

Honolulu, Hawaii

March 24, 2006

RE: S.B. No. 2719
S.D. 2
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Sir:

Your Committee on Education, to which was referred S.B. No. 2719, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO EDUCATION,"

begs leave to report as follows:

The purpose of this bill is to improve Hawaii's charter school system by adopting many of the priority proposals developed by the Task Force on Charter School Governance that was established by Act 87, Session Laws of Hawaii 2005. Among other things, this bill:

- (1) Provides consistency and clarity for statutes relating to the administration and governance of charter schools by recodifying and reorganizing the statutes into a new chapter;
- (2) Renames the Charter School Review Panel as the Charter School Authorization Panel, expanding its membership, and assigning the latter the role of authorizer;
- (3) Limits the number of new charter schools that may be established annually based in part on the number of existing charter schools that receive accreditation from the Western Association of Schools and Colleges;



- (4) Creates clarity in the establishment of start-up and conversion charter schools;
- (5) Empowers the local school boards to negotiate supplemental collective bargaining agreements with the exclusive representatives of their employees; and
- (6) Enhances and clarifies the powers and duties of the Charter School Administrative Office (CSAO) and its executive director.

The Department of Human Resources Development testified in support of this bill. The Board of Education (BOE) supported this measure with amendments. The Hawaii State Teachers Association, Waimea Middle School, Kamehameha Schools, and Hookakoo Corporation supported the intent of this bill. The Office of the Auditor opposed this measure in part. The Office of the Governor, Department of Education (DOE), CSAO, Hawaii Government Employees Association, and a concerned individual offered comments.

Your Committee has amended this bill by:

- (1) Clarifying purpose language;
- (2) Renaming the Charter School Authorization Panel to the Charter School Oversight Panel (Panel), and leaves the responsibility for authorizing charter schools with BOE;
- (3) Including in the definition of "conversion charter school" a newly-created school, consisting of programs or sections of existing public school populations that are part of a separate Hawaiian language immersion program and using existing public school facilities;
- (4) Adding the definition of "organizational viability";
- (5) Changing the Panel as follows:
 - (A) Changing the composition of the panel and providing for appointments by BOE from a list of nominees;
 - (B) Providing for staggered terms of the members;
 - (C) Specifying the powers and duties of the Panel, including reviewing applications for new charter schools, making recommendations to BOE for the



issuance of new charters, ensuring the success of charter schools, reviewing charter school operations, and revoking a charter if necessary;

- (6) Changing the limit on the number of charter schools;
- (7) Restructuring the process for establishing start-up and conversion charter schools, including those to be operated by a nonprofit organization, and specifying a timeline that culminates in a timely BOE decision that allows for a charter school to start its operations in a given school year;
- (8) Establishing a cap on the amount a nonprofit organization is required to contribute annually per pupil, toward the operation of a conversion charter school;
- (9) Specifying that an application to establish a conversion charter school shall include certification and documentation that the entire school community has voted for the conversion;
- (10) Inserting provisions for existing programs or sections of existing public school populations of a department school that are part of a separate Hawaiian language immersion program and using existing public school facilities, and want to become a conversion charter school;
- (11) Exempting local school boards from Chapter 103D, Hawaii Revised Statutes (HRS), provided they develop internal policies and procedures for procurement consistent with the goals of public accountability and public procurement practices;
- (12) Clarifying that although local school boards are exempt from Chapter 92, HRS, they remain subject to certain provisions;
- (13) Placing the executive director of CSAO (Executive Director) under the direction of BOE in consultation with the charter schools, and requiring annual, separate evaluations of the Executive Director by BOE and the charter schools;



- (14) Clarifying the responsibilities of the Executive Director, including:
- (A) Providing independent analysis and recommendations on charter school issues;
 - (B) Representing charter schools and the charter school system in communications with BOE, the Governor, and Legislature;
 - (C) Communicating positions, policies, and views of BOE regarding charter schools to policymakers, charter schools, and the public; and
 - (D) Advocating for the development, growth, progress, and success of charter schools and the charter school system;
- (15) Requiring CSAO to include in its annual budget request additional funds to cover the estimated costs associated with the Panel;
- (16) Clarifying civil service provisions for charter school employees as follows:
- (A) Clarifying that exempt civil service employees of start-up and conversion charter schools receive the same rights, benefits, and privileges as other civil service employees of DOE; and
 - (B) Allowing civil service employees of conversion charter schools who are promoted or take a voluntary demotion to another civil service position within DOE to retain their civil service status;
- (17) Disallowing fringe benefit costs from being charged directly to or deducted from charter school per-pupil allocations, whether or not they are already included in funds distributed to charter schools;
- (18) Providing for administrative rulemaking by the Panel to make adjustments in allocations based on non-compliance with office administrative procedures and panel-approved accountability requirements;



- (19) Including in a charter school's self-evaluation process:
- (A) Identification of any innovations or research that may assist other public schools; and
 - (B) An evaluation of the school's organizational viability;
- (20) Clarifying that when a local school board is to be replaced, that the charter school's stakeholders and community would have the first opportunity to appoint a new local school board;
- (21) Clarifying collective bargaining provisions for charter school employees;
- (22) Requiring BOE to include or solicit input from CSAO in any substantive discussions of charter school issues;
- (23) Including charter schools as a qualified recipient of funds from the state's Incentive and Innovation Grant Trust Fund;
- (24) Clarifying that DOE has entire charge, control, and responsibility for the conduct of all affairs pertaining to public instruction in public schools that it establishes and operates;
- (25) Clarifying that CSAO may retain and expend certain federal indirect overhead reimbursements for discretionary grants;
- (26) Changing the effective date to July 1, 2020, with certain provisions; and
- (27) Making technical, nonsubstantive amendments for clarity, consistency, and style.

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. 2719, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2719, S.D. 2, H.D. 1, and be referred to the Committee on Finance.



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



ROY TAKUMI, Chair



