HOUSE OF REPRESENTATIVES
TWENTY-THIRD LEGISLATURE, 2006
STATE OF HAWAII

H.B. NO. 2962 H.D. 1

A BILL FOR AN ACT

RELATING TO EDUCATION.

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

PART I

SECTION 1. The purpose of this Act is to improve Hawaii's charter school system by adopting many of the priority proposals developed by the task force on charter school governance established by Act 87, Session Laws of Hawaii 2005, including:

(1) Providing consistency and clarity for statutes relating to the administration and governance of charter schools by recodifying and reorganizing the statutes into a new chapter;

(2) Renaming new century charter schools and new century conversion charter schools as "charter schools" and "conversion charter schools", respectively;

(3) Clarifying that conversion charter schools fall under the category of "charter schools" but distinguishing between the procedures for establishing charter schools and conversion charter schools by creating separate sections for each;

(4) Providing that conversion charter schools may be a new school consisting of programs or sections of existing public school populations that are part of a separate Hawaiian language immersion program and using existing public school facilities;

(5) Renaming the charter school review panel as the charter school authorization panel, expanding its membership, and assigning it the role of charter school authorizer;

(6) Setting minimum and maximum limits on the amount a nonprofit organization can contribute annually per pupil, toward the operation of a conversion charter school;

(7) Clarifying and enhancing the powers and duties of the charter schools administrative office and its executive director;

(8) Empowering the local school boards of the charter schools to negotiate memorandum of agreements of supplemental collective bargaining agreements with the exclusive representatives of their employees;

(9) Allowing civil service employees of a conversion charter school to retain their civil service status in

the department of education human resources civil service system; and

(10) Amending other parts of the Hawaii Revised Statutes to maintain consistency with the provisions of the new chapter relating to charter schools.

SECTION 2. The Hawaii Revised Statutes is amended by adding a new chapter to read as follows:

"CHAPTER 302B

CHARTER SCHOOLS

§302B-1 Purpose. The purpose of this chapter is to authorize the establishment of a charter school system and set forth standards for the governance, administration, support, financing, autonomy, and accountability for charter schools, including new charter schools and conversion charter schools.

The charter school system is an important complement to the department of education's school system, one that empowers local school boards and their charter schools by allowing more autonomy and flexibility and placing greater responsibility at the school level. The charter school system is made up of the board of education, charter school administrative office, charter school authorization panel, and individual charter

schools with differing visions, missions, and approaches meeting the various needs and desires of Hawaii's communities.

The purposes of the charter school system include but are not limited to:

(1) Providing public school administrators, parents, students, and teachers with expanded choices in types of schools, educational programs, educational opportunities, services for underserved populations, and in settings, geographical areas, and communities; and

(2) Encouraging and, when resources and support are provided, serving as a research venue for the development, use, and dissemination of alternative and innovative approaches to educational governance, financing, administration, curricula, technology, and teaching strategies.

§302B-2 Definitions. Whenever used in this chapter, unless the context otherwise requires:

"Authorizer" means a board, panel, or agency designated by the legislature with the powers and duties to:

(1) Review applications for new charter schools;

(2) Issue new charters;

(3) Ensure that detailed implementation plans and performance contracts are designed to maximize school financial and academic success;

(4) Periodically review existing charter school operations;

(5) Renew charters;

(6) Adopt administrative rules, policies, and guidelines;

(7) Assist and support charter schools;

(8) Facilitate needed training; and

(9) If necessary, revoke a charter.

"Charter school" refers to those public schools holding charters to operate as charter schools, including conversion charter schools, and that have the flexibility to implement alternative frameworks with regard to curriculum, facilities management, instructional approach, length of the school day, week, or year, and personnel management.

"Charter school authorization panel" means the panel established in section 302B-4, that has the powers and duties of a charter school authorizer.

"Conversion charter school" means:

(1) Any existing department of education school that converts to a charter school and is managed and operated in accordance with section 302B-6;

(2) Any existing department of education school that converts to a charter school and is managed and operated by a nonprofit organization in accordance with section 302B-6; or

(3) A newly created school, consisting of programs or sections of existing public school populations that are part of a separate Hawaiian language immersion program and using existing public school facilities.

"Department" means the department of education.

"Detailed implementation plan" means a performance contract between the authorizer of a charter school and the charter school in which the rights, duties, responsibilities, collective bargaining role, support, resources, and expectations of the authorizer, other state agencies, and the charter school are identified.

"Executive director" means the executive director of the charter school administrative office.

"Local school board" means the autonomous governing body of a charter school that receives the charter and is responsible

for the financial and academic viability of the charter school, implementation of the charter, the organization and management of the school, the curriculum, and compliance with applicable federal and state laws. The local school board shall have the power to negotiate supplemental or second-tier collective bargaining agreements with exclusive representatives of their employees.

"Nonprofit organization" means a private, nonprofit, tax-exempt entity that:

(1) Is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended;

(2) Is domiciled in this state; and

(3) Makes a minimum annual contribution of $1 per pupil toward the operation of a conversion charter school for every $4 per pupil allocated by the charter school administrative office for the operation of the conversion charter school.

"Office" means the charter school administrative office.

"Organizational viability" means that a charter school:

(1) Has been duly constituted in accordance with its charter;

(2) Has a local school board established in accordance with law and its charter;

(3) Employs sufficient faculty and staff to provide the necessary educational program and support services and to operate the facility in accordance with its charter;

(4) Maintains accurate and comprehensive records regarding students and employees as determined by the charter school administrative office;

(5) Meets appropriate standards of student achievement;

(6) Cooperates with charter school authorization panel requirements in conducting its function as charter authorizer;

(7) Complies with applicable federal, state, and county laws and requirements;

(8) In accordance with the charter school administrative office guidelines and procedures, is financially sound and fiscally responsible in its use of public funds, maintains accurate and comprehensive financial records, operates in accordance with generally accepted accounting practices, and maintains a sound financial plan;

(9) Operates within the scope of its charter and fulfills obligations and commitments of its charter;

(10) Complies with all health and safety laws and requirements; and

(11) Complies with all charter school administrative office directives, policies, and procedures.

"Panel" means the charter school authorization panel.

§302B-3 Existing charter schools. Any charter school or conversion charter school holding a charter to operate under part IV, subpart D, of chapter 302A as that subpart existed before the effective date of this Act shall be considered a charter school for the purposes of this chapter.

