

JAN 22 2008

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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, pursuant to Act  
2 115, Session Laws of Hawaii 2007, the legislature sought to  
3 improve the public charter school system by clarifying the  
4 functions, duties, and roles of the charter school review panel  
5 and the board of education in the administration and operations  
6 of the charter schools in the State. The legislature further  
7 finds that although the changes made were important and  
8 effective in assisting in charter schools administration,  
9 additional reform is necessary to allow charter schools in the  
10 State to continue to strive for excellence through effective and  
11 efficient operations.

12           The purpose of this Act is to make clarifying amendments to  
13 charter school administration, including, among other things:

14           (1) Prohibiting the board of education member on the  
15           charter school review panel to sit on appeals from the  
16           panel's decisions;



- 1           (2) Authorizing the board of education to remove a panel  
2           member for cause;
- 3           (3) Requiring the charter school administrative office to  
4           be represented by an assigned deputy attorney general,  
5           separate from counsel for the board of education;
- 6           (4) Requiring submission to and approval of the charter  
7           school budget by the panel;
- 8           (5) Authorizing the charter school administrative office  
9           to submit a capital improvement projects budget for  
10          charter school facilities to the department of budget  
11          and finance, subject to approval by the panel;
- 12          (6) Excluding fringe benefits, special education, and  
13          federal funding from the per pupil appropriation to  
14          charter schools;
- 15          (7) Specifying the executive director's duties with regard  
16          to the preparation of the budget; and
- 17          (8) Clarifying that the panel is subject to the  
18          requirements of the sunshine law.

19           SECTION 2. Section 302B-1, Hawaii Revised Statutes, is  
20 amended by amending the definitions of "local school board" and  
21 "organizational viability" to read as follows:



1 "Local school board" means the autonomous governing body of  
2 a charter school that receives the charter and is responsible  
3 for the financial and academic viability of the charter school  
4 and implementation of the charter, possesses the independent  
5 authority to determine the organization and management of the  
6 school, the curriculum, virtual education, and compliance with  
7 board policies made in its capacity as the state education  
8 agency, department directives made in its capacity as the state  
9 education agency, applicable federal and state laws, [+]and[+]  
10 has the power to negotiate supplemental collective bargaining  
11 agreements with exclusive representatives of their employees.

12 "Organizational viability" means that a charter school:

- 13 (1) Has been duly constituted in accordance with its  
14 charter;
- 15 (2) Has a local school board established in accordance  
16 with law and the charter school's charter;
- 17 (3) Employs sufficient faculty and staff to provide the  
18 necessary educational program and support services to  
19 operate the facility in accordance with its charter;
- 20 (4) Maintains accurate and comprehensive records regarding  
21 students and employees as determined by the office;
- 22 (5) Meets appropriate standards of student achievement;



- 1           (6) Cooperates with board, panel, and office requirements  
2                   in conducting its functions;
- 3           (7) Complies with applicable federal, state, and county  
4                   laws and requirements;
- 5           (8) In accordance with office guidelines and procedures,  
6                   is financially sound and fiscally responsible in its  
7                   use of public funds, maintains accurate and  
8                   comprehensive financial records, operates in  
9                   accordance with generally accepted accounting  
10                  practices, and maintains a sound financial plan;
- 11          (9) Operates within the scope of its charter and fulfills  
12                  obligations and commitments of its charter;
- 13          (10) Complies with all health and safety laws and  
14                  requirements; [~~and~~]
- 15          (11) Complies with all panel directives, policies, and  
16                  procedures[-];
- 17          (12) Complies with board policies made in its capacity as  
18                  the state education agency; and
- 19          (13) Complies with department directives in its capacity as  
20                  the state education agency."

21           SECTION 3. Section 302B-3, Hawaii Revised Statutes, is  
22 amended to read as follows:



1           "§302B-3 Charter school review panel; establishment;  
2 **powers and duties.** (a) There is established the charter school  
3 review panel, which shall be placed within the department for  
4 administrative purposes only. The panel shall be accountable to  
5 the charter schools and the board. Notwithstanding section  
6 302B-9[7] or any other law to the contrary, the panel shall be  
7 subject to chapter 92.

