#### A BILL FOR AN ACT

RELATING TO EDUCATION.

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

1	SECTION 1. Chapter 37, Hawaii Revised Statutes, is amended
2	by adding a new section to be appropriately designated and to
3	read as follows:
4	"§37- Charter schools; carryover of funds. (a) Charter
5	schools may carry over up to five per cent of any appropriation,
6	except for appropriations to fund financing agreements entered
7	into in accordance with chapter 37D, at the close of a fiscal
8	year and the funds retained shall not lapse until June 30 of the
9	first fiscal year of the next fiscal biennium. Each authorizer
10	of a charter school shall submit:
11	(1) A report to the director of finance ninety days after
12	the close of each fiscal year, which shall be prepared
13	in the form prescribed by the director of finance and
14	shall identify the total amount of funds that will
15	carry over to the next fiscal year for each charter
16	school under the authorizer's jurisdiction; and

1	(2) A copy of the report required by paragraph (1) to the
2	legislature no later than twenty days prior to the
3	convening of the next regular session.
4	(b) Appropriations allocated to the charter schools shall
5	remain within the budget of the charter school to which they
6	were originally appropriated; provided that the retention of an
7	appropriation shall not be used as a basis for reducing a
8	charter school's future budget requirements."
9	SECTION 2. Chapter 302D, Hawaii Revised Statutes, is
10	amended by adding three new sections to be appropriately
11	designated and to read as follows:
12	"§302D-A Annual audit. Charter schools shall annually
13	complete an independent financial audit that complies with the
14	requirements of its authorizer and the department.
15	§302D-B Criminal history record checks. (a) The
16	commission shall develop procedures for obtaining verifiable
17	information regarding the criminal history of persons who are
18	employed or seeking employment in any position, including
19	teacher trainees, that places them in close proximity to
20	children. These procedures shall include criminal history
21	record checks in accordance with section 846-2.7. Information
22	obtained pursuant to this subsection shall be used exclusively
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- by the employer or prospective employer for the purpose of

  determining whether a person is suitable for working in close

  proximity to children. All such decisions shall be subject to
- 4 applicable federal laws and regulations.
- 5 (b) The employer or prospective employer may:
- 6 (1) Refuse to allow or continue to allow teacher training;
- 7 (2) Terminate the employment of any employee; or
- 8 (3) Deny employment to an applicant,
- 9 if the person has committed a crime, and if the employer or
- 10 prospective employer finds by reason of the nature and
- 11 circumstances of the crime, that the person poses a risk to the
- 12 health, safety, or well-being of children. Refusal or
- 13 termination may occur only after appropriate investigation and
- 14 notification to the employee or applicant of the results and
- 15 planned action and after the employee or applicant is given an
- 16 opportunity to meet and rebut the findings. Nothing in this
- 17 subsection shall abrogate any applicable rights under chapter 76
- or 89, or any administrative rule of the commission.
- (c) This section shall not be used by the commission or
- 20 any public charter school to secure criminal history record
- 21 checks of person who have been continuously employed by a
- 22 charter school on a salaried basis prior to July 1, 1990.

1	<u>(d)</u>	Notwithstanding any other law to the contrary, for
2	purposes	of this section, the commission shall be exempt from
3	section 8	31-3.1 and shall not be required to conduct
4	investiga	tions, notifications, or hearings in accordance with
5	chapter 9	1.
6	<u>§302</u>	D-C Enrollment. (a) A public charter school shall
7	not discr	iminate against any student or limit admission based on
8	race, col	or, ethnicity, national origin, religion, gender,
9	sexual or	ientation, income level, disability, level of
10	proficien	cy in the English language, need for special education
11	services,	or academic or athletic ability.
12	(b)	A start-up charter school:
13	(1)	Shall be open to any student residing in the State;
14	(2)	Shall enroll all students who submit an application,
15		unless the number of students who submit an
16		application exceeds the capacity of a program, class,
17		grade level, or building;
18	(3)	Shall select students through a public lottery if, as
19		described in paragraph (2), capacity is insufficient
20		to enroll all students who have submitted a timely
21		application;

1	(4)	May give an enrollment preference to students within a
2		given age group or grade level and may be organized
3		around a special emphasis, theme, or concept as stated
4		in the charter school's application and as approved by
5		the charter school's authorizer;
6	(5)	May give an enrollment preference to students enrolled
7		in the charter school during the previous school year
8		and to siblings of students already enrolled at the
9		charter school; and
10	(6)	May give any other enrollment preference permitted by
11		the charter school's authorizer, on an individual
12		charter school basis, if consistent with law;
13	provided	that nothing in this subsection shall preclude the
14	formation	of a start-up charter school whose mission is focused
15	on servin	g students with disabilities, who are of the same
16	gender, w	ho pose such severe disciplinary problems that they
17	warrant a	specific educational program, or who are at a risk of
18	academic	failure.
19	(c)	A conversion charter school shall:
20	(1)	Enroll any student who resides within the school's
21		former geographic service area pursuant to section
22		302A-1143, for the grades that were in place when the

T		public school converted to a charter school; provided
2		that the department may consult with a conversion
3		charter school every three years to determine whether
4		realignment of the charter school's service area is
5		appropriate given population shifts and the
6	•	department's overall service area reviews;
7	(2)	Follow the department's procedures regarding
8		enrollment, including but not limited to geographic
9		exceptions and enrollment preferences; and
10	(3)	Be subject to subsection (b) for grades that were not
11		in place when the school converted to a public charter
12		school."
13	SECT	ION 3. Section 302A-1132, Hawaii Revised Statutes, is
14	amended by	y amending subsection (a) to read as follows:
15	"(a)	Unless excluded from school or excepted from
16	attendanc	e, all children who will have arrived at the age of at
17	least six	years, and who will not have arrived at the age of
18	eighteen ;	years, by January 1 of any school year, shall attend
19	either a	public school, public charter school, or private school
20	for, and	during, the school year, and any parent, guardian, or
21	other per	son having the responsibility for, or care of, a child
22	whose att	endance at school is obligatory shall send the child to
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1	either a	public or private school. Attendance at a public or
2	private s	chool shall not be compulsory in the following cases:
3	(1)	Where the child is physically or mentally unable to
4		attend school (deafness and blindness excepted), of
5		which fact the certificate of a duly licensed
6		physician shall be sufficient evidence;
7	(2)	Where the child, who has reached the fifteenth
8		anniversary of birth, is suitably employed and has
9		been excused from school attendance by the
10		superintendent or the superintendent's authorized
11		representative, or by a family court judge;
12	(3)	Where, upon investigation by the family court, it has
13		been shown that for any other reason the child may
14		properly remain away from school;
15	(4)	Where the child has graduated from high school;
16	(5)	Where the child is enrolled in an appropriate
17		alternative educational program as approved by the
18		superintendent or the superintendent's authorized
19		representative in accordance with the plans and