§302B-4 Charter school authorization panel; establishment; powers and duties. (a) There is established the charter school authorization panel, which shall be placed within the charter school administrative office for administrative purposes only. The panel shall serve as the charter school authorizer.

(b) The panel shall consist of nine members, including not less than:

(1) Two licensed teachers regularly engaged in teaching;

(2) Two educational officers;

(3) One member or former member of a charter school local school board;

(4) The chairperson of the board of education or the chairperson's designee;

(5) The executive director of the charter school administrative office or the executive director's designee;

(6) A representative of independent schools; and

(7) The dean of the University of Hawaii college of education or the dean's designee.

(c) Except for the chairperson of the board of education, the executive director, and the dean of the college of education, the governor shall appoint the members of the panel pursuant to section 26-34, from a list of qualified nominees submitted to the governor by the charter schools, agencies, and organizations representative of the constituencies of the panel. To the extent possible, the panel membership shall include members from all islands.

(d) Appointed panel members shall serve not more than three consecutive three-year terms; provided that the initial terms of the appointed members that commence after June 30, 2006, shall be staggered, as follows:

(1) Three members to serve three-year terms;

(2) Two members to serve two-year terms; and

(3) One member to serve a one-year term.

(e) Panel members shall receive no compensation. When panel duties require that a panel member take leave of the panel member's duties as a state employee, the appropriate state department shall allow the panel member to be placed on administrative leave with pay and shall provide substitutes, when necessary, to perform that panel member's duties. Panel members shall be reimbursed for necessary travel expenses incurred in the conduct of official panel business.

(f) The panel shall establish operating rules which shall include conflict of interest provisions for members whose school of employment or local school board membership are before the panel.

(g) The chairperson of the panel shall be designated by the members of the panel.

(h) The powers and duties of the panel shall be to:

(1) Review applications for new charter schools;

(2) Issue new charters;

(3) Ensure that charters and performance contracts are designed to maximize school financial and academic success and long term organizational viability;

(4) Adopt reporting requirements for charter schools;

(5) Periodically review existing charter school operations, and approve significant amendments to the charter;

(6) Respond to annual self-evaluation reports from charter schools;

(7) Provide an annual report to the board of education, the legislature, and the charter schools no later than March 1 of each year;

(8) Adopt operating procedures and administrative rules, policies, and guidelines;

(9) Develop procedures for the closing of a charter school and the transfer of appropriate assets to the State; and

(10) If necessary, revoke a charter.

(i) The charter school administrative office shall provide for the staff support and expenses of the panel.

(j) The panel may adopt administrative rules in accordance with chapter 91 to implement this chapter.

(k) The panel shall be exempt from chapter 92, but shall adopt policies to facilitate transparency, openness, public decision making, and participation, including the timely posting of agendas and documents for action on the Internet at least one week before meetings, notification of interested parties, and timely posting of minutes.

§302B-5 Charter schools; establishment. (a) New charter schools, except for conversion charter schools, may be established pursuant to this section. Up to a total of twenty-three schools may be established as charter schools.

(b) Any community, group of teachers, group of teachers and administrators, or entity recognized as a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, may submit a letter of intent to the charter school authorization panel to form a charter school, establish a local school board as its governing body, and develop a detailed implementation plan pursuant to subsection (c).

(c) The local school board, with the support and guidance of the executive director, shall formulate and develop a detailed implementation plan that meets the requirements of this

subsection and section 302B-10. The plan shall include the following:

(1) A description of employee rights and management issues and a framework for addressing those issues that protects the rights of employees;

(2) A plan for identifying, recruiting, and retaining highly-qualified instructional faculty;

(3) A plan for identifying, recruiting, and selecting students that is not exclusive, elitist, or segregationist;

(4) The curriculum and instructional framework to be used to achieve student outcomes, including an assessment plan;

(5) A comprehensive plan for the assessment of student, administrative support, and teaching personnel performance that:

(A) Recognizes the interests of the general public;

(B) Incorporates or exceeds the educational content and performance standards developed by the department of education for the public school system;

(C) Includes a system of faculty and staff accountability that holds faculty and staff both individually and collectively accountable for their performance, and that is at least equivalent to the average system of accountability in public schools throughout the state; and

(D) Provides for program audits and annual financial audits;

(6) A governance structure for the school that incorporates a conflict of interest policy and a plan for periodic training of local school board members;

(7) A financial plan based on the most recent fiscal year's per-pupil charter school allocation that demonstrates the ability to meet the financial obligations of one-time, start-up costs and ongoing costs such as monthly payrolls, faculty recruitment, professional development, and facilities costs; and

(8) A plan for any necessary design, construction, renovation, and management of facilities that is consistent with the state facilities plan; provided that:

(A) If the facilities management plan includes use of existing school facilities, the charter school shall receive authorization from the administrator responsible for the facilities; and

(B) The final determination of use shall fall within the board of education's discretion.

(d) The detailed implementation plan shall be submitted to the panel. The panel shall have sixty working days to review the completed implementation plan for a proposed charter school to ensure that it meets the requirements of subsection (c) and section 302B-10. Within forty-five working days, the panel shall issue a report of its preliminary findings to the board of education and the local school board.

If the panel determines that the implementation plan:

(1) Meets the requirements of subsection (c) and section 302B-10, the panel, by the sixtieth working day, may issue a charter to the proposed charter school. The implementation plan shall be converted to a written performance contract between the school and the panel; provided that if the panel does not issue a charter, the panel shall:

(A) Clearly identify its reasons for not issuing the charter; and

(B) Allow the local school board to revise its plan, in accordance with the panel's reasons for rejecting the plan, and resubmit the amended plan;

or

(2) Fails to meet the requirements of subsection (c) and section 302B-10, the panel:

(A) Shall notify the local school board of the finding in writing to enable the local school board to appropriately amend the plan to address the findings; and

(B) May issue a provisional approval for a charter if the panel determines that the applicant may reasonably be expected to expeditiously resolve any remaining findings impeding the issuance of a charter. The provisional approval shall be effective for one year. The panel may extend the provisional approval beyond a period of one year.

(e) An amended implementation plan shall be submitted within thirty working days of notification pursuant to

subsection (d)(2)(A). The panel shall deny the issuance of a charter if the local school board does not submit an amended implementation plan within the thirty working day period. The panel shall have thirty working days to review the amended implementation plan. If the amended implementation plan:

(1) Meets the requirements of subsection (c) and section 302B-10, the panel, by the thirtieth working day, shall issue a charter to the proposed charter school. If a charter is issued, the amended implementation plan shall be converted to a written performance contract between the school and the panel; or

(2) Fails to address the findings to the panel's satisfaction, the panel shall deny issuance of a charter.

