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# A BILL FOR AN ACT

RELATING TO EDUCATION.

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

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

3           (1) Provide administrators, parents, students, and  
4 teachers with expanded alternative public school  
5 choices in the types of schools, educational programs,  
6 opportunities, and settings, including services for  
7 underserved populations, geographical areas, and  
8 communities; and

9           (2) Encourage and, when resources and support are  
10 provided, serve as a research venue for the  
11 development, use, and dissemination of alternative and  
12 innovative approaches to educational governance,  
13 financing, administration, curricula, technology, and  
14 teaching strategies.

15           However, the legislature finds that confusion continues  
16 over the appropriate relationship between and among the board of  
17 education, the executive director of the charter school



1 administrative office, and the involvement of charter schools in  
2 providing necessary input and participating in the evaluation of  
3 the executive director. Many believe the level of autonomy  
4 required by the executive director and the charter school  
5 administrative office to fully implement the law has not been  
6 realized.

7 The legislature also finds that the board of education has  
8 an increasingly complex and challenging task in the  
9 administration and oversight of department of education schools  
10 and in the implementation of Act 51, Session Laws of Hawaii  
11 2004. With part-time members, and a relatively small support  
12 staff, the board cannot devote the appropriate amount of time,  
13 focus, energy, and resources necessary to carry out all the  
14 duties of a charter school authorizer, from approving new  
15 charters and ensuring accountability, to proactively supporting  
16 the charter schools to ensure their success. The lengthy amount  
17 of time it took the board to appoint the members of the review  
18 panel and the delays in development of proposed administrative  
19 rules illustrate an increasingly frustrating situation.  
20 Moreover, the time devoted to understanding and implementing the  
21 duties of a charter school authorizer is time taken away from  
22 the critical tasks of holding all public schools accountable.



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

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

11           (1) Clarify the significant role of the board of education  
12 in policymaking for charter schools, including:

13           (A) Appointing members of the charter school review  
14 panel; and

15           (B) Serving as an appeals board for charter school  
16 applicants or charter schools that do not agree  
17 with the decisions of the charter school review  
18 panel;

19           (2) Delegate to the charter school review panel the  
20 responsibilities to:

21           (A) Approve or deny charter applications for new  
22 charter schools;



- 1 (B) Issue and revoke charters, and place charter
- 2 schools on probation;
- 3 (C) Approve or deny amendments to detailed
- 4 implementation plans;
- 5 (D) Conduct charter school evaluations; and
- 6 (E) Appoint and evaluate the executive director of
- 7 the charter school administrative office;
- 8 (3) Change the membership of the panel;
- 9 (4) Clarify how the executive director of the charter
- 10 school administrative office is appointed and
- 11 evaluated;
- 12 (5) Shift the burden of providing staff and resources for
- 13 the charter school review panel from the board of
- 14 education to the charter school administrative office;
- 15 and
- 16 (6) Update the charter school funding mechanism, including
- 17 ensuring that funding allocations to the charter
- 18 schools are based on the most recent department of
- 19 education budget base.

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



1           "§302B- Appeals; charter school applications,  
2 revocations, or detailed implementation plan amendments. The  
3 board shall have the power to decide appeals from decisions of  
4 the panel to deny the approval of a charter school application,  
5 revoke a charter school's charter, or deny the approval of an  
6 amendment to a charter school's detailed implementation plan.  
7 An appeal shall be filed with the board within twenty-one  
8 calendar days of the receipt of the notification of denial or  
9 revocation. Only a party whose charter school application has  
10 been denied, whose charter has been revoked, or whose amendment  
11 to a detailed implementation plan has been denied may initiate  
12 an appeal under this section for cause. The board shall review  
13 an appeal and issue a final decision within sixty calendar days  
14 of the filing of the appeal. The board may adopt applicable  
15 rules and procedures pursuant to chapter 91 for implementing the  
16 appeals process."

