
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 there are two
2 important purposes for charter schools, namely:
- 3 (1) Providing 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) Encouraging and, when resources and support are
10 provided, serving 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 In addition to these purposes, there is a growing need to
16 more directly connect Hawaii's public school system to the
17 important missions of its agencies, industries, and university



1 programs, as well as its economic bases and special workforce
2 development needs.

3 The legislature further finds that the charter school
4 system provides unique opportunities for the creation of new
5 schools that can be more directly linked to agency, industry, or
6 campus missions, and to ensure that those new schools retain,
7 through their charters, the original purposes of their creation.
8 Among the agency and campus missions that have already linked
9 charter schools to missions are the University of Hawaii's
10 laboratory school, which serves a research and development
11 mission of the college of education, and a number of charter
12 schools that serve university missions relating to the
13 preservation of the Hawaiian language through an immersion
14 environment.

15 Recently, the need to further develop a well-educated
16 workforce for high technology industries, film and digital
17 entertainment industries, and construction industries has
18 stimulated interest in the creation of special charter schools
19 associated with industry-related, project-based hands-on
20 learning and work study, as well as identifying a more proactive
21 role for private sector industries and organizations.



1 The legislature finds that confusion continues over the
2 appropriate relationship between and among the board of
3 education, the executive director of the charter school
4 administrative office, and the involvement of charter schools in
5 providing necessary input and participation in evaluating the
6 executive director. Many feel the level of autonomy required by
7 the executive director and the charter school administrative
8 office in order to fully implement the law has not been
9 realized.

10 The legislature also finds that the board of education has
11 an increasingly complex and challenging task in the
12 administration and oversight of department of education schools
13 and in the implementation of Act 51, Session Laws of Hawaii
14 2004. With part-time members, and a relatively small support
15 staff, the board cannot devote the appropriate amount of time,
16 focus, energy, and resources to discharge all the duties of a
17 charter school authorizer, from approval of new charters, to
18 accountability, to proactive support to ensure the success of
19 the charter schools. Time devoted to understanding and
20 implementing the duties of an authorizer of charter schools is
21 also time taken away from the tasks of holding department of
22 education schools accountable. The time it took the board to



1 appoint the members of the review panel and the delays in
2 development of proposed administrative rules illustrate an
3 increasingly frustrating situation.

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

10 The purpose of this Act is to:

11 (1) Clarify that the board of education will continue to
12 play a significant role in policymaking for charter
13 schools by retaining the power to adopt administrative
14 rules, appointing the members of the charter school
15 review panel, authorizing new charter schools after
16 receiving a recommendation from the panel, and serving
17 as an appeals board for applicants or charters that
18 are unhappy with decisions of the charter school
19 review panel;

20 (2) Delegate the primary role of approving amendments to
21 detailed implementation plans, placing charter schools
22 on probation, revocation of charter schools, and the



- 1 appointment and evaluation of the executive director
2 to the charter school review panel;
- 3 (3) Clarify how the executive director is appointed and
4 evaluated;
- 5 (4) Update the funding formula to ensure that charter
6 school allocations are based on the most recent
7 department budget base, and to include a per-pupil
8 allocation for start-up charter school facility costs;
- 9 (5) Clarify that local school boards have the authority to
10 enter into long-term lease agreements;
- 11 (6) Create a special category of agency-sponsored start-up
12 charter schools that will be subject to the conversion
13 charter school limits under 302B-4, Hawaii Revised
14 Statutes, and thus encourage state agencies,
15 University of Hawaii campuses, and private sector
16 partnerships in the creation and support of
17 specialized charter schools; and
- 18 (7) Shift the burden of providing staff and resources for
19 the charter school review panel from the board of
20 education to the charter school administrative office
21 and require the office to prepare a special budget



1 request for operations of the charter school review
2 panel.

