

Honolulu, Hawaii

APR 26 , 2019

RE: H.B. No. 622
H.D. 2
S.D. 1
C.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sirs:

Your Committee on Conference on the disagreeing vote of the House of Representatives to the amendments proposed by the Senate in H.B. No. 622, H.D. 2, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO PUBLIC CHARTER SCHOOLS,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to strengthen fiscal accountability for charter schools by:

- (1) Requiring that if federal criminal charges are filed against an employee of a charter school for actions taken in the course of employment, control of public funds that have been disbursed to the school must be transferred to the State Public Charter School Commission;
- (2) Requiring that funds appropriated to a charter school must remain in the state treasury until disbursed pursuant to



statutory requirements or approved for expenditure by the authorizer or by court order;

- (3) Requiring authorizers to develop and maintain a system of banking accounts that charter schools must exclusively use to receive and expend federal and state funds;
- (4) Making authorizers responsible for the selection of independent auditors to complete each charter school's annual financial audit and repealing an authorizer's discretionary authority to permit a financial review in lieu of an audit; and
- (5) Prohibiting individuals from serving on the Board of Education or the State Public Charter School Commission if they were affiliated with any charter schools within the four years preceding appointment to the Board or Commission.

After careful consideration, your Committee on Conference has amended this measure by:

- (1) Deleting the provision pertaining to federal criminal charges;
- (2) Deleting the provision requiring that funds appropriated to a charter school must remain in the state treasury until certain requirements are met;
- (3) Including financial reviews within the scope of an authorizer's continual monitoring of the performance and legal compliance of charter schools that it oversees;
- (4) Deleting the provision requiring authorizers to develop and maintain a system of banking accounts that charter schools must exclusively use to receive and expend federal and state funds;
- (5) Specifying that upon the request of its authorizer, each charter school must provide to the authorizer full access to its fiscal and accounting books, documents, and files;
- (6) Requiring authorizers to select three independent auditors, from which the charter school will select one independent auditor to comply with auditing requirements;



- (7) Removing the prohibition against individuals from serving on the Board of Education if they were affiliated with any charter schools within the four years preceding appointment to the Board;
- (8) Amending the prohibition against individuals serving on the State Public Charter School Commission to prohibit service within one year of affiliation with any charter school;
- (9) Changing its effective date to July 1, 2019; and
- (10) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 622, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 622, H.D. 2, S.D. 1, C.D. 1.

Respectfully submitted on behalf
of the managers:

ON THE PART OF THE SENATE


ON THE PART OF THE HOUSE



MICHELLE N. KIDANI
Chair



JUSTEN H. WOODSON
Co-Chair



DRU MAMO KANUHA
Co-Chair



SYLVIA LUKE
Co-Chair



