
A BILL FOR AN ACT

RELATING TO CHARTER SCHOOLS.

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

1 SECTION 1. The legislature finds that, pursuant to Act
2 115, Session Laws of Hawaii 2007, the legislature sought to
3 improve the public charter school system by clarifying the
4 functions, duties, and roles of the charter school review panel
5 and the board of education in the administration and operations
6 of the charter schools in the State. The legislature further
7 finds that although the changes made were important and
8 effective in assisting in charter schools administration,
9 additional reform is necessary to allow charter schools in the
10 State to continue to strive for excellence through effective and
11 efficient operations.

12 The purpose of this Act is to make clarifying amendments to
13 charter school administration, including, among other things:

14 (1) Prohibiting the board of education member on the
15 charter school review panel to sit on appeals from the
16 panel's decisions;



- 1 (2) Authorizing the board of education to remove a panel
2 member for cause;
- 3 (3) Requiring the charter school administrative office to
4 be represented by an assigned deputy attorney general,
5 separate from counsel for the board of education;
- 6 (4) Requiring submission to and approval of the charter
7 school budget by the panel;
- 8 (5) Authorizing the charter school administrative office
9 to submit a capital improvement projects budget for
10 charter school facilities to the department of budget
11 and finance, subject to approval by the panel;
- 12 (6) Excluding fringe benefits, special education, and
13 federal funding from the per pupil appropriation to
14 charter schools;
- 15 (7) Specifying the duties of the executive director of the
16 charter school administrative office with regard to
17 the preparation of the budget; and
- 18 (8) Clarifying that the panel is subject to the
19 requirements of the sunshine law.

20 SECTION 2. Section 302B-1, Hawaii Revised Statutes, is
21 amended by amending the definitions of "local school board" and
22 "organizational viability" to read as follows:



1 "Local school board" means the autonomous governing body
2 of a charter school that [~~receives~~]:

3 (1) Receives the charter and is responsible for the
4 financial and academic viability of the charter school
5 and implementation of the charter[~~possesses~~];

6 (2) Possesses the independent authority to determine the
7 organization and management of the school, the
8 curriculum, virtual education, and compliance with
9 board policies made in the board's capacity as the
10 state education agency, department directives made in
11 the department's capacity as the state education
12 agency, and applicable federal and state laws[~~{and}~~
13 ~~has~~]; and

14 (3) Has the power to negotiate supplemental collective
15 bargaining agreements with exclusive representatives
16 of their employees.

17 "Organizational viability" means that a charter school:

18 (1) Has been duly constituted in accordance with its
19 charter;

20 (2) Has a local school board established in accordance
21 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 panel directives, policies, and
22 procedures[-];



1 (12) Complies with board policies made in the board's
2 capacity as the state education agency; and

3 (13) Complies with department directives in the
4 department's capacity as the state education agency."

5 SECTION 3. Section 302B-3, Hawaii Revised Statutes, is
6 amended to read as follows:

7 **"§302B-3 Charter school review panel; establishment;**

8 **powers and duties.** (a) There is established the charter school
9 review panel, which shall be placed within the department for
10 administrative purposes only. The panel shall be accountable to
11 the charter schools and the board. Notwithstanding section
12 302B-9[7] or any other law to the contrary, the panel shall be
13 subject to chapter 92.

14 (b) The panel shall consist of twelve members, and shall
15 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) A representative of Hawaiian culture-focused charter
8 schools;

9 (6) Two representatives of the University of Hawaii who
10 are not affiliated with charter schools;

11 (7) One member with a background in business or accounting
12 who is not affiliated with charter schools;

13 (8) One member with a background in the building trades or
14 real estate who is not affiliated with charter
15 schools; and

16 (9) A representative from the Hawaii Association of
17 Independent Schools;

18 provided that the initial appointments for representatives in
19 paragraphs (7) to [(9)] shall be made by September 1, 2007.

20 From June 1, 2007 until such time that the panel has twelve
21 members, five members of the panel shall constitute a quorum to
22 conduct business and a concurrence of at least five members



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

7 (c) The board shall appoint the remaining members of the
8 panel other than the chair of the board.

