

ACT 115

S.B. NO. 603

A Bill for an Act Relating to Education.

*Be It Enacted by the Legislature of the State of Hawaii:*

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

- (1) Provide administrators, parents, students, and teachers with expanded alternative public school choices in the types of schools, educational programs, opportunities, and settings, including services for underserved populations, geographical areas, and communities; and
- (2) Encourage and, when resources and support are provided, serve as a research venue for the development, use, and dissemination of alternative and innovative approaches to educational governance, financing, administration, curricula, technology, and teaching strategies.

However, the legislature finds that confusion continues over the appropriate relationship between and among the board of education, the executive director of the charter school administrative office, and the involvement of charter schools in providing necessary input and participating in the evaluation of the executive director. Many believe the level of autonomy required by the executive director and the charter school administrative office to fully implement the law has not been realized.

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

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

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

- (1) Clarify the significant role of the board of education in policymaking for charter schools, including:
  - (A) Appointing members of the charter school review panel; and

- (B) Serving as an appeals board for charter school applicants or charter schools that do not agree with the decisions of the charter school review panel;
- (2) Delegate to the charter school review panel the responsibilities to:
  - (A) Approve or deny charter applications for new charter schools;
  - (B) Issue and revoke charters, and place charter schools on probation;
  - (C) Approve or deny amendments to detailed implementation plans;
  - (D) Conduct charter school evaluations; and
  - (E) Appoint and evaluate the executive director of the charter school administrative office;
- (3) Change the membership of the panel;
- (4) Clarify how the executive director of the charter school administrative office is appointed and evaluated;
- (5) Shift the burden of providing staff and resources for the charter school review panel from the board of education to the charter school administrative office; and
- (6) Update the charter school funding mechanism, including ensuring that funding allocations to the charter schools are based on the most recent department of education budget base.

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

**“§302B- Appeals; charter school applications, revocations, or detailed implementation plan amendments.** The board shall have the power to decide appeals from decisions of the panel to deny the approval of a charter school application, revoke a charter school’s charter, or deny the approval of an amendment to a charter school’s detailed implementation plan. An appeal shall be filed with the board within twenty-one calendar days of the receipt of the notification of denial or revocation. Only a party whose charter school application has been denied, whose charter has been revoked, or whose amendment to a detailed implementation plan has been denied may initiate an appeal under this section for cause. The board shall review an appeal and issue a final decision within sixty calendar days of the filing of the appeal. The board may adopt applicable rules and procedures pursuant to chapter 91 for implementing the appeals process.”

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

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

- (1) Elected or appointed official;
- (2) Member of any board or commission; provided that nothing in this paragraph shall prohibit a member of a collective bargaining unit from serving on a local school board of a charter school or the charter school review panel established under chapter 302B;
- (3) Top-level managerial and administrative personnel, including the department head, deputy or assistant to a department head, administrative officer, director, or chief of a state or county agency or major division, and legal counsel;
- (4) Secretary to top-level managerial and administrative personnel under paragraph (3);
- (5) Individual concerned with confidential matters affecting employee-employer relations;

- (6) Part-time employee working less than twenty hours per week, except part-time employees included in bargaining unit (5);
- (7) Temporary employee of three months' duration or less;
- (8) Employee of the executive office of the governor or a household employee at Washington Place;
- (9) Employee of the executive office of the lieutenant governor;
- (10) Employee of the executive office of the mayor;
- (11) Staff of the legislative branch of the State;
- (12) Staff of the legislative branches of the counties, except employees of the clerks' offices of the counties;
- (13) Any commissioned and enlisted personnel of the Hawaii national guard;
- (14) Inmate, kokua, patient, ward, or student of a state institution;
- (15) Student help;
- (16) Staff of the Hawaii labor relations board;
- (17) Employee of the Hawaii national guard youth challenge academy; or
- (18) ~~[Employees]~~ Employee of the office of elections."

