



GOV. MSG. NO. 813

EXECUTIVE CHAMBERS
HONOLULU

LINDA LINGLE
GOVERNOR

June 1, 2007

The Honorable Colleen Hanabusa, President
and Members of the Senate
Twenty-Fourth State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

Dear Madam President and Members of the Senate:

This is to inform you that on June 1, 2007, the following bill was signed into law:

SB603 SD2 HD2 CD1

A BILL FOR AN ACT RELATING TO EDUCATION.
(ACT 115)

Sincerely,



LINDA LINGLE

Approved by the Governor

on JUN 1 2007

THE SENATE
TWENTY-FOURTH LEGISLATURE, 2007
STATE OF HAWAII

ACT 115
S.B. NO. 603
S.D. 2
H.D. 2
C.D. 1

A BILL FOR AN ACT

RELATING TO EDUCATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that the two important
2 purposes for charter schools are to:

3 (1) Provide administrators, parents, students, and
4 teachers with expanded alternative public school
5 choices in the types of schools, educational programs,
6 opportunities, and settings, including services for
7 underserved populations, geographical areas, and
8 communities; and

9 (2) Encourage and, when resources and support are
10 provided, serve as a research venue for the
11 development, use, and dissemination of alternative and
12 innovative approaches to educational governance,
13 financing, administration, curricula, technology, and
14 teaching strategies.

15 However, the legislature finds that confusion continues
16 over the appropriate relationship between and among the board of
17 education, the executive director of the charter school



1 administrative office, and the involvement of charter schools in
2 providing necessary input and participating in the evaluation of
3 the executive director. Many believe the level of autonomy
4 required by the executive director and the charter school
5 administrative office to fully implement the law has not been
6 realized.

7 The legislature also finds that the board of education has
8 an increasingly complex and challenging task in the
9 administration and oversight of department of education schools
10 and in the implementation of Act 51, Session Laws of Hawaii
11 2004. With part-time members, and a relatively small support
12 staff, the board cannot devote the appropriate amount of time,
13 focus, energy, and resources necessary to carry out all the
14 duties of a charter school authorizer, from approving new
15 charters and ensuring accountability, to proactively supporting
16 the charter schools to ensure their success. The lengthy amount
17 of time it took the board to appoint the members of the review
18 panel and the delays in development of proposed administrative
19 rules illustrate an increasingly frustrating situation.
20 Moreover, the time devoted to understanding and implementing the
21 duties of a charter school authorizer is time taken away from
22 the critical tasks of holding all public schools accountable.



1 Consequently, to dedicate the appropriate focus, time,
2 knowledge, and resources on both traditional department of
3 education public schools and charter schools, the legislature
4 believes that certain important and time-consuming duties of
5 charter school authorization and oversight should be delegated
6 to the charter school review panel. However, it is not the
7 intent of the legislature that this Act alters or affects the
8 board of education's role as the state education agency for the
9 State.

10 The purpose of this Act is to, among other things:

11 (1) Clarify the significant role of the board of education
12 in policymaking for charter schools, including:

13 (A) Appointing members of the charter school review
14 panel; and

15 (B) Serving as an appeals board for charter school
16 applicants or charter schools that do not agree
17 with the decisions of the charter school review
18 panel;

19 (2) Delegate to the charter school review panel the
20 responsibilities to:

21 (A) Approve or deny charter applications for new
22 charter schools;



- 1 (B) Issue and revoke charters, and place charter
- 2 schools on probation;
- 3 (C) Approve or deny amendments to detailed
- 4 implementation plans;
- 5 (D) Conduct charter school evaluations; and
- 6 (E) Appoint and evaluate the executive director of
- 7 the charter school administrative office;
- 8 (3) Change the membership of the panel;
- 9 (4) Clarify how the executive director of the charter
- 10 school administrative office is appointed and
- 11 evaluated;
- 12 (5) Shift the burden of providing staff and resources for
- 13 the charter school review panel from the board of
- 14 education to the charter school administrative office;
- 15 and
- 16 (6) Update the charter school funding mechanism, including
- 17 ensuring that funding allocations to the charter
- 18 schools are based on the most recent department of
- 19 education budget base.