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

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

22           (1) Elected or appointed official;



- 1           (2) Member of any board or commission; provided that  
2           nothing in this paragraph shall prohibit a member of a  
3           collective bargaining unit from serving on a local  
4           school board of a charter school or the charter school  
5           review panel established under chapter 302B;
- 6           (3) Top-level managerial and administrative personnel,  
7           including the department head, deputy or assistant to  
8           a department head, administrative officer, director,  
9           or chief of a state or county agency or major  
10          division, and legal counsel;
- 11          (4) Secretary to top-level managerial and administrative  
12          personnel under paragraph (3);
- 13          (5) Individual concerned with confidential matters  
14          affecting employee-employer relations;
- 15          (6) Part-time employee working less than twenty hours per  
16          week, except part-time employees included in  
17          bargaining unit (5);
- 18          (7) Temporary employee of three months' duration or less;
- 19          (8) Employee of the executive office of the governor or a  
20          household employee at Washington Place;
- 21          (9) Employee of the executive office of the lieutenant  
22          governor;



- 1 (10) Employee of the executive office of the mayor;
- 2 (11) Staff of the legislative branch of the State;
- 3 (12) Staff of the legislative branches of the counties,
- 4 except employees of the clerks' offices of the
- 5 counties;
- 6 (13) Any commissioned and enlisted personnel of the Hawaii
- 7 national guard;
- 8 (14) Inmate, kokua, patient, ward, or student of a state
- 9 institution;
- 10 (15) Student help;
- 11 (16) Staff of the Hawaii labor relations board;
- 12 (17) Employee of the Hawaii national guard youth challenge
- 13 academy; or
- 14 (18) [~~Employees~~] Employee of the office of elections."

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

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

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



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

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

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

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

21           "Local school board" means the autonomous governing body of  
22 a charter school that receives the charter and is responsible





1 for the financial and academic viability of the charter  
2 school[~~7~~] and implementation of the charter, [~~and~~] possesses the  
3 independent authority to determine the organization and  
4 management of the school, the curriculum, virtual education, and  
5 compliance with applicable federal and state laws, [~~and that~~]  
6 has the power to negotiate supplemental collective bargaining  
7 agreements with exclusive representatives of their employees.

8 "Organizational viability" means that a charter school:

- 9 (1) Has been duly constituted in accordance with its  
10 charter;
- 11 (2) Has a local school board established in accordance  
12 with law and the charter school's charter;
- 13 (3) Employs sufficient faculty and staff to provide the  
14 necessary educational program and support services to  
15 operate the facility in accordance with its charter;
- 16 (4) Maintains accurate and comprehensive records regarding  
17 students and employees as determined by the office;
- 18 (5) Meets appropriate standards of student achievement;
- 19 (6) Cooperates with board, panel, and office requirements  
20 in conducting its functions;
- 21 (7) Complies with applicable federal, state, and county  
22 laws and requirements;



1 (8) In accordance with office guidelines and procedures,  
2 is financially sound and fiscally responsible in its  
3 use of public funds, maintains accurate and  
4 comprehensive financial records, operates in  
5 accordance with generally accepted accounting  
6 practices, and maintains a sound financial plan;

7 (9) Operates within the scope of its charter and fulfills  
8 obligations and commitments of its charter;

9 (10) Complies with all health and safety laws and  
10 requirements; and

11 (11) Complies with all [~~board~~] panel directives, policies,  
12 and procedures."

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

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

16 "(a) There is established the charter school review panel,  
17 which shall be placed within the department for administrative  
18 purposes only. The panel shall be accountable to [~~and report~~  
19 ~~to~~] the charter schools and the board. Notwithstanding section  
20 302B-9, the panel shall be subject to chapter 92.

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



- 1           (1) Two licensed teachers regularly engaged in teaching;
- 2           provided that one teacher is employed at a start-up
- 3           charter school, and one teacher is employed at a
- 4           conversion charter school;
- 5           (2) Two educational officers; provided that one
- 6           educational officer is employed at a start-up charter
- 7           school, and one educational officer is employed at a
- 8           conversion charter school;
- 9           (3) One member or former member of a charter school local
- 10          school board;
- 11          (4) The chair of the board of education or the chair's
- 12          designee;
- 13          ~~[(5) The executive director or the executive director's~~
- 14          ~~designee;~~
- 15          ~~(6)]~~ (5) A representative of Hawaiian culture-focused
- 16          charter schools; [and]
- 17          ~~[(7) A representative]~~ (6) Two representatives of the
- 18          University of Hawaii[-] who are not affiliated with
- 19          charter schools;
- 20          (7) One member with a background in business or accounting
- 21          who is not affiliated with charter schools;



1       (8) One member with a background in the building trades or  
2       real estate who is not affiliated with charter  
3       schools; and

4       (9) A representative from the Hawaii Association of  
5       Independent Schools.

