
A BILL FOR AN ACT

RELATING TO CHARTER SCHOOLS.

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

1 SECTION 1. Section 302B-5, Hawaii Revised Statutes, is
2 amended by amending subsection (d) to read as follows:

3 "(d) An application to become a start-up charter school
4 shall include a detailed implementation plan that meets the
5 requirements of this subsection and section 302B-9. The plan
6 shall include the following:

- 7 (1) A description of employee rights and management issues
8 and a framework for addressing those issues that
9 protects the rights of employees;
- 10 (2) A plan for identifying, recruiting, and retaining
11 highly-qualified instructional faculty;
- 12 (3) A plan for identifying, recruiting, and selecting
13 students that is not exclusive, elitist, or
14 segregationist;
- 15 (4) The curriculum and instructional framework to be used
16 to achieve student outcomes, including an assessment
17 plan;



- 1 (5) A plan for the assessment of student, administrative
2 support, and teaching personnel performance that:
- 3 (A) Recognizes the interests of the general public;
- 4 (B) Incorporates or exceeds the educational content
5 and performance standards developed by the
6 department for the public school system;
- 7 (C) Includes a system of faculty and staff
8 accountability that holds faculty and staff both
9 individually and collectively accountable for
10 their performance, and that is at least
11 equivalent to the average system of
12 accountability in public schools throughout the
13 ~~[State,]~~ state; and
- 14 (D) Provides for program audits and annual financial
15 audits;
- 16 (6) A governance structure for the charter school that
17 incorporates a conflict of interest policy and a plan
18 for periodic training to carry out the duties of local
19 school board members;
- 20 (7) A financial plan [~~based on the most recent fiscal~~
21 ~~year's per pupil charter school allocation~~] that
22 demonstrates the ability to meet the financial



1 obligations of one-time, start-up costs and ongoing
2 costs such as monthly payrolls, faculty recruitment,
3 professional development, and facilities costs; and

4 (8) A facilities plan."

5 SECTION 2. Section 302B-6, Hawaii Revised Statutes, is
6 amended by amending subsection (d) to read as follows:

7 "(d) An application to become a conversion charter school
8 shall include a detailed implementation plan that meets the
9 requirements of this subsection and section 302B-9. The plan
10 shall include the following:

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

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

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

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



- 1 (5) A plan for the assessment of student, administrative
2 support, and teaching personnel performance that:
- 3 (A) Recognizes the interests of the general public;
- 4 (B) Incorporates or exceeds the educational content
5 and performance standards developed by the
6 department for the public school system;
- 7 (C) Includes a system of faculty and staff
8 accountability that holds faculty and staff both
9 individually and collectively accountable for
10 their performance, and that is at least
11 equivalent to the average system of
12 accountability in public schools throughout the
13 ~~[state,]~~ state; and
- 14 (D) Provides for program audits and annual financial
15 audits;
- 16 (6) A governance structure for the charter school that
17 incorporates a conflict of interest policy and a plan
18 for periodic training to carry out the duties of local
19 school board members;
- 20 (7) A financial plan ~~[based on the most recent fiscal~~
21 ~~year's per pupil charter school allocation]~~ that
22 demonstrates the ability to meet the financial



1 obligations of one-time, start-up costs and ongoing
2 costs such as monthly payrolls, faculty recruitment,
3 professional development, and facilities costs; and
4 (8) A facilities plan."

5 SECTION 3. Section 302B-8, Hawaii Revised Statutes, is
6 amended to read as follows:

7 "§302B-8 Charter school administrative office. (a) There
8 is established a charter school administrative office, which
9 shall be attached to the department for administrative purposes
10 only. The office shall be administered by an executive
11 director, who shall be appointed without regard to chapters 76
12 and 89 by the panel based upon the recommendations of an
13 organization of charter schools operating within the [State]
14 state or from a list of nominees submitted by the charter
15 schools. The panel shall hire the executive director, who may
16 be contracted for a term of up to four years; shall offer the
17 executive director a written contract; and may terminate the
18 executive director's contract only for cause. The executive
19 director, with the approval of the panel, may hire necessary
20 staff without regard to chapters 76 and 89 to assist in the
21 administration of the office.