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

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

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

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

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

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

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

"Local school board" means the autonomous governing body of a charter school that receives the charter and is responsible for the financial and academic viability of the charter school~~[-]~~ and implementation of the charter, ~~[and]~~ possesses the independent authority to determine the organization and management of the school, the curriculum, virtual education, and compliance with applicable federal and state laws, ~~[and that]~~ has the power to negotiate supplemental collective bargaining agreements with exclusive representatives of their employees.

“Organizational viability” means that a charter school:

- (1) Has been duly constituted in accordance with its charter;
- (2) Has a local school board established in accordance with law and the charter school’s charter;
- (3) Employs sufficient faculty and staff to provide the necessary educational program and support services to operate the facility in accordance with its charter;
- (4) Maintains accurate and comprehensive records regarding students and employees as determined by the office;
- (5) Meets appropriate standards of student achievement;
- (6) Cooperates with board, panel, and office requirements in conducting its functions;
- (7) Complies with applicable federal, state, and county laws and requirements;
- (8) In accordance with office guidelines and procedures, is financially sound and fiscally responsible in its use of public funds, maintains accurate and comprehensive financial records, operates in accordance with generally accepted accounting practices, and maintains a sound financial plan;
- (9) Operates within the scope of its charter and fulfills obligations and commitments of its charter;
- (10) Complies with all health and safety laws and requirements; and
- (11) Complies with all [board] panel directives, policies, and procedures.”

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

1. By amending subsections (a) to (d) to read:

“(a) There is established the charter school review panel, which shall be placed within the department for administrative purposes only. The panel shall be accountable to ~~[and report to]~~ the charter schools and the board. Notwithstanding section 302B-9, the panel shall be subject to chapter 92.

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

- (1) Two licensed teachers regularly engaged in teaching; provided that one teacher is employed at a start-up charter school, and one teacher is employed at a conversion charter school;
- (2) Two educational officers; provided that one educational officer is employed at a start-up charter school, and one educational officer is employed at a conversion charter school;
- (3) One member or former member of a charter school local school board;
- (4) The chair of the board of education or the chair’s designee;
- ~~[(5) The executive director or the executive director’s designee;~~
- ~~[(6)]~~ (5) A representative of Hawaiian culture-focused charter schools; [and]
- ~~[(7) A representative]~~ (6) Two representatives of the University of Hawaii[-] who are not affiliated with charter schools;
- ~~[(7) One member with a background in business or accounting who is not affiliated with charter schools;~~
- ~~[(8) One member with a background in the building trades or real estate who is not affiliated with charter schools; and]~~
- ~~[(9) A representative from the Hawaii Association of Independent Schools.]~~ provided that the initial appointments for representatives in paragraphs (7) to (10)<sup>1</sup> shall be made by September 1, 2007. From the effective date of this Act until such time that the panel has twelve members, five members of the panel shall constitute a quorum to conduct business and a concurrence of at least five members shall

be necessary to make any action of the panel valid; provided that, upon filling the twelve seats as required under this subsection, a majority of the panel shall constitute a quorum to conduct business, and the concurrence of a majority of all the members to which the panel is entitled shall be necessary to make any action of the panel valid.

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

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

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

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

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

- (1) Appoint and evaluate the executive director and approve staff and salary levels for the charter school administrative office;
- [~~(4)~~] (2) Review, approve, or deny charter applications for new charter schools in accordance with sections 302B-5 [and 302B-6 and make recommendations to the board] for the issuance of new charters; provided that [if the board does not issue or deny the charter within sixty calendar days of the board’s receipt of the recommendations, the recommendations shall automatically become effective;] applicants that are denied a charter may appeal to the board for a final decision pursuant to section 302B-\_\_;
- [~~(2)~~] (3) Review, approve, or deny significant amendments to detailed implementation plans to maximize the school’s financial and academic success, long-term organizational viability, and accountability[; and make recommendations to the board; provided that if the board does not approve or deny the amendments within sixty calendar days of receipt of the recommendations, the recommendations shall automatically become effective;]. Charter schools that are denied a significant amendment to their detailed implementation plan may appeal to the board for a final decision pursuant to section 302B-\_\_;
- [~~(3)~~] (4) [~~Recommend to the board~~] Adopt reporting requirements for charter schools;
- [~~(4)~~] (5) Review annual self-evaluation reports from charter schools and [make recommendations to the board;] take appropriate action;
- [~~(5)~~] (6) [~~As directed by the board, evaluate~~] Evaluate any aspect of a charter school that the [board] panel may have concerns with [and make recommendations to the board;] and take appropriate action, which may include probation or revocation; [provided that if the board does not take action on the recommendations within sixty calendar days, the recommendations shall automatically become effective;]
- [~~(6)~~] (7) Periodically [recommend to the board] adopt improvements in the [board’s] panel’s monitoring and oversight of charter schools; and
- [~~(7)~~] (8) Periodically [recommend to the board] adopt improvements in the office’s support of charter schools and management of the charter school system.