3 SECTION 2. Section 302B-1, Hawaii Revised Statutes, is
4 amended by adding a new definition to be appropriately inserted
5 and to read as follows:

6 "Agency sponsored charter school" means a charter school
7 whose application is co-submitted by a state agency or
8 University of Hawaii campus, which includes a significant
9 contribution of land, facilities, personnel, or other resources
10 by that agency or campus, and which is subject to the limits on
11 charter schools as provided in section 302B-4; provided that the
12 contributions shall be comparable to those required for
13 conversion charter schools under section 302B-6(e)."

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

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

- 19 (1) Elected or appointed official;
20 (2) Member of any board or commission; provided that
21 nothing in this paragraph shall prohibit a member of a
22 collective bargaining unit from serving on a local



- 1 school board of a charter school or the charter school
2 review panel established under chapter 302B;
- 3 (3) Top-level managerial and administrative personnel,
4 including the department head, deputy or assistant to
5 a department head, administrative officer, director,
6 or chief of a state or county agency or major
7 division, and legal counsel;
- 8 (4) Secretary to top-level managerial and administrative
9 personnel under paragraph (3);
- 10 (5) Individual concerned with confidential matters
11 affecting employee-employer relations;
- 12 (6) Part-time employee working less than twenty hours per
13 week, except part-time employees included in
14 bargaining unit (5);
- 15 (7) Temporary employee of three months' duration or less;
- 16 (8) Employee of the executive office of the governor or a
17 household employee at Washington Place;
- 18 (9) Employee of the executive office of the lieutenant
19 governor;
- 20 (10) Employee of the executive office of the mayor;
- 21 (11) Staff of the legislative branch of the State;



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

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

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

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

21 "(d) The board shall [~~serve as the charter authorizer for~~
22 ~~charter schools, with~~] appoint the charter school review panel,



1 which shall have the power and duty to [~~issue charters,~~]
2 recommend to the board new charter schools, oversee and monitor
3 charter schools, hold charter schools accountable for their
4 performance, and revoke charters."

5 SECTION 6. Section 302B-1, Hawaii Revised Statutes, is
6 amended by amending the definitions of "local school board" and
7 "organizational viability" to read as follows:

8 "Local school board" means the autonomous governing body
9 of a charter school that receives the charter and is responsible
10 for the financial and academic viability of the charter
11 school[~~]~~ and implementation of the charter, [~~and~~] possesses the
12 independent authority to determine the organization and
13 management of the school, the curriculum, virtual education, and
14 compliance with applicable federal and state laws, [~~and that~~]
15 has the power to negotiate supplemental collective bargaining
16 agreements with exclusive representatives of their employees[~~]~~,
17 and has the authority to enter into long-term lease agreements.

18 "Organizational viability" means that a charter school:

- 19 (1) Has been duly constituted in accordance with its
20 charter;
- 21 (2) Has a local school board established in accordance
22 with law and the charter school's charter;



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



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

3 1. By amending subsections (a) and (b) to read:

4 "(a) There is established the charter school review panel,
5 which shall be placed within the department for administrative
6 purposes only. The panel shall be accountable to [~~and report~~
7 ~~to~~] the charter schools, the board[-], and the general public.

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

10 (1) Two licensed teachers regularly engaged in teaching;
11 provided that one teacher is employed at a start-up
12 charter school, and one teacher is employed at a
13 conversion charter school;

14 (2) Two educational officers; provided that one
15 educational officer is employed at a start-up charter
16 school, and one educational officer is employed at a
17 conversion charter school;

18 (3) One member or former member of a charter school local
19 school board;

20 (4) The chair of the board of education or the chair's
21 designee;



1 [~~5~~] ~~The executive director or the executive director's~~
2 ~~designee;~~

3 ~~(6)~~ (5) A representative of Hawaiian culture-focused
4 schools; [~~and~~]

5 [~~7~~] (6) A representative of the University of Hawaii[~~+~~];

6 (7) One member with a background in business or
7 accounting;

8 (8) One member with a background in the building trades or
9 real estate; and

10 (9) A representative from the Hawaii Independent Schools
11 Association."