20 SECTION 2. Chapter 302B, Hawaii Revised Statutes, is
21 amended by adding a new section to be appropriately designated
22 and to read as follows:



1 "§302B- Appeals; charter school applications,
2 revocations, or detailed implementation plan amendments. The
3 board shall have the power to decide appeals from decisions of
4 the panel to deny the approval of a charter school application,
5 revoke a charter school's charter, or deny the approval of an
6 amendment to a charter school's detailed implementation plan.
7 An appeal shall be filed with the board within twenty-one
8 calendar days of the receipt of the notification of denial or
9 revocation. Only a party whose charter school application has
10 been denied, whose charter has been revoked, or whose amendment
11 to a detailed implementation plan has been denied may initiate
12 an appeal under this section for cause. The board shall review
13 an appeal and issue a final decision within sixty calendar days
14 of the filing of the appeal. The board may adopt applicable
15 rules and procedures pursuant to chapter 91 for implementing the
16 appeals process."

17 SECTION 3. Section 89-6, Hawaii Revised Statutes, is
18 amended by amending subsection (g) to read as follows:

19 "(g) The following individuals shall not be included in
20 any appropriate bargaining unit or be entitled to coverage under
21 this chapter:

22 (1) Elected or appointed official;



- 1 (2) Member of any board or commission; provided that
2 nothing in this paragraph shall prohibit a member of a
3 collective bargaining unit from serving on a local
4 school board of a charter school or the charter school
5 review panel established under chapter 302B;
- 6 (3) Top-level managerial and administrative personnel,
7 including the department head, deputy or assistant to
8 a department head, administrative officer, director,
9 or chief of a state or county agency or major
10 division, and legal counsel;
- 11 (4) Secretary to top-level managerial and administrative
12 personnel under paragraph (3);
- 13 (5) Individual concerned with confidential matters
14 affecting employee-employer relations;
- 15 (6) Part-time employee working less than twenty hours per
16 week, except part-time employees included in
17 bargaining unit (5);
- 18 (7) Temporary employee of three months' duration or less;
- 19 (8) Employee of the executive office of the governor or a
20 household employee at Washington Place;
- 21 (9) Employee of the executive office of the lieutenant
22 governor;



- 1 (10) Employee of the executive office of the mayor;
- 2 (11) Staff of the legislative branch of the State;
- 3 (12) Staff of the legislative branches of the counties,
- 4 except employees of the clerks' offices of the
- 5 counties;
- 6 (13) Any commissioned and enlisted personnel of the Hawaii
- 7 national guard;
- 8 (14) Inmate, kokua, patient, ward, or student of a state
- 9 institution;
- 10 (15) Student help;
- 11 (16) Staff of the Hawaii labor relations board;
- 12 (17) Employee of the Hawaii national guard youth challenge
- 13 academy; or
- 14 (18) [~~Employees~~] Employee of the office of elections."

15 SECTION 4. Section 302A-101, Hawaii Revised Statutes, is
 16 amended by amending the definition of "charter school review
 17 panel" or "panel" to read as follows:

18 "Charter school review panel" or "panel" means the panel
 19 established in section 302B-3 [~~with the powers and duties to~~
 20 ~~make recommendations to the board regarding charter schools]~~."

21 SECTION 5. Section 302A-1101, Hawaii Revised Statutes, is
 22 amended by amending subsection (d) to read as follows:



1 "(d) The board shall appoint the charter school review
2 panel, which shall serve as the charter authorizer for charter
3 schools, with the power and duty to issue charters, oversee and
4 monitor charter schools, hold charter schools accountable for
5 their performance, and revoke charters."

6 SECTION 6. Section 302B-1, Hawaii Revised Statutes, is
7 amended by amending the definitions of "charter school review
8 panel" or "panel", "detailed implementation plan", "local school
9 board", and "organizational viability" to read as follows:

10 "Charter school review panel" or "panel" means the panel
11 established pursuant to section 302B-3 with the powers and
12 duties to ~~[advise and make recommendations to the board~~
13 ~~regarding issuance and revocation of]~~ issue and revoke charters,
14 approve detailed implementation plan revisions, and conduct
15 charter school evaluations.

16 "Detailed implementation plan" means the document that
17 details the charter school's purpose, focus, operations,
18 organization, finances, and accountability, and becomes the
19 basis for a performance contract between the ~~[board]~~ panel and
20 the charter school.

