



GOV. MSG. NO. 602

EXECUTIVE CHAMBERS
HONOLULU

LINDA LINGLE
GOVERNOR

May 26, 2010

The Honorable Colleen Hanabusa, President
and Members of the Senate
Twenty-Fifth State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

Dear Madam President and Members of the Senate:

This is to inform you that on May 26, 2010, the following bill was signed into law:

SB2589 SD2 HD1 CD1

A BILL FOR AN ACT
RELATING TO CHARTER SCHOOLS.
ACT 144 (10)

Sincerely,

A handwritten signature in black ink, appearing to read "Linda Lingle".

LINDA LINGLE

Approved by the Governor

on MAY 26 2010

THE SENATE
TWENTY-FIFTH LEGISLATURE, 2010
STATE OF HAWAII

ACT 144
S.B. NO. 2589
S.D. 2
H.D. 1
C.D. 1

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 the charter school
2 movement has progressed over the past few decades into a system
3 with its own administrative office and review panel to operate,
4 maintain, and develop charter schools. With the growth and
5 maturation of the charter school system, however, the
6 legislature also finds the need for greater accountability and
7 improved processes within the system to ensure that prudent
8 financial decisions are made and that a standard of quality is
9 maintained across all charter schools.

10 Further, the legislature finds that some public charter
11 schools face daunting obstacles such as the high cost of rent
12 and less-than-desirable locations of their facilities, while the
13 department of education is considering the closure of certain
14 non-charter public schools due to departmental financial
15 constraints.

16 The purpose of this Act is to:



- 1 (1) Require the charter school review panel to adopt a
2 clear process with rigorous criteria for charter
3 schools to be reauthorized;
- 4 (2) Require the charter school review panel to reauthorize
5 a charter school no later than four years following
6 the initial issue of the charter and every six years
7 thereafter;
- 8 (3) Require the charter school review panel to evaluate
9 and investigate charter schools when concerns arise
10 that necessitate the resolution or assistance with the
11 resolution of legal, fiscal, health, safety, and other
12 serious issues;
- 13 (4) Require the charter school administrative office to
14 withhold not more than two per cent of the annual
15 general fund allocation for its operational expenses,
16 including salaries for staff and the executive
17 director;
- 18 (5) Require the charter school administrative office to
19 report annually to the charter school review panel
20 individual and aggregate expenditures of charter
21 schools, clearly distinguishing between expenditures
22 for operational and instructional purposes;



- 1 (6) Require per-pupil allocation checks paid by the
2 charter school administrative office to individual
3 charter schools to be co-signed by the executive
4 director of the charter school administrative office
5 and an agent of the charter school review panel to
6 encourage more intentional and well-informed financial
7 decision-making;
- 8 (7) Increase the limit on the number of new start-up
9 charter schools;
- 10 (8) Require the department of education to make available
11 vacant school facilities or portions of school
12 facilities for use by charter schools; provided that
13 the department may elect to use the facilities to
14 support public education programs with preference
15 given to instructional uses over administrative uses;
16 and
- 17 (9) Make changes to charter school funding, including the
18 creation of the charter schools account as a separate
19 account in the state treasury, to further encourage
20 fairness in funding and the availability of resources
21 to charter schools.



1 SECTION 2. Chapter 302A, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§302A- Use of vacant public school facilities by
5 charter schools. (a) When the department considers whether to
6 close any particular public school, it shall simultaneously give
7 reasonable consideration to making all or portions of the
8 facilities of the public school available for the exclusive
9 occupancy and use by a charter school or joint occupancy and use
10 by the charter school and the department; provided that the
11 department may elect to use the facilities for the support of
12 public education programs, with preference given to
13 instructional uses over administrative uses.

14 (b) The department shall submit a notice of possible
15 availability of a public school to the charter school review
16 panel as early as possible; provided that if a vacancy is
17 established, a notice of vacancy shall be submitted to the
18 charter school review panel no later than thirty days after the
19 establishment of the vacancy.

