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MEMO TO: The Honorable Garrett Toguchi, Chairperson
Board of Education Committee on Budget and Fiscal Accountability

FROM: Maunalei Love, Interim Executive Director
Charter School Administrative Office

SUBJECT: **DISCUSSION/RECOMMENDATION FOR BOARD ACTION ON THE
CHARTER SCHOOL ADMINISTRATIVE OFFICE OPERATING
BUDGET REQUEST FOR FISCAL BIENNIUM 2007-09**

1. RECOMMENDATION

It is recommended that the Board of Education (Board) Committee on Budget and Fiscal Accountability (Committee) approve the Charter Schools Biennium Operating Budget request for fiscal years 2007-09.

The Charter Schools 2007 budget ceiling is \$47,456,143. The Charter Schools Operating Budget request for fiscal year 2007-08 totals \$58,378,903. The Charter Schools Operating Budget request for fiscal year 2008-09 totals \$61,866,717.

2. RECOMMENDED EFFECTIVE DATE

Upon approval.

3. RECOMMENDED COMPLIANCE DATE

Upon approval.

4. DISCUSSION

a. Conditions leading to the recommendation

On August 3, 2006, the Charter School Administrative Office (CSAO) received budget preparation instructions from the Department of Budget and Finance (B&F). B&F's deadline for submittal of the Charter Schools Biennium Operating Budget request for fiscal years 2007-09 was September 11, 2006. Because of the scheduling differences, a draft copy of the Charter Schools Biennium Operating Budget request for fiscal years 2007-09 was submitted to B&F on September 11, 2006, with the understanding that changes may be necessary due to Board changes.

The CSAO recommends that the Charter Schools Biennium Operating Budget request for fiscal years 2007-09 be approved. Details of the budget request are provided in Attachment A.

b. Previous action of the Board on the same or similar matter

The Board approved the Charter Schools 2006-07 Supplemental Budget request on October 6, 2005.

c. Other policies effected

Board Policy No. 1200-1.12, "Department of Education Budgets" states the Board's roles and responsibilities in reviewing the budget. The policy states, in pertinent part:

"The establishment of budget priorities is one of the primary ways in which the Board of Education (BOE) articulates its policies for the Department of Education (DOE). The review of the biennial and supplemental budgets that specify the ways in which funds are expended is the process through which the BOE exercises its responsibility in order to monitor the programs of the DOE to evaluate their contribution to student success..."

d. Arguments in support of the recommendation

The approval of the Charter Schools Biennium Operating Budget request for fiscal years 2007-09 will allow the CSAO to submit the Charter Schools Final Biennium Operating Budget request for fiscal years 2007-09 to B&F for consideration in the Executive Budget submittal to the 2007 Legislature.

e. Arguments against the recommendation

The Executive Branch may object that the Charter Schools Biennium Operating Budget request for fiscal years 2007-09 is too high in relation to the instructions from B&F.

- f. Findings and conclusions of the Board committee

Not Applicable

- g. Other agencies or departments of the State of Hawaii involved in the action

B&F and the Governor's Office will review the request and submit the Executive Budget to the Hawaii State Legislature for the 2007 Regular Session.

- h. Possible reaction of the public, professional organizations, unions, DOE staff, Charter school staff and/or others to the recommendations

Some members of the public, professional organizations, unions, DOE staff, and charter school staff may believe that although the Charter Schools Biennium Operating Budget request for fiscal years 2007-09 is increased over the previous year, it is still insufficient to meet the charter schools' needs.

- i. Educational implications

Charter schools are held accountable, as are all public schools, to meet the Hawaii Content and Performance Standards.

- j. Personnel implications

Personnel decisions are under the purview of the charter schools and their local school boards.

- k. Facilities implications

The budget includes, in the budget ceiling, resources for the start-up charter schools to lease and/or purchase facilities, facilities improvements, and facilities maintenance. A request to provide facilities funding for three potential new start-up charter schools has also been included in this request.

- l. Financial implications

This Charter Schools Biennium Operating Budget request for fiscal years 2007-08 and 2008-09 is in the amount of \$58,378,903 and \$61,866,717, respectively. The Charter Schools Biennium Operating Budget request for fiscal years 2007-09 includes items that are critically needed to achieve the charter schools' goals and those of the Board.

5. OTHER SUPPLEMENTARY RECOMMENDATIONS

None.