21 "Local school board" means the autonomous governing body of
22 a charter school that receives the charter and is responsible



1 for the financial and academic viability of the charter
2 school [7] and implementation of the charter, [~~and~~] possesses the
3 independent authority to determine the organization and
4 management of the school, the curriculum, virtual education, and
5 compliance with applicable federal and state laws, [~~and that~~]
6 has the power to negotiate supplemental collective bargaining
7 agreements with exclusive representatives of their employees.

8 "Organizational viability" means that a charter school:

- 9 (1) Has been duly constituted in accordance with its
10 charter;
- 11 (2) Has a local school board established in accordance
12 with law and the charter school's charter;
- 13 (3) Employs sufficient faculty and staff to provide the
14 necessary educational program and support services to
15 operate the facility in accordance with its charter;
- 16 (4) Maintains accurate and comprehensive records regarding
17 students and employees as determined by the office;
- 18 (5) Meets appropriate standards of student achievement;
- 19 (6) Cooperates with board, panel, and office requirements
20 in conducting its functions;
- 21 (7) Complies with applicable federal, state, and county
22 laws and requirements;



- 1 (8) In accordance with office guidelines and procedures,
2 is financially sound and fiscally responsible in its
3 use of public funds, maintains accurate and
4 comprehensive financial records, operates in
5 accordance with generally accepted accounting
6 practices, and maintains a sound financial plan;
- 7 (9) Operates within the scope of its charter and fulfills
8 obligations and commitments of its charter;
- 9 (10) Complies with all health and safety laws and
10 requirements; and
- 11 (11) Complies with all [~~board~~] panel directives, policies,
12 and procedures."

13 SECTION 7. Section 302B-3, Hawaii Revised Statutes, is
14 amended as follows:

- 15 1. By amending subsections (a) to (d) to read:
16 "(a) There is established the charter school review panel,
17 which shall be placed within the department for administrative
18 purposes only. The panel shall be accountable to [~~and report~~
19 ~~to~~] the charter schools and the board. Notwithstanding section
20 302B-9, the panel shall be subject to chapter 92.

21 (b) The panel shall consist of [~~nine~~] twelve members, and
22 shall include:



- 1 (1) Two licensed teachers regularly engaged in teaching;
2 provided that one teacher is employed at a start-up
3 charter school, and one teacher is employed at a
4 conversion charter school;
- 5 (2) Two educational officers; provided that one
6 educational officer is employed at a start-up charter
7 school, and one educational officer is employed at a
8 conversion charter school;
- 9 (3) One member or former member of a charter school local
10 school board;
- 11 (4) The chair of the board of education or the chair's
12 designee;
- 13 ~~[-(5) The executive director or the executive director's~~
14 ~~designee;~~
- 15 ~~-(6)]~~ (5) A representative of Hawaiian culture-focused
16 charter schools; [and]
- 17 ~~[-(7) A representative]~~ (6) Two representatives of the
18 University of Hawaii ~~[-]~~ who are not affiliated with
19 charter schools;
- 20 (7) One member with a background in business or accounting
21 who is not affiliated with charter schools;



1 (8) One member with a background in the building trades or
2 real estate who is not affiliated with charter
3 schools; and

4 (9) A representative from the Hawaii Association of
5 Independent Schools.

6 provided that the initial appointments for representatives in
7 paragraphs (7) to (10) shall be made by September 1, 2007. From
8 the effective date of this Act until such time that the panel
9 has twelve members, five members of the panel shall constitute a
10 quorum to conduct business and a concurrence of at least five
11 members shall be necessary to make any action of the panel
12 valid; provided that, upon filling the twelve seats as required
13 under this subsection, a majority of the panel shall constitute
14 a quorum to conduct business, and the concurrence of a majority
15 of all the members to which the panel is entitled shall be
16 necessary to make any action of the panel valid.

17 (c) The board shall appoint the remaining members of the
18 panel other than the chair of the board [~~and the executive~~
19 ~~director~~].

20 (d) Appointed panel members shall serve not more than
21 three consecutive three-year terms, with each term beginning on
22 July 1; provided that the initial terms of the appointed members



1 that commence after June 30, 2006, shall be staggered as
2 follows:

- 3 (1) [~~Three~~] Four members to serve three-year terms;
- 4 (2) [~~Two~~] Four members to serve two-year terms; and
- 5 (3) [~~Two~~] Three members to serve a one-year term."

