
A BILL FOR AN ACT

RELATING TO TEACHER INCENTIVES.

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

1 SECTION 1. The legislature finds that public charter
2 schools provide an exciting and effective option as an
3 alternative form of public education for the students of Hawaii.
4 A major component in the success of public charter schools is
5 the dedication of their administrators, staff, and teachers in
6 creating an environment of educational excellence. Similar to
7 their counterparts within public schools established and
8 maintained by the department of education, teachers at public
9 charter schools who have earned national board certification or
10 committed to work at schools in a location determined by the
11 department of education as hard-to-fill are entitled to receive
12 incentive bonuses. However, unlike their counterparts within
13 public schools established and maintained by the department of
14 education, which have a designated fund for the payment of these
15 incentive bonuses, public charter schools have paid incentive
16 bonuses out of each individual school's per-pupil funds. This
17 is a cost not calculated into the moneys provided to public



1 charter schools each year by the State. Because some public
2 charter schools are small institutions with lean budgets, the
3 additional expense created by these payments creates a situation
4 in which school administrators must choose between hiring and
5 retaining high-quality teachers and balancing their budgets.

6 The purpose of this Act is to ensure a fair allocation of
7 funds meant to benefit students who attend public schools
8 established and maintained by the department of education and
9 students who attend public charter schools by mandating that
10 incentive bonuses for public charter school teachers shall not
11 be paid from a charter school's facilities funding or per-pupil
12 funds.

13 SECTION 2. Section 302D-28, Hawaii Revised Statutes, is
14 amended to read as follows:

15 **"§302D-28 Funding and finance.** (a) Beginning with fiscal
16 year 2012-2013, and each fiscal year thereafter, the non-
17 facility general fund per-pupil funding request for charter
18 school students shall be the same as the general fund per-pupil
19 amount to the department in the most recently approved executive
20 budget recommendation for the department and shall be based upon
21 reasonable projected enrollment figures for all charter schools.



1 The general fund per-pupil request for each regular education
2 and special education student shall:

3 (1) Include all general fund regular education cost
4 categories, including comprehensive school support
5 services, but excluding special education services,
6 adult education, and the after-school plus program;
7 provided that these services are provided and funded
8 by the department; and

9 (2) Exclude fringe benefit costs; costs of teacher
10 incentives, bonuses, and other compensation beyond
11 regular wages; and debt service.

12 (b) Fringe benefit costs for charter school employees,
13 regardless of the payroll system utilized by a charter school,
14 shall be included in the department of budget and finance's
15 annual budget request. No fringe benefit costs shall be charged
16 directly to or deducted from the charter school per-pupil
17 allocations.

18 The legislature shall make an appropriation based upon the
19 budget request; provided that the legislature may make
20 additional appropriations for facility and other costs.



1 The governor, pursuant to chapter 37, may impose
2 restrictions or reductions on charter school appropriations
3 similar to those imposed on department schools.

4 (c) Notwithstanding any law to the contrary, to ensure
5 non-facility per-pupil general fund amounts allocated for the
6 department and charter school students are equal on an
7 annualized fiscal year basis, each year the director of finance
8 shall:

- 9 (1) Determine the sum of general fund appropriations made
10 for department and charter school student non-facility
11 costs described in subsections (a) and (b);
- 12 (2) Determine the sum of department and charter school
13 student enrollment based on reviewed and verified
14 student enrollment counts as of October 15;
- 15 (3) Determine a per-pupil amount by dividing the sum of
16 general fund appropriations determined under paragraph
17 (1) by the sum of student enrollment determined under
18 paragraph (2);
- 19 (4) Transfer a general fund amount between the department
20 and charter schools that will provide each with a per-



1 pupil allocation equal to the amount determined on an
2 annualized fiscal year basis under paragraph (3); and
3 (5) Annually account for all calculations and transfers
4 made pursuant to this subsection in a report to the
5 legislature, governor, department, and charter
6 schools.

7 This subsection shall not limit the ability of the director of
8 finance to modify or amend any allotment pursuant to chapter 37.

9 (d) Charter schools shall be eligible for all federal
10 financial support to the same extent as department schools. The
11 department shall provide all authorizers with all state-level
12 federal grant proposals submitted by the department that include
13 charter schools as potential recipients and timely reports on
14 state-level federal grants received for which charter schools
15 may apply or are entitled to receive. Federal funds received by
16 the department for charter schools shall be transferred to
17 authorizers for distribution to the charter schools they
18 authorize in accordance with the federal requirements. If
19 administrative services related to federal grants are provided
20 to the charter school by the department, the charter school
21 shall reimburse the department for the actual costs of the



1 administrative services in an amount that shall not exceed six
2 per cent of the charter school's federal grants.