(f) A local school board may file an appeal of the denial of an application for a charter with the board of education. Upon filing an appeal, the panel shall forward the implementation plan and appropriate documentation of the appeal to the board of education. Within thirty working days, the board of education shall issue a report of its findings and final determination to the local school board. If the implementation plan is approved by the board of education, the

panel shall issue a charter and the implementation plan shall be converted to a written performance contract between the school and the panel.

§302B-6 Conversion charter schools; establishment. (a) Conversion charter schools may be established by the charter school authorization panel pursuant to this section.

(b) Any group of teachers, group of teachers and administrators, or entity recognized as a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, may submit a letter of intent to the panel to convert a departmental school to a charter school, establish a local school board as its governing body, and develop a detailed implementation plan pursuant to subsection (c).

(c) The local school board, with the support and guidance of the executive director, shall formulate and develop a detailed implementation plan that meets the requirements of this subsection and section 302B-10. The plan shall include:

(1) A description of employee rights and management issues and a framework for addressing those issues that protects the rights of employees;

(2) A plan for identifying, recruiting, and retaining highly-qualified instructional faculty;

(3) A plan for identifying, recruiting, and selecting students that is not exclusive, elitist, or segregationist;

(4) The curriculum and instructional framework to be used to achieve student outcomes, including an assessment plan;

(5) A comprehensive plan for the assessment of student, administrative support, and teaching personnel performance that:

(A) Recognizes the interests of the general public;

(B) Incorporates or exceeds the educational content and performance standards developed by the department of education for the public school system;

(C) Includes a system of faculty and staff accountability that holds faculty and staff both individually and collectively accountable for their performance, and that is at least equivalent to the average system of accountability in public schools throughout the state; and

(D) Provides for program audits and annual financial audits;

(6) A governance structure for the school that incorporates a conflict of interest policy and a plan for periodic training of local school board members;

(7) A financial plan based on the most recent fiscal year's per-pupil charter school allocation that demonstrates the ability to meet the financial obligations of one-time, start-up costs and ongoing costs such as monthly payrolls, faculty recruitment, professional development, and facilities costs; and

(8) A plan for any necessary design, construction, renovation, and management of facilities that is consistent with the state facilities plan; provided that:

(A) If the facilities management plan includes use of existing school facilities, the conversion charter school shall receive authorization from the administrator responsible for the facilities; and

(B) The final determination of use shall fall within the board of education's discretion.

(d) The detailed implementation plan shall be submitted to the panel. The panel shall have sixty working days to review the completed implementation plan for a proposed conversion charter school to ensure that it meets the requirements of subsection (c) and section 302B-10. Within forty-five working days, the panel shall issue a report of its preliminary findings to the board of education and the local school board.

If the panel determines that the implementation plan:

(1) Meets the requirements of subsection (c) and section 302B-10, the panel, by the sixtieth working day, may issue a charter to the proposed conversion charter school. The implementation plan shall be converted to a written performance contract between the school and the panel; provided that if the panel does not issue a charter, the panel shall:

(A) Clearly identify its reasons for not issuing the charter; and

(B) Allow the local school board to revise its plan, in accordance with the panel's reasons for rejecting the plan, and resubmit the amended plan;

or

(2) Fails to meet the requirements of subsection (c) and section 302B-10, the panel:

(A) Shall notify the local school board of the finding in writing to enable the local school board to appropriately amend the plan to address the findings; and

(B) May issue a provisional approval for a charter if the panel determines that the applicant may reasonably be expected to expeditiously resolve any remaining findings impeding the issuance of a charter. The provisional approval shall be effective for one year. The panel may extend the provisional approval beyond a period of one year.

(e) An amended implementation plan shall be submitted within thirty working days of notification pursuant to subsection (d)(2)(A). The panel shall deny the issuance of a charter if the local school board does not submit an amended implementation plan within the thirty working day period. The panel shall have thirty working days to review the amended implementation plan. If the amended implementation plan:

(1) Meets the requirements of subsection (c) and section 302B-10, the panel, by the thirtieth working day,

shall issue a charter to the proposed conversion charter school. If a charter is issued, the amended implementation plan shall be converted to a written performance contract between the school and the panel; or

(2) Fails to address the findings to the panel's satisfaction, the panel shall deny issuance of a charter.

(f) A local school board may file an appeal of the denial of an application for a charter with the board of education. Upon filing an appeal, the panel shall forward the implementation plan and appropriate documentation of the appeal to the board of education. Within thirty working days, the board of education shall issue a report of its findings and final determination to the local school board. If the implementation plan is approved by the board of education, the panel shall issue a charter and the implementation plan shall be converted to a written performance contract between the school and the panel.

(g) A nonprofit organization may submit a letter of intent to the charter school administrative office to convert a department of education school to a charter school, operate and

manage the school, establish a local school board as its governing body, and develop a detailed implementation plan pursuant to subsection (c); provided that:

(1) The local school board as the governing body of the conversion charter school shall be composed of the board of directors of the nonprofit organization and not the participants specified in section 302B-8. The nonprofit organization may also appoint advisory panels of community representatives for each school managed by the organization, with whom the organization may consult; provided that these panels shall not have governing authority over the school and shall serve only in an advisory capacity to the nonprofit organization;

(2) The detailed implementation plan for each conversion charter school to be operated by the nonprofit organization shall be formulated, developed, and submitted by the nonprofit organization, and shall be approved by a majority of the votes cast by existing administrative, support, and teaching personnel, and parents of the students of the proposed conversion charter school; provided that the school personnel may

1 request their collective bargaining unit
2 representative to certify and conduct the elections
3 for their respective bargaining units;
4 (3) After the detailed implementation plan for a
5 conversion charter school operated and managed by the
6 nonprofit organization has been approved by the panel
7 as provided in subsection (d) or (e), the panel shall
8 issue a charter, and the implementation plan shall be
9 converted to a written performance contract between
10 the nonprofit organization and the panel, under which
11 the conversion charter school shall be managed and
12 operated as a division of the nonprofit organization
13 and shall have the same relationship with the charter
14 school administrative office as any other local school
15 board for a charter school;
16 (4) The board of directors of the nonprofit organization,
17 as the governing body for the conversion charter
18 school that it operates and manages, shall have the
19 same protections that are afforded to the state board
20 of education;
21 (5) Any conversion charter school that is managed and
22 operated by a nonprofit organization shall be eligible

for the same federal and state funding as other public schools; provided that the nonprofit organization makes a minimum annual contribution of $1 per pupil toward the operation of a conversion charter school for every $4 per pupil allocated by the charter school administrative office for the operation of the charter school; provided further that the maximum annual contribution from the nonprofit organization may but shall not be required to exceed $1,500 per pupil per year; provided further that the nonprofit organization may allocate federal and state funds among two or more of the conversion charter schools that it operates and manages to the extent permitted by law;

