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STATE OF HAWAII
STATE PUBLIC CHARTER SCHOOL COMMISSION
(‘AHA KULA HO‘ĀMANA)

GENERAL BUSINESS MEETING

Meeting minutes of Thursday, July 9, 2015

Queen Liliuokalani Building
1390 Miller Street, Honolulu, Hawaii
Fourth Floor, Room 404

ATTENDANCE

Jill Baldemor, arrived at 10:34 a.m. – left at 12:42 p.m.
Mitch D’Olier
Kalehua Krug, arrived at 10:40 a.m.
Ernest Nishizaki
Catherine Payne (Chairperson)
Karen Street
Roger Takabayashi
Peter Tomozawa (Vice Chairperson) – arrived at 10:45 a.m.

EXCUSED

Peter Hanohano

ALSO PRESENT

Tom Hutton, Executive Director
Yvonne Lau, Chief Operations Officer
Leila Shar, Financial Performance Manager
Beth Bulgeron, Academic Performance Manager
Danny Vasconcellos, Organizational Performance Manager
Kenyon Tam, Operations and Applications Specialist

I. Call to Order

Commission Chair Catherine Payne called the meeting to order at 10:30 a.m.

II. Action on Election of Commission Chairperson and Vice Chairperson

ACTION: Motion to nominate Commissioner Catherine Payne as Chairperson for a second term. (Takabayashi/D’Olier). Motion passed unanimously.

ACTION: Motion to nominate Commissioner Karen Street as Vice Chairperson for one year only. She will not be re-nominated in 2016 (Takabayashi/Nishizake). Motion passed unanimously.

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Chair Payne announced a reminder that she will be approaching Commissioners to serve as committee Chairs and Vice Chairs and will bring the panel of nominees before the full Commission for approval.

III. Approval of General Meeting Minutes:

A. June 18, 2015

ACTION: Motion to approve the minutes as submitted (Takabayashi/D'Olier). Motion passed unanimously.

IV. Committee Reports

A. Performance and Accountability Committee

Committee Chair Catherine Payne reported and that the committee reviewed the charter school contract amendment request from Na Wai Ola Public Charter School, and the proposed guiding principles, and the discussion draft of the charter contract renewal criteria. The committee will be making recommendations on these later in the meeting.

Chair Payne announced there was no verbal testimony on this agenda item.

V. Action on Amendment to the Educational Program, Exhibit A of the Charter Contract, of Nā Wai Ola Public Charter School

Operations Framework Manager Danny Vasconcellos reported that there is a request from Nā Wai Ola Public Charter School to expand to serve 7th grade. The school has reported that its community has expressed a want and need for a school that serves higher grade levels, and so Nā Wai Ola Public Charter School decided it could meet this need. The Exhibit A of its school contract would need to be amended to reflect a K to 7 grade school rather than K to 6. Managers from each of the performance frameworks reported on the school's current performance standings.

Beth Bulgeron, Academic Performance Framework Manager, reported Nā Wai Ola Public Charter School has a 72% proficiency in reading and math, and 66% in science. The school has a 39% chronic absenteeism rate; it serves a high proportion of homeless students and engages in intense efforts to get kids to school. The school is ranked in the "Recognition" category, although their Academic Performance Index fell dramatically from the previous year. This past year the school did not serve middle school however, they have experience having served 7th grade in the past.

Leila Shar, Financial Performance Framework Manager, reported that the school's 3rd quarter financials met 4 of the 8 indicators. The school reported 26 days cash on hand with 60 days left in the fiscal year. The school notified the Commission's office that it was not going to be able to make the July 2, 2015 payroll. In response, the Commission advanced the Federal Insurance Contributions Act ("FICA") reimbursement that was due to the school to help the school cover payroll. The timing of this refund is out of the school's control, and the Commission had sufficient funds to advance the amount pending the reimbursement. Under Hawaii charter school law, a school that fails to make payroll is deemed to have surrendered its charter contract and is not to be closed. This action by the Commission avoided that result. Shar reported it is expected that the school will be in better financial positions if the additional grade is added. The school will also serve Pre-K students but the funding for this program is allocated separately.

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Vasconcellos reported that although the school already employs teachers who are licensed to serve middle school, additional teachers are needed to accommodate the new grade level, and the new hires will be Highly Qualified ("HQ"). The school has a good record for meeting teacher licensure and HQ requirements. Facility capacity was also reviewed, and the staff recommended the Commission grant a conditional approval, contingent on the receipt of permits and County of Hawaii clearance documents for the new modular classroom that the school has acquired.