20 (c) Pursuant to section 302B-A and upon receipt of a
21 notice pursuant to subsection (b), the charter school review
22 panel shall solicit applications from charter schools interested



1 in using and occupying all or portions of the facilities of the
2 public school and submit a prioritized list of charter schools
3 to the department for final determination of which charter
4 school, if any, shall be authorized to use and occupy the public
5 school facilities.

6 (d) Upon the selection of a charter school to use a vacant
7 school facility or portion of a school facility, the department
8 and the charter school review panel shall enter into necessary
9 agreements within ninety days of the selection to carry out the
10 purposes of this section.

11 (e) After receipt by the charter school review panel of a
12 notice pursuant to subsection (b), if the charter school review
13 panel does not provide a prioritized list of charter schools
14 because no charter school has requested to use the facilities of
15 the public school, or if the department receives the prioritized
16 list but determines that no charter school on the list is an
17 appropriate candidate to occupy and use the facilities, the
18 department shall give reasonable consideration to making all or
19 portions of the facilities of the public school, if closed,
20 available for occupancy and use for other educational purposes.

21 (f) The department shall adopt rules necessary to carry
22 out the purposes of this section.



1 (g) For purposes of this section, "public school" means
2 any school that falls within the definition of public schools in
3 section 302A-101, except for charter schools."

4 SECTION 3. Chapter 302B, Hawaii Revised Statutes, is
5 amended by adding a new section to be appropriately designated
6 and to read as follows:

7 **"§302B-A Occupancy and use of facilities of public**
8 **schools.** (a) When the department considers whether to close
9 any particular public school, the department shall submit a
10 notice of possible availability of a public school or notice of
11 vacancy of a public school to the charter school review panel
12 pursuant to section 302A- (b); provided that the department has
13 not elected to use the public school to support education
14 programs.

15 (b) If a charter school exclusively or jointly occupies or
16 uses buildings or facilities of a public school immediately
17 prior to converting to a charter school, upon conversion that
18 charter school shall be given continued exclusive or joint use
19 of the buildings or facilities; provided that:

20 (1) The State may reclaim some or all of the buildings or
21 facilities if it demonstrates a tangible and
22 imperative need for such reclamation;



1 (2) The State and the conversion charter school
2 voluntarily enter into an agreement detailing the
3 portion of those buildings or facilities that shall be
4 reclaimed by the State and a timetable for the
5 reclamation. If a timetable cannot be reached, the
6 State may petition the panel for the reclamation, and
7 the panel may grant the petition only to the extent
8 that is not possible for the conversion charter school
9 and the department to jointly occupy or use the
10 buildings or facilities.

11 (c) Upon receipt of a notice pursuant to section
12 302A- (b), the panel shall solicit applications from charter
13 schools interested in using and occupying all or portions of the
14 facilities of the public school by:

15 (1) Promptly notifying all charter schools that the public
16 school is being considered for closure; and

17 (2) Affording each charter school an opportunity to submit
18 an application with a written explanation and
19 justification of why the charter school should be
20 considered for possible occupancy and use of the
21 facilities of the public school.



1 (d) After fully considering each charter school's
2 application and based on the applications received and on other
3 considerations, the panel shall:

4 (1) Provide a written response to each charter school's
5 application after each application has been fully
6 considered; and

7 (2) Compile a prioritized list of charter schools and
8 submit the list to the department for final
9 determination of which charter school, if any, shall
10 be authorized to use and occupy the public school
11 facilities.

12 (e) Upon the selection of a charter school to use a vacant
13 school facility or portion of a school facility, the department
14 and the panel shall enter into necessary agreements within
15 ninety days of the selection to carry out the purposes of this
16 section; provided that any agreement between the panel and the
17 department shall stipulate that a charter school that uses and
18 occupies a public school facility or portion of a public school
19 facility shall be responsible for the full or pro rata share of
20 the repair and maintenance costs for that facility or portion of
21 the facility, as the case may be.



