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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



1 the critical tasks of holding department of education schools  
2 accountable.

3       Consequently, to dedicate the appropriate focus, time,  
4 knowledge, and resources on both traditional department of  
5 education public schools and charter schools, the legislature  
6 believes that certain important and time-consuming duties of  
7 charter school authorization and oversight should be delegated  
8 to the charter school review panel.

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

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

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

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

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

20       (A) Approve or deny charter applications for new  
21       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) Authorize local school boards to enter into long-term
- 10 lease agreements;
- 11 (5) Clarify how the executive director of the charter
- 12 school administrative office is appointed and
- 13 evaluated;
- 14 (6) Shift the burden of providing staff and resources for
- 15 the charter school review panel from the board of
- 16 education to the charter school administrative office;
- 17 (7) Require the charter school administrative office to
- 18 include in its annual budget request a per-pupil
- 19 amount to start-up charter schools for facilities-
- 20 related costs;
- 21 (8) Updates the charter school funding mechanism,
- 22 including ensuring that funding allocations to the



1 charter schools are based on the most recent  
2 department of education budget base; and  
3 (9) Appropriating funds to the charter school  
4 administrative office for its annual budget requests.

5 SECTION 2. Section 89-6, Hawaii Revised Statutes, is  
6 amended by amending subsection (g) to read as follows:

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

- 10 (1) Elected or appointed official;
- 11 (2) Member of any board or commission; provided that  
12 nothing in this paragraph shall prohibit a member of a  
13 collective bargaining unit from serving on a local  
14 school board of a charter school or the charter school  
15 review panel established under chapter 302B;
- 16 (3) Top-level managerial and administrative personnel,  
17 including the department head, deputy or assistant to  
18 a department head, administrative officer, director,  
19 or chief of a state or county agency or major  
20 division, and legal counsel;
- 21 (4) Secretary to top-level managerial and administrative  
22 personnel under paragraph (3);



- 1 (5) Individual concerned with confidential matters  
2 affecting employee-employer relations;
- 3 (6) Part-time employee working less than twenty hours per  
4 week, except part-time employees included in  
5 bargaining unit (5);
- 6 (7) Temporary employee of three months' duration or less;
- 7 (8) Employee of the executive office of the governor or a  
8 household employee at Washington Place;
- 9 (9) Employee of the executive office of the lieutenant  
10 governor;
- 11 (10) Employee of the executive office of the mayor;
- 12 (11) Staff of the legislative branch of the State;
- 13 (12) Staff of the legislative branches of the counties,  
14 except employees of the clerks' offices of the  
15 counties;
- 16 (13) Any commissioned and enlisted personnel of the Hawaii  
17 national guard;
- 18 (14) Inmate, kokua, patient, ward, or student of a state  
19 institution;
- 20 (15) Student help;
- 21 (16) Staff of the Hawaii labor relations board;



1 (17) Employee of the Hawaii national guard youth challenge  
2 academy; or

3 (18) Employees of the office of elections."

4 SECTION 3. Section 302A-101, Hawaii Revised Statutes, is  
5 amended by amending the definition of "charter school review  
6 panel" or "panel" to read as follows:

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

10 SECTION 4. Section 302A-1101, Hawaii Revised Statutes, is  
11 amended by amending subsection (d) to read as follows:

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

17 SECTION 5. Section 302B-1, Hawaii Revised Statutes, is  
18 amended by amending the definitions of "charter school review  
19 panel" or "panel", "detailed implementation plan", "local school  
20 board", and "organizational viability" to read as follows:

21 "Charter school review panel" or "panel" means the panel  
22 established pursuant to section 302B-3 with the powers and



1 duties to [~~advise and make recommendations to the board~~  
2 ~~regarding issuance and revocation of~~] issue and revoke charters,  
3 approve detailed implementation plan revisions, and conduct  
4 charter school evaluations.