Daniel Caluya, Nā Wai Ola Public Charter School Principal, reported the school has had to be innovative in addressing its attendance rate issue. The Puna area of the Big Island holds many challenged families. School strategies include taking staff for home visits and picking up students from their home everyday. The school has also increased its efforts to educate parents about educational neglect. The school offers remediation support for students who drop behind. Caluya also shared that enrollment at the school has increased, and the reason is because the school has been doing well and parents and the community have seen the academic success, and as a result the school has gained a reputation as a viable option for a quality education.

Caluya reported that although enrollment will increase with the addition of 7th grade, the acquisition of the modular room is to serve Pre-K, which is funded separately from charter school's regular per-pupil allocations. The school is working with the County's planning department to get permits and ready the campus for the modular classroom, which will serve three classes, including the Pre-K class. Last, Caluya reiterated that all teachers at the school are licensed, the school has HQ teaching staff, and all teachers except for one are nationally board certified.

The Commission asked Caluya to talk more about the innovative strategies Nā Wai Ola Public Charter School uses to address absenteeism. Caluya reported the school has many families that live in challenging living conditions. Two or three academic days a week he as principal visits student's homes. Some families live in places that do not have structures. He makes efforts to get the families to help get the students to the road where the school vehicles can pick them up. The school starts transportation as early as 5:00 am. An obstacle is that many students live far off the main road and it's a challenge for them to get to a road where the school bus can pick them up. The school bus often cannot reach the kids at their actual homes. Addressing absenteeism is an on-going effort but it's the school's goal to decrease this statistic. Caluya said they go to get the kids but they are also trying to get parents not to relinquish their responsibility.

Bulgeron clarified that the 39% absenteeism rate is not for this last school year, as this year's data is not out yet. Also, absenteeism is calculated when a student is absent over 10 days with no medical note.

Shar reported due to the financial concerns, the recommendation is for financial monitoring. The school has been advised of the recommendation and understands the justification.

Commission Chair Payne announced there was no verbal testimony on this agenda item.

ACTION: (Committee) Motion that:

- 1. That the Commission conditionally approve the requested amendment to the Educational Program, Exhibit A of the Charter Contract, for Nā Wai Ola Public Charter School, allowing for expansion to the seventh grade, beginning in school year 2015-2016, contingent on submission of the required facility documents, including but not limited to the Certificate of Occupancy and documents certifying that the school has met permitting and zoning requirements; and**
- 2. That the Commission approve monthly financial monitoring of Nā Wai Ola until such time as such monitoring is deemed no longer necessary. Motions passed unanimously.**

VI. Action on Pre-Opening Assurances for Ka'u Learning Academy

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Kenyon Tam, Operations and Applications Specialist, presented a Power Point on Ka'u Learning Academy's progress on the required assurances. The pending school did not meet Tuesday's deadline to meet all assurances, but the Commission's Executive Director Tom Hutton, by authority delegated from the Commission, extended the deadline. If the pending school misses the extended deadline it will be considered to have withdrawn its application and will no longer be in the process to open a school. Statute states if an applicant fails to meet pre-opening criteria then it not a school.

The most critical issue is that the pending school is not able at this time to provide the Commission with a Certificate of Occupancy, a satisfactory fire inspection report, and approved Hawaii County building permits to operate a school. Hutton shared it specifically has to do with a fire requirement. The school reported to the Commission that it has installed a required fire alarm but due to a delay at the County caused by the County's reorganization, the fire inspector has not been able to process the necessary paperwork. However, the County has been accommodating and the school hoped it would receive the permits today. If the actual permit is not provided, the County has informed the school that it will provide a letter or a temporary document. The school assured the Commission that it has complied with every County request and is comfortable it has met all the County requirements.

The office contacted the County of Hawaii directly and was confident the County would provide the school with documentation they could use as sufficient evidence to the Commission that they are approved by the County and are safe for students. Tam reported permits and documentation is a statutory requirement; the Commission cannot have a school start in a building that the County hasn't approved.

