

NEIL ABERCROMBIE
GOVERNOR



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RECOMMENDATION SUBMITTAL

DATE: April 10, 2014

TO: Catherine Payne, Chairperson

FROM: Tom Hutton, Executive Director

AGENDA ITEM: Action on Request for Revisions to Mālama Hōnua Learning Center, A Public Charter School’s Application Relating to Projected Enrollment and Budget

I. DESCRIPTION

That the Commission tentatively approve Mālama Hōnua Learning Center, a Public Charter School’s (“Malama Honua”) request to revise its application as relating to its projected enrollment and revised budget, subject to the Executive Director’s approval of the school’s detailed budget for Years 0-3 and a budget contingency plan.

II. AUTHORITY

Charter Applications: Pursuant to §302D-5(a), Hawaii Revised Statutes (“HRS”), which provides in pertinent part:

“(a) Authorizers are responsible for executing the following essential powers and duties:

- (1) Soliciting and evaluating charter applications;
- (2) Approving quality charter applications that meet identified educational needs and promote a diversity of educational choices;
- (3) Declining to approve weak or inadequate charter applications[.]”

Delegation of Duties: Pursuant to §302D-5(c), HRS, “[a]n authorizer may delegate its duties to officers, employees, and contractors.”

III. BACKGROUND

Application. Malama Honua submitted an application for a new charter school on April 16, 2012 (“Original Application”). In this Original Application, Malama Honua proposed starting a school with grades Kindergarten through fourth grade with 125 students. Malama Honua proposed adding a grade every year thereafter until Year 5 when the school would offer grades Kindergarten through eighth grade and have a projected enrollment of 350 students. The projected enrollment chart from their Original Application is included below as **Figure 1**.

Figure 1

Grades	Projected Enrollment				
	School Year 1	School Year 2	School Year 3	School Year 4	School Year 5
K	25	25	50	50	50
1	25	25	50	50	50
2	25	25	50	50	50
3	25	25	25	50	50
4	25	25	25	25	50
5		25	25	25	25
6			25	25	25
7				25	25
8					25
9					
10					
11					
12					
Total	125	150	250	300	350

Included in this Original Application was a budget that was based on the projected enrollment of 125 students in Year 1 and a per pupil amount of \$5,579.45.

Recommendation Report. The Hawaii Board of Education and the Commission engaged the National Association of Charter School Authorizers (“NACSA”) to manage the 2012 application process in collaboration with the Charter School Administrative Office (“CSAO”). NACSA and CSAO assembled independent evaluation teams to review charter applications and develop recommendation reports. One of these evaluation teams issued Charter School Application Recommendation Report for Malama Honua dated November 29, 2012 (“Recommendation Report”), which is attached as **Exhibit A**. The evaluation team recommended that the Commission approve Malama Honua’s Original Application, in part, because “[t]he school has a clear educational plan with a focus on curriculum development and professional development to support implementation of an ambitious academic program opening with grades K-4 in the first year of operation . . . [and t]he school’s financial plan presents reasonable expenditures for staff and program elements, though it relies heavily on cash and in-kind contributions to achieve adequate revenues.”¹

Education Program Design (starting grades). When evaluating Malama Honua’s Education Program Design, the evaluation team raised concerns about the “ambitious nature of starting a school with five grades and the challenge of creating a cohesive program with so many goals[.]”

¹ Recommendation Report at 6.

but looked to the commitment of established partners with track records as something that indicated a likelihood of success.²

Organizational Plan. According to the Recommendation Report, the school intends to keep a 25:1 student-teacher ratio and plans to open with 5 classroom teachers. The original proposal was for the Kindergarten class to be support by an aide and in grades 1-4, each multi-age grouping of 50 students would be accompanied by an Associate Teacher.³ The evaluation team found that the Original Application “proposed an organizational chart with sufficient positions in the opening years . . . [and that] the staffing plan is aligned with enrollment[.]”⁴

Financial Plan. According to the Recommendation Report, the budget line items were reasonable and aligned with the enrollment projects and staffing plan.⁵ The Recommendation Report also references a potential facility that has the capacity to hold the entire school and generate revenue by subleasing unused space.⁶ The evaluation team’s analysis goes on to state that some key relationships have not been fully secured, particularly Kamehameha Schools, and some other budget assumptions, which are speculative.⁷

Evidence of Capacity. The evaluation team states that the leaders of two primary partner organizations are proposed as board members and that proposed board members have deep connections with local fundraising and non-profit community. The plan had a leadership team consisting of a principal (who is the instructional leader), business manager (who will be the financial and accounting officer), director of operations (who will manage the physical plant, facilities, and equipment), and director of the school’s Learning Resource Center (who will lead the school’s student support division and coordinate response to intervention and special education processes).⁸

Approval of Application. At its December 13, 2012 General Business Meeting, the Commission, concurring with the evaluation team’s recommendation, approved Malama Honua’s application. At the meeting, a commissioner stated concern about the applicant’s Year 1 operating revenue deficit, however, it was pointed out that Malama Honua expected revenue from subleasing its proposed facility, which would offset the deficit.

School Opening Deferral. At the Commission’s March 14, 2013 General Business Meeting, Malama Honua requested a one-year deferral of school opening to July 1, 2014. In the February 11, 2013 letter requesting the deferral, Malama Honua cited a number of things, including the importance of starting strong and having adequate time to set the school up for success.

Request to Amend Application. On March 21, 2014, Denise Espania, the principal of Malama Honua contacted staff, inquiring about the process for making changes to the Original Application. Subsequently, Ms. Espania provided specifics about the changes Malama Honua was requesting.

² Recommendation Report at 7.

³ Recommendation Report at 8.

⁴ Recommendation Report at 8.

⁵ Recommendation Report at 9.

⁶ Recommendation Report at 9.

⁷ Recommendation Report at 9.

⁸ Recommendation Report at 10.

Basically, Malama Honua is proposing to start by offering grades K-2 to 50 students and add a grade every year thereafter until it served 100 students in Year 3. The chart in **Figure 2** below illustrates the revised projected enrollment.⁹

Figure 2

Projected Enrollment (Revised)					
Grades	School Year 1	School Year 2	School Year 3	School Year 4	School Year 5
K	50	25	25	See Footnote 9	See Footnote 9
1		25 (grades 1-2) 25 (grades 2-3)	50 (grades 1-2)		
2			25 (grades 3-4)		
3	-	-	-		
4	-	-	-		
5	-	-	-		
6	-	-	-		
7	-	-	-		
8	-	-	-		
9	-	-	-		
10	-	-	-		
11	-	-	-		
12	-	-	-		
Total	50	75	100		

Because the significant reduction in enrollment impacts all areas of the school, Malama Honua was also asked to provide a revised budget; the school provided a revised, detailed budget for Year 1, which is attached as **Exhibit B** (“Revised Budget”). The school also provided staff with a written document entitled “Requested Changes Related to MHLC Enrollment and Year-1 Budget,” sent on March 7, 2014, which outlining the requested changes and justifications, attached as **Exhibit C** (“Request Document”). Subsequently, staff and the school have been in communication about various issues and staff questions relating to the school’s request.

IV. DECISION MAKING STATEMENT

The school requested two changes to its application – a change in its projected enrollment and its Revised Budget that reflects the school’s reduced enrollment. Each of these changes will be addressed below.

Reduced Enrollment. Originally the school proposed starting with 125 students (K-4) in Year 1 and eventually growing to a K-8 school that has 350 students at full enrollment in Year 5. The school is requesting a reduction in this plan that would allow the school to start with 50 students (K-3) and grow over the next two years to 100 students. The school still intends to offer grades K-8, but is not able to provide a growth plan for Years 4 and 5 because the current facility does not allow for more than 100 students. See **Figure 2** for details.

⁹ Note that Years 4 and 5 are blank. This is because the current facility, when completely built out, will only accommodate 100 students. Malama Honua is looking at future sites that will accommodate more students and still intends to have a K-8 school if it can obtain facilities with the necessary space.

The school provides three (3) justifications for the reduction in enrollment. First, the school has received input from the Waimanalo community about the desire to have the school start small to minimize the impact on the existing community schools. Second, the school is mindful of the a statement in the Recommendation Report that stated that starting with five grades (K-4) was “ambitious” and believes that starting with fewer grades will allow the school to devote time and resources to a high-quality educational program and to create a strong foundation for the school. Third, the facility that the school is looking at leasing will only hold 50 students at this time.

Mixed Age Classes. Additionally, the school is asking that the Commission recognize that it will have mixed age classrooms, as described in their original application. Although the originally projected enrollment chart showed a number of students for each grade, the school plans to have fifty (50) students in grades K-2 for the first year. As such, there will not be a set number of children for each grade. Rather, the school will accept up to 50 students between kindergarten and second grade.