(6) If, at any time, the board of directors of the nonprofit organization governing the conversion charter school votes to discontinue its relationship with the charter school, the charter school may submit an application to the panel to continue as a conversion school without the participation of the nonprofit organization; and

(7) If, at any time, the conversion charter school dissolves or the charter is revoked, the State shall

have first right, at no cost to the State, to all the assets and facilities of the conversion charter school, except as provided in the detailed implementation plan.

(h) Any nonprofit organization that seeks to manage or operate a conversion charter school as provided in subsection (g) shall comply with the following at the time of application:

(1) Have bylaws or policies that describe the manner in which business is conducted and policies that relate to the management of potential conflict of interest situations;

(2) Have experience in the management and operation of public or private schools, or, to the extent necessary, agree to obtain appropriate services from another entity or entities possessing such experience;

(3) Comply with all applicable federal, state, and county laws, including licensure or accreditation, as applicable; and

(4) Comply with any other requirements prescribed by the department of education to ensure adherence with applicable federal, state, and county laws and the purposes of this chapter.

(i) Any public school or schools, programs, or sections of existing public school populations that are part of a separate Hawaiian language immersion program and using existing public school facilities may submit a letter of intent to the panel to form a conversion charter school, establish a local school board as its governing body, and develop a detailed implementation plan pursuant to subsection (c). The detailed implementation plan shall be approved by a majority of the votes cast by existing administrative, support, and teaching personnel, and parents of students at the proposed conversion charter school; provided that the school personnel may request their collective bargaining unit representative to certify and conduct the elections for their respective bargaining units.

(j) Unless otherwise provided in this section, the provisions in this chapter, as they relate to charter schools, shall apply to conversion charter schools. In the event of a conflict between the provisions in this section and other provisions in this chapter, this section shall control.

§302B-7 Charter school local school boards; powers and duties. (a) All charter school local school boards, with the exception of those of conversion charter schools pursuant to

section 302B-6(g), shall be composed of, at a minimum, one representative from each of the following participant groups:

(1) Principals;

(2) Instructional staff members selected by the school instructional staff;

(3) Support staff selected by the support staff of the school;

(4) Parents of students attending the school selected by the parents of the school;

(5) Student body representatives selected by the students of the school; and

(6) The community at large.

(b) No chief executive officer, chief administrative officer, executive director, or otherwise designated head of a school may serve as the chair of the local school board.

(c) The local school board shall be the autonomous governing body of a charter school that receives the charter and shall be responsible for the financial and academic viability of the charter school, implementation of the charter, the organization and management of the school, the curriculum, and compliance with applicable federal and state laws. The local school board shall have the power to negotiate supplemental or

1 second-tier collective bargaining agreements with exclusive
2 representatives of their employees.
3 (d) The State shall afford the local school board of any
4 charter school the same protections as the State affords to the
5 board of education.
6 **§302B-8 Charter school administrative office.** (a) There
7 is established a charter school administrative office, which
8 shall be attached to the department for administrative purposes
9 only. The office shall be administered by an executive
10 director, who shall be appointed without regard to chapters 76
11 and 89 by the board of education based upon the recommendations
12 of an organization of charter schools operating within the state
13 or from a list of nominees submitted by the charter schools.
14 The board of education may hire the executive director on a
15 multi-year contract. The executive director may hire necessary
16 staff without regard to chapters 76 and 89 to assist in the
17 administration of the office.
18 (b) The executive director, under the direction of the
19 board of education and charter schools, shall be responsible for
20 the internal organization, operation, and management of the
21 charter school system, including:

(1) Preparation and execution of the budget for the charter schools, including submission of the budget request to the board of education, the governor, and the legislature;

(2) Allocation of annual appropriations to the charter schools and distribution of federal funds to charter schools;

(3) Compliance with applicable state laws related to the administration of the charter schools;

(4) Preparation of contracts between the charter schools and the department of education for centralized services to be provided by the department;

(5) Preparation of contracts between the charter schools and other state agencies for financial or personnel services to be provided by such agencies to the charter schools;

(6) Representation of charter schools in communications with the board of education, the governor, and the legislature;

(7) Supporting the development, growth, and progress of charter schools;

(8) Convening and serving as a member of the panel;

(9) Establishing a dispute resolution and mediation panel; and

(10) Upon request by one or more charter schools, assisting in the negotiation of a collective bargaining agreement with the exclusive representative of its employees.

(c) The executive director shall be evaluated annually through a process jointly agreed upon by the Hawaii charter schools network and the board of education.

(d) The salary of the executive director and staff shall be set by the board of education based upon the recommendations of an organization of charter schools within the state; provided that the salaries and operational expenses of the charter school administrative office shall be paid from the annual charter school appropriation and shall not exceed two per cent of the total allocation in any fiscal year.

(e) The charter school administrative office shall include in its annual budget request additional funds to cover the estimated costs of:

(1) Vacation and sick leave accrued by employees transferring to a charter school from another state agency or department;

(2) The cost of substitute teachers needed when a teacher is out on vacation or sick leave;

(3) Adjustments to enrollments; and

(4) Costs associated with arbitration in the grievance process.

(f) The charter school administrative office may withhold funds for unauthorized charter school enrollments that are inconsistent with approved detailed implementation plans.

(g) The charter school administrative office may carry over funds from previous year allocations. Funds distributed to charter schools shall be considered expended.

