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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. Section 302D-8, Hawaii Revised Statutes, is  
2 amended to read as follows:

3 "~~§~~302D-8 **Conflict of interests.** (a) A member of the  
4 state public charter school commission shall not be eligible to  
5 serve on the commission if the member was affiliated with any  
6 public charter school within one year preceding appointment to  
7 the commission.

8 As used in this subsection, "affiliated" means attached or  
9 connected as a current or previous employee, governing board  
10 member, vendor, contractor, agent, or representative.

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



1 employee, governing board member, vendor, contractor, agent, or  
2 representative."

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

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

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



1           "(f) To enable charter schools to access state funding  
2 prior to the start of each school year, foster their fiscal  
3 planning, enhance their accountability, and avoid over-  
4 allocating general funds to charter schools based on self-  
5 reported enrollment projections, authorizers shall:

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

12           (2) Provide an additional thirty per cent of a charter  
13 school's per-pupil allocation no later than December 1  
14 of each year, based on the October 15 student  
15 enrollment, as reviewed and verified by the  
16 authorizer [~~only to schools~~]; provided that the  
17 school is in compliance with all financial reporting  
18 requirements; and

19           (3) Retain no more than the balance of the remaining ten  
20 per cent of a charter school's per-pupil allocation,  
21 as a contingency balance to ensure fiscal



1           accountability and compliance, no later than June 30  
2           of each year;  
3 provided that authorizers may make adjustments in allocations  
4 based on noncompliance with charter contracts and the board may  
5 make adjustments in allocations based on noncompliance with  
6 board policies made in the board's capacity as the state  
7 education agency, department directives made in the department's  
8 capacity as the state education agency, the board's  
9 administrative procedures, and board-approved accountability  
10 requirements."

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

13           "§302D-32 Annual audit [or financial review]. Each  
14 charter school shall annually complete an independent financial  
15 audit that complies with the requirements of its authorizer and  
16 the department [~~; provided that the authorizer shall have the~~  
17 ~~discretion to allow a financial review in lieu of an independent~~  
18 ~~financial audit]~~. The authorizer shall select three independent  
19 auditors, from which the charter school shall select one  
20 independent auditor to comply with this section."



1 SECTION 5. This Act does not affect rights and duties that  
2 matured, penalties that were incurred, and proceedings that were  
3 begun before its effective date.

4 SECTION 6. Statutory material to be repealed is bracketed  
5 and stricken. New statutory material is underscored.

6 SECTION 7. This Act shall take effect on July 1, 2019.



**Report Title:**

Charter Schools; Authorizers; Audit; Fiscal Accountability

**Description:**

Requires charter schools to provide to their authorizers full access to their fiscal and accounting books, documents, and files. Requires authorizers to select three independent auditors, from which the charter school will select one independent auditor. Prohibits individuals from serving as Charter School Commission members if the individual was affiliated with a charter school within one year preceding appointment. (HB622 CD1)

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