6       provided that the initial appointments for representatives in  
7       paragraphs (7) to (10) shall be made by September 1, 2007. From  
8       the effective date of this Act until such time that the panel  
9       has twelve members, five members of the panel shall constitute a  
10       quorum to conduct business and a concurrence of at least five  
11       members shall be necessary to make any action of the panel  
12       valid; provided that, upon filling the twelve seats as required  
13       under this subsection, a majority of the panel shall constitute  
14       a quorum to conduct business, and the concurrence of a majority  
15       of all the members to which the panel is entitled shall be  
16       necessary to make any action of the panel valid.

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

20       (d) Appointed panel members shall serve not more than  
21 three consecutive three-year terms, with each term beginning on  
22 July 1; provided that the initial terms of the appointed members



1 that commence after June 30, 2006, shall be staggered as  
2 follows:

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

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

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

- 8 (1) Appoint and evaluate the executive director and  
9 approve staff and salary levels for the charter school  
10 administrative office;

- 11 [~~1~~] (2) Review, approve, or deny charter applications for  
12 new charter schools in accordance with sections 302B-5  
13 [~~and 302B-6 and make recommendations to the board~~] for  
14 the issuance of new charters; provided that [~~if the~~  
15 ~~board does not issue or deny the charter within sixty~~  
16 ~~calendar days of the board's receipt of the~~  
17 ~~recommendations, the recommendations shall~~  
18 ~~automatically become effective,~~] applicants that are  
19 denied a charter may appeal to the board for a final  
20 decision pursuant to section 302B- ;

- 21 [~~2~~] (3) Review, approve, or deny significant amendments  
22 to detailed implementation plans to maximize the



1 school's financial and academic success, long-term  
 2 organizational viability, and accountability~~[-and~~  
 3 ~~make recommendations to the board; provided that if~~  
 4 ~~the board does not approve or deny the amendments~~  
 5 ~~within sixty calendar days of receipt of the~~  
 6 ~~recommendations, the recommendations shall~~  
 7 ~~automatically become effective;]. Charter schools  
 8 that are denied a significant amendment to their  
 9 detailed implementation plan may appeal to the board  
 10 for a final decision pursuant to section 302B- ;~~

11 [~~3~~] (4) [~~Recommend to the board~~] Adopt reporting  
 12 requirements for charter schools;

13 [~~4~~] (5) Review annual self-evaluation reports from  
 14 charter schools and [~~make recommendations to the~~  
 15 ~~board;~~] take appropriate action;

16 [~~5~~] (6) [~~As directed by the board, evaluate~~] Evaluate any  
 17 aspect of a charter school that the [~~board~~] panel may  
 18 have concerns with [~~and make recommendations to the~~  
 19 ~~board;~~] and take appropriate action, which may include  
 20 probation or revocation; [~~provided that if the board~~  
 21 ~~does not take action on the recommendations within~~



1 ~~sixty calendar days, the recommendations shall~~  
2 ~~automatically become effective,]~~  
3 ~~[(6)]~~ (7) Periodically ~~[recommend to the board]~~ adopt  
4 improvements in the ~~[board's]~~ panel's monitoring and  
5 oversight of charter schools; and

6 ~~[(7)]~~ (8) Periodically ~~[recommend to the board]~~ adopt  
7 improvements in the office's support of charter  
8 schools and management of the charter school system.

9 (j) In the case that the panel decides not to ~~[recommend~~  
10 ~~the issuance of]~~ issue a new charter, or to ~~[recommend]~~ approve  
11 significant amendments to detailed implementation plans, the  
12 board ~~[shall]~~ may adopt rules for an appeals process~~[-]~~ pursuant  
13 to section 302B- .

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

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

20 "**§302B-4 Limits on charter schools.** ~~[Beginning July 2007,~~  
21 ~~the board, with the recommendation of the]~~ The panel~~[-]~~ may  
22 authorize one new start-up charter school for each existing



1 start-up charter school that has received a three-year or longer  
2 accreditation from the Western Association of Schools and  
3 Colleges or a comparable accreditation authority as determined  
4 by the panel, or for each start-up charter school whose charter  
5 is revoked. The total number of conversion charter schools  
6 authorized by the [~~board, with the recommendation of the~~  
7 panel~~]~~ shall not exceed twenty-five."