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

10 "Local school board" means the autonomous governing body of  
11 a charter school that receives the charter and is responsible  
12 for the financial and academic viability of the charter  
13 school[~~7~~] and implementation of the charter, [~~and~~] possesses the  
14 independent authority to determine the organization and  
15 management of the school, the curriculum, virtual education, and  
16 compliance with applicable federal and state laws, [~~and that~~]  
17 has the power to negotiate supplemental collective bargaining  
18 agreements with exclusive representatives of their employees[~~7~~],  
19 and has the authority to enter into long-term lease agreements;  
20 provided that the long-term lease agreements include a term  
21 allowing the state to terminate the lease in the event adequate  
22 appropriations have not been made.





- 1 "Organizational viability" means that a charter school:
- 2 (1) Has been duly constituted in accordance with its
  - 3 charter;
  - 4 (2) Has a local school board established in accordance
  - 5 with law and the charter school's charter;
  - 6 (3) Employs sufficient faculty and staff to provide the
  - 7 necessary educational program and support services to
  - 8 operate the facility in accordance with its charter;
  - 9 (4) Maintains accurate and comprehensive records regarding
  - 10 students and employees as determined by the office;
  - 11 (5) Meets appropriate standards of student achievement;
  - 12 (6) Cooperates with board, panel, and office requirements
  - 13 in conducting its functions;
  - 14 (7) Complies with applicable federal, state, and county
  - 15 laws and requirements;
  - 16 (8) In accordance with office guidelines and procedures,
  - 17 is financially sound and fiscally responsible in its
  - 18 use of public funds, maintains accurate and
  - 19 comprehensive financial records, operates in
  - 20 accordance with generally accepted accounting
  - 21 practices, and maintains a sound financial plan;



1 (9) Operates within the scope of its charter and fulfills  
2 obligations and commitments of its charter;

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

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

7 SECTION 6. Section 302B-3, Hawaii Revised Statutes, is  
8 amended as follows:

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

10 "(a) There is established the charter school review panel,  
11 which shall be placed within the department for administrative  
12 purposes only. The panel shall be accountable to [~~and report~~  
13 ~~to~~] the charter schools and the board.

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

16 (1) Two licensed teachers regularly engaged in teaching;  
17 provided that one teacher is employed at a start-up  
18 charter school, and one teacher is employed at a  
19 conversion charter school;

20 (2) Two educational officers; provided that one  
21 educational officer is employed at a start-up charter



- 1 school, and one educational officer is employed at a  
2 conversion charter school;
- 3 (3) One member or former member of a charter school local  
4 school board;
- 5 (4) The chair of the board of education or the chair's  
6 designee;
- 7 ~~[(5) The executive director or the executive director's~~  
8 ~~designee;~~
- 9 ~~+(6)]~~ (5) A representative of Hawaiian culture-focused  
10 schools; [and]
- 11 ~~[(7)]~~ (6) A representative of the University of Hawaii[-];
- 12 (7) One member with a background in business or  
13 accounting;
- 14 (8) One member with a background in the building trades or  
15 real estate;
- 16 (9) A representative from the Hawaii Association of  
17 Independent Schools; and
- 18 (10) A parent of a charter school student.
- 19 (c) The board shall appoint the remaining members of the  
20 panel other than the chair of the board ~~[and the executive~~  
21 ~~director]~~.



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

- 6 (1) [~~Three~~] Four members to serve three-year terms;  
7 (2) [~~Two~~] Four members to serve two-year terms~~], one of~~  
8 which shall be the member who is a parent of a charter  
9 school student; and  
10 (3) [~~Two~~] Three members to serve a one-year term."

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

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

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



- 1           (2) Review, approve, or deny significant amendments to  
2           detailed implementation plans to maximize the school's  
3           financial and academic success, long-term  
4           organizational viability, and accountability~~[, and~~  
5           ~~make recommendations to the board; provided that if~~  
6           ~~the board does not approve or deny the amendments~~  
7           ~~within sixty calendar days of receipt of the~~  
8           ~~recommendations, the recommendations shall~~  
9           ~~automatically become effective;]~~. Charter schools  
10          that are denied a significant amendment to their  
11          detailed implementation plan, within sixty calendar  
12          days, may appeal to the board for a final decision;
- 13          (3) ~~[Recommend to the board]~~ Adopt reporting requirements  
14          for charter schools;
- 15          (4) Review annual self-evaluation reports from charter  
16          schools and ~~[make recommendations to the board;]~~ take  
17          appropriate action;
- 18          (5) ~~[As directed by the board, evaluate]~~ Evaluate any  
19          aspect of a charter school that the ~~[board]~~ panel may  
20          have concerns with ~~[and make recommendations to the~~  
21          ~~board;]~~ and take appropriate action, which may include  
22          probation or revocation; ~~[provided that if the board~~