policies of the department, or notification of intent

to home school has been submitted to the principal of

the public school that the child would otherwise be

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1		required to attend in accordance with department rules
2		adopted to achieve this result; or
3	(6)	Where:
4		(A) The child has attained the age of sixteen years;
5		(B) The principal has determined that:
6		(i) The child has engaged in behavior which is
7		disruptive to other students, teachers, or
8		staff; or
9		(ii) The child's non-attendance is chronic and
10		has become a significant factor that hinders
11		the child's learning; and
12		(C) The principal of the child's school, and the
13		child's teacher or counselor, in consultation
14		with the child and the child's parent, guardian,
15		or other adult having legal responsibility for or
16		care of the child, develops an alternative
17		educational plan for the child. The alternative
18		educational plan shall include a process that
19		shall permit the child to resume school.
20		The principal of the child's school shall file the
21		plan made pursuant to subparagraph (C) with the
22		child's school record. If the adult having legal

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              responsibility for or care of the child disagrees with
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              the plan, then the adult shall be responsible for
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              obtaining appropriate educational services for the
              child."
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         SECTION 4. Section 302D-1, Hawaii Revised Statutes, is
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    amended as follows:
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         1. By amending the definitions of "authorizer" and
    "charter school" or "public charter school" and "organizational
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    viability" to read:
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         ""Authorizer" means an entity established under this
    chapter with chartering authority to review charter
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    applications, decide whether to approve or [reject] deny charter
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    applications, enter into charter contracts with applicants,
    oversee public charter schools, and decide whether to authorize,
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    [reauthorize,] renew, deny renewal of, or [reject] revoke
    charter contracts. The term may include the commission when
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17
    appropriate.
18
         "Charter school" or "public charter school" refers to those
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    public schools and their respective governing boards, as defined
    in this section, that are holding [charters] charter contracts
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    to operate as charter schools under this chapter, including
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    start-up and conversion charter schools, and that have the
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2 frameworks with regard to curriculum, facilities management, 3 instructional approach, virtual education, length of the school 4 day, week, or year, and personnel management. "Organizational viability" means that a charter school: 5 6 (1) Has been duly constituted and operates in accordance 7 with its charter; 8 Has a governing board established in accordance with (2) 9 law and the charter school's charter; 10 (3) Employs sufficient faculty and staff to provide the 11 necessary educational program and support services to 12 operate the facility in accordance with its charter; 13 Maintains accurate and comprehensive records regarding (4) students and employees as determined by its 14 15 authorizer: 16 Meets appropriate standards of student achievement as (5)

flexibility and independent authority to implement alternative

(6) Cooperates with board and authorizer requirements in conducting its functions;

defined by the board pursuant to its duties under

article X, section 3, of the constitution of the State

of Hawaii;

1	(7)	Complies with applicable federal, state, and county
2		laws and requirements;
3	(8)	In accordance with authorizer guidelines and
4		procedures, is financially sound and fiscally
5		responsible in its use of public funds, maintains
6		accurate and comprehensive financial records, operates
7		in accordance with generally accepted accounting
8		practices, and maintains a sound financial plan;
9	(9)	Operates within the scope of its charter contract and
10		fulfills obligations and commitments of its charter;
11	(10)	Complies with all health and safety laws and
12		requirements;
13	(11)	Complies with all authorizer directives, policies, and
14		procedures; and
15	(12)	Complies with all board policies deemed applicable to
16		charter schools by the board."
17	2.	By deleting the definition of "executive director".
18	[ "\ <del>\\\</del>	xecutive director" means the executive director of the
19	<del>state pub</del>	lic charter school commission."]
20	SECT	ION 5. Section 302D-3, Hawaii Revised Statutes, is
21	amended t	o read as follows:

1 "[+]§302D-3[+] State public charter school commission; 2 establishment; appointment. (a) There is established the state 3 public charter school commission with statewide chartering jurisdiction and authority. The commission shall be placed 4 5 within the department for administrative purposes only. 6 Notwithstanding section 302D-25 and any law to the contrary, the 7 commission shall be subject to chapter 92. 8 (b) The mission of the commission shall be to authorize 9 high-quality public charter schools throughout the State. 10 (c) The commission shall consist of nine members to be appointed by the board. The board shall appoint members who 11 12 will be tasked with authorizing public charter schools that 13 serve the unique and diverse needs of public school students. 14 The chair of the commission shall be designated by the members 15 of the commission for each school year beginning July 1, and 16 whenever there is a vacancy. The board shall consider the 17 combination of abilities, breadth of experiences, and 18 characteristics of the commission, including but not limited to 19 reflecting the diversity of the student population, geographical representation, and a broad representation of education-related 20

stakeholders.

1	(d)	Understanding that the role of the commission is to
2	ensure a	long-term strategic vision for Hawaii's public charter
3	schools,	each nominee to the commission shall meet the following
4	minimum c	qualifications:
5	(1)	Commitment to education. Each nominee's record should
6		demonstrate a deep and abiding interest in education,
7		and a dedication to the social, academic, and
8		character development of young people through the
9		administration of a high performing charter school
10		system;
11	(2)	Record of integrity, civic virtue, and high ethical
12		standards. Each nominee shall demonstrate integrity,
13		civic virtue, and high ethical standards and be
14		willing to hold fellow commission members to the same;
15	(3)	Availability for constructive engagement. Each
16		nominee shall commit to being a conscientious and
17		attentive commission member; and
18	(4)	Knowledge of best practices. Each nominee shall have
19		an understanding of best practices in charter school
20		educational governance or shall be willing to be
21		trained in such.