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

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

- 13 (1) The submission of a letter of intent to operate a  
14 start-up charter school;
- 15 (2) The timely transmittal of the application form and  
16 completion guidelines to the interim local school  
17 board;
- 18 (3) The timely submission to the [~~board~~] panel of a  
19 completed application;
- 20 (4) The timely review of the application by the panel for  
21 completeness, and notification of the interim local  
22 school board if the application is complete or, if the





1 application is insufficient, a written statement of  
2 the elements of the application that require  
3 completion;

4 (5) The timely resubmission of the application;

5 (6) Upon receipt of a completed application, the convening  
6 of the panel by the panel chairperson to begin review  
7 of the application;

8 (7) The timely notification of the applicant of any  
9 revisions the panel requests as necessary for a  
10 recommendation of approval [~~to the board~~];

11 [~~(8) The timely transmission of the panel's recommendation~~  
12 ~~to the board for adjudication;~~

13 ~~(9)~~ (8) Following the submission of an application,  
14 issuance of a charter or denial of the application by  
15 the [~~board~~] panel by majority vote; provided that if  
16 the [~~board~~] panel does not approve the application and  
17 issue a charter, provisions requiring the [~~board~~]  
18 panel to:

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



1 (B) Allow the interim local school board to revise  
2 its plan in accordance with the [~~board's~~] panel's  
3 guidelines, and resubmit an amended plan within  
4 ten calendar days;

5 [~~(10)~~] (9) A provision for a final date on which a decision  
6 must be made, upon receipt of an amended plan; and

7 [~~(11)~~] (10) A provision that no start-up charter school may  
8 begin operation before obtaining [~~board~~] panel  
9 approval of its charter [~~, and~~

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

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

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

19 (1) The submission of a letter of intent to convert to a  
20 charter school;



- 1           (2) The timely transmittal of the application form and  
2           completion guidelines to the interim local school  
3           board;
- 4           (3) The timely submission to the [~~board~~] panel of a  
5           completed application; provided that the application  
6           shall include certification and documentation that the  
7           application and the proposed detailed implementation  
8           plan was approved by a majority of the votes cast by  
9           existing administrative, support, teaching personnel,  
10          and parents of students at the proposed conversion  
11          charter school;
- 12          (4) The timely review of the application by the panel for  
13          completeness, and notification of the interim local  
14          school board if the application is complete or, if the  
15          application is insufficient, a written statement of  
16          the elements of the application that require  
17          completion;
- 18          (5) The timely resubmission of the application;
- 19          (6) Upon receipt of a completed application, the convening  
20          of the panel by the panel chairperson to begin review  
21          of the application;



1           (7) The timely notification of the applicant of any  
2           revisions the panel may request as necessary for a  
3           recommendation of approval [~~to the board~~];

4       ~~[(8) The timely transmission of the panel's recommendation~~  
5       ~~to the board for adjudication;~~

6       ~~-(9)]~~ (8) Following the submission of an application,  
7           issuance of a charter or denial of the application by  
8           the [~~board~~] panel by majority vote; provided that if  
9           the [~~board~~] panel does not approve the application and  
10          issue a charter, provisions requiring the [~~board~~]  
11          panel to:

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

15          (B) Allow the interim local school board to revise  
16               its plan in accordance with the [~~board's~~] panel's  
17               guidelines, and resubmit an amended plan within  
18               ten calendar days;

19       ~~[-(10)]~~ (9) A provision for a final date on which a decision  
20          must be made upon receipt of an amended plan; and



1       ~~[(11)]~~ (10) A provision that no conversion charter school may  
2                   begin operation before obtaining [~~board~~] panel  
3                   approval of its charter [~~and~~

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

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

10       "(a) There is established a charter school administrative  
11 office, which shall be attached to the department for  
12 administrative purposes only. The office shall be administered  
13 by an executive director, who shall be appointed without regard  
14 to chapters 76 and 89 by the [~~board~~] panel based upon the  
15 recommendations of an organization of charter schools operating  
16 within the State or from a list of nominees submitted by the  
17 charter schools. The [~~board may~~] panel shall hire the executive  
18 director [~~on a multi-year contract.~~] who may be contracted for  
19 a term of up to four years; shall offer the executive director a  
20 written contract; and may terminate the executive director's  
21 contract only for cause. The executive director, with the  
22 approval of the panel, may hire necessary staff without regard



1 to chapters 76 and 89 to assist in the administration of the  
2 office.