(j) In the case that the panel decides not to [~~recommend the issuance of~~] issue a new charter, or to [~~recommend~~] approve significant amendments to detailed

implementation plans, the board [shall] may adopt rules for an appeals process[.] pursuant to section 302B-  .

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

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

**“§302B-4 Limits on charter schools.** [~~Beginning July 2007, the board, with the recommendation of the~~] The panel[.] may authorize one new start-up charter school for each existing start-up charter school that has received a three-year or longer accreditation from the Western Association of Schools and Colleges or a comparable accreditation authority as determined by the panel, or for each start-up charter school whose charter is revoked. The total number of conversion charter schools authorized by the [board, ~~with the recommendation of the~~] panel[.] shall not exceed twenty-five.”

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

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

- (1) The submission of a letter of intent to operate a start-up charter school;
- (2) The timely transmittal of the application form and completion guidelines to the interim local school board;
- (3) The timely submission to the [board] panel of a completed application;
- (4) The timely review of the application by the panel for completeness, and notification of the interim local school board if the application is complete or, if the application is insufficient, a written statement of the elements of the application that require completion;
- (5) The timely resubmission of the application;
- (6) Upon receipt of a completed application, the convening of the panel by the panel chairperson to begin review of the application;
- (7) The timely notification of the applicant of any revisions the panel requests as necessary for a recommendation of approval [~~to the board~~];
- [(8)] ~~The timely transmission of the panel's recommendation to the board for adjudication;~~
- (9) [(8)] Following the submission of an application, issuance of a charter or denial of the application by the [board] panel by majority vote; provided that if the [board] panel does not approve the application and issue a charter, provisions requiring the [board] panel to:
  - (A) Clearly identify in writing its reasons for not issuing the charter, which may be used as guidelines for an amended plan; and
  - (B) Allow the interim local school board to revise its plan in accordance with the [board's] panel's guidelines, and resubmit an amended plan within ten calendar days;
- [(10)] (9) A provision for a final date on which a decision must be made, upon receipt of an amended plan; and
- [(11)] (10) A provision that no start-up charter school may begin operation before obtaining [board] panel approval of its charter[; and

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

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

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

- (1) The submission of a letter of intent to convert to a charter school;
- (2) The timely transmittal of the application form and completion guidelines to the interim local school board;
- (3) The timely submission to the [board] panel of a completed application; provided that the application shall include certification and documentation that the application and the proposed detailed implementation plan was approved by a majority of the votes cast by existing administrative, support, teaching personnel, and parents of students at the proposed conversion charter school;
- (4) The timely review of the application by the panel for completeness, and notification of the interim local school board if the application is complete or, if the application is insufficient, a written statement of the elements of the application that require completion;
- (5) The timely resubmission of the application;
- (6) Upon receipt of a completed application, the convening of the panel by the panel chairperson to begin review of the application;
- (7) The timely notification of the applicant of any revisions the panel may request as necessary for a recommendation of approval [to the board];
- [8] ~~The timely transmission of the panel's recommendation to the board for adjudication;~~
- (9) (8) Following the submission of an application, issuance of a charter or denial of the application by the [board] panel by majority vote; provided that if the [board] panel does not approve the application and issue a charter, provisions requiring the [board] panel to:
  - (A) Clearly identify in writing its reasons for not issuing the charter, which may be used as guidelines for an amended plan; and
  - (B) Allow the interim local school board to revise its plan in accordance with the [board's] panel's guidelines, and resubmit an amended plan within ten calendar days;
- [10] (9) A provision for a final date on which a decision must be made upon receipt of an amended plan; and
- [11] (10) A provision that no conversion charter school may begin operation before obtaining [board] panel approval of its charter; and
- (12) ~~A requirement that upon approval of the conversion charter school, the office shall submit to the board a proposed budget for funding of the start-up school for submittal to the governor and legislature]."~~