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

14 (1) Four members to serve three-year terms;

15 (2) Four members to serve two-year terms; and

16 (3) Three members to serve a one-year term.

17 (e) Notwithstanding the terms of members, the board may
18 add panel members at any time and replace panel members at any
19 time when their positions become vacant through resignation,
20 through non-participation, [or] upon request of a majority of
21 panel members[-], or upon termination by the board for cause.



1 (f) Panel members shall receive no compensation. When
2 panel duties require that a panel member take leave of the panel
3 member's duties as a state employee, the appropriate state
4 department shall allow the panel member to be placed on
5 administrative leave with pay and shall provide substitutes,
6 when necessary, to perform that panel member's duties. Panel
7 members shall be reimbursed for necessary travel expenses
8 incurred in the conduct of official panel business.

9 (g) The panel shall establish operating procedures that
10 shall include conflict of interest provisions for any member
11 whose school of employment or local school board membership is
12 before the panel.

13 (h) The chair of the panel shall be designated by the
14 members of the panel for each school year beginning July 1 and
15 whenever there is a vacancy. If the panel does not designate
16 its chair for the next school year by July 1, the board shall
17 designate the panel chair. When the panel chair is vacant, the
18 board shall designate an interim chair to serve until the panel
19 designates its chair.

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



- 1 (1) Appoint and evaluate the executive director and
2 approve staff and salary levels for the charter school
3 administrative office;
- 4 (2) Review, approve, or deny charter applications for new
5 charter schools in accordance with [§]section[§]
6 302B-5 for the issuance of new charters; provided that
7 applicants that are denied a charter may appeal to the
8 board for a final decision pursuant to section
9 302B-3.5;
- 10 (3) Review, approve, or deny [~~significant~~] amendments to
11 detailed implementation plans to maximize the school's
12 financial and academic success, long-term
13 organizational viability, and accountability. Charter
14 schools that are denied a [~~significant~~] amendment to
15 their detailed implementation plan may appeal to the
16 board for a final decision pursuant to section
17 302B-3.5;
- 18 (4) Adopt reporting requirements for charter schools;
- 19 (5) Review annual self-evaluation reports from charter
20 schools and take appropriate action;



- 1 (6) Evaluate any aspect of a charter school that the panel
2 may have concerns with and take appropriate action,
3 which may include probation or revocation;
- 4 (7) Periodically adopt improvements in the panel's
5 monitoring and oversight of charter schools; [~~and~~]
- 6 (8) Periodically adopt improvements in the office's
7 support of charter schools and management of the
8 charter school system[+];
- 9 (9) Review, modify, and approve the charter schools
10 budget, based upon criteria and an approval process
11 established by the panel;
- 12 (10) Review, modify, and approve the capital improvement
13 projects budget for charter school facilities, based
14 upon criteria and an approval process established by
15 the panel; provided that, upon approval, the office
16 shall submit the capital improvement projects budget
17 for charter school facilities directly to the
18 department of budget and finance; and
- 19 (11) Review, modify, or approve recommendations of the
20 office to allocate non-per-pupil facilities funds to
21 charter schools with facilities needs.



1 (j) In the case that the panel decides not to issue a new
2 charter, or to approve [~~significant~~] amendments to detailed
3 implementation plans, the board may adopt rules for an appeals
4 process pursuant to section 302B-3.5.

5 (k) The office shall provide for the staff support and
6 expenses of the panel.

7 [~~(l) The panel shall be exempt from chapter 92.~~]"

8 SECTION 4. Section 302B-3.5, Hawaii Revised Statutes, is
9 amended to read as follows:

10 " **[+]§302B-3.5[+]** **Appeals; charter school applications,**
11 **revocations, or detailed implementation plan amendments.** The
12 board shall have the power to decide appeals from decisions of
13 the panel to deny the approval of a charter school application,
14 revoke a charter school's charter, or deny the approval of an
15 amendment to a charter school's detailed implementation plan[-];
16 provided that any member of the board who served as a member of
17 the charter school review panel during the time at which the
18 decision being appealed was made shall be recused from reviewing
19 the matter on appeal. An appeal shall be filed with the board
20 within twenty-one calendar days of the receipt of the
21 notification of denial or revocation. Only a party whose
22 charter school application has been denied, whose charter has



1 been revoked, or whose amendment to a detailed implementation
2 plan has been denied may initiate an appeal under this section
3 for cause. The board shall review an appeal and issue a final
4 decision within sixty calendar days of the filing of the appeal.
5 The board may adopt applicable rules and procedures pursuant to
6 chapter 91 for implementing the appeals process."

