

ACT 269

H.B. NO. 622

A Bill for an Act Relating to Public Charter Schools.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. Section 302D-8, Hawaii Revised Statutes, is amended to read as follows:

“§302D-8 Conflict of interests. (a) A member of the state public charter school commission shall not be eligible to serve on the commission if the member was affiliated with any public charter school within one year preceding appointment to the commission.

As used in this subsection, “affiliated” means attached or connected as a current or previous employee, governing board member, vendor, contractor, agent, or representative.

(b) ~~[No]~~ An employee, trustee, agent, or representative of an authorizer ~~[may]~~ shall not simultaneously serve as an employee, trustee, agent, representative, vendor, or contractor of a public charter school authorized by that authorizer. Authorizer members shall disclose to the authorizer a list of all charter schools in which the member has previously been an employee, governing board member, vendor, contractor, agent, or representative.”

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

“(a) An authorizer shall continually monitor the performance and legal compliance of the public charter schools it oversees, including collecting and analyzing data to support ongoing evaluation according to the charter contract. Every authorizer shall have the authority to conduct or require oversight activities that enable the authorizer to fulfill its responsibilities under this chapter, including conducting appropriate inquiries, financial reviews, audits, and investigations, so long as those activities are consistent with the intent of this chapter and adhere to the terms of the charter contract. Upon the request of its authorizer, each public charter school shall provide to the authorizer full access to its fiscal and accounting books, documents, and files.”

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

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

- (1) Provide sixty per cent of a charter school’s per-pupil allocation based on the charter school’s projected student enrollment no later than July 20 of each fiscal year; provided that the charter school shall have submitted to its authorizer a projected student enrollment no later than May 15 of each year;
- (2) Provide an additional thirty per cent of a charter school’s per-pupil allocation no later than December 1 of each year, based on the October 15 student enrollment, as reviewed and verified by the authorizer~~[- only to schools]; provided that the school is~~ in compliance with all financial reporting requirements; and
- (3) Retain no more than the balance of the remaining ten per cent of a charter school’s per-pupil allocation, as a contingency balance to ensure fiscal accountability and compliance, no later than June 30 of each year;

provided that authorizers may make adjustments in allocations based on non-compliance with charter contracts and the board may make adjustments in allocations based on noncompliance with board policies made in the board’s capacity as the state education agency, department directives made in the department’s capacity as the state education agency, the board’s administrative procedures, and board-approved accountability requirements.”

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

“§302D-32 Annual audit ~~[or financial review]~~. Each charter school shall annually complete an independent financial audit that complies with the requirements of its authorizer and the department~~[- provided that the authorizer shall have the discretion to allow a financial review in lieu of an independent financial audit]~~. The authorizer shall select three independent auditors, from which the charter school shall select one independent auditor to comply with this section.”

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

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

SECTION 7. This Act shall take effect on July 1, 2019.

(Approved July 9, 2019.)