

UNAPPROVED



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

GENERAL BUSINESS MEETING

Minutes of the Thursday, July 14, 2016
10:30 am

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

PRESENT

Mitch D’Olier

Ernest Nishizaki

Catherine Payne (Chairperson)

Karen Street (Vice Chairperson)

Roger Takabayashi

(left at 1:28 p.m. and returned at 1:34 p.m.)

EXCUSED

Jill Baldemor

John Kim

Kalehua Krug

Sylvia Hussey

ALSO PRESENT

Meahilahila Kelling, Advisor

Yvonne Lau, Acting Executive Director

Leila Shar, Financial Performance Manager

Danny Vasconcellos, Organizational Performance Manager

Sylvia Silva, Organizational Performance Specialist

Jennifer Higaki, Data Analyst

I. Call to Order

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

II. Approval of General Business Meeting Minutes:

A. June 16, 2016 – 8:45 a.m.

**Action: Motion to approve the General Business Meeting minutes of July 14, 2016 (Takabayashi/D’Olier).
The motion passed unanimously.**

B. June 16, 2016 – 11:30 a.m.

**Action: Motion to approve the General Business Meeting minutes of July 14, 2016 (Takabayashi/D'Olier).
The motion passed unanimously.**

III. Action on Election of Commission Chairperson and Vice Chairperson

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

**ACTION: Motion to nominate Commissioner Ernest Nishizaki as Vice Chairperson. (Takabayashi/D'Olier).
Motion passed unanimously.**

IV. Presentation on Every Student Succeeds Act (ESSA) by the Department of Education

Tammi Chun, Assistant Superintendent, Department of Education (DOE), presented to the Commission on Every Student Succeeds Act (ESSA). Chun reported on what her department does within the DOE. ESSA is the nation's national education law and includes language that demonstrates the longstanding national commitment to equal opportunity for all students.

Chun went on to explain the different programs that they are involved in. She also gave a briefing on ESSA and background about the law and relative to expectations of the law, timelines, and frequently asked questions.

Chun elaborates the law of ESSA from the beginning being started by President Lyndon Johnson in 1965 and the new law was sign by President Obama in 2015. She spoke about changes to Strive Hi and how the department will not be calculating school performance for the school year.

All of the plans are inclusive and include charter schools. For schools, there are two changes that are important. One change is rather than having specific interventions, the school and district can determine the interventions. The other one is regarding the use of highly qualified teachers. The state needs to set a definition for highly qualified teachers.

Chun reiterates that this is a discussion and is open to suggestions. Chun ends her presentation by highlighting that Charters are explicitly eligible for native Hawaiian education and Title IV part C grants.

Commission Chair Payne called for public testimony.

John Thatcher, Director of Connections Public Charter School, shares that he attended the Governor's ESSA convention. There are some major concerns of how charter schools are being represented. Thatcher alleges that the charter school commission is exempt on how they distribute federal funds and references federal impact aid from the Department of Defense that targeted schools with populations of students of Micronesian ancestry, and stated that a percentage of the funds were taken out by the Commission. He cannot recall it being discussed at a Commission meeting and it seems like it was a decision made by Commission staff. Thatcher stated that it represented over \$3,000 dollars that should have gone to schools because of the formula based dispersion.

No further public or written testimony provided. No action required.

V. Update on Hiring of the State Public Charter School Commission Executive Director

Commission Chair Payne commented that the candidate who was offered the position turned down the opportunity to join the Commission. There is motion to re-establish a Permitted Interaction Group and reassess and report back to the Commission. Commissioner Takabayashi and Vice Chairperson Commissioner Street commented that they did not expect the outcome and were surprised.

Commission Chair Payne called for public testimony.

Jeanine Souki, Executive Director of Charter School Network, shared that she wanted to express her sadness upon hearing news of the situation with the potential Executive Director of the Charter School Commission. She suggested that to perhaps broaden the scope of looking at candidates with analytical skills and thoughtfulness on how to improve the environment and the conditions to improve charter schools.

No further public or written testimony provided. No action required.

- VI. Action on Designation of Commission Members and Governing Board Advisor to a Screening Committee (a Permitted Interaction Group pursuant to Hawaii Revised Statutes Section 92-2.5(b)(1)), to investigate a matter relating to the official business of the Commission, Hiring a New Executive Director

Yvonne Lau, Acting Executive Director of State Public Charter School Commission, shared that Commission will need to re-establish the permitted interaction group to re-start the Executive Director Search process and if the Commissioners wanted to change up the process then they may do so as part of this process.

Commission Chair Payne called for public testimony.

