



Administrative Testimony  
Testimony of Kamanaʻopono Crabbe, Ph.D.  
Ka Pouhana, Chief Executive Officer

State of Hawaiʻi, Board of Education  
Public Hearing on the Board of Education's Special  
Review of the State Public Charter School Commission

November 9, 2016                      1:30 p.m.                      Queen Liliʻuokalani Building

The Administration of the Office of Hawaiian Affairs (OHA) appreciates the opportunity to submit the following **COMMENTS** regarding the Board of Education's (Board's) Special Review of the State Public Charter School Commission (Commission).

OHA is a semi-autonomous state agency established by the constitution and laws of the State of Hawaiʻi to better the conditions of Native Hawaiians. As the constitutionally-established body responsible for protecting and promoting the rights of Native Hawaiians, OHA is required, among other things, to assess the policies and practices of agencies impacting Native Hawaiians and to conduct advocacy efforts for Native Hawaiians. OHA also provides funding to programs and projects to better the conditions of Native Hawaiians, in line with its strategic plan, strategic priorities, and strategic results.

Accordingly, among other educational funding initiatives, OHA has contributed over \$18,000,000 from FY 2006 - FY 2017 (12 years) to Hawaiian culture-based charter schools that make up Nā Lei Naʻauao Alliance for Native Hawaiian Education. Notably, research has found that Hawaiian students exposed to such culturally-driven educational strategies have a stronger sense of socio-emotional well-being, deeper engagement with their schools, and a stronger commitment to civic activities in their community. Researchers have also concluded that these factors, especially socio-emotional well-being, are directly tied to academic achievement.

OHA expresses its gratitude to the Board for its interest in and commitment to improving the educational climate for Hawaiʻi's public charter schools, as demonstrated by the Board's year-long review of the Commission. OHA also expresses its deep appreciation of the Board members and staff who served on the Permitted Interaction Group and/or on the Special Review Investigative Committee, including Brian De Lima, Hubert Minn, Bruce Voss, and former members Amy Asselbaye and Jim Williams. OHA believes that the Board's work will only strengthen Hawaiʻi's public charter school system, and hopes that its participation in the Special Review Survey will assist in the development of appropriate findings and recommendations in this regard.

A strong and well-supported public charter school system has the potential to benefit all public schools in the state. As the Board and Department of Education's Draft Strategic Plan 2017-2020 acknowledges, "Hawai'i public schools will foster innovation which includes learning from our charter schools which were established as innovation labs." The most recent Strive HI performance measures for SY 2015-2016 reaffirm the potential for charter schools to act as innovation labs for our public school system as a whole, with many charter schools, including Hawaiian culture-based charter schools, performing well and even dominating in certain indicators.

For example, public charter schools are already reducing chronic absenteeism among high school students, with charter schools occupying the top five slots in this indicator, including the Hawaiian culture-based Hālau Kū Mana. Lessons and strategies learned from these charter schools may be of benefit to students throughout our public school system: as noted at the October 18, 2016, Board meeting, reducing chronic absenteeism will reduce the achievement gap between high-needs and high-performing students generally.

Public charter schools are also among the highest-achieving schools in high school graduation rates, including Hawaiian culture-based schools Kamaile Academy (four-year rate) and Kanu o ka 'Āina (five-year rate), with Kanu o ka 'Āina additionally among the highest achieving schools in college-enrollment rates. Similarly, Mālama Honua, another Hawaiian-culture based charter school, ranked among the highest-achieving schools in *both* math and English/language arts. Two Hawaiian culture-based and language immersion charter schools, Ke Kula 'o Samuel M. Kamakau and Ke Kula Ni'ihau O Kekaha, also demonstrated significant growth in both math and English/language arts. Again, lessons learned from these schools may be of substantial benefit to the public school system as a whole.

The Board's and Commission's continued support of Hawai'i's public charter schools is critical to more fully realizing their capacity to serve as innovation labs and as possible models to emulate throughout the wider public school system. The Board's review of the Commission will only help to promote a more productive educational climate and relationship between the Commission and the charter schools it oversees; this in turn may facilitate the further development of educational approaches that can benefit all of our public school students.

Mahalo nui for the opportunity to provide testimony on this important matter and to express our appreciation to the Board and its staff for the work invested in improving the public charter school educational climate.

'A'ohe lua e like ai me ka ho'ona'auao 'ana o ke kamali'i. Nothing can compare in worth with the education of our children.

Nā Lei Na'auao  
Ph #: 808-887-1117  
Fax #: 808-887-0030  
NLN@kalo.org

# *NĀ LEI NA'AUAO* *Alliance for Native Hawaiian Education*

Hakipu'u Learning Center  
Kāne'ohe, O'ahu

November 9, 2016

Hālaui Kū Māna  
Honolulu, O'ahu

State of Hawai'i  
Board of Education  
Queen Lili'uokalani Building  
1390 Miller Street, Fourth Floor, Room 404  
Honolulu, HI 96813

Ka 'Umeke Kā'eo  
Keaukaha, Hawai'i

RE: Public Comments regarding the performance of the State  
Public Charter School Commission (SPCSC)

Ka Waihona o ka Na'auao  
Wai'anae, O'ahu

Aloha mai kākou,

Kamaile Academy  
Wai'anae, O'ahu

Nā Lei Na'auao – Alliance for Native Hawaiian Education (NLN) was founded in 2000 by Native Hawaiian educators, parents and community. NLN's mission is to establish, implement, and continuously strengthen models of education throughout the Hawaiian islands and beyond, which are community-designed and -controlled and reflect, respect and embrace 'ōlelo Hawai'i, 'ike Hawai'i, and Hawaiian cultural values, philosophies and its practices.

Kanu o ka 'Āina  
Waimea, Hawai'i

Currently, there are thirty-four public charter schools in the State of Hawai'i, seventeen of which are Hawaiian-Focused. Each NLN school is unique, rooted in its place and shaped by its community resources. Yet, all schools are united through a common practice of *EA-Education with Aloha*®, developed collectively over the past sixteen years. *EA-Education with Aloha*® balances culturally-driven approaches with the latest in educational technology. Grounded in the wisdom and values of our ancestors, *EA-Education with Aloha*® strives for an atmosphere of care and congeniality permeating throughout the entire learning 'ohana. In addition, curriculum, instruction and assessment are tailored to native learning styles and multiple-intelligence featuring interdisciplinary and interactive education, hands-on activities, project- and place-based learning and multi-age groupings.

Kanuika Pono  
Anahola, Kaua'i

Kawaikini PCS  
Līhue, Kaua'i

Ke Ana La'ahana  
keaukaha, hawai'i

Aligning with worldwide Indigenous educational reform efforts, NLN is using the national charter school movement as a vehicle to provide viable choices in education at the community level. The success of *EA-Education with Aloha*® is an indicator that Hawaiians can design, implement and evaluate quality models of education and that public school children in Hawai'i, should be given an option to also choose Hawaiian-focused ways of education. Furthermore through public and private partnerships, we can develop a parallel system of education that is culturally-driven, family-oriented and community-based.

Ke Kula Niihau 'o Kekaha  
Kekaha, Kaua'i

Ke Kula 'o  
Nāwahīokalani'opu'u  
Kea'au, Hawai'i

In the years past, the inability of the Hawai'i Department of Education (HIDOE) to educate its native Hawaiian students has been appropriately documented, yet there is an ongoing resistance to systemic reform to meet the unique needs of its largest and fastest growing ethnic population. *EA-Education with Aloha*® has already impacted thousands of Hawaiians and provides infinite potential for systemic institutional change, which can improve the experiences of tens of thousands of native public school students, but we must work positively together. This comprehensive collaboration must include the students, staff, administrators, families, communities, local, state and federal stakeholders, etc., and that *EA-Education with Aloha*®, is also a part of this valuable solution.

Ke Kula 'o Samuel M.  
Kamakau  
Kāne'ohe, O'ahu

Kua o ka Lā  
Pāhoa, Hawai'i

Kualapu'u Elementary  
Kualapu'u, Molokai

Kula Aupuni Niihau A  
Kahelelani Aloha  
Makaweli, Kaua'i

The SPCSC, especially its staff, has also knowingly inhibited the advance of quality education, as stated in the Special Review investigation, but your (BOE) commitment to the PCS's, in their sincere request for much needed support with: multiple Authorizers, equitable funding, facilities, transportation, food, technical assistance and Legislative support, etc., is truly appreciated.

Mālama Hōnua  
Waimānalo, O'ahu

It's time for us to take care of our keiki, and make a better change!

Waimea middle  
Waimea, hawai'i

Mahalo nui loa,

Ka'iulani Pahi'ō  
Coordinator-NLN

# *Kua O Ka La PCS*

PO Box 1413    Pahoa, Hawaii 96778    Tel: 808-965-5098    email: kuaokala@ilhawaii.net



November 8, 2016

State of Hawai'i  
Board of Education  
Queen Lili'uokalani Building  
1390 Miller Street, Fourth Floor, Room 404  
Honolulu, HI 96813

RE: Public Comments regarding the performance of the State Public Charter School Commission (SPCSC)

Aloha Board of Education Members,

Thank you for this opportunity to testify on the Commission concerns through this special review process.

There are many concerns that have surfaced over the past few years regarding the Commission staff and Board and I present just a few in this document.

We do not feel that the Commission staff has fulfilled its statutory obligation under 302D5 pertaining to the Commission acting as our point of contact with the DOE. There is a general lack of transparency from the Commission and a lack of timeliness regarding Federal funds receipt and disbursements. This would include but not be limited to Collective bargaining increases, impact aid, and teacher bonuses. The withholding of these funds can affect the financial health of the school.

The Commission staff and Board has not ensured that Charter Schools are receiving the Federal funds that they should. Kua o ka La testified repeatedly to the Commission pertaining to the Race to the Top funding. Kua o ka La is located within the identified "Zone of Innovation" linking poverty to poor test scores. The bulk of the 70 million RTTT funding was funneled into schools in these zones which included 23 million going towards facilities. When Strive HI was being drafted, the Superintendents statements included how the Race to the Top funds and all the programs implemented would close the achievement gap and ensure the success of Strive Hi in the two districts of PPK and Wainanae.

Kua o ka La received NO financial or other support from the RTTT funding. Our students are still using porta-potties. There is a link to facilities and test scores. We received no funds, were not included in the programming opportunities or any RTTT supports with the exception of being invited to attend the Black Belt Common Core training. We attended.



We started our school for the highly at-risk Native Hawaiian student and have the bottom of the bottom test performers in our District. We have had no support from RTTT to address closing this gap or with facilities. Yet, at this time, we are held to a standard without having had the YEARS of financial, programmatic and facilities support as our DOE counterparts. Tom Huttons response was that the DOE said Charters got their fair share, end of story.

We always agreed to be accountable, but on a level playing field. This is one of the largest occurrences of inequity that really haunts us today as we move towards the renewal of our Charter contracts.

Two years ago, Hurricane Iselle made landfall and then the lava came immediately after each that threatening to cut off lower Puna where KOKL is located from Hilo. KOKL is located on the coast and received a direct impact from the hurricane and our area was the last to be fully restored resulting in over 2 weeks of not being able to get to school and then another two weeks without internet, impacting our academic programs. We received NO financial considerations throughout this time and yet the DOE infused 9 million dollars immediately into the DOE schools for lava relocation and other supports. We relocated our campus by having all students on the Hilo side attend the Boys and Girls Club and on the Pahoa side attend campus. We could not reduce staff as a result of this decision in support of student academic and emotional stability through these natural disasters. We had to run two bus routes, have multi grades at each site. Our school year was so impacted and for the first time had to dip into our financial reserves.

In the past, we have been one of the few schools to meet all financial measures but the Board made a three- year recovery plan which they are on track with and this has negatively impacted our financial performance even though we still have \$600,000.00 cash in our reserves and have just completed a perfect audit. We are always commended on the financial health and financial management of our school.

Again, as we move into our contract renewal process, this financial performance issue will result in one less year to our contract. We feel like we have been through a war. The impacts of natural disasters are real on the community and the health of the school. Last year, we were impacted with Dengue and had to close our Miloli'i online site for one month.

We have asked for some consideration of 'extenuating circumstances' to be embedded into the renewal process but this has not occurred to date. In fact, we should be awarded more time and more supports for the trauma the students and school has endured.

We wonder about the accountability of the Charter office not being held to financial standards as the Charter Schools are.

We feel that the Charter Commission has violated many aspects of the charter contract.

- ✓ 14.5 process for communication with Charters if something is wrong
- ✓ Method of communication

- ✓ Burdensome reporting requirements
  - ✓ June 1<sup>st</sup> all reports that are required are to be provided as opposed to continuing to add on reports that 'count' throughout the year
- 
- ✓ Ability to negotiate our contracts
  - ✓ Changing benchmarks on the academic performance measure after signing which is a breach of contract
  - ✓ Complaints procedures not followed as identified in the contract

The Charter schools are not being able to preserve the autonomy or reason for existence when the only vehicle (SSM) for acknowledging for example a schools mission has not been supported. Only 2 schools were able to negotiate SSM's and told we needed 3-5 years of data for a SSM to be considered, they were deferred and told that they could not receive technical support due to Charter Law.

One of the current concerns to me is the complaints procedures.

It is astounding to me that a complaint issued to the Commission about a Charter School is not immediately informed of the complaints process and the issue sent back to the school level if it has not been heard at that level. We have only had one complaint in 16 years but it was reported, as are all complaints, to the Commission board at their General Meeting with the school name listed. This public humiliation can impact enrollment and the school feels as though it is guilty until proven innocent. This also violates the Charter Contract listed under complaints process.

A similar issue just occurred for KOKL in that we were put on the commission agenda for financial monitoring. We never received a call from Leila Shar that there was a concern pertaining to cash days on hand. We could have explained in one minute and provided evidence of the cash receivables from KS and OHA (every Hawaiian charter has this) and we were not informed that it would be on the Agenda thus not being provided the opportunity to speak about the situation but only have alarms go off and a process put in place that should not be there. Fortunately, we have resolved this but the process was absolutely unfair.

These are just a few of the school specific issues that have surfaced and are very impactful to us.

We share all of the collective concerns brought forward from our Na Lei and friends testimonies that highlight other specific issues.

We thank you for allowing us the time and opportunity to testify today.

Susie Osborne on behalf of the Governing Board, School staff and students.



## KAMEHAMEHA SCHOOLS®

Time: 1:30 p.m.  
Date: November 9, 2016  
Meeting: Hawai'i State Board of Education Special Review Investigative Committee  
Location: Queen Lili'uokalani Building  
Re: Special Review of the Charter School Commission

Aloha! My name is Wai'ale'ale Sarsona, and I serve as Managing Director of the Kūamahi Community Education Group of Kamehameha Schools. The following are our comments to the Committee.

We are encouraged by recent increases in communications, transparency and openness of the Charter School Commission staff and truly believe that the working relationship between the Commission and charter schools is improving. We would welcome an opportunity to engage in stakeholder meetings or interviews with the Committee.

We do note several existing areas of concern:

We continue to believe that the performance frameworks adopted by the Commission do not adequately incorporate school specific measures or allow schools sufficient freedom to customize to their student populations, utilizing the rich array of culturally relevant educational methodologies and practices.

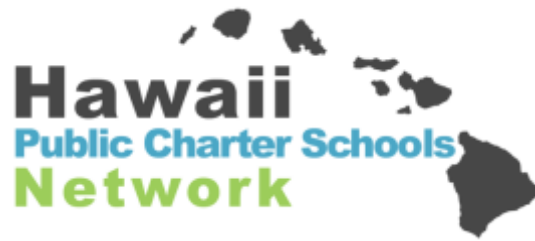
The Commission has explored seeking legislation in 2017 which would impose charter school contract templates which may lack needed flexibility.

The current mechanism for funding raises the prospect that the Commission will withhold funding to "enforce" performance measures. Although the Commission did not establish the statutory mechanism, its implementation has the potential to chill innovation at the school level.

The Commission has stated it lacks capacity to oversee additional schools -- we and others have therefore supported rules to allow for alternate authorizers. We suggest a review of the number of schools that the Commission can oversee. Such a review may reveal a need to allow greater flexibility in approving a transfer of a school to another authorizer.

Kamehameha Schools is an organization striving to create a thriving Lāhui where all Native Hawaiians are successful, grounded in traditional values, and leading in the local and global communities. We believe that community success is individual success, Hawaiian culture leads to academic success and local leadership drives global leadership.

Mahalo a nui.



November 9, 2016

Mr. Lance Mizumoto, Chair  
Hawai'i State Board of Education  
1390 Miller Street  
Honolulu, Hawaii 96813

**Sent Via Electronic Mail: [testimony\\_boe@notes.k12.hi.us](mailto:testimony_boe@notes.k12.hi.us)**

**Re: Testimony on the Board of Education Special Review Investigative Committee public hearing regarding the past and current performance of the State Public Charter School Commission**

Aloha Chair Mizumoto and Board members:

On behalf of the Hawai'i Public Charter School Network ("HPCSN"), we deeply appreciate the opportunity to provide testimony the Hawaii Board of Education ("Board"). HPCSN also provided feedback through the BOE's online survey, which focused on the past performance of the Hawaii Public Charter School Commission ("Commission"). We appreciate the Board's and its staff's interest and commitment to improve the educational climate for all public school students and to address challenges that Hawaii's public charter schools are experiencing since the state's charter school law was overhauled and adopted in 2012.

In 2011 during the time the Hawaii Charter School Task Force ("Task Force") was engaged in structuring a new accountability system for charter schools, participants in the process discussed the need to provide adequate resources to support both a system of greater accountability and to address a gap that was being created by the reconstitution of the Charter School Administrative Panel ("Panel") to the Commission, as it's known today. Further discussion on what the appropriate support structure would be was put in the "parking lot" for later consideration but never really revisited. The result of the Task Force set up the current structure based on the National Association of Charter School Authorizers ("NACSA"); transformed each charter school's Detailed Implementation Plan into a charter contract; removed the roles of advocacy and support from the Commission, and changed the funding stream from a 2% per pupil allocation to a line item appropriation (which equates to nearly 3% of an equivalent per pupil rate) for the operation of the Commission in the state budget.

Since the law was enacted in 2012, the Charter School Administrative Office previously led by the Panel, which provided oversight and support, ceased to exist and the Commission replaced it as the statewide “authorizer.” The Commission is the sole authorizer that regulates 34 charter schools around the state, with three newly approved charter start-ups preparing to open their doors to students in the next school year. **So, what we have is an imbalanced focus on the increased performance of charter schools without the resources to support greater accountability in our system.** (See attached opinion column entitled “Isle charter schools do well but resources still lacking,” published in the *Honolulu Star Advertiser* on October 12, 2016, A13).

On one end of the scale, we increased accountability for charter public schools by the passage of NACSA policy guiding the overhaul of our charter school law. However, on the other end of the scale, we did not address the need to provide adequate resources in support of our schools’ development and new requirements to meet new higher performance standards. The dissolution of the Panel has deepened a gap that has always existed in the lack of technical support and resources available to charter public schools. State advocacy in support of these schools has also suffered.

At this point the Board and its staff have been engaged in promulgating administrative rules to establish a process for the addition of other charter authorizers, of which HPCSN is in support. **However, providing adequate resources for charter public schools needs to be part of the equation as the state moves ahead with its Strategic Plan Update, State ESSA Plan, and the Blueprint that will chart our progress in the reformation of public education over the next 20+ years.**

HPCSN appreciates the work of the Board and the Commission and supports policies that promote high academic, financial and organizational standards for Hawai‘i charter public schools. However, our state education leaders and policymakers must also address the lack of support and resources made available for charter schools to meet higher performance requirements and to sustain their vision and mission to provide choice and innovation in Hawaii’s public education system.

HPCSN works to support its member charter schools and to be a voice for children and families that seek choice in an independent public school setting. We appreciate the opportunity to provide testimony on behalf of our members.

Sincerely,

Jeannine Souki  
Executive Director  
Hawaii Public Charter Schools Network

Attachment (1)



# views & voices

## ISLAND VOICES

### Isle charter schools do well but resources still lacking

By Jeannine Souki

**T**he good news is Hawaii's public charter schools, which teach only 6 percent of the number of enrolled students in a public education setting, are showing excellent signs of progress in Strive HI performance assessments beyond their small numbers.

The bad news is that Hawaii's charter schools trail far behind on public resources to support student success, shortening its trajectory to reach longer-term goals.

Several charters scored high in the top tier of all public schools with achievements in 11th grade American College Testing (ACT) scores, graduation rates and college matriculation.

University Laboratory School scored the highest in all these categories.

Kihei Charter School ranked second in the state in 11th Grade ACT scores.

West Hawaii Explorations Academy also took second place for four-year-gradua-



*Jeannine Souki is executive director of the Hawaii Public Charter Schools Network.*

tion rates.

Lanikai Elementary and Malama Honua ranked among the highest-achieving schools in math and English language arts.

Several Hawaiian culture-based and language immersion schools also gained significantly in math and English language arts growth.

**PUBLIC CHARTER** schools are reducing chronic absenteeism among high schoolers. Hawaii charters account for 8 of 19 top-performing schools in this indicator.

Halau Ku Mana, West Hawaii Explorations

Academy, University Lab School, Myron B. Thompson Academy and Hawaii Academy of Arts and Sciences respectively occupy the top five slots.

What is unique about Hawaii's top-performing charters is that many of them run kindergarten through 12th-grade classes. Some even run public pre-kindergarten programs because they know that high-level student achievement takes many years of investment.

Each of Hawaii's 34 charter schools offers small settings. Although they have more autonomy to select their curriculum and channel resources to be innovators in education, charter schools are subject to the same federal and state standards as any traditional public school. They are also held accountable for academic, financial and organizational performance expectations set forth in their performance contracts. This sets a higher bar because an underperforming school may see its con-

tract revoked by the Charter School Commission.

In spite of these significant gains, Hawaii's charter schools struggle with a dismal \$6,846 per student allocation for the current school year, giving us the lowest rate in the nation in a state with the highest cost to do business.

Funding for charter schools has not been restored to pre-recession levels, where allocations were \$9,063 per student.

This funding must now stretch further to pay for salaries, required collective bargaining increases and teacher incentive pay, facilities costs, curriculum, equipment and supplies, utilities, services and a mountain of other costs required to run a school.

**UNLIKE** traditional public schools that are able to access other state funding sources for capital and equipment costs, charter schools have yet to see any sustainable funding for facility needs.

In the 17 years Hawaii has authorized public charter schools yet funded them with a smaller fraction of the same dollar that goes toward a traditional public school, many charter school leaders are achieving their vision through sheer grit.

There are many fractures as a majority of charter schools up for reauthorization next year are struggling to meet the state threshold for financial, academic and operational performance standards.

If we want to continue sowing innovation and success in education, the state Board of Education has an obligation to ensure that all schools are provided adequate resources.

With school-age children representing nearly 20 percent of our population and 100 percent of our future, policy makers and education leaders must do a better job investing and changing educational paradigm for the future success of Hawaii's kids.