§302B-9 Exemptions from state laws. (a) Charter schools shall be exempt from chapter 92 and all other state laws in conflict with this chapter, except those regarding:

(1) Collective bargaining under chapter 89; provided that:

(A) The employees of charter schools shall be assigned to an appropriate bargaining unit as specified in section 89-6; provided further that if a new century charter school employee's job description contains the duties and responsibilities of an employee that could be assigned to more than one bargaining unit, the

duties and responsibilities that are performed by the employee for the majority of the time, based on the employee's average workweek, shall be the basis of bargaining unit assignment for the employee;

(B) For the purpose of negotiating a collective bargaining agreement for charter schools employees who are assigned to an appropriate bargaining unit, the employer shall be determined as provided in section 89-6(d);

(C) For the purpose of negotiating a memorandum of agreement or a supplemental agreement that only applies to employees of a charter school, the employer shall mean the local school board, subject to the conditions and requirements contained in the applicable sections of this chapter governing any memorandum of agreement or supplemental agreement;

(D) Pursuant to chapter 89, the exclusive representative shall mean the employee organization certified by the Hawaii labor relations board as the collective bargaining

agent to represent all employees in an appropriate bargaining unit without discrimination and without regard to employee organization membership; and

(E) Negotiations over matters covered by this section shall be conducted between the employer and exclusive representative pursuant to this chapter. Cost items that are appropriated for and approved by the legislature and contained in a collective bargaining agreement, memorandum of agreement, or supplemental agreement covering, wholly or partially, employees in charter schools shall be allocated by the department of budget and finance to the charter school administrative office for distribution to charter schools. However, if the charter school administrative office deems it appropriate, the cost items may be funded from a charter school's existing allocation or other sources of revenue received by a charter school;

(2) Discriminatory practices under section 378-2; and

(3) Health and safety requirements.

(b) Charter schools and the charter school administrative office shall be exempt from county zoning ordinances.

(c) Charter schools and the charter school administrative office shall be exempt from chapter 103D, but shall develop internal policies and procedures for the procurement of goods, services, and construction, consistent with the goals of public accountability and public procurement practices. Charter schools are encouraged to use the provisions of chapter 103D where possible; provided that the use of one or more provisions of chapter 103D shall not constitute a waiver of the exemption from chapter 103D and shall not subject the charter school to any other provision of chapter 103D. Charter schools shall account for funds expended for the procurement of goods and services, and this accounting shall be available to the public.

(d) Any charter school, prior to the beginning of the school year, may enter into an annual contract with any department for centralized services to be provided by the department.

(e) Notwithstanding any law to the contrary, as public schools and entities of the State, charter schools shall not bring suit against any other entity or agency of the State.

1 **§302B-10 Civil service status; employee rights.** (a)
2 Civil service employees of department of education schools shall
3 retain their civil service status upon the conversion of their
4 school to a conversion charter school. Positions in a
5 conversion charter school that would be civil service in a
6 department of education public school, shall be civil service
7 positions and subject to chapter 76. An employee with civil
8 service status at a conversion charter school who transfers to
9 another civil service position shall be entitled to all of the
10 rights, privileges, and benefits of continuous, uninterrupted
11 civil service. Civil service employees of a conversion charter
12 school shall retain their civil service status in the department
13 of education human resources civil service system and shall be
14 entitled to all rights and benefits as other civil service
15 employees employed by the department of education. Exempt civil
16 service employees as provided in section 76-16(b) of a
17 conversion charter school shall retain their status in the
18 department of education human resources system for support
19 services personnel and shall be entitled to all rights and
20 benefits as other exempt civil service employees employed by the
21 department of education.

(b) The State shall afford administrative, support, and instructional employees in charter schools full participation in the State's systems for retirement, workers' compensation, unemployment insurance, temporary disability insurance, and health benefits in accordance with the qualification requirements for each.

(c) The department, to the extent possible, shall provide its position listings to the charter school administrative office and any interested local school board of any charter school.

(d) The department, in conjunction with the charter school administrative office, shall facilitate and encourage the movement of instructional personnel between the department and charter schools; provided that:

(1) Comparable and verifiable professional development and employee evaluation standards and practices, as determined and certified by the charter school administrative office, are in place in charter schools for instructional staff;

(2) Licensed charter school teachers or highly qualified individuals, as determined by the department, who are not yet tenured in the department and are entering or

returning to the department after full-time employment of no less than one full school year at a charter school, shall be subject to no more than one year of probationary status; and

(3) Tenured department licensed teachers or highly qualified individuals, as determined by the department, who transfer to charter schools shall not be required to serve a probationary period.

§302B-11 Administration of workers' compensation. The department of human resources development shall administer workers' compensation claims for employees of charter schools, who shall be covered by the same self-insured workers' compensation system as other public employees. The department of human resources development shall process, investigate, and make payments on claims; provided that:

(1) Charter schools shall compile the preliminary claim form and forward it to the department of human resources development; and

(2) The department of human resources development shall receive no more than 0.07 per cent of the EDN 600 appropriation to process these workers' compensation claims.

1 **§302B-12 Funding and finance.** (a) Beginning with fiscal
2 year 2006-2007, and each fiscal year thereafter, the charter
3 school administrative office shall submit a request for general
4 fund appropriations for each charter school based upon:
5 (1) The actual and projected enrollment figures in the
6 current school year for each charter school;
7 (2) A per-pupil amount for each regular education and
8 special education student, which shall be equivalent
9 to the total per-pupil cost based upon average
10 enrollment in all cost categories, including
11 comprehensive school support services but excluding
12 special education services, and for all means of
13 financing except federal funds, as reported in the
14 most recently published department of education
15 consolidated annual financial report; provided that
16 the legislature may make an adjustment to the per-
17 pupil allocation for the purposes of this section; and
18 (3) Those fringe benefit costs requested shall be included
19 in the department of budget and finance's annual
20 budget request. No fringe benefit costs shall be
21 charged directly to or deducted from the charter
22 school per-pupil allocations.

The legislature shall make an appropriation based upon the budget request; provided that the legislature may make additional appropriations for fringe, workers' compensation, and other employee benefits, facility costs, and other requested amounts.

The governor, pursuant to chapter 37, may impose restrictions or reductions on charter school appropriations similar to those imposed on other public schools.

(b) Charter schools shall be eligible for all federal financial support to the same extent as all other public schools. The department shall provide the charter school administrative office with all federal grant proposals that include charter schools as potential recipients and timely reports on federal grants received for which charter schools may apply. Federal funds received by the department for charter schools shall be transferred to the charter school administrative office for distribution to charter schools in accordance with the federal requirements. If administrative services related to federal grants and subsidies are provided to the charter school by the department, the charter school shall reimburse the department for the actual costs of the administrative services in an amount that shall not exceed six

and one-half per cent of the charter school's federal grants and subsidies.

