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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 PART I

2 SECTION 1. Chapter 302D, Hawaii Revised Statutes, is  
3 amended by adding two new sections to be appropriately  
4 designated and to read as follows:

5 "§302D- Federal investigations. An employee of a  
6 charter school who receives written notification from a  
7 department or agency of the United States government regarding  
8 the existence of a criminal investigation of or criminal charges  
9 against any employee of the charter school for actions taken in  
10 the course of employment at the charter school shall inform the  
11 charter school's authorizer of the criminal investigation or  
12 criminal charges within five days of the notification. A person  
13 who fails to comply with this subsection shall be guilty of a  
14 misdemeanor.

15 §302D- Legislative appropriations; state treasury. All  
16 funds appropriated to charter schools by the legislature shall  
17 remain in the state treasury until requested for disbursement



1 pursuant to section 302D-28(f) or, if a charter school closes,  
2 shall be expended after approval of the authorizer or order of  
3 the court."

4 SECTION 2. Section 302D-17, Hawaii Revised Statutes, is  
5 amended by amending subsection (a) to read as follows:

6 "(a) An authorizer shall continually monitor the  
7 performance and legal compliance of the public charter schools  
8 it oversees, including collecting and analyzing data to support  
9 ongoing evaluation according to the charter contract. Every  
10 authorizer shall have the authority to conduct or require  
11 oversight activities that enable the authorizer to fulfill its  
12 responsibilities under this chapter, including conducting  
13 appropriate inquiries, audits, and investigations, so long as  
14 those activities are consistent with the intent of this chapter  
15 and adhere to the terms of the charter contract."

16 SECTION 3. Section 302D-28, Hawaii Revised Statutes, is  
17 amended by amending subsection (f) to read as follows:

18 "(f) Each authorizer shall develop and maintain a purchase  
19 order system that its charter schools shall use to pay for  
20 expenses. A charter school shall submit a purchase order to the  
21 authorizer and the authorizer shall disburse funds to the



1 vendor. No funds, except those collected pursuant to subsection  
2 (h), shall be disbursed except through the purchase order  
3 system. To enable charter schools to access state funding prior  
4 to the start of each school year, foster their fiscal planning,  
5 enhance their accountability, and avoid over-allocating general  
6 funds to charter schools based on self-reported enrollment  
7 projections, authorizers shall:

8 (1) [~~Provide~~] Make available for payment of purchase  
9 orders not more than sixty per cent of a charter  
10 school's per-pupil allocation based on the charter  
11 school's projected student enrollment no later than  
12 July 20 of each fiscal year; provided that the charter  
13 school shall have submitted to its authorizer a  
14 projected student enrollment no later than May 15 of  
15 each year;

16 (2) [~~Provide~~] Make available for payment of purchase  
17 orders not more than an additional thirty per cent of  
18 a charter school's per-pupil allocation no later than  
19 December 1 of each year, based on the October 15  
20 student enrollment, as reviewed and verified by the  
21 authorizer[~~, only to schools~~]; provided that the



1           school is in compliance with all financial reporting  
2           requirements; and

3           (3) [~~Retain no more than~~] Deny payment of any purchase  
4           orders if payment of those purchase orders would  
5           reduce the balance of the remaining ten per cent of a  
6           charter school's per-pupil allocation, as a  
7           contingency balance to ensure fiscal accountability  
8           and compliance [~~, no later than~~] until June 30 of each  
9           year;

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

18          SECTION 4. Section 302D-32, Hawaii Revised Statutes, is  
19          amended to read as follows:

20                "**§302D-32 Annual audit [~~or financial review~~].** Each  
21          charter school shall annually complete an independent financial



1 audit that complies with the requirements of its authorizer and  
2 the department [~~provided that the authorizer shall have the~~  
3 ~~discretion to allow a financial review in lieu of an independent~~  
4 ~~financial audit~~]. The authorizer shall be responsible for the  
5 selection of independent auditors to fulfill the requirement of  
6 this section."

7 PART II

8 SECTION 5. Section 302A-122, Hawaii Revised Statutes, is  
9 amended to read as follows:

10 "[~~f~~]**§302A-122**[~~t~~] **Board of education; eligibility.** (a)

11 Except as otherwise provided by law, state officers shall be  
12 eligible for appointment and membership to the board.

13 (b) No person shall be eligible for appointment to the  
14 board:

15 (1) Under section 302A-121(a)(1) through (4) unless the  
16 person is a resident of the county from which the  
17 person is to be appointed; [~~e~~]

18 (2) Under section 302A-121(a)(5) unless the person is a  
19 resident of the State[~~-~~]; or

20 (3) If the person is affiliated with any public charter  
21 school. For the purposes of this paragraph,



1           "affiliated" means attached or connected as a current  
2           or previous employee, governing board member, vendor,  
3           contractor, agent, or representative."

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

6           "§302D-8 Conflict of interests. (a) A member of the  
7 state public charter school commission shall not be affiliated  
8 with any public charter school.

9           For the purposes of this subsection, "affiliated" means  
10 attached or connected as a current or previous employee,  
11 governing board member, vendor, contractor, agent, or  
12 representative.

13           (b) [Nø] An employee, trustee, agent, or representative of  
14 an authorizer [may] shall not simultaneously serve as an  
15 employee, trustee, agent, representative, vendor, or contractor  
16 of a public charter school authorized by that authorizer.  
17 Authorizer members shall disclose to the authorizer a list of  
18 all charter schools in which the member has previously been an  
19 employee, governing board member, vendor, contractor, agent, or  
20 representative."



1 PART III

2 SECTION 7. This Act does not affect rights and duties that

3 matured, penalties that were incurred, and proceedings that were

4 begun before its effective date.

5 SECTION 8. Statutory material to be repealed is bracketed

6 and stricken. New statutory material is underscored.

7 SECTION 9. This Act shall take effect on July 1, 2050.



**Report Title:**

Charter Schools; Authorizers; Audit; Federal Investigation;  
Funding; Purchase Order System

**Description:**

Establishes new reporting requirement for charter schools.  
Requires establishment of a purchase order system to pay charter  
school expenses. Requires authorizers to select the independent  
auditors. Prohibits affiliations between Board of Education or  
Charter School Commission members and charter schools. (HB622  
HD2)

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not legislation or evidence of legislative intent.*