12 2. By amending subsection (d) to read:

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

18 (1) [~~Three~~] Four members to serve three-year terms;

19 (2) [~~Two~~] Three members to serve two-year terms; and

20 (3) [~~Two~~] Three members to serve a one-year term."

21 3. By amending subsection (i) to read:

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



- 1 (1) Review charter applications for new charter schools in
2 accordance with sections 302B-5 and 302B-6 and make
3 recommendations to the board for the issuance of new
4 charters; provided that if the board does not issue or
5 deny the charter within sixty calendar days of the
6 board's receipt of the recommendations, the
7 recommendations shall automatically become effective;
- 8 (2) Review, approve, or deny significant amendments to
9 detailed implementation plans to maximize the school's
10 financial and academic success, long-term
11 organizational viability, and accountability~~[, and~~
12 ~~make recommendations to the board; provided that if~~
13 ~~the board does not approve or deny the amendments~~
14 ~~within sixty calendar days of receipt of the~~
15 ~~recommendations, the recommendations shall~~
16 ~~automatically become effective]. Charter schools that
17 are denied a significant amendment to their detailed
18 implementation plan, within sixty calendar days, may
19 appeal to the board for a final decision;~~
- 20 (3) [~~Recommend to the board~~] Adopt reporting requirements
21 for charter schools;



- 1 (4) Review annual self-evaluation reports from charter
2 schools and ~~[make recommendations to the board,]~~ take
3 appropriate action;
- 4 (5) ~~[As directed by the board, evaluate]~~ Evaluate any
5 aspect of a charter school that the ~~[board]~~ panel may
6 have concerns with ~~[and make recommendations to the~~
7 ~~board,]~~ and take appropriate action, which may include
8 probation or revocation; ~~[provided that if the board~~
9 ~~does not take action on the recommendations within~~
10 ~~sixty calendar days, the recommendations shall~~
11 ~~automatically become effective,]~~
- 12 (6) Periodically ~~[recommend to the board]~~ adopt
13 improvements in the ~~[board's]~~ panel's monitoring and
14 oversight of charter schools; and
- 15 (7) Periodically ~~[recommend to the board]~~ adopt
16 improvements in the office's support of charter
17 schools and management of the charter school system."
- 18 4. By amending subsection (k) to read:
- 19 "(k) The ~~[board]~~ office shall provide for the staff
20 support and expenses of the panel. The ~~[board]~~ office shall
21 submit to the legislature annual appropriation requests to fund
22 the operations of the panel."



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

3 **"§302B-4 Limits on charter schools.** Beginning July 2007,
4 the board, with the recommendation of the panel, may authorize
5 one new start-up charter school for each existing start-up
6 charter school that has received a three-year or longer
7 accreditation from the Western Association of Schools and
8 Colleges or a comparable accreditation authority as determined
9 by the panel, or for each start-up charter school whose charter
10 is revoked. The total number of conversion charter schools and
11 agency sponsored charter schools authorized by the board, with
12 the recommendation of the panel, shall not exceed twenty-five."

13 SECTION 9. Section 302B-5, Hawaii Revised Statutes, is
14 amended to read as follows:

15 **"§302B-5 Start-up charter schools; establishment.** (a)
16 New start-up charter schools, including agency sponsored
17 charters schools, may be established pursuant to this section.

18 (b) Any community, group of teachers, group of teachers
19 and administrators, state agency, University of Hawaii campus,
20 or nonprofit organization may submit a letter of intent to the
21 office to form a charter school, establish an interim local



1 school board as its governing body, and develop a detailed
2 implementation plan pursuant to subsection (d).