Any charter school shall be eligible to receive any supplemental federal grant or award for which any other public school may submit a proposal, or any supplemental federal grants limited to charter schools; provided that if department administrative services, including funds management, budgetary, fiscal accounting, or other related services, are provided with respect to these supplemental grants, the charter school shall reimburse the department for the actual costs of the administrative services in an amount that shall not exceed six and one-half per cent of the supplemental grant for which the services are used.

All additional funds that are generated by the local school boards, not from a supplemental grant, shall be held separate and apart from allotted funds and may be expended at the discretion of the local school boards.

(c) To enable charter schools to access state funding prior to the start of each school year, foster their fiscal planning, and enhance their accountability, the charter school administrative office shall:

(1) Provide fifty 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 submit to the charter school administrative office a projected student enrollment no later than May 15 of each year;

(2) Provide an additional forty per cent of a charter school's per-pupil allocation no later than November 15 of each year; provided that the charter school shall submit to the charter school administrative office:

(A) Student enrollment as verified on October 15 of each year; provided that the student enrollment shall be verified on the last business day immediately prior to October 15 should that date fall on a weekend; and

(B) An accounting of the percentage of student enrollment that transferred from public schools established and maintained by the department; provided that these accountings shall also be submitted by the charter school administrative

office to the legislature no later than twenty days prior to the start of each regular session; and

(3) The remaining ten per cent per-pupil allocation of a charter school no later than January 1 of each year as a contingency balance to ensure fiscal accountability.

(d) The department shall provide appropriate transitional resources to a conversion charter school for its first year of operation as a charter school based upon the department's allocation to the school for the year prior to the conversion.

(e) No new charter school or conversion charter school may assess tuition.

§302B-13 Weighted student formula. (a) Notwithstanding section 302B-12 and beginning on September 1, 2006, charter schools shall elect whether to receive allocations according to the department's weighted student formula adopted pursuant to section 302A-1303.6; provided that:

(1) All charter schools, as a group, with each local school board being accorded one vote, shall elect, by greater than two-thirds agreement among the local school boards, whether to receive allocations through the department's weighted student formula;

(2) Any election by charter schools to receive department allocations, or not to receive allocations, through the department's weighted student formula shall be made by September 1 of each even-numbered year, and the election shall apply to the fiscal biennium beginning July 1 of the following year; and

(3) The election to receive allocations, or not to receive allocations, through the department's weighted student formula shall be communicated to the department through the charter school administrative office.

(b) The charter schools, through the charter school administrative office, may propose to the board of education an alternative weighted student formula, approved of by more than two-thirds of the local school boards, with each local school board being accorded one vote, to be administered by the charter school administrative office and to apply to the per-pupil allocation for charter schools.

§302B-14 Accountability; probationary status; revocation of charter. (a) Every charter school shall conduct annual self-evaluations that shall be submitted to the charter school administrative office within sixty working days after the

completion of the school year. The self-evaluation process shall include but not be limited to:

(1) The identification and adoption of benchmarks to measure and evaluate administrative and instructional programs;

(2) The identification of any administrative and legal barriers to meeting the adopted benchmarks, and recommendations for improvements and modifications to address the barriers;

(3) An evaluation of student achievement within the charter school;

(4) A profile of the charter school's enrollment and the community it serves, including a breakdown of regular education and special education students; and

(5) An evaluation of the school's organization viability.

(b) The charter school authorization panel shall conduct multi-year evaluations of charter schools that have been chartered for four or more years, and may conduct special evaluations at any time. The panel shall adopt rules pursuant to chapter 91 for its evaluations, including a schedule of such evaluations.

(c) The panel may place a charter school on probationary status based upon the findings of its evaluation; provided that:

(1) The charter school and the charter school administrative office are involved in substantive discussions with the panel regarding the evaluation;

(2) The notice of probation is delivered to the charter school and specifies the deficiencies requiring corrections, the probation period, and monitoring and reporting requirements;

(3) For deficiencies related to student performance, a charter school shall be allowed two years to improve student performance; and

(4) For deficiencies related to financial plans, a charter school shall be allowed one year to develop a sound financial plan.

The charter school shall remain on probationary status until the panel votes to either remove the charter school from probationary status or revoke its charter.

The panel shall adopt administrative rules pursuant to chapter 91 for placing charter schools on probation.

(d) If a charter school fails to resolve deficiencies by the end of the probation period, the panel, by two-thirds vote,

may revoke the charter. The panel may revoke the charter for serious student or employee health or safety deficiencies in accordance with rules adopted by the panel; provided that:

(1) The charter school is given notice of specific health or safety deficiencies and is afforded an opportunity to present its case to the panel;

(2) The chairperson of the panel appoints a task group to visit the charter school and conduct meetings with its local school board and its school community to gather input;

(3) Two-thirds of the panel vote to revoke the charter;

(4) The best interest of the school's students guide all decisions; and

(5) After a decision to revoke a charter, the charter school shall be allowed to remain open until a plan for an orderly shut-down or transfer of students and assets is developed and executed.

(e) If there is an immediate concern for student or employee health or safety at a charter school, the panel, in consultation with the charter school administrative office, may adopt an interim restructuring plan that may include appointment of an interim local school board, an interim local school board

chairperson, or a principal to temporarily assume operations of the school.

(f) The executive director shall adopt administrative rules to supplement accountability measures incorporated in the written performance contracts required under sections 302B-5 and 302B-6.

(g) If, at any time, a charter school dissolves or the charter is revoked, the State of Hawaii shall have first right, at no cost to the State, to all the assets and facilities of the charter school, except as otherwise provided by law.

§302B-15 Responsibilities of department of education; special education services. (a) The department of education shall collaborate with the charter school administrative office to develop a system of technical assistance related to compliance with federal and state laws and access to federal and state funds. The department and the charter school administrative office shall collaborate to develop a list of central services that the department of education may offer for purchase by a charter school at an annual cost to be negotiated between an individual charter school and the department. The department shall enter into a contract with a charter school to

provide these services, which shall be re-negotiated on an annual basis.

(b) The department shall be responsible for the provision of a free, appropriate public education. Any charter school that enrolls special education students or identifies one of its students as eligible for special education shall be responsible for providing the educational and related services required by a student's individualized education program. The programs and services for the student shall be determined collaboratively by the student's individualized education program team and the student's parents or legal guardians.

