

Honolulu, Hawaii

FEB 14 2013

RE: S.B. No. 244  
S.D. 1

Honorable Donna Mercado Kim  
President of the Senate  
Twenty-Seventh State Legislature  
Regular Session of 2013  
State of Hawaii

Madam:

Your Committees on Education and Judiciary and Labor, to which was referred S.B. No. 244 entitled:

"A BILL FOR AN ACT RELATING TO EDUCATION,"

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Require charter schools to complete an annual independent financial audit;
- (2) Require the State Public Charter School Commission (Charter School Commission) to develop procedures for conducting criminal history checks of persons who are employed or seeking employment in any position that places them in close proximity to children;
- (3) Specify charter school enrollment requirements;
- (4) Specify when a charter school may use criminal history information to terminate or deny employment;
- (5) Require Charter School Commission members to disclose to the Commission a list of all charter schools in which the member is an employee, governing board member, vendor, contractor, agent, or representative and disqualifies members from voting on or participating in the discussion of such matters;



- (6) Authorize the Charter School Commission to hire employees without regard to chapters 76 and 89, Hawaii Revised Statutes;
- (7) Remove the requirement that a nonprofit organization that governs a conversion charter school make minimum annual contributions to the charter school; and
- (8) Make other amendments to chapter 302D, Hawaii Revised Statutes (HRS), for the purposes of clarity and consistency.

Your Committees received testimony in support of this measure from the National Association of Charter School Authorizers and two individuals. Your Committees received comments on this measure from the Charter School Commission, Hawaii State Ethics Commission, Hawaii Public Charter Schools Network, 'Aha Pūnana Leo, Ho'okako'o Corporation, Kanu o ka 'Āina Learning 'Ohana, West Hawai'i Explorations Academy, and one individual.

Your Committees find that Hawaii's charter schools are ranked each year by the National Alliance for Public Charter Schools (NAPCS). In 2011, Hawaii's ranking fell from thirty-fourth place to thirty-fifth place, out of a total of forty-two states.

Your Committees further find that in 2012, the Legislature passed Act 130, Session Laws of Hawaii 2012 (Act 130), which established a new charter school law that created a solid governance structure for Hawaii's charter school system with clear lines of authority and accountability to foster improved student outcomes. As a result of Act 130, Hawaii's charter school system leapt to fourteenth place in NAPCS' rankings. This measure continues to build on the progress made by Act 130.

Your Committees note several of the testifiers' concerns with allowing charter schools to carry over only five percent of appropriated funds, although this is what is currently allowed for the Department of Education's public schools. One of the concerns raised is the time it takes for charter schools to receive certain funds and the ability to expend these funds in a timely manner. It is your Committees' hope that the Department of Education and the Department of Budget and Finance will continue to seek ways to ensure the timely and equitable distribution of both federal and general funds to the charter schools so that this will no longer be an issue.



Your Committees understand the concerns raised by several of the testifiers over the cost of the required annual financial audit. Your Committees note that Act 130 allows charter schools to retain the two percent of the total allocation of general funds for the charter schools to pay the salaries and operating expenses of the Charter School Administrative Office. Your Committees believe that this will allow charter schools greater flexibility to engage charter school support organizations, such as the Hawaii Charter School Network, and pull together to take advantage of the economies of scale in procuring annual audits.

Your Committees also understand the concerns raised over tying per-pupil funding to compulsory education, as several of the charter schools have junior kindergarten programs that are not covered by the compulsory education law. However, your Committees note that pursuant to Act 178, Session Laws of Hawaii 2012, public junior kindergarten programs will be repealed on July 1, 2014.

Your Committees recognize that continuing to improve Hawaii's charter schools is a work in progress that will evolve as this measure moves through the legislative process.

Your Committees have amended this measure by:

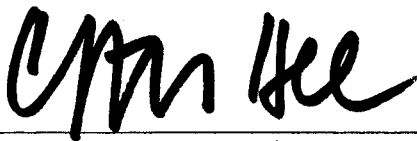
- (1) Inserting language giving the Charter School Commission authority to adopt rules under chapter 91, HRS, to administer and implement chapter 302D, HRS, unless otherwise provided by law; provided that the Board of Education maintains exclusive rule making authority over state educational policy;
- (2) Inserting language to authorize the Charter School Commission to request facilities funding for charter schools as part of its annual budget request to the Legislature; provided that:
  - (A) The Governor may impose restrictions or reductions on appropriations similar to those imposed on other public schools; and
  - (B) Nothing shall limit the ability of the Director of Finance to modify or amend any allotment pursuant to chapter 37, HRS;



- (3) Inserting language requiring the Charter School Commission to develop criteria for the distribution of facilities funding to the charter schools; provided that the criteria shall include but not be limited to distribution based on the need and performance of charter schools;
- (4) Amending the definition of "public school" in section 302A-101, HRS, to clarify that the term includes charter schools governed by chapter 302D, HRS, rather than charter schools chartered by the Board of Education;
- (5) Removing language restricting per-pupil funding to students covered under the compulsory education law in section 302A-1132, HRS;
- (6) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (7) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Education and Judiciary and Labor that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 244, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 244, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on  
behalf of the members of the  
Committees on Education and  
Judiciary and Labor,



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CLAYTON HEE, Chair



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JILL N. TOKUDA, Chair



The Senate  
 Twenty-Seventh Legislature  
 State of Hawai'i

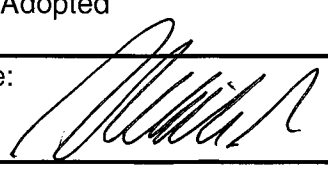
**Record of Votes**  
**Committee on Education**  
**EDU**

Bill / Resolution No.:* <b>SB244</b>	Committee Referral: <b>EDU/JDL, WAM</b>	Date: <b>2-8-13</b>		
<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				
<b>Members</b>	<b>Aye</b>	<b>Aye (WR)</b>	<b>Nay</b>	<b>Excused</b>
TOKUDA, Jill N. (C)	✓			
KIDANI, Michelle N. (VC)	✓			
RUDERMAN, Russell E.	✓			
SHIMABUKURO, Maile S.L.				✓
SLOM, Sam				✓
<b>TOTAL</b>	<b>3</b>			<b>2</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>Michelle N. Kidani</i>				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes

The Senate  
 Twenty-Seventh Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Judiciary and Labor**  
**JDL**

Bill / Resolution No.:*	Committee Referral:	Date:		
<b>SB 244</b>	<b>EDU/JDL, WAM</b>	<b>2/12/13</b>		
<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
HEE, Clayton (C)	✓			
SHIMABUKURO, Maile S.L. (VC)	✓			
GABBARD, Mike	✓			
IHARA, Jr., Les	✓			
SLOM, Sam				✓
<b>TOTAL</b>	4			1
Recommendation:				
<input checked="" type="checkbox"/> Adopted				
<input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original	Yellow	Pink	Goldenrod	
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