7 SECTION 5. Section 302B-6, Hawaii Revised Statutes, is
8 amended to read as follows:

9 **"§302B-6 Conversion charter schools; establishment. (a)**

10 A conversion charter school may be established pursuant to this
11 section.

12 (b) Any department school, school community council, group
13 of teachers, group of teachers and administrators, or nonprofit
14 organization may submit a letter of intent to the office to
15 convert a department school to a charter school, establish an
16 interim local school board as its governing body, and develop a
17 detailed implementation plan pursuant to subsection (d).

18 (c) The conversion charter school application process and
19 schedule shall be determined by the panel, and shall provide for
20 and include the following elements:

21 (1) The submission of a letter of intent to convert to a
22 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 panel 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;
- 4 (8) Following the submission of an application, issuance
5 of a charter or denial of the application by the panel
6 by majority vote; provided that if the panel does not
7 approve the application and issue a charter,
8 provisions requiring the panel to:
- 9 (A) Clearly identify in writing its reasons for not
10 issuing the charter, which may be used as
11 guidelines for an amended plan; and
- 12 (B) Allow the interim local school board to revise
13 its plan in accordance with the panel's
14 guidelines, and resubmit an amended plan within
15 ten calendar days;
- 16 (9) A provision for a final date on which a decision must
17 be made upon receipt of an amended plan; and
- 18 (10) A provision that no conversion charter school may
19 begin operation before obtaining panel approval of its
20 charter.
- 21 (d) An application to become a conversion charter school
22 shall include a detailed implementation plan that meets the



1 requirements of this subsection and section 302B-9. The plan
2 shall include the following:

3 (1) A description of employee rights and management issues
4 and a framework for addressing those issues that
5 protects the rights of employees;

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

8 (3) A plan for identifying, recruiting, and selecting
9 students that is not exclusive, elitist, or
10 segregationist;

11 (4) The curriculum and instructional framework to be used
12 to achieve student outcomes, including an assessment
13 plan;

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

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

17 (B) Incorporates or exceeds the educational content
18 and performance standards developed by the
19 department for the public school system;

20 (C) Includes a system of faculty and staff
21 accountability that holds faculty and staff both
22 individually and collectively accountable for



1 their performance, and that is at least
2 equivalent to the average system of
3 accountability in public schools throughout the
4 State; and

5 (D) Provides for program audits and annual financial
6 audits;

7 (6) A governance structure for the charter school that
8 incorporates a conflict of interest policy and a plan
9 for periodic training to carry out the duties of local
10 school board members;

11 (7) A financial plan based on the most recent fiscal
12 year's per-pupil charter school allocation that
13 demonstrates the ability to meet the financial
14 obligations of one-time, start-up costs and ongoing
15 costs such as monthly payrolls, faculty recruitment,
16 professional development, and facilities costs; and

17 (8) A facilities plan.

18 (e) A nonprofit organization may submit a letter of intent
19 to the office to convert a department school to a conversion
20 charter school, operate and manage the school, establish a local
21 school board as its governing body, and develop a detailed
22 implementation plan pursuant to subsection (d); provided that:



- 1 (1) As the governing body of the conversion charter
2 school, the local school board shall be composed of
3 the board of directors of the nonprofit organization
4 and not representatives of the participant groups
5 specified in section 302B-7. The nonprofit
6 organization may also appoint advisory groups of
7 community representatives for each school managed by
8 the nonprofit organization; provided that these groups
9 shall not have governing authority over the school and
10 shall serve only in an advisory capacity to the
11 nonprofit organization;
- 12 (2) The detailed implementation plan for each conversion
13 charter school to be operated by the nonprofit
14 organization shall be formulated, developed, and
15 submitted by the nonprofit organization, and shall be
16 approved by a majority of the votes cast by existing
17 administrative, support, and teaching personnel, and
18 parents of the students of the proposed conversion
19 charter school;
- 20 (3) The board of directors of the nonprofit organization,
21 as the governing body for the conversion charter
22 school that it operates and manages, shall have the