1	(e)	Each	nominee	to	the	commission	shall	ideally	meet	the
2	following	recon	mmended «	gua.	Lific	cations:				

- 8 (2) Collaborative leadership ability. Each nominee should
  9 have substantial leadership experience that ideally
  10 illustrates the nominee's ability to function among
  11 diverse colleagues as an effective team member, with
  12 the ability to articulate, understand, and help shape
  13 consensus surrounding commission policies.
- 14 (f) Five members of the commission shall constitute a
  15 quorum to conduct business and a concurrence of at least five
  16 members shall be necessary to make any action of the commission
  17 valid.
- 18 (g) Commission members shall serve not more than three 19 consecutive three-year terms, with each term beginning on 20 July 1; provided that the initial terms that commence after 21 June 30, 2012, shall be staggered as follows:

1	(1)	Three members,	including	the	chairperson,	to	serve
2		three-year term	ms;				
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- 3 (2) Three members to serve two-year terms; and
- 4 (3) Three members to serve one-year terms.
- 5 (h) Notwithstanding the terms of the members, the board
- 6 may fill vacancies in the commission at any time when a vacancy
- 7 occurs due to resignation, non-participation, the request of a
- 8 majority of the commission members, or termination by the board
- 9 for cause.
- (i) Commission members shall receive no compensation.
- 11 When commission duties require that a commission member take
- 12 leave of the member's duties as a state employee, the
- 13 appropriate state department shall allow the commission member
- 14 to be placed on administrative leave with pay and shall provide
- 15 substitutes, when necessary, to fulfill that member's
- 16 departmental duties. Members shall be reimbursed for necessary
- 17 travel expenses incurred in the conduct of official commission
- 18 business.
- 19 (j) [The commission shall establish operating procedures
- 20 that shall include conflict of interest procedures for any
- 21 member whose school of employment or governing board is before
- 22 the commission.] Commission members shall disclose to the



- 1 commission a list of all charter schools in which the member is
- 2 an employee, governing board member, vendor, contractor, agent,
- 3 or representative. Any member having such interest in any
- 4 matter before the commission shall be disqualified from voting
- 5 on or participating in the discussion of the matter.
- 6 (k) The commission shall operate with dedicated resources
- 7 and staff qualified to execute the day-to-day responsibilities
- 8 of the commission pursuant to this chapter.
- 9 (1) The commission shall have the power to hire staff
- 10 without regard to chapters 76 and 89."
- 11 SECTION 6. Section 302D-6, Hawaii Revised Statutes, is
- 12 amended to read as follows:
- "[+] §302D-6[+] Principles and standards for charter
- 14 authorizing. All authorizers shall be required to [develop and
- 15 maintain chartering policies and practices consistent with]
- 16 follow nationally recognized principles and standards for
- 17 quality charter authorizing in all major areas of authorizing
- 18 responsibility including:
- 19 (1) Organizational capacity and infrastructure;
- 20 (2) Soliciting and evaluating charter applications;
- 21 (3) Performance contracting;



- 1 (4)Ongoing public charter school oversight and 2 evaluation; and 3 (5) Charter and charter contract renewal decision-making. 4 Authorizers shall carry out all their duties under this 5 chapter in a manner consistent with nationally recognized 6 principles and standards and with the spirit and intent of this 7 chapter. Evidence of material or persistent failure to do so 8 shall constitute grounds for losing charter authorizing powers." 9 SECTION 7. Section 302D-12, Hawaii Revised Statutes, is 10 amended as follows: 11 1. By amending subsection (a) to read: 12 "(a) No more than [thirty per cent] one-third of the 13 voting members of a governing board shall be employees of a 14 school or relatives of employees of a school under the 15 jurisdiction of that governing [board; provided that the chief 16 executive officer, chief administrative officer, executive **17** director, or otherwise designated head of a charter-school may 18 serve as an ex-officio, non-voting member of the governing] 19 board. In selecting members, consideration shall be given to 20 persons who: 21 Provide the governing board with a diversity of (1)
- perspective and a level of objectivity that accurately

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1		represent the interests of the charter school students
2		and the surrounding community;
3	(2)	Demonstrate an understanding of best practices of non-
4		profit governance; and
5	(3)	Possess strong financial and academic management and
6		oversight abilities, as well as human resource and
7		fundraising experience."
8	2.	By amending subsection (d) to read:
9	" (d)	Governing boards and charter schools shall be exempt
10	from chap	ter 103D, but shall develop internal policies and
11	procedure	s for the procurement of goods, services, and
12	construct	ion, consistent with the goals of public accountability
13	and publi	c procurement practices. Governing boards and charter
14	schools a	re encouraged to use the provisions of chapter 103D
15	wherever	possible; provided that the use of one or more
16	provision	s of chapter 103D shall not constitute a waiver of the
17	exemption	from chapter 103D and shall not subject the charter
18	school to	any other provision of chapter 103D."
19	3.	By amending subsection (h) to read:
20	"(h)	For purposes of this section[ - "employees" shall]:
21	"Emp	loyees" shall include but not be limited to the chief
22	executive	officer, chief administrative officer, executive

1 director, or otherwise designated head of a charter school [-] 2 and shall include any person under an employment contract to act 3 as the chief executive officer, chief administrative officer, 4 executive director, or designated head of a charter school. 5 "Relative" means a spouse, fiancé, fiancée, any relative 6 within four degrees of consanguinity or the spouse, fiancé, or 7 fiancée of such a relative." 8 SECTION 8. Section 302D-13, Hawaii Revised Statutes, is 9 amended by amending subsections (c) and (d) to read as follows: 10 The start-up charter school charter application 11 process and schedule shall be determined by the authorizer, and 12 shall provide for and include, at a minimum, the following 13 elements: 14 The submission of a letter of intent to operate a (1) 15 start-up charter school; 16 (2) The [timely transmittal] availability of the charter 17 application form and completion guidelines [to] on the 18 [governing board;] authorizer's website; 19 (3) The timely submission of a completed charter 20 application to the authorizer; 21 (4)The timely review of the charter application by the