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

"(a) There is established a charter school administrative office, which shall be attached to the department for administrative purposes only. The office shall be administered by an executive director, who shall be appointed without regard to chapters 76 and 89 by the [board] panel based upon the recommendations of an organization of charter schools operating within the State or from a list of nominees

submitted by the charter schools. The ~~[board may]~~ panel shall hire the executive director ~~[on a multi-year contract.], who may be contracted for a term of up to four years; shall offer the executive director a written contract; and may terminate the executive director's contract only for cause.~~ The executive director, with the approval of the panel, may hire necessary staff without regard to chapters 76 and 89 to assist in the administration of the office.

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

- (1) Preparing and executing the budget for the charter schools, including submission of the budget request to the board, the governor, and the legislature;
- (2) Allocating annual appropriations to the charter schools and distribution of federal funds to charter schools;
- (3) Complying with applicable state laws related to the administration of the charter schools;
- (4) Preparing contracts between the charter schools and the department for centralized services to be provided by the department;
- (5) Preparing contracts between the charter schools and other state agencies for financial or personnel services to be provided by the agencies to the charter schools;
- (6) Providing independent analysis and recommendations on charter school issues;
- (7) Representing charter schools and the charter school system in communications with the board, the governor, and the legislature;
- (8) Providing advocacy, assistance, and support for the development, growth, progress, and success of charter schools and the charter school system;
- (9) Providing guidance and assistance to charter applicants and charter schools to enhance the completeness and accuracy of information for ~~[board]~~ panel review;
- (10) Assisting charter applicants and charter schools in coordinating their interactions with the ~~[board]~~ panel as needed;
- (11) Assisting the ~~[board]~~ panel to coordinate with charter schools in ~~[board]~~ panel investigations and evaluations of charter schools;
- (12) Serving as the conduit to disseminate communications from the panel, the board, and the department to all charter schools;
- (13) Determining charter school system needs and communicating ~~[such]~~ those needs [with] to the panel, the board, and the department;
- (14) Establishing a dispute resolution and mediation ~~[panel's]~~ process; and
- (15) Upon request by one or more charter schools, assisting in the negotiation of a collective bargaining agreement with the exclusive representative of its employees.

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

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



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

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

- (1) The actual and projected enrollment figures in the current school year for each charter school;
- (2) A per-pupil amount for each regular education and special education student, which shall be equivalent to the total per-pupil cost based upon average enrollment in all regular education cost categories, including comprehensive school support services but excluding special education services, and for all means of financing except federal funds, as reported in the most recently-approved executive budget recommendations for the department; provided that in preparing the budget the executive director shall include an analysis of the proposed budget in relationship to the most recently published department consolidated annual financial report; provided further that the legislature may make an adjustment to the per-pupil allocation for the purposes of this section; and
- (3) Those fringe benefit costs requested shall be included in the department of budget and finance’s annual budget request. No fringe benefit costs shall be charged directly to or deducted from the charter school per-pupil allocations unless they are already included in the funds distributed to the charter school.

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

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

(b) Charter schools shall be eligible for all federal financial support to the same extent as all other public schools. The department shall provide the office with all state-level federal grant proposals submitted by the department that include charter schools as potential recipients and timely reports on state-level federal grants received for which charter schools may apply[-] or are entitled to receive. Federal funds received by the department for charter schools shall be transferred to the office for distribution to charter schools in accordance with the federal requirements. If administrative services related to federal grants and subsidies are provided to the charter school by the department, the charter school shall reimburse the department for the actual costs of the administrative services in an amount that shall not exceed six and one-half per cent of the charter school’s federal grants and subsidies.