1 (f) The panel shall adopt policies and procedures
2 necessary to carry out the purposes of this section, including
3 but not limited to:

4 (1) Procedures for charter schools to apply in writing to
5 use vacant school facilities;

6 (2) Criteria for the panel to use in determining which
7 charter schools to include on the prioritized list to
8 be submitted to the department; and

9 (3) Procedures for the panel to notify charter school
10 applicants that are granted or denied the use of
11 vacant school facilities.

12 (g) For purposes of this section, "public school" means
13 any school that falls within the definition of public schools in
14 section 302A-101, except for charter schools."

15 SECTION 4. Section 302A-1151, Hawaii Revised Statutes, is
16 amended to read as follows:

17 "[+]§302A-1151[+] **Sale of school lands unnecessary for**
18 **school purposes.** The chairperson of the board of land and
19 natural resources is hereby requested, upon the recommendation
20 and approval of the superintendent, to sell any state lands,
21 including the buildings thereon, once used but no longer
22 necessary for school purposes[-]; provided that no school



1 facility or portion of a school facility shall be sold before
2 that facility or portion of the facility is made available for
3 use by the department or charter schools, pursuant to sections
4 302A- and 302B-A."

5 SECTION 5. Section 302B-3, Hawaii Revised Statutes, is
6 amended by amending subsection (i) to read as follows:

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

8 (1) Appoint and evaluate the executive director and
9 approve staff and salary levels for the charter school
10 administrative office;

11 (2) Review, approve, or deny charter applications for new
12 charter schools in accordance with section 302B-5 for
13 the issuance of new charters; provided that applicants
14 that are denied a charter may appeal to the board for
15 a final decision pursuant to section 302B-3.5;

16 (3) Review, approve, or deny significant amendments to
17 detailed implementation plans to maximize the school's
18 financial and academic success, long-term
19 organizational viability, and accountability. Charter
20 schools that are denied a significant amendment to
21 their detailed implementation plan may appeal to the



- 1 board for a final decision pursuant to section
2 302B-3.5;
- 3 (4) Pursuant to section 302B-A, compile and submit
4 prioritized lists of charter schools to the department
5 and enter into necessary agreements with the
6 department to authorize charter schools to use and
7 occupy vacant public school facilities or portions of
8 school facilities;
- 9 ~~[(4)]~~ (5) Adopt reporting requirements for charter schools;
- 10 ~~[(5)]~~ (6) Review annual self-evaluation reports from
11 charter schools and take appropriate action;
- 12 (7) Adopt a clear process and rigorous organizational and
13 educational criteria, including student achievement as
14 a significant factor, for the authorization and
15 reauthorization of school charters;
- 16 (8) Evaluate each school charter, for the purpose of
17 determining reauthorization, no later than four years
18 following the initial issue of a charter and every six
19 years thereafter;
- 20 ~~[(6)]~~ (9) Evaluate any aspect of a charter school that the
21 panel may have concerns with and take appropriate
22 action, which may include probation or revocation;



- 1 [~~(7)~~] (10) Periodically adopt improvements in the panel's
2 monitoring and oversight of charter schools;
- 3 [~~(8)~~] (11) Periodically adopt improvements in the office's
4 support of charter schools and management of the
5 charter school system;
- 6 [~~(9)~~] (12) Review, modify, and approve charter schools' all
7 means of finance budget, based upon criteria and an
8 approval process established by the panel; [~~and~~]
- 9 [~~(10)~~] (13) Survey all charter school facilities prior to,
10 and in preparation for, determining recommendations to
11 allocate non-per-pupil facilities funds to charter
12 schools with facilities needs. The survey shall
13 include, at minimum, for each charter school facility:
- 14 (A) The current status of the facility;
- 15 (B) Facilities costs, including all rents, leases,
16 purchases, and repair and maintenance for lands
17 and buildings;
- 18 (C) A prioritized list of facilities needs;
- 19 (D) Any capital improvement projects underway or
20 scheduled; and



1 (E) Whether the facility is a conversion or start-up
2 charter school, and current and projected
3 enrollment[-]; and

4 (14) Evaluate and investigate charter schools when concerns
5 arise that necessitate the resolution or assistance
6 with the resolution of legal, fiscal, health, safety,
7 and other serious issues."