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

6 (1) The submission of a letter of intent to operate a
7 start-up charter school;

8 (2) The timely transmittal of the application form and
9 completion guidelines to the interim local school
10 board;

11 (3) The timely submission to the [~~board~~] panel of a
12 completed application;

13 (4) The timely review of the application by the panel for
14 completeness, and notification of the interim local
15 school board if the application is complete or, if the
16 application is insufficient, a written statement of
17 the elements of the application that require
18 completion;

19 (5) The timely resubmission of the application;

20 (6) Upon receipt of a completed application, the convening
21 of the panel by the panel chairperson to begin review
22 of the application;



- 1 (7) The timely notification of the applicant of any
- 2 revisions the panel requests 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) Following the submission of an application, issuance
- 7 of a charter or denial of the application by the board
- 8 by majority vote; provided that if the board does not
- 9 approve the application and issue a charter,
- 10 provisions requiring the board to:
- 11 (A) Clearly identify in writing its reasons for not
- 12 issuing the charter, which may be used as
- 13 guidelines for an amended plan; and
- 14 (B) Allow the local school board to revise its plan
- 15 in accordance with the board's guidelines, and
- 16 resubmit an amended plan within ten calendar
- 17 days;
- 18 (10) A provision for a final date on which a decision must
- 19 be made, upon receipt of an amended plan;
- 20 (11) A provision that no start-up charter school may begin
- 21 operation before obtaining board approval of its
- 22 charter; and



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

5 (d) An application to become a start-up charter school
6 shall include a detailed implementation plan that meets the
7 requirements of this subsection and section 302B-9. The plan
8 shall include the following:

9 (1) A description of employee rights and management issues
10 and a framework for addressing those issues that
11 protects the rights of employees;

12 (2) A plan for identifying, recruiting, and retaining
13 highly-qualified instructional faculty;

14 (3) A plan for identifying, recruiting, and selecting
15 students that is not exclusive, elitist, or
16 segregationist;

17 (4) The curriculum and instructional framework to be used
18 to achieve student outcomes, including an assessment
19 plan;

20 (5) A plan for the assessment of student, administrative
21 support, and teaching personnel performance that:

22 (A) Recognizes the interests of the general public;



- 1 (B) Incorporates or exceeds the educational content
2 and performance standards developed by the
3 department for the public school system;
- 4 (C) Includes a system of faculty and staff
5 accountability that holds faculty and staff both
6 individually and collectively accountable for
7 their performance, and that is at least
8 equivalent to the average system of
9 accountability in public schools throughout the
10 State; and
- 11 (D) Provides for program audits and annual financial
12 audits;
- 13 (6) A governance structure for the charter school that
14 incorporates a conflict of interest policy and a plan
15 for periodic training to carry out the duties of local
16 school board members;
- 17 (7) A financial plan based on the most recent fiscal
18 year's per-pupil charter school allocation that
19 demonstrates the ability to meet the financial
20 obligations of one-time, start-up costs and ongoing
21 costs such as monthly payrolls, faculty recruitment,
22 professional development, and facilities costs; ~~and~~



- 1 (8) A facilities plan[~~-~~]; and
- 2 (9) An agency sponsored charter school shall also submit a
- 3 plan that describes how this charter school is related
- 4 to the mission or programs of the co-sponsoring state
- 5 agency or University of Hawaii campus, and how that
- 6 agency or campus will significantly contribute
- 7 resources to the school."

8 SECTION 10. Section 302B-6, Hawaii Revised Statutes, is

9 amended as follows:

10 1. By amending subsection (a) to read:

11 "(a) A conversion charter school or an agency sponsored

12 conversion charter school may be established pursuant to this

13 section."

14 2. By amending subsections (c) to (f) to read:

15 "(c) The conversion charter school or agency sponsored

16 conversion charter school application process and schedule shall

17 be determined by the board, and shall provide for and include

18 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 of a completed
5 application; provided that the application shall
6 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) Following the submission of an application, issuance
7 of a charter or denial of the application by the board
8 by majority vote; provided that if the board does not
9 approve the application and issue a charter,
10 provisions requiring the board to:
- 11 (A) Clearly identify in writing its reasons for not
12 issuing the charter, which may be used as
13 guidelines for an amended plan; and
- 14 (B) Allow the local school board to revise its plan
15 in accordance with the board's guidelines, and
16 resubmit an amended plan within ten calendar
17 days;
- 18 (10) A provision for a final date on which a decision must
19 be made upon receipt of an amended plan;
- 20 (11) A provision that no conversion charter school or
21 agency sponsored conversion charter school may begin