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

14 All additional funds generated by the governing boards[7]
15 that are not from a supplemental grant[7] shall be held separate
16 from allotted funds and may be expended at the discretion of the
17 governing boards.

18 (e) Authorizers shall calculate a general fund per-pupil
19 amount based upon the amount of general funds appropriated by
20 the legislature and released by the governor and the projected



1 enrollment amount used to calculate the general funds
2 appropriated pursuant to subsection (a).

3 Authorizers shall submit a report to the legislature no
4 later than twenty days prior to the convening of each regular
5 session that contains each charter school's current school year
6 projection that is used to submit the budget request, the
7 updated May 15 enrollment projection, the actual October 15
8 enrollment count, the authorizer's reviewed and verified
9 enrollment count, and the November 15 enrollment count.

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

15 (1) Provide sixty per cent of a charter school's per-pupil
16 allocation based on the charter school's projected
17 student enrollment no later than July 20 of each
18 fiscal year; provided that the charter school shall
19 have submitted to its authorizer a projected student
20 enrollment no later than May 15 of each year;



1 (2) Provide an additional thirty per cent of a charter
2 school's per-pupil allocation no later than December 1
3 of each year, based on the October 15 student
4 enrollment, as reviewed and verified by the
5 authorizer, only to schools in compliance with all
6 financial reporting requirements; and

7 (3) Retain no more than the balance of the remaining ten
8 per cent of a charter school's per-pupil allocation,
9 as a contingency balance to ensure fiscal
10 accountability and compliance, no later than June 30
11 of each year;

12 provided that authorizers may make adjustments in allocations
13 based on noncompliance with charter contracts and the board may
14 make adjustments in allocations based on noncompliance with
15 board policies made in the board's capacity as the state
16 education agency, department directives made in the department's
17 capacity as the state education agency, the board's
18 administrative procedures, and board-approved accountability
19 requirements.

20 (g) The department shall provide appropriate transitional
21 resources to a conversion charter school for its first year of



1 operation as a charter school based upon the department's
2 allocation to the school for the year prior to the conversion.

3 (h) No charter school may assess tuition; provided that a
4 charter school may assess and collect special fees and charges
5 from students for co-curricular activities. Any special fees
6 and charges collected pursuant to this subsection shall be
7 deposited into insured checking or savings accounts and expended
8 by each individual charter school.

9 (i) Funds necessary to pay for teacher incentive programs,
10 bonuses, and other compensation required by law or collective
11 bargaining beyond regular wages shall not be paid out of a
12 charter school's facilities funding or per-pupil funds.
13 Beginning with fiscal year 2018-2019, and each fiscal year
14 thereafter, the funding request for teacher incentive programs,
15 bonuses, and other compensation required by law or collective
16 bargaining beyond regular wages for each charter school shall be
17 a separate line item in the general appropriations act and
18 supplemental appropriations act."

19 SECTION 3. There is appropriated out of the general
20 revenues of the State of Hawaii the sum of \$ or so much



1 thereof as may be necessary for fiscal year 2018-2019 to pay for
2 the following bonuses for public charter school teachers:

3 (1) Collectively bargained placement bonuses in hard-to-
4 fill schools, as determined by the department of
5 education; and

6 (2) Teacher national board certification incentive program
7 bonuses pursuant to section 302A-706, Hawaii Revised
8 Statutes.

9 The sum appropriated shall be expended by the state public
10 charter school commission for the purposes of this Act.

11 SECTION 4. Statutory material to be repealed is bracketed
12 and stricken. New statutory material is underscored.

13 SECTION 5. This Act shall take effect on July 1, 2050.



Report Title:

Charter Schools; Teacher Incentives; Teacher Bonuses;
Appropriation

Description:

Clarifies that funds for bonuses required by statute or collective bargaining shall not be paid out of a charter school's facilities funding or per-pupil funds. Beginning with fiscal year 2018-2019, requires that such bonuses be separate line items in the budget. Appropriates funds for teacher bonuses for hard-to-fill placement incentives and National Board certified teacher incentives for charter school teachers. Effective 7/1/2050. (SD1)

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