Regarding other pre-opening assurances, Tam reported that the school has met or is close to completion, and the staff feels confident that these minor issues will be resolved on time. Issues include the lease, which problematically refers to the non-profit and the school interchangeably as the lessee. However, the school's Deputy Attorney General has approved this document, so for now the Commission has accepted this as meeting the Commission's pre-opening requirement but for long-term compliance the Commission's Deputy Attorney General will review the lease.

Per the approved request to decrease the expected initial enrollment, a revised budget was submitted and was sound. However, enrollment has surpassed that target and in addition the budget is not reliant on grants, so the school was advised a contingency budget plan would not be expected.

To also address the approved plan to decrease the enrollment target, a revised staffing plan was submitted. The new plan still met Highly Qualified faculty requirements and was acceptable. The intent-to-hire letters that showed that the school is on track to hire teaching staff was acceptable, but the letters regarding the two leadership positions are still pending since they are missing the school's governing board's signatures. The office felt confident the charter school applicant would meet the requirements satisfactorily, but the deadline to do so is still July 17 and the school opens on July 29. The Commission will process an ACH transfer of funds to the school the day after pre-opening assurances are met, which is a statutory date.

The staff recommended a conditional approval since Commission will not meet again before the end of the extension.

Commissioners expressed concern at requiring the applicant to re-apply for a charter since they are so close to meeting the pre-opening assurances and the target start date. Commission staff reported the Commission has discretion to hold funds for non-compliance issues, which relieves the Commission from having to release funds to Ka'u Learning Academy without the proper assurances. When asked what the school's plan would be if they were not able to receive the per-pupil allocation on the anticipated date, they responded that they've

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received a grant and have \$60,000 that will cover operations for 1 month. Hutton added that the Commission may release to the school funds in the case there is an emergency such as not being able to meet payroll.

Chair Payne asked for verbal testimony from the public.

Lynn Finnegan, Hawaii Public Charter School Network (“HPCSN”) Executive Director, provided verbal input and stated that existing schools in the past have delayed their school’s start date and likewise maybe Ka’u Learning Academy could extend to a later start date as a solution, instead of starting from the beginning and applying again for a charter. Ka’u Learning Academy needs other options.

ACTION: Motion to approve Ka’u Learning Academy’s (“KLA”) fulfillment of the pre-opening criteria set by the Commission, thereby voiding the provisions of Exhibit E of KLA’s State Public Charter School Contract (“Charter Contract”) and effectuating the Charter Contract in full, provided that:

- 1. KLA provide acceptable evidence that all material pre-opening criteria have been completed by the deadline set by the Executive Director;**
- 2. The Executive Director be granted the authority to determine whether all material pre-opening criteria have been completed; and**
- 3. KLA be required to submit monthly financial statements during Fiscal Year 2015-2016 or until such time that the Commission deems such financial monitoring no longer necessary.**

(Takabayashi/D’Olier). Motion passed unanimously.

VII. Update on Monthly Financial Monitoring for Mālama Honua Learning Center

Shar reported an analysis of the May 2015 financials reported by Mālama Honua Learning Center. Total revenue for the month is about \$52,000 and expenses about \$37,000. This is slightly lower than the annual Year-To-Date average of expenses. The school has received funds from the Office of Hawaiian Affairs (“OHA”) and Kamehameha Schools. This brings the school’s days-cash-on-hand to cover them to approximately the end of July. Depending on how the school ends the fiscal year, a good standing may warrant less frequent financial monitoring.

Chair Payne announced there was no verbal testimony on this agenda item.

VIII. Update on Monthly Financial Monitoring for Ka Waihona o ka Na’auao Public Charter School

Shar reported an analysis on the May financials for Ka Waihona o ka Na’auao Public Charter School. The end of the 3rd quarter was tenuous, with 11 days cash-on-hand. Ka Waihona o ka Na’auao has received funds from OHA and Kamehameha Schools. The school may be stable until the end of the fiscal year but they retain a line of credit with First Hawaiian Bank and have drawn down about \$200,000. The Commission will be working with the school to close out the line of credit, as this line of credit did not go through the required approval process. HRS §37D states charters cannot obligate the state with loans without approval from the Department of Budget & Finance and the Attorney General. The school’s Principal has given assurances that it’s their plan to close the line of credit. The school usually enrolls over 600 students and has met its previous enrollment projections.

Commissioners asked that schools be reminded on bank lines of credit. Hutton reported it is stated in the school contract and an additional reminder will be placed in the Commission’s newsletter.