8           (b) The panel shall consist of twelve members, and shall  
9 include:

10           (1) Two licensed teachers regularly engaged in teaching;  
11           provided that one teacher is employed at a start-up  
12           charter school, and one teacher is employed at a  
13           conversion charter school;

14           (2) Two educational officers; provided that one  
15           educational officer is employed at a start-up charter  
16           school, and one educational officer is employed at a  
17           conversion charter school;

18           (3) One member or former member of a charter school local  
19           school board;

20           (4) The chair of the board of education or the chair's  
21           designee;



- 1           (5) A representative of Hawaiian culture-focused charter  
2           schools;
- 3           (6) Two representatives of the University of Hawaii who  
4           are not affiliated with charter schools;
- 5           (7) One member with a background in business or accounting  
6           who is not affiliated with charter schools;
- 7           (8) One member with a background in the building trades or  
8           real estate who is not affiliated with charter  
9           schools; and
- 10          (9) A representative from the Hawaii Association of  
11          Independent Schools;
- 12 provided that the initial appointments for representatives in  
13 paragraphs (7) to [(+) (9) (+)] shall be made by September 1, 2007.  
14 From June 1, 2007 until such time that the panel has twelve  
15 members, five members of the panel shall constitute a quorum to  
16 conduct business and a concurrence of at least five members  
17 shall be necessary to make any action of the panel valid;  
18 provided that, upon filling the twelve seats as required under  
19 this subsection, a majority of the panel shall constitute a  
20 quorum to conduct business, and the concurrence of a majority of  
21 all the members to which the panel is entitled shall be  
22 necessary to make any action of the panel valid.



1 (c) The board shall appoint the remaining members of the  
2 panel other than the chair of the board.

3 (d) Appointed panel members shall serve not more than  
4 three consecutive three-year terms, with each term beginning on  
5 July 1; provided that the initial terms of the appointed members  
6 that commence after June 30, 2006, shall be staggered as  
7 follows:

8 (1) Four members to serve three-year terms;

9 (2) Four members to serve two-year terms; and

10 (3) Three members to serve a one-year term.

11 (e) Notwithstanding the terms of members, the board may  
12 add panel members at any time and replace panel members at any  
13 time when their positions become vacant through resignation,  
14 through non-participation, [or] upon request of a majority of  
15 panel members[-], or upon termination by the board for cause.

16 (f) Panel members shall receive no compensation. When  
17 panel duties require that a panel member take leave of the panel  
18 member's duties as a state employee, the appropriate state  
19 department shall allow the panel member to be placed on  
20 administrative leave with pay and shall provide substitutes,  
21 when necessary, to perform that panel member's duties. Panel



1 members shall be reimbursed for necessary travel expenses  
2 incurred in the conduct of official panel business.

3 (g) The panel shall establish operating procedures that  
4 shall include conflict of interest provisions for any member  
5 whose school of employment or local school board membership is  
6 before the panel.

7 (h) The chair of the panel shall be designated by the  
8 members of the panel for each school year beginning July 1 and  
9 whenever there is a vacancy. If the panel does not designate  
10 its chair for the next school year by July 1, the board shall  
11 designate the panel chair. When the panel chair is vacant, the  
12 board shall designate an interim chair to serve until the panel  
13 designates its chair.

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

15 (1) Appoint and evaluate the executive director and  
16 approve staff and salary levels for the charter school  
17 administrative office;

18 (2) Review, approve, or deny charter applications for new  
19 charter schools in accordance with [†]section[†]  
20 302B-5 for the issuance of new charters; provided that  
21 applicants that are denied a charter may appeal to the



- 1 board for a final decision pursuant to section  
2 302B-3.5;
- 3 (3) Review, approve, or deny [~~significant~~] amendments to  
4 detailed implementation plans to maximize the school's  
5 financial and academic success, long-term  
6 organizational viability, and accountability. Charter  
7 schools that are denied a [~~significant~~] amendment to  
8 their detailed implementation plan may appeal to the  
9 board for a final decision pursuant to section  
10 302B-3.5;
- 11 (4) Adopt reporting requirements for charter schools;
- 12 (5) Review annual self-evaluation reports from charter  
13 schools and take appropriate action;
- 14 (6) Evaluate any aspect of a charter school that the panel  
15 may have concerns with and take appropriate action,  
16 which may include probation or revocation;
- 17 (7) Periodically adopt improvements in the panel's  
18 monitoring and oversight of charter schools; [~~and~~]
- 19 (8) Periodically adopt improvements in the office's  
20 support of charter schools and management of the  
21 charter school system[~~-~~];