1 (b) The executive director, under the direction of the
2 panel and in consultation with the charter schools, shall be
3 responsible for the internal organization, operation, and
4 management of the charter school system, including:

- 5 (1) Preparing and executing the budget for the charter
6 schools, including submission of the budget request to
7 the board, the governor, and the legislature;
- 8 (2) Allocating annual appropriations to the charter
9 schools and distribution of federal funds to charter
10 schools;
- 11 (3) Complying with applicable state laws related to the
12 administration of the charter schools;
- 13 (4) Preparing contracts between the charter schools and
14 the department for centralized services to be provided
15 by the department;
- 16 (5) Preparing contracts between the charter schools and
17 other state agencies for financial or personnel
18 services to be provided by the agencies to the charter
19 schools;
- 20 (6) Providing independent analysis and recommendations on
21 charter school issues;



- 1 (7) Representing charter schools and the charter school
2 system in communications with the board, the governor,
3 and the legislature;
- 4 (8) Providing advocacy, assistance, and support for the
5 development, growth, progress, and success of charter
6 schools and the charter school system;
- 7 (9) Providing guidance and assistance to charter
8 applicants and charter schools to enhance the
9 completeness and accuracy of information for panel
10 review;
- 11 (10) Assisting charter applicants and charter schools in
12 coordinating their interactions with the panel as
13 needed;
- 14 (11) Assisting the panel to coordinate with charter schools
15 in panel investigations and evaluations of charter
16 schools;
- 17 (12) Serving as the conduit to disseminate communications
18 from the panel, the board, and the department to all
19 charter schools;
- 20 (13) Determining charter school system needs and
21 communicating those needs to the panel, the board, and
22 the department;



1 (14) Establishing a dispute resolution and mediation
2 process; and

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

7 (c) The executive director shall be evaluated annually by
8 the panel. The annual evaluation shall be conducted
9 sufficiently in advance of the end of a term to provide the
10 executive director the opportunity to respond to concerns and
11 improve performance.

12 (d) The salary of the executive director and staff shall
13 be set by the panel based upon the recommendations of charter
14 schools within the [~~State,~~] state; provided that the salaries
15 and operational expenses of the office shall be paid from the
16 annual charter school appropriation and shall not exceed two per
17 cent of the total allocation in any fiscal year.

18 ~~[(c) The office shall include in its annual budget request~~
19 ~~additional funds to cover the estimated costs of:~~

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



1 ~~(2) Substitute teachers needed when a teacher is out on~~
2 ~~vacation or sick leave,~~

3 ~~(3) Adjustments to enrollments, and~~

4 ~~(4) Arbitration in the grievance process.~~

5 ~~(f)]~~ (e) The office shall withhold funds for charter
6 school enrollments that are inconsistent with approved detailed
7 implementation plans.

8 ~~(g)]~~ (f) The office shall withhold funds to repay
9 overpayments or over-allocations received by charter schools
10 when not repaid in a timely manner in accordance with rules
11 adopted by the board.

12 ~~(h)]~~ (g) The office may carry over funds from previous
13 year allocations. Funds distributed to charter schools shall be
14 considered expended."

15 SECTION 4. Section 302B-12, Hawaii Revised Statutes, is
16 amended to read as follows:

17 "§302B-12 Funding and finance. ~~[(a) Beginning with~~
18 ~~fiscal year 2006-2007, and each fiscal year thereafter, the~~
19 ~~office shall submit a request for general fund appropriations~~
20 ~~for each charter school based upon:~~

21 ~~(1) The actual and projected enrollment figures in the~~
22 ~~current school year for each charter school,~~