6 2. By amending subsections (i) to (k) to read:

7 "(i) The powers and duties of the panel shall be to:

8 (1) Appoint and evaluate the executive director and
9 approve staff and salary levels for the charter school
10 administrative office;

11 [~~(1)~~] (2) Review, approve, or deny charter applications for
12 new charter schools in accordance with sections 302B-5
13 [~~and 302B-6 and make recommendations to the board~~] for
14 the issuance of new charters; provided that [~~if the~~
15 ~~board does not issue or deny the charter within sixty~~
16 ~~calendar days of the board's receipt of the~~
17 ~~recommendations, the recommendations shall~~
18 ~~automatically become effective;~~] applicants that are
19 denied a charter may appeal to the board for a final
20 decision pursuant to section 302B- ;

21 [~~(2)~~] (3) Review, approve, or deny significant amendments
22 to detailed implementation plans to maximize the



1 school's financial and academic success, long-term
 2 organizational viability, and accountability~~[, and~~
 3 ~~make recommendations to the board; provided that if~~
 4 ~~the board does not approve or deny the amendments~~
 5 ~~within sixty calendar days of receipt of the~~
 6 ~~recommendations, the recommendations shall~~
 7 ~~automatically become effective;]~~ Charter schools
 8 that are denied a significant amendment to their
 9 detailed implementation plan may appeal to the board
 10 for a final decision pursuant to section 302B- ;
 11 ~~[-3-]~~ (4) ~~[Recommend to the board]~~ Adopt reporting
 12 requirements for charter schools;
 13 ~~[-4-]~~ (5) Review annual self-evaluation reports from
 14 charter schools and ~~[make recommendations to the~~
 15 ~~board;]~~ take appropriate action;
 16 ~~[-5-]~~ (6) ~~[As directed by the board, evaluate]~~ Evaluate any
 17 aspect of a charter school that the ~~[board]~~ panel may
 18 have concerns with ~~[and make recommendations to the~~
 19 ~~board;]~~ and take appropriate action, which may include
 20 probation or revocation; ~~[provided that if the board~~
 21 ~~does not take action on the recommendations within~~



1 ~~sixty calendar days, the recommendations shall~~
2 ~~automatically become effective,]~~

3 ~~[(6)]~~ (7) Periodically ~~[recommend to the board]~~ adopt
4 improvements in the ~~[board's]~~ panel's monitoring and
5 oversight of charter schools; and

6 ~~[(7)]~~ (8) Periodically ~~[recommend to the board]~~ adopt
7 improvements in the office's support of charter
8 schools and management of the charter school system.

9 (j) In the case that the panel decides not to ~~[recommend~~
10 ~~the issuance of]~~ issue a new charter, or to ~~[recommend]~~ approve
11 significant amendments to detailed implementation plans, the
12 board ~~[shall]~~ may adopt rules for an appeals process ~~[.]~~ pursuant
13 to section 302B- .

14 (k) The ~~[board]~~ office shall provide for the staff support
15 and expenses of the panel. ~~[The board shall submit to the~~
16 ~~legislature annual appropriation requests to fund the operations~~
17 ~~of the panel.] "~~

18 SECTION 8. Section 302B-4, Hawaii Revised Statutes, is
19 amended to read as follows:

20 "**§302B-4 Limits on charter schools.** ~~[Beginning July 2007,~~
21 ~~the board, with the recommendation of the]~~ The panel ~~[,]~~ may
22 authorize one new start-up charter school for each existing



1 start-up charter school that has received a three-year or longer
2 accreditation from the Western Association of Schools and
3 Colleges or a comparable accreditation authority as determined
4 by the panel, or for each start-up charter school whose charter
5 is revoked. The total number of conversion charter schools
6 authorized by the [~~board, with the recommendation of the~~]
7 panel[~~7~~] shall not exceed twenty-five."

