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INFORMATIONAL SUBMITTAL

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TO: John Kim, Chairperson
State Public Charter School Commission

FROM: Yvonne W.M. Lau, Interim Executive Director
State Public Charter School Commission

AGENDA ITEM: V. Discussion on School year 2021-2022 Charter School Enrollment October 15th Count and Enrollment Count Irregularities

I. DESCRIPTION

Presentation and discussion to provide an overview on how charter school funding is determined; specifically, how the per pupil amount is dependent on enrollment count reports mandated by statute and how enrollment irregularities can negatively affect both the charter school system and the public school system as whole.

II. AUTHORITY

§302D-28(f), Hawaii Revised Statutes, states:

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

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

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

(3) Retain no more than the balance of the remaining ten per cent of a charter school's per-pupil allocation, as a contingency balance to ensure fiscal accountability and compliance, no later than June 30 of each year;

provided that authorizers may make adjustments in allocations based on noncompliance with charter contracts and the board may make adjustments in allocations based on noncompliance with board policies made in the board's capacity as the state education agency, department directives made in the department's capacity as the state education agency, the board's administrative procedures, and board-approved accountability requirements.

III. BACKGROUND

Per Pupil Funding and Enrollment

For fiscal year 2021-2022, public charter schools were allocated lump-sum per-pupil funding of approximately **\$95,767,659**. This year's allocation provided a slight increase from the previous year's final allocation which was approximately **\$95.6 million**.

The allocation amount is determined by the operating appropriation to the Hawai'i Department of Education (DOE) and the charter schools' enrollment count compared to the total public education enrollment. The chart below provides an overview of how enrollment projections and counts determine funding to charter schools.

	Submitted By:	Funding Determined:
May 15 Enrollment Projection	Charter Schools	1 st Per Pupil Allotment
DOE August Official Enrollment Count	DOE Office of Accountability	Federal Funding
October 15 Enrollment Count	DOE Office of Accountability	2 nd Per Pupil Allotment 3 rd Per Pupil Allotment Federal Impact Aid Disbursement FY2022 ESSER III Disbursement Any Disbursement for FY2022 Dependent on Enrollment Count

Specifically, it is the October 15th enrollment count that determines the final annual funding to the charter school system by "trueing up" the allocation. This true-up is done by the Department of Budget and Finance ("B&F") which utilizes the October 15th enrollment count to calculate and revise the charter school per pupil allocation against the total allocation to the public school system as a whole. B&F is required to provide these calculations in a report to the Legislature on an annual basis as a part of each year's budget act. This report must be prepared on a short timeline between the release of the October 15th enrollment count report from DOE as the budget bill requires B&F to also effectuate the "true-up" of funding between charter schools and the DOE by

November 1st; see **Exhibit 1** of this submittal for B&F’s FY2021 true-up calculations and report to the Legislature as an example.

For FY2021-2022, the October 15 enrollment count report provided a charter school enrollment count of **12,234**. This would show a slight enrollment increase from the FY2021 enrollment count of 12,140 of less than one percent.

This slight increase differs from what has been reported for the DOE’s official enrollment count which was reported in August 2021. The DOE official enrollment count had charter school enrollment at 12,097; the DOE enrollment announcement can be viewed [here](#).

The chart below provides the pertinent enrollment counts for FY2021 and FY2022 and an overview of how enrollment projections and counts determine funding to charter schools.

	Enrollment Count	Submitted By:	Funding Determined:
May 15 Enrollment Projection	12,946	Charter Schools	1 st Per Pupil Allotment
DOE August Official Enrollment Count	12,097	DOE Assessment and Accountability Branch	Federal Funding
October 15 Enrollment Count	12,234	DOE Assessment and Accountability Branch	2 nd Per Pupil Allotment 3 rd Per Pupil Allotment Federal Impact Aid Disbursement FY2022 ESSER III Disbursement Any Disbursement for FY2022 Dependent on Enrollment Count

IV. INFORMATION FOR CONSIDERATION

FY2022 Enrollment Count Information

Exhibit 2 of this submittal provides an enrollment report for all charter schools. For FY2022, the October 15th enrollment count showed that the majority of charter schools showed a decrease in enrollment for FY2022 as 28 of the 37 operating charter schools showed an enrollment decrease of at least 19 percent when making a comparison between the May 15 enrollment projection and the October 15 enrollment count. Three charter schools showed an enrollment decrease of more than 20 percent.

Of the remaining six schools that showed an enrollment increase, three schools showed an increase of more than five percent while the increase for the other three schools was no more than one or two percent.