Director of Hawaii Academy of Arts and Sciences (HAAS), Steve Hiramami, reported that he did not remember being offered any opportunity for input. He commented that it is tougher for small schools to get all the administrative duties done in a timely manner because of a lack of bodies and resources. Hiramami shares that the new Executive Director should have a sense of community and understanding of rural charter schools. He inquired why the Commission did not choose to offer the job to the other candidate that wasn't chosen. Hiramami stated that he feels that his input is valuable.

Director of Connections Public Charter School, John Thatcher, reported that he was surprised to see in the submittal that there was previous input from Charter Schools. The last time the Charter Schools had an input on the hiring of a new Executive Director was 2011. Thatcher stated that their interests were not represented by getting input from the Charter School Network. He referenced an email that he sent to the Commission that listed the many problems he had with the prior Executive Director.

Vice Chairperson Commissioner Street and Commissioner Takabayashi replied to Thatcher and explained to him the process of selecting the Executive Director. In addition, Lau explained that there was information providing for opportunity to charter schools and other stakeholders to provide input into the selection of the next Executive Director in the March 11, 2016 newsletter.

Vice Chairperson Commissioner Street elaborated that the committee met on more than one occasion. The first meeting consisted of looking at the job; the second meeting was to include someone from a Charter School Governing Board. Out of these meetings, Meahilahila became the advisor for the Commission.

Commissioner Nishizaki commented that he wanted to change the motion. Commission Chair Payne, Vice Chairperson Commissioner Street, Commissioner D'Olier, Commissioner Nishizaki, Commissioner Takabayashi, and Lau discussed the matter further and Commissioners proposed a revision to the original motion. The newly developed motion that was adopted is as follows.

Action: Moved that the Commission delegate authority to the Commission Chair to identify the Governing Board Chair to volunteer to be a participant in the Permitted Interaction Group Screening Committee. (Takabayashi/D'Olier). Motion passed unanimously

Action: Moved that the Commission designate Administration and Operations Chairperson Roger Takabayashi, Commissioner Karen Street, Commissioner Kalehua Krug and a Governing Board Chair, to be selected by the Commission Chair at a later date, to the Permitted Interaction Group Screening Committee to convene the executive director search and present a recommendation to the full Commission for approval. (Takabayashi/D'Olier). Motion passed unanimously.

Written testimony submitted by John Thatcher.

VII. Update on the Investigative Committee's (a Permitted Interaction Group), Pursuant to Hawaii Revised Statutes Section 92-2.5(b)(1), Communications Process Between the Board of Education and the Commission and Study Several Questions Raised in the Charter School Listening Tour

Commissioner D'Olier reported the update on communications process between the Board of Education (BOE) and the Commission and study several questions raised in the Charter School Listening Tour. He explained that they independently reached their own conclusions and decided what to do together. The Permitted Interaction Group (PIG) looked at important rankings and decided to take position on different matters. A comparison of different matters to see what the commission was doing well and not doing well.

Commissioner D'Olier noted a few important details that the permitted interaction group did not quite understand and needed some clarification. Short and long term vision between the Commission and the Board of Education; they did not have an understanding of professional development opportunities for Commission staff, resources for funding, understanding of what staff does in terms of budget for schools, lack of school closure procedures, interactions between the Charter School Network and the schools, autonomy of charter schools, and the Epicenter management software. All of these things will need to be revisited when the new Executive is chosen so that dialogue between the BOE and the Commission will be a team effort. Commissioner D'Olier shares that they are open to comments from all Commissioners and thanked Commissioner Baldemor, Commissioner Nishizaki, and Commissioner Takabayashi.

Commissioner Nishizaki, Commission Chair Payne, Commissioner D'Olier discussed and commented that the documents should be given to staff so that staff input are in the document. Commissioner D'Olier added that the Commission came away feeling pretty good about their work. Chair Payne commented that she appreciates the structure of the report and thanked the Permitted Interaction Group.

Commission Chair Payne called for public testimony.

Director of Connections Public Charter School, John Thatcher, inquired how a Charter School would submit comments to the Permission Interaction Group and how he could contact the Commissioners directly? Commissioner D'Olier replied to the question by adding that it will take 2-3 weeks for feedback.

Chair Payne requested that Charter School input be solicited and put on the weekly Ka `Elele newsletter, the Commission sends out weekly, for more input.

No further public or written testimony provided. No action required.

Commission Chair Payne recessed at 12:03 p.m. and reconvened at 12:40 p.m.