If the charter school is unable to provide all of the required services, then services to the student shall be provided by the department in accordance with the student's individualized educational program. The department shall collaborate with the charter school administrative office to develop guidelines related to the provision of special education services and resources to each charter school. The department shall review all of the current individualized education programs of special education students enrolled in a charter school and may offer staff, funding, or both, to the charter school based upon a per-pupil weighted formula implemented by

the department and used to allocate resources for special education students in the public schools.

§302B-16 Sports. The department of education shall provide students at charter schools with the same opportunity to participate in athletics provided to students at other public schools. If a student at a charter school wishes to participate in a sport for which there is no program at the charter school, the department shall allow that student to participate in a comparable program of any public school in the complex in which the charter school is located."

SECTION 3. Chapter 302A, part IV, subpart D, Hawaii Revised Statutes, is repealed.

PART II

SECTION 4. The purpose of this part is to make conforming amendments to various sections of the Hawaii Revised Statutes in accordance with the provisions of the new charter schools law.

SECTION 5. Chapter 89, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

"**§89- Charter school collective bargaining; bargaining unit; employer; exclusive representative.** (a) Employees of charter schools shall be assigned to an appropriate bargaining

unit as specified in section 89-6; provided that if a charter school employee's job description contains the duties and responsibilities of an employee that could be assigned to more than one bargaining unit, the duties and responsibilities that are performed by the employee for the majority of the time, based on the employee's average workweek, shall be the basis of bargaining unit assignment for the employee.

(b) For the purpose of negotiating a collective bargaining agreement for charter schools employees who are assigned to an appropriate bargaining unit, the employer shall be determined as provided in section 89-6(d).

(c) For the purpose of negotiating a memorandum of agreement or a supplemental agreement that only applies to employees of a charter school, the employer shall mean the local school board, subject to the conditions and requirements contained in the applicable sections of this chapter governing any memorandum of agreement or supplemental agreement.

(d) Pursuant to this chapter, the exclusive representative shall mean the employee organization certified by the Hawaii labor relations board as the collective bargaining agent to represent all employees in an appropriate bargaining unit

without discrimination and without regard to employee organization membership.

(e) Negotiations over matters covered by this section shall be conducted between the employer and exclusive representative pursuant to this chapter. Cost items that are appropriated for and approved by the legislature and contained in a collective bargaining agreement, memorandum of agreement, or supplemental agreement covering, wholly or partially, employees in charter schools shall be allocated by the department of budget and finance to the charter school administrative office for distribution to charter schools. However, if the charter school administrative office deems it appropriate, the cost items may be funded from a charter school's existing allocation or other sources of revenue received by a charter school."

SECTION 6. Section 26-35.5, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

"(a) For purposes of this section, "member" means any person who is appointed, in accordance with the law, to serve on a temporary or permanent state board, including members of the local school board of any [~~new century~~] charter school [~~established under section 302A-1182 or new century conversion~~

~~charter school~~] established under [~~section 302A-1191,~~] chapter 302B, council, authority, committee, or commission, established by law or elected to the board of education or the board of trustees of the employees' retirement system under section 88-24; provided that "member" shall not include any person elected to serve on a board or commission in accordance with chapter 11 other than a person elected to serve on the board of education."

SECTION 7. Section 89-6, Hawaii Revised Statutes, is amended by amending subsection (g) to read as follows:

"(g) The following individuals shall not be included in any appropriate bargaining unit or be entitled to coverage under this chapter:

(1) Elected or appointed official;

(2) Member of any board or commission; provided that nothing in this paragraph shall prohibit a member of a collective bargaining unit from serving on a local school board of a charter school;

(3) Top-level managerial and administrative personnel, including the department head, deputy or assistant to a department head, administrative officer, director, or chief of a state or county agency or major division, and legal counsel;

(4) Secretary to top-level managerial and administrative personnel under paragraph (3);

(5) Individual concerned with confidential matters affecting employee-employer relations;

(6) Part-time employee working less than twenty hours per week, except part-time employees included in bargaining unit (5);

(7) Temporary employee of three months' duration or less;

(8) Employee of the executive office of the governor or a household employee at Washington Place;

(9) Employee of the executive office of the lieutenant governor;

(10) Employee of the executive office of the mayor;

(11) Staff of the legislative branch of the State;

(12) Staff of the legislative branches of the counties, except employees of the clerks' offices of the counties;

(13) Any commissioned and enlisted personnel of the Hawaii national guard;

(14) Inmate, kokua, patient, ward, or student of a state institution;

(15) Student help;

(16) Staff of the Hawaii labor relations board;

(17) Employee of the Hawaii national guard youth challenge academy; or

(18) Employees of the office of elections."

SECTION 8. Section 302A-101, Hawaii Revised Statutes, is amended as follows:

1. By adding three new definitions to be appropriately inserted and to read:

""Charter school administrative office" means the office established in section 302B-8 responsible for the internal organization, operation, and management of the charter school system.

"Charter school authorization panel" means the panel established in section 302B-4 that authorizes charter schools, reviews charter school operations, and reviews or revokes charters.

"Charter schools" means public schools holding charters to operate as charter schools, as defined in chapter 302B."

2. By amending the definition of "public school" to read:

""Public school" means all academic and noncollege type schools established and maintained by the department and [~~new~~

~~century~~] charter schools chartered by the [~~board of education,~~] charter school authorization panel, in accordance with law."

3. By repealing the definition of "new century charter schools".

["~~"New century charter schools" means public schools chartered by the board of education with the flexibility to implement alternative frameworks with regard to curriculum, facilities management, instructional approach, length of the school day, week, or year, and personnel management.~~"]

SECTION 9. Section 302A-411, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

"(a) The department shall establish and maintain junior kindergartens and kindergartens with a program of instruction as a part of the public school system; provided that:

(1) Attendance shall not be mandatory; and

(2) [~~New century charter~~] Charter schools [~~and new century conversion charter schools~~] established under chapter 302B shall be excluded from mandatory participation in the program."

SECTION 10. Section 302A-1124, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

"(a) The department, through the board and its superintendent, shall establish a school community council system under which each public school, excluding [~~new century~~] charter schools [~~and new century conversion charter schools,~~] established under chapter 302B, shall create and maintain a school community council. Each school community council shall:

(1) Review and evaluate the school's academic plan and financial plan, and either recommend revisions of the plans to the principal, or recommend the plans for approval by the complex area superintendent;

(2) Ensure that the school's academic and financial plans are consistent with the educational accountability system under section 302A-1004;

(3) Participate in principal selection and evaluation, and transmit any such evaluations to the complex area superintendent; and

(4) Provide collaborative opportunities for input and consultation."

