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## A BILL FOR AN ACT

RELATING TO CHARTER SCHOOLS.

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

1           SECTION 1. The Legislature finds that Charter Schools  
2 offer innovative and educational alternatives. Charter Schools  
3 have been successful in out performing regular public school  
4 students in the Hawaii State Assessment and the SAT tests.  
5 Charter Schools have met the SAT Honor Roll Criteria (Where 77%  
6 of students in a grade scored above the national norm in both  
7 reading and math.)

8           The Legislature finds that the per-pupil amount does not  
9 include costs for facilities and operations of the Charter  
10 Schools, as a regular State funded education does.

11           The purpose of this Act is to allow more Charter Schools,  
12 in order to benefit the State of Hawaii through the education of  
13 its keiki and to provide adequate and equal funding of students  
14 attending regular public schools.

15           SECTION 2. Section 302B-4, Hawaii Revised Statutes, is  
16 repealed.

17           ~~["§302B-4 Limits on charter schools. Beginning July 2007,~~  
18 ~~the board, with the recommendation of the panel, may authorize~~



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

9 SECTION 3. Section 302B-12, Hawaii Revised Statutes, is  
 10 amended to read as follows:

11 "§302B-12 Funding and finance. (a) Beginning with fiscal  
 12 year 2006-2007, and each fiscal year thereafter, the office  
 13 shall submit a request for general fund appropriations for each  
 14 charter school based upon:

- 15 (1) The actual and projected enrollment figures in the
- 16 current school year for each charter school;
- 17 (2) A per-pupil amount for each regular education and
- 18 special education student, which shall be equivalent
- 19 to the total per-pupil cost based upon average
- 20 enrollment in all regular education cost categories,
- 21 including comprehensive school support services but
- 22 excluding special education services, and for all



1 means of financing except federal funds, as reported  
 2 in the most recently published department consolidated  
 3 annual financial report; provided that the legislature  
 4 may make an adjustment to the per-pupil allocation for  
 5 the purposes of this section; and

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

13 The legislature shall make an appropriation based upon the  
 14 budget request, facility costs, and operation expenses; provided  
 15 that the legislature may make additional appropriations for  
 16 fringe, workers' compensation, and other employee benefits,  
 17 [~~facility costs,~~] and other requested amounts.

18 The governor, pursuant to chapter 37, may impose  
 19 restrictions or reductions on charter school appropriations  
 20 similar to those imposed on other public schools.

21 (b) Charter schools shall be eligible for all federal  
 22 financial support to the same extent as all other public



1 schools. The department shall provide the office with all  
2 federal grant proposals that include charter schools as  
3 potential recipients and timely reports on federal grants  
4 received for which charter schools may apply. Federal funds  
5 received by the department for charter schools shall be  
6 transferred to the office for distribution to charter schools in  
7 accordance with the federal requirements. If administrative  
8 services related to federal grants and subsidies are provided to  
9 the charter school by the department, the charter school shall  
10 reimburse the department for the actual costs of the  
11 administrative services in an amount that shall not exceed six  
12 and one-half per cent of the charter school's federal grants and  
13 subsidies.

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



1 and one-half per cent of the supplemental grant for which the  
2 services are used.

3 All additional funds generated by the local school boards,  
4 that are not from a supplemental grant, shall be held separate  
5 from allotted funds and may be expended at the discretion of the  
6 local school boards.

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

10 (1) Provide fifty per cent of a charter school's per-pupil  
11 allocation based on the charter school's projected  
12 student enrollment no later than July 20 of each  
13 fiscal year; provided that the charter school shall  
14 submit to the office a projected student enrollment no  
15 later than May 15 of each year;

16 (2) Provide an additional forty per cent of a charter  
17 school's per-pupil allocation no later than November  
18 15 of each year; provided that the charter school  
19 shall submit to the office:

20 (A) Student enrollment as verified on October 15 of  
21 each year; provided that the student enrollment  
22 shall be verified on the last business day



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1 immediately prior to October 15 should that date  
2 fall on a weekend; and

3 (B) An accounting of the percentage of student  
4 enrollment that transferred from public schools  
5 established and maintained by the department;  
6 provided that these accountings shall also be  
7 submitted by the office to the legislature no  
8 later than twenty days prior to the start of each  
9 regular session; and

10 (3) The remaining ten per cent per-pupil allocation of a  
11 charter school no later than January 1 of each year as  
12 a contingency balance to ensure fiscal accountability;  
13 provided that the board may make adjustments in allocations  
14 based on noncompliance with office administrative procedures and  
15 board-approved accountability requirements.

16 (d) The department shall provide appropriate transitional  
17 resources to a conversion charter school for its first year of  
18 operation as a charter school based upon the department's  
19 allocation to the school for the year prior to the conversion.

20 (e) No start-up charter school or conversion charter  
21 school may assess tuition."



1 SECTION 4. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.

3 SECTION 5. This Act shall take effect upon its approval.  
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INTRODUCED BY:

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JAN 19 2007



**Report Title:**

Charter Schools; Repealing Cap and Funding.

**Description:**

Repeals the cap on how many charter schools can be started in any year. Includes funding for operations and facilities.

