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

14 §302D- Legislative appropriations; state treasury. All
15 funds appropriated to charter schools by the legislature shall
16 remain in the state treasury until requested for disbursement
17 pursuant to section 302D-28(f) or, if a charter school closes,



1 be expended after approval of the authorizer or order of the
2 court."

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

5 "(a) An authorizer shall continually monitor the
6 performance and legal compliance of the public charter schools
7 it oversees, including collecting and analyzing data to support
8 ongoing evaluation according to the charter contract. Every
9 authorizer shall have the authority to conduct or require
10 oversight activities that enable the authorizer to fulfill its
11 responsibilities under this chapter, including conducting
12 appropriate inquiries, audits, and investigations, so long as
13 those activities are consistent with the intent of this chapter
14 and adhere to the terms of the charter contract."

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

17 "(f) Each authorizer shall develop and maintain a purchase
18 order system that its charter schools shall use to pay for
19 expenses. Charter schools shall submit a purchase order to the
20 authorizer and the authorizer shall disburse funds to the
21 vendor. No funds, except those collected pursuant to subsection



1 (h), shall be disbursed except through the purchase order
2 system. To enable charter schools to access state funding prior
3 to the start of each school year, foster their fiscal planning,
4 enhance their accountability, and avoid over-allocating general
5 funds to charter schools based on self-reported enrollment
6 projections, authorizers shall:

7 (1) [Provide] Make available for payment of purchase
8 orders not more than sixty per cent of a charter
9 school's per-pupil allocation based on the charter
10 school's projected student enrollment no later than
11 July 20 of each fiscal year; provided that the charter
12 school shall have submitted to its authorizer a
13 projected student enrollment no later than May 15 of
14 each year;

15 (2) [Provide] Make available for payment of purchase
16 orders not more than an additional thirty per cent of
17 a charter school's per-pupil allocation no later than
18 December 1 of each year, based on the October 15
19 student enrollment, as reviewed and verified by the
20 authorizer [~~only to schools~~]; provided that the



1 school is in compliance with all financial reporting
2 requirements; and

3 (3) ~~[Retain no more than]~~ Deny payment of any purchase
4 orders if payment of those purchase orders would
5 reduce the balance of the remaining ten per cent of a
6 charter school's per-pupil allocation, as a
7 contingency balance to ensure fiscal accountability
8 and compliance ~~[, no later than]~~ until June 30 of each
9 year;

10 provided that authorizers may make adjustments in allocations
11 based on noncompliance with charter contracts and the board may
12 make adjustments in allocations based on noncompliance with
13 board policies made in the board's capacity as the state
14 education agency, department directives made in the department's
15 capacity as the state education agency, the board's
16 administrative procedures, and board-approved accountability
17 requirements."

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

20 "**§302D-32 Annual audit** ~~[or financial review]~~. Each
21 charter school shall annually complete an independent financial



1 audit that complies with the requirements of its authorizer and
2 the department [~~7 provided that the authorizer shall have the~~
3 ~~discretion to allow a financial review in lieu of an independent~~
4 ~~financial audit]~~. The authorizer shall be responsible for the
5 selection of independent auditors to fulfill the requirement of
6 this section."

7 SECTION 5. This Act does not affect rights and duties that
8 matured, penalties that were incurred, and proceedings that were
9 begun before its effective date.

10 SECTION 6. Statutory material to be repealed is bracketed
11 and stricken. New statutory material is underscored.

12 SECTION 7. This Act shall take effect on July 1, 2050.



Report Title:

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

Description:

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 charter schools. (HB622 HD1)

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