Staff Recommendation on Reduced Enrollment and Mixed Age Classes. Staff believes that the school’s justifications are legitimate and that their request for mixed age students between grades K-2 is reasonable. Staff recognizes the outreach that the school has done in its community and is cognizant of the efforts the school is making to ensure that it is sensitive to community concerns. Additionally, staff agrees that starting smaller, as pointed out in the Recommendation Report, will be beneficial to not only the students, but also the teaching and administrative staff. The Recommendation Report stated, that although the plan was ambitious, the “commitment of established partners with track records as something that indicated a likelihood of success.” The school has confirmed that the same partners are committed to the school and that they have been building on this base of commitment. Moreover, the mixed age classrooms were in the school’s Original Application and in alignment with the school’s mission and vision. As such, staff recommends tentative approval of a reduced enrollment of 50 students between grades kindergarten and second grade, subject to the submittal of a detailed, multi-year budget and contingency plan, as discussed below.

Revised Budget. Malama Honua argues that its reduced enrollment has resulted in corresponding reduced expenses, that together with federal and private grants, will allow the school to run a balanced budget. According to the school, there are reductions in staff (administrative, teaching and instructional leadership positions), materials and pupil services, and operations and maintenance, which reduce the school’s expenses overall. The school is looking to a combination of federal and private grants and fundraising to provide revenue, in addition to per pupil amounts.

Staff Recommendation on Revised Budget. Staff believes that the school has appropriately adjusted its expenses to align with its reduced revenue, but still has concerns about uncertain nature of the school’s projected grant and fundraising revenue and the absence of a detailed multi-year budget and contingency plan. The school has provided staff with information regarding the reduced teaching staff and staff found that the staffing was in alignment with the reduced projected enrollment. Staff has also found that the reduced administrative staff is adequate for a smaller school’s needs. The school will no longer have a facility that generates revenue, but the new, smaller facility does not come with the added expenses that the original facility had (operating expenses, as well as a position to manage the facility). Key relationships have still not been secured and some revenue is still speculative, but the school has made progress during its start-up year and is closer to realizing revenue than when the application was approved.

While the school's expenses are in line with the reduction that it is requesting, staff has concerns about the school's revenue expectations and the absence of a detailed budget contingency plan, should the expected revenue not come to fruition. For example, the school relies heavily on funds that are expected to come from grants, most of which have not been awarded at this time. Also, the school has only submitted a budget for one year, Year 1 of the school's operations. Staff believes that a detailed budget showing the school's start-up year budget (Year 0), as well as a budget for Years 2 and 3 is essential before staff can evaluate the soundness of the school's financial plan and that a detailed multi-year budget may alleviate some of staff's concerns. That being said, the school has been able to successfully answer a number of staff's questions regarding the budget, so staff is recommending tentative approval of the budget. As such, staff recommends that tentative approval of the school's budget be made subject to the Executive Director's approval of a detailed budget for Years 0-3 and a detailed budget contingency plan.

Delegation of Authority to Approve Multi-Year Budget. If the school submits a detailed multi-year budget and budget contingency plan that addresses the issues highlighted by staff, the budget should be acceptable. The school has been asked to submit a multi-year budget and budget contingency plan, but they need additional time to create these documents. Timing-wise, the school will need to know what targets they need to hit (for enrollment and budget) to get a State Public Charter School Contract as soon as possible. If the Commission does not provide tentative approval at this meeting and delegate authority to staff to grant final approval upon approval of a multi-year budget and budget contingency plan, the Commission would not be able to approve changes until its May or June¹⁰ General Business Meeting. This gives the school very little time to operating with established targets in place. As such, staff recommends tentative approval of the school's request to reduce its enrollment and revise its budget, subject to the Executive Director's approval of a multi-year budget (Year 0 through Year 3) and budget contingency plan.

V. RECOMMENDATION

Motion to the Commission:

“Moved to tentatively approve amendments to Mālama Hōnua Learning Center, a Public Charter School's (“Malama Honua”) charter school application to allow for a reduction in enrollment to fifty (50) students in Year 1 made up of mixed grades between kindergarten and second grade; provided that the Executive Director approves the school's revised detailed budget for Years 0-3 and budget contingency plan.”

“Moved to delegate to the Executive Director the authority to approve Mālama Hōnua Learning Center, a Public Charter School's revised detailed budget for Years 0-3 and budget contingency plan; provided that the Executive Director notifies the Commission if such revised budget and contingency plan is approved.”

¹⁰ The May General Business Meeting will be largely consumed with decision-making on new charter school applications, so the Commission may not have time to consider other business matters on that agenda.

Exhibit A
Recommendation Report

November 29, 2012

Hawaii State Public Charter School Commission

Charter School Application Recommendation Report

Proposed School Name

Malama Honua Learning Center, A Public Charter School

Submitted by

Malama Honua Learning Center PCS Local Interim School Board

Evaluation Team

Team Lead: Simeon Stolzberg

Evaluators: Kirk Hartom

Liam Skilling

Francisco Hernandez

Stephen Osborn



National Association of Charter School Authorizers

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Introduction

Serving more than 9,300 children throughout the state, Hawaii's charter schools have been a source of innovation and community engagement in learning. During its 2012 session, the Hawaii legislature passed SB2115, enacted as Act 130, which redefined the authorization of charter schools in Hawaii. Act 130 established the Hawaii Public Charter School Commission (the Commission) as the independent statewide authorizer. The Commission consists of nine members appointed by the State Board of Education. The Commission's mission is "to authorize high-quality public charter schools throughout the State." In addition to assuming responsibility for oversight of the 32 existing charter schools, the Commission is responsible for making decisions on applications for new schools.

The role of the Commission is to ensure a long-term strategic vision for Hawaii's public charter schools and to develop and maintain chartering policies and practices consistent with *Principles & Standards for Quality Charter School Authorizing*, published by the National Association of Charter School Authorizers (NACSA). Among the essential duties of the Commission is the execution of a high-quality charter application process, including 1) soliciting and evaluating charter applications; 2) approving quality charter applications that meet identified educational needs and promote a diversity of educational choices; and 3) declining to approve weak or inadequate charter applications.

Evaluation Process

The Hawaii Board of Education and the Commission engaged NACSA to manage the 2012 application process in collaboration with the Charter School Administrative Office (CSAO). It is NACSA's responsibility to help the Commission make rigorous, merit-based application decisions by providing independent analysis and assessment of each application.

Evaluation Teams

An independent Evaluation Team assessed each application against the criteria for approval. Each team was led by a national charter school expert and included at least one reviewer with Hawaii-specific charter school experience as well as one member of the CSAO.

Individual Review

Each evaluator conducted an individual assessment of the merits of the proposal based on the criteria for approval. The Evaluation Team discussed their individual assessments in preparation for the Request for Supplemental Information and the Capacity Interview.

Request for Supplemental Information

Based on the initial review, the Evaluation Team identified areas requiring clarification or additional information. Applicants had an opportunity to address these issues in writing, as well as to provide material updates to their applications.

Capacity Interview

The Evaluation Team conducted an interview of the applicant group for the purposes of providing the applicants an opportunity to address questions and concerns raised in the review of the application and of evaluating the applicants' capacity to implement the proposed program effectively.

Recommendation

After considering the above items the Evaluation Team came to consensus regarding whether to recommend the proposal for approval or denial. This Recommendation Report represents the Evaluation Team's judgment about the merits of the application.

Evaluation Contents

This Evaluation Report includes the following:

Proposal Overview

Basic information about the proposed school(s), as detailed in the proposal.

Recommendation

An overall judgment regarding whether the proposal meets the criteria for approval.

Evaluation

Analysis of the proposal based on four primary areas of plan development.

- **Education Program Design** including the mission and vision of the school, student population, and the plan for the education program.
- **Organizational Plan** including the proposed governance and management structure, school staffing, and operations plans.
- **Financial Plan** including budgets, plan for financial management, and facilities plan.
- **Evidence of Capacity** including the skills and experience of the proposed governance and leadership team, relevant experience, and record of performance.

Opening a successful, high-performing charter school depends on having a complete, coherent plan. It is not an endeavor for which strength in one area can compensate for material weakness in another. *Therefore, in order to receive a recommendation for approval, the application must meet the criteria in all four areas.*

Proposal Overview

School Name

Malama Honua Learning Center, A Public Charter School

Mission

To provide an education that integrates the 21st-century skills and indigenous Hawaiian values that cultivate the caring, compassionate, and astute "mind of the navigator" in students and teachers alike.