1       (9) Review, modify, and approve the charter schools  
2       budget, based upon criteria and an approval process  
3       established by the panel;

4       (10) Review, modify, and approve the capital improvement  
5       projects budget for charter school facilities, based  
6       upon criteria and an approval process established by  
7       the panel; provided that, upon approval, the office  
8       shall submit the capital improvement projects budget  
9       for charter school facilities directly to the  
10       department of budget and finance; and

11       (11) Review, modify, or approve recommendations of the  
12       office to allocate non-per pupil facilities funds to  
13       charter schools with facilities needs.

14       (j) In the case that the panel decides not to issue a new  
15 charter, or to approve [significant] amendments to detailed  
16 implementation plans, the board may adopt rules for an appeals  
17 process pursuant to section 302B-3.5.

18       (k) The office shall provide for the staff support and  
19 expenses of the panel.

20       ~~[(1) The panel shall be exempt from chapter 92.]~~"

21       SECTION 4. Section 302B-3.5, Hawaii Revised Statutes, is  
22 amended to read as follows:



1           "[\S302B-3.5[\] 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   provided that any member of the board who served as a member of  
8   the charter school review panel during the time at which the  
9   decision being appealed was made shall be recused from reviewing  
10   the matter on appeal. An appeal shall be filed with the board  
11   within twenty-one calendar days of the receipt of the  
12   notification of denial or revocation. Only a party whose  
13   charter school application has been denied, whose charter has  
14   been revoked, or whose amendment to a detailed implementation  
15   plan has been denied may initiate an appeal under this section  
16   for cause. The board shall review an appeal and issue a final  
17   decision within sixty calendar days of the filing of the appeal.  
18   The board may adopt applicable rules and procedures pursuant to  
19   chapter 91 for implementing the appeals process."

20           SECTION 5. Section 302B-6, Hawaii Revised Statutes, is  
21   amended to read as follows:



1           **"§302B-6 Conversion charter schools; establishment.** (a)

2 A conversion charter school may be established pursuant to this  
3 section.

4           (b) Any department school, school community council, group  
5 of teachers, group of teachers and administrators, or nonprofit  
6 organization may submit a letter of intent to the office to  
7 convert a department school to a charter school, establish an  
8 interim local school board as its governing body, and develop a  
9 detailed implementation plan pursuant to subsection (d).

10           (c) The conversion charter school application process and  
11 schedule shall be determined by the panel, and shall provide for  
12 and include the following elements:

13           (1) The submission of a letter of intent to convert to a  
14 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 panel of a completed  
19 application; provided that the application shall  
20 include certification and documentation that the  
21 application and the proposed detailed implementation  
22 plan was approved by a majority of the votes cast by



- 1 existing administrative, support, teaching personnel,  
2 and parents of students at the proposed conversion  
3 charter school;
- 4 (4) The timely review of the application by the panel for  
5 completeness, and notification of the interim local  
6 school board if the application is complete or, if the  
7 application is insufficient, a written statement of  
8 the elements of the application that require  
9 completion;
- 10 (5) The timely resubmission of the application;
- 11 (6) Upon receipt of a completed application, the convening  
12 of the panel by the panel chairperson to begin review  
13 of the application;
- 14 (7) The timely notification of the applicant of any  
15 revisions the panel may request as necessary for a  
16 recommendation of approval;
- 17 (8) Following the submission of an application, issuance  
18 of a charter or denial of the application by the panel  
19 by majority vote; provided that if the panel does not  
20 approve the application and issue a charter,  
21 provisions requiring the panel to:



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

4 (B) Allow the interim local school board to revise  
5 its plan in accordance with the panel's  
6 guidelines, and resubmit an amended plan within  
7 ten calendar days;

8 (9) A provision for a final date on which a decision must  
9 be made upon receipt of an amended plan; and

10 (10) A provision that no conversion charter school may  
11 begin operation before obtaining panel approval of its  
12 charter.