- 1 operation before obtaining board approval of its
2 charter; and
- 3 (12) A requirement that upon approval of the conversion
4 charter school[7] or agency sponsored conversion
5 charter 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 (d) An application to become a conversion charter school
9 or an agency sponsored conversion charter school shall include a
10 detailed implementation plan that meets the requirements of this
11 subsection and section 302B-9. The plan shall include the
12 following:
- 13 (1) A description of employee rights and management issues
14 and a framework for addressing those issues that
15 protects the rights of employees;
- 16 (2) A plan for identifying, recruiting, and retaining
17 highly-qualified instructional faculty;
- 18 (3) A plan for identifying, recruiting, and selecting
19 students that is not exclusive, elitist, or
20 segregationist;



- 1 (4) The curriculum and instructional framework to be used
- 2 to achieve student outcomes, including an assessment
- 3 plan;
- 4 (5) A plan for the assessment of student, administrative
- 5 support, and teaching personnel performance that:
- 6 (A) Recognizes the interests of the general public;
- 7 (B) Incorporates or exceeds the educational content
- 8 and performance standards developed by the
- 9 department for the public school system;
- 10 (C) Includes a system of faculty and staff
- 11 accountability that holds faculty and staff both
- 12 individually and collectively accountable for
- 13 their performance, and that is at least
- 14 equivalent to the average system of
- 15 accountability in public schools throughout the
- 16 State; and
- 17 (D) Provides for program audits and annual financial
- 18 audits;
- 19 (6) A governance structure for the charter school that
- 20 incorporates a conflict of interest policy and a plan
- 21 for periodic training to carry out the duties of local
- 22 school board members;



1 (7) A financial plan based on the most recent fiscal
2 year's per-pupil charter school allocation that
3 demonstrates the ability to meet the financial
4 obligations of one-time, start-up costs and ongoing
5 costs such as monthly payrolls, faculty recruitment,
6 professional development, and facilities costs; and

7 (8) A facilities plan.

8 (e) A nonprofit organization may submit a letter of intent
9 to the office to convert a department school to a conversion
10 charter school[7] or an agency sponsored conversion charter
11 school, operate and manage the school, establish a local school
12 board as its governing body, and develop a detailed
13 implementation plan pursuant to subsection (d); provided that:

14 (1) As the governing body of the conversion charter
15 school[7] or agency sponsored conversion charter
16 school, the local school board shall be composed of
17 the board of directors of the nonprofit organization
18 and not representatives of the participant groups
19 specified in section 302B-7. The nonprofit
20 organization may also appoint advisory groups of
21 community representatives for each school managed by
22 the nonprofit organization; provided that these groups



1 shall not have governing authority over the school and
2 shall serve only in an advisory capacity to the
3 nonprofit organization;

4 (2) The detailed implementation plan for each conversion
5 charter school to be operated by the nonprofit
6 organization shall be formulated, developed, and
7 submitted by the nonprofit organization, and shall be
8 approved by a majority of the votes cast by existing
9 administrative, support, and teaching personnel, and
10 parents of the students of the proposed conversion
11 charter school;

12 (3) The board of directors of the nonprofit organization,
13 as the governing body for the conversion charter
14 school or agency sponsored conversion charter school
15 that it operates and manages, shall have the same
16 protections that are afforded to the board in its role
17 as the conversion charter school governing body;

18 (4) Any conversion charter school or agency sponsored
19 conversion charter school that is managed and operated
20 by a nonprofit organization shall be eligible for the
21 same federal and state funding as other public
22 schools; provided that the nonprofit organization



