



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

1164 Bishop Street, Suite 1100, Honolulu, Hawaii 96813  
Tel: (808) 586-3775

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**INFORMATIONAL SUBMITTAL**

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DATE OF SUBMITTAL: October 25, 2021

DATE OF MEETING: October 28, 2021

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 15<sup>th</sup> Count and Enrollment Count Irregularities

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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.

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

Specifically, it is the October 15<sup>th</sup> enrollment count that determines the final annual funding to the charter school system by "truing up" the allocation. This true-up is done by the Department of Budget and Finance ("B&F") which utilizes the October 15<sup>th</sup> 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 15<sup>th</sup> 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 1<sup>st</sup>; 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.

	<b>Enrollment Count</b>	<b>Submitted By:</b>	<b>Funding Determined:</b>
May 15 Enrollment Projection	<b>12,946</b>	Charter Schools	1 <sup>st</sup> Per Pupil Allotment
DOE August Official Enrollment Count	<b>12,097</b>	DOE Assessment and Accountability Branch	Federal Funding
October 15 Enrollment Count	<b>12,234</b>	DOE Assessment and Accountability Branch	2 <sup>nd</sup> Per Pupil Allotment 3 <sup>rd</sup> 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 15<sup>th</sup> 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	<b>12,234</b>		October 15 Enrollment Count	<b>12,234</b>
May 15 Enrollment Projection	<b>12,946</b>		DOE August Official Enrollment Count	<b>12,097</b>
Difference	<b>-712</b>		Difference	<b>137</b>

#### **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	<b>263</b>
DOE August Official Enrollment Count	<b>166</b>
October 15 Enrollment Count	<b>335</b>

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**

DOE/Charter Schools Calculation For FY21

**Adjustment to Act 9, SLH 2019 - Per Pupil Funding for DOE and CS**

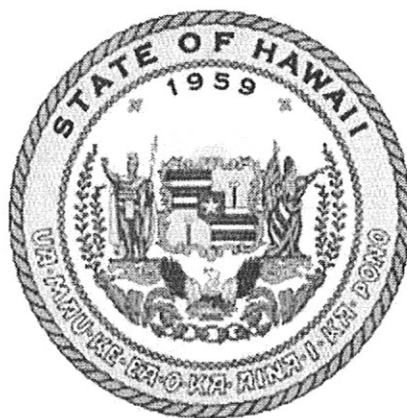
Per Pupil Amount Calculation based on Appropriation

Act 9, SLH 2020		
EDN100 - School Based Budgeting	1,009,225,846.00	
Less GIA's	-	
EDN200 - Instructional Support	59,188,730.00	
Less GIA's		
EDN300 - State Administration	52,043,672.00	
Less GIA's		
EDN400 - School Support	143,693,794.00	NOTE: CIP STAFF INCLUDED IN EDN400
Less Hard to Staff		
Total DOE Non-facility Appropriation	1,264,152,042.00	
EDN 600 - Charter Schools	101,405,111.00	
Less GIA's	-	
Less Hard to Staff		
Total PCS Non-facility Appropriation	101,405,111.00	
Combined DOE and CS general fund appropriation per Act 9/20	1,365,557,153.00	
DOE Actual Oct. 15, 2019 K-12 Enrollment	161,297	
CS Actual Oct. 15, 2019 K-12 Enrollment	12,140	
Combined DOE and CS October 15, 2020 Enrollment	173,437	Per DOE True Up as of 10/15/20
Updated Per Pupil Funding	\$ 7,873.505382	
Updated DOE Funding Level per 302D-28, HRS **	\$ 1,269,972,797.66	
Updated CS Funding Level per 302D-28, HRS**	\$ 95,584,355.34	
DOE General Fund Allocation Adjustment	\$ 5,820,755.66	
CS General Fund Allocation Adjustment	\$ (5,820,755.66)	



DEPARTMENT OF BUDGET AND FINANCE

REPORT TO THE THIRTIETH LEGISLATURE



ACT 130, SESSION LAWS OF HAWAII 2012  
(CHAPTER 302D-28, HAWAII REVISED STATUTES)

AND

ACT 5, SESSION LAWS OF HAWAII 2019, AS AMENDED BY ACT 9, SESSION  
LAWS OF HAWAII 2020

SECTION 41 (NON-FACILITY PER-PUPIL ALLOCATION)

OCTOBER 2020

ACT 5, SESSION LAWS OF HAWAII 2019, AS AMENDED BY ACT 9, SESSION  
LAWS OF HAWAII 2020

SECTION 41 (NON-FACILITY PER-PUPIL ALLOCATION)

SECTION 41. Provided that the director of finance shall ensure that non-facility per pupil general fund amounts allocated for department of education and charter school students are equal on an annualized fiscal year basis; provided further that, for the purposes of this section, all general fund appropriations for school-based budgeting (EDN100), instructional support (EDN200), state administration (EDN300), and school support (EDN400) shall be considered non-facility appropriations for department of education; provided further that for the purposes of this section, the general fund appropriation for charter schools (EDN600) shall be considered the non-facility appropriation for charter schools; provided further that, for the purposes of this section, all grant appropriations issued pursuant to chapter 42F, Hawaii Revised Statutes, shall be excluded from non-facility appropriations for the department of education and charter schools; provided further that, notwithstanding any other law to the contrary, for fiscal year 2019-2020 and fiscal year 2020-2021, the director of finance shall:

