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# A BILL FOR AN ACT

RELATING TO PUBLIC CHARTER SCHOOLS.

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

1           SECTION 1. The legislature finds that facilities funding  
2 has been a long-standing issue for charter schools nationally  
3 and locally. In Hawaii, start-up charter schools have paid the  
4 costs of their facilities from operational funds. However, Act  
5 159, Session Laws of Hawaii 2013, authorized the state public  
6 charter school commission to request facilities funding as part  
7 of its annual budget request to the director of finance  
8 beginning with the 2014-2015 fiscal year.

9           During the regular session of 2014, several bills providing  
10 some type of facilities funding reached the committee on  
11 conference, indicating recognition of the need to support  
12 charter schools facilities to help ensure the financial,  
13 academic, and organizational health of public charter schools.  
14 However, the bills failed to pass the legislature. A recent  
15 board of education report on charter schools also recognized  
16 that the long-term financial sustainability of charter schools  
17 remains a concern.



1 The purpose of this Act is to provide:

2 (1) A framework for providing facilities funding and  
3 support for public charter school facilities with  
4 adequate prioritization, oversight, and  
5 accountability; and

6 (2) Charter schools with the opportunity to secure the use  
7 of additional state facilities deemed vacant and  
8 appropriate for use.

9 SECTION 2. Chapter 302D, Hawaii Revised Statutes, is  
10 amended by adding a new section to be appropriately designated  
11 and to read as follows:

12 "§302D- Use of vacant department facilities. (a) When  
13 any department considers whether to close any particular  
14 facility, it shall give reasonable consideration to making all  
15 or portions of the facility available to charter schools and  
16 pre-plus programs; provided that the facilities may be used for  
17 any other purpose the department of education deems appropriate.

18 (b) Each department shall identify to the state public  
19 charter school commission and executive office on early learning  
20 suitable unused facilities that may be appropriate for:

21 (1) Public charter schools;



- 1        (2) Early learning programs, including but not limited to  
2        the pre-plus program; and  
3        (3) Any other purpose the department of education deems  
4        appropriate.

5        Each department shall inventory such suitable facilities,  
6        and priority shall be given to facilities on sites with  
7        sufficient space for three or more classrooms.

8        (c) Each department shall adopt rules pursuant to chapter  
9        91 necessary to carry out the purposes of this section.

10       (d) For purposes of this section, "department" means all  
11       of the departments listed in section 26-4, as may be amended  
12       from time to time, except the department of education.

13       (e) Upon receipt of a notice pursuant to subsection (b),  
14       the state public charter school commission and executive office  
15       on early learning shall:

16       (1) Solicit applications from public charter schools and  
17       pre-plus programs, respectively, that are interested  
18       in using and occupying all or portions of the  
19       facilities; and

20       (2) Submit a prioritized list of public charter schools  
21       and pre-plus programs, respectively, to the department



1           of education for final determination of which public  
2           charter schools and pre-plus programs, if any, shall  
3           be authorized to use and occupy the facilities."

4           SECTION 3. Section 302D-21, Hawaii Revised Statutes, is  
5 amended to read as follows:

6           "**§302D-21 Annual board report.** No later than twenty days  
7 prior to the convening of each regular session of the  
8 legislature, the board shall issue to the governor, the  
9 legislature, and the public, an annual report on the State's  
10 public charter schools, drawing from the annual reports  
11 submitted by every authorizer, as well as any additional  
12 relevant data compiled by the board, for the school year ending  
13 in the preceding calendar year. The annual report shall  
14 include:

- 15           (1) The board's assessment of the successes, challenges,  
16 and areas for improvement in meeting the purposes of  
17 this chapter, including the board's assessment of the  
18 sufficiency of funding for public charter schools, and  
19 any suggested changes in state law or policy necessary  
20 to strengthen the State's public charter schools;



- 1 (2) A line-item breakdown of all federal funds received by  
2 the department and distributed to authorizers;
- 3 (3) Any concerns regarding equity and recommendations to  
4 improve access to and distribution of federal funds to  
5 public charter schools; [~~and~~]
- 6 (4) A summary of the criteria used by the charter school  
7 facilities funding working group in allocating  
8 facilities funding;
- 9 (5) A detailed breakdown of the allocation of funding  
10 through general funds and bond funds;
- 11 (6) A detailed list of the projects funded by general  
12 funds and bond funds;
- 13 (7) The status of funding for projects previously awarded;  
14 and
- 15 [~~(4)~~] (8) A discussion of all board policies adopted in the  
16 previous year, including a detailed explanation as to  
17 whether each policy is or is not applicable to charter  
18 schools."