1 makes a minimum annual contribution of \$1 per pupil
2 toward the operation of a conversion charter school
3 for every \$4 per pupil allocated by the office for the
4 operation of the conversion charter school; provided
5 that in no event shall the nonprofit organization be
6 required to contribute more than the total required
7 contribution per pupil per year. As used in this
8 section, "total required contribution" means:

9 (A) \$1,500 for school years 2006-2007 through
10 2010-2011;

11 (B) \$1,650 for school years 2011-2012 through
12 2015-2016; and

13 (C) \$1,815 for school years 2016-2017 through
14 2020-2021; and

15 (5) If, at any time, the board of directors of the
16 nonprofit organization governing the conversion
17 charter school or agency sponsored conversion charter
18 school votes to discontinue its relationship with the
19 charter school, the charter school may submit an
20 application with a revised detailed implementation
21 plan to the panel to continue as a conversion school



1 without the participation of the nonprofit
2 organization.

3 (f) Any nonprofit organization that seeks to manage or
4 operate a conversion charter school or an agency sponsored
5 conversion charter school as provided in subsection (e) shall
6 comply with the following at the time of application:

7 (1) Have bylaws or policies that describe the manner in
8 which business is conducted and policies that relate
9 to the management of potential conflict of interest
10 situations;

11 (2) Have experience in the management and operation of
12 public or private schools or, to the extent necessary,
13 agree to obtain appropriate services from another
14 entity or entities possessing such experience;

15 (3) Comply with all applicable federal, state, and county
16 laws, including licensure or accreditation, as
17 applicable; and

18 (4) Comply with any other requirements prescribed by the
19 department to ensure adherence with applicable
20 federal, state, and county laws, and the purposes of
21 this chapter."



1 SECTION 11. Section 302B-8, Hawaii Revised Statutes, is
2 amended by amending subsections (a) to (e) to read as follows:
3 "(a) There is established a charter school administrative
4 office, which shall be attached to the department for
5 administrative purposes only. The office shall be administered
6 by an executive director, who shall be appointed without regard
7 to chapters 76 and 89 by the [~~board~~] panel based upon the
8 recommendations of an organization of charter schools operating
9 within the State or from a list of nominees submitted by the
10 charter schools. The [~~board may~~] panel shall hire the executive
11 director [on a multi-year contract.] for a term of not less than
12 two years, and shall offer the executive director a written
13 contract and may terminate the executive director's contract
14 only for cause. The executive director may hire necessary staff
15 without regard to chapters 76 and 89 to assist in the
16 administration of the office.

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



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



- 1 (8) Providing advocacy, assistance, and support for the
2 development, growth, progress, and success of charter
3 schools and the charter school system;
- 4 (9) Providing guidance and assistance to charter
5 applicants and charter schools to enhance the
6 completeness and accuracy of information for panel or
7 board review;
- 8 (10) Assisting charter applicants and charter schools in
9 coordinating their interactions with the panel or the
10 board as needed;
- 11 (11) Assisting the [~~board~~] panel to coordinate with charter
12 schools in [~~board~~] panel investigations and
13 evaluations of charter schools;
- 14 (12) Serving as the conduit to disseminate communications
15 from the panel, the board, and the department to all
16 charter schools;
- 17 (13) Determining charter school system needs and
18 communicating [~~such~~] those needs [~~with~~] to the panel,
19 the board, and the department;
- 20 (14) Establishing a dispute resolution and mediation
21 [~~panel,~~] process; and



1 (15) Upon request by one or more charter schools, assisting
2 in the negotiation of a collective bargaining
3 agreement with the exclusive representative of its
4 employees.

5 (c) The executive director shall be evaluated annually by
6 the board[-], the panel, and the charter schools. The annual
7 evaluation shall be conducted sufficiently in advance of the end
8 of a term to provide the executive director the opportunity to
9 respond to concerns and improve performance.