When comparing the October 15 enrollment count to the DOE official enrollment count, the results from this perspective show several changes. 25 of the 35 operating charter schools show

enrollment counts with no change or a decrease of at least one percent. Twelve schools show an increase from the DOE August official enrollment; however, only three schools show an increase of more than 5 percent. The results from both comparisons are provided below:

	Enrollment Count		Enrollment Count
October 15 Enrollment Count	12,234	October 15 Enrollment Count	12,234
May 15 Enrollment Projection	12,946	DOE August Official Enrollment Count	12,097
Difference	-712	Difference	137

Enrollment Irregularity

An enrollment irregularity between a charter school’s DOE official enrollment count and the October 15 enrollment count has raised concerns from the Commission, as well as among the state agencies tasked with oversight of charter school funding.

Kamalani Academy Charter School’s (Kamalani) enrollment increased by 169 students between the DOE August official enrollment count and the October 15 enrollment which more than doubled the school’s enrollment. Kamalani’s enrollment counts are summarized below:

	Enrollment Count
May 15 Enrollment Projection	263
DOE August Official Enrollment Count	166
October 15 Enrollment Count	335

The Department of Budget and Finance has already brought several concerns to the attention of the Commission, specifically that this significant enrollment increase could potentially have major ramifications on the true-up calculations and affect funding for both charter schools and the Department of Education. As a result of the concerns raised by the Commission and B&F, B&F has informed the governor and the Legislature that the true-up calculations and transfer of funds between charter schools and DOE will not occur by the November 1 statutory deadline. **Exhibit 3** of this submittal provides the memo from B&F to the Legislature.

The following are discussion points for the Commission’s consideration:

- The Commission staff had previously been aware of the significant enrollment increase for Kamalani as the school reported at its September governing board meeting publicly that the school had initiated a virtual learning program utilizing Harmony Education Services that was going to bring in more than 180 students. At that time, the Commission staff requested more information on this from the school governing board and administration; however, no information was provided to the Commission, despite several repeated inquiries.
 - Kamalani has not been authorized in its Charter School Contract to provide a virtual learning program.
 - At the beginning of the 2021-2022 School Year the school stated that it was going back to 100% in person learning as its reopening plan.

- Though the enrollment irregularity is significant for Kamalani Academy, the Commission should consider a review of other charter schools as at least two other charter schools also saw increases in enrollment from the DOE August official enrollment count that may be attributed to virtual programs. Alaka'i O Kaua'i Public Charter School and Kanu O Ka Aina New Century Public Charter School, along with Kamalani, are the only schools that showed an increase of more than five percent from the September 1 count to the October 15 count.
 - Alaka'i has not been authorized in its Charter School Contract to provide a virtual learning program, and had represented publicly at a Governing Board meeting that they were utilizing Harmony Education Services to provide distance learning to a few of their existing students whose families wanted a full distance learning program.
 - KANU has been authorized for a virtual program that includes set enrollment numbers for its virtual program.

- The Commission, at its May 13, 2021 general business meeting, approved a temporary extension to all 37 public charter schools which:
 - Allowed schools to provide distance, virtual, or other alternative mode of instruction or education **in line with Hawaii Department of Health guidelines in effect at the time, which delineated the model of learning based on COVID-19 infection rates, for their individual counties where the school operates;**
 - Required schools **with existing virtual or blended programs to abide by the contractual limits** to the enrollment of students into their virtual or blended programs **as stated in their current Charter Contract;**
 - Required schools to continue to meet the requirements for equity and access for all public school students, as well as the provision of free and appropriate public education for special education students as delineated by the end of the 2021-2022 school year;
 - Required schools to provide a copy of its 2021-2022 reopening plan to the Commission, no later than two (2) weeks prior to the start of the 2021-2022 school year; and
 - Requires the reopening plan to include at a minimum: (1) for those public charter school's whose charter contract authorizes the provision of in person learning (brick and mortar schools), a description of the school's efforts to provide for safe in-person learning in alignment with the Department of Health guidelines; (2) a description of the instructional delivery model or models they will be utilizing

during the 2021-2022 school year. Should the individual county restrict their learning model to a blended learning or full distance learning model; (3) a brief outline of how they plan to assess student progress under each of those circumstances; (4) the steps that their public charter school will be taking to ensure the health and safety of their students and employees; and (5) a copy of the Governing board agenda and minutes that show this plan was presented in open public session at a school Governing Board meeting.

- A copy of the submittal presented to the Commission on this item is available [here](#); a copy of the meeting minutes for the May 13, 2021 general business meeting is available [here](#).
- The October 15 enrollment count is used to determine not only the per pupil allocation for all public charter schools but also to determine federal impact aid and ESSER funding for FY2022 for public charter schools. In addition, the enrollment count also factors into the true-up calculations between charter schools and the Department of Education.

Exhibit 1

**FY2021 Department of Budget and Finance Report to the
Legislature**

Exhibit 2

FY2021-2022 Charter School Enrollment

Exhibit 3

**Department of Budget and Finance Memo to the
Legislature- Dated October 21, 2021**