

JAN 20 2017

A BILL FOR AN ACT

RELATING TO TEACHER INCENTIVES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that public charter
2 schools provide an exciting and solid option as an alternative
3 form of public education for the students of Hawaii. A major
4 component in the success of public charter schools is the
5 dedication of their administrators, staff, and teachers in
6 creating an environment of educational excellence. Similar to
7 their counterparts within public schools established and
8 maintained by the department of education, teachers at public
9 charter schools who have earned National Board certification or
10 committed to work at schools in a location determined by the
11 department of education as hard-to-fill are entitled to receive
12 incentive bonuses. However, unlike their counterparts within
13 public schools established and maintained by the department of
14 education, which has a designated fund for the payment of these
15 incentive bonuses, public charter schools have had to pay
16 incentive bonuses out of each individual school's per-pupil
17 funds, a cost not calculated into the moneys provided each year



1 by the State. Because some public charter schools remain small
2 institutions with already lean budgets, the additional expense
3 created by these additional payments creates a situation in
4 which school administrators must choose between hiring and
5 retaining high-quality teachers and balancing their budgets.

6 The purpose of this Act is to ensure a fair allocation of
7 funds meant to benefit students who attend public schools
8 established and maintained by the department of education and
9 students who attend public charter schools by mandating that
10 incentive bonuses shall not be paid from per-pupil funds.

11 SECTION 2. Section 302D-28, Hawaii Revised Statutes, is
12 amended to read as follows:

13 "§302D-28 **Funding and finance.** (a) Beginning with fiscal
14 year 2012-2013, and each fiscal year thereafter, the non-
15 facility general fund per-pupil funding request for charter
16 school students shall be the same as the general fund per-pupil
17 amount to the department in the most recently approved executive
18 budget recommendation for the department and shall be based upon
19 reasonable projected enrollment figures for all charter schools.
20 The general fund per-pupil request for each regular education
21 and special education student shall:



1 (1) Include all general fund regular education cost
2 categories, including comprehensive school support
3 services, but excluding special education services,
4 adult education, and the after-school plus program;
5 provided that these services are provided and funded
6 by the department; and

7 (2) Exclude fringe benefit costs and debt service.

8 (b) Fringe benefit costs for charter school employees,
9 regardless of the payroll system utilized by a charter school,
10 shall be included in the department of budget and finance's
11 annual budget request. No fringe benefit costs shall be charged
12 directly to or deducted from the charter school per-pupil
13 allocations.

14 The legislature shall make an appropriation based upon the
15 budget request; provided that the legislature may make
16 additional appropriations for facility and other costs.

17 The governor, pursuant to chapter 37, may impose
18 restrictions or reductions on charter school appropriations
19 similar to those imposed on department schools.

20 (c) Notwithstanding any law to the contrary, to ensure
21 non-facility per-pupil general fund amounts allocated for the



1 department and charter school students are equal on an
2 annualized fiscal year basis, each year the director of finance
3 shall:

4 (1) Determine the sum of general fund appropriations made
5 for department and charter school student non-facility
6 costs described in subsections (a) and (b);

7 (2) Determine the sum of department and charter school
8 student enrollment based on reviewed and verified
9 student enrollment counts as of October 15;

10 (3) Determine a per-pupil amount by dividing the sum of
11 general fund appropriations determined under paragraph
12 (1) by the sum of student enrollment determined under
13 paragraph (2);

14 (4) Transfer a general fund amount between the department
15 and charter schools that will provide each with a per-
16 pupil allocation equal to the amount determined on an
17 annualized fiscal year basis under paragraph (3); and

18 (5) Annually account for all calculations and transfers
19 made pursuant to this subsection in a report to the
20 legislature, governor, department, and charter
21 schools.



1 This subsection shall not limit the ability of the director of
2 finance to modify or amend any allotment pursuant to chapter 37.

3 (d) Charter schools shall be eligible for all federal
4 financial support to the same extent as department schools. The
5 department shall provide all authorizers with all state-level
6 federal grant proposals submitted by the department that include
7 charter schools as potential recipients and timely reports on
8 state-level federal grants received for which charter schools
9 may apply or are entitled to receive. Federal funds received by
10 the department for charter schools shall be transferred to
11 authorizers for distribution to the charter schools they
12 authorize in accordance with the federal requirements. If
13 administrative services related to federal grants are provided
14 to the charter school by the department, the charter school
15 shall reimburse the department for the actual costs of the
16 administrative services in an amount that shall not exceed six
17 per cent of the charter school's federal grants.