## Kanu o ka 'Āina Learning 'Ōhana

Serving and perpetuating sustainable Hawaiian communities through Education with Aloha

Hawaii Board of Education  
P.O. Box 2360  
Honolulu, Hawaii 96804  
testimony\_boe@notes.k12.hi.us

BOE Special Review Investigative Committee Public Hearing Testimony  
Wednesday, November 9, 2016, 1:30 p.m.

Aloha Committee Members:

My name is Katie Benioni and I am the Chief Financial Officer for Kanu o ka 'Āina Learning Ōhana (KALO). Mahalo for the opportunity to testify. KALO is a 501(c)3 native governed advocacy organization committed to sustaining lifelong learning through education in ways that advance Hawaiian culture for a sustainable Hawai'i. Since being founded in 2000, KALO has emerged as a leader in education with a focus on teacher education, strengthening and expanding the charter school movement in Hawai'i, and promoting culturally-driven, family-oriented, and community-based education.

With the mission of serving and perpetuating sustainable Hawaiian communities through Education with Aloha, KALO's efforts are focused on:

- Preparing graduates for employment and career advancement;
- Advocating for Native Hawaiian issues in education;
- Liaising and networking for Native Hawaiian Focused Charter Schools;
- Supporting underserved native communities and charter schools through financial opportunity, and;
- Growing early childhood education.

As a voice for evidence based reform, KALO administers funding to charter schools across Hawai'i and promotes policies and practices that strengthen organizations — to create innovative educational models for perpetuating Hawaiian culture.

KALO supports legislative activity protecting Charter Schools and speaks for the indigenous right of self-determination and community control over education. Our specific concerns are basic social justice issues; regulatory climate, assessment, equitable funding & services (such as food/transportation) and appropriate facilities.

As a result of these initiatives, KALO is a resource to policy makers, funders, potential partners and serving the educational interests of the native population of Hawai'i. KALO promotes educational interests grounded in traditional practices that advocate cultural vitality, environmental stewardship, and community sustainability.



Over the past three years KALO has intimately witnessed the charter school commission actions against many charters in Hawaii that include:

- ▶ 1. Breach of contract;
- ▶ 2. Disregard for State and Federal law;
- ▶ 3. Disregard for National Best Practice, Principles and Standards of Charter School Authorizing;
- ▶ 4. Disregard for Generally Accepted Accounting Standards;
- ▶ 5. Disregard for due process;
- ▶ 6. Commission advice and mandates contrary to the charter contract and state law resulting in potential liabilities and/or fines for the school;
- ▶ 5. Reprisal against schools for requesting BOE intervention, ultimately resulting in the resignation of the commission ED, and formal investigation of the commission by the BOE Progressive Inquiry Group;
- ▶ 6. Reprisal through the issuance of unwarranted Notices of Concern/Deficiency which impact contract renewal;
- ▶ 7. Reprisal against the school by providing misinformation to other State agencies causing unwarranted inquiries;
- ▶ 8. Reprisal against the school for questioning the commissions annual audit report, resulting in inappropriate per pupil funding distribution, and delayed federal funding and fringe benefits reimbursement distributions;
- ▶ 9. Attempts by commission staff to undermine and control philanthropic grant funding to charters.
- ▶ 10. Inaccurate and misrepresented official commission documentation memorializing their position but not the position of school, and;
- ▶ 11. Breach of public trust regarding the per-pupil allocation distribution for students as outlined in state law.

As an active partner with the charter community, KALO has experienced firsthand the retaliatory actions of the commission with the following examples:

1. Malamapokii and Ka HULI Mua are a consortium of preschool operating under KALO's umbrella through a wholly-owned subsidiary LLC. Many of the preschools have been operating prior to the charter vehicle being created in Hawaii and now feed charters. The commission contacted the Department of Human Services and demanded that the preschools be shut down for operating without a license. This action was unsuccessful, please see DHS letter dated August 17, 2015 (Exhibit A).

2. In October 2015, KALO was challenged by the Hawaii Ethics Commission through a complaint filed by the Commission because of its support to charter schools and its development of Kauhale a learning destination that has built facilities for Kanu o ka Aina Charter School in concert with the USDA, DHHL and Bank of Hawaii, as well as its development of a Community Development Financial Institution known as Lei Ho'olaha. KALO prevailed in the complaint however it was a huge distraction that took resources away from our ability to support the schools and children (Exhibit B).
3. In March 2015, KALO was served with a subpoena from the Attorney General of Hawaii based on a complaint from the Commission in an attempt to gain control over the Grant funds KALO has administered for over 10 years to Na Lei Naauao Charter Schools. This was an effort to access these funds to pay off the public debt owed from Halau Lokahi's closure by claiming that KALO had mismanaged the funds. Again, KALO prevailed yet wasted valuable resources that should have been directed at supporting students (Exhibit C).

The above are just a few examples of the lack of commission understanding of its role, no clear mission, misguided vision and organizational goals that have handicapped the charter movement since Act 130 took effect. The implementation of Act 130 has been disastrous and negatively impacted student learning and the charter movement on every level.

Enclosures:

Exhibit A – DHS Letter

Exhibit B – Snippet Ethics Commission response

Exhibit C – Snippet AG Subpoena OHA funding support

DAVID Y. IGE  
GOVERNOR



RACHAEL WONG, DrPH  
DIRECTOR

PANKAJ BHANOT  
DEPUTY DIRECTOR

STATE OF HAWAII  
DEPARTMENT OF HUMAN SERVICES  
Benefit, Employment and Support Services Division  
820 Miliiani Street, Suite 606  
Honolulu, Hawaii 96813

August 17, 2015

Ms. Taffi Wise, Director  
Kanu o ka 'Aina Learning Ohana (KALO)  
P.O. Box 6511  
Kamuela, Hawaii 96743

Dear Ms. Wise:

This is in response to the information you submitted to the North Kona 2 Unit after they conducted a site visit to Kanu o ka 'Aina New Century Public Charter School on June 2, 2015 to determine if Kanu o ka 'Aina New Century Public Charter School would operate an after school care program for the 2015-2016 school year. From the documents you submitted that were forwarded to our office, Kanu o ka 'Aina Learning Ohana (KALO) is the organization that operates an after school care program which is offered to children that are enrolled at Kanu o ka 'Aina New Century Public Charter School and to children attending other schools in the community of Waimea, Hawaii.

Based on our review of KALO's Articles of Incorporation and its website, as well as contacts between you and Child Care Licensing Worker, Rebecca Van Jetzer, Supervisor, Kelly Okoji, and Child Care Program Specialist, Dayna Luka, we have determined that your child care program is not required to be licensed by DHS based on the following:

1. KALO's Articles of Incorporation meets Hawaii Revised Statutes (HRS) §346-152(a)(5) which excludes and exempts "a multiservice organization or community association, duly incorporated under the laws of the State, that operates for the purpose of promoting recreation, health, safety, or social group functions for eligible pupils in public and private schools through seventeen years of age" from child care licensing.

According to KALO's Articles of Incorporation, Section IV: "the purposes for which this organization is organized are educational, literary, scientific and charitable purposes..." The following are representative but not exclusive of the purposes of the corporation:

1. The advancement of education of and about Hawaiian people;
2. Advancement of culture and tradition of Hawaiian people;

AN EQUAL OPPORTUNITY AGENCY

3. Instruction or training of individuals for the purpose of improving or developing his capabilities in Hawaiian matters, including the creation of and support of K-12 schools and higher education programs which incorporate native Hawaiian language and culture into the curriculum;
  4. Instruction of the public on subjects useful to the individual and beneficial to the community, including the development of multi-media learning programs with themes connected to native Hawaiian culture;
  5. The creation of a literary program to encourage indigenous expressions and analysis and the recording of indigenous history;
  6. Scientific research carried on for the purpose of aiding the community in achieving, protecting and preserving a healthful environment;
  7. Relief of the poor and distressed of the underprivileged Hawaiian person;
  8. Development of global awareness and knowledge about other cultures, with a special emphasis on indigenous concerns and networking via telecommunications."
2. KALO's after school program is available for children enrolled in kindergarten to sixth grade attending schools in the Waimea community including Kanu o ka 'Aina New Century Public Charter School.
3. KALO's after school program is operated out of its community center.

Based on KALO's Articles of Incorporation, we recognize that KALO is a community association, and as such is not required to be licensed by our department to operate a school age child care program. However, if KALO is interested in seeking licensure of its after school care program, an application may be obtained by contacting the North Kona 2 Unit or on our website at <http://humanservices.hawaii.gov/bessd/child-care-program/child-care-licensing/>.

**We have determined that KALO is not required to be licensed by DHS, based on the program meeting HRS §346-152 (a)(5). If there any changes to your program, please notify Child Care Licensing Worker, Rebecca Van Jetzer.**

If you have any questions or need further information, please contact Ms. Van Jetzer at (808) 327-4768.

Sincerely,



Scott Nakasone  
Assistant Division Administrator

c: Julie Morita, Statewide Branch Administrator  
James Rubis, Section Administrator  
Kelly Okoji, North Kona Unit 2 Supervisor

---

**TORKILDSON, KATZ, MOORE,  
HETHERINGTON & HARRIS**

---

ATTORNEYS AT LAW, A LAW CORPORATION  
700 BISHOP STREET, 15TH FLOOR  
HONOLULU, HAWAII 96813-4187  
TELEPHONE (808) 523-6000 • FACSIMILE (808) 523-6001

RONALD I. HELLER  
DIRECT DIAL: (808) 523-5337  
E-MAIL: RHELLER@TORKILDSON.COM

October \_\_, 2015

**By e-mail to [nneuffer@hawaiiethics.org](mailto:nneuffer@hawaiiethics.org)**

**and**

**Certified Mail No. \_\_\_\_\_**  
**Return Receipt Requested**

Nancy C. Neuffer, Staff Attorney  
Hawaii State Ethics Commission  
1001 Bishop Street, ASB Tower, Suite 970  
Honolulu, Hawaii 96813

Re: Taffi Wise  
Kanu o ka Aina Public Charter School  
Kanu o ka Aina Learning Ohana

DEPARTMENT OF THE ATTORNEY GENERAL  
STATE OF HAWAII

IN RE INVESTIGATION OF: ) SUBPOENA  
Makana O Liloa Foundation and Halau )  
Lokahi Public Charter School ) AG Subpoena No. 2015-072  
\_\_\_\_\_ )

SUBPOENA

TO: Kanu O Ka 'Aina Learning 'Ohana  
Custodian of Records  
64-1043 Hi'iaka St. Halau Hoolako, Kamuela, HI 96743  
ph: 887-1117

*Handwritten signature*

YOU ARE HEREBY COMMANDED to appear at the Hawaii County Police Department, Waimea Station, 67-5185 Kamamau St., Waimea, Hawaii and meet with Special Agent Ron Nakamichi of the Department of the Attorney General, on the 25th day of March, 2015, at 9:00 a.m. to be examined under oath regarding: the grants, funding, awards given to the Makana O Liloa Foundation.

YOU ARE FURTHER COMMANDED to bring with you ☒ original ☐ certified copies of records, documents or papers, in hard copy or digital form, relating to: the grants, funding, awards, financial assistance provided to the the Makana O Liloa Foundation and the Halau Lokahi Public Charter School; provide the application for funding; the funding agreement; identify allowable expenditures, that includes what the funds can be utilized for; filing and or reporting of expenditure requirements. Provide a representative to explain the process of accounting for expenditures and the reason why the two attached checks were disbursed to the Makana O Liloa.

OBEDIENCE to this subpoena may be enforced by the Circuit Court of the Third Circuit.

DATED: Honolulu, Hawaii, on the 9<sup>th</sup> day of March, 2015.

☒ If this box is checked, it may not be necessary to appear in person. To make other arrangements, please call:

*Handwritten signature*  
\_\_\_\_\_  
ATTORNEY GENERAL  
STATE OF HAWAII

Contact Person: Chief Special Agent Daniel Hanagami  
Telephone No.: (808) 586-1081

4/92

## RETURN OF SERVICE

Received this subpoena at \_\_\_\_\_ on \_\_\_\_\_ and  
on \_\_\_\_\_ at \_\_\_\_\_, I served it on  
the within named by delivering a copy to \_\_\_\_\_.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Signature of Serving Officer

## RECIPIENT'S RIGHTS

You have been served with an investigative subpoena issued by the Attorney General of the State of Hawaii in accordance with section 28-2.5, Hawaii Revised Statutes, to appear at the time and place specified, to give sworn testimony, and, if indicated, to bring certain materials with you. Attendance is required only in the county in which the subpoena is served or such other place as may be agreed upon by you and the issuing authority. If the subpoena is served in a county other than that in which you reside, are employed or transact business, the Department of the Attorney General shall bear the expense of travel as provided by the rules of the court.

If you disobey this subpoena, the Attorney General may apply to the circuit court in the county in which you reside or are located to compel obedience. Prior to the date on which you are commanded to appear, you may move the circuit court to quash or modify the subpoena if compliance would be unreasonable or oppressive or violate any privilege you may be entitled to exercise in a court proceeding.



NĀ LEI NA'AUAO  
PH #: 808-887-1117  
FAX #: 808-887-0030  
NLN@KALO.ORG

**NĀ LEI NA'AUAO**  
*Alliance for Native Hawaiian Education*

**Late Testimony**

November 9, 2016

HAKIPU'U LEARNING CENTER  
KĀNE'OHE, O'AHU

State of Hawai'i  
Board of Education  
Queen Lili'uokalani Building  
1390 Miller Street, Fourth Floor, Room 404  
Honolulu, HI 96813

HĀLAU KŪ MĀNA  
HONOLULU, O'AHU

KA 'UMEKE KĀ'EO  
KEAUKAHA, HAWAII

RE: Public Comments regarding the performance of the SPCSC

KA WAIHONA O KA NA'AUAO  
WAI'ANAE, O'AHU

Aloha mai kākou,

KAMAILE ACADEMY  
WAI'ANAE, O'AHU

Thank you for utilizing your valuable time, energy and resources to support the efforts of the Public Charter Schools in the State of Hawai'i.

KANU O KA 'ĀINA  
WAIMEA, HAWAII

Nā Lei Na'auao – Alliance for Native Hawaiian Education (NLN) was founded in 2000 by Native Hawaiian educators, parents and community. NLN's mission is to establish, implement, and continuously strengthen models of education throughout the Hawaiian islands and beyond, which are community-designed and –controlled and reflect, respect and embrace 'ōlelo Hawai'i, 'ike Hawai'i, and Hawaiian cultural values, philosophies and its practices.

KANUIKAPONO  
ANAHOLA, KAUA'I

KAWAIKINI PCS  
LĪHUE, KAUA'I

KE ANA LA'AHANA  
KEAUKAHA, HAWAII

Currently, there are thirty-four public charter schools in the State of Hawai'i, seventeen of which are Hawaiian-Focused. Each NLN school is unique, rooted in its place and shaped by its community resources. Yet, all schools are united through a common practice of *EA-Education with Aloha*®, developed collectively over the past sixteen years. *EA-Education with Aloha*® balances culturally-driven approaches with the latest in educational technology. Grounded in the wisdom and values of our ancestors, *EA-Education with Aloha*® strives for an atmosphere of care and congeniality permeating throughout the entire learning 'ohana. In addition, curriculum, instruction and assessment are tailored to native learning styles and multiple-intelligence featuring interdisciplinary and interactive education, hands-on activities, project- and place-based learning and multi-age groupings.

KE KULA NIIHAU 'O KEKAHA  
KEKAHA, KAUA'I

KE KULA 'O  
NĀWAHĪOKALANI'OPU'U  
KEA'AU, HAWAII

KE KULA 'O SAMUEL M.  
KAMAKAU  
KĀNE'OHE, O'AHU

KUA O KA LA  
PĀHOA, HAWAII

Aligning with worldwide Indigenous educational reform efforts, NLN is using the national charter school movement as a vehicle to provide viable choices in education at the community level. The success of *EA-Education with Aloha*® is an indicator that Hawaiians can design, implement and evaluate quality models of education and that public school children in Hawai'i, should be given an option to also choose Hawaiian-focused ways of learning. Furthermore through public and private partnerships, we can develop a parallel system of education that is culturally-driven, family-oriented and community-based.

KUALAPU'U ELEMENTARY  
KUALAPU'U, MOLOKAI

KULA AUPUNI NIIHAU A  
KAHELELANI ALOHA  
MAKAWELI, KAUA'I

MĀLAMA HŌNUA  
WAIMĀNALO, O'AHU

In the years past, the inability of the Hawai'i Department of Education (HIDOE) to educate its native Hawaiian students has been appropriately documented, yet there is an ongoing resistance to systemic reform to meet the unique needs of its largest and fastest growing ethnic population. *EA-Education with Aloha*® has already impacted thousands of Hawaiians and provides infinite potential for systemic institutional change, which can improve the experiences of tens of thousands of native public school students, but we must work positively together.

WAIMEA MIDDLE  
WAIMEA, HAWAII

This comprehensive collaboration must include the students, staff, administrators, families, communities, local, state and federal stakeholders, etc., and that *EA-Education with Aloha*®, is also a part of this valuable solution.

NLN does not feel that the Commission has met its statutory requirements and national principles and standards for quality charter authorizing: to include lack of organizational capacity and infrastructure, lack of proper processes specifically with due process rights and division of staff and commissioners, performance contracting and oversight and evaluation as well as impacts of those actions on renewal decision making.

The following is a brief summary of a few of the formal communications NLN has submitted to support the issues our schools have been facing and they are attached for your review.

April 8, 2014: Letter to Commission outlining issues with unilateral contract that inhibit the governing boards' ability to manage the schools in the spirit and intent of their individual vision and mission and pinpointing the denial of the governing boards opportunity to negotiate individual bilateral contracts.

April 23, 2014: NLN request to the Commission for support regarding the contract and lack of process with NLN survey results clarifying major issues.

May 7, 2014: NLN request to the Commission for changes to the unilateral contract template and stop the complete delegation of authority to the Commission ED.

May 7, 2014: NLN request to the Commission regarding 1) lack of commission staff communication or collaboration 2) contract negotiations and issues with specific schools that were not being responded to 3) commissions delegation of authority to the Commission ED, 4) the opportunity to negotiate the unilateral contract template 5) Governing Boards legal representation 6) protecting the right of the governing boards to determine the organization and management of their schools 7) honoring of BOE policy 2104 and 2105.

So on, July 6, 2015: NLN engaged in a strategic planning to recodify our mission, aims and 10 year vision for our educational communities. The number one threat identified was the Charter School Commissions hostile actions against the schools.

Then on, July 20, 2015: At a NLN meeting, NLN identified the current state of the school administrators regarding the Commission and why the authorizer was insufficient

August 25, 2015: A White Paper clarified the schools current barriers to include the following eight issues schools identified as surfacing, as charter schools entered into contract renewals. 21 charter entities believe these issues are incongruent with state statute and current contract agreements.

1. If probation is accepted, a Governing Board (GB) would waive the right to appeal eliminating a GB's due process rights.

2. A portion of the contract renewal process Reports/Feedback/Guidance outlined in HRS 302D-18 and the current contract Section 14.2, has been eliminated under the current timeline. This removal is inappropriate and incongruent with Act 130 and the current contract.
3. The current process and timeline does not allow GB negotiations disregarding the intent and letter of Act 130. Each GB's rights to negotiate must be maintained and imbedded in the process and timeline.
4. The charter school Attorney General (AG) has taken the position that it is not appropriate for their office to negotiate the charter bilateral contract on behalf of GBs. Given the primary negotiator representing the commission is an attorney, GBs request that the Governor approve outside counsel on their behalf. An attorney's professional responsibility when acting in the attorney role is to allow the other party to also have attorney representation.
5. Under Article VII of the State Constitution, the practice of the State has been that agencies are only allowed to carryover 5% of annual budgets. A mandated 25% reserve of the annual operational funds allocation violates the constitutional provision.
6. The contract mandating Commission staff conducting inspections of student files and records may violate FERPA laws and policies. Clarification of the purposes and specifics of the record review is required in order to ensure GB's do not violate IDEA access to student records and/or FERPA laws and policies.
7. A formal legal interpretation is required to outline the clear lines of Authority between the GB's and the Commission Staff to ensure the GBs and the Commission are fulfilling their fiduciary responsibility while maintaining the intended purpose and serving the best interest of the children.
8. With the passage of a new federal education bill, part of the authorization process involves a period of Rule Making to work out the implementation details of the law that can extend well into 2017. The contract must be aligned so implementation will be timely and relevant to new federal guidelines and laws. Honoring the current contract timeline instead of pushing it forward a year will allow alignment with the new federal guidance and breathing room to work with Commission staff to produce a realistic contract that serves all of our purposes.

September 4, 2015: NLN request to the Commission for support with issues with the contract renewal and its lack of process that included incongruence with state law and existing contract, disregard for process.

September 28, 2015: NLN request to the BOE for support as the school leaders collectively felt they are under inordinate, intense scrutiny and operating in a hostile regulatory and compliance environment that hampers their ability to focus on students and oversteps the authority and undermines the role of the governing boards.

December 22, 2015: Listening Tour Testimony from "Oldies Collective" members of NLN & Friends outlining issues with 1) financial management 2) disregard for the laws that govern chartering in Hawaii 3) lack of response or engagement from commission staff and the commission 4) hostile regulatory environment 5) perceived retaliation 6)

disregard for BOE policies 7) Disregard for accreditation as national best practice 8) disregard for sunshine law 9) manipulation of DOE AYP data in contract performance.

June 6, 2016: NLN request to the BOE to ask the Governor to Veto House Bill 2205 initiated by the Commission that undermines due process and public accountability and transparency.

June 15, 2016: Request to Governor Ige to Veto House Bill 2205 CD1 initiated by Commission to remove public forum of adjudicatory actions signed by 25 charter schools.

August 15, 2016: NLN Testimony declaring Governing Board and School Administrators of NLN major issues with the Commission around 1) Breach of contract 2) Disregard of state and federal law 3) Disregard for National Best Practice, Principles and Standards of Charter School Authorizing 4) Disregard of Generally Accepted Accounting Standards, 5) Disregard for due process, 6) Financial management concerns

September 27, 2016: NLN collective comments regarding the promulgation of new administrative rules relating to charter school authorizers outlining current concerns regarding authorizer duties to include A) distribution of funding concerns B) withholding of funding concerns C) honoring school mission and vision D) manipulative practices that undermine due process.

The SPCSC, especially its staff, must take responsibility as well, for knowingly inhibiting the advance of quality education, as stated in the Special Review investigation, by not actively and appropriately communicating with the schools. It seems like a lot of talking is going on, but is anyone really hearing what is being said. The bottom line is, if a school is failing, then we all fail at not doing a better job to help in their success. NLN and Friends have rolled up their sleeves to do the recommended work, for over the past sixteen years, at least. We are committed to be part of this collaborative process, for all our keiki. Kōkua aku, Kōkua mai!

Over the past three years NLN and friends have had numerous meetings and spent hundreds of hours testifying at Commission meetings, BOE meetings and writing testimony, letters to AG's, etc. to survive the hostile regulatory environment. These have all been a distraction that adversely impact the schools and divert energy and resources that could have been spent focusing on refining educational opportunities for our communities.