8 SECTION 9. Section 302B-5, Hawaii Revised Statutes, is
9 amended by amending subsection (c) to read as follows:

10 "(c) The start-up charter school application process and
11 schedule shall be determined by the [~~board~~] panel, and shall
12 provide for and include the following elements:

- 13 (1) The submission of a letter of intent to operate a
14 start-up charter school;
- 15 (2) The timely transmittal of the application form and
16 completion guidelines to the interim local school
17 board;
- 18 (3) The timely submission to the [~~board~~] panel of a
19 completed application;
- 20 (4) The timely review of the application by the panel for
21 completeness, and notification of the interim local
22 school board if the application is complete or, if the



1 application is insufficient, a written statement of
2 the elements of the application that require
3 completion;

4 (5) The timely resubmission of the application;

5 (6) Upon receipt of a completed application, the convening
6 of the panel by the panel chairperson to begin review
7 of the application;

8 (7) The timely notification of the applicant of any
9 revisions the panel requests as necessary for a
10 recommendation of approval [~~to the board~~];

11 [~~(8)~~] ~~The timely transmission of the panel's recommendation~~
12 ~~to the board for adjudication;~~

13 ~~(9)~~] (8) Following the submission of an application,
14 issuance of a charter or denial of the application by
15 the [~~board~~] panel by majority vote; provided that if
16 the [~~board~~] panel does not approve the application and
17 issue a charter, provisions requiring the [~~board~~]
18 panel to:

19 (A) Clearly identify in writing its reasons for not
20 issuing the charter, which may be used as
21 guidelines for an amended plan; and



1 (B) Allow the interim local school board to revise
2 its plan in accordance with the [~~board's~~] panel's
3 guidelines, and resubmit an amended plan within
4 ten calendar days;

5 [~~(10)~~] (9) A provision for a final date on which a decision
6 must be made, upon receipt of an amended plan; and

7 [~~(11)~~] (10) A provision that no start-up charter school may
8 begin operation before obtaining [~~board~~] panel
9 approval of its charter[~~, and~~

10 ~~(12) A requirement that upon approval of the start-up~~
11 ~~charter school, the office shall submit to the board a~~
12 ~~proposed budget for funding of the start-up school for~~
13 ~~submittal to the governor and legislature]."~~

14 SECTION 10. Section 302B-6, Hawaii Revised Statutes, is
15 amended to amend subsection (c) to read as follows:

16 "(c) The conversion charter school application process and
17 schedule shall be determined by the [~~board,~~] panel, and shall
18 provide for and include the following elements:

19 (1) The submission of a letter of intent to convert to a
20 charter school;



- 1 (2) The timely transmittal of the application form and
2 completion guidelines to the interim local school
3 board;
- 4 (3) The timely submission to the [~~board~~] panel of a
5 completed application; provided that the application
6 shall include certification and documentation that the
7 application and the proposed detailed implementation
8 plan was approved by a majority of the votes cast by
9 existing administrative, support, teaching personnel,
10 and parents of students at the proposed conversion
11 charter school;
- 12 (4) The timely review of the application by the panel for
13 completeness, and notification of the interim local
14 school board if the application is complete or, if the
15 application is insufficient, a written statement of
16 the elements of the application that require
17 completion;
- 18 (5) The timely resubmission of the application;
- 19 (6) Upon receipt of a completed application, the convening
20 of the panel by the panel chairperson to begin review
21 of the application;

- 1 (7) The timely notification of the applicant of any
2 revisions the panel may request as necessary for a
3 recommendation of approval [~~to the board~~];
- 4 ~~[(8) The timely transmission of the panel's recommendation~~
5 ~~to the board for adjudication,~~
- 6 ~~+(9)]~~ (8) Following the submission of an application,
7 issuance of a charter or denial of the application by
8 the [~~board~~] panel by majority vote; provided that if
9 the [~~board~~] panel does not approve the application and
10 issue a charter, provisions requiring the [~~board~~]
11 panel to:
- 12 (A) Clearly identify in writing its reasons for not
13 issuing the charter, which may be used as
14 guidelines for an amended plan; and
- 15 (B) Allow the interim local school board to revise
16 its plan in accordance with the [~~board's~~] panel's
17 guidelines, and resubmit an amended plan within
18 ten calendar days;
- 19 ~~[(10)]~~ (9) A provision for a final date on which a decision
20 must be made upon receipt of an amended plan; and



1 ~~[(11)]~~ (10) A provision that no conversion charter school may
2 begin operation before obtaining ~~[board]~~ panel
3 approval of its charter~~[,] and~~
4 ~~(12) A requirement that upon approval of the conversion charter~~
5 ~~school, the office shall submit to the board a~~
6 ~~proposed budget for funding of the start up school for~~
7 ~~submittal to the governor and legislature]."~~