Chair Payne announced there was no verbal testimony on this agenda item.

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IX. Report on 2015 Legislative Session

Hutton presented an update on the last Legislative Session that was a follow-up to the report given in April.

- The Clean-up bill
 - Clean-up bill changed the due date of the Commission's report due to the legislature and allows for more time for drafting the report
 - Enrollment preferences for disadvantaged students are now allowed which aligns Hawaii with the federal government and also makes the state more qualified to apply for federal grants
 - Enrollment preferences for a closing charter school's students are now allowed. This piece was introduced based on the experience with closing Halau Lokahi School.
 - What did not pass which was also based on the experience with closing Halau Lokahi School was relinquishing of a closed school's facilities to the Board Of Education who would have determined if the facilities could be used for other educational purposes.
 - In addition, Geographic Exceptions for a closing school's students also didn't pass.
 - A charter school that is now determined insolvent will move directly to closure. Insolvency is a narrowly defined as missing payroll, which violates several other laws.
 - University Laboratory School's admission's process, which allows the school a special enrollment preference, passed as a pilot program with a termination date. There is also a requirement that the Commission report to legislature data gathered about the school and in addition, a report from the school to legislature on whether they should be a private school.
 - Every legislative year granting bond authority to charters has been considered and finally this past session, authority was approved.
 - A facility funding working group has been established to advise legislature on the prioritization of funds for charter school facilities.
 - An initiative of HPCSN proposed that the state look at vacant state properties and provide notification of such properties to the Commission and to the Department of Education ("DOE"). Schools and the DOE can apply to occupy these facilities and The Department of Accounting and General Services ("DAGS") will run the application process and make the decision on which applicant will be granted the use of these lands.
 - There was movement of the organizational structure of Early Learning in the hopes of sustaining Early Learning beyond the current 4-year grant.
 - A collective bargaining piece did not pass but as a result, HPCSN has engaged discussions with the Hawaii State Teachers Association ("HSTA") and work continues on getting a Master Agreement specifically for charter schools that will fit them better, whereby alleviating the holding of charters to a Master Agreement that does not consider the inherent differences of charter schools.
 - Disaster relief funding passed and specifically includes charter schools.
 - Legislation regarding bullying in schools did not pass. This piece would have created funding problems for schools with a small staff such as charter schools.
 - Legislation on requiring a diabetes trained school nurse available to students at all times, including on busses, did not pass. As in the item above this would have posed funding problems for schools with a small staff such as charter schools.
 - A problematic piece that passed created a ceiling on funding, whereby restricting spending and staffing at schools. Because this passed, the Commission is in negotiations to make it possible for

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charter schools to continue their funding structure and to preserve the charters' autonomy at the school level to determine how to spend their allocated per-pupil funding and how to staff their schools.

- A bigger reimbursement for school meals under the school lunch program didn't pass but progress continues because Appleseed has funded the DOE to collect data and conduct research on this issue.
- Budget Bill
 - The Commission asked that food service be provided for charter schools but this didn't pass.
 - The budget now states that the Commission's budget will be determined separate from the charter school per pupil allocation and a separate budget code was created.
 - The charter school per-pupil allocation is up slightly next year with an 11,400 projected charter school enrollment. Statutorily this allocation is determined based on the DOE's budget.
 - Collective Bargaining raises and bonuses will be a separate appropriation on top of the charter school per pupil allocation.
 - There is a proviso, which directs Major Disaster Funds and the Department Of Defense to consider providing disaster relief to charter schools. The Commission is hopeful some relief will eventually be given to schools affected by the lava flow on the Big Island.
 - Bonuses for hard-to-staff teaching positions create additional incentive for teachers to stay in remote, rural areas, and bonuses were doubled this year. There are only 8 charter schools in the areas determined as rural and the Commission didn't want monies distributed per pupil, which would spread out the funds over all schools and defeat the purpose of targeting assistance to these particular schools. The other concern is to ensure the money used to provide this relief isn't taken out of everyone's per pupil. The proviso directs the DOE to work with the Commission to allocate and fairly distribute these funds. For example, determining the total number of teachers in hard-to-staff positions and then providing funding. A Commissioner pointed out that even this could be an imperfect fit for the charters, as they may want to preserve their autonomy to determine their teaching staff. Another issue is rural teachers transferring in or out of schools and if the school down the road can offer more money, then the charter school will be at a disadvantage. Somewhat similar is the nationally certified teachers bonus. HSTA and legislature is aware of the issues for charter schools regarding national board certified teacher bonuses and hard-to-staff area school bonuses.