authorizer for completeness, and notification by the



1		authorizer to the governing board that the charter
2		application is complete;
3	(5)	Upon receipt of a completed charter application, the
4		[convening of the commission, if applicable, by the
5		commission chairperson to begin   review and evaluation
6		of the charter application[+] by qualified persons;
7	(6)	Following the [submission] review and evaluation of a
8		charter application, [issuance of a charter or]
9		approval or denial of the charter application by the
10		authorizer [or if submitted to the commission, by
11		<pre>majority vote];</pre>
12	(7)	A provision for a final date by which a decision of
13		whether to approve or deny a charter application must
14		be made[7] by the authorizer, upon receipt of a
15		complete charter application; and
16	(8)	A provision that no start-up charter school may begin
17		operation before obtaining authorizer approval of its
18		charter application and charter contract[-] and
19		fulfilling pre-opening requirements that may be
20		imposed by the authorizer.
21	(d)	A charter application to become a start-up charter
22	school sh	all meet the requirements of this subsection and
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1	section 3	02D-25. The charter application shall, at a minimum,
2	include th	ne following:
3	(1)	A description of employee rights and management issues
4		and a framework for addressing those issues that
5		protects the rights of employees;
6	(2)	A plan for identifying, recruiting, and retaining
7		highly qualified instructional faculty $[+]$ , as defined
8		by the department;
9	(3)	A plan for identifying, recruiting, and selecting
10		students that is not exclusive, elitist, or
11		segregationist[+], and complies with this chapter;
12	(4)	The curriculum and instructional framework to be used
13		to achieve student outcomes, including an assessment
14		plan;
15	(5)	A plan for the assessment of student, administrative
16		support, and teaching personnel performance that:
17		(A) Recognizes the interests of the general public;
18		(B) Incorporates or exceeds the educational content
19		and performance standards developed by the
20		department for the public school system;
21	,	(C) Includes a system of faculty and staff
22		accountability that holds faculty and staff

1		individually and collectively accountable for
2		their performance, and that is at least
3		equivalent to the average system of
4		accountability in public schools throughout the
5		State; and
6		(D) Provides for program audits and annual financial
7		audits;
8	(6)	A governance structure for the charter school that
9		incorporates a conflict of interest policy and a plan
10		for periodic training to carry out the duties of
11		governing board members;
12	(7)	A description of the constitution of the governing
13		board, terms of governing board members, and the
14		process by which governing board members were
15		selected;
16	(8)	A financial plan based on the most recent fiscal
17		year's per-pupil charter school allocation that
18		demonstrates the ability to meet the financial
19		obligations of one-time, start-up costs and ongoing
20		costs such as monthly payrolls, faculty recruitment,
21		professional development, and facilities costs; and
22	(9)	A facilities plan."

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1 SECTION 9. Section 302D-14, Hawaii Revised Statutes, is 2 amended to read as follows: 3 "[+] §302D-14[+] Conversion charter schools; establishment. 4 (a) A conversion charter school may be established pursuant to 5 this section. (b) Any department school, school community council, group 6 7 of teachers, group of teachers and administrators, or nonprofit 8 organization may submit a letter of intent to an authorizer to ' 9 convert a department school to a charter school, establish a **10** governing board as its governing body, and develop a charter 11 application pursuant to subsection (d). 12 The conversion charter school charter application 13 process and schedule shall be determined by the authorizer, and 14 shall provide for and include the following elements: 15 (1) The submission of a letter of intent to convert to a 16 charter school; The [timely transmittal] availability of the charter **17** (2) 18 application form and completion guidelines [to] on the 19 [governing board;] authorizer's website; 20 The timely submission of a completed charter (3) 21 application to the authorizer; provided that the 22 charter application shall include certification and

1	docu	mentation that the charter application was
2	appr	oved by a majority of the votes cast by existing
3	admi	nistrative, support, teaching personnel, and
4	pare	nts of students at the existing department school;
5	prov	ided that:
6	(A)	This vote shall be considered by the authorizer
7		to be the primary indication of the existing
8		administrative, support, and teaching personnel,
9		and parents' approval to convert to a charter
10		school;
11	(B)	The balance of stakeholders represented in the
12		vote and the [bread] extent of support received
13		in support of the conversion shall be a key
14		factor, along with the applicant's proposed
15		plans, in an authorizer's decision to award a
16		charter; and
17	(C)	A breakdown of the number of administrative,
18		support, and teacher personnel, and parents that
19		constitute the existing department school and the
20		number that actually participated in the vote
21		shall be provided to the authorizer;

1	(4)	The timely review of the charter application by the
2		authorizer for completeness, and notification by the
3		authorizer to the governing board that the charter
4		application is complete;
5	(5)	Upon receipt of a completed charter application, the
6		[convening of the commission, if applicable, by the
7		commission chairperson to begin] review and evaluation
8		of the charter application[+] by qualified persons;
9	(6)	Following the [submission] review and evaluation of a
10		charter application, [issuance of a charter] approval
11		or denial of the charter application by the authorizer
12		[or if submitted to the commission, by majority vote];
13	(7)	A provision for a final date by which a decision of
14		whether to approve or deny a charter application must
15		be made by the authorizer, upon receipt of a complete
16		charter application; and
<b>17</b> ·	(8)	A provision that no conversion charter school may
18		begin operation before obtaining authorizer approval
19		of its charter and charter contract[-] and fulfilling
20		pre-opening requirements that may be imposed by the
21		authorizer.