13 (d) An application to become a conversion charter school  
14 shall include a detailed implementation plan that meets the  
15 requirements of this subsection and section 302B-9. The plan  
16 shall include the following:

17 (1) A description of employee rights and management issues  
18 and a framework for addressing those issues that  
19 protects the rights of employees;

20 (2) A plan for identifying, recruiting, and retaining  
21 highly-qualified instructional faculty;



- 1           (3) A plan for identifying, recruiting, and selecting
- 2           students that is not exclusive, elitist, or
- 3           segregationist;
- 4           (4) The curriculum and instructional framework to be used
- 5           to achieve student outcomes, including an assessment
- 6           plan;
- 7           (5) A plan for the assessment of student, administrative
- 8           support, and teaching personnel performance that:
- 9           (A) Recognizes the interests of the general public;
- 10          (B) Incorporates or exceeds the educational content
- 11          and performance standards developed by the
- 12          department for the public school system;
- 13          (C) Includes a system of faculty and staff
- 14          accountability that holds faculty and staff both
- 15          individually and collectively accountable for
- 16          their performance, and that is at least
- 17          equivalent to the average system of
- 18          accountability in public schools throughout the
- 19          State; and
- 20          (D) Provides for program audits and annual financial
- 21          audits;

1           (6) A governance structure for the charter school that  
2           incorporates a conflict of interest policy and a plan  
3           for periodic training to carry out the duties of local  
4           school board members;

5           (7) A financial plan based on the most recent fiscal  
6           year's per-pupil charter school allocation that  
7           demonstrates the ability to meet the financial  
8           obligations of one-time, start-up costs and ongoing  
9           costs such as monthly payrolls, faculty recruitment,  
10          professional development, and facilities costs; and

11          (8) A facilities plan.

12          (e) A nonprofit organization may submit a letter of intent  
13          to the office to convert a department school to a conversion  
14          charter school, operate and manage the school, establish a local  
15          school board as its governing body, and develop a detailed  
16          implementation plan pursuant to subsection (d); provided that:

17           (1) As the governing body of the conversion charter  
18           school, the local school board shall be composed of  
19           the board of directors of the nonprofit organization  
20           and not representatives of the participant groups  
21           specified in section 302B-7. The nonprofit  
22           organization may also appoint advisory groups of



1 community representatives for each school managed by  
2 the nonprofit organization; provided that these groups  
3 shall not have governing authority over the school and  
4 shall serve only in an advisory capacity to the  
5 nonprofit organization;

6 (2) The detailed implementation plan for each conversion  
7 charter school to be operated by the nonprofit  
8 organization shall be formulated, developed, and  
9 submitted by the nonprofit organization, and shall be  
10 approved by a majority of the votes cast by existing  
11 administrative, support, and teaching personnel, and  
12 parents of the students of the proposed conversion  
13 charter school;

14 (3) The board of directors of the nonprofit organization,  
15 as the governing body for the conversion charter  
16 school that it operates and manages, shall have the  
17 same protections that are afforded to the board in its  
18 role as the conversion charter school governing body;

19 (4) Any conversion charter school that is managed and  
20 operated by a nonprofit organization shall be eligible  
21 for the same federal and state funding as other public  
22 schools; provided that the nonprofit organization



1 makes a minimum annual contribution of \$1 per pupil  
2 toward the operation of a conversion charter school  
3 for every \$4 per pupil allocated by the office for the  
4 operation of the conversion charter school; provided  
5 that in no event shall the nonprofit organization be  
6 required to contribute more than the total required  
7 contribution per pupil per year. As used in this  
8 section, "total required contribution" means:

9 (A) \$1,500 for school years 2006-2007 through 2010-  
10 2011;

11 (B) \$1,650 for school years 2011-2012 through 2015-  
12 2016; and

13 (C) \$1,815 for school years 2016-2017 through 2020-  
14 2021; and

15 (5) If, at any time, the board of directors of the  
16 nonprofit organization governing the conversion  
17 charter school votes to discontinue its relationship  
18 with the charter school, the charter school may submit  
19 an application with a revised detailed implementation  
20 plan to the panel to continue as a conversion school  
21 without the participation of the nonprofit  
22 organization.



1 (f) Any nonprofit organization that seeks to manage or  
2 operate a conversion charter school as provided in subsection  
3 (e) shall comply with the following at the time of application:

4 (1) Have bylaws or policies that describe the manner in  
5 which business is conducted and policies that relate  
6 to the management of potential conflict of interest  
7 situations;

8 (2) Have experience in the management and operation of  
9 public or private schools or, to the extent necessary,  
10 agree to obtain appropriate services from another  
11 entity or entities possessing such experience;

12 (3) Comply with all applicable federal, state, and county  
13 laws, including licensure or accreditation, as  
14 applicable; and

15 (4) Comply with any other requirements prescribed by the  
16 department to ensure adherence with applicable  
17 federal, state, and county laws, and the purposes of  
18 this chapter.