We are grateful for the efforts of the BOE members and am hopeful that your (BOE and SPCSC) commitment to the PCS's, in their sincere request for much needed support with: multiple Authorizers, equitable funding, facilities, transportation, healthy meals, technical assistance and Legislative support, etc., is truly appreciated. It's time for us to put any self-interests aside to finally come together to make a better change, for our keiki, in order to strengthen our communities for our future generations.

**Mahalo nui loa, Ka'iulani Pahi'o Coordinator**

A handwritten signature in blue ink, appearing to read "Ka'iulani Pahi'o", is written over the printed name of the coordinator.

Nā Lei Na'auao  
Ph: #808-887-1117  
Fax: #808-887-0030  
NLN@kalo.org

Attachment  
1

# NĀ LEI NA'AUAO

## NATIVE HAWAIIAN CHARTER SCHOOL ALLIANCE

April 8, 2014

Hakipu'u Learning  
Center  
Kāne'ohe, O'ahu

To: Catherine Payne, Chairperson of the Performance and Accountability Committee  
Cc: Tom Hutton, Executive Director

Hālau Kū Mana  
Honolulu, O'ahu

Nā Lei Na'auao – Native Hawaiian Charter School Alliance (NLN) is requesting clarification on several large overarching issues within the bilateral contract. There are proposed material changes to the contract that are of critical concern to NLN. NLN believe that these changes inhibit the governing boards' ability to manage the schools in the spirit and intent of their individual vision and mission.

Hālau Lōkahi  
Honolulu, O'ahu

This letter is written in the spirit of aloha that is pervasive throughout all NLN schools. It is our desire to engage in open dialogue to help us understand the rationale or reasoning behind these changes as they are contrary to our understanding and interpretation of ACT 130.

Kanu i ka Pono  
Anahola, Kaua'i

While there are other concerns, there are major overarching issues we wish to bring to your attention:  
1. The contract template undermines the intent of 130 which clearly states that each school shall have the opportunity to negotiate a bilateral contract. Charter schools willingly complied with the Commission's request for a standard one-year interim contract with a clear understanding that individual contract negotiations would occur the following year. This has not materialized. Denying school governing boards the opportunity to negotiate individual bilateral contracts is in direct opposition with Act 130.

Kanu o ka 'Āina  
Kamuela, Hawai'i

2. The complexity of the contract and its possible implications and the timeline in which our Boards are required to review and act on the new draft make it imperative that governing boards have immediate access to legal counsel to guide them through the process. Charter schools are left without appropriate counsel for this purpose and have much to lose if contract verbiage and potential hidden impacts is not scrutinized with a legal lens and fully understood by all parties.

Ka Wai'hona o ka  
Na'auao  
Wai'anae, O'ahu

3. The proposed contract, as it currently exists, directly threatens the legal right and authority of governing boards and their autonomy to control and be held accountable for the management of their respective charter schools. By Hawai'i law, a charter school governing board is an autonomous entity with sole responsibility and authority for the financial, organizational and academic viability of the charter school and implementation of the vision and mission of the charter. With this accountability comes control. Repeated proposed requirements for commission approval of policies and procedures seems to place the Commission in the role of the governing board for all charter schools, thus, removing the local governing board's autonomy and accompanying accountability and control of the individual charter schools. In the commission staff's desire to mitigate potential challenges on behalf of charter schools, they have compromised governing board authority.

Ke Kula 'o Samuel  
M. Kamakau  
Kāne'ohe, O'ahu

4. The proposed Performance Framework is also problematic. It directly impacts a charter school's ability to meet the purpose of ACT 130 "to provide genuinely community-based education." Charter schools experienced inordinate challenges in getting school specific measures that were developed with clear intent to address curriculum, instruction an assessment tailored to native learning styles and multiple intelligence, recognized and accepted with fair and meaningful assessment weights after months of intensive work on these measures. The push back from 40% to 25% weight is difficult to comprehend. We stand united in our quest for a 40% weight on school specific measures and request a three-year pilot period. Continent-based financial requirements not reflective of Hawai'i context, and arbitrary enrollment and other benchmarks not reflective of historical Hawaii Charter School experience are an issue. For example, unilateral policies such as retaining a 25% fund balance reserve and 95% enrollment variance should be based on historical data collected by individual schools. Fund reserve balances should be based purely on state distributions. Schools are also held to highly prescriptive requirements and requests for information that places an overwhelming burden on already strapped, minimally staffed administrations.

Ke Kula Ni'ihau 'o  
Kekaha  
Kekaha, Kaua'i

Kua o ka Lā  
Pāhoa, Hawai'i

Kula Aupuni Ni'ihau  
A Kahelelani Aloha  
Makaweli, Kaua'i

In closing, we would like to thank the commission and staff for this opportunity to share these broad areas of concern with you. In the best interest of the local communities and students we represent, we look forward to engaging in open dialogue with commission staff at the April 15, 2014 meeting to exchange ideas and share perspectives on these overarching concerns and or other issues that may arise. Our ultimate goal is for the commission and staff to work with us in a collaborative process so that we speak with one voice. We believe that this collaboration is essential to an exemplary contract that will benefit our children and families.

*Ka'iulani Pahi'o*  
Ka'iulani Pahi'o, Coordinator  
POB 6511 Kamuela, HI 96743



6-120 'Ōpūkaha'ia St  
Kea'au, HI 96749  
(808) 982-4260  
(808) 966-7821  
www.nawahi.org

**Ka Papa Alaka'i**

Kēhaulani 'Aipia-  
Peters,  
Pelekikena

Kēhaulani Shintani,  
Hope Pelekikena

Puamana Paikai,  
Kākau 'Ōlelo

Leilani Ka'apuni,  
Pu'ukū

Kamalei Hayes

Kauano Kamañ

Nāmaka Rawlins

William H. Wilson

No 'Ane'i Ko  
Kākou Ola!

Date: April 9, 2014

To: Catherine Payne, Chairperson  
Performance and Accountability Committee

Cc: Tom Hutton, Executive Director

From: Ke Kula 'O Nāwahīokalani'ōpu'u Iki LPCS Governing Board

Ke Kula 'O Nāwahīokalani'ōpu'u Iki LPCS requests clarification on several large overarching issues related to the bilateral contract that negatively impact our school and Nā Lei Na'auao Charter School Alliance. There are proposed material changes to the contract that are of critical concern to Nāwahī. The schools believe that these changes inhibit the governing boards' ability to manage the schools in the spirit and intent of our individual vision and mission.

We write this letter with a strong desire to work with you to assure the continued integrity and intent upon which Nāwahī and other charter schools have been established. It is our desire to engage in open dialogue to help us all understand the rationale or reasoning behind these changes as they are contrary to our understanding and interpretation of Act 130.

Listed below are what we see as being major overarching issues that we wish to bring to your attention:

**1. The contract template undermines the intent of 130, which clearly states that each school shall have the opportunity to negotiate a bilateral contract.**

Charter schools willingly complied with the Commission's request for a standard one-year interim contract with a clear understanding that individual contract negotiations would occur the following year. This has not materialized. Denying school governing boards the opportunity to negotiate individual bilateral contracts is in direct opposition with Act 130.

**2. The complexity of the contract and its possible implications and the timeline in which our Boards are required to review and act on the new draft make it imperative that governing boards have immediate access to legal counsel to guide them through the process.**

Charter schools are left without appropriate counsel for this purpose and have much to lose if contract verbiage and potential hidden impacts is not scrutinized with a legal lens and fully understood by all parties.



**3. The proposed contract, as it currently exists, directly threatens the legal right and authority of governing boards and their autonomy to control and be held accountable for the management of their respective charter schools.**

By Hawai'i law, a charter school governing board is an autonomous entity with sole responsibility and authority for the financial, organizational and academic viability of the charter school and implementation of the vision and mission of the charter. With this accountability comes control.

Repeated proposed requirements for commission approval of policies and procedures seems to place the Commission in the role of the Governing Board for all charter schools, thus, removing the local governing board's autonomy and accompanying accountability and control of the individual charter schools. In the commission staff's desire to mitigate potential challenges on behalf of charter schools, they have compromised governing board authority.

**4. The proposed Performance Framework is also problematic. It directly impacts a charter school's ability to meet the purpose of Act 130 " to provide genuinely community-based education."**

Charter schools experienced inordinate challenges in getting school specific measures that were developed with clear intent to address curriculum, instruction an assessment tailored to native learning styles and multiple intelligence, recognized and accepted with fair and meaningful assessment weights after months of intensive work on these measures.

The push back from 40% to 25% weight is difficult to comprehend. We stand united in our quest for a 40% weight on school specific measures and request a three-year pilot period.

Continent-based financial requirements not reflective of Hawai'i context, and arbitrary enrollment and other benchmarks not reflective of historical Hawaii Charter School experience are an issue.

For example, unilateral policies such as retaining a 25% fund balance reserve and 95% enrollment variance should be based on historical data collected by individual schools. Fund reserve balances should be based purely on state distributions.

Schools are also held to highly prescriptive requirements and requests for information that places an overwhelming burden on already strapped, minimally staffed administrations.



The following are the specific performance contract revisions that assure the "flexibility and independent authority" of the governing board to implement the framework of curriculum and instructional approaches in the medium of Hawaiian:

**Ke Kula 'O Nāwahīokalani'ōpu'u Iki LPCS  
Proposed Revisions to the Performance Contract**

The following are revisions to the Performance Contract that the Governing Board of Ke Kula 'O Nāwahīokalani'ōpu'u Iki LPCS proposed and approved on May 7, 2013.

Revisions are highlighted in yellow.

WHEREAS, Article X, Section 1 of the Hawaii State Constitution provides for the establishment, support and control of a statewide system of public schools free from sectarian control, a state university, public libraries and such other educational institutions as may be deemed desirable, including physical facilities therefor;

WHEREAS, Article XV, Section 4 establishes English and Hawaiian as the official languages of Hawai'i.

WHEREAS, Article XII, Section 7 requires the State to "protect all rights, customarily and traditionally exercised for subsistence, cultural and religious purposes and possessed by ahupua'a tenants who are descendants of native Hawaiians..." with protection of child and family use of the Hawaiian language from elimination through marginalization in compulsory education recognized as a central aspect of these rights by the school board.

WHEREAS, the federal Native American Languages Act of 1990 recognizes Hawaiian as a Native American language subject to distinctive federal policies relative to education through the medium of Native American languages including the right of Native American children in federally funded education to express themselves through Native American languages.

WHEREAS, on December 15, 2010 President Obama endorsed the United Nations Declaration on the Rights of Indigenous Peoples that includes rights of indigenous families to choose education for their children through the medium of indigenous languages

WHEREAS, Hawai'i Revised Statutes 302H Hawaiian Language Medium Education includes specific provisions for education through Hawaiian for children who enter the state school system(including its charter school system) speaking Hawaiian and for those enrolled in schools taught through Hawaiian.

WHEREAS, the Hawaii State Constitution Article X Section 4 further directs that the "State shall promote the study of Hawaiian culture, history and language. The State shall provide for a Hawaiian education program consisting of language, culture and history in the public schools. The use of community expertise shall be encouraged as a suitable and essential means in furtherance of the Hawaiian education program";

WHEREAS, HRS302D-12 charter school governing boards powers and duties shall have oversight and responsible for the organizational viability and shall operated within the scope of the charter contract and fulfill the obligation and commitment of its charter;

Therefore, be it resolved...

3.3.1. Consistent with State law, the School shall implement the Common Core or other State academic standards as may hereafter be approved by the State Board of Education (BOE) when such standards are not in conflict with other state or federal law or policy.

3.7. English Language Learners. The School shall provide services to students with limited English proficiency in compliance with all federal and State laws, regulations, rules, court orders, policies, procedures and guidance, all as may be amended from time to time, to ensure linguistic accessibility to the School's educational program within the context that the school is a Hawaiian Language Medium School taught through a federally recognized native American language and subject to distinctive state and federal law and policy. The Commission shall provide the School with technical assistance similar to those services provided by the DOE complex areas to the DOE-operated public schools. The School shall also assist Immigrant Children and Youth, as defined in Section 3301(6), Title III, Elementary and Secondary Education Act, as the same may be amended from time to time, in meeting the State academic content and student academic achievement standards that all public school students are expected to meet.

4.1.1. Consistent with the requirements of Sec. 302D-16(a), HRS, the School's academic performance under this Contract shall be evaluated based on the School's record of performance according to the State accountability system as may be amended from time to time consistent with State and federal requirements and shall give due consideration to the School's performance based on any Commission-approved school-specific indicators adopted by the School, except when in conflict with state or federal law or policy.

4.1.2. The School's organizational and financial performance under this Contract shall be evaluated using the Organizational and Financial Performance Frameworks, respectively, attached as Exhibit B to this Contract. These Performance Frameworks shall supersede and replace any and all financial operation metrics and organizational performance metrics established prior to the execution of this Contract and not explicitly incorporated into the Performance Frameworks. The specific

terms, forms and requirements of the Performance Frameworks, including any required indicators, measures, metrics and targets, are maintained and disseminated by the Commission and shall be binding on the School, except when in conflict with state or federal law or policy. Material amendments to the Performance Frameworks shall require approval by the Commission.

4.3. State Accountability System. The School shall be subject to and comply with all requirements related to the State assessment and accountability system for all public schools, except when in conflict with state or federal laws or policy related to the use of the Hawaiian language as the medium of education. The School shall administer all student testing as required by federal and State law, rule, policies and procedures, except when in conflict with state or federal law or policy related to the use of the Hawaiian language as the medium of education. The School may elect to administer assessments in addition to the State's summative test. These additional assessments will not be factored into the School's index score for the purposes of the State school accountability system but the School may use them for the School's Commission-approved school-specific goals and measures, if any, and the Commission shall factor them into the overall accountability assessments in accordance with the Performance Frameworks.

5.5. Enrollment Preferences. The School shall not impose enrollment preferences, except as provided for by law or in Exhibit A (Educational Program) or otherwise approved by the Commission.

10.3. Teacher Credentials. The School's teachers shall comply with applicable State licensing requirements consistent with the Elementary and Secondary Education Act and collective bargaining agreement, as such requirements may be amended, except when those requirements are in conflict with other state or federal law or policy. Teachers shall be licensed by the Hawaii Teachers Standards Board and shall meet the federal designation of "Highly Qualified" as adopted by the DOE and defined in the "*Title IIA Highly Qualified Teacher Guidelines*," updated May 2012, as may be amended, except when those requirements are in conflict with other state or federal law or policy. If the School receives Title I funding, the School shall ensure that 100% of teachers in core academic subjects are Highly Qualified, and federal funds shall not be used to pay for teachers who do not meet this requirement, except when those requirements are in conflict with other state or federal law or policy.

10.4. Evaluations. Pursuant to Board of Education Policy 2055, the School is responsible for implementing principal and teacher evaluation systems that are based on efficiency, ability, contribution to student learning and growth. The School may elect to implement the State- developed educator evaluation system or to develop and implement its own educator evaluation system that meets the criteria outlined in BOE Policy 2055, as may be amended from time to time, except when those criteria are in conflict with other state or federal law or policy.

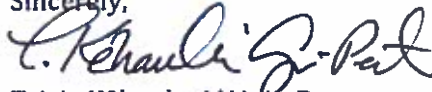
11.5. Educational Data. Pursuant to Sec. 302D-23, HRS, the School shall comply with the minimum educational data reporting standards established by the Board of Education (BOE) and with additional data reporting required by the Commission in its oversight of this Contract and shall ensure all data is accurate and complete, except that the school shall not be required to provide data the collection of which is contrary to state or federal law or policy. For the purposes of complying with the BOE's educational data reporting standards, the School shall only use data systems that have been approved by the BOE as complying with the BOE-approved data reporting standards and shall obtain prior written approval from the BOE for any data system that has not been so approved.

14.11. Compliance with State and Federal Law and Policy Relating to Education Through the Medium of the Hawaiian Language.

Notwithstanding any provision of this agreement, including attached exhibits, the school shall not be required to carry out any activity in conflict with any state or federal law or policy that can be related to the use of the Hawaiian language by the school, its staff, its participating families or its enrolled students.

Mahalo, and we look forward to arriving at a common understanding that will produce exemplary contracts for our Hawai'i charter schools.

Sincerely,



Tricia Kēhaulani 'Aipia-Peters  
Chair, Governing Board

Date: April 23, 2014

To: Catherine Payne, Chairperson  
Performance and Accountability Committee

Cc: Tom Hutton, Executive Director

From: Nā Lei Na'auao Charter School Alliance

Subject: State Public School Contract Revision

**The Nā Lei Na'auao Hawaiian Focused Charter School Alliance (NLN) schools request the committee delay approval of the proposed revision to the State Public Charter schools contract until the school governing boards are able to secure representation and are able to conduct due diligence with respect to the bilateral contract.**

In response to the Hawaii Charter School Network meeting on April 1, 2014 and the subsequent NLN meeting where there was an overwhelming position that there has been a mischaracterization of the contract process with and school boards. NLN conducted a survey of ALL Hawai'i charter schools to collect data regarding the schools attitude, understanding and interaction with commission staff about the contract template, process and impacts on schools.

31 schools responded to the 35 question survey (data summary attached). Schools were asked to respond to a range of queries from the process to their opinion of specific contract provisions.

### **Significant Findings:**

- 1. Schools feel that the contract revision negates the independence of the school and is not congruent to Act 130 and Governing Boards have not been given enough flexibility or opportunity to obtain legal representation.**
  - 81% of the 31 schools that answered - responded NO to the question *"Does the proposed contract, in its current version, protect the authority and autonomy of the Governing Board to determine the organization and management of the school?"*
  - 93% of the 27 schools that answered - responded YES to the question *"Would your Governing Board like access to legal counsel to assist in the contract process?"*
  - 93% of the 28 schools that answered - responded YES to the question *"Was it your school's understanding that at the end of the SY13-14 interim contract your school would be able to independently negotiate the following year's contract?"*
  - 78% of the 27 schools that answered - responded YES to the question *"Is the current contract template contrary to your school's understanding and interpretation of Act 130?"*
- 2. Schools do not feel that their issues and concerns have been addressed in a meaningful manner.**

- 82% of the 28 schools that answered - responded YES to the question “*Does your school have any issues or concerns with the current contract template?*”
- 52 % of the 27 schools that answered - responded yes to the question” *Has your school proposed material changes to the current contract?*

**3. Schools have concerns about the proposed Performance Framework.**

- 70 % of the 26 schools that answered - responded “need changes” to the question “*The proposed Performance Framework is?*”
- 83% of the 23 schools that answered - responded 40 % for the question” Regarding your School Specific Measures, what weight does your school feel is appropriate?

With the data from the survey it remains clear that more time is needed to ensure the contract does not undermined the intent of Act 130. It remains clear that each school shall have the opportunity to negotiate a bilateral contract due to its complexity and implications. Governing boards should have access to legal counsel to guide them through the process. This will ensure the authority of governing boards and their autonomy to control and be held accountable for the management of their respective charter schools, allowing the charter school’s to meet the purpose of ACT 130 “to provide genuine community-based education.”

In the spirit of aloha we come to you with unified thankfulness and appreciation for the Commissioners support in the contract process as 100% of the schools that responded feel collaboration is essential.

## 2014 Charter Contract Survey (one response per school only)

School Name	
Answer Options	Response Count
	31
<i>answered question</i>	31
<i>skipped question</i>	1

### Response Text

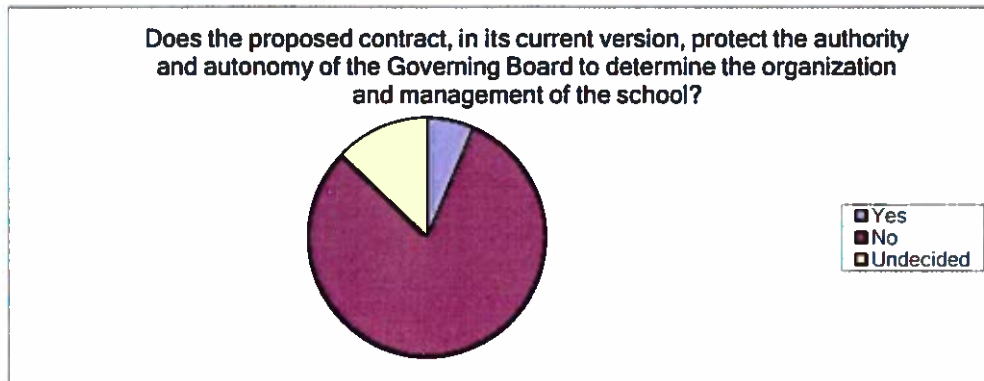
Kawaikini NCPCS  
 Kona Pacific  
 WHEA  
 Lanikai  
 Ke Ana La'ahana Public Charter School  
 Kanuikapono  
 Ka Waihona o ka Na'auao, Public Charter School  
 Na Wai Ola PCS  
 MYRON B THOMPSON ACADEMY  
 Kihei Charter School  
 Waimea Middle School  
 HTA  
 Kanu o ka 'Aina NCPCS  
 Laupahoehoe  
 haaspcs  
 Voyager PCS  
 Ka Umeke Ka'eo  
 Waialae Elementary Public Charter School  
 Ke Kula 'o Samuel M Kamakau  
 Kualapu'u School  
 Kamaile Academy  
 Volcano School of Arts & Sciences  
 Innovations  
 Halau Lokahi  
 Halau Ku Mana  
 Kula Aupuni Niihau A Kahelelani Aloha (KANAKA) PCS  
 Connections PCS  
 Ke Kula O Nawahiokalaniopuu Iki  
 Ke Kula Niihau O Kekaha  
 Hakipu'u Learning Center  
 Kua o ka La Charter School



## Question 2

Does the proposed contract, in its current version, protect the authority and autonomy of the Governing Board to determine the organization and management of the school?

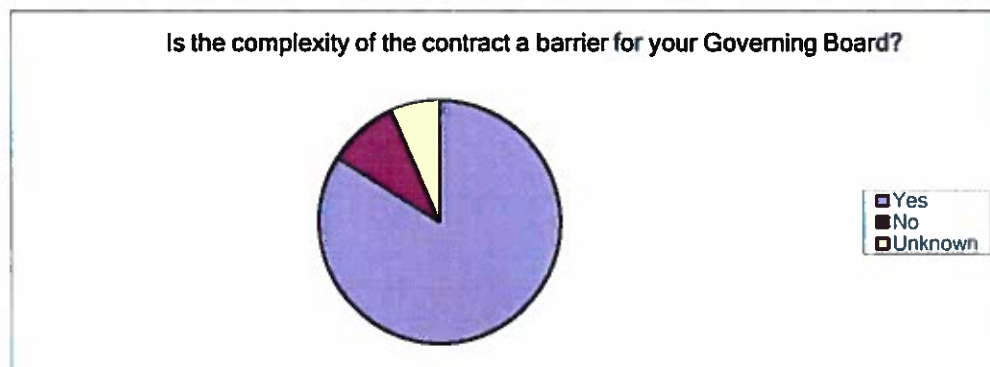
Answer Options	Response Percent	Response Count
Yes	6.5%	2
No	80.6%	25
Undecided	12.9%	4
<i>answered question</i>		31
<i>skipped question</i>		1



## Question 3

Is the complexity of the contract a barrier for your Governing Board?