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

- 7 (1) Preparing and executing the budget for the charter  
8 schools, including submission of the budget request to  
9 the board, the governor, and the legislature;
- 10 (2) Allocating annual appropriations to the charter  
11 schools and distribution of federal funds to charter  
12 schools;
- 13 (3) Complying with applicable state laws related to the  
14 administration of the charter schools;
- 15 (4) Preparing contracts between the charter schools and  
16 the department for centralized services to be provided  
17 by the department;
- 18 (5) Preparing contracts between the charter schools and  
19 other state agencies for financial or personnel  
20 services to be provided by the agencies to the charter  
21 schools;



- 1 (6) Providing independent analysis and recommendations on  
2 charter school issues;
- 3 (7) Representing charter schools and the charter school  
4 system in communications with the board, the governor,  
5 and the legislature;
- 6 (8) Providing advocacy, assistance, and support for the  
7 development, growth, progress, and success of charter  
8 schools and the charter school system;
- 9 (9) Providing guidance and assistance to charter  
10 applicants and charter schools to enhance the  
11 completeness and accuracy of information for [~~board~~]  
12 panel review;
- 13 (10) Assisting charter applicants and charter schools in  
14 coordinating their interactions with the [~~board~~] panel  
15 as needed;
- 16 (11) Assisting the [~~board~~] panel to coordinate with charter  
17 schools in [~~board~~] panel investigations and  
18 evaluations of charter schools;
- 19 (12) Serving as the conduit to disseminate communications  
20 from the panel, the board, and the department to all  
21 charter schools;



1 (13) Determining charter school system needs and  
2 communicating [~~such~~] those needs [~~with~~] to the panel,  
3 the board, and the department;

4 (14) Establishing a dispute resolution and mediation  
5 [~~panel,~~] process; and

6 (15) Upon request by one or more charter schools, assisting  
7 in the negotiation of a collective bargaining  
8 agreement with the exclusive representative of its  
9 employees.

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

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

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





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

4           (1) The actual and projected enrollment figures in the  
5 current school year for each charter school;

6           (2) A per-pupil amount for each regular education and  
7 special education student, which shall be equivalent  
8 to the total per-pupil cost based upon average  
9 enrollment in all regular education cost categories,  
10 including comprehensive school support services but  
11 excluding special education services, and for all  
12 means of financing except federal funds, as reported  
13 in the most recently-approved executive budget  
14 recommendations for the department; provided that in  
15 preparing the budget the executive director shall  
16 include an analysis of the proposed budget in  
17 relationship to the most recently published department  
18 consolidated annual financial report; provided further  
19 that the legislature may make an adjustment to the  
20 per-pupil allocation for the purposes of this section;  
21 and



1           (3) Those fringe benefit costs requested shall be included  
2           in the department of budget and finance's annual  
3           budget request. No fringe benefit costs shall be  
4           charged directly to or deducted from the charter  
5           school per-pupil allocations unless they are already  
6           included in the funds distributed to the charter  
7           school.

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

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

16          (b) Charter schools shall be eligible for all federal  
17          financial support to the same extent as all other public  
18          schools. The department shall provide the office with all  
19          state-level federal grant proposals submitted by the department  
20          that include charter schools as potential recipients and timely  
21          reports on state-level federal grants received for which charter  
22          schools may apply[-] or are entitled to receive. Federal funds



1 received by the department for charter schools shall be  
2 transferred to the office for distribution to charter schools in  
3 accordance with the federal requirements. If administrative  
4 services related to federal grants and subsidies are provided to  
5 the charter school by the department, the charter school shall  
6 reimburse the department for the actual costs of the  
7 administrative services in an amount that shall not exceed six  
8 and one-half per cent of the charter school's federal grants and  
9 subsidies.

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

21 All additional funds generated by the local school boards,  
22 that are not from a supplemental grant, shall be held separate



1 from allotted funds and may be expended at the discretion of the  
2 local school boards.