A Commissioner expressed encouragement to staff to communicate to schools how much work the Commission has done to advocate for fairness and funding for charter schools. They worried that schools may not know this and instead have the perception that the Commission is only focused on oversight responsibilities and is not also working on helping to address the needs of the schools.

Hutton continued to report and spoke of looking ahead to next legislative session. It is likely that legislation will be proposed as a response to issues that Halau Lokahi School highlighted. The Commission will counsel caution and balance, as the natural tendency will be to rule away any possibility of this kind of situation happening again. The Commission intends to reassure Legislature that the lessons of Halau Lokahi for everyone have been learned and that the Commission will do its job and offer this as a resolution instead of building in prescriptive rule making which could hinder innovation, the intent of the charter model. In addition, the Commission will push again to make forward movement for facility funding.

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The Commission discussed strategic authorizing, specifically creating incentives for applicants whose proposed schools would address state education needs such as over-crowded areas and underserved populations. They spoke of catering the application process to achieve DOE and charter goals and about collaborating with DOE on this effort. The Commission also discussed the hope for sharing with DOE data collections and teaching successes. These are efforts the authorizer could offer to legislature that the system is willing to do.

Chair Payne called for verbal testimony.

John Thatcher, Connections Public Charter School Director, asked where is the money for the HPCSN to do work toward facility funding and grants-in-aid. Where is the supporting funding for the non-profit organization to help collect information on the charter schools' facility needs?

Lynn Finnegan, Executive Director of HPCSN, responded that their organization was included in a grant-in-aid for dissemination of information, but not related to charter school facilities.

Commission Chair Payne recessed the meeting at 12:42 p.m. and reconvened the meeting at 1:11 p.m.

X. Action on Methodology for Determining a Charter School's Overall Annual Rating Under the Organizational Performance Framework

Hutton proposed a charter contract renewal process and its criteria, in the Commission's preparation for the end of the current charter school contract terms. He explained approval of the presented process would allow staff to start informing schools on the drafts as a discussion piece. Hutton presented a basic guide and a methodology on how the Commission will derive a school's performance on the Organization and Financial frameworks.

Vasconcellos presented that the proposed is an attempt to derive a measurement on how a school is performing based on the criteria of the Organizational Performance Framework. He reported that in 2013-2014 the Commission did preliminary assessments by looking at how schools were with providing required data and reports. The results were reported in the Commission's first annual report. Today's proposal creates one overall score. The three grading categories are, "meets", "does not meet", and "falls far below", and reflect how timely a school is. Epicenter is the compliance management system that tracks a school's responsiveness. It creates a single submittal portal for schools instead of making them submit items to different individuals. It also provides schools with reminder notifications as an automated process. Vasconcellos reported that in response to schools' feedback, efforts were made to decrease the amount of required submissions. The Epicenter system calculates the rating and some financial reporting deadlines are also tracked by this system. Epicenter is also non-punitive as deadlines can be adjusted to accommodate any unforeseen challenges for schools. This system only tracks responsiveness, whether they met the deadline or not. It does not measure the quality of the content. The proposal requires a 70% on-time submission rate. The Organizational Performance Framework also derives a school's score based on the number of Notices of Deficiencies ("NOD") that a school receives. A school is first issued a Notice of Concern ("NOC") and followed by an NOD if a school continues a statutory or contract infraction. NOCs are also issued to address smaller, less serious issues. The proposed standard is that one NOD will not count against a school's performance measurement. Only issued NODs are reported to the Commission monthly, although both NOCs and NODs

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are tracked. If a school goes 2 months with no action the Executive Director may choose to provide a specific alert to the Commission regarding a school's performance. Schools are asked to respond to NODs with their plan to address the issue.

Another item that could affect a school's Organizational Performance Framework score is if its governing board does not comply with statutory open-meeting requirements. This is monitored manually, not via Epicenter. The proposal allows two infractions before negatively impacting a school's score.

Compliance of a school to properly post its school's policies and to follow its policies are other indications of a school's performance. Schools are asked to post policies on their website. This is important to the Commission because charter schools are public entities and thus should be accessible and transparent to the public.