Proposed Location

Waimanalo

Enrollment Projections

Academic Year	Planned # Students	Grades
2013-14	125	K-4
2014-15	200	K-5
2015-16	250	K-6
2016-17	300	K-7
2017-18	350	K-8
Capacity (2017-18)	350	K-8

Executive Summary

Recommendation ▾

Malama Honua Learning Center, A Public Charter School

Approve

Summary Analysis

The application for the Mālama Honua Learning Center (MHLC) demonstrates a compelling need for a school to serve native Hawaiians using a culturally relevant program to foster 21st-century skills and prepare students for post-secondary success. The school intends to partner with the Polynesian Voyaging Society (PVS), which has experience developing curriculum and supporting educational endeavors for the target population. In addition, the school is affiliated with the Hawaii Association of Independent Schools and the Hawaiian Educational Council, which intend to provide a range of supports to the school. The school has a clear educational plan with a focus on curriculum development and professional development to support implementation of an ambitious academic program opening with grades K-4 in the first year of operation. The proposal also presents an organizational plan that includes a clear understanding of effective governance and an organizational chart and staffing plan that aligns with the school's mission and vision. The school's financial plan presents reasonable expenditures for staff and program elements, though it relies heavily on cash and in-kind contributions to achieve adequate revenues.

Summary of Section Ratings

Education Program Design ▾

Meets the Standard

This includes the mission and vision of the school, student population, and the plan for the education program.

Financial Plan ▾

Meets the Standard

This includes budgets, plan for financial management, and facilities plan.

Organizational Plan ▾

Meets the Standard

This includes the proposed governance and management structure, school staffing, and operations plans.

Evidence of Capacity ▾

Meets the Standard

This includes the skills and experience of the proposed governance and leadership team, relevant experience, and record of performance.

The rating options for each section are *Meets the Standard, Approaches the Standard, Partially Meets the Standard, Does Not Meet the Standard*

Plan Summary

Mālama Honua Learning Center (MHLC) intends to integrate Hawaiian culture with STEM education and indigenous cultural values with 21st-century skills. MHLC is guided by ten core principles, which include meeting the academic, social, emotional, and behavioral needs of students; educational programs built on research-based practices; collaboration with other schools, both public and private, to share knowledge, best practices, and advance the field of education; and serving as a action-research setting. MHLC plans to serve as a “research school” that houses an embedded professional development institute through a partnership with the Hawaii Association of Independent Schools. The school intends to serve a predominantly Native Hawaiian community and plans to use a culturally relevant curriculum to engage students. The school will partner with the Polynesian Voyaging Society (PVS), the hub of modern Hawaiian “wayfinding,” to instill native Hawaiian values in teaching and learning practices. The core curriculum will be integrated through interdisciplinary projects and exhibitions. The school will use multi-grade classroom groupings and the proposed calendar includes weekly extended learning time for faculty and students. An extended program will offer enrichment and recreational activities, field trips, and homework assistance and tutoring. The school will create a personal learning plan (PLP) for all students that will follow their progress from grade to grade.

Analysis

The education plan meets the criteria for approval. The applicants demonstrate a compelling need for the school; they describe a specific target population, namely native Hawaiian youth, and propose an academic program specifically designed to meet their needs. With relevant connections and partners, the application includes a reasonable plan for outreach and recruiting students. The proposal is based on a clear educational philosophy and the school has processes for infusing the program with a clear approach to teaching and learning. For example, the application describes a specific process for curriculum development. PVS will help the school integrate into the curriculum the values of voyaging and environmental stewardship. Given the innovative nature of the proposed program, the applicants also recognize the need for robust professional development and staff support, and have dedicated resources to these areas. The schedule, in particular, supports the use of reflective practice through professional learning communities, while also providing extended time for key subjects like literacy. The school proposes to use a response to intervention (RTI) approach to identifying at-risk students and has staff and systems focused on meeting the needs of students with disabilities and English language learners. The application describes a range of formative and summative assessments with a clear plans for the use of data to improve instruction and student achievement.

The applicants identify school culture as a key design element and provide a plan for setting expectations among both students, parents, and staff. They describe the use of a school-wide code of conduct, an advisory program with its own curriculum, family groups, and an anti-bullying program. The school also intends to engage parents through communication and participation in school events and in their child's education.

The Evaluation Team raised some concerns about the ambitious nature of starting a school with five grades and the challenge of creating a cohesive program with so many goals, specifically the focus on integrating a program based on both culturally based education and 21st-century skills. Nevertheless, the commitment of established partners with track records support the likelihood of success. An additional concern was the lack of specific outcome targets with which to measure achievement of the school's mission, though the applicants noted their focus on student growth.

Organizational Plan

Malama Honua Learning Center PCS Local
Interim School Board

Rating ▾

Meets the Standard

Plan Summary

The school has identified the proposed members of the board of trustees, and has a plan to recruit additional members in the future, including a self-evaluation to identify needed skill sets and expertise, and a vetting practice where strong candidates will visit the school, review school and board information, submit a resume, attend a board meeting, and answer questions.

The school has an organizational chart that includes governance, instructional leadership, and financial and operational management. In terms of faculty, the school intends to keep a 25:1 student-to-teacher ratio and plans to open with five classroom teachers. Each kindergarten class will also be supported by an aide, and in grades 1-4, each multi-age grouping of 50 students is accompanied by an Associate Teacher. The school will offer one week of professional development prior to opening, and during the year students will be dismissed two hours early each Wednesday. The school has a teacher evaluation system based on six domains: Planning and Preparation; Classroom Management; Instructional Practice; Assessment; Family and Community Outreach; and Professional Responsibilities.

The founding board is currently in negotiations with Kamehameha Schools to secure a leased fee interest in a property for a school building.

Analysis

The organizational plan meets the criteria for approval because its clear plan for governance and management of the school. The school has established a board and has procedures for augmenting the board over time. It has developed bylaws and conflict of interest policies, and has plans to develop a rigorous self-assessment system, including board member evaluations and exit interviews. The founders recognize the operational challenges of managing a charter school, and have a proposed an organizational chart with sufficient positions in the opening years. In addition, the staffing plan is aligned with enrollment and the application describes a reasonable hiring process. In addition, the school uses a looping feature that allows it to distribute faculty in an innovative fashion and adapt to fluctuations in enrollment.

The application describes a clear plan for developing a professional community, including articulation of expectations, resources, and time devoted to training and teacher support, and staff evaluation. The professional development plan is focused on critical areas for a start-up school, including collaborative problem-solving and new teacher mentoring. The application describes a systematic evaluation system for both administrators and faculty that includes goal setting and multi-dimensional domains. The proposal also focuses on monitoring achievement of the school's mission and goals, including an annual performance audit.

Finally, the school is supported by some critical partnerships, including PVS, which already has experience working with Hawaii charter schools, and the Hawaii Association of Independent Schools Institute for 21st Century Teaching & Learning, which will be "embedded" within MHLIC and serve as a demonstration and residency site.

Though the school has not yet identified a leader, it has begun discussions with potential candidates and intends to conduct a thorough search to secure a school leader "with the experience, skills, and values needed to lead this unique start-up school."

Financial Plan

Malama Honua Learning Center PCS Local
Interim School Board

Rating ▾

Meets the Standard

Plan Summary

The school presents a five-year budget with \$1,594,614 in operating revenue in the first year and \$1,629,633 in operating expenses. The school intends to earn \$65,340 in non-operating revenue in its first year through a sub-lease of space in its facility, declining to \$15,078 at the end of the charter term. The Hawaiian Educational Council has pledged the use of its reserves to help with cash flow and deficits in the early years, along with ongoing fundraising each year. Punahou School is contributing the equivalent of one teacher annually. The new Institute for 21st Century Teaching and Learning at the Hawaii Association of Independent Schools (HAIS) will help with professional development and embedded teacher training (estimated value: \$142,300).

The board's Finance Committee is responsible for financial oversight; the school's Principal and Business Manager handle financial responsibilities on a day-to-day basis. The school has a process for developing its budget that includes input from key staff. The finance plan also includes an annual independent financial audit.

Analysis

The financial plan meets the criteria for approval. The applicants indicated that all line items were thoroughly researched and benchmarked against existing standards for charter schools in Hawaii and/or California. Budget line items appear to be reasonable and align with the application narrative and support the school's mission and vision. Moreover, the budget is aligned with the enrollment projections and staffing plan, clearly indicating costs for key positions and assumptions of salary raises over time. Salaries appear reasonable for the qualifications and expertise the school seeks to hire.

In terms of financial management, the application demonstrates the founders' understanding of the need for internal controls and oversight; in addition, they have already developed a conflict of interest policy and procurement policy. The board's Finance and Budget committee has clear responsibilities for monitoring the school's financial health.

The founders have identified a potential facility, though they cannot secure it until they have an approved charter. The facility has the capacity to hold the entire the school and generate revenue in the early years through sub-leasing unused space. They have also continued to pursue contingency facilities.

The applicants have secured pledges from a number of organizations to provide contributions and funds in case of need as well as in-kind services. In its first year of operation, the budget assumes \$337,500 in grants and \$137,300 of in-kind contributions. However, some key relationships have not yet been fully secured, particularly the support of Kamehameha Schools. However, given Kamehameha Schools' track record of funding and supporting schools serving the same target population that the founders have committed to serving, they believe it reasonable to assume their school will receive commensurate support, however to some extent the budget relies on some assumptions which are speculative.

