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STATE PUBLIC CHARTER SCHOOL COMMISSION
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DATE: November 27, 2018

TO: The Honorable Catherine Payne
Hawaii State Board of Education

FROM: Sione Thompson, Executive Director
State Public Charter School Commission 

SUBJECT: Agenda item: Board Action on State Public Charter School Commission's
quarterly reporting on Board's 2017 Special Review report

Background. The Board conducted a special review of the State Public Charter School Commission ("Commission") and issued a report on February 21, 2017. The report required the Commission to provide corrective action plans to address any deficiencies and for the Commission to report quarterly and in the Commission's annual report on the corrective actions taken to address any deficiencies until the Board determines sufficient progress.

The Commission has been providing quarterly reports to the Board and believes that it has made sufficient progress on all deficiencies (as described in the attached table). As such, the Commission respectfully requests that it should no longer be required to report on its corrective actions.

Proposed Motion. Motion to grant the State Public Charter School Commission's request to cease quarterly reports on corrective actions taken to address deficiencies noted in the Board's special review report issued on February 21, 2017 because sufficient progress has been made.

Quarterly Update to the Hawaii Board of Education

BOE performance measure	Deficiencies	Corrective actions as of November 20, 2018
<p>A.2: Strategic Vision and Organizational Goals (<i>corrective action plan required</i>)</p>	<p>In a written response to the Committee, the Commission recognizes that it does not have a documented vision or measurable organizational goals. Without an articulated and intentional strategic vision and plan for chartering—including clear organizational priorities, goals, and timeframes for achievement—it would be difficult for the Commission to:</p> <ul style="list-style-type: none"> • Implement policies, processes, and practices that streamline and systematize its work toward its stated goals; • Evaluate its work regularly against its strategic plan goals or implement plans for improvement when falling short of its strategic plan; or • Report on its progress and performance in meeting its strategic plan goals. <p>A lack of a “long-term strategic vision for Hawaii’s public charter schools” is not complying with the Commission’s role as provide for by statute (HRS §302D-3(d)). Through interviews with Commission board and staff leadership, it is clear that the Commission does not have a consensus within its own organization as to its responsibilities in establishing a strategic vision. Some interviewees seemed to believe the statutory mission of the Commission (as provided for in HRS §302D-3(b)) is the same as the strategic vision it is responsible for establishing, while others stated that the Commission cannot begin establishing a vision without participation from the Board. Others thought that, while alignment with the Board is ideal, the Commission should develop a strategic vision independent of the Board.</p>	<p><u>Corrective action plan and corrective actions:</u></p> <p>The Commission appointed a Permitted Interaction Group (PIG) to engage in strategic planning, and has initiated the process of creating a long-term strategic vision for Hawaii’s public charter schools.</p> <p>The three key steps in this process are:</p> <ol style="list-style-type: none"> 1. Approve/organize a PIG (completed 4/13/2017); 2. Receive a report out and recommendation from the PIG (recommended to be scheduled January 2018 Commission General Meeting); 3. Take action on the PIG recommendation (recommended to be scheduled for the February 2018 Commission General Meeting) <p>Project Phases & Milestones:</p> <ul style="list-style-type: none"> ▪ Phase 0 – Planning ▪ Phase I – Where are we going? (TO BE)/Vision ▪ Phase II – How are we getting there? ▪ Phase III – Where are we now? (AS IS) ▪ Phase IV – How do we manage and maintain? ▪ Phase V – Closing and Lessons Learned <p>On June 28, 2018, the Commission adopted their Strategic Plan.</p>
<p>A.3: Commitment to Quality Authorizing</p>	<p>The Commission acknowledges that it needs a more comprehensive plan for orienting new Commissioners to the core principles of quality authorizing.</p>	<p><u>Corrective actions:</u></p> <p>Commission reviewed all deficiencies identified in the BOE Special Review Report as part of its strategic planning process during school year 2017-2018.</p>