School on-site monitoring for the Organizational Performance Framework is explained in Exhibit 1 of the submittal. Monitoring will focus on file security and organization, not content at this time. A list of things that will be looked at will be provided to the school before a visit and monitoring will not be a "surprise test". This will require schools to meet 90% of the items to be inspected or better.

There are 5 indicators in the Organizational Performance Framework and a school must meet all 5 indicators or it will score in the "does not meet" or "falls far below" categories.

Some Commissioners asked to add a measurement or method of recognition to note excellence and encourage schools to meet more than 70%.

Commission Chair Payne called for verbal testimony.

Lynn Finnegan, HPCSN Executive Director, encouraged Commission not to take action on this because schools have not been able to provide feedback on what is proposed. She wanted Commission to consider how a performance task gets on the list of requirements and how to measure a school's capacity to meet the Commission's tasks.

Taffi Wise, of Kanu o ka 'Aina New Century Public Charter School, opposed the proposal stating that schools have not been able to negotiate on the requirements. She questioned the Commission's oversight role, stating it was overstepping a line and instead micro-managing schools that are already governed by their own governing boards.

Mahina Duarte, of Kanu o ka 'Aina New Century Public Charter School, reviewed the charter contract renewal timeline, stating that in June to July schools should have been able to provide feedback. Since this has not happened more time should be allotted for review. In addition, the Academic Performance Framework measurement is based on SY 2013-2014 Hawaii Standardized Assessment scores, and in SY 2014-2015 the assessment was SBAC. She said that these are two distinct data sets, that may not be comparable, and questioned whether using different data is a correct way to measure a school's academic performance.

Susie Osborne, Director of Kua o ka Lā New Century Public Charter School, expressed concerned with the tasks in Epicenter and the Commission's ability to create additional tasks without advance notification.

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Hutton reported that the tradeoff is that if the Commission pushes its timeline forward to allow more time for feedback, this will delay the adoption of the methodology into the school year that is already being counted toward performance. The proposal shows how the Commission will score or calculate a school's performance for this framework. The measurement then feeds into the charter contract renewal criteria. The intention was to have these already adopted before this school year started, but if schools are comfortable with the delay in adopting a rule that will count this school year, the timeline could be adjusted. The intention is to notify schools as early as possible on how their overall score will be derived so that they could prepare and be as informed as possible.

Vasconcellos reported that new items added on after the release of a school's contract, or those on which the schools were given short notice, would not be calculated into a school's score. The framework requirements are items already stated in the contracts, things schools should already have or be doing.

Hutton added the Commission could also create an opportunity for school's to appeal to the office in the case there was incorrect information used.

XI. Action on Methodology for Determining a Charter School's Overall Annual Rating Under the Financial Performance Framework

Shar reported that the proposal is based on what has already been in use for the past two years. Financial performance indicators include, current ratio, unrestricted days cash-on-hand, enrollment variances from projected to actual, total margin, cash flow, unrestricted fund balance percentages, and change in total fund balances. These were the indicators the Commission used to evaluate schools in its annual report but an overall rating was not provided. Shar also reported that if Kamehameha Schools and OHA are school funders, these funds could be considered when calculating a school's days-cash-on-hand if a letter from the funders is provided that states the date that funds will be disbursed and an allocation amount.

Commission Chair Payne called for verbal testimony.

Lynn Finnegan, HPCSN Executive Director, shared that schools need time to look at this framework measurement proposal too, just as with the Organizational Performance Framework proposal. The proposal may seem logical from a general public standpoint but the reality is that it may be difficult on the ground to meet it.

Taffi Wise, of Kanu o ka 'Aina New Century Public Charter School, shared that schools need to be able to review the proposed methodology for determining a Financial Performance rating before the Commission's approval. With these proposals schools see less focus on kids from the Commission and more focus on compliance. Commission should also consider a school's past performance. In addition, the Ethics Commission called Kanu o ka 'Aina New Century Public Charter School and this seemed retaliatory. A hostile regulatory environment is the greatest threat to charter schools.

Namaka Rawlins, Ke Kula 'o Nāwahīokalani'ōpu'u Iki LPCS Governing Board member, shared that schools would appreciate more time for feedback to be more successful on the school performance measurements.

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John Thatcher, Connections Public Charter School Director, questioned the proposal to evaluate on “total margin” and asked for clarification on being profitable, and asked if this is the same standard set for DOE schools? Sixty days cash on hand is “ludicrous” when charters receive less money than DOE schools.