VIII. Update on Ka Waihona o ka Na'auao Public Charter School's May 2016 Monthly Financial Report

Shar presented on the update on Ka Waihona o ka Na'auao Public Charter School's May 2016 Monthly Financial Report. She discussed the school's days' cash at hand at 21 day as of May 31, 2016, and the cash balance at \$25,952. The cash flow forecast for SY 2015-2016 ended with \$118,880 but the total available cash is \$416,923. Shar shared that the school should be able to sustain.

Chair Payne asked at what point the school should be taken off of monitoring. Shar explained that they would be taken off of monitoring when the Commission gets a chance to review the end of year audit that they turn in on November 15th.

Commission Chair Payne called for public testimony. No public or written testimony provided. No action required.

IX. Action on Clarification of Kanu o ka 'Aina New Century Public Charter School's May 2016 Monthly Financial Reporting

Shar shared that she is presenting on this issue again because the original motion that was previously passed was not clear on the Commission's requirement for monthly financial reporting. Shar requested that the Commission revise the motion to make clear their intent to require the school to report monthly financials.

Chair Payne, Commissioner Takabayashi, Commissioner D'Olier, Vice Chairperson Commissioner Street, and Shar, discussed the matter further. Commissioner D'Olier commented that he has been trying to schedule a meeting with the foundation (KALO) that supports the school but the foundation continually cancels the meeting at the last minute. Chair Payne shared that this item is continually on the agenda.

Chair Payne calls for everyone to take a look at the proposed motion and to amend the current motion to add "until December 31, 2016 or such time the Commission deems monthly reports unnecessary."

Action: Moved that the Commission require monthly financial reporting, starting with financial reports for May, 2016, from Kanu o Ka 'Aina New Century Public Charter School with monthly reports due for May and June due by July 22, 2016. Subsequent monthly reports will be due by the 15th of the following month and shall continue until December 31, 2016 or such time the Commission deems monthly reports unnecessary. (Takabayashi/D'Olier). The motion passed unanimously

Commission Chair Payne called for public testimony. No public testimony provided. Late written testimony submitted by Taffi Wise.

X. Update on Ka'u Learning Academy's May 2016 Monthly Financial Report

Shar presented on the update on Ka'u Learning Academy's (KLA) May 2016 Monthly Financial Report. Shar reported that as a charter school in their first year of operations, KLA is required to provide monthly financial reporting.

As of May 31, 2016, the school's operating loss of \$50,978 and the cash balance is \$92,131.69. One area of concern was that the Commission staff has not received the school's May cash flow forecast. A cash flow forecast template was also provided by the staff for KLA to aid the school.

There are operational concerns with the school. Their employees were at risk of not being paid on the State's set payday due to school's payroll not properly processed on December 31. The school missed the payroll processing deadline in March, 2016 which resulted in an employee losing his health benefit since premiums withheld from employee's pay was not reported or contributed timely to the Hawaii Employer-Union Health Benefits Trust Fund (EUTF).

A Notice of Concern (NOC) was issued to the school with a requirement to submit a Corrective Action Plan followed by a Notice of Deficiency (NOD) on June 20, 2016 since the requirements of the NOC were not met. Staff eventually received the Corrective Action Plan from the school and the Governing Board and has since resolved the NOD.

Commission Chair Payne called for public testimony.

Joe Iacuzzo, Managing Director of Ka'u Learning Academy (KLA), addressed the NOD and cash flow. Iacuzzo claims that the staff did not explain what goes into the cash flow forecast and that he had not received any template until July 1st. KLA will begin providing the cash flow forecast. Iacuzzo stated that calls to EUTF would have clarified the issue. Iacuzzo calls upon the Commission to put a 3 day response requirement from staff and refers to a call he received from a reporter that concerned him.

Kathryn Tydlacka-McCown, Director of Ka'u Learning Academy, shared that she wanted to address the NOC. Tydlacka-McCown stated that school was given 8 working days and that they had a lot of things going on at the time. She was in contact with a Commission staff member and the staff member confirmed that the money was being taken out. She elaborated about the EUTF situation and claimed that there was a miscommunication and that the health insurance was reinstated retroactively. Tydlacka-McCown explained that her biggest concern is that one of the Commission staff did not respond to her. She elaborated that there is still community support for KLA and highlighted that they have hired 2 new teachers this year.

Chair Payne ask Tydlacka-McCown if anyone from the Commission staff came to help them with the issues that the schools were having and Tydlacka-McCown confirmed that Mary Jane Munoz came out to help with payroll. Danny Vasconcellos and Sylvia Silva came out to help too.