19 (g) Any public school or schools, programs, or sections of  
20 existing public school populations that are part of a separate  
21 Hawaiian language immersion program using existing public school



1 facilities may submit a letter of intent to the office to form a  
2 conversion charter school pursuant to this section.

3 (h) In the event of a conflict between the provisions in  
4 this section and other provisions in this chapter, this section  
5 shall control.

6 (i) The office shall be represented by an assigned deputy  
7 attorney general who does not represent, or function as, a  
8 subordinate to a deputy attorney general who represents the  
9 department or the board."

10 SECTION 6. Section 302B-8, Hawaii Revised Statutes, is  
11 amended as follows:

12 1. By amending subsection (b) to read:

13 "(b) The executive director, under the direction of the  
14 panel and in consultation with the charter schools, shall be  
15 responsible for the internal organization, operation, and  
16 management of the charter school system, including:

17 (1) Preparing and executing the budget for the charter  
18 schools, including submission of the budget request to  
19 the panel, the board, the governor, and the  
20 legislature; provided that, in preparing the budget  
21 request with regard to facilities funding, the



1           executive director shall ensure that the request  
2           provides:

3           (A) Funding for actual and projected enrollment  
4           figures in the current school year for each  
5           charter school;

6           (B) Funding equal to the department's debt service  
7           appropriation divided by the department's actual  
8           enrollment that school year; and

9           (C) That no less than eighty per cent of the amount  
10           requested shall be allocated by the office to  
11           start-up charter schools on a per pupil basis;  
12           provided that the funds remaining shall be  
13           allocated to charter schools with facilities  
14           needs as recommended by the office and approved  
15           by the panel;

16           (2) Allocating annual appropriations to the charter  
17           schools and distribution of federal funds to charter  
18           schools;

19           (3) Complying with applicable state laws related to the  
20           administration of the charter schools;



- 1           (4)   Preparing contracts between the charter schools and  
2                   the department for centralized services to be provided  
3                   by the department;
- 4           (5)   Preparing contracts between the charter schools and  
5                   other state agencies for financial or personnel  
6                   services to be provided by the agencies to the charter  
7                   schools;
- 8           (6)   Providing independent analysis and recommendations on  
9                   charter school issues;
- 10          (7)   Representing charter schools and the charter school  
11                   system in communications with the board, the governor,  
12                   and the legislature;
- 13          (8)   Providing advocacy, assistance, and support for the  
14                   development, growth, progress, and success of charter  
15                   schools and the charter school system;
- 16          (9)   Providing guidance and assistance to charter  
17                   applicants and charter schools to enhance the  
18                   completeness and accuracy of information for panel  
19                   review;
- 20          (10)  Assisting charter applicants and charter schools in  
21                   coordinating their interactions with the panel as  
22                   needed;



- 1 (11) Assisting the panel to coordinate with charter schools  
2 in panel investigations and evaluations of charter  
3 schools;
- 4 (12) Serving as the conduit to disseminate communications  
5 from the panel, the board, and the department to all  
6 charter schools;
- 7 (13) Determining charter school system needs and  
8 communicating those needs to the panel, the board, and  
9 the department;
- 10 (14) Establishing a dispute resolution and mediation  
11 process; [~~and~~]
- 12 (15) Upon request by one or more charter schools, assisting  
13 in the negotiation of a collective bargaining  
14 agreement with the exclusive representative of its  
15 employees[~~-~~]; and
- 16 (16) Preparing a separate capital improvement projects  
17 budget for charter school facilities, which shall be  
18 submitted to the charter school review panel for  
19 approval and, upon approval, submitting the capital  
20 improvement projects budget for charter school  
21 facilities directly to the department of budget and  
22 finance."



1           2. By amending subsection (d) to read:

2           "(d) The salary of the executive director and staff shall  
3 be set by the panel based upon the recommendations of charter  
4 schools within the State; provided that the salaries and  
5 operational expenses of the office shall be paid from the annual  
6 charter school appropriation [~~and shall not exceed two per cent~~  
7 ~~of the total allocation in any fiscal year.~~] at an amount to be  
8 determined annually by the panel."