Shar explained that “positive total margin” does not refer to whether a school is making a profit.

A Commissioner asked that the term be changed for less confusion.

XII. Action on Guiding Principles and Discussion Draft of Charter Contract Renewal Criteria

Yvonne Lau, Chief Operations Officer, reported on a plan for feedback from schools and other stakeholders on the Charter Contract Renewal Criteria, but needing Commission’s approval in order to disseminate a plan to the public.

She presented that the proposal, rather than just extending contracts, allows the Commission to reward schools who are doing well with a five-year term rather than another two years. That would be the top category. To address struggling schools, those with low measurements, would allow an additional year to improve. The Hawaiian Immersion schools would be assessed differently because the charter school contract terms will end before there is enough time to gather an appropriate amount of performance data.

Lau updated the Commission on the U.S. Department of Education grant application that the Commission started to pursue. She reported mandates of the grant included key factors that expects existing charter schools’ to show evidence that they are improving academic outcomes among all student subgroups. Because greatly increasing school expectations in this manner would be new for the schools, it would not make sense to impose them now.

Beth Bulgeron, Academic Performance Framework Manager, presented the Academic Performance timeline: fall of 2015 the Commission will have a second year of school data. 2016 will be the third year of data collection. Contracts will begin the renewal process in December 2016 for the 2017 final decision on contract terms. The Academic Performance Framework score, Strive HI, Academic Performance Framework and School Specific Measures, and rank by division, will make up the calculation of a school’s Academic Performance Index. From there the school’s 3-year average ranking will be determined. This ranking score would determine the number of years the Commission grants for a school’s contract term:

- Bracket 1 schools would be eligible for a 5-year contract term.
- Bracket 2 schools could receive 3 or 4-year contract term, depending on performance in the Organizational and Financial Performance Frameworks, and in addition there will be four indicators: trend, comparisons to demographically-liked schools, gap analysis, and renewal narrative.
- Bracket 3 schools would have a point formula applied. Based on Organizational and Financial performance, schools would be awarded 1 or 2 year contracts.
- Bracket 4 schools would be offered two options. 1. A school could contest the school’s status in December 2016; or 2. In lieu of the non-renewal process the school could accept a one-year probationary contract, where if the school met its probationary terms in the first three quarters of the probation year, it would receive a new charter contract for 3 years, but if it failed to meet the targets the school would automatically close at the end of the probation year.

The Commission clarified that unlike Strive HI, potentially all schools could be in Brackets 1 or 2.

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Hawaiian Immersion schools and Mālama Honua Public Charter School will be on a different timeline because fall 2016 will be the first year of assessment data. This means the Commission will only have one year of data, which is not enough to make an academic performance determination. But in 2017, the Commission will be able to make a high-level decision.

Concerning small student cohorts, Bulgeron clarified that because the Academic Performance Index is weighted, versus taking the highest grade level performance like Strive HI does, by design the Academic Performance Framework alleviates the potential of having one or a few students greatly sway a school's performance in the case of testing by grade levels and small test samples.

Lau added that the proposal values academics as the driver for contract renewals with schools yet recognizes and points out additional factors of running a charter school.

A Commissioner shared a reminder that the Commission will make the final decision after the performance scores are determined.

Commission Chair Payne called for verbal testimony.

Susie Osborne, Director of Kua o ka Lā New Century Public Charter School, testified that no one enters into a high stakes determination without knowing the terms. SY 2014-15 started the contract terms. Schools were told first year's data would not be used to close schools but now it will be included in a school's 3-year average. Natural disasters have had an effect on Kua o ka Lā New Century Public Charter School's scores but the school is not receiving any academic performance considerations or any financial or other support. Further she shared their school is going to be judged against schools who did receive support. She said Kua o ka Lā is cognizant of the academic challenges at their school but they need special contingencies. Osborne also advocated for a Pre-K as there is a need in the community but the opportunity had to be turned down because of the effects of the natural disasters.

Lynn Finnegan, HPCSN Executive Director, shared that the presentation helped her understand the plan. She invited the Commission to conduct a similar presentation at their upcoming meeting. She also shared that the feedback window is insufficient and suggested hosting feedback events for sit-downs with stakeholders to look for other options. She asked for a focus on outputs and outcomes and less on inputs. The Organizational Performance Framework focuses on inputs. She felt that School Specific Measures were an important part of the contract to the schools because it allowed them to be able to determine how they're measured, yet this piece has not been fully utilized.