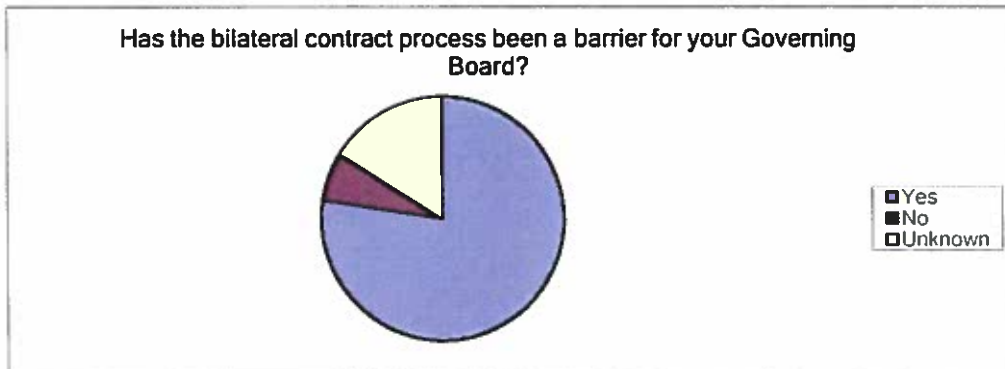
Answer Options	Response Percent	Response Count
Yes	83.9%	26
No	9.7%	3
Unknown	6.5%	2
<i>answered question</i>		31
<i>skipped question</i>		1



#### Question 4

Has the bilateral contract process been a barrier for your Governing Board?

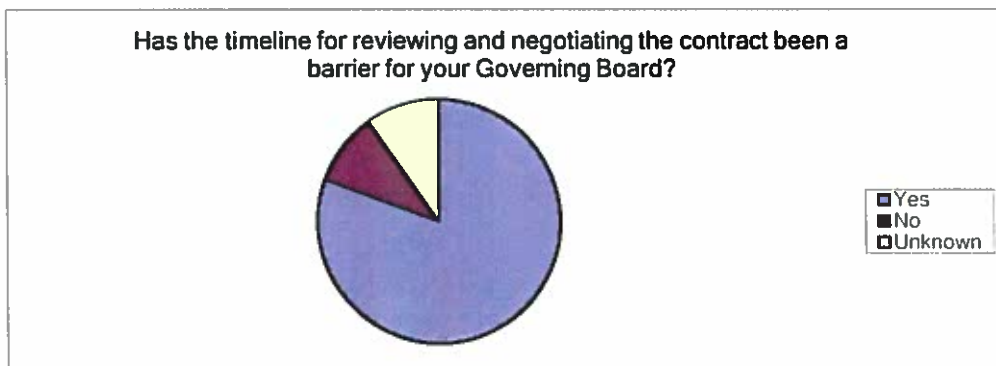
Answer Options	Response Percent	Response Count
Yes	77.4%	24
No	6.5%	2
Unknown	16.1%	5
<i>answered question</i>		31
<i>skipped question</i>		1



#### Question 5

Has the timeline for reviewing and negotiating the contract been a barrier for your Governing Board?

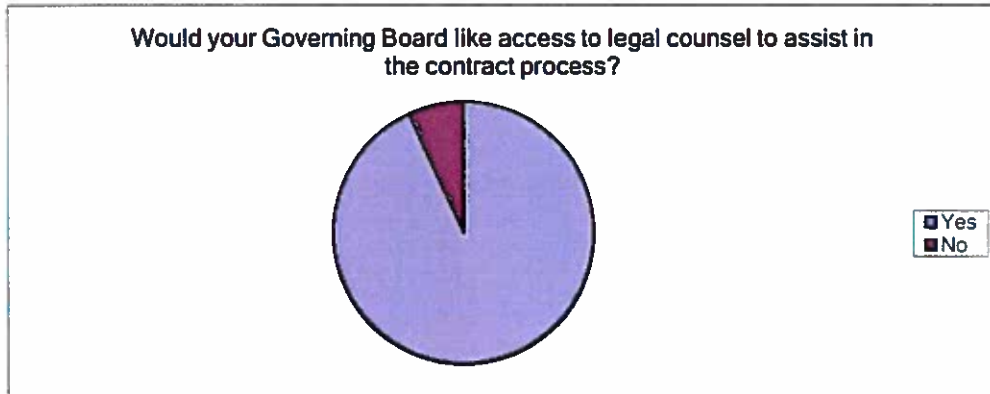
Answer Options	Response Percent	Response Count
Yes	80.6%	25
No	9.7%	3
Unknown	9.7%	3
<i>answered question</i>		31
<i>skipped question</i>		1



### Question 6

Would your Governing Board like access to legal counsel to assist in the contract process?

Answer Options	Response Percent	Response Count
Yes	93.1%	27
No	6.9%	2
<i>answered question</i>		29
<i>skipped question</i>		3



### Question 7

If yes, how would legal counsel be helpful?

Answer Options	Response Count
	26
<i>answered question</i>	26
<i>skipped question</i>	6

### Question 8

Does the school have any comments on the current contract process?

Answer Options	Response Count
	25
<i>answered question</i>	25
<i>skipped question</i>	7

### Question 9

For SY2013-14, did you school willingly comply with the Commission's request for a standard one year interim contract?

Answer Options	Response Percent	Response Count
Yes	66.7%	20
No	33.3%	10
	<i>answered question</i>	30
	<i>skipped question</i>	2

For SY2013-14, did you school willingly comply with the Commission's request for a standard one year interim contract?

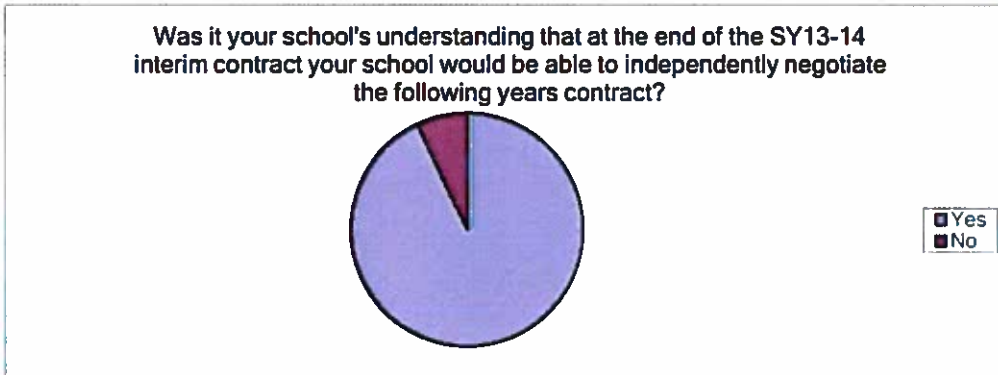


■ Yes  
■ No

### Question 10

Was it your school's understanding that at the end of the SY13-14 interim contract your school would be able to independently negotiate the following years contract?

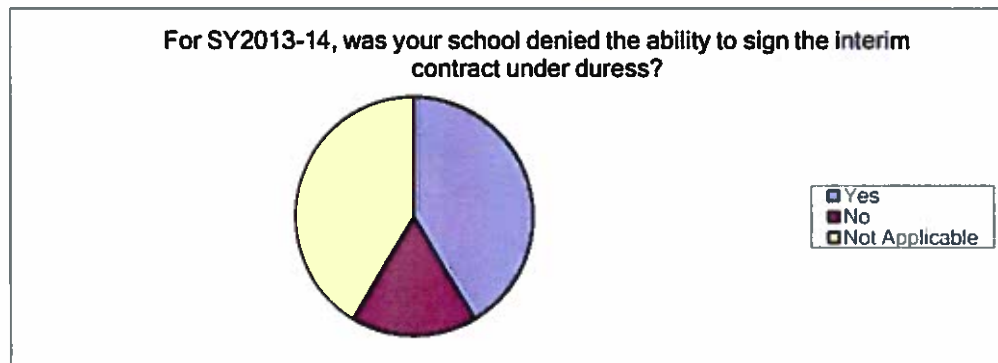
Answer Options	Response Percent	Response Count
Yes	92.9%	26
No	7.1%	2
<i>answered question</i>		28
<i>skipped question</i>		4



### Question 11

For SY2013-14, was your school denied the ability to sign the interim contract under duress?

Answer Options	Response Percent	Response Count
Yes	41.4%	12
No	17.2%	5
Not Applicable	41.4%	12
<i>answered question</i>		29
<i>skipped question</i>		3

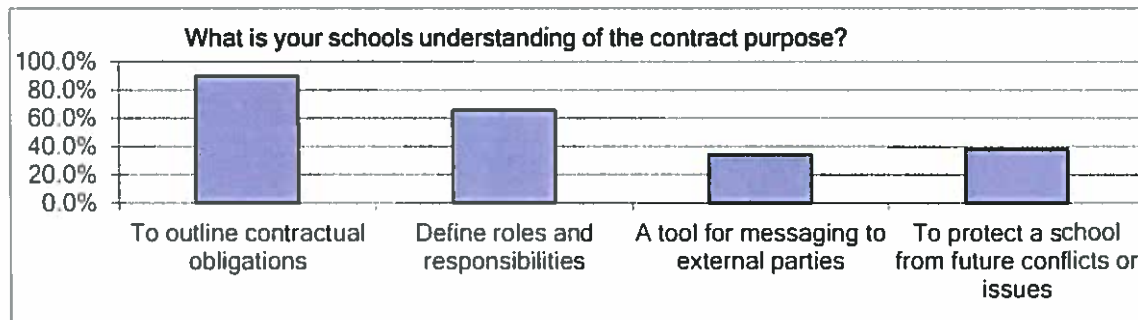


## Question 12

What is your schools understanding of the contract purpose?

### Answer Options

	Response Percent	Response Count
To outline contractual obligations	89.7%	26
Define roles and responsibilities	65.5%	19
A tool for messaging to external parties	34.5%	10
To protect a school from future conflicts or issues	37.9%	11
Other (please specify)		8
<b>answered question</b>		<b>29</b>
<b>skipped question</b>		<b>3</b>

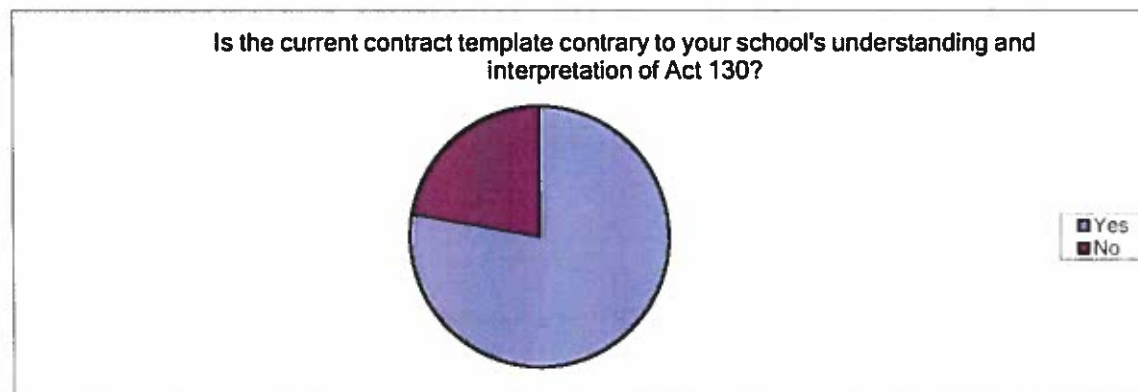


## Question 13

Is the current contract template contrary to your school's understanding and interpretation of Act 130?

### Answer Options

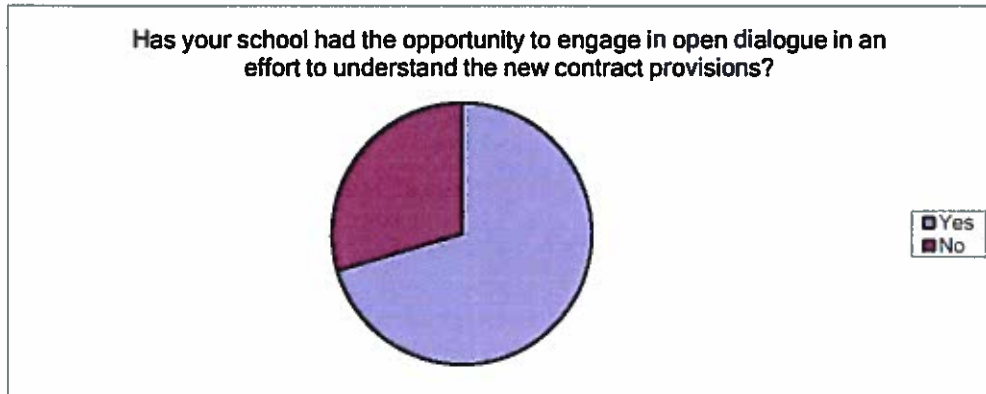
	Response Percent	Response Count
Yes	77.8%	21
No	22.2%	6
<b>answered question</b>		<b>27</b>
<b>skipped question</b>		<b>5</b>



### Question 14

Has your school had the opportunity to engage in open dialogue in an effort to understand the new contract provisions?

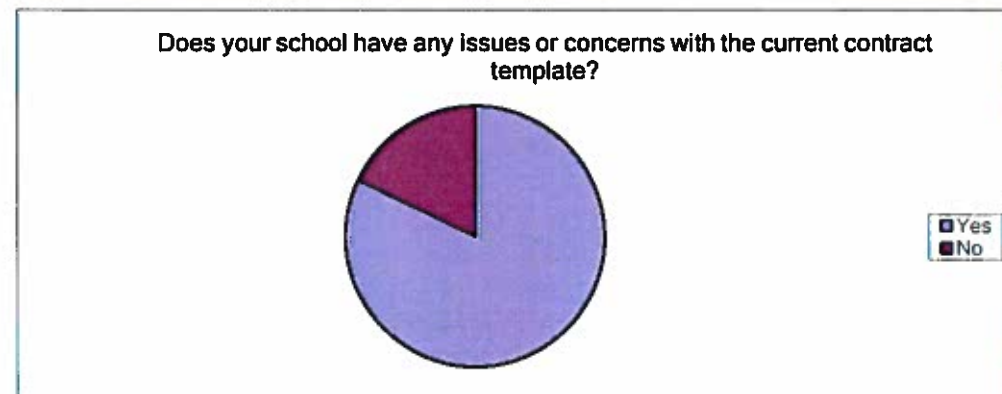
Answer Options	Response Percent	Response Count
Yes	70.4%	19
No	29.6%	8
<i>answered question</i>		27
<i>skipped question</i>		5



### Question 15

Does your school have any issues or concerns with the current contract template?

Answer Options	Response Percent	Response Count
Yes	82.1%	23
No	17.9%	5
<i>answered question</i>		28
<i>skipped question</i>		4





### Question 16

If yes, what are those issues?

Answer Options

Response Count

21

*answered question*

21

*skipped question*

11

### Question 17

Has your school proposed material changes to the current contract?

Answer Options

Response Percent

Response  
Count

Yes

51.9%

14

No

48.1%

13

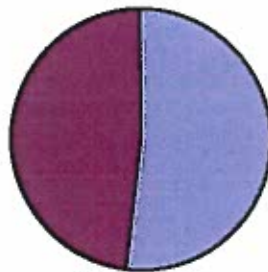
*answered question*

27

*skipped question*

5

Has your school proposed material changes to the current contract?

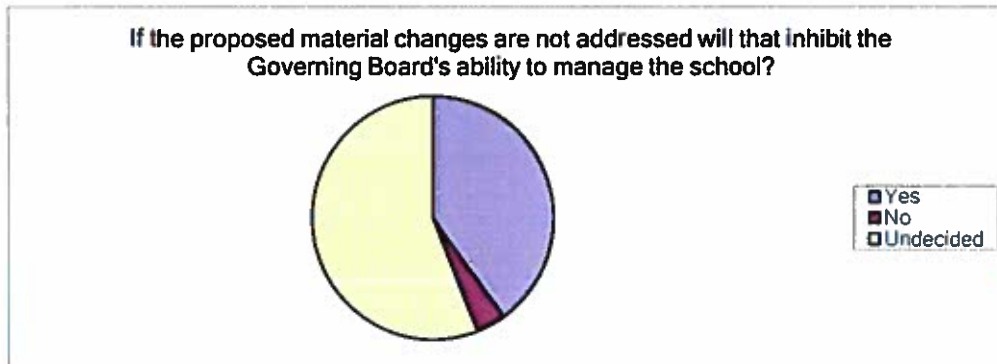


■ Yes  
■ No

### Question 18

If the proposed material changes are not addressed will that inhibit the Governing Board's ability to manage the school?

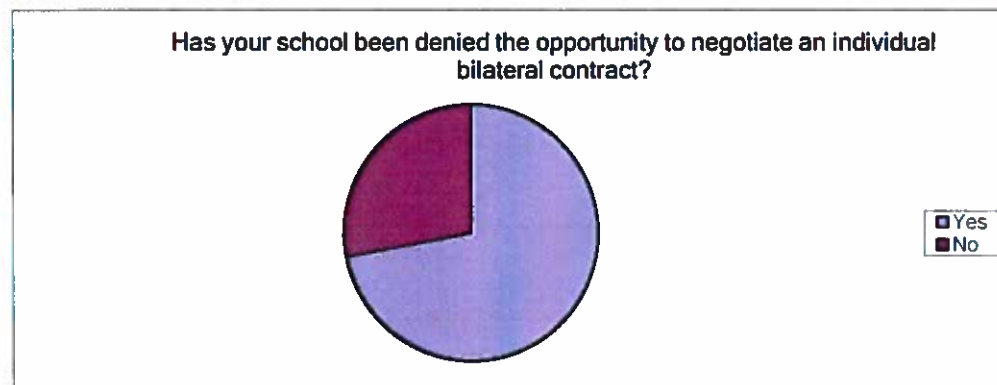
Answer Options	Response Percent	Response Count
Yes	40.0%	10
No	4.0%	1
Undecided	56.0%	14
<i>answered question</i>		25
<i>skipped question</i>		7



### Question 19

Has your school been denied the opportunity to negotiate an individual bilateral contract?

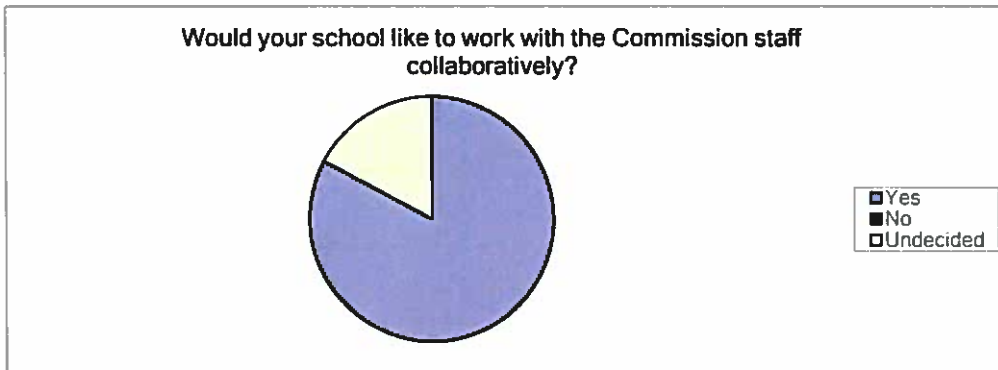
Answer Options	Response Percent	Response Count
Yes	72.0%	18
No	28.0%	7
<i>answered question</i>		25
<i>skipped question</i>		7



## Question 20

Would your school like to work with the Commission staff collaboratively?

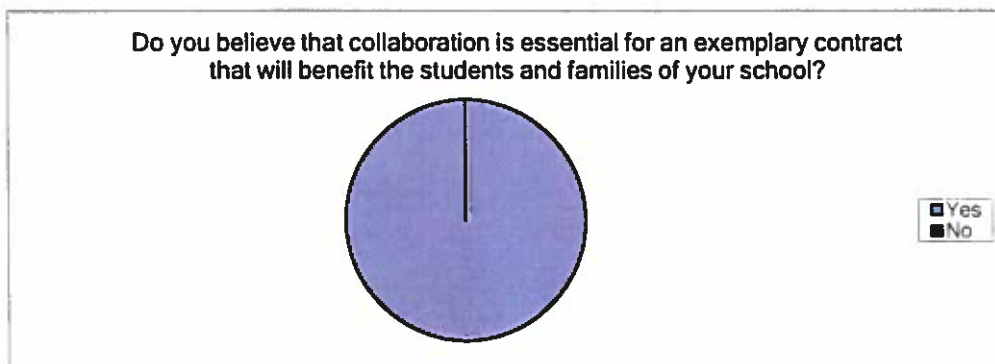
Answer Options	Response Percent	Response Count
Yes	82.8%	24
No	0.0%	0
Undecided	17.2%	5
<i>answered question</i>		29
<i>skipped question</i>		3



## Question 21

Do you believe that collaboration is essential for an exemplary contract that will benefit the students and families of your school?

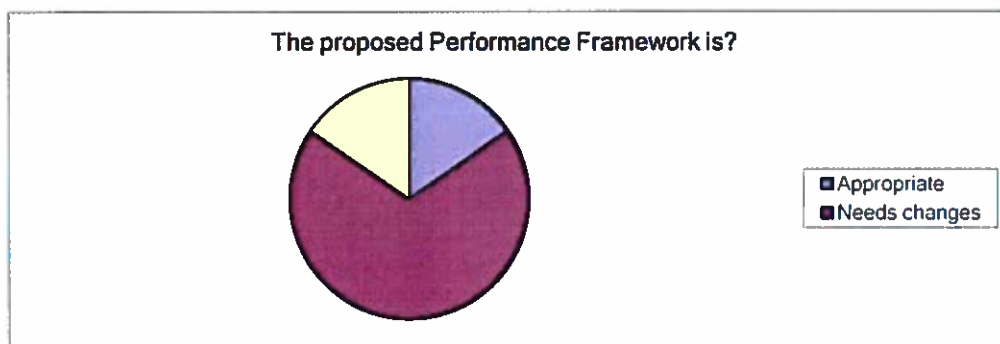
Answer Options	Response Percent	Response Count
Yes	100.0%	29
No	0.0%	0
Comments		5
<i>answered question</i>		29
<i>skipped question</i>		3



## Question 22

The proposed Performance Framework is?