1 same protections that are afforded to the board in its
2 role as the conversion charter school governing body;

3 (4) Any conversion charter school that is managed and
4 operated by a nonprofit organization shall be eligible
5 for the same federal and state funding as other public
6 schools; provided that the nonprofit organization
7 makes a minimum annual contribution of \$1 per pupil
8 toward the operation of a conversion charter school
9 for every \$4 per pupil allocated by the office for the
10 operation of the conversion charter school; provided
11 that in no event shall the nonprofit organization be
12 required to contribute more than the total required
13 contribution per pupil per year. As used in this
14 section, "total required contribution" means:

15 (A) \$1,500 for school years 2006-2007 through
16 2010-2011;

17 (B) \$1,650 for school years 2011-2012 through
18 2015-2016; and

19 (C) \$1,815 for school years 2016-2017 through
20 2020-2021; and

21 (5) If, at any time, the board of directors of the
22 nonprofit organization governing the conversion



1 charter school votes to discontinue its relationship
2 with the charter school, the charter school may submit
3 an application with a revised detailed implementation
4 plan to the panel to continue as a conversion school
5 without the participation of the nonprofit
6 organization.

7 (f) Any nonprofit organization that seeks to manage or
8 operate a conversion charter school as provided in subsection
9 (e) shall comply with the following at the time of application:

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

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

18 (3) Comply with all applicable federal, state, and county
19 laws, including licensure or accreditation, as
20 applicable; and

21 (4) Comply with any other requirements prescribed by the
22 department to ensure adherence with applicable



1 federal, state, and county laws, and the purposes of
2 this chapter.

3 (g) Any public school or schools, programs, or sections of
4 existing public school populations that are part of a separate
5 Hawaiian language immersion program using existing public school
6 facilities may submit a letter of intent to the office to form a
7 conversion charter school pursuant to this section.

8 (h) In the event of a conflict between the provisions in
9 this section and other provisions in this chapter, this section
10 shall control.

11 (i) The office shall be represented by an assigned deputy
12 attorney general who does not represent, or function as a
13 subordinate to, a deputy attorney general who represents the
14 department or the board."

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

17 1. By amending subsection (b) to read:

18 "(b) The executive director, under the direction of the
19 panel and in consultation with the charter schools, shall be
20 responsible for the internal organization, operation, and
21 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 panel, the board, the governor, and the
4 legislature; provided that, in preparing the budget
5 request with regard to facilities funding, the
6 executive director shall ensure that the request
7 provides:
- 8 (A) Funding for actual and projected enrollment
9 figures in the current school year for each
10 charter school;
- 11 (B) Funding equal to the department's debt service
12 appropriation divided by the department's actual
13 enrollment that school year; and
- 14 (C) That no less than eighty per cent of the amount
15 requested shall be allocated by the office to
16 start-up charter schools on a per-pupil basis;
17 provided that the funds remaining shall be
18 allocated to charter schools with facilities
19 needs as recommended by the office and approved
20 by the panel;



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



- 1 completeness and accuracy of information for panel
2 review;
- 3 (10) Assisting charter applicants and charter schools in
4 coordinating their interactions with the panel as
5 needed;
- 6 (11) Assisting the panel to coordinate with charter schools
7 in panel investigations and evaluations of charter
8 schools;
- 9 (12) Serving as the conduit to disseminate communications
10 from the panel, the board, and the department to all
11 charter schools;
- 12 (13) Determining charter school system needs and
13 communicating those needs to the panel, the board, and
14 the department;
- 15 (14) Establishing a dispute resolution and mediation
16 process; ~~and~~
- 17 (15) Upon request by one or more charter schools, assisting
18 in the negotiation of a collective bargaining
19 agreement with the exclusive representative of its
20 employees[-]; and
- 21 (16) Preparing a separate capital improvement projects
22 budget for charter school facilities, which shall be



1 submitted to the charter school review panel for
2 approval and, upon approval, submitting the capital
3 improvement projects budget for charter school
4 facilities directly to the department of budget and
5 finance."

