

STAND. COM. REP. NO. **2971**

Honolulu, Hawaii

**MAR 20 2014**

RE: H.B. No. 1745  
H.D. 2  
S.D. 1

Honorable Donna Mercado Kim  
President of the Senate  
Twenty-Seventh State Legislature  
Regular Session of 2014  
State of Hawaii

Madam:

Your Committee on Education, to which was referred H.B. No. 1745, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO EDUCATION,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Authorize the State Public Charter School Commission (Commission) to assess fees on non-state entities and individuals to help cover its operating costs;
- (2) Require that a charter applicant comply with pre-opening criteria set by the charter school authorizer before becoming an entity of the State, by entering into and executing a charter contract to open a school;
- (3) Provide that an approved charter applicant that fails to satisfactorily meet the pre-opening criteria and enter into a charter contract or withdraws its application will be required to reapply and have its charter application approved by a charter school authorizer;
- (4) Specify that legislatively appropriated funding for the Commission is independent of funding for charter schools;



- (5) Allow charter school authorizers to make and execute contracts;
- (6) Amend annual reporting requirements for charter school authorizers and the Board of Education;
- (7) Amend requirements for service on a governing board, for the conduct of meetings by a governing board, and for notice of meetings by a governing board;
- (8) Repeal the authorization for the formation of a conversion charter school by an existing Hawaiian language immersion program;
- (9) Provide for the reconstitution of governing boards of charter schools under exigent circumstances;
- (10) Allow charter school authorizers to direct a governing board and charter school to take appropriate action to immediately address serious health and safety issues that may exist at a charter school; and
- (11) Make other housekeeping and conforming amendments.

Your Committee received testimony in support of this measure from the State Public Charter School Commission, Hawaii Public Charter Schools Network, and one individual. Your Committee received comments on this measure from the Department of Budget and Finance and one individual.

Your Committee finds 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 the National Alliance for Public Charter Schools' rankings. This measure builds on the progress made by Act 130, while addressing outstanding issues and making other amendments for clarity.

Your Committee has amended this measure by:

- (1) Adding language to require pre-opening charter schools to meet pre-contracting criteria set by the charter



school authorizer prior to entering into a charter contract;

- (2) Adding language to clarify that during the start-up period, a pre-opening charter school that is a conversion charter school is a separate entity of the State than the department school from which it is converting;
- (3) Adding language to clarify that pre-opening charter schools, unless otherwise exempted by the charter school authorizer:
  - (A) Shall not be entitled to receive funding under section 302D-26, 302D-28, or 302D-29, Hawaii Revised Statutes (HRS);
  - (B) Shall not employ employees other than independent contractors; and
  - (C) Shall not be subject to the performance framework requirements of section 302D-16, HRS;
- (4) Adding language to clarify that the charter contract of a pre-opening charter school is void if the charter school fails to meet pre-opening criteria within the start-up period;
- (5) Adding definitions of the terms "executive director" and "pre-opening charter school" for clarity;
- (6) Deleting language relating to required disclosures of members of the Commission;
- (7) Adding language to clarify that a charter school authorizer has the power to negotiate and execute charter contracts with approved charter applicants and existing charter schools;
- (8) Adding language to require members of a charter school authorizer, including members of the Commission, to disclose a list of all charter schools in which the member has previously been an employee, governing board member, vendor, contractor, agent, or representative;



- (9) Adding language to clarify that former charter school employees, and vendors and contractors who provide goods or services to a charter school, unless one year has passed since the conclusion of the employee's employment with the school or the vendor's or contractor's service to the school, shall not comprise more than one-third of the voting members of the governing board of a charter school;
- (10) Adding language to clarify that former charter school employees, and vendors and contractors who provide goods or services to a charter school, unless one year has passed since the conclusion of the employee's employment with the school or the vendor's or contractor's service to the school, shall not serve as the chair of the governing board of that charter school;
- (11) Deleting vendors and contractors who provide goods or services to a charter school from the definition of an "employee" for purposes of charter school governing boards;
- (12) Adding language to clarify that the performance framework within the charter contract shall also include financial and organizational performance indicators, measures, and metrics;
- (13) Amending, rather than repealing, section 302D-16(b), HRS, to clarify that annual academic performance targets are required to be set for each charter school to help track each school in meeting applicable federal, state, and authorizer expectations;
- (14) Adding language to clarify that an authorizer shall issue a performance report and charter contract renewal application guidance to any charter school whose charter contract is in its final contract year;
- (15) Adding language to clarify that charter schools, the Commission, and charter school authorizers are exempt from section 302A-1402, HRS, which requires the Director of Finance to be the custodian and disbursing officer of all federal funds received for public educational purposes;



- (16) Adding language to clarify that, for purposes of statutory delegation of authority to department heads by other state agencies, the Executive Director of the Commission is considered the department head of the Commission and charter schools unless otherwise specifically provided;
- (17) Adding language to clarify that the Commission may receive, expend, or allocate funds received from any request for facilities funding in its annual budget request;
- (18) Adding language to clarify that the Commission may support the facilities' needs of charter schools through other means besides through a request for facilities funding in its annual budget request;
- (19) Adding language giving a charter school authorizer the discretion to allow a financial review of a charter school in lieu of an independent financial audit; and
- (20) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

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 H.B. No. 1745, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1745, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.


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

  
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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.:*	Committee Referral:	Date:
HB1745 HD2	EDU, WAM	3-17-14
<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 checked="" 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	
TOKUDA, Jill N. (C)	✓	
KIDANI, Michelle N. (VC)	✓	
GABBARD, Mike	✓	
RUDERMAN, Russell E.	✓	
SLOM, Sam		✓
<b>TOTAL</b>	<b>4</b>	<b>0</b>
<b>0</b>	<b>0</b>	<b>1</b>
Recommendation:		
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted		
Chair's or Designee's Signature:		
		
<b>Distribution:</b>		
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency
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\*Only one measure per Record of Votes