1	(d)	A charter application to become a conversion charter
2	school sh	all meet the requirements of this subsection and
3	section 3	02D-25. The charter application shall include, at a
4	minimum,	the following:
5	(1)	A description of employee rights and management issues
6		and a framework for addressing those issues that
7		protects the rights of employees;
8	(2)	A plan for identifying, recruiting, and retaining
9		highly qualified instructional faculty[+], as defined
10		by the department;
11	(3)	A plan for identifying, recruiting, and selecting
12		students that is not exclusive, elitist, or
13		segregationist[+], and complies with this chapter;
14	(4)	The curriculum and instructional framework to be used
15		to achieve student outcomes, including an assessment
16		plan;
17	(5)	A plan for the assessment of student, administrative
18		support, and teaching personnel performance that:
19	٠	(A) Recognizes the interests of the general public;
20		(B) Incorporates or exceeds the educational content
21		and performance standards developed by the
22		department for the public school system;

1		(C) Includes a system of faculty and staff
2		accountability that holds faculty and staff
3		individually and collectively accountable for
4		their performance, and that is at least
5		equivalent to the average system of
6		accountability in public schools throughout the
7		State; and
8		(D) Provides for program audits and annual financial
9		audits;
10	(6)	A governance structure for the charter school that
11		incorporates a conflict of interest policy and a plan
12		for periodic training to carry out the duties of
13		governing board members;
14	(7)	A description of the constitution of the governing
15		board, terms of governing board members, and the
16		process by which governing board members were
17		selected;
18	(8)	A financial plan based on the most recent fiscal
19		year's per-pupil charter school allocation that
20		demonstrates the ability to meet the financial
21		obligations of one-time, start-up costs and ongoing

1		costs such as monthly payrolls, faculty recruitment,
2		professional development, and facilities costs; and
3	(9)	A facilities plan.
4	(e)	A nonprofit organization may submit a letter of intent
5	to an aut	horizer to convert a department school to a conversion
6	charter s	chool, operate and manage the school, establish a
7	governing	board as its governing body, and develop a charter
8	applicati	on pursuant to subsection (d); provided that:
9	(1)	As the governing body of the conversion charter
10		school, the governing board shall be the board of
11		directors of the nonprofit organization and shall not

be selected pursuant to section 302D-12. The
nonprofit organization may also appoint advisory
groups of community representatives for each school
managed by the nonprofit organization; provided that
these groups shall not have governing authority over

17 the school and shall serve only in an advisory

capacity to the nonprofit organization;

(2) The charter application for each conversion charter school to be operated by the nonprofit organization shall be formulated, developed, and submitted by the nonprofit organization, and shall be approved by a

18

19

20

21

1		majo	rity of the votes cast by existing administrative,
2		supp	ort, and teaching personnel, and parents of the
3		stud	ents of the existing department school; provided
4		that	<b>:</b> .
5		(A)	This vote shall be considered by the authorizer
6			to be the primary indication of the existing
7			administrative, support, and teaching personnel,
8			and parents' approval to convert to a charter
9			school;
10		(B)	The balance of stakeholders represented in the
11			vote and the [bread] extent of support received
12			in support of the conversion shall be a key
13			factor, along with the applicant's proposed
14			plans, in an authorizer's decision to award a
15			charter; and
16		(C)	A breakdown of the number of administrative,
17			support, and teacher personnel, and parents that
18			constitute the existing department school and the
19			number that actually participated in the vote
20			shall be provided to the authorizer;
21	(3)	The	board of directors of the nonprofit organization,
22		as t	he governing body for the conversion charter
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1		school that it operates and manages, shall have the
2		same protections that are afforded to the board in its
3		role as the conversion charter school governing body;
4	(4)	Any conversion charter school that is managed and
5		operated by a nonprofit organization shall be eligible
6		for the same federal and state funding as other public
7		schools; provided that [the nonprofit organization
8		makes a minimum annual] nothing in this section shall
9		prohibit a nonprofit organization from making a
10		contribution [ <del>of \$1 per pupil</del> ] toward the operation of
11		a conversion charter school [for every \$4 per pupil
12		allocated-by-the department of budget and finance for
13		the operation of the conversion charter school;
14		provided further that in no event shall the nonprofit
15		organization-be required to contribute more than the
16		total required contribution per pupil per year. As
17		used in this paragraph, "total required contribution"
18		means:
19		(A) \$1,650 for school years-2012 2013 through 2015-
20		<del>2016; and</del>
21		(B) \$1,815 for school years 2016 2017 through 2020
22		<del>2021</del> ]; and



8

9

10

11

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1	(5)	If, at any time, the board of directors of the
2		nonprofit organization governing the conversion
3		charter school votes to discontinue its relationship
4		with the charter school, the charter school may submit
5		a revised charter application to the authorizer to
6		continue as a conversion school without the
7		participation of the nonprofit organization.

- (f) Any nonprofit organization that seeks to manage or operate a conversion charter school as provided in subsection(e) shall comply with the following at the time of charter application:
- 12 (1) Have bylaws or policies that describe the manner in
  13 which business is conducted and policies that relate
  14 to the management of potential conflict of interest
  15 situations;
- 16 (2) Have experience in the management and operation of
  17 public or private schools or, to the extent necessary,
  18 agree to obtain appropriate services from another
  19 entity or entities possessing such experience;
- 20 (3) Comply with all applicable federal, state, and county
   21 laws, including licensure or accreditation, as
   22 applicable; and

1	(4)	Comply with any other requirements prescribed by the
2		department to ensure adherence with applicable
3		federal, state, and county laws, and the purposes of
4		this chapter.
5	(g)	Any public school or schools, programs, or sections of
6	existing	public school populations that are part of a separate
7	Hawaiian	language immersion program using existing public school
8	facilitie	es may submit a letter of intent to an authorizer to
9	form a co	onversion charter school pursuant to this section.
10	(h)	In reviewing a charter application for a charter under
11	this sect	ion, an authorizer shall take into consideration the
12	constitut	ion of the applicant's governing board, terms of
13	governing	board members, and the process by which governing
14	board mem	bers were selected.
15	(i)	In the event of a conflict between the provisions in
16	this sect	ion and other provisions in this chapter, this section
17	shall con	atrol.
18	[ <del>-(;)</del>	Any applicant whose charter application is denied by
19	the autho	rizer shall not be allowed to amend or resubmit the
20	<del>charter a</del>	application to the authorizer during a given cycle, as
21	<del>defined</del> k	y the authorizer, except as provided in subsection