18 Any charter school shall be eligible to receive any
19 supplemental federal grant or award for which any department
20 school may submit a proposal, or any supplemental federal grants
21 limited to charter schools; provided that if department



1 administrative services, including funds management, budgetary,
2 fiscal accounting, or other related services, are provided with
3 respect to these supplemental grants, the charter school shall
4 reimburse the department for the actual costs of the
5 administrative services in an amount that shall not exceed six
6 per cent of the supplemental grant for which the services are
7 used.

8 All additional funds generated by the governing boards [7]
9 that are not from a supplemental grant [7] shall be held separate
10 from allotted funds and may be expended at the discretion of the
11 governing boards.

12 (e) Authorizers shall calculate a general fund per-pupil
13 amount based upon the amount of general funds appropriated by
14 the legislature and released by the governor and the projected
15 enrollment amount used to calculate the general funds
16 appropriated pursuant to subsection (a).

17 Authorizers shall submit a report to the legislature no
18 later than twenty days prior to the convening of each regular
19 session that contains each charter school's current school year
20 projection that is used to submit the budget request, the
21 updated May 15 enrollment projection, the actual October 15



1 enrollment count, the authorizer's reviewed and verified
2 enrollment count, and the November 15 enrollment count.

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

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

14 (2) Provide an additional thirty per cent of a charter
15 school's per-pupil allocation no later than December 1
16 of each year, based on the October 15 student
17 enrollment, as reviewed and verified by the
18 authorizer, only to schools in compliance with all
19 financial reporting requirements; and

20 (3) Retain no more than the balance of the remaining ten
21 per cent of a charter school's per-pupil allocation,



1 as a contingency balance to ensure fiscal
2 accountability and compliance, no later than June 30
3 of each year;
4 provided that authorizers may make adjustments in allocations
5 based on noncompliance with charter contracts and the board may
6 make adjustments in allocations based on noncompliance with
7 board policies made in the board's capacity as the state
8 education agency, department directives made in the department's
9 capacity as the state education agency, the board's
10 administrative procedures, and board-approved accountability
11 requirements.

12 (g) The department shall provide appropriate transitional
13 resources to a conversion charter school for its first year of
14 operation as a charter school based upon the department's
15 allocation to the school for the year prior to the conversion.

16 (h) No charter school may assess tuition; provided that a
17 charter school may assess and collect special fees and charges
18 from students for co-curricular activities. Any special fees
19 and charges collected pursuant to this subsection shall be
20 deposited into insured checking or savings accounts and expended
21 by each individual charter school.



1 (i) Funds necessary to pay for teacher incentive programs,
2 bonuses, and other compensation required by law or collective
3 bargaining beyond regular wages shall not be paid out of a
4 charter school's facilities funding or per-pupil funds.
5 Beginning with fiscal year 2018-2019, and each fiscal year
6 thereafter, the funding request for teacher incentive programs,
7 bonuses, and other compensation required by law or collective
8 bargaining beyond regular wages for each charter school shall be
9 a separate line item in the general appropriations act and
10 supplemental appropriations act."

11 SECTION 3. There is appropriated out of the general
12 revenues of the State of Hawaii the sum of \$ or so
13 much thereof as may be necessary for fiscal year 2017-2018 to
14 pay for the following bonuses for public charter school
15 teachers:

- 16 (1) Collectively bargained placement bonuses in schools
17 determined as hard-to-fill by the department of
18 education; and
- 19 (2) Teacher national board certification incentive program
20 bonuses as outlined in section 302A-706, Hawaii
21 Revised Statutes.



1 The sum appropriated shall be expended by the state public
2 charter school commission for the purposes of this Act.

3 SECTION 4. Statutory material to be repealed is bracketed
4 and stricken. New statutory material is underscored.

5 SECTION 5. This Act shall take effect on July 1, 2017.

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S.B. NO. 199

Report Title:

Charter Schools; Teacher Incentives; Teacher Bonuses;
Appropriation

Description:

Clarifies that funds for bonuses required by statute or collective bargaining shall not be paid out of a charter school's facilities funding or per-pupil funds. Requires, beginning with fiscal year 2018-2019, that such bonuses be separate line items in the budget. Appropriates funds for teacher bonuses for hard-to-fill placement incentives and National Board certified teacher incentives for charter school teachers.

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