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

6 (1) Provide fifty per cent of a charter school's per-pupil  
7 allocation based on the charter school's projected  
8 student enrollment no later than July 20 of each  
9 fiscal year; provided that the charter school shall  
10 [~~submit~~] have submitted to the office a projected  
11 student enrollment no later than May 15 of each year;

12 (2) Provide an additional forty per cent of a charter  
13 school's per-pupil allocation no later than  
14 November 15 of each year; provided that the charter  
15 school shall [~~submit~~] have submitted to the office:

16 (A) Student enrollment as verified on October 15 of  
17 each year; provided that the student enrollment  
18 shall be verified on the last business day  
19 immediately prior to October 15 should that date  
20 fall on a weekend; and

21 (B) An accounting of the percentage of student  
22 enrollment that transferred from public schools



1 established and maintained by the department;  
2 provided that these accountings shall also be  
3 submitted by the office to the legislature no  
4 later than twenty days prior to the start of each  
5 regular session; and

6 (3) ~~[The]~~ Retain the remaining ten per cent of a charter  
7 school's per-pupil allocation ~~[of a charter school]~~ no  
8 later than January 1 of each year as a contingency  
9 balance to ensure fiscal accountability;

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

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

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



- 1 (1) The identification and adoption of benchmarks to  
2 measure and evaluate administrative and instructional  
3 programs;
- 4 (2) The identification of any innovations or research that  
5 may assist other public schools;
- 6 (3) The identification of any administrative and legal  
7 barriers to meeting the adopted benchmarks, and  
8 recommendations for improvements and modifications to  
9 address the barriers;
- 10 (4) An evaluation of student achievement within the  
11 charter school;
- 12 (5) A profile of the charter school's enrollment and the  
13 community it serves, including a breakdown of regular  
14 education and special education students; and
- 15 (6) An evaluation of the school's organizational  
16 viability.
- 17 (b) The ~~[board]~~ panel shall conduct multi-year evaluations  
18 of charter schools that have been chartered for four or more  
19 years. ~~[The board shall adopt rules pursuant to chapter 91 for  
20 its evaluations.]~~
- 21 (c) The ~~[board]~~ panel may conduct special evaluations of  
22 charter schools at any time.



- 1 (d) The ~~[board]~~ panel may place a charter school on  
2 probationary status; provided that:
- 3 (1) The panel evaluates the charter school or reviews an  
4 evaluation of the charter school [~~and makes~~  
5 ~~recommendations to the board~~];
- 6 (2) The ~~[board]~~ panel and the office are involved in  
7 substantive discussions with the charter school  
8 regarding the areas of deficiencies;
- 9 (3) The notice of probation is delivered to the charter  
10 school and specifies the deficiencies requiring  
11 correction, the probation period, and monitoring and  
12 reporting requirements;
- 13 (4) For deficiencies related to student performance, a  
14 charter school shall be allowed two years to improve  
15 student performance; [~~and~~]
- 16 (5) For deficiencies related to financial plans, a charter  
17 school shall be allowed one year to develop a sound  
18 financial plan[-]; and
- 19 (6) For deficiencies related to organizational viability,  
20 a charter school may be allowed one year to improve  
21 administrative compliance.



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

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

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

12 (1) The charter school is given notice of specific health  
13 or safety deficiencies and is afforded an opportunity  
14 to present its case to the [~~beard,~~] panel;

15 (2) The [beard] panel chair appoints a task group, which  
16 may be an investigative task group [~~, the panel,~~] or  
17 the office, to visit the charter school and conduct  
18 meetings with its local school board and its school  
19 community to gather input;

20 (3) Based on its findings, the task group shall recommend  
21 to the [beard] panel to revoke the charter, place the  
22 charter school on probation, or continue the charter;





1 (4) The vote of two-thirds of all the members to which the  
2 [~~board~~] panel is entitled shall be required to revoke  
3 the charter;

4 (5) The best interest of the school's students guide all  
5 decisions; and

6 (6) After a decision to revoke a charter, the charter  
7 school shall be allowed to remain open until a plan  
8 for an orderly shutdown or transfer of students and  
9 assets is developed and executed, or until the school  
10 year ends, whichever comes first.

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



1 SECTION 14. Notwithstanding the requirements of section  
2 302B-3, Hawaii Revised Statutes, the terms of those members of  
3 the charter school review panel that are to expire on or before  
4 June 30, 2007, shall be extended until June 30, 2008.

5 SECTION 15. Statutory material to be repealed is bracketed  
6 and stricken. New statutory material is underscored.

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



S.B. NO. 603  
S.D. 2  
H.D. 2  
C.D. 1

**Report Title:**  
Charter Schools

**Description:**

Clarifies the role of board of education in policymaking for charter schools. Expands the duties of the charter school review panel. Changes the membership of the panel. Clarifies how the executive director of the charter school administrative office is appointed and evaluated. Makes the charter school administrative office, rather than the board of education, responsible for the staff and resources for the panel. Updates the charter school funding mechanism. (CD1)