8 SECTION 11. Section 302B-8, Hawaii Revised Statutes, is
amended by amending subsections (a) to (d) to read as follows:

10 "(a) There is established a charter school administrative
11 office, which shall be attached to the department for
12 administrative purposes only. The office shall be administered
13 by an executive director, who shall be appointed without regard
14 to chapters 76 and 89 by the ~~[board]~~ panel based upon the
15 recommendations of an organization of charter schools operating
16 within the State or from a list of nominees submitted by the
17 charter schools. The ~~[board may]~~ panel shall hire the executive
18 director [on a multi-year contract.], who may be contracted for
19 a term of up to four years; shall offer the executive director a
20 written contract; and may terminate the executive director's
21 contract only for cause. The executive director, with the
22 approval of the panel, may hire necessary staff without regard



1 to chapters 76 and 89 to assist in the administration of the
2 office.

3 (b) The executive director, under the direction of the
4 [~~board~~] panel and in consultation with the charter schools,
5 shall be responsible for the internal organization, operation,
6 and management of the charter school system, including:

- 7 (1) Preparing and executing the budget for the charter
8 schools, including submission of the budget request to
9 the board, the governor, and the legislature;
- 10 (2) Allocating annual appropriations to the charter
11 schools and distribution of federal funds to charter
12 schools;
- 13 (3) Complying with applicable state laws related to the
14 administration of the charter schools;
- 15 (4) Preparing contracts between the charter schools and
16 the department for centralized services to be provided
17 by the department;
- 18 (5) Preparing contracts between the charter schools and
19 other state agencies for financial or personnel
20 services to be provided by the agencies to the charter
21 schools;



- 1 (6) Providing independent analysis and recommendations on
2 charter school issues;
- 3 (7) Representing charter schools and the charter school
4 system in communications with the board, the governor,
5 and the legislature;
- 6 (8) Providing advocacy, assistance, and support for the
7 development, growth, progress, and success of charter
8 schools and the charter school system;
- 9 (9) Providing guidance and assistance to charter
10 applicants and charter schools to enhance the
11 completeness and accuracy of information for [~~board~~]
12 panel review;
- 13 (10) Assisting charter applicants and charter schools in
14 coordinating their interactions with the [~~board~~] panel
15 as needed;
- 16 (11) Assisting the [~~board~~] panel to coordinate with charter
17 schools in [~~board~~] panel investigations and
18 evaluations of charter schools;
- 19 (12) Serving as the conduit to disseminate communications
20 from the panel, the board, and the department to all
21 charter schools;



1 (13) Determining charter school system needs and
2 communicating [~~sueh~~] those needs [~~with~~] to the panel,
3 the board, and the department;

4 (14) Establishing a dispute resolution and mediation
5 [~~panel,~~] process; and

6 (15) Upon request by one or more charter schools, assisting
7 in the negotiation of a collective bargaining
8 agreement with the exclusive representative of its
9 employees.

10 (c) The executive director shall be evaluated annually by
11 the [~~board,~~] panel. The annual evaluation shall be conducted
12 sufficiently in advance of the end of a term to provide the
13 executive director the opportunity to respond to concerns and
14 improve performance.

15 (d) The salary of the executive director and staff shall
16 be set by the [~~board~~] panel based upon the recommendations of
17 charter schools within the State; provided that the salaries and
18 operational expenses of the office shall be paid from the annual
19 charter school appropriation and shall not exceed two per cent
20 of the total allocation in any fiscal year."

21 SECTION 12. Section 302B-12, Hawaii Revised Statutes, is
22 amended by amending subsections (a) to (c) to read as follows:



1 "(a) Beginning with fiscal year 2006-2007, and each fiscal
2 year thereafter, the office shall submit a request for general
3 fund appropriations for each charter school based upon:

4 (1) The actual and projected enrollment figures in the
5 current school year for each charter school;

6 (2) A per-pupil amount for each regular education and
7 special education student, which shall be equivalent
8 to the total per-pupil cost based upon average
9 enrollment in all regular education cost categories,
10 including comprehensive school support services but
11 excluding special education services, and for all
12 means of financing except federal funds, as reported
13 in the most recently-approved executive budget
14 recommendations for the department; provided that in
15 preparing the budget the executive director shall
16 include an analysis of the proposed budget in
17 relationship to the most recently published department
18 consolidated annual financial report; provided further
19 that the legislature may make an adjustment to the
20 per-pupil allocation for the purposes of this section;
21 and



1 (3) Those fringe benefit costs requested shall be included
2 in the department of budget and finance's annual
3 budget request. No fringe benefit costs shall be
4 charged directly to or deducted from the charter
5 school per-pupil allocations unless they are already
6 included in the funds distributed to the charter
7 school.