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

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

14 SECTION 7. Section 302B-12, Hawaii Revised Statutes, is
15 amended to read as follows:

16 "**§302B-12 Funding and finance.** (a) Beginning with fiscal
17 year [~~2006-2007,~~] 2008-2009, and each fiscal year thereafter,
18 [~~the office shall submit a request for general fund~~
19 ~~appropriations for each charter school based upon:~~] the per
20 pupil funding amount for charter school students shall not be
21 less than the total per-pupil amount in that same year to the
22 department; provided that:



- 1 (1) The amount shall provide funding for actual and
2 projected enrollment figures in the current school
3 year for each charter school; and
- 4 (2) [A] The per-pupil amount [for each regular education
5 ~~and special education student, which shall be~~
6 ~~equivalent to the total per pupil cost based upon~~
7 ~~average enrollment in]~~ shall include, but not be
8 limited to, all regular education cost categories,
9 including comprehensive school support services, but
10 excluding special education services~~[-];~~ provided that
11 special education services are provided and funded by
12 the department, and ~~[for]~~ shall include all means of
13 financing except ~~[federal funds, as reported in the~~
14 ~~most recently approved executive budget~~
15 ~~recommendations for the department; provided that in~~
16 ~~preparing the budget the executive director shall~~
17 ~~include an analysis of the proposed budget in~~
18 ~~relationship to the most recently published department~~
19 ~~consolidated annual financial report; provided further~~
20 ~~that the legislature may make an adjustment to the~~
21 ~~per pupil allocation for the purposes of this section;~~



1 ~~and~~] fringe benefit costs, debt service, and federal
2 funds.

3 ~~[-(3) These fringe]~~ (b) Fringe benefit costs ~~[requested]~~
4 for charter school employees, regardless of the payroll system
5 utilized by a charter school, shall be included in the
6 department of budget and finance's annual budget request.
7 Fringe benefit costs paid directly by a charter school to a
8 payroll system provider shall be reimbursed by the department of
9 budget and finance to the charter school on a quarterly basis.
10 No fringe benefit costs shall be charged directly to or deducted
11 from the charter school per-pupil allocations ~~[unless they are~~
12 ~~already included in the funds distributed to the charter~~
13 ~~school]~~.

14 The legislature shall ~~[make an appropriation based upon the~~
15 ~~budget request,]~~ provide funding for charter schools based upon
16 the requirements of this section; provided that the legislature
17 ~~[may]~~ shall make additional appropriations for fringe, workers'
18 compensation, and other employee benefits~~[,]~~ and facility
19 costs~~[, and]~~. The legislature may make additional
20 appropriations for other requested amounts[,] that benefit
21 charter schools.



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

4 ~~[(b)]~~ (c) Charter schools shall be eligible for all
5 federal financial support to the same extent as all other public
6 schools. The department shall provide the office with all
7 state-level federal grant proposals submitted by the department
8 that include charter schools as potential recipients and timely
9 reports on state-level federal grants received for which charter
10 schools may apply or are entitled to receive. Federal funds
11 received by the department for charter schools shall be
12 transferred to the office for distribution to charter schools in
13 accordance with the federal requirements. ~~[If administrative
14 services related to federal grants and subsidies are provided to
15 the charter school by the department, the charter school shall
16 reimburse the department for the actual costs of the
17 administrative services in an amount that shall not exceed six
18 and one-half]~~ The department shall retain five per cent of the
19 charter school's federal grants and subsidies[-] as an
20 administrative fee.

21 Any charter school shall be eligible to receive any
22 supplemental federal grant or award for which any other public



1 school may submit a proposal, or any supplemental federal grants
2 limited to charter schools; provided that if department
3 administrative services, including funds management, budgetary,
4 fiscal accounting, or other related services, are provided with
5 respect to these supplemental grants, 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 supplemental grant for which the~~
9 ~~services are used.~~] an administrative fee in the amount of five
10 per cent of the charter school's federal grants and subsidies.