BOE performance measure	Deficiencies	Corrective actions as of November 20, 2018
		On August 17, 2017, the Commission adopted and implemented a professional development policy for Commissioners.
A.4: Operational Conflicts of Interest <i>(corrective action plan required)</i>	<p>While Commissioners have in the past independently sought advice from the State Ethics Commission and acted appropriately based on the advice, they are not directed to do so by a conflict of interest policy or procedure. The Commission has a code of conduct attached to its bylaws. However, the code of conduct is not a comprehensive conflict of interest policy that defines external relationships and lines of authority to protect its authorizing functions from conflicts of interest and political influence. The Commission argues that the State Ethics Code serves as its conflicts of interest policy; however, HRS §302D-8 requires more protections against conflicts of interest for authorizers. Further, neither law clearly serves as a comprehensive conflict of interest policy that defines external relationships and lines of authority to protect its authorizing functions from conflicts of interest and political influence.</p> <p>Even without its own conflict of interest policy, the Commission acknowledges it does not have procedures to implement the State Ethics Code or HRS §302D-8.</p>	<p><u>Corrective action plan and corrective actions:</u></p> <p>The Commission drafted a Standard of Conduct and Conflict of Interest policy and procedure, which was adopted on August 15, 2017.</p>
A.5: Self-Evaluation of Capacity, Infrastructure, and Practices <i>(corrective action plan required)</i>	<p>In a written response to the Committee, the Commission cites a permitted interaction group created by the Commission as its most recent example of self-evaluation. However, this group was created in response to the pending special review and utilized criteria established by the Board for this purpose. Through interviews, the Commission acknowledged that it does not have a documented or systematic process for regularly evaluating its work against national standards for quality authorizing and recognizing effective practices. The Commission noted that it has been in existence for a short time and preoccupied with urgent responsibilities tasked by law, yet it will be contracting with NACSA to conduct an evaluation, which will make a total of three evaluations within a year when it previously did none. The Committee is unclear as to why the Commission will be devoting time and resources to another evaluation clustered closely to its previous self-evaluation and this special review rather than developing a system for <i>regular</i> evaluations.</p>	<p><u>Corrective action plan and corrective actions:</u></p> <p>The Commission conducted an internal self-evaluation that used the NACSA Principles and Standards as an evaluation framework, and then brought in NACSA to conduct an independent, external evaluation of the Commission and its work to date. The Commission analyzed the findings of its self-evaluation, the BOE's special review report, and NACSA's external evaluation in order to ensure a comprehensive understanding of its strengths and weaknesses from a variety of perspectives, and then used this information to develop a plan to address the areas identified for improvement.</p>

BOE performance measure	Deficiencies	Corrective actions as of November 20, 2018
	<p>The survey conducted by the Committee found that Commission responses (including Commissioner and Commission staff responses) tend to be in overwhelming agreement that the Commission achieves its statutory obligations and authorizer responsibilities. However, the survey also found that charter schools (which includes responses from governing board chairpersons and school directors) do not share that perspective and have a high rate of disagreement that the Commission achieves these same statutory obligations and authorizer responsibilities. The wide disparity in perspectives between the Commission and charter schools suggests that the Commission should, but does not, engage in effective self-evaluation that includes meaningful and constructive feedback from the charter schools in its portfolio.</p>	<p>The Commission’s strategic plan will include a process with scheduled dates for self-evaluation that begin after the initial implementation of the plan. A year after implementation has begun, the Commission will revisit the strategic plan.</p> <p>The Commission scheduled a meeting with Governor Ige to discuss the original intent behind the establishment of charter schools in Hawaii. The Commission further worked to improve BOE and Commission communications, including reaching out and meeting with BOE members.</p> <p>To better define and reflect the goals and purpose of its work, the Commission is creating a communication plan to solicit stakeholder feedback on the Commission and the internal changes made regarding the Commission staff’s reorganization and federal programs support.</p> <p>On June 28, 2018, the Commission adopted their Strategic Plan, see Strategies #5 and #7.</p>
A.6: Structure of Operations	<p>In a written response to the Committee, the Commission recognizes that its organizational structure and the duties and responsibilities of each position could be more clearly defined with a comprehensive long-term strategic vision.</p> <p>Because the organizational structure is not more clearly defined with appropriate lines of authority, aspects of the structure are not appropriate to effective authorizing, in particular the blending of authorizing and support functions. For example, the Academic Performance Manager position should be primarily focused on academic performance management and accountability, an essential area of charter school oversight. However, according to the Commission’s organizational chart, job descriptions, and discussions with the Commission, the Academic Performance Manager oversees a number of positions focused on federal programs, including those providing support related to Title I (<i>i.e.</i>, Educational Specialists). This</p>	<p><u>Corrective actions:</u></p> <p>The Commission staff realigned its organizational structure around three primary functions: authorizing, administrative support, and federal programs support. In addition, individual positions have been re-described to better align with this new organizational structure.</p> <p>On June 28, 2018, the Commission adopted their Strategic Plan, see Strategy #5.</p>