8 The legislature shall make an appropriation based upon the
9 budget request; provided that the legislature may make
10 additional appropriations for fringe, workers' compensation, and
11 other employee benefits, facility costs, and other requested
12 amounts.

13 The governor, pursuant to chapter 37, may impose
14 restrictions or reductions on charter school appropriations
15 similar to those imposed on other public schools.

16 (b) Charter schools shall be eligible for all federal
17 financial support to the same extent as all other public
18 schools. The department shall provide the office with all
19 state-level federal grant proposals submitted by the department
20 that include charter schools as potential recipients and timely
21 reports on state-level federal grants received for which charter
22 schools may apply[-] or are entitled to receive. Federal funds



1 received by the department for charter schools shall be
2 transferred to the office for distribution to charter schools in
3 accordance with the federal requirements. If administrative
4 services related to federal grants and subsidies are provided to
5 the charter school by the department, the charter school shall
6 reimburse the department for the actual costs of the
7 administrative services in an amount that shall not exceed six
8 and one-half per cent of the charter school's federal grants and
9 subsidies.

10 Any charter school shall be eligible to receive any
11 supplemental federal grant or award for which any other public
12 school may submit a proposal, or any supplemental federal grants
13 limited to charter schools; provided that if department
14 administrative services, including funds management, budgetary,
15 fiscal accounting, or other related services, are provided with
16 respect to these supplemental grants, the charter school shall
17 reimburse the department for the actual costs of the
18 administrative services in an amount that shall not exceed six
19 and one-half per cent of the supplemental grant for which the
20 services are used.

21 All additional funds generated by the local school boards,
22 that are not from a supplemental grant, shall be held separate



1 from allotted funds and may be expended at the discretion of the
2 local school boards.

3 (c) To enable charter schools to access state funding
4 prior to the start of each school year, foster their fiscal
5 planning, and enhance their accountability, the office shall:

6 (1) Provide fifty per cent of a charter school's per-pupil
7 allocation based on the charter school's projected
8 student enrollment no later than July 20 of each
9 fiscal year; provided that the charter school shall
10 ~~[submit]~~ have submitted to the office a projected
11 student enrollment no later than May 15 of each year;

12 (2) Provide an additional forty per cent of a charter
13 school's per-pupil allocation no later than
14 November 15 of each year; provided that the charter
15 school shall ~~[submit]~~ have submitted to the office:

16 (A) Student enrollment as verified on October 15 of
17 each year; provided that the student enrollment
18 shall be verified on the last business day
19 immediately prior to October 15 should that date
20 fall on a weekend; and

21 (B) An accounting of the percentage of student
22 enrollment that transferred from public schools



1 established and maintained by the department;
2 provided that these accountings shall also be
3 submitted by the office to the legislature no
4 later than twenty days prior to the start of each
5 regular session; and

6 (3) ~~[The]~~ Retain the remaining ten per cent of a charter
7 school's per-pupil allocation ~~[of a charter school]~~ no
8 later than January 1 of each year as a contingency
9 balance to ensure fiscal accountability;

10 provided that the ~~[board]~~ panel may make adjustments in
11 allocations based on noncompliance with ~~[office]~~ federal and
12 state reporting requirements, the office's administrative
13 procedures, and board-approved accountability requirements."

14 SECTION 13. Section 302B-14, Hawaii Revised Statutes, is
15 amended by amending subsections (a) to (g) to read as follows:

16 "(a) Every charter school shall conduct annual self-
17 evaluations that shall be submitted to the ~~[board]~~ panel within
18 sixty working days after the completion of the school year~~[r]~~,
19 or in accordance with reporting requirements adopted by the
20 panel. The self-evaluation process shall include but not be
21 limited to:



- 1 (1) The identification and adoption of benchmarks to
2 measure and evaluate administrative and instructional
3 programs;
- 4 (2) The identification of any innovations or research that
5 may assist other public schools;
- 6 (3) The identification of any administrative and legal
7 barriers to meeting the adopted benchmarks, and
8 recommendations for improvements and modifications to
9 address the barriers;
- 10 (4) An evaluation of student achievement within the
11 charter school;
- 12 (5) A profile of the charter school's enrollment and the
13 community it serves, including a breakdown of regular
14 education and special education students; and
- 15 (6) An evaluation of the school's organizational
16 viability.
- 17 (b) The [board] panel shall conduct multi-year evaluations
18 of charter schools that have been chartered for four or more
19 years. ~~[The board shall adopt rules pursuant to chapter 91 for~~
20 ~~its evaluations.]~~
- 21 (c) The [board] panel may conduct special evaluations of
22 charter schools at any time.