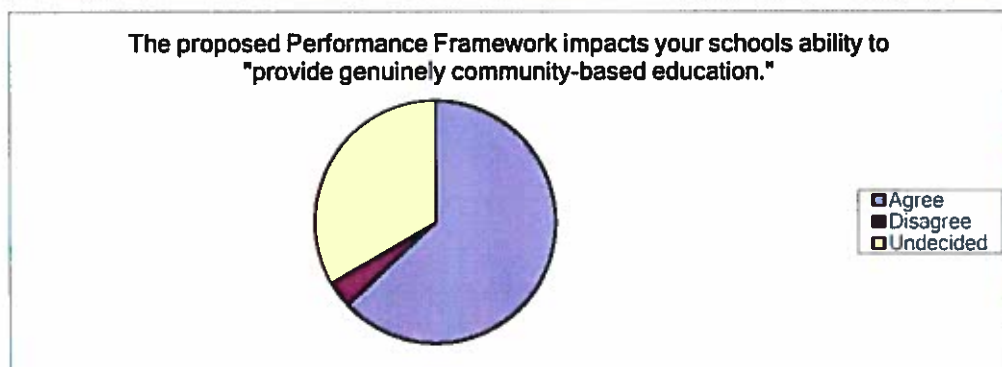
Answer Options	Response Percent	Response Count
Appropriate	15.4%	4
Needs changes	69.2%	18
Inappropriate	15.4%	4
Comments		3
<i>answered question</i>		26
<i>skipped question</i>		6



## Question 23

The proposed Performance Framework impacts your schools ability to "provide genuinely community-based education."

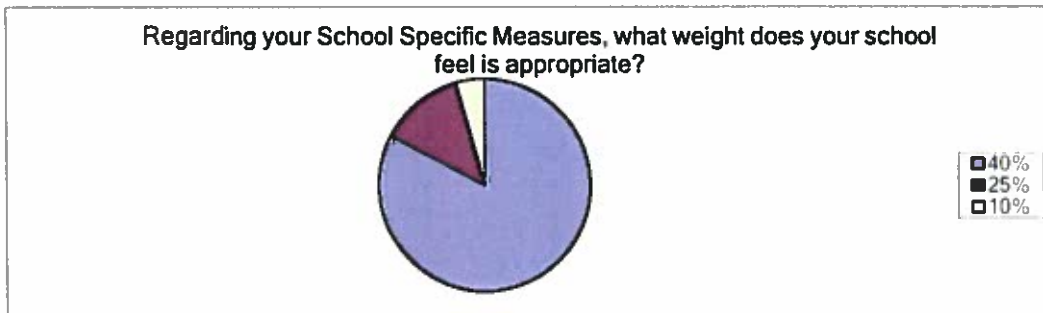
Answer Options	Response Percent	Response Count
Agree	63.0%	17
Disagree	3.7%	1
Undecided	33.3%	9
<i>answered question</i>		27
<i>skipped question</i>		5



## Question 24

Regarding your School Specific Measures, what weight does your school feel is appropriate?

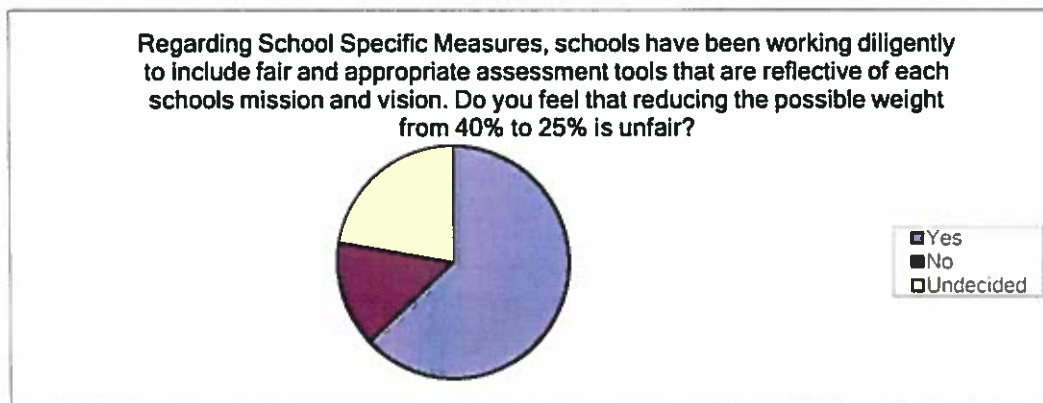
Answer Options	Response Percent	Response Count
40%	82.6%	19
25%	13.0%	3
10%	4.3%	1
0%	0.0%	0
Other (please specify)		7
<b>answered question</b>		<b>23</b>
<b>skipped question</b>		<b>9</b>



## Question 25

Regarding School Specific Measures, schools have been working diligently to include fair and appropriate assessment tools that are reflective of each schools mission and vision. Do

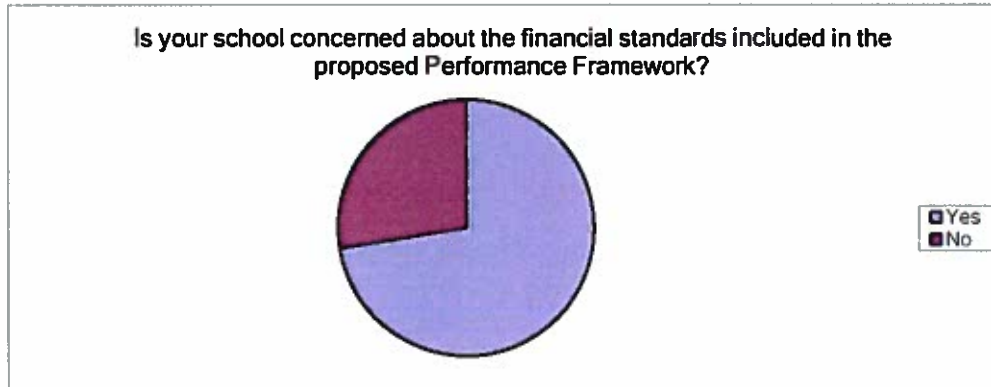
Answer Options	Response Percent	Response Count
Yes	63.0%	17
No	14.8%	4
Undecided	22.2%	6
Comments		4
<b>answered question</b>		<b>27</b>
<b>skipped question</b>		<b>5</b>



### Question 26

Is your school concerned about the financial standards included in the proposed Performance Framework?

Answer Options	Response Percent	Response Count
Yes	72.4%	21
No	27.6%	8
<i>answered question</i>		29
<i>skipped question</i>		3



### Question 27

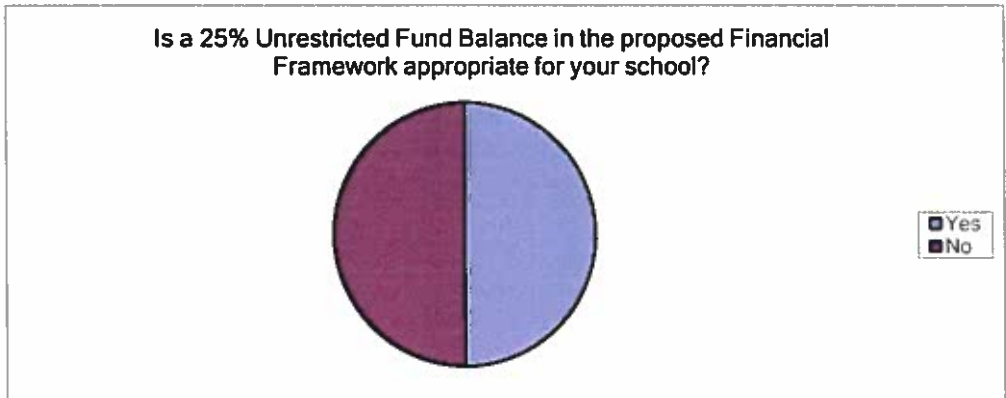
If yes, which items are of concern?

Answer Options	Response Count
	16
<i>answered question</i>	16
<i>skipped question</i>	16

### Question 28

Is a 25% Unrestricted Fund Balance in the proposed Financial Framework appropriate for your school?

Answer Options	Response Percent	Response Count
Yes	50.0%	13
No	50.0%	13
<i>answered question</i>		26
<i>skipped question</i>		6



### Question 29

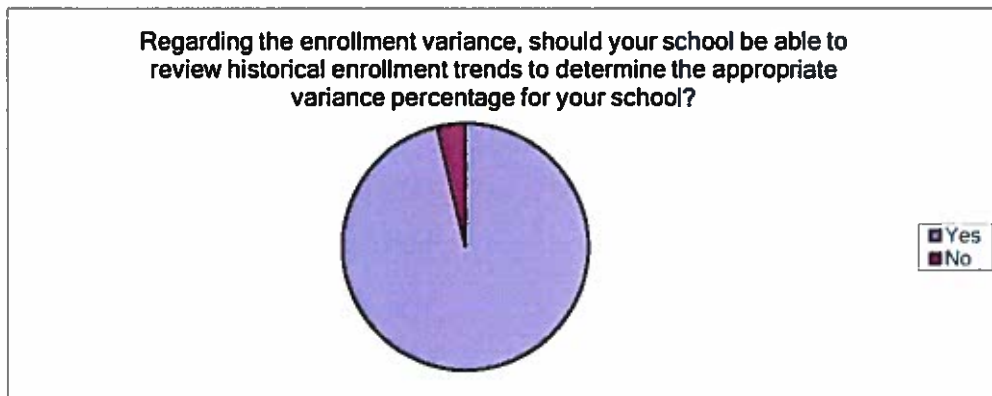
If no, why not?

Answer Options	Response Count
	14
<i>answered question</i>	14
<i>skipped question</i>	18

### Question 30

Regarding the enrollment variance, should your school be able to review historical enrollment trends to determine the appropriate variance percentage for your school?

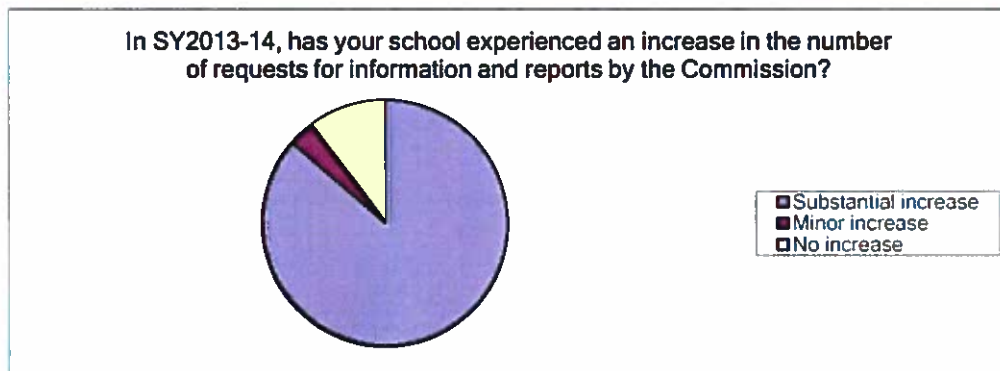
Answer Options	Response Percent	Response Count
Yes	96.3%	26
No	3.7%	1
<i>answered question</i>		27
<i>skipped question</i>		5



### Question 31

In SY2013-14, has your school experienced an increase in the number of requests for information and reports by the Commission?

Answer Options	Response Percent	Response Count
Substantial increase	86.2%	25
Minor increase	3.4%	1
No increase	10.3%	3
<i>answered question</i>		29
<i>skipped question</i>		3

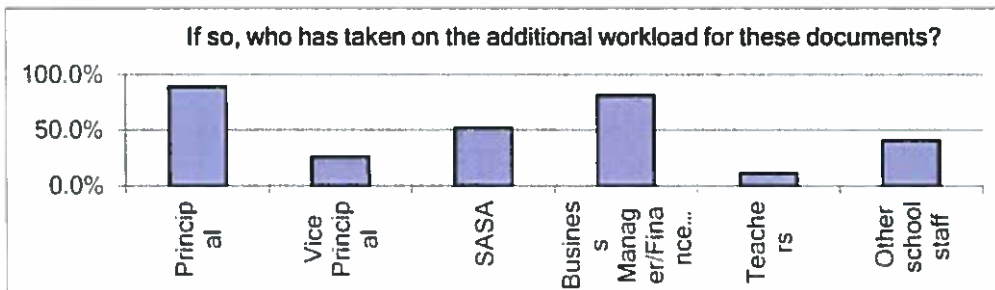




### Question 32

If so, who has taken on the additional workload for these documents?

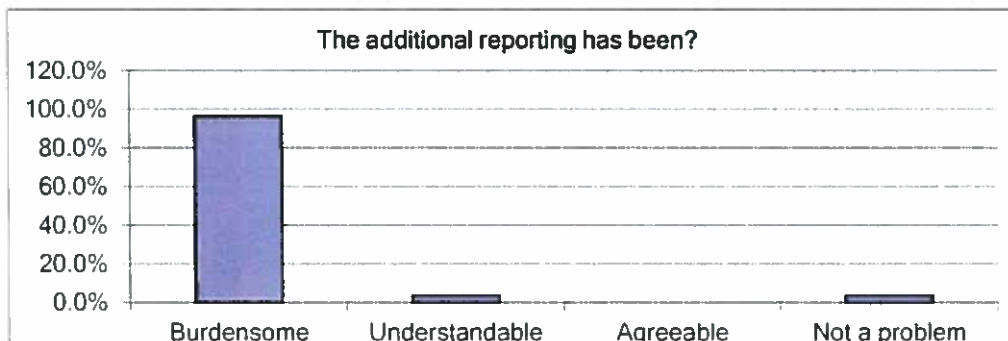
Answer Options	Response Percent	Response Count
Principal	88.9%	24
Vice Principal	25.9%	7
SASA	51.9%	14
Business Manager/Finance Office	81.5%	22
Teachers	11.1%	3
Other school staff	40.7%	11
<b>answered question</b>		<b>27</b>
<b>skipped question</b>		<b>5</b>



### Question 33

The additional reporting has been?

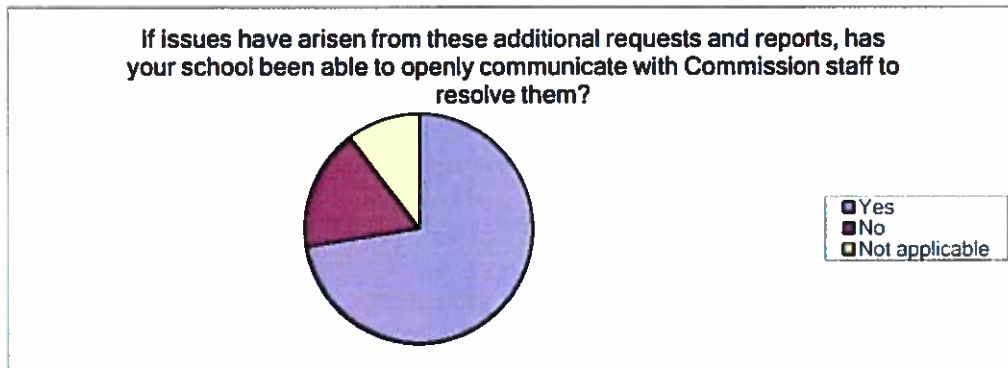
Answer Options	Response Percent	Response Count
Burdensome	96.4%	27
Understandable	3.6%	1
Agreeable	0.0%	0
Not a problem	3.6%	1
<b>answered question</b>		<b>28</b>
<b>skipped question</b>		<b>4</b>



### Question 34

If issues have arisen from these additional requests and reports, has your school been able to openly communicate with Commission staff to resolve them?

Answer Options	Response Percent	Response Count
Yes	72.4%	21
No	17.2%	5
Not applicable	10.3%	3
<i>answered question</i>		29
<i>skipped question</i>		3



### Question 35

Does your school have any additional comments?

Answer Options	Response Count
	12
<i>answered question</i>	12
<i>skipped question</i>	20

Date: May 7, 2014

To: Catherine Payne, Chairperson  
Charter School Commission  
Performance and Accountability Committee

Cc: Tom Hutton, Executive Director

From: Nā Lei Na'auao – Native Hawaiian Charter School Alliance (NLN)

The fourteen unified Hawaiian-focused public charter schools of the Nā Lei Na'auao Alliance (NLN), along with other supportive Hawai'i public charter schools, formally requests the Committee to;

1. Delay approval of the proposed revision to the State Public Charter School Contract.
2. Require the Commission Staff to collaborate on the proposed revisions to this unilateral template.
3. Direct the Commission Staff to conduct further constructive conversations with individual schools that have additional substantial change requests.
4. Deny the request to delegate authority to the Commission ED and to form an Ad Hoc Committee to work with Commission Staff to resolve these differences in a timely manner.

Since April 24th, twenty-five public charter schools have voluntarily met on three separate occasions, for over a total of 16 hours, to review and discuss the proposed contract template. Due to the obvious substantial changes, it is important that the proposed contract be delayed.

Also, based on the results of a thirty-five question survey, which NLN recently conducted, the majority of the participating thirty-one public charter schools desire:

- 1-The opportunity to negotiate a bilateral contract,
- 2-Their Governing Boards have access to legal counsel,
- 3-That the Contract protect the authority and autonomy of the Governing Board to determine the organization and management of their school.

Furthermore, due to the complexity of the BOE Policies relating to Hawaiian language instruction, it is imperative that NLN schools have adequate time and input into their sole operating agreement, the Contract, which outlines their roles, powers, responsibilities, and performance expectations for the next 3 years. We respectfully request that due diligence be given to this bilateral process.

Since inception, Hawaiian-focused and Immersion public charter schools have been dedicated to the revitalization of Hawaiian culture and language. Founded on core Hawaiian values, the NLN schools continue to successfully integrate and instruct in Hawaiian language, culture and history as required by the Board of Education (BOE).

As stated in BOE Policies 2104 and 2105, with the amendment approval to BOE Policy 4000:

Hawaiian values should guide our educational General Learning Outcomes (GLO's) and provide the framework for the Hawaiian Education and Language Medium Policies 2104 and 2105, in which Hawai'i's public charter schools would like to support:

- Kuleana: Students are taught to become life-long learners. They understand and appreciate their kuleana and sense of purpose in society. (GLO 1 – Self-directed Learner)
- Mālama: Students are taught to care for one another and work collaboratively. They care about their families, 'āina, communities and their kuleana. (GLO 2 – Community Contributor)
- 'Imi na'auao: Students are taught to seek knowledge and become critical thinkers. They learn to explore and evaluate from diverse perspectives to become innovative problem solvers. (GLO 3 – Complex Thinker)
- Aloha: Students are taught to give love and respect in and beyond the classroom. Aloha is reflected in the quality of the students' performance, interactions, and decisions. (GLO 4 – Quality Producer)
- Ha'aha'a: Students are taught to demonstrate a sense of humility in what they say and do. They observe, listen, and speak considerate of others and their environment. They respect the power of the word and use it efficiently and effectively. (GLO 5 – Effective Communicator)
- 'Ike pono: Students are taught to make ethical decisions with integrity. (GLO 6 – Effective and Ethical User)

Also, as referenced by the Ka Papahana Kaiapuni BOE Policy 2105:

Ka Papahana Kaiapuni (Kaiapuni Educational Program) provides students with Hawaiian bicultural and bilingual education. Additionally, the program contributes to the continuation of our Hawaiian language and culture. The Kaiapuni Educational Program offers students an education in the medium of the Hawaiian language. The comprehensive program combines the use of Hawaiian teaching methodologies, language, history, culture and values to prepare students for college, career and to be community contributors within a multicultural society. The Department of Education shall develop the necessary rules, regulations, guidelines and procedures as well as an updated strategic plan for the program. Every student within the State of Hawai'i's public school system should have reasonable access to the Kaiapuni Educational Program. This policy is applicable to Kaiapuni public charter schools.

Hawai'i's public education system should embody Hawaiian values, language, culture and history as a foundation to prepare students in grades K-12 for success in college, career and communities, locally and globally. Hawaiian language, culture, and history should be an integral part of Hawai'i's education standards for all students in grades K-12.

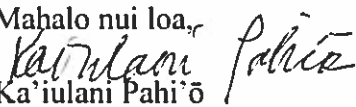
The Board of Education recognizes that appropriate support for and implementation of Hawaiian education will positively impact the educational outcomes of all students in preparation for college, career and community success.

The goals of Hawaiian education shall be to:

- Provide guidance in developing, securing and utilizing materials that support the incorporation of Hawaiian knowledge, practices and perspectives in content areas.
- Provide educators, staff and administrators with a fundamental knowledge of and appreciation for the indigenous culture, history, places and language of Hawai'i.
- Develop and implement an evaluation system that measures student outcomes, teacher effectiveness and administration support of Hawaiian Education. To ensure accountability, an annual assessment report to the BOE will be required.
- Use community expertise as an essential means in the furtherance of Hawaiian Education.
- Ensure that all students in Hawai'i's public schools will graduate with proficiency in and have an appreciation for the indigenous culture, history, and language of Hawai'i.

In closing, we would like to thank the Commission and Staff for the opportunity to voice these concerns. Please let us know how we can positively collaborate on this important matter ensuring success for all our students in Hawai'i's public school system!

Mahalo nui loa,

  
Kaiulani Pahi'o

Coordinator

Nā Lei Na'auao –

Native Hawaiian Charter School Alliance

[kaiulani@kalo.org](mailto:kaiulani@kalo.org)

808-890-2507 phone

POB 6511 Kamuela, HI 96743

**CHARTER SCHOOLS GROUP 25 IN CONSULTATION WITH ATTORNEY GENERAL SIU (AG25)**

Date: May 7, 2014

To: Catherine Payne, Chairperson  
Charter School Commission

Cc: Tom Hutton, Executive Director

From: Charter School Group 25 (list of schools attached) in consultation with Attorney General Carter Siu

Subject: Action on Revisions to the State Public Charter School Contract Template

**Action Requested:**

**The Charter School Group 25 in consultation with Attorney General Carter Siu (AG25) formally request the**

- 1. Commission delay approval of the proposed revision to the State Public Charter schools contract**
- 2. Deny the request to delegate authority to the Commission ED and form an ad hoc committee to work with commission staff to resolve these differences in a timely manner.**
  - a. Require the commission staff to collaborate on the proposed revisions to this unilateral template.
  - b. Direct the staff to conduct further constructive conversations with individual schools that have additional substantial change requests.

**Background:** Subsequent to the Commission Performance & Accountability meeting on April 24, a few charter school leaders and friends, HCSN & NLN requested a meeting with Charter School Governing Board Attorney General Siu (SIU) because of the reluctance of commission staff to provide SIU the contract template as commissioners requested. The meeting commenced that afternoon.

Understanding the urgency of time, SIU agreed to meet with all schools desiring support. Meetings were scheduled on April 29<sup>th</sup> and again on May 6<sup>th</sup> to go over the contract template. Twenty-five schools participated in this process to try and ease the burden of the Commission and SIU and worked collectively over 16 hours reviewing the contract line by line. **Attached you will find a mark-up with 24 substantial changes to the unilateral contract template as agreed by the schools of AG25 and SIU.** There are still school specific issues and Hawaiian school issues that need to be addressed with many governing boards outside of the attached mark-up. We also have not had time to due diligence with SIU to the attached exhibits of this unilateral template.