Evidence of Capacity

Malama Honua Learning Center PCS Local
Interim School Board

Rating ▾

Meets the Standard

Plan Summary

Beginning in 2010, a group of educators, parents and community members met in conjunction with the Polynesian Voyaging Society's preparation for a 2013 Worldwide Voyage and began to envision a public charter school that would perpetuate Hawaiian cultural values and contemporary 21st-century skills. Starting in 2011, the group formalized, met more regularly, and changed its composition to include members with demonstrated capacity to establish and sustain an exemplary school, ultimately becoming the school's interim local school board. The group is led by the executive director of the Hawaii Association of Independent Schools, who is also the executive director of the Hawaiian Educational Council and has extensive experience with local organizations that support education reform in Hawaii public schools. The group also includes the executive director of the Polynesian Voyaging Society, which is a proposed partner organization with the school. In terms of management, MHLC plans on opening with three senior management positions (principal, business manager, and director of the Learning Resource Center) and intends to add additional management positions such as vice principal and director of campus outreach around year 3.

Analysis

The application meets the criteria for approval because the applicants have demonstrated the capacity to open and operate a successful charter school. Proposed board members have a range of relevant skill sets, including education, non-profit management, and business and finance. Current leaders of two primary partner organizations are proposed as board members, suggesting those organizations will have some skin in the game. Moreover, proposed board members have deep connections within the local fundraising and non-profit community, which will be critical assets to start-up.

The applicants propose a reasonable school leadership team with clear delineation of duties, including a principal who is the instructional leader and reports to the board. The business manager will report to the principal and will be the financial and accounting officer for MHLC and the director of operations will manage the physical plant, facilities, and equipment. The director of the school's Learning Resource Center (LRC) will also report to the principal and be responsible for leading the school's student support division and coordinating the school's RtI and special education processes, training, compliance, and reporting.

One concern raised by the Evaluation Team is the large number of board members currently affiliated with the Hawaii Association of Independent Schools. However, the board does intend to expand and diversify once established and the current executive director of HAIS indicated he is near retirement.

Evaluator Biographies

Simeon Stolzberg

Simeon Stolzberg is an education consultant who works primarily with charter school authorizers, operators, and founding groups. He has also been the Director of School Evaluation at the SUNY Charter Schools Institute which oversees charter schools across New York. He has been a school teacher and principal and is the founder of the Berkshire Arts and Technology Charter School in Massachusetts. Simeon has an M.P.P. and served at the U.S. Department of Education during the Clinton administration.

Kirk Hartom

Kirk Hartom is currently the Applications and Accountability Specialist for the Hawaii Public Charter Schools Commission. He has also been the Principal of The ASK Academy in Rio Rancho, New Mexico, which is a science, technology, engineering, and mathematics public charter school. He was part of the 2011 nationally acclaimed Honeywell Educators @ Space Academy held at the U.S. Space and Rocket Center in Huntsville, Alabama. Kirk was also the Founder and Administrator for Nuestros Valores Charter School, a small school for at-risk learners which opened in 2000 in Albuquerque, New Mexico's South Valley.

Liam Skilling

Liam Skilling has taught elementary school, middle school, and high school in public, private, and charter institutions. With Teach For America, he taught in East Palo Alto, California. In Hawaii, he taught fourth grade at Punahou as well as English/ELL at McKinley High School. He has worked with the Charter School Administrative Office on analyzing the impact of open-meeting laws on local school boards and drafting administrative regulations to accompany laws governing charter schools. Since 2010, he has been the Director of Academic Success and the Director of the Evening Part-Time Division at the William S. Richardson School of Law.

Francisco Hernandez

Dr. Francisco J. Hernandez is Vice Chancellor for Students at the University of Hawaii at Mānoa. He has taught courses in higher education and has worked as a teacher's aide and as the principal of an alternative school. He received a Ph.D. from Stanford University's School of Education specializing in the History of Education. He has served on the Hawaii Charter School Review Panel, the Legislative Task Force for Online Learning, and is a founding member of the North American Council for Online Learning. He is also an advisor to the Monterey Institute for Technology and Education.

Stephen Osborn

Stephen Osborn is the Assistant Superintendent of Student Programs for the Louisiana Department of Education. He oversees Louisiana's NCLB, IDEA, Child Nutrition, and Alternative Education programs. Prior to joining the Department of Education, Stephen served as COO for the Capital One New Beginnings Charter Schools Network which operates four charter schools in partnership with the University of New Orleans and Capital One Bank. During his tenure with the organization, Stephen also served as CFO and Director of State and Federal Programs. He has also served as a consultant for Benjamin Franklin High School and KIPP (Los Angeles and New Orleans).

Exhibit B
Revised Budget

Malama Honua Learning Center

Total Spending

For Fiscal Year July 1, 2014 through June 30, 2015

OPERATING REVENUES		
1	Grants - State Per Pupil	285,427.50
2	Grants - State Facilities	-
3	Grants - State Other	-
4	Grants - Federal	96,556.00
5	Grants - Private	122,108.00
6	Nutrition Funding - Federal	31,030.00
7	Nutrition Funding - Fees	10,818.00
8	Other Program Fees	-
9	Contributions, cash	-
10	Transportation Fees	-
11	SPED Reimbursements	-
12	Other:	-
13	Other:	-
14	TOTAL OPERATING REVENUES	\$ 545,939.50
NONOPERATING REVENUE		
15	Grants - Private	20,000.00
16	Contributions, in-kind	-
17	Contributions, from Component Unit	-
18	Contributions, Cash	17,600.00
19	Rental Income	-
20	Interest/Investment Income	-
21	TOTAL NONOPERATING REVENUE	\$ 37,600.00
OPERATING EXPENSES		
22	Administration	78,382.00
23	Instructional Services	377,704.00
24	Pupil Services	62,370.00
25	Operation & Maintenance of Plant	45,000.00
26	Benefits and Other Fixed Charges	-
27	Community Services	-
28	TOTAL OPERATING EXPENSES	\$ 563,456.00
29	TOTAL OPERATING GAIN/(LOSS)	\$ (17,516.50)
30	NET OPERATING GAIN/(LOSS) excluding depreciation	\$ 717.50
CAPITAL EXPENSES		
31	Administration	-
32	Instructional Services	21,400.00
33	Pupil Services	-
34	Operation & Maintenance of Plant	10,000.00
35	Benefits and Other Fixed Charges	-
36	Community Services	-
37	TOTAL CAPITAL EXPENSES	\$ 31,400.00
SUMMARY OF TOTAL NET GAIN/(LOSS)		
38	Total Operating Revenue	545,939.50
39	Total Nonoperating Revenue	37,600.00
40	Total Operating Expenses (excluding depreciation)	547,722.00
41	Total Capital Expenses	31,400.00
42	TOTAL NET GAIN/(LOSS)	\$ 4,417.50

Assumptions

GENERAL

Student Days	180
Teacher Days	192

STAFF

	FTE
Principal	1
Lead Kumu	2
Assistant Kumu	2
Hawaiian Cultural Specialist	0.5
Officer Manager	1

STUDENTS

# of Students	50
Attendance Rate	95%
Free & Reduced Lunch %	76%
Participation in School Breakfast	80%
Special Education %	12%

Financial Analysis

% of Revenue

Grants - State Per Pupil	48.9%
Grants - State Facilities	0.0%
Grants - State Other	0.0%
Grants - Federal	16.5%
Grants - Private	24.4%
Nutrition Funding - Federal	5.3%
Nutrition Funding - Fees	1.9%
Other Program Fees	0.0%
Contributions, cash	3.0%
Transportation Fees	0.0%
SPED Reimbursements	0.0%
Other:	0.0%
Other:	0.0%
Contributions, in kind	0.0%
Total Revenues	100.0%

Revenue Per Pupil (based on Avg Daily Attendance)

Grants - State Per Pupil	\$ 6,009
Grants - State Facilities	-
Grants - State Other	-
Grants - Federal	2,033
Grants - Private	2,571
Nutrition Funding - Federal	653
Nutrition Funding - Fees	228
Other Program Fees	-
Contributions, cash	-
Transportation Fees	-
SPED Reimbursements	-
Other:	-
Other:	-
Contributions, in kind	-
Total Revenues	\$ 11,493

Salary as % of Revenue

Instructional Leadership	17.1%
Classroom Staff	29.1%
Student Support Staff	4.7%
Other Administration	8.1%
Total Staff Expense	59.1%

Principal
Lead and Asst Kumu
SPED, Hawaiian Specialist
Office Manager

Operating Expenses as % of Revenue

Administration	13.4%
Instructional Services	64.7%
Pupil Services	10.7%
Operation & Maintenance of Plant	7.7%
Benefits and Other Fixed Charges	0.0%
Community Services	0.0%
Total Operating Expenses	96.6%

Annual Budget

For Fiscal Year July 1, 2014 through June 30, 2015

Form A1

yellow cells - Formula cells, do not enter information.
 blue cells - information needs to be entered
 gray cells - leave cell blank, info not applicable