9           SECTION 7. 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,~~] 2008-2009, and each fiscal year thereafter,  
13 [~~the office shall submit a request for general fund~~  
14 ~~appropriations for each charter school based upon:~~] the per  
15 pupil funding amount for charter school students shall not be  
16 less than the total per pupil amount in that same year to the  
17 department; provided that:

18           (1) The amount shall provide funding for actual and  
19           projected enrollment figures in the current school  
20           year for each charter school; and

21           (2) [A] The per-pupil amount [~~for each regular education~~  
22           ~~and special education student, which shall be~~



1       ~~equivalent to the total per-pupil cost based upon~~  
2       ~~average enrollment in] shall include, but not be~~  
3       ~~limited to, all regular education cost categories,~~  
4       ~~including comprehensive school support services, but~~  
5       ~~excluding special education services[7]; provided that~~  
6       ~~special education services are provided and funded by~~  
7       ~~the department, and [for] shall include all means of~~  
8       ~~financing except [federal funds, as reported in the~~  
9       ~~most recently approved executive budget~~  
10       ~~recommendations for the department; provided that in~~  
11       ~~preparing the budget the executive director shall~~  
12       ~~include an analysis of the proposed budget in~~  
13       ~~relationship to the most recently published department~~  
14       ~~consolidated annual financial report; provided further~~  
15       ~~that the legislature may make an adjustment to the~~  
16       ~~per-pupil allocation for the purposes of this section;~~  
17       ~~and] fringe benefit costs, debt service, and federal~~  
18       ~~funds.~~

19       ~~[-(3) Those fringe] (b) Fringe benefit costs [requested]~~  
20       ~~for charter school employees, regardless of the payroll system~~  
21       ~~utilized by a charter school, shall be included in the~~  
22       ~~department of budget and finance's annual budget request.~~



1 Fringe benefit costs paid directly by a charter school to a  
2 payroll system provider shall be reimbursed by the department of  
3 budget and finance to the charter school on a quarterly basis.

4 No fringe benefit costs shall be charged directly to or deducted  
5 from the charter school per-pupil allocations [~~unless they are~~  
6 ~~already included in the funds distributed to the charter~~  
7 ~~school~~].

8 The legislature shall [~~make an appropriation based upon the~~  
9 ~~budget request;~~] provide funding for charter schools based upon  
10 the requirements of this section; provided that the legislature  
11 [~~may~~] shall make additional appropriations for fringe, workers'  
12 compensation, and other employee benefits[~~;~~] and facility  
13 costs[~~;~~ ~~and~~]. The legislature may make additional  
14 appropriations for other requested amounts[~~;~~] that benefit  
15 charter schools.

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

19 [~~(b)~~] (c) Charter schools shall be eligible for all  
20 federal financial support to the same extent as all other public  
21 schools. The department shall provide the office with all  
22 state-level federal grant proposals submitted by the department



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

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.] an administrative fee in the amount of five  
3 per cent of the charter school's federal grants and subsidies.~~

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

8 [~~e~~] (d) To enable charter schools to access state  
9 funding prior to the start of each school year, foster their  
10 fiscal planning, and enhance their accountability, the office  
11 shall:

- 12 (1) Provide fifty per cent of a charter school's per-pupil  
13 allocation based on the charter school's projected  
14 student enrollment no later than July 20 of each  
15 fiscal year; provided that the charter school shall  
16 have submitted to the office a projected student  
17 enrollment no later than May 15 of each year;
- 18 (2) Provide an additional forty per cent of a charter  
19 school's per-pupil allocation no later than  
20 November 15 of each year; provided that the charter  
21 school shall have submitted to the office:



- 1           (A) Student enrollment as verified on October 15 of  
2           each year; provided that the student enrollment  
3           shall be verified on the last business day  
4           immediately prior to October 15 should that date  
5           fall on a weekend; and
- 6           (B) An accounting of the percentage of student  
7           enrollment that transferred from public schools  
8           established and maintained by the department;  
9           provided that these accountings shall also be  
10          submitted by the office to the legislature no  
11          later than twenty days prior to the start of each  
12          regular session; and
- 13          (3) Retain the remaining ten per cent of a charter  
14          school's per-pupil allocation no later than [~~January~~  
15          ±] June 30 of each year as a contingency balance to  
16          ensure fiscal accountability[±] and compliance;  
17          provided that the panel may make adjustments in allocations  
18          based on noncompliance with [~~federal and state reporting~~  
19          ~~requirements,~~] board policies made in its capacity as the state  
20          education agency, department directives made in its capacity as  
21          the state education agency, the office's administrative  
22          procedures, and board-approved accountability requirements.