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	<p>structure compromises both the Commission’s essential authorizing duties of monitoring and oversight as well as its effectiveness in delivering federal program support, such as providing assistance to schools in developing school improvement plans. On one hand, because the Academic Performance Manager supervises the Educational Specialists, schools may think that if they follow the advice of the Educational Specialists, their contracts will be renewed. In addition, the Educational Specialists may be placed in a difficult position should an issue arise at a school to which they are providing support. The Educational Specialists may need guidance or support from their supervisor, but as the Academic Performance Manager, the supervisor’s knowledge of the issue may trigger a response from the Commission’s authorizer arm. This hinders the effectiveness of the Educational Specialists because schools may be reluctant to share the details of their educational programs with the Educational Specialists for fear of additional monitoring or intervention from the Commission. Past written comments to the Board from former Commission staff who served in federal program positions also seem to suggest this structure is counterproductive.</p> <p>In a written response to the Committee, the Commission recognizes that it could better assess whether or not it has sufficient resources to effectively oversee its portfolio of charter schools if it had a comprehensive long-term strategic vision.</p>	
A.8: Capacity and Skill Development of Leadership and Staff	<p>Aside from its limited engagement with NACSA, the Commission recognizes that it does not provide regular professional development opportunities that ensure its leadership and staff achieve and maintain high standards of professional authorizing practice. In discussions with Board staff, the Commission noted that it is working on developing a system for professional development and will be seeking funding to support it.</p> <p>Without a vision and measurable organizational goals, the Commission cannot provide professional development that adequately enables continual agency improvement. In discussions with Board staff, the Commission also noted that it needs to better understand the needs of the schools to better assess how the Commission needs to improve.</p>	<p><u>Corrective actions:</u></p> <p>Commission reviewed all deficiencies identified in the BOE Special Review Report as part of its strategic planning process during school year 2017-2018 and on June 28, 2018 adopted a strategic plan.</p> <p>The Commission’s strategic plan includes Strategy 5 that states: “Evaluate, re-align/re-design, implement and monitor changes (e.g. SPCSC composition, governance, support structure, practices, organization structure, authorizer evaluation process, communications, portfolio management, application</p>

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		<p>process) to move the authorizer from current state to future vision state of authorizing.</p> <p>Through the Pacific Regional Comprehensive Center (PRCC) and The Building State Capacity and Productivity Center (BSCP), the Commission has been working to implement the strategic plan and strategies and will have an implementation plan for all strategies in January of 2019. Through the commitment from PRCC and BSCP, the Commission has a year-long engagement with both centers to assist the Commission and its staff in the implementation of its Strategic Plan.</p> <p>As part of the implementation planning for Strategy 5, once realignment and restructuring of the Commission and its staff is decided upon, requisite professional development and training will be included as part of the process of improvement.</p>
A.9: Authorizing Operational Budget	<p>In a written response to the Committee, the Commission stated that it “does not believe there has been a full audit by the Commission of the resource needs required for authorizing the portfolio of charter schools, accounting for the additional responsibilities taken on by the Commission.” The Commission acknowledges that it does not know what its financial needs are to fulfill its authorizing responsibilities in accordance with national standards and commensurate with the scale of its charter school portfolio while also fulfilling additional responsibilities that, although perhaps not statutorily required, are necessary as the result of charter schools being entities of the State.</p>	<p><u>Corrective actions:</u></p> <p>Commission will be reviewing all deficiencies identified in the BOE Special Review Report as part of its strategic planning process during school year 2017-2018.</p> <p>Through the Commission staff’s recent reorganization, the Commission has determined that the current charter school system does not include an entity that provides charter schools with the administrative support they require in their capacity as state agencies, so this responsibility falls, by default, to the Commission and its staff. The Commission will pursue legislation to statutorily address this gap in the system, as well as resources to enable the Commission to continue to provide these necessary supports to charter schools.</p>