8 SECTION 6. Section 302B-4, Hawaii Revised Statutes, is
9 amended to read as follows:

10 "**§302B-4** ~~[Limits on]~~ Encouraging the growth of successful
11 **charter schools.** ~~[The]~~ Upon the approval of administrative
12 rules, the panel may authorize [one] up to three new start-up
13 charter [school] schools for each existing start-up charter
14 school that has received a three-year or longer accreditation
15 from the Western Association of Schools and Colleges or a
16 comparable accreditation authority as determined by the panel,
17 [or] and one new start-up charter school for each start-up
18 charter school whose charter is revoked[-] or that voluntarily
19 closes. The total number of conversion charter schools
20 authorized by the panel shall not exceed twenty-five."

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



1 "**§302B-8 Charter school administrative office.** (a) There
2 is established a charter school administrative office, which
3 shall be attached to the department for administrative purposes
4 only. The office shall be administered by an executive
5 director, who shall be appointed without regard to chapters 76
6 and 89 by the panel based upon the recommendations of an
7 organization of charter schools operating within the State or
8 from a list of nominees submitted by the charter schools. The
9 panel shall hire the executive director, who may be contracted
10 for a term of up to four years; shall offer the executive
11 director a written contract; and may terminate the executive
12 director's contract only for cause. The executive director,
13 with the approval of the panel, may hire necessary staff without
14 regard to chapters 76 and 89 to assist in the administration of
15 the office.

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

20 (1) Preparing and executing the budget and the capital
21 improvement projects request for the charter schools,
22 including submission of the all means of finance



1 budget request that reflects all anticipated
2 expenditures to the panel, the board, the governor,
3 and the legislature; provided that, in preparing the
4 budget request with regard to facilities funding, the
5 executive director shall ensure that, as a budget item
6 separate from other operating costs, the request
7 provides:

8 (A) Funding for projected enrollment for the next
9 school year for each charter school;

10 (B) A calculation showing the per-pupil funding based
11 on the department of budget and finance's debt
12 service appropriation for the department of
13 education divided by the department of
14 education's actual enrollment that school year;
15 and

16 (C) That no less than seventy per cent of the amount
17 appropriated shall be allocated by the office to
18 start-up charter schools on a per-pupil basis;
19 provided that the funds remaining shall be
20 allocated to charter schools with facilities
21 needs as recommended by the office and approved
22 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.
- 21 (c) The executive director shall be evaluated annually by
22 the panel. The annual evaluation shall be conducted



1 sufficiently in advance of the end of a term to provide the
2 executive director the opportunity to respond to concerns and
3 improve performance.

4 (d) The office shall withhold funds for its operational
5 expenses, including the salaries of the executive director and
6 staff, from the annual charter school general fund
7 appropriation. The total amount of operational expenses
8 withheld:

- 9 (1) Shall not exceed two per cent of the annual charter
10 school general fund allocation, which shall not
11 include any funds carried over from previous years;
12 (2) Shall not include the amount of funds withheld under
13 subsections (g) and (h); and
14 (3) Shall be determined annually by the panel.

15 The ~~[salary]~~ salaries of the executive director and staff shall
16 be set by the panel based upon the recommendations of charter
17 schools within the State~~]; provided that the salaries and~~
18 ~~operational expenses of the office shall be paid from the annual~~
19 ~~charter school appropriation and shall not exceed two per cent~~
20 ~~of the total general fund allocation at an amount to be~~
21 ~~determined annually by the panel.]~~ and in accordance with the
22 requirements of this subsection.



1 (e) The office shall report annually to the review panel
2 individual and aggregate expenditures of charter schools,
3 clearly distinguishing between expenditures for operational
4 purposes and for instructional purposes. The office shall adopt
5 rules to develop a standardized method for charter schools to
6 report the expenditures and to determine expenditures that
7 constitute expenditures for operational expenses and
8 expenditures for instructional purposes. If any charter school
9 fails to meet the reporting requirements under this subsection,
10 the office may retain a portion of that charter school's per-
11 pupil allocation pursuant to section 302B-12(e)(3).

