

**TO: The Honorable Donald Horner, Chairperson  
Board of Education**

**FROM: William Haft, NACSA**

**DATE: October 2, 2012**

**RE: RECOMMENDATION FOR BOARD ACTION ON THE COMMISSION OPERATING  
BUDGET REQUEST FOR FISCAL BIENNIUM 2013-2015**

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1. RECOMMENDATION

That the Board of Education (Board) approve the attached State Public Charter Commission's Operating Budget Request of \$1,235,114 for Fiscal Biennium 2013-2015.

2. RECOMMENDED EFFECTIVE DATE

Upon Board approval.

3. RECOMMENDED COMPLIANCE DATE

Upon Board approval.

4. DISCUSSION

a. Conditions leading to the recommendation

The Charter School Governance, Accountability and Authority Task Force ("Task Force") was created pursuant to Act 130, SLH 2011, in response to questions and concerns raised by policy makers and advocates alike about the integrity of Hawaii's charter school governance structure and the overall strength of Hawaii's laws in establishing clear lines of authority that ensured accountability of the charter school system.

The Task Force met from July to December 2011 and was guided by the statement: "Autonomy plus accountability equals increased student outcomes." As noted in our earlier report evaluating Hawaii's charter school system, while Hawaii has





historically been very strong on giving autonomy to charter schools, it is severely lacking in the area of accountability, resulting in serious questions about the integrity of school operations and the quality of student outcomes.

The Task Force recommendations were based on the following overarching themes for the charter school system:

- High Expectations
- Increased flexibility and autonomy
- Meaningful accountability

Based on the Task Force findings, the Legislature passed Act 130, SLH 2012, establishing a new charter school law that creates a solid governance structure for Hawaii's charter school system with clear lines of authority and accountability that will foster improved student outcomes. This Act created the State Public Charter School Commission (Commission) with statewide chartering jurisdiction and authority. The Commission is placed in the Department of Education (Department) for administrative purposes only.

Charter schools are now required to enter into a performance-based charter contract with the Commission that clearly sets forth academic, operational and fiscal performance measures. The Commission is required to monitor and report on compliance, determine contract renewals and revocations, and apply a rigorous process for new applications.

The Legislature simultaneously passed Act 131, SLH 2012, which authorized the Board to contract for a transition coordinator to assist with the implementation of Act 130, SLH 2012, and to transition to the new charter school system.

The Board hired the National Association of Charter School Authorizers (NACSA) as transition coordinator. NACSA and our subcontractor, Dede Mamiya, reviewed the current functions and interviewed staff of the Charter School Administrative Office (CSAO), Department, Budget and Finance, Employees' Retirement System, Hawaii Employer-Union Health Benefits Trust Fund, Hawaii Public Charter School Network and charter schools to assess the current situation and inform the development of the Commission staffing plan and budget.

Pursuant to Finance Memorandum no. 12-12 (policies and guidelines for Executive Budget Request for FB 2013-2015), the proposed budget request is being presented to the Board for its discussion and action.



b. Previous action of the Board on this matter

None

c. Other policies affected

None

d. Arguments in support of the recommendation

On September 13, 2012, the Commission approved the proposed FB 2013-2015 operating budget request (attached) totaling \$1,235,158 in general funds and 15 positions (all general funded). Please note that federal funds are not shown in the budget request as these funds are already shown as appropriations in the Department's budget and then distributed via interagency transfer to the Commission.

The proposed budget request reflects the positions and other expenses necessary to implement Act 130, SLH 2012. Most notably, the staffing plan and budget reflect the additional work of the Commission's authorizing functions as shown in the following positions: Deputy Director of Accountability, Academic Performance Manager, Academic Performance Specialist, Organizational Performance Manager, Organizational Performance Specialist, Financial Performance Manager and Financial Analyst. (Note that the financial positions will also perform internal financial management functions for the Commission office.) These accountability positions are based on model organizational structures from authorizers in other jurisdictions.

The remaining operational positions will carry out Commission office functions and act as the point of contact and central coordinating entity between the charter schools and the Department and other government agencies, as required by Act 130, SLH 2012. To implement the authorizing functions, the travel budget is dedicated primarily to staff's inter-island travel for on-site monitoring visits as well as Commissioners' inter-island travel for general meetings.

e. Arguments against the recommendation

None.

f. Findings and conclusions of the Board committee

The proposed budget request was approved by the Finance and Infrastructure Committee on September 18, 2012.



g. Other State agencies or departments involved in the action

Department of Education, Budget and Finance, charter schools.

h. Possible reaction of the public, professional organizations, unions, charter schools and/or others to the recommendation

Regardless of the details of the Commission's budget, the charter schools will want to see improvements in the Commission's operations with better clarity in roles, responsibilities and expectations. The budget request establishes the organizational framework and resources that will enable the Commission to be able to properly achieve these goals.

i. Educational implications

The proposed operating budget request will enable the Commission to fulfill its statutory mission to authorize high quality charter schools throughout the state and to foster improved student outcomes.

j. Personnel implications

The proposed operating budget request is intended to provide the Commission with the necessary staff positions to carry out its obligations under Act 130, SLH 2012.

k. Facilities implications

None.

l. Financial implications

The recommendation requests general funds to provide resources to the Commission for effective implementation of Act 130, SLH 2012.

5. OTHER SUPPLEMENTARY RECOMMENDATIONS

None.

Attachment