1 (d) The [~~board~~] panel may place a charter school on
2 probationary status; provided that:

3 (1) The panel evaluates the charter school or reviews an
4 evaluation of the charter school [~~and makes~~
5 ~~recommendations to the board~~];

6 (2) The [~~board~~] panel and the office are involved in
7 substantive discussions with the charter school
8 regarding the areas of deficiencies;

9 (3) The notice of probation is delivered to the charter
10 school and specifies the deficiencies requiring
11 correction, the probation period, and monitoring and
12 reporting requirements;

13 (4) For deficiencies related to student performance, a
14 charter school shall be allowed two years to improve
15 student performance; [~~and~~]

16 (5) For deficiencies related to financial plans, a charter
17 school shall be allowed one year to develop a sound
18 financial plan[-]; and

19 (6) For deficiencies related to organizational viability,
20 a charter school may be allowed one year to improve
21 administrative compliance.



1 The charter school shall remain on probationary status
2 until the [~~board~~] panel votes either to [~~either~~] remove the
3 charter school from probationary status or revoke its charter.

4 (e) If a charter school fails to resolve deficiencies by
5 the end of the probation period, the [~~board~~] panel may revoke
6 the charter; provided that the vote of two-thirds of all the
7 members to which the [~~board~~] panel is entitled shall be required
8 to revoke the charter.

9 (f) The [~~board~~] panel may place a charter school on
10 probationary status or revoke the charter for serious student or
11 employee health or safety deficiencies; provided that:

12 (1) The charter school is given notice of specific health
13 or safety deficiencies and is afforded an opportunity
14 to present its case to the [~~board,~~] panel;

15 (2) The [~~board~~] panel chair appoints a task group, which
16 may be an investigative task group [~~, the panel,~~] or
17 the office, to visit the charter school and conduct
18 meetings with its local school board and its school
19 community to gather input;

20 (3) Based on its findings, the task group shall recommend
21 to the [~~board~~] panel to revoke the charter, place the
22 charter school on probation, or continue the charter;



- 1 (4) The vote of two-thirds of all the members to which the
2 [board] panel is entitled shall be required to revoke
3 the charter;
- 4 (5) The best interest of the school's students guide all
5 decisions; and
- 6 (6) After a decision to revoke a charter, the charter
7 school shall be allowed to remain open until a plan
8 for an orderly shutdown or transfer of students and
9 assets is developed and executed, or until the school
10 year ends, whichever comes first.
- 11 (g) If there is an immediate concern for student or
12 employee health or safety at a charter school, the [board,
13 panel, in consultation with the office, may adopt an interim
14 restructuring plan that may include the appointment of an
15 interim local school board, an interim local school board
16 chairperson, or a principal to temporarily assume operations of
17 the school; provided that if possible without further
18 jeopardizing the health or safety of students and employees, the
19 charter school's stakeholders and community are first given the
20 opportunity to elect a new local school board which shall
21 appoint a new interim principal."



1 SECTION 14. Notwithstanding the requirements of section
2 302B-3, Hawaii Revised Statutes, the terms of those members of
3 the charter school review panel that are to expire on or before
4 June 30, 2007, shall be extended until June 30, 2008.

5 SECTION 15. Statutory material to be repealed is bracketed
6 and stricken. New statutory material is underscored.

7 SECTION 16. This Act shall take effect upon its approval;
8 provided that the amendments made to section 89-6(g), Hawaii
9 Revised Statutes, by section 3 of this Act shall not be repealed
10 when section 89-6(g), Hawaii Revised Statutes, is repealed and
11 reenacted pursuant to Act 245, Session Laws of Hawaii 2005.



GOVERNOR OF THE STATE OF HAWAII

Approved this day: JUN 1 2007