12 ~~(e)~~ (f) The office shall include in its annual budget
13 request additional funds to cover the estimated costs of:

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



1 [~~f~~] (g) The office shall withhold funds for charter
2 school enrollments that are inconsistent with approved detailed
3 implementation plans.

4 [~~g~~] (h) The office shall withhold funds to repay
5 overpayments or over-allocations received by charter schools
6 when not repaid in a timely manner in accordance with rules
7 adopted by the board.

8 [~~h~~] (i) The office may carry over funds from previous
9 year allocations. Funds distributed to charter schools shall be
10 considered expended."

11 SECTION 8. Section 302B-12, Hawaii Revised Statutes, is
12 amended to read as follows:

13 "**§302B-12 Funding and finance.** (a) Beginning with fiscal
14 year [~~2009-2010,~~] 2010-2011, and each fiscal year thereafter,
15 the non-facility general fund per-pupil funding request for
16 charter school students shall [~~not~~] be [~~less than~~] the same as
17 the general fund per-pupil amount to the department in the most
18 recently approved executive budget recommendation for the
19 department, as set forth in paragraph (2); provided that:

20 (1) The general fund per-pupil funding request shall
21 [~~include funding for~~] be based upon reasonable



1 projected enrollment figures for [each] all charter
2 [~~school;~~] schools; and
3 (2) The general fund per-pupil request for each regular
4 education and special education student shall:
5 (A) Include all general fund regular education cost
6 categories, including comprehensive school
7 support services, but excluding special education
8 services[~~;~~], adult education, and the after-
9 school plus program; provided that [~~special~~
10 ~~education~~] these services are provided and funded
11 by the department; and
12 [~~(B)~~] ~~Include all means of financing except federal~~
13 ~~funds, as reported in the most recently approved~~
14 ~~executive budget recommendations for the~~
15 ~~department; provided that in preparing the budget~~
16 ~~the executive director shall include an analysis~~
17 ~~of the proposed budget in relationship to the~~
18 ~~most recently published department consolidated~~
19 ~~annual financial report; and~~
20 ~~(C)~~] (B) Exclude fringe benefit costs and debt
21 service.



1 (b) Fringe benefit costs for charter school employees,
2 regardless of the payroll system utilized by a charter school,
3 shall be included in the department of budget and finance's
4 annual budget request. No fringe benefit costs shall be charged
5 directly to or deducted from the charter school per-pupil
6 allocations.

7 The legislature shall make an appropriation based upon the
8 budget request; provided that the legislature may make
9 additional appropriations for [~~fringe, workers' compensation,~~
10 ~~and other employee benefits and~~] facility [~~costs.~~ The
11 ~~legislature may make additional appropriations for other~~
12 ~~requested amounts that benefit charter schools.] and other
13 costs.~~

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

17 (c) Charter schools shall be eligible for all federal
18 financial support to the same extent as all other public
19 schools. The department shall provide the office with all
20 state-level federal grant proposals submitted by the department
21 that include charter schools as potential recipients and timely
22 reports on state-level federal grants received for which charter



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

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



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 (d) The office shall calculate a general fund per-pupil
6 amount based upon the amount of general funds appropriated by
7 the legislature and released by the governor and the projected
8 enrollment amount used to calculate the general funds
9 appropriated pursuant to subsection (a); provided that:

10 (1) Per-pupil distributions to the charter schools
11 pursuant to subsection (e) shall be based upon the
12 per-pupil amount as calculated by the office pursuant
13 to this subsection. The per-pupil distributions shall
14 be deposited into the charter schools account
15 established by subsection (i); and

16 (2) In years when the projected enrollment used to
17 calculate the per-pupil amount pursuant to this
18 subsection exceeds the total actual enrollment as
19 reported by the charter schools as of October 15, the
20 excess funds shall remain in the state treasury in the
21 charter schools account;