1 ~~does not take action on the recommendations within~~  
2 ~~sixty calendar days, the recommendations shall~~  
3 ~~automatically become effective;]~~

4 (6) Periodically [~~recommend to the board~~] adopt  
5 improvements in the [~~board's~~] panel's monitoring and  
6 oversight of charter schools; and

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

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

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 7. 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~~] panel[~~7~~] 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[~~7~~] shall not exceed twenty-five."

8 SECTION 8. 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 local school board to revise its plan  
2 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;

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

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

17 "(a) There is established a charter school administrative  
18 office, which shall be attached to the department for  
19 administrative purposes only. The office shall be administered  
20 by an executive director, who shall be appointed without regard  
21 to chapters 76 and 89 by the ~~[board]~~ panel based upon the  
22 recommendations of an organization of charter schools operating



1 within the State or from a list of nominees submitted by the  
2 charter schools. The [~~board may~~] panel shall hire the executive  
3 director [~~on a multi-year contract.~~] for a term of not fewer  
4 than four years, and shall offer the executive director a  
5 written contract and may terminate the executive director's  
6 contract only for cause. The executive director may hire  
7 necessary staff without regard to chapters 76 and 89 to assist  
8 in the administration of the office.

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

- 13 (1) Preparing and executing the budget for the charter  
14 schools, including submission of the budget request to  
15 the board, the governor, and the legislature;
- 16 (2) Allocating annual appropriations to the charter  
17 schools and distribution of federal funds to charter  
18 schools;
- 19 (3) Complying with applicable state laws related to the  
20 administration of the charter schools;



- 1 (4) Preparing contracts between the charter schools and  
2 the department for centralized services to be provided  
3 by the department;
- 4 (5) Preparing contracts between the charter schools and  
5 other state agencies for financial or personnel  
6 services to be provided by the agencies to the charter  
7 schools;
- 8 (6) Providing independent analysis and recommendations on  
9 charter school issues;
- 10 (7) Representing charter schools and the charter school  
11 system in communications with the board, the governor,  
12 and the legislature;
- 13 (8) Providing advocacy, assistance, and support for the  
14 development, growth, progress, and success of charter  
15 schools and the charter school system;
- 16 (9) Providing guidance and assistance to charter  
17 applicants and charter schools to enhance the  
18 completeness and accuracy of information for panel or  
19 board review;
- 20 (10) Assisting charter applicants and charter schools in  
21 coordinating their interactions with the panel or the  
22 board as needed;



- 1 (11) Assisting the [~~board~~] panel to coordinate with charter  
2 schools in [~~board~~] panel investigations and  
3 evaluations of charter schools;
- 4 (12) Serving as the conduit to disseminate communications  
5 from the panel, the board, and the department to all  
6 charter schools;
- 7 (13) Determining charter school system needs and  
8 communicating [~~such~~] those needs [~~with~~] to the panel,  
9 the board, and the department;
- 10 (14) Establishing a dispute resolution and mediation  
11 [~~panel;~~] process; and
- 12 (15) Upon request by one or more charter schools, assisting  
13 in the negotiation of a collective bargaining  
14 agreement with the exclusive representative of its  
15 employees.
- 16 (c) The executive director shall be evaluated annually by  
17 the [~~board;~~] panel. The annual evaluation shall be conducted  
18 sufficiently in advance of the end of a term to provide the  
19 executive director the opportunity to respond to concerns and  
20 improve performance.
- 21 (d) The salary of the executive director and staff shall  
22 be set by the [~~board~~] panel based upon the recommendations of



1 charter schools within the State; provided that the salaries and  
2 operational expenses of the office shall be paid from the annual  
3 charter school appropriation and shall not exceed two per cent  
4 of the total allocation in any fiscal year.