1        [~~(d)~~] (e) The department shall provide appropriate  
2 transitional resources to a conversion charter school for its  
3 first year of operation as a charter school based upon the  
4 department's allocation to the school for the year prior to the  
5 conversion.

6        [~~(e)~~] (f) No start-up charter school or conversion charter  
7 school may assess tuition."

8        SECTION 8. Section 302B-14, Hawaii Revised Statutes, is  
9 amended as follows:

10        1. By amending subsection (b) to read:

11        "(b) The panel shall conduct a multi-year [evaluations]  
12 evaluation of each charter [schools that have been chartered for  
13 four or more years.] school on its fourth anniversary year and  
14 every five years thereafter. The panel may from time to time  
15 establish a schedule to stagger the multi-year evaluations."

16        2. By amending subsection (d) to read:

17        "(d) The panel may place a charter school on probationary  
18 status; provided that:

19        (1) The panel evaluates the charter school or reviews an  
20 evaluation of the charter school;



- 1           (2) The panel and the office are involved in substantive  
2           discussions with the charter school regarding the  
3           areas of deficiencies;
- 4           (3) The notice of probation is delivered to the charter  
5           school and specifies the deficiencies requiring  
6           correction, the probation period, and monitoring and  
7           reporting requirements;
- 8           (4) For deficiencies related to student performance, a  
9           charter school shall be allowed two years to improve  
10          student performance;
- 11          (5) For deficiencies related to financial plans, a charter  
12          school shall be allowed one year to develop a sound  
13          financial plan; [~~and~~]
- 14          (6) For deficiencies related to organizational viability,  
15          a charter school may be allowed one year to improve  
16          administrative compliance[~~-~~]; and
- 17          (7) For deficiencies related to compliance with board  
18          policies made in its capacity as the state education  
19          agency, department directives made in its capacity as  
20          the state education agency, state and federal laws,  
21          and health and safety issues, the panel shall  
22          determine the probation period; for these



1           deficiencies, the board shall have the authority to  
2           direct the panel to take appropriate action.

3           The charter school shall remain on probationary status  
4 until the panel votes either to remove the charter school from  
5 probationary status or revoke its charter."

6           3. By amending subsection (g) to read:

7           "(g) If there is an immediate concern for student or  
8 employee health or safety at a charter school, the panel, in  
9 consultation with the office, may adopt an interim restructuring  
10 plan that may include the appointment of an interim local school  
11 board, an interim local school board chairperson, or a principal  
12 to temporarily assume operations of the school; provided that if  
13 possible without further jeopardizing the health or safety of  
14 students and employees, the charter school's stakeholders and  
15 community are first given the opportunity to elect a new local  
16 school board which shall appoint a new interim principal. The  
17 board shall have the authority to direct the panel to take  
18 appropriate action to immediately address serious health and  
19 safety issues that may exist at a charter school in order to  
20 ensure the health and safety of students and staff and mitigate  
21 significant liability to the State."



1 SECTION 9. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.

3 SECTION 10. This Act shall take effect upon its approval.

4

INTRODUCED BY: Norman Salom



**Report Title:**

Charter Schools; Charter School Review Panel

**Description:**

Prohibits the board of education member on the charter school review panel to sit on appeals from the panel's decisions. Authorizes the board of education to remove a panel member for cause. Require the charter school administrative office to be represented by an assigned deputy attorney general, separate from counsel for the board of education. Requires submission to and approval of the charter school budget by the panel. Authorizes the charter school administrative office to submit a capital improvement projects budget for charter school facilities to the department of budget and finance, subject to approval by the panel. Excludes fringe benefits, special education, and federal funding from the per pupil appropriation to charter schools. Specifies the executive director's duties with regard to the preparation of the budget. Clarifies that the panel is subject to the requirements of the sunshine law.