(e)(5); provided that an applicant shall have the right to

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```
1
    appeal the authorizer's denial of its charter application
2
    pursuant to section 302D-15.
3
         <del>(k)</del>] (i)
                   In reviewing charter applications for a charter
4
    under this section, an authorizer shall develop a schedule to
    approve or deny a charter application by the end of the calendar
5
6
    year for purposes of meeting any deadlines to request funding
7
    from the legislature."
8
         SECTION 10. Section 302D-15, Hawaii Revised Statutes, is
9
    amended to read as follows:
10
         "[+] §302D-15[+] Appeals; charter applications,
11
    [reauthorizations,] renewals, or revocations. (a) The board
12
    shall have the power to decide appeals of decisions by an
13
    authorizer to deny the approval of a charter application, deny
14
    [reauthorization] renewal of a charter [school,] contract, or
15
    revoke a charter school's charter [-] contract. An appeal shall
16
    be filed with the board within twenty-one calendar days of the
17
    receipt of the notification of denial or revocation. Only a
18
    party whose charter application has been denied, whose
19
    [reauthorization] charter contract renewal has been denied, or
20
    whose charter contract has been revoked may initiate an appeal
21
    under this section for cause. The board shall review an appeal
22
    and issue a final decision within sixty calendar days of the
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1
    filing of the appeal. [The board may adopt applicable rules and
2
    procedures pursuant to chapter 91 for implementing the appeals
3
    process.]
4
         (b) The board shall serve as the final arbitrator of
5
    appeals authorized by subsection (a).
6
         (c) A party shall not be entitled to a hearing before the
7
    board under this section until it has exhausted all available
8
    administrative remedies.
9
         (d) The board shall adopt applicable rules and procedures
10
    pursuant to chapter 91 for implementing this section."
11
         SECTION 11. Section 302D-16, Hawaii Revised Statutes, is
12
    amended as follows:
13
         1. By amending subsection (a) to read:
14
         "(a)
               The performance provisions within the charter
15
    contract shall be based on a performance framework that clearly
16
    sets forth the academic and operational performance indicators,
17
    measures, and metrics that will guide the authorizer's
    evaluations of each public charter school. The performance
18
19
    framework, as established by the authorizer, shall include
```

21 (1) Student academic proficiency;

indicators, measures, and metrics for, at a minimum:

22 (2) Student academic growth;

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(3)	Achievement gaps in proficiency and growth between
	major student subgroups;
(4)	Attendance;
(5)	[Recurrent enrollment from year to year;] Enrollment
	variance;
(6)	Postsecondary readiness, as applicable for high
	schools;
(7)	Financial performance and sustainability;
(8)	Performance and stewardship, including compliance with
	all applicable laws, rules, and terms of the charter
	contract; and
(9)	Organizational viability."
2.	By amending subsection (d) to read:
" (d)	The performance framework shall require the
disaggrega	ation of all student performance data by major student
subgroups	, [ <del>including gender, race, poverty status, special</del>
education	status, English as a second language status, and
gifted and	d talented status.] as determined by the board."
SECT:	ION 12. Section 302D-18, Hawaii Revised Statutes, is
amended a	s follows:
	(4) (5) (6) (7) (8) (9) 2. "(d) disaggregation subgroups education gifted and SECT

1. By amending subsections (b) and (c) to read:

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1	"(b) [ <del>No later than September 1, the</del> ] <u>The</u> authorizer shall
2	issue a charter school performance report and charter contract
3	renewal application guidance to any charter school whose charter
4	contract will expire the following year. The performance report
5	shall summarize the charter school's performance record to date,
6	based on the data required by this chapter and the charter
7	contract, and shall provide notice of any weaknesses or concerns
8	perceived by the authorizer concerning the charter school that
9	may jeopardize its position in seeking renewal [if-not-timely
10	rectified. The charter school shall have thirty days to respond
11	to the performance report and submit any corrections or
12	clarifications for the report].
13	(c) The renewal application guidance shall, at a minimum,
14	provide an opportunity for the public charter school to:
15	(1) Submit any corrections or clarifications to the
16	<pre>performance report;</pre>
17	$[\frac{(1)}{(2)}]$ Present additional evidence, beyond the data
18	contained in the performance report, supporting its
19	case for charter renewal;
20	$\left[\frac{(2)}{(3)}\right]$ Describe improvements undertaken or planned for
21	the school; and

1	$\left[\frac{(3)}{(4)}\right]$ Detail the charter school's plans for the next
2	charter term."
3	2. By amending subsection (e) to read:
4	"(e) No later than [March 1,] thirty days after the
5	issuance of the performance report, the governing board of a
6	charter school seeking renewal shall submit a renewal
7	application to the authorizer pursuant to the renewal guidance
8	issued by the authorizer. The authorizer shall decide whether
9	or not to renew the charter no later than forty-five days after
10	the filing of the renewal application."
11	3. By amending subsections (h), (i), and (j) to read:
12	"(h) An authorizer shall develop revocation and non-
13	renewal processes that:
14	(1) Provide the charter contract holders with a timely
15	notification of the prospect of revocation or non-
16	renewal and the reasons for such possible closure;
17	(2) Allow the charter contract holders a reasonable amount
18	of time in which to prepare a response;
19	(3) Provide the charter contract holders with an
20	opportunity to submit documents and give testimony
21	challenging the rationale for closure and supporting

1 the continuation of the school at an orderly 2 proceeding held for that purpose; 3 (4)Allow charter contract holders access to representation by counsel, subject to section 28-8.3, 4 5 and to call witnesses on their behalf; 6 (5) Permit the recording of proceedings described in 7 paragraph (3); and 8 (6) After a reasonable period for deliberation, require a 9 final determination to be made and conveyed in writing 10 to the charter contract holders. (i) If an authorizer revokes or does not renew a 11 12 charter  $[\tau]$  contract, the authorizer shall clearly state in 13 writing the reasons for the revocation or nonrenewal. 14 (j) Within fifteen days of taking action to renew, not 15 renew, or revoke a charter[7] contract, the authorizer shall 16 report to the board the action taken, and shall simultaneously **17** provide a copy of the report to the charter school. The report 18 shall set forth the action taken and reasons for the decision 19 and assurances as to compliance with all the requirements set 20 forth in this chapter." SECTION 13. Section 302D-21, Hawaii Revised Statutes, is 21 22 amended to read as follows:

1	" [ <del>-[</del> ] :	§302D-21[] Annual board report. No later than twenty
2	days prio	r to the convening of each regular session of the
3	legislatu:	re, the board shall issue to the governor, the
4	legislatu	re, and the public, an annual report on the State's
5	public cha	arter schools, drawing from the annual reports
6	submitted	by every authorizer as well as any additional relevant
7	data comp	iled by the board, for the school year ending in the
8	preceding	calendar year. The annual report shall include:
9	(1)	A comparison of the performance of public charter
10		school students with the performance of [academically,
11		ethnically, geographically, and economically
12		comparable groups comparable subgroups of students in
13		public schools governed by chapter 302A;
14	(2)	The board's assessment of the successes, challenges,
15		and areas for improvement in meeting the purposes of
16		this chapter, including the board's assessment of the
17		sufficiency of funding for public charter schools, and
18		any suggested changes in state law or policy necessary
19		to strengthen the State's public charter schools;
20	(3)	A line-item breakdown of all federal funds received by
21		the department and distributed to authorizers;

1	(4)	Any concerns regarding equity and recommendations to
2		improve access to and distribution of federal funds to
3		public charter schools; and
4	(5)	A discussion of all board policies adopted in the
5		previous year, including a detailed explanation as to
6		whether each policy is or is not applicable to charter
7		schools."
8	SECTI	ON 14. Section 302D-28, Hawaii Revised Statutes, is
9	amended by	amending subsection (a) to read as follows:
10	"(a)	Beginning with fiscal year 2012-2013, and each fiscal
11	year there	after, the non-facility general fund per-pupil funding
12	request fo	r charter school students shall be the same as the
13	general fu	nd per-pupil amount to the department in the most
14	recently a	pproved executive budget recommendation for the
15	department	[and], shall be based upon reasonable projected
16	enrollment	figures for all charter schools $[-]$ , and shall include
17	only those	students who fall within the purview of section
18	302A-1132.	The general fund per-pupil request for each regular
19	education	and special education student shall:
20	(1)	Include all general fund regular education cost
21		categories, including comprehensive school support
22		services, but excluding special education services,