	Year 1	Line	Notes	Instructions
OPERATING REVENUES				
1	285,427.50	1	\$6009 * Daily AVG Attendance	Per pupil funding received by the schools from the Commission or State of HI
2	-	2		Facilities funding, if any, received by the school from the Commission or State of HI
3	-	3		Other State funding (Testing, Etc.)
4	96,556.00	4	Impact = \$11,495 Title I = \$14,940 Title IIa = \$7,500 Yr 2 US DOE Grant = 62,500 KS Ho'olako = 72,108	Grants awarded by the federal government (including those that pass through the Commission such as Title I, Title IIa, Impact Aid, Charter School Start-Up Assistance, etc.)
5	122,108.00	5	Private foundation = \$50K	Grants awarded by private (non-governmental) foundations, corporations, or individuals.
6	31,030.00	6		Funding for nutrition programs is split between the federal and state governments - Split info. can be found at http://www.doe.mass.edu/news/news.asp?id=2533 .
7	10,818.00	7		Fees collected from students/parents for nutrition programs.
8		8		Any other fees (other than for nutrition or transportation) that the school collects transportation, uniforms, etc.
9		9		Ongoing donations from individuals, businesses, or corporations.
10		10		Fees collected from students or parents for transportation services.
11		11		Reimbursements from the State of Hawaii for special education students, if applicable.
12		12		Please enter a brief description in the highlighted green cell, if applicable.
13		13		Please enter a brief description in the highlighted green cell, if applicable.
14	545,939.50	14		Calculates automatically.
OPERATING EXPENSES				
15	78,382.00	15		Information for this cell pulled from the Sch_FuncExp sheet.
16	377,704.00	16		Information for this cell pulled from the Sch_FuncExp sheet.
17	62,370.00	17		Information for this cell pulled from the Sch_FuncExp sheet.
18	45,000.00	18		Information for this cell pulled from the Sch_FuncExp sheet.
19	-	19		Information for this cell pulled from the Sch_FuncExp sheet.
20	-	20		Information for this cell pulled from the Sch_FuncExp sheet.
23	563,456.00	23		Calculates automatically.
24	(17,516.50)	24		Calculates automatically.
24.1	717.50	24.1		Calculates automatically.
NET OPERATING GAIN/(LOSS) excluding depreciation				
NONOPERATING REVENUE				
25	20,000.00	25		Grants awarded by private foundations or corporations.
26		26		Monetary value of in-kind donations for services that would otherwise have been purchased.
27		27		Contributions made to the School by the Component Unit
28	17,600.00	28		One-time donations from individuals or corporations.
29		29		Income generated from rental of space.
30		30		Income generated from interest/investments.
31		31		Please enter a brief description in the highlighted green cell, if applicable.
32		32		Please enter a brief description in the highlighted green cell, if applicable.
33	37,600.00	33		Calculates automatically.
NONOPERATING EXPENSES				
34	-	34		Charter School figures will be populated from the Sch_FuncExp sheet.
35	-	35		Charter School figures will be populated from the Sch_FuncExp sheet.
36	-	36		Calculates automatically.
37	37,600.00	37		Calculates automatically.
38	20,083.50	38		Calculates automatically.
CHANGES IN NET ASSETS:				
39		39		Please enter a brief description of other changes in net assets (prior year adjustments, etc.) in the highlighted green cell, if applicable. For Year 0 (Start Up) should be zero.
40		40		Estimated Beginning Net Assets, For Year 0 (Start up), should be zero
41	20,083.50	41		Calculates automatically.

NAME:

Malama Honua Learning Center

Form A2

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blue cells - information provided by applicant

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Schedule of Budgeted Functional Expenses

Line	Functional Category	Year 1	FTE	Instructions/Notes
100	Administration	78,382.00	1.0	Administration - Calculates automatically.
110	Subtotal - Local School Board (LSB)	500.00		Calculates automatically - expenses for the Local School Board.
111	Contracted Services			LSB contracted professional services, including all related expenses covered by the contract
112	Travel and other expenses			Travel and other expenses for Board members such as dues, subscriptions and memberships.
113	Supplies & Materials	500.00		Supplies and materials for the operation of the LSB
120	Subtotal - School Leadership	-	0.0	Calculates automatically - expenses for the School Leadership office.
121	Salaries - Professional			Salaries for non-instructional school-wide administrative personnel such as executive director (Principals and Instructional Leaders should be noted in Instructional Services).
122	Contracted Services			Contracted professional services, including all related expenses covered by the contract.
130	Subtotal - Business and Finance	10,000.00	0.0	Calculates automatically - expenses for the Business and Finance office.
131	Salaries - Professional			Salaries for non-instructional school-wide administrative personnel such as business manager, accountant, chief financial officer, etc.
132	Contracted Services	10,000.00		Contracted professional services, including all related expenses covered by the contract.
140	Subtotal - Human Resources	-	0.0	Calculates automatically - expenses for the HR office.
141	Salaries - Professional			Salaries for non-instructional school-wide administrative personnel such as an HR director.
142	Contracted Services			Contracted professional services, including all related expenses covered by the contract.
150	Subtotal - Legal Services	5,000.00	0.0	Calculates automatically - expenses for legal representation for the School.
151	Salaries - Professional			Salaries for non-instructional school-wide administrative personnel such as a school attorney.
152	Contracted Services	5,000.00		Contracted professional services, including all related expenses covered by the contract.
160	Subtotal - Info, Management & Technology	-	0.0	Calculates automatically - expenses that support the data processing needs of the school, including student databases.
161	Salaries - Professional			Salaries for non-instructional school-wide administrative personnel such as a network support technician.
162	Contracted Services			Contracted professional services, including all related expenses covered by the contract.
163	Supplies and Materials			Materials and items of an expendable nature that are consumed or loses their identity through incorporation into a different/more complex unit/substance. Unit price of less than \$5000.
164	Depreciation for Information Technology			Annual depreciation expense for capitalized Information Management and Technology.
170	Subtotal - Development	500.00	0.0	Calculates automatically - expenses related to development, fundraising, and recruitment.
171	Salaries - Professional			Salaries for non-instructional school-wide administrative personnel such as a Director of Development.
172	Contracted Services			Contracted professional services, including all related expenses covered by the contract.
173	Fundraising	500.00		Expenses related to fundraising.
180	Subtotal - Other Administration	62,382.00	1.0	Calculates automatically - expenses related to development, fundraising, and recruitment.
181	Salaries - Clerical	47,382.00	1.0	Salaries for administrative support personnel who prepare, transcribe, systematize or preserve communications, records and transactions.
182	Recruitment/Advertising	5,000.00		Recruiting/advertising for students, staff, and board members.
183	Travel and other expenses			Travel and other expenses for staff and the school such as dues, subscriptions and memberships.
184	Supplies and Materials	5,000.00		Office Supplies and postage
185	Other: Dues, Licenses, Permits, Admin Meetings	5,000.00		Dues, Licenses, Permits, Admin Meetings
200	Instructional Services	377,704.00	6	Instructional Services - Calculates automatically.
210	Subtotal - Instructional Leadership	102,000.00	1.0	Calculates automatically - expenses for instructional leadership.
211	Salaries - Professional	100,000.00	1.0	Salaries for instructional personnel in leadership roles such as Principal/Asst. Principals (undistributed), Curriculum Directors (including SPED), Department Heads, Technology/Instructional Coordinators, Team Leaders, etc.
212	Salaries - Clerical			Salaries for administrative support personnel who prepare, transcribe, systematize or preserve communications, records and transactions.
213	Contracted Services			Contracted professional services, including all related expenses covered by the contract.
214	Supplies and Materials	2,000.00		Materials and items of an expendable nature that is consumed or loses its identity through incorporation into a different/more complex unit/substance. Unit price of less than \$5000.
215	Travel and other expenses			Travel and other expenses for staff such as dues, subscriptions and memberships.

