



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

ADMINISTRATION & OPERATIONS COMMITTEE MEETING

Minutes of the Committee Meeting of Thursday January 30, 2014

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

ATTENDANCE

Curtis Muraoka
Karen Street
Roger Takabayashi (Vice Chair)
Peter Tomozawa (Chair)

ALSO PRESENT

Tom Hutton, Executive Director
Leila Shar, Financial Performance Manager

I. Call to Order

Committee Chair Peter Tomozawa called the meeting to order at 10:40 a.m.

II. Approval of September 26, 2013 Committee Minutes

Moved (Takabayashi/Muraoka) to approve the Administration & Operations Committee meeting minutes on September 26, 2013 passed unanimously.

III. Action on Delegation of Authority Under Chapter 37D, Hawaii Revised Statutes to Executive Director

Financial Performance Manager Leila Shar provided an overview of the delegation of authority under Hawaii Revised Statutes (“HRS”), Chapter 37D. Shar reported that staff is seeking clarification from the Commission’s Deputy Attorney General. Currently, HRS

Chapter 37D allows the head of the department to sign off on purchases under \$100,000, but anything above requires approval from the Department of Budget and Finance (“B&F”). Shar shared that the reason for seeking the clarification is that two charter school auditors have flagged general questions regarding the procurement policy for leasing agreements.

Committee discussed the approving authority and charter school exemption from the procurement code. No action required at this time.

Committee Chair Tomozawa called for public testimony. No public testimony submitted.

IV. Update on 2014 Legislative Session

Executive Director Tom Hutton provided highlights of the bills staff was tracking. Hutton thanked Committee Chair Tomozawa for joining the staff in providing testimony at the Legislature. Committee Chair Tomozawa complimented Hutton on his testimony.

Hutton highlighted House Bill 1971, Relating to Labor. Staff submitted comments and expressed support for the funding of unfunded employee benefits provided for in the master collective bargaining agreements but caution about depriving governing boards of flexibility in negotiating supplemental agreements. The Committee discussed national board certified teachers and hard-to-fill bonuses within the per-pupil allocation.

Lynn Finnegan, Director of Hawaii Public Charter School Network, shared thoughts on the bill. Finnegan said her research found that funds for hard-to-fill bonuses are not in the Department of Education’s (“DOE”) budget; however, funds for national board certified teachers are.

The Committee discussed methods to provide fairness for national board certified and hard-to-fill bonuses for charter schools.

Hutton discussed Senate Bill (“SB”) 2925, Relating to Budgeting, on which staff submitted testimony. Staff was concerned that charter schools are subject to Hawaii Revised Statutes (“HRS”) Section 37-74. This section requires schools to submit an operational plan approved by B&F.

Hutton discussed SB2236, Relating to Early Learning. Staff submitted testimony in support of this measure. The proposal would include charter schools among the public schools which the Governor’s office can choose to fund preschool programs. Staff asked for clarification that schools not need to have “unused or underutilized classrooms.”

Hutton also flagged for the Legislature issues regarding conversion schools that are required to serve special needs pre-K students but do not receive per-pupil funding for these students.

Hutton discussed HB1745, Relating to Education, the Commission's charter school clean-up bill. Staff submitted testimony in support to the House Committee on Education. Hutton highlighted changes to the bill, which include authority to impose fees, for example for applications, and a provision expressly authorizing the Commission to reconstitute a school's governing board in extreme circumstances.

Hutton highlighted HB2425, Relating to Federal Funds, which would, to the extent allowable under federal law, place Federal impact aid funds into the State's general fund.

Hutton reported that the staff feels it may be worth considering putting a minimum number of instructional hours for charter schools. Charter schools are currently exempt from the statute establishing such standards for DOE schools. The Committee discussed instructional hours for charter schools. Hutton shared that staff is in the process of retrieving information from the schools on their current situations. Staff has done research on charter laws in other states and how minimum instructional time is handled.

The Committee asked for clarification on HB1745 and whether there is language in the law where the Commission may step in to operate a school temporarily if necessary. Hutton clarified that the language in the statute is broadly worded.

Committee Chair Tomozawa called for public testimony. No public testimony submitted.

V. Action on Targeted Allocation of Operational Funds to Schools

Committee Chair Tomozawa recognized written testimony.

Hutton provided background on the targeted allocation of operational funds for charter schools. Hutton shared at the General Business Meeting in December, the Committee moved to scale back the pilot program for facilities and distribute more of the Federal impact aid funds to assist with operation for schools on a targeted basis. Hutton shared the methodology used in allocating the funds. Staff recommends allocating based on facilities situation (conversion, start-up, or online), enrollment of high-needs student populations served, the school's unrestricted cash on hand, and the additional expense of offering a high school program.

Hutton reported two charter schools requested and obtained an opinion from their Deputy Attorney General questioning the Commission's authority to allocate Federal impact aid funds for the Commission's pilot program on facilities. The opinion received is that charter schools are not permitted to use impact aid funds as flexibly as previously thought; funds can only be used for certain specified purposes. If the opinion is accepted, the Commission must adopt procedures to communicate to schools to ensure the acceptable use of these targeted operational funds before funds are distributed. Staff is in the process of resolving the question and is discussing the matter with other agencies.

The Committee discussed the methodology for targeting. Hutton shared that the issue regarding per-pupil funding for pre-K special needs students is not a part of this submittal but that staff has been discussing the issue with DOE and the Legislature. Commissioner Muraoka shared that a requirement for a USDA loan is for schools to have unrestricted cash on their books. Based on the methodology created, schools are potentially penalized for having unrestricted cash based on a requirement mandated from the USDA loan. Committee discussed the methodology and provided additional suggestions to bring to the Commission General meeting.

Committee Chair Tomozawa called for public testimony. No public testimony submitted.

Moved (Takabayashi/Street) that the Committee directs staff to bring to the full Commission three options for the allocation methodology for the additional operational funds:

- 1. The proposal as submitted to the Committee, with funds targeted to the 24 brick-and-mortar start-up schools based on high-needs populations, with modifiers for days cash on hand and grade levels served;**
- 2. A modification that would set a minimum distribution level for those 24 schools; and**
- 3. A modification that would revise or eliminate the modifier for days cash on hand based on additional research passed 3 ayes (Street/Takabayashi/Tomozawa) and 1 abstention (Muraoka).**

VI. Discussion on Future Committee Meetings and Agenda Items

Next meeting is scheduled for Thursday, February 27, 2014 at 1:00 p.m. General Commission meeting is scheduled for Thursday, February 13, 2014.

UNAPPROVED

vii. Adjournment

Committee Chair Tomozawa adjourned the meeting at 12:29 p.m.