

Honolulu, Hawaii
March 19, 2014

RE: S.B. No. 2518
S.D. 2
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Sir:

Your Committee on Education, to which was referred S.B. No. 2518, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO EDUCATION,"

begs leave to report as follows:

The purpose of this measure is to improve the law governing public charter schools by, among other things:

- (1) Allowing the State Public Charter School Commission to assess fees upon non-state entities and individuals to help cover its operating costs and to set initial fee amounts without following generally applicable rulemaking procedures upon compliance with alternate notice and hearing requirements;
- (2) Requiring that a charter applicant satisfactorily meet pre-opening criteria set by the authorizer before becoming an entity of the State by entering into and executing a charter contract to open a school;
- (3) Providing that an approved charter applicant that fails to satisfactorily meet the pre-opening criteria and enter into a charter contract or withdraws its application will be required to pursue a new application and approval process to execute a charter contract;



- (4) Specifying that legislatively appropriated funding for the State Public Charter School Commission be independent of funding for charter schools;
- (5) Amending annual reporting requirements for authorizers and the Board of Education;
- (6) Amending requirements for service on a governing board, for the conduct of meetings by a governing board, and for notice of meetings by a governing board;
- (7) Repealing the authorization for the formation of a conversion charter school by an existing Hawaiian language immersion program;
- (8) Providing for the reconstitution of governing boards under exigent circumstances;
- (9) Allowing authorizers to direct a governing board and charter school to take immediate appropriate action to address serious health and safety issues; and
- (10) Making various technical and conforming amendments.

The State Public Charter School Commission, Department of Human Services, and Hawaii Public Charter Schools Network supported the bill. The Department of Budget and Finance submitted comments.

Your Committee has amended the bill by, among other things:

- (1) Allowing an authorizer to require that a charter applicant whose charter application is approved by the authorizer satisfactorily meet pre-contracting criteria set by the authorizer before entering into a charter contract;
- (2) Requiring an authorizer to establish pre-opening criteria to ensure that a pre-opening charter school is prepared to open and operate successfully as a school, including the imposition of certain funding limitations;
- (3) Providing for at least a one-year "cooling-off period" after the conclusion of a vendor's or contractor's service to a charter school with respect to:



- (A) The voting membership of that particular charter school's governing board; and
 - (B) Service as the chair of that particular charter school's governing board;
- (4) Amending the performance framework of the performance provisions within a charter contract to include financial and organizational performance indicators, measures, and metrics;
 - (5) Requiring an authorizer to issue a charter school performance report and charter contract renewal application guidance by December 31 to any charter school whose charter contract is in its final contract year;
 - (6) Exempting charter schools, authorizers, and the State Public Charter School Commission from the requirements of section 302A-1401, Hawaii Revised Statutes, pertaining to the administration and use of federal funds;
 - (7) Allowing the State Public Charter School Commission to request facilities funding for charter schools as part of its annual budget request to the Director of Finance and receive and expend any funds provided by the facilities-funding request;
 - (8) Permitting an authorizer to allow a financial review, in lieu of an independent financial audit, of a charter school; and
 - (9) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2518, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2518, S.D. 2, H.D. 1, and be referred to the Committee on Finance.



Respectfully submitted on
behalf of the members of the
Committee on Education,



ROY M. TAKUMI, Chair