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

16 (e) The office shall include in its annual budget request,
17 in addition to the per pupil allocation for all charter schools,
18 additional funds to cover the estimated costs of:

19 (1) Vacation and sick leave accrued by employees
20 transferring to a charter school from another state
21 agency or department;



- 1 (2) Substitute teachers needed when a teacher is out on
2 vacation or sick leave;
- 3 (3) Adjustments to enrollments; [~~and~~]
- 4 (4) Arbitration in the grievance process[~~+~~];
- 5 (5) Costs associated with administrative and staff support
6 for the panel; and
- 7 (6) A per pupil allocation based on per cent of the
8 department's debt service costs, averaged over a
9 three-year period, to start-up charter schools to
10 offset facility, infrastructure, and repair and
11 maintenance costs, and other requested amounts."

12 SECTION 12. Section 302B-12, Hawaii Revised Statutes, is
13 amended as follows:

14 1. By amending subsection (a) to read:

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

- 18 (1) The actual and projected enrollment figures in the
19 current school year for each charter school;
- 20 (2) A per-pupil amount for each regular education and
21 special education student, which shall be equivalent
22 to the total per-pupil cost based upon average



1 enrollment in all regular education cost categories,
2 including comprehensive school support services but
3 excluding special education services, and for all
4 means of financing except federal funds, as reported
5 in the most recently [~~published department~~
6 ~~consolidated annual financial report,~~] approved
7 executive budget recommendations for the department;
8 provided that the legislature may make an adjustment
9 to the per-pupil allocation for the purposes of this
10 section; [~~and]~~

11 (3) Those fringe benefit costs requested shall be included
12 in the department of budget and finance's annual
13 budget request. No fringe benefit costs shall be
14 charged directly to or deducted from the charter
15 school per-pupil allocations unless they are already
16 included in the funds distributed to the charter
17 school. Reimbursements for fringe benefit costs shall
18 be distributed by the department of budget and finance
19 to charter schools on a quarterly basis; and

20 (4) A per pupil allocation based on per cent of the
21 department's debt service costs, averaged over a
22 three-year period, to start-up charter schools to



1 offset facility, infrastructure, and repair and
2 maintenance costs, and other requested amounts.

3 The legislature shall make an appropriation based upon the
4 budget request; provided that the legislature may make
5 additional appropriations for fringe, workers' compensation, and
6 other employee benefits, a per pupil allocation based on per
7 cent of the department's debt service costs, averaged over a
8 three-year period, to start-up charter schools to offset
9 facility, infrastructure, and repair and maintenance costs,
10 other facility costs, and other requested amounts.

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

14 2. By amending subsection (c) to read:

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

18 (1) Provide fifty per cent of a charter school's per-pupil
19 allocation based on the charter school's projected
20 student enrollment no later than July 20 of each
21 fiscal year; provided that the charter school shall



1 submit to the office a projected student enrollment no
2 later than May 15 of each year;

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

7 (A) Student enrollment as verified on October 15 of
8 each year; provided that the student enrollment
9 shall be verified on the last business day
10 immediately prior to October 15 should that date
11 fall on a weekend; and

12 (B) An accounting of the percentage of student
13 enrollment that transferred from public schools
14 established and maintained by the department;
15 provided that these accountings shall also be
16 submitted by the office to the legislature no
17 later than twenty days prior to the start of each
18 regular session; and

19 (3) The remaining ten per cent per-pupil allocation of a
20 charter school no later than January 1 of each year as
21 a contingency balance to ensure fiscal accountability;



1 provided that the [~~board~~] panel may make adjustments in
2 allocations based on noncompliance with office administrative
3 procedures and board-approved accountability requirements."

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

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

- 12 (1) The identification and adoption of benchmarks to
13 measure and evaluate administrative and instructional
14 programs;
- 15 (2) The identification of any innovations or research that
16 may assist other public schools;
- 17 (3) The identification of any administrative and legal
18 barriers to meeting the adopted benchmarks, and
19 recommendations for improvements and modifications to
20 address the barriers;
- 21 (4) An evaluation of student achievement within the
22 charter school;



1 (5) A profile of the charter school's enrollment and the
2 community it serves, including a breakdown of regular
3 education and special education students; and

4 (6) An evaluation of the school's organizational
5 viability.