Schedule of Budgeted Functional Expenses

Form A2

yellow cells - Formula cells, do not enter information.
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Line	Functional Category	Year 1	FTE	Instructions/Notes
220	Subtotal - Classroom and Specialist Teachers	137,500.00	2.5	Calculates automatically - expenses for teachers.
221	Salaries - Teachers, Classroom	110,000.00	2.0	Salaries for teachers with primary responsibility for teaching designated curriculum to established "classes" of students in a group instruction setting. Also includes itinerant music, art, health, physical education teachers who travel from classroom-to-
222	Salaries - Teachers, Specialists	27,500.00	0.5	Salaries for teachers with primary responsibility for teaching designated curriculum to established "classes" of students in a group instruction setting. Also includes itinerant music, art, health, physical education teachers who travel from classroom-to-
230	Subtotal - Other Teaching Services	81,470.00	2.0	Calculates automatically - expenses for other teaching services.
231	Salaries - Professional			Salaries for Medical/Therapeutic service professionals (OT, PT, Speech, Vision and other therapeutic services that are provided by licensed practitioners), librarians, media center directors, substitute teachers on payroll.
232	Salaries - Nonclerical Paraprofessionals	60,000.00	2.0	Salaries for paraprofessionals hired to assist teachers/specialists with classroom instruction or to assist teachers in the preparation or reproduction of instructional materials or operation and maintenance of instructional equipment, or performance of o
233	Salaries - Clerical			Salaries for administrative support personnel who prepare, transcribe, systematize or preserve communications, records and transactions.
234	Contracted Services	21,470.00		Contracted professional services, including all related expenses covered by the contract, for other teaching services (non-payroll substitute teachers should be included here).
240	Subtotal - Professional Development	6,000.00	0.0	Calculates automatically - expenses for professional development of instructional personnel.
241	Salaries - Professional			Salaries for full-time or prorated salary (if 50% or greater) of director/staff for professional development, including training for new teachers, new curriculum or instructional practices, master and mentor teachers, coaches; Also salaries of teacher/lms
242	Contracted Services	6,000.00		Contracted professional services, including all related expenses covered by the contract, for professional development (non-payroll substitute teachers should be included here).
243	Supplies and Materials			Materials and items of an expendable nature that is consumed or loses its identity through incorporation into a different/more complex unit/substance. Unit price of less than \$5000.
244	Travel and other expenses			Travel and other expenses for staff such as dues, subscriptions and memberships.
250	Subtotal - Guidance, Psychological & Testing	-	0.0	Calculates automatically - expenses for guidance, psychological, and testing.
251	Salaries - Professional			Salaries for Director of Guidance, school social workers, and counselors for guidance, school adjustment, higher education, career planning, and workplace learning placement; psychological evaluations and other services provided by a licensed mental heal
252	Salaries - Clerical			Salaries for administrative support personnel who prepare, transcribe, systematize or preserve communications, records and transactions.
253	Contracted Services			Contracted professional services, including all related expenses covered by the contract, for guidance, psychological, and testing.
254	Supplies and Materials			Materials and items of an expendable nature that is consumed or loses its identity through incorporation into a different/more complex unit/substance. Unit price of less than \$5000.
260	Subtotal - Materials, Equipment & Technology	50,734.00		Calculates automatically - expenses for materials, equipment & technology.
261	Textbooks & Related Media/Materials			Expenditures for all textbooks, workbooks, and materials including accessories, such as CD-ROMS, videos, etc. provided as an integrated package, and printed manuals, used to support direct instructional activities.
262	Other Instructional Materials			Books and other materials, excluding textbooks, for use in school libraries or classroom libraries (trade books, periodicals, reference materials, etc.).
263	Instructional Equipment	15,000.00		Non-capitalized expenditures for purchase of science laboratory, physical education, equipment, irrespective of unit cost. Also includes lease/purchase of copy equipment primarily used to produce instructional materials.
264	General Instructional Supplies	5,000.00		Papers, pens, pencils, crayons, chalk, paint, toner printer cartridges, calculators, etc.
265	Other Instructional Services	5,000.00		Cost for field trips, including admissions and transportation costs. Also, distance learning services.
266	Classroom Instructional Technology			Computers, servers, networks, scanners, digital cameras, etc. used in the classroom or in computer laboratories.
267	Other Instructional Hardware			Computers, servers, networks, scanners, digital cameras, etc. for school libraries and media centers.
268	Instructional Software	10,000.00		Programs, licenses, CD-ROMs.
269	Depreciation for Instructional Equipment	15,734.00		Annual depreciation expense for capitalized Instructional Materials, Equipment, & Technology.
300	Pupil Services	62,370.00	0.0	Pupil Services - Calculates automatically.
310	Salaries - Pupil Services			School nurses, registrars, coaches, etc. on payroll.
320	Health Services			Contracted professional services and related costs, including stipends.
330	Student Transportation (to and from school)			Contracted professional services and related costs incurred by the school for Home-to-school student transportation.
340	Depreciation of Transportation Vehicles			Annual depreciation expense for capitalized transportation vehicles.
350	Food Services			Contracted professional services and related costs, including stipends incurred for the school's food services program.
360	Athletic Services	62,370.00		Contracted professional services and related costs, including stipends.
370	Other: Extended Care Stipends Uniforms?	-		Specify other pupil services expenditures, if applicable.
		1,000.00		

NAME:

Malama Honua Learning Center

Form A2

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Schedule of Budgeted Functional Expenses

Line	Functional Category	Year 1	FTE	Instructions/Notes
400	Operation & Maintenance of Plant	45,000.00	0.0	Operation & Maintenance of Plant - Calculates automatically.
410	Salaries - Operation & Maintenance of Plant			Plant managers, custodians, maintenance, etc.
415	Utilities			Cost of heating fuel, oil, electricity, gas, water, trash, waste disposal, telephone services, etc.
420	Maintenance of Buildings & Grounds	4,000.00		Includes contracted custodial services and building security.
425	Maintenance of Equipment			Equipment parts and repair, materials, and tools, contracted services, including vehicles.
430	Networking and Telecommunications	2,500.00		Costs for supporting school technology infrastructure, including wiring, PBX Systems, file servers, etc.
435	Depreciation of Equipment, Building, & Grounds	2,500.00		Annual depreciation expense for capitalized equipment, Networking and Telecommunications, Building, & Grounds.
440	Rental/Lease of Buildings & Grounds	36,000.00		Annual operating lease/rental costs on Building/Grounds.
445	Rental/Lease of Equipment			Annual operating lease/rental costs on other operations and maintenance of plant equipment.
450	Other: Furniture & Equipment			School Equipment and Furniture
455	Other: Custodial supplies			Custodial Supplies
460	Other:			Specify other operations & maintenance of plant expenses
500	Benefits and Other Fixed Charges	-		Benefits and Other Fixed Charges - Calculates automatically.
510	Employee Retirement			Not an expense for the schools
520	Fringe Benefits			Not an expense for the schools
530	Insurance (non-employee)			Insurance premiums for property, fire, liability, fidelity bonds; judgments against the school resulting from self-insurance.
560	Short-Term Interest			Interest costs for short-term (less than one year) lines of credit, etc.; Charter School figures will be populated from the SOFE sheet.
570	Other:			Specify other fixed charge expenditures, if applicable, which may include costs of public safety inspections.
600	Community Services	-		Community Services - Calculates automatically.
610	Dissemination Activities			Activities designed to disseminate the school's best practices to external groups, including presentations at or hosting of conferences, etc.
620	Civic Activities			Materials and items of an expendable nature that is consumed or loses its identity through incorporation into a different/more complex unit/substance. Unit price of less than \$5000.
700	Non-Operating Expenses	-		Non-Operating Expenses - Calculates automatically.
720	Long-Term Interest			Annual debt service costs for long-term financing (greater than one year).
730	Other:			Please enter a brief description in the highlighted green cell, if applicable.
800	TOTALS	563,456.00	6.5	TOTALS - Calculates automatically.

Schedule of Capital Projects

yellow cells - Formula cells, do not enter information.