Taffi Wise, of Kanu o ka 'Aina New Century Public Charter School, stated that Act 130 requires that the Commission will be available to negotiate contracts.

Mahina Duarte, of Kanu o ka 'Aina New Century Public Charter School, requested an extension for schools to look at the renewal criteria to better prepare to be successful. She shared that schools agree to growth and high standards and are committed to move the system forward, but need more time to enter this focused on performance.

John Thatcher, Connections Public Charter School Director, asked the Commission to consider the qualifications of its staff to conduct school monitoring and observe classroom teachers.

Hutton suggested the Commission could push its timeline and change the final decision date from September to October 8, which would add another month to the process. The staff has planned dates for stakeholder webinars, which include late day events for governing board members. In addition, surveys, presentations at an

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HPCSN and Na Lei Na'auao meetings, and governing board meeting attendance. A final draft proposal will be presented in September to the Performance & Accountability Committee.

A Commissioner expressed the hope that staff and school representatives would be able to engage in relationship- building and teamwork during this process. He shared being interested in presentations from Commission's staff and school officials to discuss the final proposal. They asked for an August update.

Commission Chair Payne called for public testimony.

Taffi Wise, of Kanu o ka 'Aina New Century Public Charter School, advised that the Commission has to address what she called "parking lot" items from contract discussions. She shared that schools need to know they are encouraged to come to the Commission's sessions.

Commission Chair Payne asked the school and HPCSN representatives at the meeting to share with the schools that the Commission encourages communication and is asking for schools to attend and participate at these meetings. The Commission is interested in hearing from all schools.

Finnegan asks the Commission to consider communicating in other ways and the necessity of a video message from the Commission.

ACTION: Moved that the Commission:

- 1. Approve the proposed Guiding Principles for Renewal Application and Criteria as set forth in this submittal; and**
- 2. Approve the draft Renewal Application and Criteria and the proposed overall annual ratings for organizational and financial performance for the purposes of soliciting feedback from charter schools and other stakeholders for the development of the Final Renewal Application, Criteria, and Guidance no later than October 8, 2015.**

(Takabayashi/D'Olier). Motion passed unanimously.

XIII. Update on 2016-2017 Application Cycle

Hutton reported a decision to recommend against a hiatus on new school applications. Originally, the office looked at the Commission renewing charter school contracts for its entire portfolio at the same time. As the renewal criteria and guidelines were further developed the proposal included not only renewals, but also non-renewals for schools with an additional year for probation, as well as a different renewal timeline for Hawaiian Immersion schools and Mālama Honua School. Although there is still trepidation over having enough manpower to cover the scheduled charter contract renewals in addition to accepting applications for new schools, a more targeted new school application cycle focused on the Commission's strategic priorities open only to applications that would address specific needs may be do-able.

Commission Chair Payne called for public testimony.

Dr. Kani Blackwell, UH Professor and Education Consultant on Kauai who is working with charter applicant iLEAD Kauai Charter School as an education consultant, provided testimony that the Commission needs to allow qualified applicants to go through the application process in the next 2 years. The Commission needs to preserve this opportunity.

XIV. Executive Director's Written Report

A. Update on Complaints Against Charter Schools

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- B. Update on Commission's Conditional Approvals on Charter Schools' Admission Policies and Procedures
- C. Update on Commission's Conditional Approval on Facilities for Mālama Honua Learning Center

A written narrative was provided to Commissioners.

Commission Chair Payne recognized the receipt of written testimony from John Thatcher as a private citizen

John Thatcher, Connections Public Charter School Director, shared that he talked to the DOE Superintendent about enrollment applications received from homeless students to attend school. Thatcher reported Connections Public Charter School modified its application form before the June 18 Commission meeting but the Commission's mandate is concerning. Connections Public Charter School feels it creates federal policy issues. The responsibility for Federal compliance lies with the DOE Superintendent who should be working with the Commission. Connections Public Charter School is willing to comply but maintains concerns that need clarification to ensure the school, as well as all charters, do not risk federal non-compliance but it's hard to work with Commission's staff.

Commission Chair Payne announced there was no verbal public testimony on this agenda item.

XV. Adjournment

Commission Chair Payne adjourned the meeting at 3:58 p.m.