BOE performance measure	Deficiencies	Corrective actions as of November 20, 2018
A.10: Compliance to Statutory Responsibilities	<p>The survey conducted by the Committee found that 60% of responding school directors disagree or strongly disagree that the “Commission receives and distributes applicable federal funds from the Department of Education to charter schools.” Some common themes, drawn from open-ended responses to the survey, claim that the Commission inappropriately withholds funds or does not distribute funding in accordance with funding formulas. Comments provided through the public hearing and group interviews with charter school leaders argue that the Commission does not provide timely distribution of funds, which in turn impacts the financial performance of schools. In follow-up discussions with Board staff, the Commission confirmed that, while adjustments to schools’ financial performance are made after review of audited financial reports, schools could still end up on financial monitoring before then. The Committee was limited in its time and resources devoted to assessing this performance measure and therefore could not confirm the validity or accuracy of the issues raised by school leaders. The Committee did not find evidence that the Commission is statutorily noncompliant as measured by this performance measure, but the Commission acknowledged that, at a minimum, there is confusion surrounding funding distribution that it needs to address.</p>	<p><u>Corrective actions:</u></p> <p>The Commission has and continues to collaborate with the DOE to better understand and improve the allocation and distribution of federal funds to charter schools.</p>
B.2: Request for Proposals	<p>Without a strategic vision, the RFP cannot align with or publicize the Commission’s vision. In a written response to the Committee, the Commission recognizes that additional work can be done in this area.</p> <p>The survey conducted by the Committee found that only a third of responding Commissioners believe that the Commission’s RFP “encourages diverse educational models from both new applicants and existing operators.”</p> <p>In a written response to the Committee, the Commission recognizes that it has not encouraged replication of existing charter school models. The survey conducted by the Committee confirms that only a third of responding Commissioners believe that the Commission’s RFP “encourages expansion and replication of successful charter school models.”</p>	<p><u>Corrective actions:</u></p> <p>Commission will be reviewing all deficiencies identified in the BOE Special Review Report as part of its strategic planning process during school year 2017-2018.</p> <p>On June 28, 2018, the Commission adopted their Strategic Plan.</p>

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<p>B.5: Charter Contract Terms, Negotiation, and Execution</p>	<p>The survey conducted by the Committee found that nearly two-thirds of responding school directors disagree or strongly disagree that the “Commission negotiates and executes charter contracts that clearly define material terms and rights and responsibilities of the schools and the Commission with clear, measurable, and attainable performance standards.” Respondents most commonly identified the lack of contract negotiations as a major issue. Some public testimonies argue that the complexity of the contract with the lack of immediate access to legal counsel mean that governing boards do not fully understand contracts within the timeframe provided for review. Further, several charter schools stated that they feel they have no choice but to sign contracts, indicating that there is not mutual acceptance of the terms of the contract. In discussions with Board staff, the Commission explained that it held several in-person meetings (on each island) and webinars with school leaders to discuss the charter contract but acknowledged that the Commission and governing boards may not have a mutual understanding of the terms of the contract.</p> <p>Most of the charter schools within the Commission’s portfolio of schools are currently on three-year charter contracts and only some will be renewed for five-year terms with the rest on shorter term contracts, which means the Commission conducts high-stakes reviews more frequently than every five years.</p> <p>The charter contract defines performance standards, but it is not clear in the charter contract if these standards are a condition of renewal, especially because the Commission adopted renewal criteria that rely on the performance frameworks but are not included in the charter contract.</p>	<p><u>Corrective actions:</u></p> <p>The Charter Contract that went into effect on July 1, 2017, was individually negotiated with charter schools and includes school-specific academic performance targets and contract renewal requirements.</p>
<p>B.6: Charter School Performance Standards</p>	<p>The charter contract contains measurable academic, financial, and organizational performance standards and targets, but it is not clear in the charter contract if these standards and targets are a condition of renewal, especially because the Commission adopted renewal criteria that rely on the performance frameworks but are not included in the charter contract.</p> <p>The academic performance framework defines the Strive HI Performance System as the source of academic data that form the evidence base for ongoing evaluation but does not describe all of the state-mandated</p>	<p><u>Corrective actions:</u></p> <p>The Charter Contract that went into effect on July 1, 2017, was individually negotiated with charter schools and includes school-specific academic performance targets in the Academic Performance Framework. Charter school progress toward meeting these targets and their performance on all Financial and</p>

