

Honolulu, Hawaii

APR 01 2010

RE: H.B. No. 2267
H.D. 1
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2010
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred H.B. No. 2267, H.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this measure is to require the Department of Education to equitably distribute federal funds to public charter schools when the department uses enrollment numbers of the public charter schools to secure the federal funding.

Your Committee conducted a public hearing on a proposed draft of this measure. The purpose of the proposed draft is to:

- (1) Require the Charter School Review Panel to adopt a clear process with rigorous criteria for charter schools to be reauthorized;
- (2) Require the Charter School Review Panel to reauthorize a charter school no later than four years following the initial issue of the charter and every four years thereafter;
- (3) Require the Charter School Administrative Office to withhold not more than two per cent of the annual general fund allocation for its operational expenses, including salaries for staff and the executive director;



- (4) Require the Charter School Administrative Office to report annually to the Charter School Review Panel the individual and aggregate expenditures of charter schools, clearly distinguishing between expenditures for operational and instructional purposes;
- (5) Require per-pupil allocation checks paid by the Charter School Administrative Office to individual charter schools to be co-signed by the executive director of the Charter School Administrative Office and an agent of the Charter School Review Panel to encourage more intentional and well-informed financial decision-making;
- (6) Repeal the cap on the number of start-up and conversion charter schools;
- (7) Require the Department of Education to make available vacant school facilities or portions of school facilities for use by charter schools; provided that the facility is not used by the Department to support education programs; and
- (8) Make changes to charter school funding, including the establishment of the over-appropriation special fund, to further encourage fairness in funding and the availability of resources to charter schools.

Your Committee received comments on this measure from the Office of the Governor, the Department of Budget and Finance, the Department of Education, the Hawaii Charter Schools Network, the Ho'okako'o Corporation, and a concerned individual. Written testimony presented to the Committee may be reviewed on the Legislature's website.

Your Committee finds that public charter schools often encounter challenges in securing school facilities, such as high rent and less-than-desirable locations. This proposed draft would address those challenges by providing charter schools with access to the available school facilities of the Department of Education. Your Committee also finds that changes to charter school funding are necessary to provide more equality in funding and to allow more informed financial decision-making by the Charter School Administrative Office. Your Committee notes that in a recent article on the competition for Race to the Top federal funds to spur educational reform, Hawaii was ranked twenty-second of forty-



one applicants, and results specifically noted that Hawaii received low grades with respect to support for its charter schools. This proposed draft would provide equitable funding for charter schools and hold them accountable for their performance.

Accordingly, your Committee amended this measure by replacing its contents with those of the proposed draft and further amending the proposed draft by:

- (1) Clarifying that when the Department of Education elects to use the facilities of a vacant public school for the support of public education programs, preference shall be given to instructional uses;
- (2) Deleting the requirement that the Governor withhold ten per cent of charter schools' annual allocation until December 31;
- (3) Deleting the provision establishing the over-appropriation special fund and, instead, establishing the charter schools account in the State treasury, into which shall be deposited the per-pupil distributions and providing that up to \$5,000,000 of excess funds may be retained in the charter schools account; and
- (4) Clarifying that the Charter School Administrative Office is required to withhold the December 1 allocation of funds from any school that is not in compliance with the office financial reporting requirements.

Your Committee finds that this measure, as amended, will allow for expansion of public charter schools while increasing accountability.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2267, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2267, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.



The Senate
 Twenty-Fifth Legislature
 State of Hawaii

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* HB 2267 HDL	Committee Referral: WAM	Date: 3.31.10		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
KIM, Donna Mercado (C)	/			
TSUTSUI, Shan S. (VC)	/			
CHUN OAKLAND, Suzanne	/			
ENGLISH, J. Kalani	/			
FUKUNAGA, Carol	/			
GALUTERIA, Brickwood	/			
HEE, Clayton	/			
HOOSER, Gary L.	/			
KIDANI, Michelle N.	/			
KOKUBUN, Russell S.	/			
TOKUDA, Jill N.	/			
HEMMINGS, Fred	/			
TOTAL	12	0	0	0
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

***Only one measure per Record of Votes**