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

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

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

- (1) Provide fifty per cent of a charter school's per-pupil allocation based on the charter school's projected student enrollment no later than July 20 of each fiscal year; provided that the charter school shall ~~[submit]~~ have submitted to the office a projected student enrollment no later than May 15 of each year;
- (2) Provide an additional forty per cent of a charter school's per-pupil allocation no later than November 15 of each year; provided that the charter school shall ~~[submit]~~ have submitted to the office:
  - (A) Student enrollment as verified on October 15 of each year; provided that the student enrollment shall be verified on the last business day immediately prior to October 15 should that date fall on a weekend; and
  - (B) An accounting of the percentage of student enrollment that transferred from public schools established and maintained by the department; provided that these accountings shall also be submitted by the office to the legislature no later than twenty days prior to the start of each regular session; and
- (3) ~~[The]~~ Retain the remaining ten per cent of a charter school's per-pupil allocation ~~[of a charter school]~~ no later than January 1 of each year as a contingency balance to ensure fiscal accountability;

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

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

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

- (1) The identification and adoption of benchmarks to measure and evaluate administrative and instructional programs;
- (2) The identification of any innovations or research that may assist other public schools;
- (3) The identification of any administrative and legal barriers to meeting the adopted benchmarks, and recommendations for improvements and modifications to address the barriers;
- (4) An evaluation of student achievement within the charter school;
- (5) A profile of the charter school's enrollment and the community it serves, including a breakdown of regular education and special education students; and
- (6) An evaluation of the school's organizational viability.

(b) The ~~[board]~~ panel shall conduct multi-year evaluations of charter schools that have been chartered for four or more years. ~~[The board shall adopt rules pursuant to chapter 91 for its evaluations.]~~

(c) The ~~[board]~~ panel may conduct special evaluations of charter schools at any time.

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

- (1) The panel evaluates the charter school or reviews an evaluation of the charter school ~~[and makes recommendations to the board];~~
- (2) The ~~[board]~~ panel and the office are involved in substantive discussions with the charter school regarding the areas of deficiencies;
- (3) The notice of probation is delivered to the charter school and specifies the deficiencies requiring correction, the probation period, and monitoring and reporting requirements;
- (4) For deficiencies related to student performance, a charter school shall be allowed two years to improve student performance; ~~[and]~~
- (5) For deficiencies related to financial plans, a charter school shall be allowed one year to develop a sound financial plan~~[-]; and~~
- (6) For deficiencies related to organizational viability, a charter school may be allowed one year to improve administrative compliance.

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

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

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

- (1) The charter school is given notice of specific health or safety deficiencies and is afforded an opportunity to present its case to the ~~[board];~~ panel;
- (2) The ~~[board]~~ panel chair appoints a task group, which may be an investigative task group ~~[-the panel;]~~ or the office, to visit the charter school and conduct meetings with its local school board and its school community to gather input;
- (3) Based on its findings, the task group shall recommend to the ~~[board]~~ panel to revoke the charter, place the charter school on probation, or continue the charter;
- (4) The vote of two-thirds of all the members to which the ~~[board]~~ panel is entitled shall be required to revoke the charter;
- (5) The best interest of the school's students guide all decisions; and
- (6) After a decision to revoke a charter, the charter school shall be allowed to remain open until a plan for an orderly shutdown or transfer of students and assets is developed and executed, or until the school year ends, whichever comes first.

(g) If there is an immediate concern for student or employee health or safety at a charter school, the ~~[board;]~~ panel, in consultation with the office, may adopt an interim restructuring plan that may include the appointment of an interim local school board, an interim local school board chairperson, or a principal to temporarily assume operations of the school; provided that if possible without further jeopardizing the health or safety of students and employees, the charter school's stakeholders and community are first given the opportunity to elect a new local school board which shall appoint a new interim principal."

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

**SECTION 15.** Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.<sup>2</sup>

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

(Approved June 1, 2007.)

**Notes**

1. So in original.
2. Edited pursuant to HRS §23G-16.5.