BOE performance measure	Deficiencies	Corrective actions as of November 20, 2018
	<p>standardized assessments and reports that serve as the data sources for the Strive HI Performance System. (Note: NACSA’s standards appear to encourage the use of internal assessments, qualitative reviews, and performance comparisons with other public schools in the state as additional sources of academic data that form the evidence base for ongoing evaluation and renewal, none of which are included in the Commission’s academic performance framework.)</p> <p>The Commission acknowledges that the organizational performance framework does not define the sources of organizational data that form the evidence base for ongoing evaluation and will be working on clearly defining the sources for next the charter contract.</p>	<p>Organizational Performance Framework measures will determine contract renewal.</p>
<p>B.7: Process for Ongoing Oversight of Charter Schools</p>	<p>In a written response to the Committee, the Commission stated that “the charter contract does not delineate specific processes for monitoring and oversight in the areas of academics, finances, and operations.” The Commission acknowledges that, while the charter contract references a “compliance management system” (section 12.1), it does not define an accountability and compliance monitoring system. Further, the system is not described through any documented processes or procedures.</p> <p>Because the Commission does not have any documented processes or procedures for the accountability and compliance monitoring system it implements, it is difficult to determine if the system effectively streamlines federal, state, and local performance expectations and compliance requirements while protecting schools’ legally entitled autonomy and minimizing schools’ administrative and reporting burdens.</p>	<p><u>Corrective actions:</u></p> <p>Commission staff has streamlined the process for compliance reporting by charter schools for the 2017-2018 school year. In addition, staff have developed and will be seeking approval from the Commission for an updated accountability and compliance monitoring system.</p>
<p>B.8: Communicating Oversight</p>	<p>As noted in the strengths, the Commission communicates to schools the timing of gathering and reporting school performance and compliance data. However, the Commission does not define or clearly communicate to schools the process of gathering and reporting school performance and compliance data. While the Commission may informally communicate the method of gathering and reporting data through trainings, the Commission does not have any documented processes or procedures for the accountability and compliance monitoring system it implements (see weaknesses under Performance Measure B.7).</p>	<p><u>Corrective actions:</u></p> <p>See corrective actions for “B.7: Process for Ongoing Oversight of Charter Schools” above.</p>

