

Honolulu, Hawaii

February 12, 2019

RE: H.B. No. 622
H.D. 1

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

Sir:

Your Committee on Lower & Higher Education, to which was referred H.B. No. 622 entitled:

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

begs leave to report as follows:

The purpose of this measure is to strengthen financial accountability at charter schools by requiring:

- (1) Any employee of a charter school who receives written notification from a federal agency, regarding the existence of a criminal investigation of or criminal charges against any employee of the charter school for actions taken in the course of employment at the charter school, to inform the charter school's authorizer within five days of notification or be subject to criminal liability;
- (2) A charter school authorizer to cease payment of any purchase orders submitted by the charter school upon notification of any criminal investigation or criminal charges identified in paragraph (1);
- (3) The charter school authorizer, upon notification that the criminal investigation has closed with no charges filed or a finding of not guilty by a court of competent



jurisdiction, to disburse funds for any validly submitted purchase order;

- (4) All funds appropriated to charter schools by the Legislature to remain in the state treasury until requested for disbursement or, if a charter school closes, to be expended after approval of the charter school's authorizer or order of the court;
- (5) Each charter school authorizer to develop and maintain a purchase order system that its charter schools must use to pay for expenses; and
- (6) Each charter school's authorizer to be responsible for selection of independent auditors to annually complete an independent financial audit that complies with the requirements of its authorizer and the Department of Education.

Voyager Public Charter School supported this measure. Ho'okāko'o Corporation; Kamaile Academy Public Charter School; Kualapu'u Public Conversion Charter School; Halau Ku Mana Public Charter School; Ka Huli O Haloa; Connections Public Charter School; South Maui Learning Ohana, Inc.; Ke Kula 'o Samuel M. Kamakau Laboratory Public Charter School; Hawai'i Academy of Arts & Science Public Charter School; Laupahoehoe Community Public Charter School; Kua O Ka Lā New Century Public Charter School; Kapolei Charter School; Ke Ana La'ahana Public Charter School; Volcano School of Arts & Sciences; Kula Aupuni Niihau A Kahahealani Aloha Public Charter School; and several concerned individuals opposed the measure. The State Public Charter School Commission submitted comments.

Your Committee has amended this measure by:

- (1) Removing the provision requiring the charter school authorizer to cease payment of any purchase orders submitted by the charter school upon notification of a federal criminal investigation or criminal charges against an employee of the charter school for actions taken in the course of employment at the school;
- (2) Changing its effective date to July 1, 2050, to encourage further discussion; and




- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style.

This measure provides the State Public Charter School Commission and Legislature more oversight authority over charter schools. Furthermore, it enables the Commission and Legislature to review a charter school's financial documents, especially in cases in which a school is under financial investigation and at risk of closing.

As affirmed by the record of votes of the members of your Committee on Lower & Higher Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 622, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 622, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Lower & Higher
Education,



JUSTIN H. WOODSON, Chair



Record of Votes of the Committee on Lower & Higher Education

Bill/Resolution No.: HB 622	Committee Referral: LHE, FIN	Date: 1/31/19		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
LHE Members	Ayes	Ayes (WR)	Nays	Excused
1. WOODSON, Justin H. (C)	✓			
2. HASHEM, Mark J. (VC)	✓			
3. PERRUSO, Amy A. (VC)	✓			
4. DeCOITE, Lynn	✓			
5. JOHANSON, Aaron Ling	✓			
6. KOBAYASHI, Dale T.	✓			
7. OHNO, Takashi	✓			
8. QUINLAN, Sean	✓			
9. TARNAS, David A.		✓		
10. TOKIOKA, James Kunane				✓
11. OKIMOTO, Val		✓		
TOTAL (11)	8	2		1
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <small style="margin-left: 100px;">committee acronym(s)</small>				
Vice Chair's or designee's signature: <u>Mark J. Hashem</u>				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				