5 (e) The office shall include in its annual budget request  
6 additional funds to cover the estimated costs of:

7 (1) Vacation and sick leave accrued by employees  
8 transferring to a charter school from another state  
9 agency or department;

10 (2) Substitute teachers needed when a teacher is out on  
11 vacation or sick leave;

12 (3) Adjustments to enrollments; [~~and~~]

13 (4) Arbitration in the grievance process[~~-~~];

14 (5) Costs associated with administrative and staff support  
15 for the panel; and

16 (6) A per-pupil amount of \_\_\_\_\_ to start-up charter  
17 schools to offset facility, infrastructure, and repair  
18 and maintenance costs, and other requested amounts."

19 SECTION 10. Section 302B-12, Hawaii Revised Statutes, is  
20 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 published department~~  
14 ~~consolidated annual financial report;~~] recently-  
15 approved executive budget recommendations for the  
16 department; provided that the legislature may make an  
17 adjustment to the per-pupil allocation for the  
18 purposes of this section; [~~and~~]

19           (3) Those fringe benefit costs requested shall be included  
20 in the department of budget and finance's annual  
21 budget request. No fringe benefit costs shall be  
22 charged directly to or deducted from the charter



1 school per-pupil allocations unless they are already  
 2 included in the funds distributed to the charter  
 3 school. Reimbursements for fringe benefit costs shall  
 4 be distributed by the department of budget and finance  
 5 to charter schools on a quarterly basis; and  
 6 (4) A per-pupil amount of \_\_\_\_\_ to start-up charter  
 7 schools to offset facility, infrastructure, and repair  
 8 and maintenance costs, and other requested amounts.

9 The legislature shall make an appropriation based upon the  
 10 budget request; provided that the legislature may make  
 11 additional appropriations for fringe, workers' compensation, and  
 12 other employee benefits, a per-pupil amount of \_\_\_\_\_ to start-up  
 13 charter schools to offset facility, infrastructure, and repair  
 14 and maintenance costs, other facility costs, and other requested  
 15 amounts.

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

19 (b) Charter schools shall be eligible for all federal  
 20 financial support to the same extent as all other public  
 21 schools. The department shall provide the office with all  
 22 state-level federal grant proposals submitted by the department



1 that include charter schools as potential recipients and timely  
2 reports on state-level federal grants received for which charter  
3 schools may apply[+] or are entitled to receive. Federal funds  
4 received by the department for charter schools shall be  
5 transferred to the office for distribution to charter schools in  
6 accordance with the federal requirements. If administrative  
7 services related to federal grants and subsidies are provided to  
8 the charter school by the department, the charter school shall  
9 reimburse the department for the actual costs of the  
10 administrative services in an amount that shall not exceed six  
11 and one-half per cent of the charter school's federal grants and  
12 subsidies.

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





1 and one-half per cent of the supplemental grant for which the  
2 services are used.

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

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

10 (1) Provide fifty per cent of a charter school's per-pupil  
11 allocation based on the charter school's projected  
12 student enrollment no later than July 20 of each  
13 fiscal year; provided that the charter school shall  
14 submit to the office a projected student enrollment no  
15 later than May 15 of each year;

16 (2) Provide an additional forty per cent of a charter  
17 school's per-pupil allocation no later than  
18 November 15 of each year; provided that the charter  
19 school shall submit to the office:

20 (A) Student enrollment as verified on October 15 of  
21 each year; provided that the student enrollment  
22 shall be verified on the last business day



1 immediately prior to October 15 should that date  
2 fall on a weekend; and

3 (B) An accounting of the percentage of student  
4 enrollment that transferred from public schools  
5 established and maintained by the department;  
6 provided that these accountings shall also be  
7 submitted by the office to the legislature no  
8 later than twenty days prior to the start of each  
9 regular session; and

10 (3) The remaining ten per cent per-pupil allocation of a  
11 charter school no later than January 1 of each year as  
12 a contingency balance to ensure fiscal accountability;  
13 provided that the [~~board~~] panel may make adjustments in  
14 allocations based on noncompliance with office administrative  
15 procedures and board-approved accountability requirements."