19 SECTION 4. Section 302D-29.5, Hawaii Revised Statutes, is  
20 amended to read as follows:



1           **"§302D-29.5 Facilities funding.** [~~(a)~~ Beginning with  
2 ~~fiscal year 2014-2015 and each fiscal year thereafter, the~~  
3 ~~commission may request facilities funding for charter schools as~~  
4 ~~part of its annual budget request to the director of finance and~~  
5 ~~may receive, expend, or allocate any funds provided by the~~  
6 ~~facilities funding request.~~

7           ~~(b) The legislature may make an appropriation based upon~~  
8 ~~the facilities funding request pursuant to subsection (a).]~~

9           (a) Beginning with the 2016-2017 fiscal year, and each  
10 fiscal year thereafter, the legislature shall consider making an  
11 appropriation and bond authorization to the commission for  
12 facilities funding for charter schools separate from, and in  
13 addition to, any appropriation made to charter schools pursuant  
14 to sections 302D-28 and 302D-29.5. These amounts shall be  
15 prioritized for allocation by the charter school facilities  
16 working group.

17           ~~(e)]~~ (b) The governor, pursuant to chapter 37, may impose  
18 restrictions or reductions on appropriations for charter schools  
19 similar to those imposed on department schools.



1       ~~(d)~~ (c) This section shall not limit the ability of the  
2 director of finance to modify or amend any allotment pursuant to  
3 chapter 37.

4       (d) There is established a charter school facilities  
5 funding working group within the commission, which shall consist  
6 of the following members, or their designees:

7       (1) The chairperson of the commission;

8       (2) The executive director of the commission;

9       (3) The director of finance;

10      (4) The comptroller;

11      (5) The superintendent of education;

12      (6) An individual with expertise in real estate, to be  
13 appointed by the chairperson of the commission; and

14      (7) An individual with expertise in finance, to be  
15 appointed by the chairperson of the commission.

16      ~~(e)~~ The commission shall develop criteria to determine  
17 the distribution of funds appropriated pursuant to subsection  
18 ~~(b)~~ (a) to the charter schools. The criteria shall include  
19 but not be limited to factors such as distribution based on the  
20 need and performance of the charter schools~~[-]~~, overall benefit  
21 to the surrounding community, amount of risk and availability of



1 recourse to the State, and whether a particular charter school  
 2 received facilities funding through other state funding, such as  
 3 grants-in-aid or a separate appropriation. The charter school  
 4 facilities funding working group shall prioritize the allocation  
 5 of general fund appropriations and bond proceeds for public  
 6 charter schools to expend based on the criteria established by  
 7 the commission.

8        [~~f~~] (e) Nothing in this section shall be construed as  
 9 restricting the authority of the commission to support the  
 10 facilities needs of the charter schools through other means."

11        SECTION 5. There is appropriated out of the general  
 12 revenues of the State of Hawaii the sum of \$                    or so much  
 13 thereof as may be necessary for fiscal year 2015-2016 and the  
 14 same sum or so much thereof as may be necessary for fiscal year  
 15 2016-2017 for the charter school facilities funding working  
 16 group to allocate to charter schools for facilities based on  
 17 criteria developed by the state public charter school  
 18 commission.

19        The sums appropriated shall be expended by the state public  
 20 charter school commission for the purposes of this Act.





1 SECTION 6. The director of finance is authorized to issue  
 2 general obligation bonds in the sum of \$ or so much  
 3 thereof as may be necessary and the same sum or so much thereof  
 4 as may be necessary is appropriated for fiscal year 2015-2016  
 5 for the purpose of designing, planning, constructing, repairing,  
 6 and maintaining public charter school facilities.

7 The sums appropriated shall be expended by the state public  
 8 charter school commission for the purposes of this Act.

9 SECTION 7. The appropriation made for the capital  
 10 improvement project authorized by this Act shall not lapse at  
 11 the end of the fiscal biennium for which the appropriation is  
 12 made; provided that all moneys from the appropriation  
 13 unencumbered as of June 30, 2018, shall lapse as of that date.

14 SECTION 8. Statutory material to be repealed is bracketed  
 15 and stricken. New statutory material is underscored.

16 SECTION 9. This Act shall take effect upon its approval;  
 17 provided that sections 5 and 6 shall take effect on July 1,  
 18 2015.



**Report Title:**

State Public Charter Schools Commission; Facilities Funding;  
Appropriation; General Obligation Bonds

**Description:**

Requires state departments, upon the closure of facilities, to consider the facility's suitability for use by public charter schools or early learning pre-plus programs, and to notify the State Public Charter School Commission or Executive Office on Early Learning of the availability and suitability of the facility. Requires more detailed annual reporting by the State Public Charter School Commission. Establishes a Charter School Facilities Funding Working Group. Appropriates funds for public charter schools. Authorizes the issuance of general obligation bonds and appropriates funds for public charter school facilities' design, planning, construction, repair, and maintenance. (HB1251 HD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

