

STAND. COM. REP. NO. 1305

Honolulu, Hawaii

March 27, 2009

RE: S.B. No. 496
S.D. 2
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

Sir:

Your Committee on Education, to which was referred S.B. No. 496, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO CHARTER SCHOOLS,"

begs leave to report as follows:

The purpose of this bill is to clarify the functions, duties, and roles of the Charter School Review Panel (Panel) and the Board of Education (BOE) in the administration and operation of charter schools.

The Office of Hawaiian Affairs, Charter School Administrative Office (CSAO), Hookakoo Corporation, Innovations Public Charter School, Kawaikini New Century Charter School, Kona Pacific Public Charter School, Hawaii Charter Schools Network, Hawaii Technology Academy, Kamehameha Schools, and many concerned individuals supported this bill. Connections Public Charter School supported the intent of this measure. The Department of Budget and Finance opposed this bill. The Board of Education, Charter School Review Panel, and a concerned individual offered comments.

Your Committee has amended this bill by, among other things:

- (1) Clarifying that charter schools shall comply with BOE and Department of Education (DOE) directives made in BOE's and DOE's role as the state education agency, as agreed upon in a Memorandum of Agreement between BOE and

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the Panel, that is valid for a period of one year, identifying those directives;

- (2) Eliminating the per-pupil method of funding for charter schools, thus requiring charter schools to follow the same budgetary request process as other state agencies;
- (3) Requiring the budgetary request submitted by the CSAO to the Director of Finance to expressly identify all means of financing;
- (4) Removing the requirement that DOE retain five percent of the charter school's federal grants and subsidies as an administrative fee, and deleting the repeal of the requirement that the charter school reimburse DOE for the actual costs of the administrative services in an amount that shall not exceed six and one-half percent of the charter school's federal grants and subsidies if administrative services related to federal grants and subsidies are provided to the charter school by DOE;
- (5) Removing the requirement that the charter school shall reimburse DOE for an administrative fee in the amount of five percent of the charter school's federal grants and subsidies, and deleting the repeal of the requirement that the charter school shall reimburse DOE for the actual costs of the administrative services in an amount that shall not exceed six and one-half percent of the supplemental grant for which the services are used;
- (6) Deleting the amendment from January 1 to June 30 as the date by which the CSAO must retain the remaining ten percent of a charter school's allocation as a contingency balance;
- (7) Repealing the requirement that BOE adopt rules pursuant to Chapter 91, Hawaii Revised Statutes, for placing charter schools on probation and for revoking a charter;
- (8) Inserting a blank appropriation for fiscal year 2009-2010 for charter school operations;
- (9) Changing its effective date to upon its approval; provided that section 9 shall take effect on July 1, 2009; and



- (10) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 496, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 496, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Education,



ROY TAKUMI, Chair