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

15 [~~(e)~~] (d) To enable charter schools to access state
16 funding prior to the start of each school year, foster their
17 fiscal planning, and enhance their accountability, the office
18 shall:

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



- 1 have submitted to the office a projected student
2 enrollment no 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 have submitted 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) Retain the remaining ten per cent of a charter
20 school's per-pupil allocation no later than
21 ~~[January 1]~~ June 30 of each year as a contingency



1 balance to ensure fiscal accountability[+] and
2 compliance;
3 provided that the panel may make adjustments in allocations
4 based on noncompliance with [~~federal and state reporting~~
5 ~~requirements,~~] board policies made in the board's capacity as
6 the state education agency, department directives made in the
7 department's capacity as the state education agency, the
8 office's administrative procedures, and board-approved
9 accountability requirements.

10 [~~d~~] (e) The department shall provide appropriate
11 transitional resources to a conversion charter school for its
12 first year of operation as a charter school based upon the
13 department's allocation to the school for the year prior to the
14 conversion.

15 [~~e~~] (f) No start-up charter school or conversion charter
16 school may assess tuition."

17 SECTION 8. Section 302B-14, Hawaii Revised Statutes, is
18 amended as follows:

19 1. By amending subsection (b) to read:

20 "(b) The panel shall conduct a multi-year [evaluations]
21 evaluation of each charter [~~schools that have been chartered for~~
22 ~~four or more years.~~] school on its fourth anniversary year and



1 every five years thereafter. The panel may from time to time
2 establish a schedule to stagger the multi-year evaluations."

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

4 "(d) The panel may place a charter school on probationary
5 status; provided that:

6 (1) The panel evaluates the charter school or reviews an
7 evaluation of the charter school;

8 (2) The panel and the office are involved in substantive
9 discussions with the charter school regarding the
10 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;

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



1 (6) For deficiencies related to organizational viability,
2 a charter school may be allowed one year to improve
3 administrative compliance[-]; and

4 (7) For deficiencies related to compliance with board
5 policies made in the board's capacity as the state
6 education agency, department directives made in the
7 department's capacity as the state education agency,
8 state and federal laws, and health and safety issues,
9 the panel shall determine the probation period; for
10 these deficiencies, the board shall have the authority
11 to direct the panel to take appropriate action.

12 The charter school shall remain on probationary status
13 until the panel votes either to remove the charter school from
14 probationary status or revoke its charter."

15 3. By amending subsection (g) to read:

16 "(g) If there is an immediate concern for student or
17 employee health or safety at a charter school, the panel, in
18 consultation with the office, may adopt an interim restructuring
19 plan that may include the appointment of an interim local school
20 board, an interim local school board chairperson, or a principal
21 to temporarily assume operations of the school; provided that if
22 possible without further jeopardizing the health or safety of



1 students and employees, the charter school's stakeholders and
2 community are first given the opportunity to elect a new local
3 school board which shall appoint a new interim principal. The
4 board shall have the authority to direct the panel to take
5 appropriate action to immediately address serious health and
6 safety issues that may exist at a charter school in order to
7 ensure the health and safety of students and employees and
8 mitigate significant liability to the State."

9 SECTION 9. Statutory material to be repealed is bracketed
10 and stricken. New statutory material is underscored.

11 SECTION 10. This Act shall take effect upon its approval.



Report Title:

Charter Schools; Charter School Review Panel

Description:

Prohibits the board of education member on the charter school review panel to sit on appeals from the panel's decisions. Authorizes the board of education to remove a panel member for cause. Requires the charter school administrative office to be represented by an assigned deputy attorney general, separate from counsel for the board of education. Requires submission to and approval of the charter school budget by the panel. Authorizes the charter school administrative office to submit a capital improvement projects budget for charter school facilities to the department of budget and finance, subject to approval by the panel. Excludes fringe benefits, special education, and federal funding from the per pupil appropriation to charter schools. Specifies the executive director's duties with regard to the preparation of the budget. Clarifies that the panel is subject to the requirements of the sunshine law.
(SD1)