1 ~~(2) A per pupil amount for each regular education and~~
2 ~~special education student, which shall be equivalent~~
3 ~~to the total per pupil cost based upon average~~
4 ~~enrollment in all regular education cost categories,~~
5 ~~including comprehensive school support services but~~
6 ~~excluding special education services, and for all~~
7 ~~means of financing except federal funds, as reported~~
8 ~~in the most recently approved executive budget~~
9 ~~recommendations for the department, provided that in~~
10 ~~preparing the budget the executive director shall~~
11 ~~include an analysis of the proposed budget in~~
12 ~~relationship to the most recently published department~~
13 ~~consolidated annual financial report; provided further~~
14 ~~that the legislature may make an adjustment to the~~
15 ~~per pupil allocation for the purposes of this section;~~
16 ~~and~~

17 ~~(3) Those fringe benefit costs requested shall be included~~
18 ~~in the department of budget and finance's annual~~
19 ~~budget request. No fringe benefit costs shall be~~
20 ~~charged directly to or deducted from the charter~~
21 ~~school per pupil allocations unless they are already~~



1 ~~included in the funds distributed to the charter~~
2 ~~school.~~

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

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

11 (a) The office, in submitting its budgetary request to the
12 director of finance, shall also submit a report of all means of
13 financing.

14 (b) Charter schools shall be eligible for all federal
15 financial support to the same extent as all other public
16 schools. The department shall provide the office with all
17 state-level federal grant proposals submitted by the department
18 that include charter schools as potential recipients and timely
19 reports on state-level federal grants received for which charter
20 schools may apply or are entitled to receive. Federal funds
21 received by the department for charter schools shall be
22 transferred to the office for distribution to charter schools in



1 accordance with the federal requirements. If administrative
2 services related to federal grants and subsidies are provided to
3 the charter school by the department, the charter school shall
4 reimburse the department for the actual costs of the
5 administrative services in an amount that shall not exceed six
6 and one-half per cent of the charter school's federal grants and
7 subsidies.

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

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



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

4 ~~(1) Provide fifty per cent of a charter school's per pupil~~
5 ~~allocation based on the charter school's projected~~
6 ~~student enrollment no later than July 20 of each~~
7 ~~fiscal year; provided that the charter school shall~~
8 ~~have submitted to the office a projected student~~
9 ~~enrollment no later than May 15 of each year;~~

10 ~~(2) Provide an additional forty per cent of a charter~~
11 ~~school's per pupil allocation no later than~~
12 ~~November 15 of each year; provided that the charter~~
13 ~~school shall have submitted to the office:~~

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

19 ~~(B) An accounting of the percentage of student~~
20 ~~enrollment that transferred from public schools~~
21 ~~established and maintained by the department;~~
22 ~~provided that these accountings shall also be~~



1 ~~submitted by the office to the legislature no~~
2 ~~later than twenty days prior to the start of each~~
3 ~~regular session; and~~

4 ~~(3) Retain the remaining ten per cent of a charter~~
5 ~~school's per pupil allocation no later than January 1~~
6 ~~of each year as a contingency balance to ensure fiscal~~
7 ~~accountability;~~

8 ~~provided that the panel may make adjustments in allocations~~
9 ~~based on noncompliance with federal and state reporting~~
10 ~~requirements, the office's administrative procedures, and board-~~
11 ~~approved accountability requirements.~~

12 ~~(d)]~~ (c) The department shall provide appropriate
13 transitional resources to a conversion charter school for its
14 first year of operation as a charter school based upon the
15 department's allocation to the school for the year prior to the
16 conversion.

17 ~~[(e)]~~ (d) No start-up charter school or conversion charter
18 school may assess tuition."

19 SECTION 5. Statutory material to be repealed is bracketed
20 and stricken. New statutory material is underscored.

21 SECTION 6. This Act shall take effect on July 1, 2020.



Report Title:

Charter Schools; Funding

Description:

Eliminates the per-pupil method of funding for charter schools, requiring the charter schools to follow the same budgetary request process as other state agencies. Requires the Charter School Administrative Office to submit a report of all means of financing with its budgetary request to the Director of Finance.
(HB1686 HD2)