In response to the Hawaii Charter School Network meeting on April 1, 2014 and the subsequent Nā Lei Na'auao Alliance of Hawaiian Focused Charter Schools (NLN) meeting there is overwhelming evidence that there has been a mischaracterization of the contract process conveyed to Commissioners. NLN conducted a survey of ALL Hawai'i charter schools to collect data regarding the schools attitude, understanding and interaction with commission staff about the contract template, process and impacts on

## CHARTER SCHOOLS GROUP 25 IN COSULTATION WITH ATTORNEY GENERAL SIU (AG25)

schools. Thirty-one schools responded to the thirty-five question survey (data summary attached, details available upon request). Schools were asked to respond to a range of queries from the process to their opinion of specific contract provisions.

With the data from the survey it remains clear that more time is needed to ensure the contract does not undermine the intent of Act 130. It remains clear that each school shall have the opportunity to negotiate a bilateral contract due to its complexity and implications. Governing boards should have access to legal counsel to guide them through the process. This will ensure the authority of governing boards and their autonomy to control and be held accountable for the management of their respective charter schools, allowing the charter school's to meet the purpose of ACT 130 "to provide genuine community-based education."

In the spirit of aloha we come to you with unified thankfulness and appreciation for the Commissioners support in the contract process as 100% of the schools that responded feel collaboration is essential.

### Significant Survey Findings of 31 Schools:

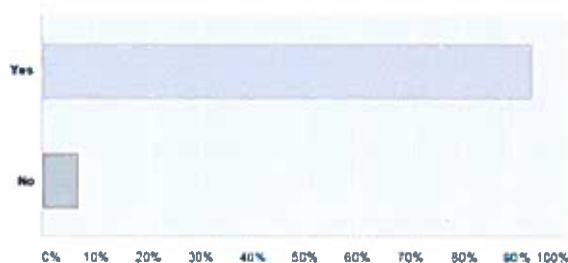
#### 1. Schools feel that the contract is not congruent to Act 130 and Governing Boards have not been given enough opportunity to obtain legal representation.

- 81% of the 31 schools that answered - responded NO to the question "*Does the proposed contract, in its current version, protect the authority and autonomy of the Governing Board to determine the organization and management of the school?*"
- 93% of the 27 schools that answered - responded YES to the question "*Would your Governing Board like access to legal counsel to assist in the contract process?*"

2014 Charter Contract Survey (one response per school only)

#### Q6 Would your Governing Board like access to legal counsel to assist in the contract process?

Answered: 23 Skipped: 3



Answer Choices	Responses
Yes	93.10% 27
No	8.90% 2
Total	29

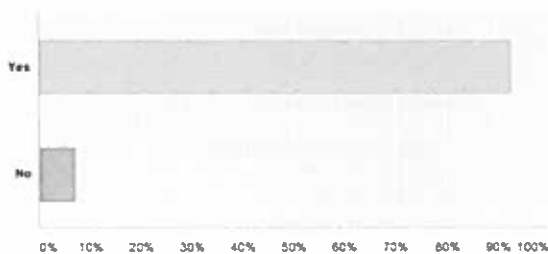
## CHARTER SCHOOLS GROUP 25 IN COSULTATION WITH ATTORNEY GENERAL SIU (AG25)

- 93% of the 28 schools that answered - responded YES to the question "Was it your school's understanding that at the end of the SY13-14 interim contract your school would be able to independently negotiate the following year's contract?"

2014 Charter Contract Survey (one response per school only)

**Q10 Was it your school's understanding that at the end of the SY13-14 interim contract your school would be able to independently negotiate the following years contract?**

Answered: 28 Skipped: 4



Answer Choices	Responses	
Yes	93.86%	26
No	7.14%	2
Total		28

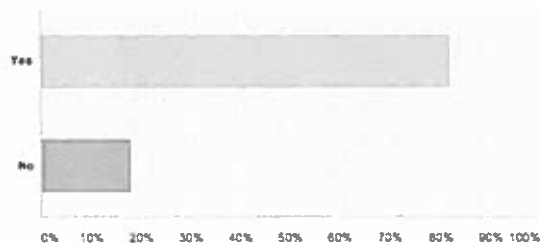
## 2. Schools do not feel that their issues and concerns have been addressed in a meaningful manner.

- 82% of the 28 schools that answered - responded YES to the question "Does your school have any issues or concerns with the current contract template?"

2014 Charter Contract Survey (one response per school only)

**Q15 Does your school have any issues or concerns with the current contract template?**

Answered: 28 Skipped: 4



Answer Choices	Responses	
Yes	82.14%	23
No	17.86%	5
Total		28



## **CHARTER SCHOOLS GROUP 25 IN COSULTATION WITH ATTORNEY GENERAL SIU (AG25)**

1	Laupahoehoe Community PCS	35-2065 Old Mamalahoa HWY	Laupahoehoe	96764	David Rizor
2	Connections NCPCS	174 Kamehameha Ave.	Hilo	96720	John Thatcher
3	Kanu o ka Aina NCPCS	65-1170 Opelo Rd.	Kamuela	96743	Allyson Tamura
4	West Hawaii Explorations PCS	73-4460 Queen Ka'ahumanu Hwy., Ste. 105	Kailua-Kona	96740	Curtis Muraoka
5	Kula Aupuni Niihau A Kahelelani Aloha	8315 Kakaha Rd.	Kekaha	96752	Hedy Sullivan
6	Halau Ku Mana NCPCS	2101 Makiki Heights Dr.	Honolulu	96822	Mahina Duarte
7	Voyager PCS	547 Halekauwila Street	Honolulu	96813	Mary Beth Barr
8	Halau Lokahi NCPCS	401 W aiakamilo Rd., Unit 1A	Honolulu	96817	Laara Allbrett
9	University Laboratory School	1776 University Ave., UHS Bldg. 3, Room 121	Honolulu	96822	Keoni Jeremiah
10	Myron Thompson Acad NCPCS	629 Pohukaina St., Ste. #3	Honolulu	96813	Diana H. Ka'apana Oshiro
11	Ka Waihona o ka Na'auao NCPCS	89-195 Farrington Hwy.	Waianae	96792	Alvin "Na'awao" Parker
12	Hakipuu Learning Ctr PCS	45-720 Kea'ahala Rd.	Kaneohe	96744	Charlene Hoe
13	Ke Kula O Kamakau Lab PCS	45-037 Kaneohe Bay Dr.	Kaneohe	96744	Meahilahila Kelling/Kamehailani Waiau
14	Innovations PCS	75-5815 Queen Ka'ahuau Hwy.	Kailua-Kona	96740	Jennifer Hiro
15	Ke Ana La'ahana PCS	1500 Kalaniana'ole Ave.	Hilo	96720	Mapuana Waipa
16	Ke Kula Niihau Kekaha PCS	8135 Kekaha Rd.	Kekaha	96752	Haunani Seward
17	Kua O Ka La PCS	14-5322 Kaimu/Kapoho Rd.	Pahoa	96778	Susan Osborne
18	Volcano Sch Art/Sci PCS	99-128 Old Volcano Rd.	Volcano	96785	Ardith Renteria
19	Hawaii Academy of Arts & Science PCS	15-1397 Homestead Rd.	Pahoa	96778	Steve Hirakami
20	Ka 'Umeke Ka'eo PCS	222 Desha Ave.	Hilo	96720	Huihui Kanahale-Mossman
21	Ke Kula Nawahiokalaniopuu Iki Lab PCS	16-120 Opukaha'ia St., Ste. 2	Kea'au	96749	Kauano'e Kamana/Namaka Rollins/Pila Wilson
22	Kawaikini NCPCS	P.O. Box 662014	Lihue	96766	Kaleimakamae Ka'auwai
23	Kona Pacific PCS	79-7595 Mamalahoa Hwy.	Kealahou	96750	Usha Kotner
24	Kanaka PCS	8315 Kekaha Road	Kapaa	96752	Hedy Sullivan
25	SEEQS PCS	845 22nd Avenue	Honolulu	96816	Buffy Cushman-Patz

## STATE PUBLIC CHARTER SCHOOL CONTRACT

This Contract is executed by and between the STATE PUBLIC CHARTER SCHOOL COMMISSION ("Commission"), a commission established under the laws of the State of Hawaii, whose mailing address is 1111 Bishop Street, Suite 516, Honolulu, Hawaii, 96813, and ("School"), whose mailing address is XXX, singularly "Party" and collectively "Parties."

### RECITALS

WHEREAS, Article X, Section 1 of the Hawaii State Constitution provides for the establishment, support and control of a statewide system of public schools free from sectarian control, a state university, public libraries and such other educational institutions as may be deemed desirable, including physical facilities therefor;

WHEREAS, the Hawaii State Legislature enacted Act 130, Session Laws of Hawaii 2012, effective June 19, 2012 and codified as Chapter 302D, Hawaii Revised Statutes (HRS), which sets forth the laws under which charter schools are created and governed;

WHEREAS, the Hawaii State Legislature found that this Act will support new approaches to education that accommodate the individual needs of students and provide the State with successful templates that can dramatically improve Hawaii's educational standards for the twenty-first century, and that this Act will create genuine opportunities for communities to implement innovative models of community-based education;

WHEREAS, pursuant to Chapter 302D, HRS, the Commission has statewide chartering jurisdiction and authority and is empowered to authorize public charter schools and enter into a charter contract with approved public charter schools;

WHEREAS, Sec. 302D-1, HRS, defines the "charter contract" as a fixed-term, bilateral, renewable contract between a public charter school and a charter school authorizer that outlines the role, powers, responsibilities and performance expectations for each party to the contract;

WHEREAS, through this Contract, the Parties are desirous of ensuring clear requirements for accountability while preserving the autonomy of the School to support new, innovative approaches to education and contribute to the development of high quality public charter schools throughout the State;

WHEREAS, pursuant to Sec. 302D-2, HRS, any charter school holding a charter to operate under part IV, subpart D, of Chapter 302A, HRS, as that subpart existed before July 11, 2006, and any charter school holding a charter to operate under Chapter 302B, HRS, as it existed before June 19, 2012, shall be considered a charter school for the purposes of this chapter under a charter contract with the Commission unless the charter contract is revoked, transferred to another authorizer, or not renewed, or the charter school voluntarily closes;

WHEREAS, the School was granted a charter on ~~XXXXXXXX~~ 5/5/2000 which has not been revoked and therefore qualifies as an existing charter school pursuant to Sec. 302D-2, HRS; and

WHEREAS, the School desires to continue operating as a charter school.

NOW, THEREFORE, in consideration of the mutual covenants, representations, warranties and agreements contained here, the Parties hereby agree as follows:

**1. General Terms**

1.1. Term. The term of this Contract shall be three years, commencing on July 1, 2014, and terminating on June 30, 2014.2019; (put renewal in the back).

1.2. Legal Status of School. Pursuant to Sec. 302D-25, HRS, the School is a public school and entity of the State and may not bring suit against any other entity or agency of the State. The School shall be nonsectarian in its operations.

1.3. Compliance with Laws. The School and the Commission shall comply with all applicable federal, State and county laws, ordinances, codes, rules and regulations, as the same may be amended from time to time.

Comment [n1]: Leave alone

**2. Governance of School**

2.1. The School's Governing Board is the independent board of the School that is responsible for the financial, organizational and academic viability of the School; possesses the independent authority to determine the organization and management of the School, the curriculum and the instructional methods; has the power to negotiate supplemental collective bargaining agreements with exclusive representatives of their employees and is considered the employer of School employees for purposes of chapters 76, 78 and 89; and ensures compliance with applicable laws.

2.2. The School's Governing Board shall comply with the Code of Ethics (Ch. 84, HRS) and shall adopt and adhere to a conflict of interest policy which is consistent with Ch. 84. ~~The policy shall describe how the School will comply with Sections 84-13 and 14, HRS, as it pertains to the hiring and supervision of school personnel who are "relatives" as defined in Sec. 302D-12, HRS.~~ The conflict of interest policy shall be readily accessible from the home page of the School's website or school office, as described in Section 11.4.1.

**3. Educational Program**

3.1. School's Control. Subject to the terms and conditions of this Contract, the School shall have control over and responsibility for the design and delivery of the educational program and for attaining the academic performance standards and targets established in the Performance Frameworks attached as Exhibit B and, subject Section 3.2, shall have the discretion to modify, amend, adapt and otherwise change its educational program as it deems necessary to achieve the academic performance standards and targets.

3.2. Material Elements of Educational Program. The material elements of the School's Educational Program, including but not limited to the School's mission and vision statements, are as set forth in Exhibit A to this Contract. The School shall, at all times, operate in a manner consistent with its Educational Program as defined in Exhibit A.

Revisions to any of the elements in Exhibit A shall be considered a material change to the Contract and shall require prior written approval by the Commission; where appropriate, this approval shall be informed by an analysis of the School's performance on the Performance Frameworks under Section 4.1, provided that such approval shall not be unreasonably withheld, particularly to the extent that such changes are intended to improve educational outcomes.

**3.3. Academic Standards.**

3.3.1. Consistent with State law, the School shall implement the Common Core or other State academic standards as may hereafter be approved by the State Board of Education (BOE).

3.3.2. The School shall retain the autonomy to select a particular curricular and/or instructional approach consistent with the Common Core or other State academic standards.

~~3.4. Graduation Requirements for High Schools.~~ The School shall comply with BOE Policy 4540, as the

~~same may be amended from time to time, which shall apply starting with the incoming ninth graders for the school year 2013-2014, and shall provide evidence of such compliance; provided that the School may request a waiver of this Policy from the DOE.~~

### **3.5. Education of Students with Disabilities.**

3.5.1. The Hawaii Department of Education (DOE) is the State of Hawaii's "state education agency" (SEA) "local education agency" (LEA) for purposes of compliance with the Individuals with Disabilities Education Act (IDEA). All public schools, including charter schools, are part of and fall under the LEA. As such, the School shall comply with all applicable federal and State laws, rules, policies, procedures, and directives regarding the education of students with disabilities, including but not limited to Ch. 8-60, Hawaii Administrative Rules (HAR).

3.5.2. The Commission shall collaborate with the DOE to develop guidelines related to the provision of special education services and resources to each charter school.

3.5.3. The DOE is statutorily responsible for the provision of a free appropriate public education. If the School enrolls special education students or identifies one of its students as eligible for special education, the School shall be responsible for ensuring the educational and related services required by a student's individualized education program (IEP). If the School is unable to provide all of the services required by a student's IEP, the School will consult with the DOE to determine how services can be provided.

Comment [n2]: 302D-30

3.5.4. The programs and services for the student shall be determined collaboratively by the student's individualized education program (IEP) team, which includes the student's parents or legal guardian.

3.6. Section 504 and ADA. The School shall comply with Section 504 of the Rehabilitation Act of 1973 (Section 504) and the Americans with Disabilities Act Amendments Act and all related DOE rules, provide training, consultation, and advice to the School as needed with regard to Section 504 compliance, including legal interpretations, recommendations for intervention strategies and assistance in conducting Section 504 plan and review meetings.

3.7. English Language Learners. The School shall provide services to students with limited English proficiency in compliance with all applicable federal and State laws, regulations, rules, court orders, policies, procedures, and guidance, all as may be amended from time to time, to ensure linguistic accessibility to the School's educational program. The Commission shall provide the School with technical assistance similar to those services received by other public schools. The School shall also assist Immigrant Children and Youth, as defined in Section 3301(6), Title III, Elementary and Secondary Education Act, as the same may be amended from time to time, in meeting the State academic content and student academic achievement standards that all public school students are expected to meet.

Comment [n3]: Hawaiian Language needs addressed

## **4. School Performance**

4.1. Performance Frameworks. The School's academic, organizational, and financial performance under this Contract shall be evaluated using the Academic, Organizational and Financial Performance Frameworks, respectively, attached as Exhibit B to this Contract. These Performance Frameworks shall supersede and replace any and all financial operation metrics, academic performance metrics, and organizational performance metrics established prior to the execution of this Contract and not explicitly incorporated into the Performance Frameworks. The specific terms, forms and requirements of the Performance Frameworks, including any required indicators, measures, metrics and targets, are maintained and disseminated by the Commission and shall be binding on the School. Material amendments to the Performance Frameworks shall require approval by the Commission.

4.2. Modification to Performance Frameworks. The Parties acknowledge that specific terms, forms and requirements of the Performance Frameworks may be modified to the extent required to align with changes to applicable State or federal accountability requirements as set forth in law or policies or based on other circumstances that make assessment based on the existing Performance Framework requirements impracticable. In the event that such modifications are needed, the Commission will make its best effort to apply expectations for school performance in a manner as reasonably consistent

with those set forth in the Performance Frameworks and the School's Educational Program as set forth in Exhibit A to this Contract.

**4.3. State Accountability System.** The School shall be subject to and comply with all requirements related to the State assessment and accountability system for all public schools. The School shall administer all student testing as required by applicable federal and State law, rule, policies, and procedures. The performance designations derived from the State school assessment and accountability system are distinct from determinations made according to the Academic Performance Framework, which may include additional Commission-approved school-specific measures.

**4.4. Board of Education Authority.** Pursuant to its duties under Article X, Section 3, of the Hawaii State Constitution, the BOE has the power to formulate statewide educational policy. The School shall only be subject to BOE policies that are specified in this Contract or are expressly identified by the BOE as applying to charter schools. If there is any conflict between an applicable BOE policy and a provision in this Contract, the BOE policy shall control.

## **5. Student Admission, Enrollment, Withdrawal, & Dismissal**

**5.1. Non-Discrimination.** The School shall make all student recruitment, admissions, enrollment and retention decisions in a nondiscriminatory manner and without regard to race, color, ethnicity, national origin, religion, sex, sexual orientation, marital status, income level, academic or athletic ability, disability, need for special education services or lack of proficiency in the English language.

**5.2. Admissions.** The School shall comply with its Admission Policies and Procedures as approved by the Commission. If the number of applicants exceeds the School's capacity of a program, class, grade level or building, the School shall select students to attend using a random selection process that shall be publicly noticed and open to the public; provided that if the School is a conversion charter school serving as the home school for the DOE district, then the School shall follow 302D-34(c), HRS. These policies and procedures shall be readily accessible from the home page of the School's website or office, as described in Section 11.4.1.

**5.3. Enrollment.** The School shall maintain accurate and complete enrollment data and daily records of student attendance.

**5.4. K-12 Joint Enrollment.** Only for the purpose of calculating funding based on enrollment, no student may be jointly enrolled in the School and another public K12 school or private school.

**5.5. Enrollment Preferences.** The School shall not impose enrollment preferences, except as approved by the Commission, pursuant to Sec. 302D-34, HRS. Any enrollment preferences shall be included in the Admissions Policy and Procedures, as described in Section 5.2.

**5.6. Dismissal.** The School shall not dismiss or transfer a student involuntarily, unless the dismissal or transfer is accomplished through procedures to be adopted by the Commission, provided that any dismissal of a student with a disability shall comply with the requirements of Ch. 8-60, HAR.

**5.7. Withdrawal and Transfer.** The School shall incorporate the applicable procedures of the Department of Education into its own procedures for students who are withdrawing from the School and transferring to another school.

**Comment [n4]:** Waiver needed for employees

## **6. Operation of School**

**6.1. Student Conduct and Discipline.** The School shall adopt, update and adhere to written policies concerning standards of student conduct and discipline which shall comply with federal and State laws. The School shall provide copies to the School's parents and students at the start of each school year and shall make this policy readily accessible from the home page of the School's website or office, as described in Section 11.4.1.

**6.2. Punishment of Pupils Limited.** No physical punishment of any kind may be inflicted upon any pupil, but reasonable force may be used by a principal, principal's agent, teacher or a person otherwise entrusted with the care or supervision for a special purpose of a minor in order to restrain a pupil in attendance at school from hurting oneself or any other person or property, and reasonable force may

be used as delineated in Sec. 703-309(2), HRS.

6.3. Complaints Process The School shall establish and adhere to a process for resolving public complaints which shall include an opportunity for complainants to be heard. The final administrative appeal shall be heard by the School's Governing Board, except where the complaint pertains to a possible violation of any law or term under this Contract. The complaints process shall be readily accessible from the home page of the School's website, as described in Section 11.4.1.

6.4. Contracting for Educational Services The School shall not enter into a contract or subcontract for comprehensive management or administration services of its core educational program or services, unless otherwise agreed to in writing by the Commission or identified in Exhibit A (Educational Program). Such contracting is conditioned upon the School developing a management agreement with the educational service provider that meets the conditions in Exhibit C to this Contract; provided requirements of a School Improvement Grant or other federal grant shall control.

#### 6.5. Health and Safety

6.5.1. Safe Environment The School shall maintain a safe learning environment at all times. The School shall develop and adhere to a safety plan which shall be readily accessible from the home page of the School's website, as described in Section 11.4.1.

6.5.2. Health Clearances The School shall comply with Secs. 302A-1154 to 302A-1163, HRS, and Ch. 11-157, HAR, requiring documentation that each student has received immunizations against communicable diseases, is free from tuberculosis in a communicable form and has received a physical examination. Pursuant to Sec. 302A-1161, HRS, if a child does not complete the immunizations or physical examination required within the period provided by Sec. 302A-1155, HRS, after provisional entry into school, the School shall notify the parent or guardian of the child that if the required immunizations or physical examination is not completed within thirty days of the date of the notice, the child shall not be admitted to the School.

6.5.3. School Employees Afflicted with Tuberculosis The School shall not allow any person who has contracted tuberculosis, while afflicted with the disease, to teach or work at the School.

6.5.4. Student Health Services The School shall provide students with appropriate school health services and safety protections, including providing first aid care for ill and injured students. The school may recommend that parents seek the help of medical professionals or appropriate health agencies for cases beyond its scope of responsibility.

6.6. Insurance The School shall be covered under the Statewide Risk Management Program pursuant to Ch. 41D, HRS, for liability, property, crime and automobile insurance. The School shall comply with all applicable laws, rules, policies, procedures and directives of the Department of Accounting and General Services' Risk Management Office. The School may purchase additional insurance coverage if so desired.

#### 6.7. Records

6.7.1. Student Records The School shall maintain student records for current and former students in accordance with the requirements of State and federal law, including the Family Education Rights and Privacy Act, 20 U.S.C. § 1232g, as may be amended from time to time. Should a student transfer to another school, the School's withdrawal and transfer procedures, provided for in Section 5.6 and 5.7, shall provide for the transfer of the student's records to the new school in a timely manner.

6.7.2. Records Retention The School shall comply with all applicable federal and State record keeping requirements. As a State entity, the School shall comply with the policies and guidelines of the Department of Accounting and General Services, Archives Division, Records Management Branch, with regard to the retention and disposal of government records.

6.7.3. Open Records Law The School shall comply with Ch. 92F, HRS, the Uniform Information Practices Act.

6.8. Reporting of Crime-Related Incidents The School shall adopt policies and procedures to:

Comment [n5]: Connected to dismissal 5.6, 5.7

(a) Require a report to appropriate authorities from a teacher, official or other employee of the School who knows or has reason to believe that an act has been committed or will be committed, which:

(1) Occurred or will occur on School property during School hours or during activities supervised by the School; and

(2) Involves crimes relating to arson, assault, burglary, disorderly conduct, dangerous weapons, dangerous drugs, harmful drugs, extortion, firearms, gambling, harassment, intoxicating drugs, marijuana or marijuana concentrate, murder, attempted murder, sexual offenses, rendering a false alarm, criminal property damage, robbery, terroristic threatening, theft or trespass;

(b) Establish procedures for disposing of any incident reported; and

(c) Impose appropriate disciplinary action for failure to report these incidents, including probation, suspension, demotion and discharge of School officials.