```
1
              adult education, and the after-school plus program;
2
              provided that these services are provided and funded
3
              by the department; and
4
         (2)
             Exclude fringe benefit costs and debt service."
5
         SECTION 15. Section 302D-31, Hawaii Revised Statutes, is
6
    amended to read as follows:
7
         "[4] §302D-31[4] Sports. The department shall provide
8
    students at charter schools, including students enrolled at
    charter schools whose curriculum incorporates virtual education,
9
10
    with the same opportunity to participate in athletics as is
11
    provided to students at other public schools. If a student at
12
    [a] any charter school wishes to participate in a sport for
13
    which there is no program at the charter school, the department
14
    shall allow that student to participate in a comparable program
15
    of any public school in the complex in which the charter school
16
    is located [-] or at the public school in the service area in
17
    which the student resides. All charter school students
18
    participating in athletics shall abide by all rules,
19
    regulations, and policies of the athletic league, association,
20
    and program applicable to the public school in whose athletic
21
    program the student is participating."
```

1	SECT	ION 16. Section 846-2.7, Hawaii Revised Statutes, is
2	amended by	y amending subsection (b) to read as follows:
3	" (b)	Criminal history record checks may be conducted by:
4	(1)	The department of health or the department's designee
5		on operators of adult foster homes or developmental
6		disabilities domiciliary homes and their employees, as
7		provided by section 333F-22;
8	(2)	The department of health or the department's designee
9		on prospective employees, persons seeking to serve as
10		providers, or subcontractors in positions that place
11		them in direct contact with clients when providing
12		non-witnessed direct mental health services as
13		provided by section 321-171.5;
14	(3)	The department of health or the department's designee
15		on all applicants for licensure for, operators for,
16		prospective employees, and volunteers at one or more
17		of the following: skilled nursing facility,
18		intermediate care facility, adult residential care
19		home, expanded adult residential care home, assisted
20		living facility, home health agency, hospice, adult
21		day health center, special treatment facility,
22		therapeutic living program, intermediate care facility



1		for individuals with intellectual disabilities,
2		hospital, rural health center and rehabilitation
3		agency, and, in the case of any of the above
4		facilities operating in a private residence, on any
5		adult living in the facility other than the client as
6		provided by section 321-15.2;
7	(4)	The department of education on employees, prospective
8		employees, and teacher trainees in any public school
9		in positions that necessitate close proximity to
10		children as provided by section 302A-601.5;
11	(5)	The counties on employees and prospective employees
12		who may be in positions that place them in close
13		proximity to children in recreation or child care
14		programs and services;
15	(6)	The county liquor commissions on applicants for liquor
16		licenses as provided by section 281-53.5;
17	(7)	The county liquor commissions on employees and
18		prospective employees involved in liquor
19		administration, law enforcement, and liquor control
20		investigations;
21	(8)	The department of human services on operators and
22		employees of child caring institutions, child placing
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1		organizations, and foster boarding homes as provided
2		by section 346-17;
3	(9)	The department of human services on prospective
4		adoptive parents as established under section
5		346-19.7;
6	(10)	The department of human services on applicants to
7		operate child care facilities, prospective employees
8		of the applicant, and new employees of the provider
9		after registration or licensure as provided by section
10		346-154;
11	(11)	The department of human services on persons exempt
12		pursuant to section 346-152 to be eligible to provide
13		child care and receive child care subsidies as
14	•	provided by section 346-152.5;
15	(12)	The department of human services on operators and
16		employees of home and community-based case management
17		agencies and operators and other adults, except for
18		adults in care, residing in foster family homes as
19		provided by section 346-335;
20	(13)	The department of human services on staff members of
21		the Hawaii youth correctional facility as provided by
22		section 352-5.5;

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1	(14)	The department of human services on employees,
2		prospective employees, and volunteers of contracted
3		providers and subcontractors in positions that place
4		them in close proximity to youth when providing
5		services on behalf of the office or the Hawaii youth
6		correctional facility as provided by section 352D-4.3;
7	(15)	The judiciary on employees and applicants at detention
8		and shelter facilities as provided by section 571-34;
9	(16)	The department of public safety on employees and
10		prospective employees who are directly involved with
11		the treatment and care of persons committed to a
12		correctional facility or who possess police powers
13		including the power of arrest as provided by section
14		353C-5;
15	(17)	The board of private detectives and guards on
16		applicants for private detective or private guard
17		licensure as provided by section 463-9;
18	(18)	Private schools and designated organizations on
19		employees and prospective employees who may be in
20		positions that necessitate close proximity to
21		children; provided that private schools and designated
22		organizations receive only indications of the states

1		from which the national criminal history record
2		information was provided pursuant to section 302C-1;
3	(19)	The public library system on employees and prospective
4		employees whose positions place them in close
5		proximity to children as provided by section
6		302A-601.5;
7	(20)	The State or any of its branches, political
8		subdivisions, or agencies on applicants and employees
9		holding a position that has the same type of contact
10		with children, vulnerable adults, or persons committed
11		to a correctional facility as other public employees
12		who hold positions that are authorized by law to
13		require criminal history record checks as a condition
14		of employment as provided by section 78-2.7;
15	(21)	The department of human services on licensed adult day
16		care center operators, employees, new employees,
17		subcontracted service providers and their employees,
18		and adult volunteers as provided by section 346-97;
19	(22)	The department of human services on purchase of
20		service contracted and subcontracted service providers
21		and their employees serving clients of the adult and

1		community care services branch, as provided by section
2		346-97;
3	(23)	The department of human services on foster grandparent
4		program, retired and senior volunteer program, senior
5		companion program, and respite companion program
6		participants as provided by section 346-97;
7	(24)	The department of human services on contracted and
8		subcontracted service providers and their current and
9		prospective employees that provide home and community-
10		based services under section 1915(c) of the Social
11		Security Act, Title 42 United States Code section
12		1396n(c), or under any other applicable section or
13		sections of the Social Security Act for the purposes
14		of providing home and community-based services, as
15		provided by section 346-97;
16	(25)	The department of commerce and consumer affairs on
17		proposed directors and executive officers of a bank,
18		savings bank, savings and loan association, trust
19		company, and depository financial services loan
20		company as provided by section 412:3-201;
21	(26)	The department of commerce and consumer affairs on
22		proposed directors and executive officers of a

1		nondepository financial services loan company as
2		provided by section 412:3-301;
3	(27)	The department of commerce and consumer affairs on the
4		original chartering applicants and proposed executive
5		officers of a credit union as provided by section
6		412:10-103;
7	(28)	The department of commerce and consumer affairs on:
8		(A) Each principal of every non-corporate applicant
9		for a money transmitter license; and
10		(B) The executive officers, key shareholders, and
11		managers in charge of a money transmitter's
12		activities of every corporate applicant for a
13		money transmitter license,
14		as provided by section 489D-9;
15	(29)	The department of commerce and consumer affairs on
16		applicants for licensure and persons licensed under
17		title 24;
18	(30)	The Hawaii health systems corporation on:
19		(A) Employees;
20		(B) Applicants seeking employment;
21		(C) Current or prospective members of the corporation
22		board or regional system board; or

1		(D) Current or prospective volunteers, providers, or
2		contractors,
3		in any of the corporation's health facilities as
4		provided by section 323F-5.5;
5	(31)	The department of commerce and consumer affairs on:
6		(A) An applicant for a mortgage loan originator
7		license; and
8		(B) Each control person, executive officer, director,
9		general partner, and manager of an applicant for
10		a mortgage loan originator company license,
11		as provided by chapter 454F;
12	(32)	The state public charter school commission or public
13		charter schools on employees, teacher trainees,
14		prospective employees, and prospective teacher
15		trainees in any public charter school for any position
16		that places them in close proximity to children, as
17		provided in section 302D-B;
18	[ <del>(32)</del> ]	(33) The counties on prospective employees who work
19		with vulnerable adults or senior citizens in
20		community-based programs;

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1
                    The counties on prospective employees for fire
       [\frac{(33)}{(34)}]
2
              department positions which involve contact with
3
              children or dependent adults;
4
       [-(34)] (35) The counties on prospective employees for
5
              emergency medical services positions which involve
6
              contact with children or dependent adults;
7
       [-(35)] (36) The counties on prospective employees for
8
              emergency management positions and community
9
              volunteers whose responsibilities involve planning and
10
              executing homeland security measures including
              viewing, handling, and engaging in law enforcement or
11
12
              classified meetings and assisting vulnerable and
13
              disabled citizens during emergencies or crises; and
14
       [<del>(36)</del>] (37) Any other organization, entity, or the State,
15
              its branches, political subdivisions, or agencies as
16
              may be authorized by state law."
17
         SECTION 17. Section 302D-22, Hawaii Revised Statutes, is
18
    repealed.
19
         ["[$302D 22] Board as final arbitrator. (a) The board
20
    shall serve as the final arbitrator of those appeals listed in
21
    section 302D 15.
```



