
A BILL FOR AN ACT

RELATING TO CHARTER SCHOOLS.

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

1 SECTION 1. Section 302B-12, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "**§302B-12 Funding and finance.** (a) Beginning with fiscal
4 year [~~2006-2007,~~] 2009-2010, and each fiscal year thereafter,
5 [~~the office shall submit a request for general fund~~
6 ~~appropriations for each charter school based upon:~~] the per
7 pupil funding amount for charter school students shall not be
8 less than the total per-pupil funding amount to the department
9 in that same year; provided that:

10 (1) The amount shall provide funding for actual and
11 projected enrollment figures in the current school
12 year for each charter school; and

13 (2) [A] The per-pupil amount [~~for each regular education~~
14 ~~and special education student, which shall be~~
15 ~~equivalent to the total per pupil cost based upon~~
16 ~~average enrollment in] shall include but not be
17 limited to all regular education cost categories,
18 including comprehensive school support services, but~~



1 excluding special education services~~[7]~~; provided that
2 special education services, fringe benefit costs, and
3 debt service, are provided and funded by the
4 department, and [fœr] shall include all means of
5 financing except federal funds~~[, as reported in the~~
6 ~~most recently approved executive budget~~
7 ~~recommendations for the department; provided that in~~
8 ~~preparing the budget the executive director shall~~
9 ~~include an analysis of the proposed budget in~~
10 ~~relationship to the most recently published department~~
11 ~~consolidated annual financial report; provided further~~
12 ~~that the legislature may make an adjustment to the~~
13 ~~per pupil allocation for the purposes of this section;~~
14 and].

15 ~~[-(3) Those fringe]~~ (b) Fringe benefit costs [requested]
16 for charter school employees, regardless of the payroll system
17 utilized by a charter school, shall be included in the
18 department of budget and finance's annual budget request.
19 Fringe benefit costs paid directly by a charter school to a
20 payroll system provider shall be reimbursed by the department of
21 budget and finance to the charter school on a quarterly basis.
22 No fringe benefit costs shall be charged directly to or deducted



1 from the charter school per-pupil allocations [~~unless they are~~
2 ~~already included in the funds distributed to the charter~~
3 ~~school~~].

4 The legislature shall [~~make an appropriation based upon the~~
5 ~~budget request,~~] provide funding for charter schools based upon
6 the requirements of this section; provided that the legislature
7 [~~may~~] shall make additional appropriations for fringe, workers'
8 compensation, and other employee benefits[~~7~~] and facility
9 costs[~~7~~ ~~and~~]. The legislature may make additional
10 appropriations for other requested amounts[~~7~~] that benefit
11 charter schools.

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

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



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

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



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

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

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

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

19 (A) Student enrollment as verified on October 15 of
20 each year; provided that the student enrollment
21 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) Retain the remaining ten per cent of a charter
11 school's per-pupil allocation no later than [~~January~~
12 ~~±~~] June 30 of each year as a contingency balance to
13 ensure fiscal accountability[+] and compliance;
14 provided that the panel may make adjustments in allocations
15 based on noncompliance with [~~federal and state reporting~~
16 ~~requirements,~~] board policies made in the board's capacity as
17 the state education agency, department directives made in the
18 department's capacity as the state education agency, the
19 office's administrative procedures, and board-approved
20 accountability requirements.

21 [~~d~~] (e) The department shall provide appropriate
22 transitional resources to a conversion charter school for its



1 first year of operation as a charter school based upon the
2 department's allocation to the school for the year prior to the
3 conversion.

4 [(e)] (f) No start-up charter school or conversion charter
5 school may assess tuition."

6 SECTION 2. Section 302B-14, Hawaii Revised Statutes, is
7 amended as follows:

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

9 (b) The panel shall conduct a multi-year [evaluations]
10 evaluation of each charter [schools that have been chartered for
11 four or more years.] school on its fourth anniversary year and
12 every five years thereafter. The panel, from time to time, may
13 establish a schedule to stagger the multi-year evaluations."

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

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

17 (1) The panel evaluates the charter school or reviews an
18 evaluation of the charter school;

19 (2) The panel and the office are involved in substantive
20 discussions with the charter school regarding the
21 areas of deficiencies;



1 (3) The notice of probation is delivered to the charter
2 school and specifies the deficiencies requiring
3 correction, the probation period, and monitoring and
4 reporting requirements;

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

8 (5) For deficiencies related to financial plans, a charter
9 school shall be allowed one year to develop a sound
10 financial plan; ~~and~~

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

14 (7) For deficiencies related to compliance with board
15 policies made in the board's capacity as the state
16 education agency, department directives made in the
17 department's capacity as the state education agency,
18 state and federal laws, and health and safety issues,
19 the panel shall determine the probation period; for
20 these deficiencies, the board shall have the authority
21 to direct the panel to take appropriate action.



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

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

5 "(g) If there is an immediate concern for student or
6 employee health or safety at a charter school, the panel, in
7 consultation with the office, may adopt an interim restructuring
8 plan that may include the appointment of an interim local school
9 board, an interim local school board chairperson, or a principal
10 to temporarily assume operations of the school; provided that if
11 possible without further jeopardizing the health or safety of
12 students and employees, the charter school's stakeholders and
13 community are first given the opportunity to elect a new local
14 school board which shall appoint a new interim principal. The
15 board shall have the authority to direct the panel to take
16 appropriate action to immediately address serious health and
17 safety issues that may exist at a charter school in order to
18 ensure the health and safety of students and employees and
19 mitigate significant liability to the State."

20 SECTION 3. Statutory material to be repealed is bracketed
21 and stricken. New statutory material is underscored.



1 SECTION 4. This Act shall take effect upon its approval.

2

INTRODUCED BY: Denny Coffey

JAN 28 2009



Report Title:

Charter Schools; Funding; Accountability

Description:

Excludes fringe benefits, special education, and federal funding from the per pupil appropriation to charter schools. Requires the charter school review panel to evaluate schools in certain years. Authorizes the panel to determine the duration of a school's probation and permits the board to direct the panel to take appropriate action. Authorizes the board to direct the panel to take appropriate action when serious health or safety issues exist.