**6.9. Smoking Prohibited.** As a public school, the School shall prohibit the use of tobacco at its school or at School functions.

**6.10. Transportation.** The School may provide its own transportation services or provide transportation through an agreement or contract with a private provider. The School shall ensure the safety of students in any transportation arrangement, and shall comply with state and county requirements pertaining to vehicles and drivers that transport students.

## 7. Facilities

**7.1. Location.** The School shall provide educational services, including the delivery of instruction, at the location(s) identified in Exhibit A (Educational Program); provided that the School may conduct class site visits to temporary locations not identified in Exhibit A and, with notice to the Commission, may provide educational services at temporary locations for a period not to exceed 30 calendar days. The School shall not operate in any other location without the prior written approval of the Commission.

**7.2. Occupancy Rights.** The School shall possess the lawful right to occupy and use the premises on which the School operates. The School shall provide the Commission a copy of the School's lease, deed or other occupancy agreement for all locations identified in Exhibit A (Educational Program), except if the School occupies DOE school facilities.

**7.3. Compliance with Codes.** The School shall be located in facilities that comply with all applicable State and county building, zoning, fire, health and safety code requirements.

**7.3.1.** If the School is located in facilities other than DOE facilities, the School shall obtain and maintain any necessary certificates or permits required for use and occupancy of the School's facilities from the applicable building, zoning, fire, health and safety authorities. The School shall immediately notify the Commission in the event that any such certificate or permit is jeopardized, suspended or revoked.

**7.3.2.** The School shall comply at all times with the occupancy capacity limits set by zoning, building, fire and other applicable regulations.

~~7.3.3. Any other law to the contrary notwithstanding, any exemptions from building, zoning, fire, health and safety laws, regulations, codes, standards, and requirements shall not be applicable to the School except as approved by the Commission, which approval shall not be unreasonably withheld. Where necessary, the School shall be responsible for requesting permits and approvals from appropriate governmental agencies in compliance with this subparagraph.~~

**7.4. Relocation or Expansion.** The School's relocation or expansion to different facilities shall constitute a material change in the Contract and shall require prior written approval by the Commission pursuant to Section 3.2. Upon such approval, the School's relocation or expansion shall be contingent upon its meeting the following conditions:

(a) Submission to the Commission of a Certificate of Occupancy for the new facilities at least 30

**Comment [n6]:** Insert grandfather facilities issues clause



days prior to the first day of occupancy;

(b) Submission to the Commission of a lease, deed, or other document showing the School possesses the right to occupy the new premises;

(c) Submission to the Commission of documentation that the new facilities meet applicable health, safety, fire, building, and zoning code requirements; and

(c) Submission to the Commission of documentation that the new facilities are of sufficient size to safely house anticipated enrollment.

## 8. Funding

**8.1. Per-Pupil Funding.** The School's non-facility general fund per-pupil funding shall be as defined in Sec. 302D-28, HRS. The Commission shall distribute the School's per-pupil allocation each fiscal year pursuant to Sec. 302D-28(f), HRS, and shall provide the School with the calculations used to determine the per-pupil amount each year. All funds distributed to the School from the Commission shall be used solely for the School's educational purposes as appropriated by the Legislature, and the School shall have discretion to determine how such funding shall be allocated at the school level to serve those purposes subject to applicable laws and this Contract.

**8.2. Funding Subject to Appropriation.** The general fund per-pupil funding is contingent upon legislative appropriation and allocation of funds. If the Legislature fails to appropriate sufficient monies or if the appropriation is reduced by the Governor or by any other means and the effect of such non-appropriation or reduction is to provide insufficient monies for the continuation of the School, this Contract shall terminate on the last day of the fiscal year for which sufficient funds are available.

**8.3. Adjustments to Funding.** The Commission's disbursement of per-pupil funds may be adjusted for the following reasons: (a) To reconcile projected versus actual enrollment counts; (b) To adjust the per-pupil amount due to restriction by the Governor or other reduction action; (c) To adjust the actual enrollment count based on an audit of pupil counts and per pupil revenue that impact the funding received by the School; or (d) To withhold funds due to non-compliance in accordance with Sec. 302D-28 HRS. (e) The Commission shall have the discretion to determine whether to make an adjustment by: (i) Reconciling the adjusted amount in a subsequent disbursement to the School; or (ii) Either making payment to the School or requiring reimbursement from the School with at least thirty (30) days' written notice by the Commission.

**8.4. Facility Funds.** In each year in which funds are appropriated for charter school facility purposes, the Commission shall allocate the funds among eligible charter schools. All funds distributed to the School shall be restricted to the purposes of the appropriation.

**8.5. Federal Funding.** Pursuant to Sec. 302D-28, HRS, the School shall be eligible for all federal financial support to the same extent as all other public schools. The Commission shall timely distribute federal funds to the School based on the same methodology used by the DOE to distribute the funds to DOE-operated public schools; ~~provided that the Commission may, by a majority vote at a public meeting, elect to employ an alternative distribution method where such discretion is allowed.~~ The Commission shall make the DOE allocation methods publicly available and shall work with the DOE and the School where questions of equity may arise.

**Comment [n7]:** Performance based funding for facilities?

**8.6. Title I Funding.** The Commission shall furnish the School with a Title I, Part A of the Elementary and Secondary Education Act eligibility measure and shall provide Title I, Part A funds to the School based on that information. The School, if eligible, shall use Title I, Part A funds in accordance with applicable federal law and regulations including programmatic and fiscal requirements, and the Commission shall provide information to assist the School in understanding Title I, Part A requirements. The School shall provide a school plan that includes the components and school improvement elements required under Title I, Part A, ~~and the Commission shall approve school plans within a reasonable timeframe.~~ The Commission shall allocate set-aside funds in accordance with the intent and purpose of Title I, Part A to support academic progress in the School.

**Comment [n8]:** Based on the federal CFDA eligibility intended

**8.7. Additional Funds.** ~~The School may accept gifts, donations, or grants and shall comply with all applicable State or federal laws regarding such monetary gifts, donations, or grants. The School shall report all monetary gifts, donations, and grants to the Commission in accordance with Commission~~



guidelines.

8.8. No Tuition. The School shall not assess tuition, contribution or attendance fees of any kind as a condition of enrollment.

8.9. Fees. The School may charge reasonable fees, to the extent permitted by law, for summer school programs, after school programs, student activities and any other service, materials, or equipment for which other state public schools may charge a fee.

#### 9. Financial Matters

9.1. The School shall maintain accurate and comprehensive financial records, operate in accordance with Generally Accepted Accounting Principles and use public funds in a fiscally responsible manner.

9.2. Fiscal Year. The fiscal year for the School shall begin on July 1 and end on June 30 of the subsequent calendar year.

9.3. Procurement. Pursuant to Secs. 302D-25(b) and 302D-12(d), HRS, the School and its Governing Board shall be exempt from Ch. 103D, HRS. The School's Governing Board shall develop and adhere to policies and procedures for the procurement of goods, services, and construction consistent with the goals of public accountability and public procurement practices. These policies and procedures must be made readily accessible from the home page of the School's website or office, as described in Section 11.4.1.

9.4. Management and Financial Controls. At all times, the School shall maintain appropriate governance and management procedures and financial controls which shall include, but not be limited to: (a) budgets, (b) accounting policies and procedures, (c) payroll procedures, (d) financial reporting and (e) internal control procedures for receipts, disbursements, purchases, payroll, and fixed assets. The accounting policies and procedures must be made readily accessible from the home page of the School's website or office, as described in Section 11.4.1.

9.5. Assets. The School shall maintain a complete and current inventory of all of its property and shall update the inventory annually. The School shall take all necessary precautions to safeguard assets acquired with public funds.

~~9.6. Chart of Accounts. The Commission may require the School to follow a uniform chart of accounts, provided that the Commission shall provide a reasonable time period for the School to convert to such chart of accounts.~~

9.7. Transfer of Funds to Nonprofits. The School shall not transfer funds provided to it by the Commission to any affiliated nonprofit organization except for legitimate and reasonable payments from the School to the nonprofit pursuant to a written agreement.

9.8. Financing Agreements. The School shall comply with Ch. 37D, HRS, relating to financing agreements. "Financing agreement" means any lease purchase agreement, installment sale agreement, loan agreement, line of credit or other agreement of the department or, with the approval of the director, and any agency, to finance the improvement, use or acquisition of real or personal property that is or will be owned or operated by one or more agencies of the State, the department or any agency, or to refinance previously executed financing agreements including certificates of participation relating thereto. The School shall not act as a guarantor of any such financing agreement.

#### 10. Personnel

10.1. Collective Bargaining. The School shall be subject to collective bargaining under Ch. 89, HRS, and shall comply with the master agreements as negotiated by the State, provided that the School may enter into supplemental collective bargaining agreements that contain cost and non-cost items to facilitate decentralized decision-making. The School shall provide a copy of any supplemental collective bargaining agreement to the Commission

10.2. Nondiscrimination. No person performing work under this Contract, including any employees or agents of the School, shall engage in any discrimination that is prohibited by any applicable federal, State,

or county law, including but not limited to Sec. 378-2, HRS.

**10.3. Teacher Credentials.** The School's teachers shall comply with applicable State licensing requirements consistent with the Elementary and Secondary Education Act, State law, and collective bargaining agreements, as such requirements may be amended. Teachers shall be licensed by the Hawaii Teachers Standards Board and shall meet the federal designation of "Highly Qualified" as adopted by the BOE and defined in the "Title IIA Highly Qualified Teacher Guidelines," updated May 2012, as may be amended. If the School receives Title I funding, the School shall ensure that 100% of teachers in core academic subjects are Highly Qualified, and federal funds shall not be used to pay for teachers who do not meet this requirement.

**10.4. Evaluations.** Pursuant to federal and state law and policy, the School is responsible for implementing principal and teacher evaluation systems that are based on efficiency, ability, contribution to student learning, and growth. The School may elect to implement the State-developed educator evaluation system or to develop and implement its own educator evaluation system that meets the criteria outlined by the Commission, as may be amended from time to time.

**10.5. Non-Instructional Employees.** ~~The School shall ensure that the School's non-instructional employees or agents are experienced and fully qualified to engage in the activities and perform the services required under this Contract, and that all applicable licensing and operating requirements imposed or required under federal, State, or county laws, and all applicable accreditation and other standards of quality generally accepted in the field of the activities of such employees and agents are complied with and satisfied.~~

**10.6. Criminal History Checks.** The School shall conduct criminal history checks in accordance with Sec. 846-2.7, HRS, to determine whether a prospective employee or agent is suitable for working in close proximity to children. Information obtained pursuant to this provision shall be used exclusively by the School for the purposes of determining whether a person is suitable for working in close proximity to children. All such decisions shall be subject to applicable federal laws and regulations currently or hereafter in effect. The School may terminate the employment of any employee or deny employment to an applicant if the person has been convicted of a crime, and if the School finds by reason of the nature and circumstances of the crime that the person poses a risk to the health, safety or well-being of children.

**10.7. Personnel Policies.** The School shall adopt, update and adhere to personnel policies. These policies must be made readily accessible from the home page of the School's website or office, as described in Section 11.4.1.

## **11. Reporting & Data**

### **11.1. Reports, Generally.**

**11.1.1.** The School shall endeavor to provide to the Commission, in the format and timeframe prescribed by the Commission, any data necessary and reasonably required by the Commission to meet its oversight and reporting obligations. The Commission shall ~~annually update the provide~~ list by 6/15 the list of of required reports and due dates and provide this information to the School.

**11.1.2.** The Commission shall endeavor to reduce the reporting burden it places on the School by providing reasonable notice for requests, providing timely notification when due dates are changed, avoiding duplicate requests and limiting requests to what is reasonably required by the Commission and other State entities.

**11.2. Enrollment Count Reports.** The School shall provide to the Commission actual and projected enrollment counts as required for funding and reporting purposes. The Commission may elect to obtain actual enrollment counts directly from the student information data system, subject to schools verifying accuracy.

### **11.3. Financial Reports**

**11.3.1. Budget and Cash Flow.** The School shall prepare and provide to the Commission a copy of its annual budget as approved by the School's Governing Board and cash flow projections based on analysis.

by the commission of the most recent passed budget bill and other recurring funding included but not limited to Title I, II, II collective budget stipend and facilities funds for each upcoming fiscal year by June 15.

11.3.2. Quarterly Financial Reports. The School shall prepare and submit quarterly financial reports to the Commission within 45 days of the end of each fiscal year quarter.

11.3.3. Unaudited Financial Statements. The School shall prepare and submit its unaudited annual financial statements to the Commission by September 15 of the subsequent fiscal year; provided that the Commission, with reasonable notice to the School, may change the deadline depending on circumstances.

11.3.4. Annual Audits. Each fiscal year, the School shall provide for an independent annual financial audit conducted in accordance with Generally Accepted Auditing Standards and Governmental Auditing Standards and performed by a certified public accountant (CPA), provided the Commission may establish an alternative reporting requirement in accordance with State law. The Commission shall provide the guidelines and/or scope of the audit or alternative report and may require minimum CPA qualifications or that the School select from a list of qualified CPAs as provided by the Commission. The School shall provide the completed audit or alternative report to the Commission by November 15 after the conclusion of the fiscal year; provided that the Commission, with reasonable notice to the School, may change the deadline depending on circumstances. The School shall pay for the audit or alternative report if an appropriation is not made by the Legislature for such purpose.

11.4. Governing Board Reporting.

(a) The School shall submit its current Governing Board Member list to the Commission by September 1 of each year.

(b) The School shall notify the Commission within 14 business days of any membership changes on the Governing Board.

(c) The School shall make the following documents readily accessible from the home page of its website or school office, by the respective due dates:

1. The schedule of Governing Board meetings by September 1 of each year;
2. Revisions to schedule Governing Board meetings not less than six days prior to the changed meeting date;
3. Governing Board meeting notices and agendas not less than six days prior to the Governing Board meeting; and
4. Governing Board meeting minutes within 30 days of the Governing Board approval.

11.4.1. School Policies and Procedures. The School shall make the current versions of the following policies and procedures readily accessible from the home page of its website or school office:

- (a) Conflict of interest policy, as described in Sec. 2.2;
- (b) Admissions and enrollment, as described in Secs. 5.2 and 5.5;
- (c) Student conduct and discipline policy, as described in Sec. 6.1;
- (d) Complaints procedures, as described in Sec. 6.3;
- (e) Safety plan, as described in Sec. 6.5.1;
- (f) Procurement policy, as described in 9.3;
- (g) Accounting policies and procedures, as described in 9.4; and
- (h) EEO Personnel policies, as described in 10.7.

11.4.2. Collective Bargaining. The School shall provide to the Commission a copy of any supplemental collective bargaining agreement.

11.4.3. Other Reporting. Upon request, the School shall provide the Commission any other information determined by the Commission to be relevant to any term or condition of this Contract.

11.5. Educational Data. Pursuant to Sec. 302D-23, HRS, the School shall comply with the minimum educational data reporting standards established by the Board of Education (BOE) and with additional data reporting required by the Commission in its oversight of this Contract and shall ensure all data is accurate and complete. For the purposes of complying with the BOE's educational data reporting standards, the School shall only use data systems that have been approved by the BOE as complying with the BOE-approved data reporting standards and shall obtain prior written approval from the BOE for any data system that has not been so approved. Schools shall have the ability to validate data, pursuant to Sec 302D5 part B1 and B2. The commission shall act as point of contact for data inconsistencies

Comment [n1]: Within authority of contract

Comment [n2]: Adopt policy

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11.6. **Personnel Data.** The School shall maintain accurate and complete personnel and payroll information and shall provide such information to the Commission, in the format and timeframe prescribed by the Commission, as required for the Legislature or any State agency including but not limited to the Department of Budget & Finance, Employees' Retirement System and the Hawaii Employer-Union Health Benefits Trust Fund. The School shall ensure each employee receiving State benefits qualifies for such benefits.

11.7. **School's Annual Report.** The School shall submit an annual report to the Commission in the format aligned with exhibit A, performance framework, pursuant to Sec 302D-7 with assurance of advanced notice and a letter clarifying data requirements and timeframe needed to assist the Commission in gathering complete information about the School.

11.8. **Commission's Annual Report.** The Commission shall publish and provide an annual report on the School's performance in accordance with the Performance Frameworks, to include feedback from school.

11.9. **Immediate Notice.** The School shall immediately notify the Commission (and other appropriate authorities) of any of the following:

11.9.1. **School closure.** The School shall immediately notify the Department of Education commission staff of any circumstance requiring the closure of the School, including, but not limited to, a natural disaster, such as an earthquake, storm, tsunami, flood or other weather related event, other extraordinary emergency or destruction of or damage to the School facility, pursuant to 302D5-1;

11.9.2. **Other events.** The School shall immediately notify the Commission of the following:

(a) Any condition that may cause the School to vary from the terms of this Contract or applicable requirements, federal and/or State law;

(b) The arrest of any members of the School Governing Board or School employees for a crime punishable as a felony or any crime related to the misappropriation of funds or theft;

(c) Misappropriation of funds;

(d) Any complaint, citation or default filed against the School by a government agency or lessor;

(e) Any inaccuracy found in enrollment count or other data provided to the Commission;

(f) The School receives a notice or is otherwise informed that the School or Commission is a party to a legal suit;

(g) The discipline of employees at the School arising from misconduct or behavior that may have resulted in harm to students or others, or that constituted violations of law;

(h) A default on any obligation, which shall include debts for which payments are past due by ninety (90) days or more; or

(i) The School's enrollment at any time decreases by 10% or more compared to the most recent pupil count submitted to the Commission.

Comment [n3]: How would we know?

## 12. **Monitoring & Intervention**

12.1. **Monitoring.** The Commission shall continually monitor the performance and legal compliance of the School. The Commission shall have the authority to conduct or require oversight activities that enable the Commission to fulfill its responsibilities under Ch. 302D, HRS, including conducting appropriate inquiries and investigations, so long as those activities are consistent with the intent of Ch. 302D, HRS and adhere to the terms of this Contract. The Commission may take the necessary steps to evaluate the educational, legal, fiscal, and organizational condition of the School and to ensure that the School is in compliance with this Contract. To carry out its monitoring duties, the Commission may utilize a compliance management system and may require Schools to designate an individual responsible for administering the compliance management system.

12.2. **DOE Monitoring.** To meet its oversight and reporting obligations, the DOE, as the State Education Agency or Local Education Agency, may monitor the School for compliance with IDEA or federal funding programmatic or fiscal requirements, including requiring reports or other documentation, under any federal or State law in conjunction with the commission, including but not limited to special education. The School shall comply with all such monitoring by the DOE.

12.3. **Access to Records.** Consistent with the school's obligations under the Family Education Rights and Privacy Act, 20 U.S.C. § 1232g the School shall make all School records open to inspection by the Commission, the DOE, the Office of the Auditor, law enforcement officials, contracted evaluators or any

other federal or State regulatory agency within FERPA required timelines, or sooner if required by law.

12.4. Site Visits. The Commission may visit the School informally at any time and may, at its discretion, conduct announced formal school visits. When appropriate, the Commission shall make reasonable efforts to provide notice of visits. Such site visits may include any activities reasonably related to fulfillment of the Commission's oversight responsibilities including, but not limited to, inspection of the facilities;; audit of financial books and records;; inspection of records maintained by the School;; interviews and observations of the principal, staff, school families, and community members;; and observation of classroom instruction.

12.5. Intervention. If the Commission finds deficiencies in the School's performance or legal compliance, honoring parental federal opt out rights, the Commission and the School shall follow the Intervention Protocol attached as Exhibit D. Intervention may be initiated when the Commission finds that the School has failed to:

- (a) Comply with applicable laws, rules, policies or procedures;
  - (b) Comply with the terms and conditions of this Contract; or
  - (c) Meet performance expectations as set forth in the Performance Frameworks.
- Failure to invoke the Intervention Protocol shall not be (i) construed as a waiver or relinquishment of any requirement under applicable laws, rules, policies, procedures, contractual terms and conditions or performance expectations; or (ii) deemed a necessary precedent to non-renewal or revocation.

### 13. Closure and Dissolution

13.1. School-Initiated Closure. Should the School choose to voluntarily surrender this Contract before the end of the Contract term, it may do so in consultation with the Commission at the close of any school year and upon written notice to the Commission given at least ninety (90) days before the end of the school year.

13.2. Dissolution. In the event that the School ceases operation for any reason, including but not limited to non-renewal, revocation or voluntary surrender of this Contract, the School agrees to continue to operate its educational program until the end of the school year; provided that if the School voluntarily surrenders this Contract due to lack of funds, the School shall cooperate with the Commission in scheduling cessation of operations. The School shall cooperate with the Commission in ensuring the orderly closure of the School and shall comply with the Commission's closure policies and protocol.

13.3. Remaining Assets. In the event that the School closes, the School shall return any remaining public assets to the State, provided that any outstanding obligations of the School are fulfilled first pursuant to Sec. 302D-19, HRS.

### 14. Miscellaneous Provisions.

14.1. Entire Contract. The Parties intend this Contract, including all attachments and exhibits, to represent a final and complete expression of their agreement, which shall be considered the Contract. All prior representations, understandings and discussions are merged herein, and no course of prior dealings between the Parties shall supplement or explain any terms used in this document. The Parties recognize that amendments to this Contract may be approved from time to time hereafter.

14.2. Amendments. Any amendment to this Contract shall be effective only if approved by a majority vote of the Commission at a public meeting.

14.2.1. The School may submit any proposed requested amendment to the Commission in accordance with instructions provided by the Commission. The School shall not take action related to the requested amendment until the Commission has approved said amendment.

14.2.2. Changes in operation that require the School to obtain an amendment to this Contract include but are not limited to the following changes:

- (a) To any material term of the School's Educational Program (Exhibit A);
- (b) In school location (relocation of site or adding or terminating sites);
- (c) In School management arrangement (such as intention to hire or terminate a management provider);
- (d) In admissions or enrollment policies or procedures.

14.3. Governing Law. This Contract shall be governed by and construed in accordance with the laws of the

State of Hawaii, including all requirements imposed by ~~DOE~~ policy and regulation, and all applicable federal laws of the United States.

**14.4. Conflict Between Contract, Law and Administrative Rules.** In the event of a conflict between this Contract, State law, applicable BOE policies and regulations and the dually promulgated administrative rules pertaining to charter schools, the order of precedence shall be State law, applicable BOE policy and regulations, followed by dually promulgated administrative rules, followed by the terms and conditions of this Contract.