Joe Iacuzzo, Managing Director of Ka'u Learning Academy, inquired if there was a process to repeal the NOD and Vasconcellos confirmed that there was.

Jeannine Souki, Executive Director of Charter School Network, spoke in support of Ka'u Learning Center. Souki shared that after working with school leaders, she doesn't think there is enough support from the Commission. She pointed out that having an NOD so early is bad because it will not let the charter school grow. She highlights that there is a lack of guidebooks and policy for school leaders who are seeking guidance and the fact that communication between the Commission staff and charter schools needs work. Souki thinks that we can work together to put together a guidebook and requirements for new charters. She references other states that already have this and would like to bring it to Hawaii.

Chair Payne calls for Commission staff to share about the NOD issued to Ka'u Learning Academy.

Danny Vasconcellos, Organizational Performance Manager, explained that the governing board and director was cc'd on the NOC. Vasconcellos went on to explain the process when Notices of Deficiency are issued. There are three options: 1) the school can appeal the NOD; 2) provide the documents asked; or 3) submit a corrective action plan. He explained that these options are all listed in the Intervention Protocol of the Charter Contract as well as explained in the NOD itself. The NOD is sent to the chair of the Governing Board and school directors are copied.

Chair Payne, Vasconcellos, and Commissioner D'Olier discussed the NOD further. Vasconcellos confirmed that the Corrective Action Plan deadline is within 10 days of the issuance of the NOD and there are deadlines for each item; NODs are not expunged once resolved, it is counted for charter contract renewal; and that an NOC is an intermediate action. The NOC does not necessarily lead to an NOD but it can if the issue is not resolved according the Organizational Performance Framework.

Commissioner Nishizaki mentions that the Commission staff should formalize the appeals process with clear deadlines and information so that there is no confusion in the future. Lau comments that this is the first time the Commission staff has heard that KLA is seeking to appeal the NOD and that the Commissioners will have the final decision on an appeal and not the staff.

Chair Payne asked for clarification that Shar mentioned that the Commission staff has not received a corrective action plan for the NOD that was issued. Shar confirmed that the staff just received a response to the NOD. Vasconcellos confirms to the Commission that he received the Corrective Action Plan yesterday from the governing board but comments that he hasn't had time for an in-depth look at it.

Lau clarified that the school asked for the opportunity to talk to the Commission and asked for their complaint against Commission staff to be placed on the agenda, which the Commission heard on June 16, 2016. During that meeting, in response to KLA's complaint to the Commission, there was public testimony from Hawaii State Teacher Association (HSTA), citing issues with the school had not paid union dues to HSTA since the beginning of the year. KLA is now presenting to the Commission that they want to appeal the NOD during this agenda item. Lau states that if the school now seeks an appeal to the NOD then the commission staff can present the request for appeal at the next meeting and Commissioners can decide at a future meeting on their request for an appeal of the NOD, but not during this meeting as it was not agendized for an appeal.

Commission D'Olier comments that KLA has an NOD and monthly financial reporting.

John Thatcher, Director of Connections Public Charter School, shared that he appreciates this conversation occurring and how it raises fundamental issues. Thatcher elaborates on KLA's claims that there were staff members talking to media about the issue. He disagrees with the process of the NOD.

Steve Hirakami, Director of Hawaii Academy of Arts and Sciences, commented about his school's struggle and how they did not have any support. Incubator systems like Charter School Network (CSN) are good support. He is concerned because within weeks of each other, there were two schools in the news for non-positive reasons but there were no retractions. Hirakami shared that he wants to find more ways for supporting charter school..

Commissioner Takabayashi suggested that the Commission provide a detailed checklist and requirements for new charters. Souki confirmed that the CSN will help with coordinating the list for new charters.

No further public or written testimony provided. No action required.

XI. Update on Kona Pacific Public Charter School's May 2016 Monthly Financial Report

Shar presented on the update on Kona Pacific Public Charter School's May 2016 Monthly Financial Report. As of May 31, 2016; cash on hand is estimated at 18 days for a cash balance of \$106,927, the school's operating loss of \$133,799, and the 2016 cash flow forecast to end school year at \$130,011 which should be enough or payroll. However, Shar shared that Central Pacific Bank recently called the Commission inquiring on the school's application for a line of credit. Thereafter, Shar contacted the school to remind them that lines of credit and other loans cannot be approved without first seeking approval of the Department of Budget and Finance and the

Attorney General's office. Shar explained that the school's new school leader was not aware of the law and assured Shar that the school is not going to pursue a line of credit.

Chair Payne commented that maybe there should be a reminder notice to all charters to inform them that they cannot pull out lines of credit to fund the schools.