blue cells - information provided by applicant

gray cells - leave cell blank, info not applicable

Line	Functional Category	Year 1	Instructions/Notes
1000	Administration	-	Administration - Calculates automatically.
1100	Subtotal - Local School Board (LSB)	-	Calculates automatically - expenses for the Local School Board.
1110	Contracted Services		LSB contracted professional services, including all related expenses covered by the contract
1120	Travel and other expenses		Travel and other expenses for Board members such as dues, subscriptions and memberships.
1130	Supplies & Materials		Supplies and materials for the operation of the LSB
1200	Subtotal - School Leadership	-	Calculates automatically - expenses for the School Leadership office.
1210	Salaries - Professional		Salaries for non-instructional school-wide administrative personnel such as executive director (Principals and Instructional Leaders should be noted in Instructional Services).
1220	Contracted Services		Contracted professional services, including all related expenses covered by the contract.
1300	Subtotal - Business and Finance	-	Calculates automatically - expenses for the Business and Finance office.
1310	Salaries - Professional		Salaries for non-instructional school-wide administrative personnel such as business manager, accountant, chief financial officer, etc.
1320	Contracted Services		Contracted professional services, including all related expenses covered by the contract.
1400	Subtotal - Human Resources	-	Calculates automatically - expenses for the HR office.
1410	Salaries - Professional		Salaries for non-instructional school-wide administrative personnel such as an HR director.
1420	Contracted Services		Contracted professional services, including all related expenses covered by the contract.
1500	Subtotal - Legal Services	-	Calculates automatically - expenses for legal representation for the School.
1510	Salaries - Professional		Salaries for non-instructional school-wide administrative personnel such as a school attorney.
1520	Contracted Services		Contracted professional services, including all related expenses covered by the contract.
1600	Subtotal - Info, Management & Technology	-	Calculates automatically - expenses that support the data processing needs of the school, including student databases.
1610	Salaries - Professional		Salaries for non-instructional school-wide administrative personnel such as a network support technician.
1620	Contracted Services		Contracted professional services, including all related expenses covered by the contract.
1630	Supplies and Materials		Materials and items of an expendable nature that are consumed or loses their identity through incorporation into a different/more complex unit/substance. Unit price of less than \$5000.
1640	Depreciation for Information Technology		Annual depreciation expense for capitalized Information Management and Technology.
1700	Subtotal - Development	-	Calculates automatically - expenses related to development, fundraising, and recruitment.
1710	Salaries - Professional		Salaries for non-instructional school-wide administrative personnel such as a Director of Development.
1720	Contracted Services		Contracted professional services, including all related expenses covered by the contract.
1730	Fundraising		Expenses related to fundraising.
1800	Subtotal - Other Administration	-	Calculates automatically - expenses related to development, fundraising, and recruitment.
1810	Salaries - Clerical		Salaries for administrative support personnel who prepare, transcribe, systematize or preserve communications, records and transactions.
1820	Recruitment/Advertising		Recruiting/advertising for students, staff, and board members.
1830	Travel and other expenses		Travel and other expenses for staff and the school such as dues, subscriptions and memberships.
1840	Supplies and Materials		Office Supplies and postage
1850	Other: Dues, Licenses, Permits, Admin Meetings		Dues, Licenses, Permits, Admin Meetings
2000	Instructional Services	21,400.00	Instructional Services - Calculates automatically.
2100	Subtotal - Instructional Leadership	-	Calculates automatically - expenses for instructional leadership.
2110	Salaries - Professional		Salaries for instructional personnel in leadership roles such as Principal/Asst. Principals (undistributed), Curriculum Directors (including SPED), Department Heads, Technology/Instructional Coordinators, Team Leaders, etc.
2120	Salaries - Clerical		Salaries for administrative support personnel who prepare, transcribe, systematize or preserve communications, records and transactions.
2130	Contracted Services		Contracted professional services, including all related expenses covered by the contract.
2140	Supplies and Materials		Materials and items of an expendable nature that is consumed or loses its identity through incorporation into a different/more complex unit/substance. Unit price of less than \$5000.
2150	Travel and other expenses		Travel and other expenses for staff such as dues, subscriptions and memberships.
2200	Subtotal - Classroom and Specialist Teachers	-	Calculates automatically - expenses for teachers.
2210	Salaries - Teachers, Classroom		Salaries for teachers with primary responsibility for teaching designated curriculum to established "classes" of students in a group instruction setting. Also includes itinerant music, art, health, physical education teachers who travel from classroom-to-

Schedule of Capital Projects

2220	Salaries - Teachers, Specialists	
2300	Subtotal - Other Teaching Services	
2310	Salaries - Professional	
2320	Salaries - Nonclerical Paraprofessionals	
2330	Salaries - Clerical	
2340	Contracted Services	
2400	Subtotal - Professional Development	
2410	Salaries - Professional	
2420	Contracted Services	
2430	Supplies and Materials	
2440	Travel and other expenses	
2500	Subtotal - Guidance, Psychological & Testing	
2510	Salaries - Professional	
2520	Salaries - Clerical	
2530	Contracted Services	
2540	Supplies and Materials	
2600	Subtotal - Materials, Equipment & Technology	
2610	Textbooks & Related Media/Materials	
2620	Other Instructional Materials	
2630	Instructional Equipment	
2640	General Instructional Supplies	
2650	Other Instructional Services	
2660	Classroom Instructional Technology	
2670	Other Instructional Hardware	
2680	Instructional Software	
2690	Depreciation for Instructional Equipment	
3000	Pupil Services	
3100	Salaries - Pupil Services	
3200	Health Services	
3300	Student Transportation (to and from school)	
3400	Depreciation of Transportation Vehicles	

yellow cells - Formula cells, do not enter information.

blue cells - information provided by applicant

gray cells - leave cell blank, info not applicable

2220	Salaries for teachers with primary responsibility for teaching designated curriculum to established "classes" of students in a group instruction setting. Also includes itinerant music, art, health, physical education teachers who travel from classroom-to-	
2300	Calculates automatically - expenses for other teaching services.	
2310	Salaries for Medical/Therapeutic service professionals (OT, PT, Speech, Vision and other therapeutic services that are provided by licensed practitioners), librarians, media center directors, substitute teachers on payroll.	
2320	Salaries for paraprofessionals hired to assist teachers/specialists with classroom instruction or to assist teachers in the preparation or reproduction of instructional materials or operation and maintenance of instructional equipment, or performance of o	
2330	Salaries for administrative support personnel who prepare, transcribe, systematize or preserve communications, records and transactions.	
2340	Contracted professional services, including all related expenses covered by the contract, for other teaching services (non-payroll substitute teachers should be included here).	
2400	Calculates automatically - expenses for professional development of instructional personnel.	
2410	Salaries for full-time or prorated salary (if 50% or greater) of director/staff for professional development, including training for new teachers, new curriculum or instructional practices, master and mentor teachers, coaches; Also salaries of teacher/ins	
2420	Contracted professional services, including all related expenses covered by the contract, for professional development (non-payroll substitute teachers should be included here).	
2430	Materials and items of an expendable nature that is consumed or loses its identity through incorporation into a different/more complex unit/substance. Unit price of less than \$5000.	
2440	Travel and other expenses for staff such as dues, subscriptions and memberships.	
2500	Calculates automatically - expenses for guidance, psychological, and testing.	
2510	Salaries for Director of Guidance, school social workers, and counselors for guidance, school adjustment, higher education, career planning, and workplace learning placement; psychological evaluations and other services provided by a licensed mental heal	
2520	Salaries for administrative support personnel who prepare, transcribe, systematize or preserve communications, records and transactions.	
2530	Contracted professional services, including all related expenses covered by the contract, for guidance, psychological, and testing.	
2540	Materials and items of an expendable nature that is consumed or loses its identity through incorporation into a different/more complex unit/substance. Unit price of less than \$5000.	
2600	Calculates automatically - expenses for materials, equipment & technology.	21,400.00
2610	Expenditures for all textbooks, workbooks, and materials including accessories, such as CD-ROMS, videos, etc. provided as an integrated package, and printed manuals, used to support direct instructional activities.	6,400.00
2620	Books and other materials, excluding textbooks, for use in school libraries or classroom libraries (trade books, periodicals, reference materials, etc.).	2,500.00
2630	Non-capitalized expenditures for purchase of science laboratory, physical education, equipment, irrespective of unit cost. Also includes lease/purchase of copy equipment primarily used to produce instructional materials.	
2640	Papers, pens, pencils, crayons, chalk, paint, toner printer cartridges, calculators, etc.	
2650	Cost for field trips, including admissions and transportation costs. Also, distance learning services.	
2660	Computers, servers, networks, scanners, digital cameras, etc. used in the classroom or in computer laboratories.	7,500.00
2670	Computers, servers, networks, scanners, digital cameras, etc. for school libraries and media centers.	2,500.00
2680	Programs, licenses, CD-ROMs.	2,500.00
2690	Annual depreciation expense for capitalized Instructional Materials, Equipment, & Technology.	
3000	Pupil Services - Calculates automatically.	
3100	School nurses, registrars, coaches, etc. on payroll.	
3200	Contracted professional services and related costs, including stipends.	
3300	Contracted professional services and related costs incurred by the school for Home-to-school student transportation.	
3400	Annual depreciation expense for capitalized transportation vehicles.	

NAME:

Malama Honua Learning Center

Schedule of Capital Projects

Form A3

yellow cells - Formula cells, do not enter information.

blue cells - information provided by applicant

gray cells - leave cell blank, info not applicable

3500	Food Services	
3600	Athletic Services	
3700	Other: Extended Care Stipends	
4000	Operation & Maintenance of Plant	
4100	Salaries - Operation & Maintenance of Plant	
4150	Utilities	
4200	Maintenance of Buildings & Grounds	
4250	Maintenance of Equipment	
4300	Networking and Telecommunications	
4350	Depreciation of Equipment, Building, & Grounds	
4400	Rental/Lease of Buildings & Grounds	
4450	Rental/Lease of Equipment	
450	Other: Furniture & Equipment	10,000.00
4550	Other: Custodial supplies	
4600	Other:	
5000	Benefits and Other Fixed Charges	
5100	Employee Retirement	
5200	Fringe Benefits	
5300	Insurance (non-employee)	
5600	Short-Term Interest	
5700	Other:	
6000	Community Services	
6100	Dissemination Activities	
6200	Civic Activities	
7000	Non-Operating Expenses	
7200	Long-Term Interest	
7300	Other:	
8000	TOTALS	31,400.00

