

Honolulu, Hawaii

**FEB 14 2017**

RE: S.B. No. 198  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Ninth State Legislature  
Regular Session of 2017  
State of Hawaii

Sir:

Your Committee on Education, to which was referred S.B.  
No. 198 entitled:

"A BILL FOR AN ACT RELATING TO CHARTER SCHOOLS,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Require that every charter school governing board be a nonprofit organization whose primary purpose is operating the charter school;
- (2) Prohibit comingling of monies distributed by the State or federal government for the purpose of operating a charter school with other monies that do not have an educational purpose that benefits the charter school; and
- (3) Require charter schools to indemnify the State against any claims arising from misconduct of the school or the governing board.

Your Committee received testimony in support of this measure from the State Public Charter School Commission and one individual. Your Committee received testimony in opposition to this measure from the Hawaii Educational Policy Center and one individual. Your Committee received comments on this measure from the Department of the Attorney General and Hawaii Public Charter Schools Network.



Your Committee finds that public charter schools are crucial to the State's commitment to provide a quality education to all students in Hawaii. As public institutions, charter schools receive monies from the State and are accountable to the State and the people of Hawaii. Your Committee further finds that additional oversight measures are appropriate to ensure the responsible management of public charter schools and the best educational environment possible for charter school students.

Your Committee additionally finds that the State is prohibited by the Constitution of the State of Hawaii from providing public monies to private schools. Your Committee also finds that requiring charter school governing boards to be nonprofit organizations has the potential to jeopardize the status of those schools as public entities.

Your Committee has amended this measure by:

- (1) Removing the requirement that charter school governing boards be nonprofit organizations;
- (2) Removing the requirement that charter schools and governing boards indemnify the State for claims arising from misconduct by the charter school or members of the governing board;
- (3) Inserting language prohibiting any action of a charter school or its governing board from giving rise to a private cause of action against the State;
- (4) Inserting language requiring all contracts in excess of a minimum amount specified by the State Public Charter School Commission to contain provisions and conditions provided by the Department of the Attorney General; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 198, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 198, S.D. 1, and



be referred to your Committees on Ways and Means and Judiciary and Labor.

Respectfully submitted on  
behalf of the members of the  
Committee on Education,

A handwritten signature in black ink, reading "Michelle N. Kidani". The signature is written in a cursive style with a large initial "M".

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MICHELLE N. KIDANI, Chair



The Senate  
Twenty-Ninth Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Education**  
**EDU**

Bill / Resolution No.:* <i>SB 198</i>	Committee Referral: <i>EDU, WAM/JDL</i>	Date: <i>FEB 6 17</i>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;"><input type="checkbox"/> Pass, unamended 2312</div> <div style="text-align: center;"><input checked="" type="checkbox"/> Pass, with amendments 2311</div> <div style="text-align: center;"><input type="checkbox"/> Hold 2310</div> <div style="text-align: center;"><input type="checkbox"/> Recommit 2313</div> </div>				
Members	Aye	Aye (WR)	Nay	Excused
KIDANI, Michelle N. (C)	<i>/</i>			
KAHELE, Kaiali'i (VC)	<i>/</i>			
DELA CRUZ, Donovan M.				<i>/</i>
ESPERO, Will	<i>✓</i>			
RIVIERE, Gil	<i>✓</i>			
<b>TOTAL</b>	<i>4</i>			<i>1</i>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>[Signature]</i>				
<div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;"> <b>Distribution:</b>            Original            File with Committee Report         </div> <div style="text-align: center;">           Yellow            Clerk's Office         </div> <div style="text-align: center;">           Pink            Drafting Agency         </div> <div style="text-align: center;">           Goldenrod            Committee File Copy         </div> </div>				

\*Only one measure per Record of Votes