Commission Chair Payne called for public testimony. No public or written testimony provided. No action required.

XII. Update on Na Wai Ola Public Charter School's May 2016 Monthly Financial Report

Shar presented on the update on Na Wai Ola Public Charter School's May 2016 Monthly Financial Report. As of May 31, 2016; a cash balance of \$42,803 in the positive, the school's operating loss of \$4,344, and there are still outstanding loans to employees.

There is currently a balance sheet of \$1,522 in loans to employees. In April, it was \$722. Shar commented that this balance should be zero by end of June 2016.

Staff has been in communication with the school's business manager to try to see why the loans balance increased. The business manager noted that there were some mistakes on transactions and there were errors. Shar did check the school's books and discovered that, as of July 12, 2016; the balance is now at -\$3,228.00. Staff will work closely with the school to resolve the issue.

Chair Payne, Shar, Commissioner Nishizaki, and Commissioner Takabayashi discussed the issue further. Chair Payne asked Shar if the school will be okay. Shar commented that the school will make it through the end of the year. Commissioner Nishizaki inquired if the board composition issue was fixed. Shar shared that the school appointed four new Governing Board members. Commissioner Takabayashi asked what the monthly operating cost for the school was and Shar replied that it is about \$40,000.

Commission Chair Payne called for public testimony. No public or written testimony provided. No action required.

XIII. Action on Amendment to the Educational Program, Exhibit A of the Charter Contract, of Volcano School of Arts & Sciences

Sylvia Silva presented on the amendment to the Educational Program, Exhibit A of the charter contract, of Volcano School of Arts. Silva shared that for the school seeks to add a pilot blended online program. The blended learning program is comprised of an online component and a face to face interaction between teacher and student. The school is proposing that the students have at least 7 hours of face to face instruction and will be taking all of the exams. The school proposes the 2016-2017 school year to be the pilot year and will serve grades 1-8 with a maximum cap of 30 students. Currently, there are 11 students in the program.

The school will employ a highly qualified teacher coordinator that will have to meet licensure program for 1-8th grade. The effectiveness of the program will be evaluated after the school year is completed. The intention of the school is to have full implementation by 2017-2018 SY. The recommendation is for the Commission to approve the proposal.

Kalima Cayir, Director of Volcano Public Charter School, thanked the Commission staff for their help on this matter. She clarified that this is not online learning program. There are seven hours designated as collaborative learning experience between teacher and students. There will be interactions by way of excursions and the

program also promotes getting out into the community. The students will have one-hour long meeting to develop a personal learning plan. The students will be required to go to school 3-4 days per session.

Commission Chair Payne called for public testimony. No public or written testimony provided.

**Action: Moved that the Commission approve Volcano School of Arts & Sciences' request to amend its Educational Program, Exhibit A of the State Public Charter School Contract by acknowledging the school has a blended learning program. (Takabayashi/D'Olier).
The motion passed unanimously.**

XIV. Presentation on Annual Charter School Survey

Jennifer Higaki, Data Analyst, presented on the new Annual Charter School Survey. Higaki shared that she has received a lot of requests for information about our schools and from parents. The goal of the survey is to consolidate all the requests for information into one place for the schools to lessen the reporting burden and random inquiries during the school year. Higaki asked for suggestions and anything the Commission would like to add to the survey.

Chair Payne commented that the charter school survey may be helpful if the Commission needs to apply for new funding. Commissioner Nishizaki asked if this information will be on the website and Higaki commented that the staff is looking into it. Additional information on the survey will be put in a future weekly Commission newsletter (Ka`Elele).

Commission Chair Payne called for public testimony. No public or written testimony provided. No action required.

XV. Executive Director's Written Report

- A. Update on Charter Schools' Notice of Deficiency/Concerns
- B. Update on Complaints Against Charter Schools
- C. Notification of Governing Board Meeting Waivers

Commission Chair Payne called for public testimony.

John Thatcher, Director of Connection Public Charter School, presented testimony to the Commission. Thatcher shared that since there are no rules or forum for submitting request for administrative rules; he just submitted an email for the adoption for administrative rules on the Commission's Intervention protocol.

Joe Iacuzzo, Director of Ka'u Learning Academy, presented testimony to the Commission. Iacuzzo wanted to clarify the issue involving the NOD and listed the options they had to correct the issue. He mentions that there are extenuating circumstances to reasons why the NOD should not be on their record because the issue has been corrected.

No further public or written testimony provided. No action required.

XVI. Adjournment

Commission Chair Payne adjourned the meeting at 2:20 p.m.