SECTION 11. Section 302A-1302, Hawaii Revised Statutes, is amended to read as follows:

"**§302A-1302 School-based budget flexibility.** (a) Beginning with the 1995-1997 fiscal biennium, the department

shall implement school-based budget flexibility for schools, complexes, and learning support centers. The flexibility shall be limited to the school-based budgeting program EDN 100 of the department for all schools except [~~new century~~] charter schools [~~defined in section 302A-101 and new century conversion charter schools defined in section 302A-1191.~~] established under chapter 302B.

(b) Beginning in fiscal year [~~2004-2005,~~] 2006-2007, and every year thereafter, the charter school administrative office shall distribute the allocations due to a [~~new century~~] charter school [~~or new century conversion charter school pursuant to sections 302A-1185 and 302A-1191,~~] established under chapter 302B directly to the [~~new century~~] charter school [~~or new century conversion charter school~~]."

SECTION 12. Section 302A-1303.6, Hawaii Revised Statutes, is amended to read as follows:

"[~~[~~]**§302A-1303.6**[~~]~~] **Weighted student formula.** Based upon recommendations from the committee on weights, the board of education, not less than annually, shall adopt a weighted student formula for the allocation of moneys to public schools [~~which~~] that takes into account the educational needs of each student. The department, upon the receipt of appropriated

moneys, shall use the weighted student formula to allocate funds to public schools. Principals shall expend moneys provided to the principals' schools. This section shall only apply to [~~new century~~] charter schools [~~and new century conversion charter schools~~] for fiscal years in which the [~~new century~~] charter schools [~~and new century conversion charter schools~~] elect pursuant to section [~~302A-1182.5~~] 302B-13 to receive allocations according to the weighted student formula."

SECTION 13. Section 302A-1505, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

"(b) Prior to informing the department about the school's repair and maintenance needs, the school's principal shall consider the recommendations made by the school community council or the local school board, if the school is a [~~new century~~] conversion charter school[~~.~~] established under chapter 302B."

SECTION 14. Section 302A-1507, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

"(a) There is established a classroom cleaning project in all public schools, excluding [~~new century~~] charter schools [~~and new century conversion charter schools.~~] established under chapter 302B. Each school, through its school community

council, may develop mechanisms to provide for classroom cleaning, including but not limited to having parent, student, or other community groups clean the classrooms on a regular, continuing basis."

PART III

SECTION 15. The purpose of this part is to amend various sections of the Hawaii Revised Statutes relating to education and the department of education to further the ability of the State's charter schools to act independently of the department of education and the public schools that the department establishes and operates.

SECTION 16. Section 302A-301, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

"(a) There is established in the state treasury a trust fund to be known as the incentive and innovation grant trust fund to provide incentive and innovation grants to qualified schools[~~.~~]<u>, including charter schools.</u> Expenditures from the trust fund shall be made by the department and shall be subject to the allotment and expenditure plan required under section 37-34.5. Notwithstanding any other law to the contrary, tax deductible donations may be made to, and received by, this trust fund."

SECTION 17. Section 302A-1128, Hawaii Revised Statutes, is amended to read as follows:

"**§302A-1128 Department powers and duties.** (a) The department shall have entire charge and control and be responsible for the conduct of all affairs pertaining to public instruction[~~,~~] in the public schools the department establishes and operates, including operating and maintaining the capital improvement and repair and maintenance programs for department and school facilities. The department may establish and maintain schools for secular instruction at such places and for such terms as in its discretion it may deem advisable and the funds at its disposal may permit. The schools may include high schools, kindergarten schools, schools or classes for pregrade education, boarding schools, Hawaiian language medium education schools, and evening and day schools. The department may also maintain classes for technical and other instruction in any school where there may not be pupils sufficient in number to justify the establishment of separate schools for these purposes.

(b) The department shall regulate the courses of study to be pursued in all grades of the public schools it establishes

1 and operates, and classify them by methods the department deems
2 proper; provided that:
3 (1) The course of study and instruction shall be regulated
4 in accordance with the statewide performance standards
5 established under section 302A-201;
6 (2) All pupils shall be progressively competent in the use
7 of computer technology; and
8 (3) The course of study and instruction for the first
9 twelve grades shall provide opportunities for all
10 students to develop competency in a language in
11 addition to English.
12 The department shall develop statewide educational policies
13 and guidelines based on this subsection without regard to
14 chapter 91.
15 For the purposes of this subsection, the terms
16 "progressively competent in the use of computer technology" and
17 "competency in a language in addition to English" shall be
18 defined by policies adopted by the board. The board shall
19 formulate statewide educational policies allowing the
20 superintendent to exempt certain students from the requirements
21 of paragraphs (2) and (3) without regard to chapter 91.

(c) Nothing in this section shall interfere with those persons attending a summer school."

SECTION 18. Section 302A-1402, Hawaii Revised Statutes, is amended to read as follows:

"[~~[~~]**§302A-1402**[~~]~~] **Custodian of federal funds.** The director of finance is designated as custodian of all funds received as the state apportionment under any federal appropriations for public educational purposes and the director shall disburse the funds, pursuant to the requirements, restrictions, and regulations of the federal acts under which the funds may be provided, on vouchers approved by the board, or by any subordinate thereunto duly authorized by the board[~~.~~], or as appropriate, by the charter school administrative office."

SECTION 19. Section 302A-1403, Hawaii Revised Statutes, is amended to read as follows:

"[~~[~~]**§302A-1403**[~~]~~] **Authority to secure federal funds.** The department, the charter school administrative office, director of finance, and governor may take such steps and perform such acts as may be necessary or proper [~~in order~~] to secure any such federal funds for the purposes specified in sections 302A-1401 and 302A-1402."

SECTION 20. Section 302A-1404, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

"(a) The department and the charter school administrative office, as appropriate, may retain and expend federal indirect overhead reimbursements for discretionary grants in excess of the negotiated rate for such reimbursements as determined by the director of finance and the superintendent[~~.~~] or the director of finance and the executive director of the charter school administrative office."

SECTION 21. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 22. This Act shall take effect July 1, 2006.

HB 2962 HD1

Report Title:
Education; Charter Schools

Description:
Omnibus charter schools bill. Adopts many of the priority proposals developed by the Task Force on Charter School Governance that was established by Act 87, Session Laws of Hawaii 2005. (HB2962 HD1)