- (1) Determine the sum of general fund appropriations made for the department of education and charter school student non-facility costs;
- (2) Determine the sum of department of education and charter school student enrollment based upon verified actual student enrollment counts as of October 15;
- (3) Determine a per pupil amount by dividing the sum of general fund appropriations determined under paragraph (1) by the sum of student enrollment determined under paragraph (2);
- (4) Transfer a general fund amount between the department of education and charter schools prior to November 1, 2019, and November 1, 2020, respectively, that shall provide each with a per pupil allocation equal to the amount determined on an annualized fiscal year basis under paragraph (3); and
- (5) Account for all calculations and transfers made pursuant to this section in a report to the legislature, governor, department of education, and charter schools within ten days of any transfer made pursuant to this section.

**Exhibit 2**

**FY2021-2022 Charter School Enrollment**

Public Charter School	Org ID	Projected Enrollment as of May 15th	DOE OEC- Sept 1	October 15 Enrollment Count
Waialae	149	489	434	431
Kamaile	275	953	919	919
Ka`ohao ("Lanikai")	320	332	323	320
Laupahoehoe	377	330	333	322
Waimea Middle	394	230	211	204
Connections	396	360	366	362
Kanu o ka Aina	397	625	519	588
Na Wai Ola	398	150	133	117
WHEA	399	275	276	272
Kualapu'u	411	349	346	341
KANAKA	466	44	45	45
Halau Ku Mana	540	150	120	124
Voyager	541	300	284	288
University Lab School	543	450	449	447
Myron B. Thompson	544	584	542	514
Ka Waihona	545	775	632	603
Hakipu'u	546	62	61	56
Kamakau	547	148	125	128
Innovations	548	241	241	240
Ke Ana La'ahana	549	53	41	39
Malama Honua	550	180	173	170
Hawaii Tech Academy	551	1375	1363	1327
Kamalani	553	263	166	335
Kihei	554	771	723	731
Kapolei	555	199	161	162
Ke Kula Ni`ihau	556	60	55	53
Kua o Ka La	557	187	148	152
Alakai	558	180	172	194
Volcano	560	285	266	266
HAAS	561	721	706	732
Ka Umeke	562	210	240	236
Ke Kula 'o Nawahi	563	480	464	452
Kanuikapono	564	238	226	225
Kawaikini	565	173	155	152
Kona Pacific	566	244	210	217
SEEQS	567	180	182	178
DreamHouse Ewa Beach	568	300	287	292
<b>Total</b>		<b>12,946</b>	<b>12,097</b>	<b>12,234</b>

**Exhibit 3**

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

DAVID Y. IGE  
GOVERNOR



CRAIG K. HIRAI  
DIRECTOR

GLORIA CHANG  
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM  
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
OFFICE OF THE PUBLIC DEFENDER

**STATE OF HAWAII**  
**DEPARTMENT OF BUDGET AND FINANCE**  
P.O. BOX 150  
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE  
BUDGET, PROGRAM PLANNING AND  
MANAGEMENT DIVISION  
FINANCIAL ADMINISTRATION DIVISION  
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

October 21, 2021

The Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-First State Legislature  
State Capitol, Room 409  
Honolulu, Hawaii 96813

The Honorable Scott K. Saiki  
Speaker of the House of Representatives  
Thirty-First State Legislature  
State Capitol, Room 431  
Honolulu, Hawaii 96813

Dear Senate President Kouchi and Speaker Saiki:

For your information, the State Public Charter School Commission (SPCSC) has informed the Department of Education (DOE) and the Department of Budget and Finance (B&F) of an issue with an enrollment count discrepancy with one of the charter schools. The discrepancy is being investigated by SPCSC; however, the issue is not expected to be resolved before November 1, 2021. As such, B&F will be unable to meet the November 1 statutory deadline pursuant to Act 130, SLH 2012 (Chapter 302D-28, HRS), and Section 88 of Act 88, SLH 2021, which "trues up" non facility per-pupil general fund amounts allocated for DOE and charter school students based on actual student enrollments for school year 2021-2022.

Upon completion of the investigation by SPCSC and verification of the enrollment count, B&F will report the calculations and transfers made to ensure that non-facility per-pupil general fund amounts allocated for DOE and charter school students are based on actual school year 2021-2022 enrollments.

Should there be any questions, please have your staff contact Mr. Neal Miyahira, Administrator of this department's Budget, Program Planning and Management Division, at 586-1530.

Aloha,

A handwritten signature in black ink, appearing to read "Craig K. Hirai".

CRAIG K. HIRAI  
Director of Finance

c: Honorable John M. Mizuno  
Honorable Michelle N. Kidani