16 SECTION 11. Section 302B-14, Hawaii Revised Statutes, is  
17 amended by amending subsections (a) to (g) to read as follows:

18 "(a) Every charter school shall conduct annual self-  
19 evaluations that shall be submitted to the [~~board~~] panel within  
20 sixty working days after the completion of the school year[-],  
21 or in accordance with reporting requirements adopted by the



1 panel. The self-evaluation process shall include but not be  
2 limited to:

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

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



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

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

5 (1) The panel evaluates the charter school or reviews an  
6 evaluation of the charter school [~~and makes~~  
7 ~~recommendations to the board~~];

8 (2) The [~~board~~] panel and the office are involved in  
9 substantive discussions with the charter school  
10 regarding the areas of deficiencies;

11 (3) The notice of probation is delivered to the charter  
12 school and specifies the deficiencies requiring  
13 correction, the probation period, and monitoring and  
14 reporting requirements;

15 (4) For deficiencies related to student performance, a  
16 charter school shall be allowed two years to improve  
17 student performance; and

18 (5) For deficiencies related to financial plans, a charter  
19 school shall be allowed one year to develop a sound  
20 financial plan.



1 The charter school shall remain on probationary status  
2 until the [~~board~~] panel votes to either remove the charter  
3 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 [~~board~~] panel may revoke  
6 the charter; provided that the vote of two-thirds of all the  
7 members to which the [~~board~~] panel is entitled shall be required  
8 to revoke the charter.

9 (f) The [~~board~~] 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 [~~board;~~] panel;

15 (2) The [~~board~~] 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 [~~board~~] 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 12. 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 13. There is appropriated out of the general  
6 revenues of the State of Hawaii the sum of \$ , or so  
7 much thereof as may be necessary for fiscal year 2007-2008, and  
8 the same sum, or so much thereof as may be necessary for fiscal  
9 year 2008-2009, to the charter school administrative office for  
10 annual budget requests in addition to the per-pupil allocation  
11 for all charter schools to cover the estimated costs of:

- 12 (1) Vacation and sick leave accrued by employees  
13 transferring to a charter school from another state  
14 agency or department;
- 15 (2) Substitute teachers needed when a teacher is out on  
16 vacation or sick leave;
- 17 (3) Adjustments to enrollments;
- 18 (4) Arbitration in the grievance process;
- 19 (5) Costs associated with administrative and staff support  
20 for the panel; and



1 (6) A per-pupil amount of to start-up charter  
2 schools to offset facility, infrastructure, and repair  
3 and maintenance costs, and other requested amounts.

4 The sums appropriated shall be expended by the department  
5 of education for the purposes of this Act.

6 SECTION 14. Statutory material to be repealed is bracketed  
7 and stricken. New statutory material is underscored.

8 SECTION 15. This Act shall take effect upon its approval;  
9 provided that:

10 (1) Section 13 shall take effect on July 1, 2007; and

11 (2) The amendments made to section 89-6(g), Hawaii Revised  
12 Statutes, by section 2 of this Act shall not be  
13 repealed when section 89-6, Hawaii Revised Statutes,  
14 is repealed and reenacted on July 1, 2008, pursuant to  
15 section 8 of Act 245, Session Laws of Hawaii 2005.





**Report Title:**

Charter Schools

**Description:**

Clarifies the role of BOE in policymaking for charter schools. Expands the duties of the Charter School Review Panel. Changes the membership of the Panel. Authorizes local school boards to enter into long-term lease agreements. Clarifies how the executive director of the Charter School Administrative Office is appointed and evaluated. Makes CSAO, rather than BOE, responsible for the staff and resources for the Panel. Requires CSAO to include in its annual budget request a per-pupil amount to start-up charter schools for facilities-related costs. Updates the charter school funding mechanism. Appropriates funds to CSAO for its annual budget requests. (SB603 HD1)