1 (A) General funds appropriated pursuant to this
2 section remaining in the charter schools account
3 within the state treasury at the end of each
4 fiscal year and in excess of \$5,000,000 shall
5 lapse to the credit of the state general fund;
6 and

7 (B) General funds remaining in the charter schools
8 account in the state treasury appropriated
9 pursuant to this section that are less than
10 \$5,000,000 shall carry over to subsequent years
11 to be used to provide per-pupil funding in years
12 when the projected enrollment amount is less than
13 the actual per-pupil enrollment reported by the
14 charter schools on October 15 of each year.

15 The office shall submit a report to the legislature no
16 later than twenty days prior to each regular session that
17 contains each charter school's current school year projection
18 that is used to submit the budget request, the updated May 15
19 enrollment projection, the actual October 15 enrollment count,
20 the office's reviewed and verified enrollment count, the
21 office's reviewed and verified enrollment count, and the
22 November 15 enrollment count. This report shall also provide an



1 accounting of the use, if any, of state general funds subject to
2 paragraph (2)(B).

3 [~~d~~] (e) To enable charter schools to access state
4 funding prior to the start of each school year, foster their
5 fiscal planning, [~~and~~] enhance their accountability, and avoid
6 over-allocating general funds to charter schools based on
7 self-reported enrollment projections, the office shall:

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

14 (2) Provide an additional [~~forty~~] thirty per cent of a
15 charter school's per-pupil allocation no later than
16 [~~November 15~~] December 1 of each year[~~; provided that~~
17 ~~the charter school shall have submitted to the office:~~

18 ~~(A) Student enrollment as verified on October 15 of~~
19 ~~each year; provided that the student enrollment~~
20 ~~shall be verified on the last business day~~
21 ~~immediately prior to October 15 should that date~~
22 ~~fall on a weekend; and~~



1 ~~(B) An accounting of the percentage of student~~
2 ~~enrollment that transferred from public schools~~
3 ~~established and maintained by the department;~~
4 ~~provided that these accountings shall also be~~
5 ~~submitted by the office to the legislature no~~
6 ~~later than twenty days prior to the start of each~~
7 ~~regular session;], based on the October 15~~
8 ~~student enrollment, as reviewed and verified by~~
9 ~~the office, only to schools in compliance with~~
10 ~~the office financial reporting requirements; and~~

11 (3) Retain no more than the balance of the remaining ten
12 per cent of a charter school's per-pupil allocation,
13 as a contingency balance to ensure fiscal
14 accountability and compliance, no later than June 30
15 of each year [~~as a contingency balance to ensure~~
16 ~~fiscal accountability and compliance~~];

17 provided that the panel may make adjustments in allocations
18 based on noncompliance with board policies made in the board's
19 capacity as the state education agency, department directives
20 made in the department's capacity as the state education agency,
21 the office's administrative procedures, and board-approved
22 accountability requirements.



1 (f) Any check transferring a per-pupil allocation from the
2 office to a charter school under this section shall be co-signed
3 by the executive director and an authorized agent of the charter
4 school review panel.

5 [~~e~~] (g) The department shall provide appropriate
6 transitional resources to a conversion charter school for its
7 first year of operation as a charter school based upon the
8 department's allocation to the school for the year prior to the
9 conversion.

10 [~~f~~] (h) No start-up charter school or conversion charter
11 school may assess tuition.

12 (i) There is created in the treasury of the State, as a
13 separate account, the charter schools account, into which shall
14 be deposited per-pupil distributions in accordance with
15 subsection (d)."

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

18 SECTION 10. In codifying the new section added by
19 section 3 of this Act, the revisor of statutes shall substitute
20 appropriate section number for the letter used in designating
21 the new section in this Act.

22



1 SECTION 11. This Act shall take effect on July 1, 2010.

2

APPROVED this **26** day of **MAY**, 2010


GOVERNOR OF THE STATE OF HAWAII