3500	Contracted professional services and related costs, including stipends incurred for the school's food services program.
3600	Contracted professional services and related costs, including stipends.
3700	Specify other pupil services expenditures, if applicable.
4000	Operation & Maintenance of Plant - Calculates automatically.
4100	Plant managers, custodians, maintenance, etc.
4150	Cost of heating fuel, oil, electricity, gas, water, trash, waste disposal, telephone services, etc.
4200	Includes contracted custodial services and building security.
4250	Equipment parts and repair, materials, and tools, contracted services, including vehicles.
4300	Costs for supporting school technology infrastructure, including wiring, PBX Systems, file servers, etc.
4350	Annual depreciation expense for capitalized Equipment, Networking and Telecommunications, Building, & Grounds.
4400	Annual operating lease/rental costs on Building/Grounds.
4450	Annual operating lease/rental costs on other operations and maintenance of plant equipment.
450	School Equipment and Furniture
4550	Custodial Supplies
4600	Specify other operations & maintenance of plant expenses
5000	Benefits and Other Fixed Charges - Calculates automatically.
5100	Not an expense for the schools
5200	Not an expense for the schools
5300	Insurance premiums for property, fire, liability, fidelity bonds; judgments against the school resulting from self-insurance.
5600	Interest costs for short-term (less than one year) lines of credit, etc.; Charter School figures will be populated from the SOFE sheet.
5700	Specify other fixed charge expenditures, if applicable, which may include costs of public safety inspections.
6000	Community Services - Calculates automatically.
6100	Activities designed to disseminate the school's best practices to external groups, including presentations at or hosting of conferences, etc.
6200	Materials and items of an expendable nature that is consumed or loses its identity through incorporation into a different/more complex unit/substance. Unit price of less than \$5000.
7000	Non-Operating Expenses - Calculates automatically.
7200	Annual debt service costs for long-term financing (greater than one year).
7300	Please enter a brief description in the highlighted green cell, if applicable.
8000	TOTALS - Calculates automatically.

Exhibit C
Requested Changes Related to MHLC Enrollment and Year-1 Budget



REQUESTED CHANGES RELATED TO MHLC ENROLLMENT AND YEAR-1 BUDGET

ENROLLMENT AND GRADE LEVELS

Mālama Honua Learning Center (MHLC) is requesting to open the school with grades K-2, as opposed to its authorization of K-4. Related, we are requesting to change our opening enrollment from 125 to 50 students. There are several reasons why we feel these changes to start smaller will best serve our students and community.

1. Respect for the Waimānalo Community

One of the MHLC's highest priorities is for the school to enter Waimānalo in a manner that is *pono* for the community. To this end, the MHLC board and staff have been on a "listening tour" of Waimānalo for over a year. We have had the opportunity to listen to many community leaders, organizations, and families. One of the messages we consistently heard was that the community would feel more comfortable, and it would be more *pono*, if the school started smaller.

Starting smaller would help minimize the initial impact felt on the two community schools. During our listening tour, we met with the principals of both existing public schools in Waimānalo, as well as the Complex Area Superintendent. These conversations were positive and supportive but we have heard from a small number of individuals who have some concern about MHLC "taking" students, teachers, and resources from the existing schools. Starting smaller would help alleviate, for some individuals, the perceived negative impact MHLC has on the DOE schools. It is important to us to not only provide an excellent educational experience for our 'ohana, but also be sensitive to the needs and feelings of the educational community in Waimānalo. We aim to be a collaborative partner with both schools and recognize that how we begin will leave a lasting impression on the entire community for years to come.

2. Ensure High-Quality

Starting smaller will help ensure that we provide a high-quality educational program for our founding students and families. We reflected on our NACSA Evaluation Team report from November 2012 that referred to opening five grades (K-4) as "ambitious." While the Evaluation Team ultimately assessed MHLC as having "the commitment of established partners with track records" that would "support the likelihood of success," we agree that starting smaller provides value.

By being able to focus on only three grade levels (K-2) instead of five (K-4), we have been able to devote more time and resources to developing a fuller, high-quality educational program. The decision to focus on a more narrow age range will allow us to create a strong foundation around what curriculum, instruction and assessment looks like at Mālama Honua. As adult learners we will be able to support each other in the creation and implementation of our new curriculum. Having the adults focused on the same developmental stages will allow us to truly engage in and support each other in an iterative process of creation, implementation, and revision.

3. Facility Space Limitations

Another reason for our request to start smaller is due to the practical physical limitations of our intended location – St. Matthew’s Episcopal Church.

In our initial charter application, we referred to negotiations with Kamehameha Schools regarding a school facility. This ultimately did not work out. One reason is because the proposed location was in Kalama Valley. While this site was relatively close to Waimānalo, our conversations with the community made it clear that this location was outside their community and not tenable.

We have been working with a variety of Waimānalo organizations to secure a location for the school. While many long-term site options have come to our attention, which we continue to engage with, a short-term solution has been a challenge until recently. In February, we reached out to St. Matthew’s Episcopal Church in Waimānalo. In the past the church has housed a 'Aha Pūnana Leo Preschool and would love to have our elementary school on their campus as we prepare for a longer-term solution. They have sufficient classroom and parking space for MHLC if we start small. After meeting with the Planning Department we believe that we can utilize the present conditional use permit (CUP) for the school. The CUP in place is for a maximum of 50 students. We have submitted our letter (exhibit attached) to our contact within the department explaining how we will align to the present CUP and are awaiting their response. Upon approval we will be able to open our doors Aug 1st with no more than **50 children grades K-2**.

Enrollment

As mentioned in our original application we will be organizing our school in mixed aged classrooms. We believe that all children are unique individuals who develop at different rates. Through setting up an environment where learning is a continuum and not a destination set by years or time in school, we will best serve all learners. To this end, our enrollment process for our first year is to accept 50 students K-2. Moving forward we will continue to follow our original application and accept 25 new Kindergarteners each year. This will allow mixed grades that loop moving forward with Kindergarten as the only year that is a ‘single grade’.

Grades	School Year 1	School Year 2	School Year 3
K	50	25	25
1/2		50 students 1-3 25 in 1/2 ; 25 in 2/3	
3/4			
5/6			
4			
Total	50	75	100

Year One: K-2 50 students

Year Two: K-3 75 students (adding 25 new Kindergarteners)

Year Three: K-4 100 students

OPERATING REVENUES

1. Federal and Private Grants

We secured pre-operational grants from US Department of Education, Kamehameha Schools, and the Castle Foundation. We have been in communication with all three providers and believe that they will be continuing to support us as we open the school in August. For pre-opening support, Kamehameha provided us with \$150,000; HK Castle supported with \$125,000; and USDOE with \$197,667 for Year 1 and has committed funds for Year 2 at \$198,457 and Year 3 at \$184,656.

As for the current year, we estimate that we will be able to raise similar funds based on our previous accomplishments. For example, we have our application in with Kamehameha, but the exact amount \$72,108-\$150,000 will not be determined until late June. In our present budget, we included the more conservative amount from Kamehameha (\$72,108). Additionally, we have meetings planned with HK Castle Foundation and Hawaii Community Foundation this month, and will be approaching other smaller foundations.

OPERATING EXPENSES

In response to our smaller numbers and change in location our operating costs have followed in a fiscally responsible manner.

1. Administration

Our change in location no longer includes income from rentals, the number of staff working at the school is smaller, and the number of students has decreased. Due to these factors we will no longer need a business manager at this time, nor do we need HR support. The office manager position supported by contracted work for bookkeeping will be sufficient to manage a school of no more than 50 students.

2. Instructional Leadership

In response to modifications to enrollment instructional leadership will be the principal. With 50 students a resource learning director position is no longer necessary at this time.

3. Classroom Instruction and Other Teaching Services

Due to decreased numbers our teaching staff has followed accordingly. We will have 2.5 fte for our classroom teachers and Hawaiian Cultural Specialist and 2.0 fte for our Assistant Teachers. The two classes will benefit from the additional support from our Assistant Kumu to help with individualization and monitoring of learning plans. Our cultural specialist will support resource time for our students to get language instruction as well as incorporate other art, music, dance, and physical activity opportunities. They will also help to support the project/place based learning in the afternoons.

4. Materials and Pupil Services

Starting with a smaller number of students, the amount in supplies, food service and support services have also decreased. While we continue to have an extended learning day, since we are only K-2 additional supports for homework help will not be required. We will be contracting and working closely with A+ providers, which also reduced our costs. As far as individualized educational supports, one of our teachers is SPED certified and is coming from a DOE SPED position, our principal (Denise) is former DOE SPED teacher and has experience as an administrator for a variety of SPED programs in elementary and middle schools. Since we are starting small we believe that with the present staff in place (2.5 fte teachers, 2.0 fte in asst. teachers) and with the support of the DOE will be able to support all needs of students who attend Mālama Honua. As we increase in size we will explore the addition of other support positions.

5. Operations and Maintenance

Our original location and size required us to be responsibility for creating and maintain a larger area independently. By partnering with St. Matthew's, the church already has a great deal of the infrastructure in place. The area is smaller and we are starting with less in terms of technology and building structures, so our decreased numbers reflect how we have downsized in space and numbers.