist a total of 14 start-up and 3 conversion charters with special projects, professional development, and technical assistance. Kamehameha Schools believes that these efforts provide more positive educational choices and ultimately enhances academic achievement and greater school engagement for Hawaiian students. Through these collaborations, Kamehameha Schools currently assists more than 3,200 students in eleven communities on 4 major islands, within the public education system.

Recent research conducted over the past three years shows that Hawaiian-focused charter schools are implementing positive educational strategies and make a difference to Hawai'i's public school landscape in the following ways:

- They demonstrate success in helping "at-risk" students jump-start academic momentum using rigorous place-based and project-based strategies;
- The schools provide relevant and rigorous education in ways that engage both Hawaiian and non-Hawaiian students;
- They cultivate values of environmental stewardship and civic responsibility among future leaders;
- They build a strong sense of 'ohana through caring and supportive student/teacher relationships;
- They enhance the well-being, family involvement, and economic sustainability of communities.

In summary, supporting and replicating the successful strategies found in Hawaiian-focused charter schools is a good way to invest in education that has potential benefits for the entire public school system.



February 11, 2009  
2:30 p.m.  
Conference Room 225

TESTIMONY TO  
THE SENATE COMMITTEE ON EDUCATION AND HOUSING

RE: SB 140 – Relating to Special Purpose Revenue Bonds

Dear Chair Sakamoto, Vice Chair Kidani, and Members of the Committee:

My name is Robert Witt, and I am executive director of the Hawaii Association of Independent Schools (HAIS), which represents 97 private and independent schools across our state, many of which were fortunate to have received legislative approval for the issuance of special purpose revenue bonds (SPRBs).

HAIS **supports the intent of Senate Bill 140** – Relating to Special Purpose Revenue Bonds, which authorizes the issuance of special purpose revenue bonds (SPRBs) to not-for-profit organizations that support charter schools, and would like to offer comments on the measure.

The Association is a strong supporter of charter schools and, in general, is inclined to support the issuance of SPRBs that will benefit these schools. Over the past six years, the private school SPRB program has facilitated the issuance of SPRBs to a number of our member institutions, which has made it possible for them to implement campus construction and renovation projects that would have been difficult or more costly to fund via other means, and we would like to see charter schools enjoy the same benefits.

Assuming, however, that the approval process to put such a program in place would take several years, as was the case for the private schools, we would like to encourage the Legislature and the local charter school community to first consider requesting the Legislative Reference Bureau to conduct a thorough study of the most efficacious way to design a SPRB process for charter schools. A similar study was performed for the private schools, and it was extremely helpful in directing our campaign for a constitutional amendment and guiding the design of our eventual SPRB program.

Mahalo for the opportunity to comment on this measure.

Testimony to the Senate Committee on Education and Housing

Hearing Date/Time: **February 11, 2:30 p.m.**

Conference Room **225**

Bill No: **SB 140**

**David Rizor**  
**Volcano School of Arts & Sciences**

Good afternoon Chair Sakamoto, Vice Chair Kidani and members of the Committee on Education and Housing.

Thank you for this opportunity to testify **in support of SB 140.**

We believe that this bill is a positive step forward and a strong statement of support for children who attend public charter schools in Hawaii. Facilities are a major concern for charter schools and access to special purpose revenue bonds will help in the improvement of facilities for our children.

Thank you for your continued support of charter schools.

David Rizor, PhD  
Education Director  
Volcano School of Arts & Sciences



65-1170 Opelo Road • POB 398 Kamuela, HI 96743  
Phone: 808.887.8144 • Fax: 808.887.8146 • Email: kanu@kalo.org

February 11, 2009

To: Senate Committee on Education and Housing

RE: Strong Support of SB 140

Aloha Chair Sakamoto, Vice Chair Kidani and members of the Committee on Education and Housing. My name is Dr. Kū Kahakalau and I am the founder and director of Kanu o ka 'Aina New Century Public Charter School, Hawai'i's first culturally-driven charter, celebrating its 9<sup>th</sup> year of ongoing growth and progress.

Thank you for this opportunity to testify **in strong support of SB 140.**

Since our start-up in 2000, our Kanu o ka 'Aina Public Charter School, its affiliated non-profit the Kanu o ka 'Aina Learning 'Ohana also known as KALO, as well as our various other educational programs including Hālaū Wānana Center for Higher Learning – the first alternative state-approved teacher education program (SATEP) have grown beyond our wildest dreams. This January we opened the door to our 9,300 square foot, green multimedia community resource facility incorporating the latest standards in high performance building technology.

SB 140 proposes a constitutional amendment to authorize the State to issue special purpose revenue bonds and use the proceeds from the bonds to assist not-for-profit organizations that support charter schools. Such bonds are already available for private schools, and should most certainly also be available to support public charters. In addition to making available much needed facilities funding for charters, passage of this bill may also provide unprecedented opportunities to take advantage of upcoming federal funding opportunities.

Mahalo nui for this opportunity to testify in support of SB 140 and your ongoing efforts to support quality choices in education. Our record to date speaks for itself, please give us a chance to reach our highest level.

Me ke aloha pumehana,

Kū Kahakalau, Ph.D.  
Director, Kanu o ka 'Aina New Century Public Charter School



# K A W A I K I N I

*A New Century Public Charter School*

Testimony to the Senate Committee on Education and Housing  
Hearing Date: February 11, 2009  
2:30 p.m. – Conference Room 225

*Mohala Aiu, Development & Community Liaison  
Kawaikini New Century Charter School*

Re: SB 140 RELATING TO SPECIAL PURPOSE REVENUE BONDS

Ano'ai Chair Sakamoto, Vice Chair Kidani and members of the Senate Committee on Education and Housing. My name is Mohala Aiu and I am the Development & Community Liaison for Kawaikini New Century Charter School. Mahalo for the opportunity to testify **in support of SB 140**. We know that facilities funding is of vital importance for public charter schools.

Kawaikini New Century Public Charter School is a K-12 Hawaiian medium school located in Puhi, Kaua'i. We currently serve 79 students from communities of Hanalei through Kekaha. We are one of the 14 Hawaiian-focused charter schools located on Hawai'i Island, O'ahu, and Kaua'i. We are also part of the Hawai'i Charter School Network which represents all 31 schools.

Charter schools have been a part of the educational landscape since 2001. Through years of innovation and research by the Kamehameha Schools we know we are making a difference in our children, environment, and family systems. Mahalo for this opportunity to testify.