1	(b) A party shall not be entitled to a hearing before the
2	board under this section until it has exhausted all available
3	administrative remedies.
4	(c) The board shall adopt applicable rules and procedures
5	pursuant to chapter 91 for implementing this section."]
6	SECTION 18. In codifying the new sections added by section
7	2 of this Act, the revisor of statutes shall substitute
8	appropriate section numbers for the letters used in designating
9	the new sections in this Act.
10	SECTION 19. Statutory material to be repealed is bracketed
11	and stricken. New statutory material is underscored.
12	SECTION 20. This Act shall take effect upon its approval.
13	

JAN 2 2 2013

#### Report Title:

Education; Charter Schools

#### Description:

Requires charter schools to complete an annual independent financial audit. Requires the state public charter school commission (commission) to develop procedures for conducting criminal history checks of persons who are employed or seeking employment in any position that places them in close proximity to children. Specifies enrollment requirements. Specifies when an employer or potential employer may use criminal history information to terminate or deny employment. Requires commission members to disclose to the commission a list of all charter schools in which the member is an employee, governing board member, vendor, contractor, agent, or representative and disqualifies members from voting on or participating in the discussion of such matters. Authorizes the commission to hire employees without regard to chapters 76 and 89, HRS. Removes the requirement that a nonprofit organization that governs a conversion charter school make minimum annual contributions to the charter school. Makes other amendments to chapter 302D, HRS, for purposes of clarity and consistency.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.