
A BILL FOR AN ACT

RELATING TO PUBLIC CHARTER SCHOOLS.

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

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

4 "§302D-A Federal investigations. (a) If any employee of
5 a charter school receives written notification from a department
6 or agency of the United States regarding the existence of a
7 criminal investigation of or criminal charges against any
8 employee of the charter school for actions taken in the course
9 of employment at the charter school, that employee shall inform
10 the charter school's authorizer of the criminal investigation or
11 criminal charges within five days of the notification. A person
12 who fails to comply with this subsection shall be guilty of a
13 misdemeanor.

14 (b) Upon notification of any criminal investigation or
15 criminal charges pursuant to subsection (a), the authorizer
16 shall cease payment of any purchase orders submitted pursuant to
17 section 302D-28(f). Upon notification of either:



- 1 (1) That the criminal investigation has closed with no
2 charges filed; or
3 (2) A finding of not guilty rendered by a court of
4 competent jurisdiction,
5 the authorizer shall disburse funds for any validly submitted
6 purchase order.

7 **§302D-B Legislative appropriations; state treasury.** All
8 funds appropriated to charter schools by the legislature shall
9 remain in the state treasury until requested for disbursement
10 pursuant to section 302D-28(f) or, if a public charter school
11 closes, expended after approval of the authorizer or order of
12 the court."

13 SECTION 2. Section 302D-17, Hawaii Revised Statutes, is
14 amended by amending subsection (a) to read as follows:

15 "(a) An authorizer shall continually monitor the
16 performance and legal compliance of the public charter schools
17 it oversees, including collecting and analyzing data to support
18 ongoing evaluation according to the charter contract. Every
19 authorizer shall have the authority to conduct or require
20 oversight activities that enable the authorizer to fulfill its
21 responsibilities under this chapter, including conducting



1 appropriate inquiries, audits, and investigations, so long as
2 those activities are consistent with the intent of this chapter
3 and adhere to the terms of the charter contract."

4 SECTION 3. Section 302D-28, Hawaii Revised Statutes, is
5 amended by amending subsection (f) to read as follows:

6 "(f) Each authorizer shall develop and maintain a purchase
7 order system that its charter schools shall use to pay for
8 expenses. Charter schools shall submit a purchase order to the
9 authorizer and the authorizer shall disburse funds to the
10 vender. No funds, except those collected pursuant to subsection
11 (h), shall be disbursed except through the purchase order
12 system. To enable charter schools to access state funding prior
13 to the start of each school year, foster their fiscal planning,
14 enhance their accountability, and avoid over-allocating general
15 funds to charter schools based on self-reported enrollment
16 projections, authorizers shall:

17 (1) [~~Provide~~] Make available for payment of purchase
18 orders not more than sixty per cent of a charter
19 school's per-pupil allocation based on the charter
20 school's projected student enrollment no later than
21 July 20 of each fiscal year; provided that the charter



1 school shall have submitted to its authorizer a
2 projected student enrollment no later than May 15 of
3 each year;

4 (2) [~~Provide~~] Make available for payment of purchase
5 orders not more than an additional thirty per cent of
6 a charter school's per-pupil allocation no later than
7 December 1 of each year, based on the October 15
8 student enrollment, as reviewed and verified by the
9 authorizer[~~, only to schools~~]; provided that the
10 school is in compliance with all financial reporting
11 requirements; and

12 (3) [~~Retain no more than~~] Deny payment of any purchase
13 orders if payment of those purchase orders would
14 reduce the balance of the remaining ten per cent of a
15 charter school's per-pupil allocation, as a
16 contingency balance to ensure fiscal accountability
17 and compliance[~~, no later than~~] until June 30 of each
18 year;

19 provided that authorizers may make adjustments in allocations
20 based on noncompliance with charter contracts and the board may
21 make adjustments in allocations based on noncompliance with



1 board policies made in the board's capacity as the state
2 education agency, department directives made in the department's
3 capacity as the state education agency, the board's
4 administrative procedures, and board-approved accountability
5 requirements. Authorizers shall withhold payment of purchase
6 orders in compliance with section 302D-A(b)."

7 SECTION 4. Section 302D-32, Hawaii Revised Statutes, is
8 amended to read as follows:

9 "**§302D-32 Annual audit** ~~[or financial review]~~. Each
10 charter school shall annually complete an independent financial
11 audit that complies with the requirements of its authorizer and
12 the department~~[; provided that the authorizer shall have the~~
13 ~~discretion to allow a financial review in lieu of an independent~~
14 ~~financial audit]~~. The authorizer shall be responsible for the
15 selection of independent auditors to fulfill the requirement of
16 this section."

17 SECTION 5. In codifying the new sections added by section
18 1 of this Act, the revisor of statutes shall substitute
19 appropriate section numbers for the letters used in designating
20 the new sections in this Act.



H.B. NO. 622

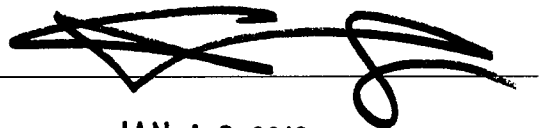
1 SECTION 6. This Act does not affect rights and duties that
2 matured, penalties that were incurred, and proceedings that were
3 begun before its effective date.

4 SECTION 7. Statutory material to be repealed is bracketed
5 and stricken. New statutory material is underscored.

6 SECTION 8. This Act shall take effect upon its approval.

7

INTRODUCED BY:

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JAN 18 2019



H.B. NO. 622

Report Title:

Public Charter Schools; Authorizers; Audit; Federal Investigation; Funding; Purchase Order System

Description:

Requires authorizers to withhold public charter school funding for any school under federal investigation. Requires authorizers to establish a purchase order system to pay charter school expenses. Requires charter schools to be subject to an annual financial audit. Requires authorizers to select the independent auditors that are to perform the audits on public charter schools.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

