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FOR:	HB 2524 Relating to Teacher Incentives
DATE:	Monday, February 08, 2016
TIME:	2:00 PM
COMMITTEE(S):	House Committee on Education
ROOM:	Conference Room 309
FROM:	Tom Hutton, Executive Director State Public Charter School Commission

Testimony in support of HB 2524

Chair Takumi, Vice Chair Ohno, and members of the Committee:

The Commission deeply appreciates the support in this bill for our public charter school teachers and schools in properly and fully funding teacher incentive pay for charter school teachers who teach in hard-to-staff areas and who have earned National Board certification. We thank Vice Chair Ohno, Aquino, Ichiyama, Ing, Kong, and Matsumoto for their sponsorship of this bill, which also comprises part of the Commission's supplemental budget request.

As we explained in our budget briefing to the joint committees, all public charter schools employ Hawaii State Teachers Association (HSTA) Bargaining Unit 5 teachers and are obligated to pay hard-to-fill teacher incentive pay, this request is made as a follow-up to the Special Provisions Section 127 of the Executive Budget bill (Act 119, SLH 2015), which provided that "the general fund appropriation for charter schools (EDN 600) shall be considered the non-facility appropriation for charter school students;…" and further provided that:

> "for the purposes of this section, all grant appropriations issued pursuant to chapter 42F, Hawaii Revised Statutes, and funds appropriated for teacher recruitment and retention incentive for hard-to-fill positions shall be excluded from non-facility appropriations for the department of education and charter schools;…."

The budget proviso recognizes that with the increase of the hard-to-fill teacher incentive from $1,500 to $3,000 per teacher per year starting in fiscal year 2015-2016, the financial impact of this requirement on the nine charter schools located in the designated "hard-to-fill" areas has doubled. Up until fiscal year 2015-2016, charter schools in the designated areas had to use their per-pupil funds to fulfill this HSTA contractual obligation. This meant not only that the amount of funding that went to the charter schools was calculated based on the DOE budget and not on the actual cost for charter schools to provide the incentive pay, but also that the resulting funds were spread across all 34 schools rather than directed at the schools that are obligated to pay the bonuses.

The budget proviso partly addressed this problem by separating the funds for the hard-to-fill incentive pay from the per-pupil funding so that they could instead be directed to those schools that have to make the payments. The Commission is very grateful to the Committees for this short-term action. However, the amount budgeted was based on a calculation of the costs of the incentives for DOE teachers only, and it since has been determined to be insufficient even for that. This means that charter schools that have to pay the incentive, as well as the DOE, will need to make up the difference. The impact of this shortfall can be significant on the affected schools, many of which are small and have lean budgets.

The incentive pay for National Board certified teachers under Section 302A-706, HRS, presents the same problem as does pay for hard-to-fill bonuses.

To resolve the problem, the Commission is requesting a separate allocation of funds. To avoid this allocation from being considered non-facility per-pupil funds as described above, the Commission recommends the allocation be made to EDN 612 to enable the specific distribution of funds to those schools that are required to pay the bonus. To fund the incentives directly out of per-pupil funding, assuming this were even legally permitted, would have a significant negative impact on funding for the other schools.

This bill would ensure that the solution is permanent and not dependent on recurring budget provisos.

Thank you for the opportunity to provide this testimony.