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

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

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

14 (1) The panel evaluates the charter school or reviews an
15 evaluation of the charter school [~~and makes~~
16 ~~recommendations to the board~~];

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

20 (3) The notice of probation is delivered to the charter
21 school and specifies the deficiencies requiring



1 correction, the probation period, and monitoring and
2 reporting requirements;

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

6 (5) For deficiencies related to financial plans, a charter
7 school shall be allowed one year to develop a sound
8 financial plan.

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

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

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

20 (1) The charter school is given notice of specific health
21 or safety deficiencies and is afforded an opportunity
22 to present its case to the [~~board,~~] panel;



- 1 (2) The [~~board~~] panel chair appoints a task group, which
2 may be an investigative task group, the panel, or the
3 office, to visit the charter school and conduct
4 meetings with its local school board and its school
5 community to gather input;
- 6 (3) Based on its findings, the task group shall recommend
7 to the [~~board~~] panel to revoke the charter, place the
8 charter school on probation, or continue the charter;
- 9 (4) The vote of two-thirds of all the members to which the
10 [~~board~~] panel is entitled shall be required to revoke
11 the charter;
- 12 (5) The best interest of the school's students guide all
13 decisions; and
- 14 (6) After a decision to revoke a charter, the charter
15 school shall be allowed to remain open until a plan
16 for an orderly shutdown or transfer of students and
17 assets is developed and executed, or until the school
18 year ends, whichever comes first.
- 19 (g) If there is an immediate concern for student or
20 employee health or safety at a charter school, the [~~board,~~]
21 panel, in consultation with the office, may adopt an interim
22 restructuring plan that may include the appointment of an



1 interim local school board, an interim local school board
 2 chairperson, or a principal to temporarily assume operations of
 3 the school; provided that if possible without further
 4 jeopardizing the health or safety of students and employees, the
 5 charter school's stakeholders and community are first given the
 6 opportunity to elect a new local school board which shall
 7 appoint a new interim principal."

8 SECTION 14. There is appropriated out of the general
 9 revenues of the State of Hawaii the sum of \$, or so
 10 much thereof as may be necessary for fiscal year 2007-2008, and
 11 the same sum, or so much thereof as may be necessary for fiscal
 12 year 2008-2009, to the charter school administration office for
 13 annual budget requests in addition to the per pupil allocation
 14 for all charter schools to cover the estimated costs of:

- 15 (1) Vacation and sick leave accrued by employees
 16 transferring to a charter school from another state
 17 agency or department;
- 18 (2) Substitute teachers needed when a teacher is out on
 19 vacation or sick leave;
- 20 (3) Adjustments to enrollments;
- 21 (4) Arbitration in the grievance process;



1 (5) Costs associated with administrative and staff support
2 for the panel; and

3 (6) A per pupil allocation based on per cent of the
4 department's debt service costs, averaged over a
5 three-year period, to start-up charter schools to
6 offset facility, infrastructure, and repair and
7 maintenance costs, and other requested amounts.

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

10 SECTION 15. Statutory material to be repealed is bracketed
11 and stricken. New statutory material is underscored.

12 SECTION 16. This Act shall take effect upon its approval;
13 provided that amendments made to section 89-6(g), Hawaii Revised
14 Statutes, by section 3 of this Act shall not be repealed when
15 section 89-6, Hawaii Revised Statutes, is repealed and reenacted
16 on July 1, 2008, pursuant to section 8 of Act 245, Session Laws
17 of Hawaii 2005.



Report Title:
Charter Schools

Description:

Expands the duties of the charter school review panel; clarifies the manner in which the executive director of the charter school administrative office is appointed and evaluated; updates the charter school funding formula; creates a category for agency-sponsored charter schools; requires the charter school administrative office to provide staff and resources for the charter school review panel; and increases the membership of the charter school review panel. (SD1)