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	<p>In discussions with Board staff, the Commission acknowledged that it can improve on providing technical guidance to schools as needed to ensure timely compliance with applicable rules and regulations.</p>	
<p>B.9: Protecting School Autonomy</p>	<p>The survey conducted by the Committee found that 72% of responding school directors disagree or strongly disagree that the “Commission respects, preserves, and supports the essential autonomies of the charter schools.” In follow-up discussions with Board staff, the Commission noted that there needs to be a definition or mutual understanding of autonomy.</p> <p>Because aspects of the Commission’s organizational structure are not appropriate for effective authorizing (see weaknesses under Performance Measure A.6), the Commission is vulnerable to unintentionally directing or participating in educational decisions or choices that are appropriately within a school’s purview under law or the charter contract.</p> <p>As noted under Performance Measure B.7, the Commission does not have any documented processes or procedures for the accountability and compliance monitoring system it implements. Therefore, it is difficult to determine if the system effectively streamlines federal, state, and local performance expectations and compliance requirements while protecting schools’ legally entitled autonomy and minimizing schools’ administrative and reporting burdens.</p>	<p><u>Corrective actions:</u></p> <p>See corrective actions for “B.7: Process for Ongoing Oversight of Charter Schools” above.</p>
<p>B.12: Charter Contract Renewal or Revocation Processes and Decisions</p>	<p>While the Commission revoked Halau Lokahi Charter School’s charter contract during the contract term, a 2015 State Auditors’ report entitled “Study of Public Charter Schools’ Governing Boards” found that the Commission delayed in revoking the contract even with clear evidence of extreme underperformance that imperiled public funds. The Commission has publicly acknowledged its shortcomings in the situation and has taken steps to be better prepared should a similar situation arise. Still, this is the only instance to date of a revocation decision on which to judge the Commission.</p> <p>Per the Commission’s renewal process and criteria, some renewal decisions will be based, in part, on additional indicators not included in the charter contract.</p>	<p><u>Corrective actions:</u></p> <p>Commission reviewed all deficiencies identified in the BOE Special Review Report as part of its strategic planning process during school year 2017-2018 and adopted a Strategic Plan on June 28, 2018.</p> <p>See Corrective Action B.5. The Commission’s third general contracts, currently in effect articulate performance expectations of continuous improvement (Exhibit A- School individualized Academic Targets, and school determined Value-Added Measures) as well as a process to require schools to provide the commission with corrective actions should these performance</p>

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	<p>In addition to the charter contract being unclear if the academic, financial, and organizational performance standards and targets in the renewal criteria are a condition of renewal, the renewal criteria allow a charter contract to be renewed even if the charter school scores in the lowest academic performance bracket and does not meet expectations in both organizational and financial performance. Based on its current and only renewal cycle thus far, the Commission will grant renewal to all schools regardless of performance instead of only to those that have achieved the standards and targets stated in the charter contract, are organizationally and fiscally viable, and have been faithful to the terms of the contract and applicable law.</p> <p>It is not entirely clear what the Commission’s rationale is for granting contract renewal to all charter schools, regardless of performance, with only the length of the contract being affected by a school’s performance. In discussions with Board staff, the Commission explained that schools should have a chance to prove themselves academically under the new federal law. However, it is the Commission, as the authorizer, that determines the standards, targets, and criteria for contract renewal, not federal or state law. Even the recently released federal regulations on the Every Student Succeeds Act confirm that authorizers retain authority to enforce accountability. Therefore, the Committee cannot determine whether or not the Commission is making renewal decisions on the basis of community pressure or solely on promises of future improvement.</p>	<p>expectations not be met (Exhibit D- Intervention protocol). The latest contracts provide the Commission and charter schools with more timely and responsive actions should performance expectations not be met.</p> <p>The Commission’s strategic plan includes Strategies 1-4 that address this issue. The Commission’s review of this issue focuses on providing schools with clarity of expectations and articulating the requirements for each public charter school as a state agency.</p> <p>Specifically, the four strategies state:</p> <ol style="list-style-type: none"> 1. Strengthen academic framework elements, including development and implementation of action research based approaches (e.g., school specific measures development process, growth measures), operating and financial frameworks. 2. Aggregate comprehensive needs assessment, utilizing existing school needs assessment, accreditation, strategic planning, audits, management letters and other documents into a consistent portfolio document for identification of strength and risk mitigation areas toward mapping of outcomes. 3. Identify, analyze, map and initiate actions with collaborators (e.g., DOE, CAS, DAGS, DOT, HSTA) and others re: bridging operational gaps, facilities, federal funding and support. 4. Publish principles of good practice for charter governance, plan development and alignment (e.g., strategic, comprehensive needs assessment, accreditation self-study), operations, programming, and family and community engagement, balancing supporting vs. directing portfolio schools.

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		<p>Through the Pacific Regional Comprehensive Center (PRCC) and The Building State Capacity and Productivity Center (BSCP), the Commission has been working to implement the strategic plan and strategies and will have an implementation plan for all strategies in January of 2019. Through the commitment from PRCC and BSCP, the Commission has a year-long engagement with both centers to assist the Commission and its staff in the implementation of its Strategic Plan.</p>