**14.5. Disputes Resolution.** It is the intent of the parties to communicate on a regular basis in a positive and effective manner. The parties agree to communicate areas of concern as they arise and to address those concerns in a professional manner. Any disputes between the Commission and the School which arise under, or are by virtue of, this Contract and which are not resolved by mutual agreement, shall be decided by the full Commission in writing, within 90 calendar days after a written request by the School for a final decision concerning the dispute; provided that where a disputes resolution process is defined for a particular program area (e.g., IDEA, Section 504, etc.), the Parties shall comply with the process for that particular program area; and further provided that the parties may mutually agree to utilize the services of a third-party facilitator to reach a mutual agreement prior to decision by the full Commission. Subject to the availability of an appeal under Ch. 302D, HRS, or BOE administrative rules or procedures, any such decision by the ~~full~~ Commission shall be final and conclusive.

**14.6. Non-Assignability.** The School shall not assign or subcontract any duty, obligation, right or interest under this Contract without prior written approval of the Commission. A violation of this provision shall be considered material and substantial and shall be grounds for immediate revocation of this Contract.

**14.7. Notices.** Unless otherwise specified by law, any written notice required to be given by a Party to this Contract shall be delivered: (a) personally, (b) by United States first class mail, postage prepaid to the 'Parties' mailing addresses first indicated in this Contract; as described under Sec. 12.1. A notice shall be deemed to have been received three business days after mailing or at the time of actual receipt, whichever is earlier. Parties are responsible for notifying each other in writing of any change of mailing address.

**14.8. Severability.** In the event that any provision of this Contract is declared invalid or unenforceable by a court, such invalidity or unenforceability shall not affect the validity or enforceability of the remaining terms of this Contract.

**14.9. Waiver.** The failure of either Party to insist upon the strict performance of or compliance with any term, provision or condition of this Contract shall not constitute or be deemed to constitute a waiver or relinquishment of the Parties' right to enforce the same in accordance with this Contract.

**14.10. No Third Party Beneficiary.** The enforcement of the terms and conditions of this Contract shall be strictly reserved to the Commission and the School. Nothing contained in this Contract shall give or allow any claim or right of action whatsoever by any other person. It is the express intent of the Parties to this Contract that any person receiving services or benefits hereunder shall be deemed an incidental beneficiary only, without enforceable rights against a Party to this Contract.

## 2014 Charter Contract Survey (one response per school only)

School Name

Answer Options

Response Count

31

*answered question*

31

*skipped question*

1

Response Text

Kawaikini NCPCS

Kona Pacific

WHEA

Lanikai

Ke Ana La'ahana Public Charter School

Kanuikapono

Ka Waihona o ka Na'auao, Public Charter School

Na Wai Ola PCS

MYRON B THOMPSON ACADEMY

Kihei Charter School

Waimea Middle School

HTA

Kanu o ka 'Aina NCPCS

Laupahoehoe

haaspcs

Voyager PCS

Ka Umeke Ka'eo

Waialae Elementary Public Charter School

Ke Kula 'o Samuel M Kamakau

Kualapu'u School

Kamaile Academy

Volcano School of Arts & Sciences

Innovations

Halau Lokahi

Halau Ku Mana

Kula Aupuni Niihau A Kahelelani Aloha (KANAKA) PCS

Connections PCS

Ke Kula O Nawahiokalaniopuu Iki

Ke Kula Niihau O Kekaha

Hakipu'u Learning Center

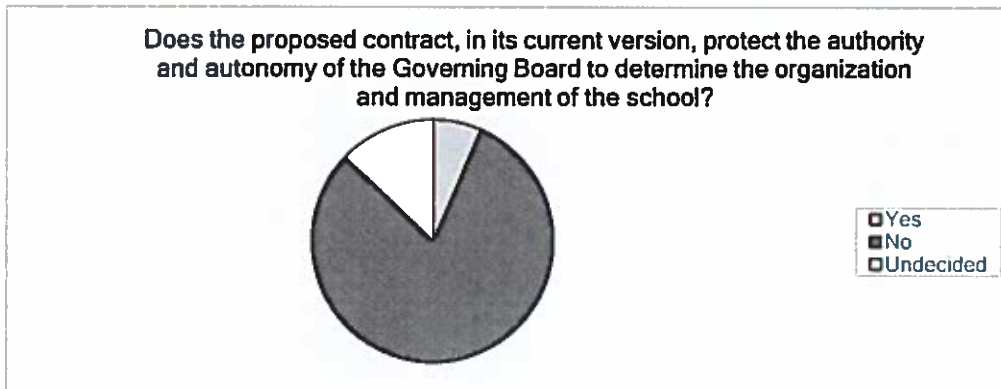
Kua o ka La Charter School



## Question 2

Does the proposed contract, in its current version, protect the authority and autonomy of the Governing Board to determine the organization and management of the school?

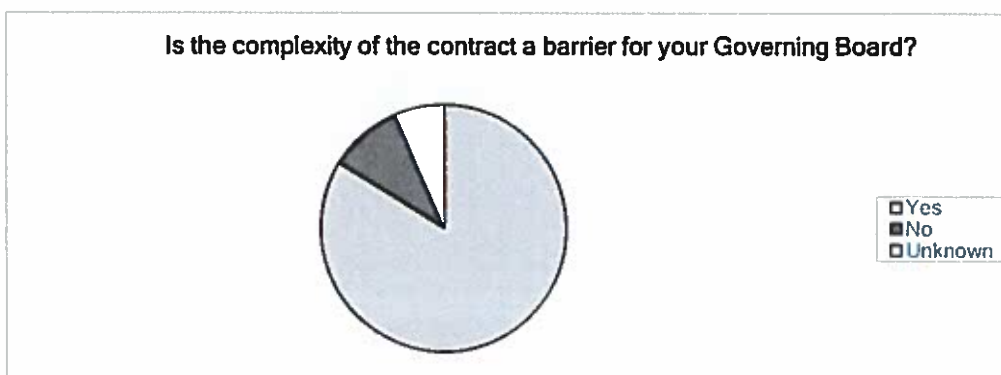
Answer Options	Response Percent	Response Count
Yes	6.5%	2
No	80.6%	25
Undecided	12.9%	4
<i>answered question</i>		31
<i>skipped question</i>		1



## Question 3

Is the complexity of the contract a barrier for your Governing Board?

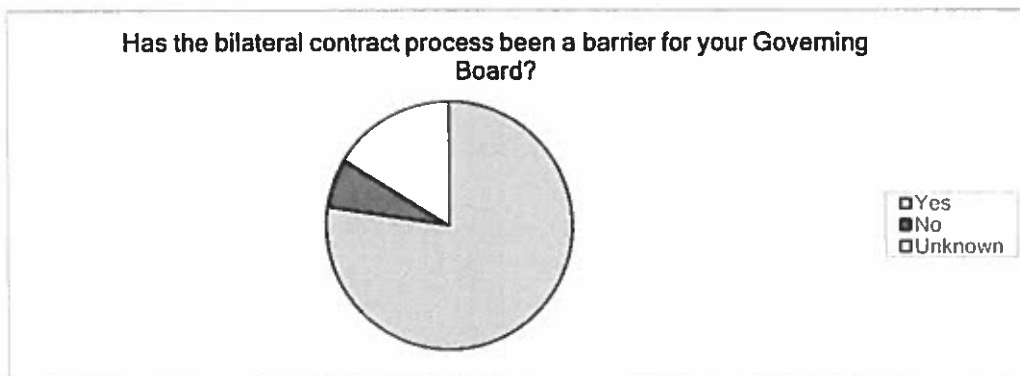
Answer Options	Response Percent	Response Count
Yes	83.9%	26
No	9.7%	3
Unknown	6.5%	2
<i>answered question</i>		31
<i>skipped question</i>		1



#### Question 4

Has the bilateral contract process been a barrier for your Governing Board?

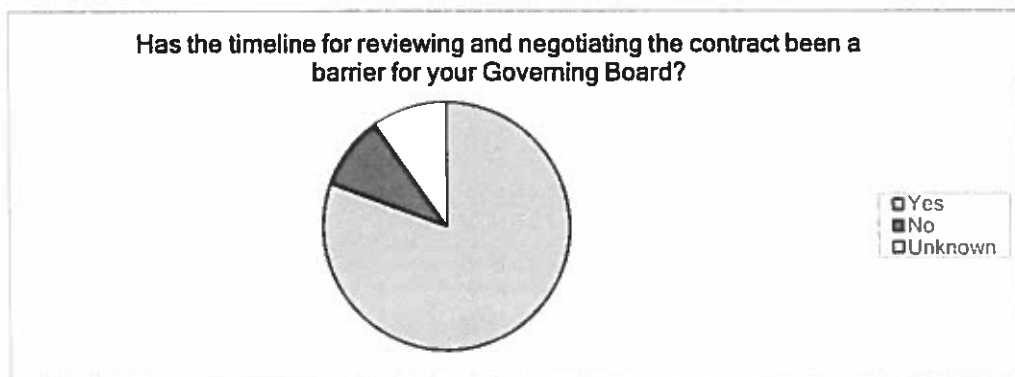
Answer Options	Response Percent	Response Count
Yes	77.4%	24
No	6.5%	2
Unknown	16.1%	5
<i>answered question</i>		31
<i>skipped question</i>		1



#### Question 5

Has the timeline for reviewing and negotiating the contract been a barrier for your Governing Board?

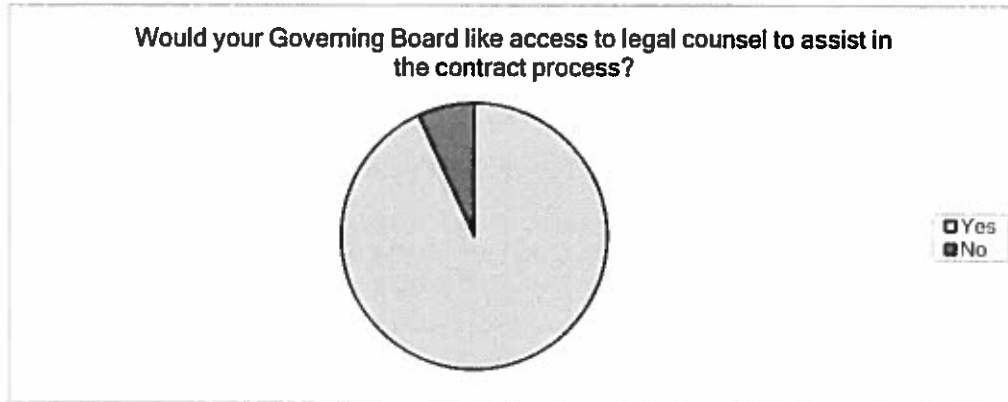
Answer Options	Response Percent	Response Count
Yes	80.6%	25
No	9.7%	3
Unknown	9.7%	3
<i>answered question</i>		31
<i>skipped question</i>		1



### Question 6

Would your Governing Board like access to legal counsel to assist in the contract process?

Answer Options	Response Percent	Response Count
Yes	93.1%	27
No	6.9%	2
<i>answered question</i>		29
<i>skipped question</i>		3



### Question 7

If yes, how would legal counsel be helpful?

Answer Options	Response Count
	26
<i>answered question</i>	26
<i>skipped question</i>	6

### Question 8

Does the school have any comments on the current contract process?

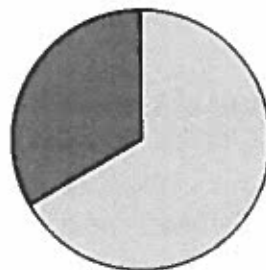
Answer Options	Response Count
	25
<i>answered question</i>	25
<i>skipped question</i>	7

### Question 9

For SY2013-14, did you school willingly comply with the Commission's request for a standard one year interim contract?

Answer Options	Response Percent	Response Count
Yes	66.7%	20
No	33.3%	10
	<i>answered question</i>	30
	<i>skipped question</i>	2

For SY2013-14, did you school willingly comply with the Commission's request for a standard one year interim contract?

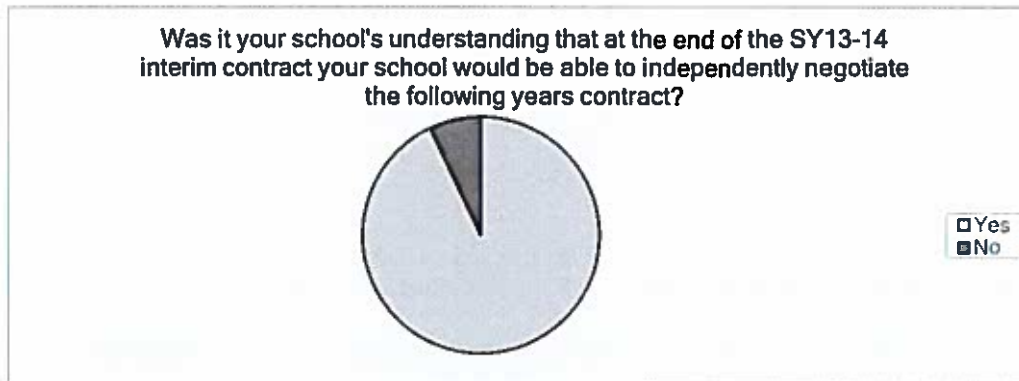


☐ Yes  
☐ No

### Question 10

Was it your school's understanding that at the end of the SY13-14 interim contract your school would be able to independently negotiate the following years contract?

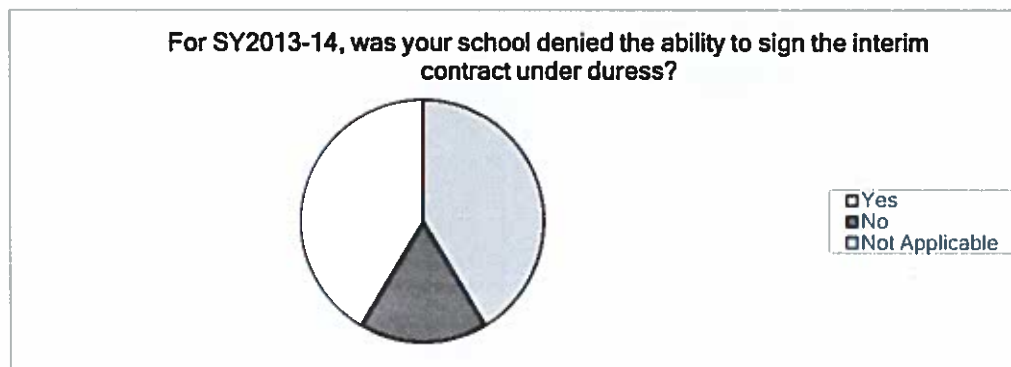
Answer Options	Response Percent	Response Count
Yes	92.9%	26
No	7.1%	2
<i>answered question</i>		28
<i>skipped question</i>		4



### Question 11

For SY2013-14, was your school denied the ability to sign the interim contract under duress?

Answer Options	Response Percent	Response Count
Yes	41.4%	12
No	17.2%	5
Not Applicable	41.4%	12
<i>answered question</i>		29
<i>skipped question</i>		3

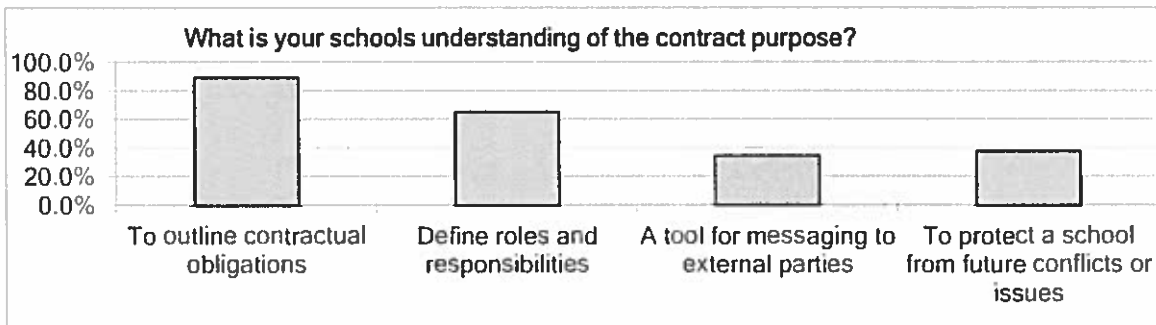


## Question 12

What is your schools understanding of the contract purpose?

### Answer Options

	Response Percent	Response Count
To outline contractual obligations	89.7%	26
Define roles and responsibilities	65.5%	19
A tool for messaging to external parties	34.5%	10
To protect a school from future conflicts or issues	37.9%	11
Other (please specify)		8
<i>answered question</i>		29
<i>skipped question</i>		3

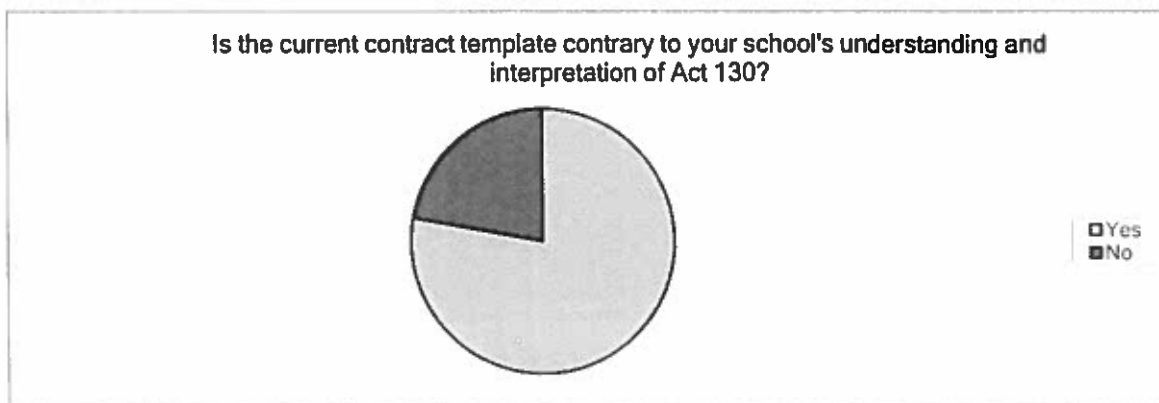


## Question 13

Is the current contract template contrary to your school's understanding and interpretation of Act 130?

### Answer Options

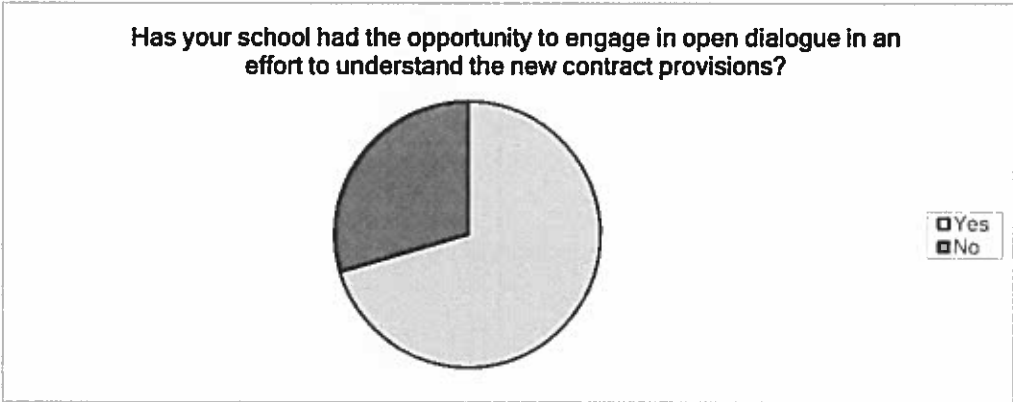
	Response Percent	Response Count
Yes	77.8%	21
No	22.2%	6
<i>answered question</i>		27
<i>skipped question</i>		5



Question 14

Has your school had the opportunity to engage in open dialogue in an effort to understand the new contract provisions?

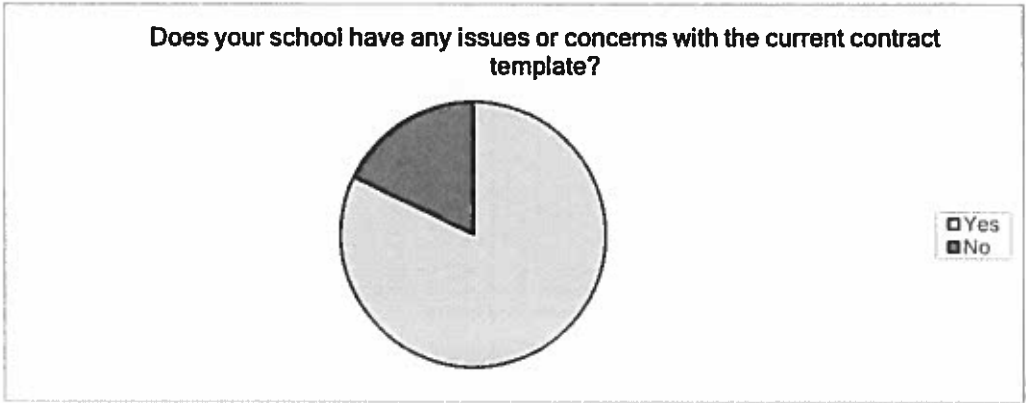
Answer Options	Response Percent	Response Count	
Yes	70.4%	19	
No	29.6%	8	
		<i>answered question</i>	27
		<i>skipped question</i>	5



Question 15

Does your school have any issues or concerns with the current contract template?

Answer Options	Response Percent	Response Count	
Yes	82.1%	23	
No	17.9%	5	
		<i>answered question</i>	28
		<i>skipped question</i>	4



Question 16

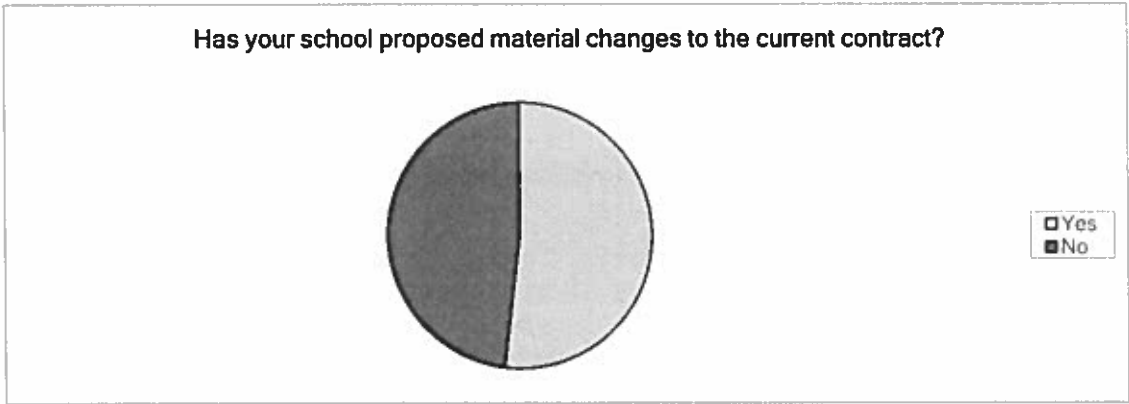
If yes, what are those issues?

Answer Options	Response Count
	21
<i>answered question</i>	21
<i>skipped question</i>	11

Question 17

Has your school proposed material changes to the current contract?

Answer Options	Response Percent	Response Count
Yes	51.9%	14
No	48.1%	13
	<i>answered question</i>	27
	<i>skipped question</i>	5

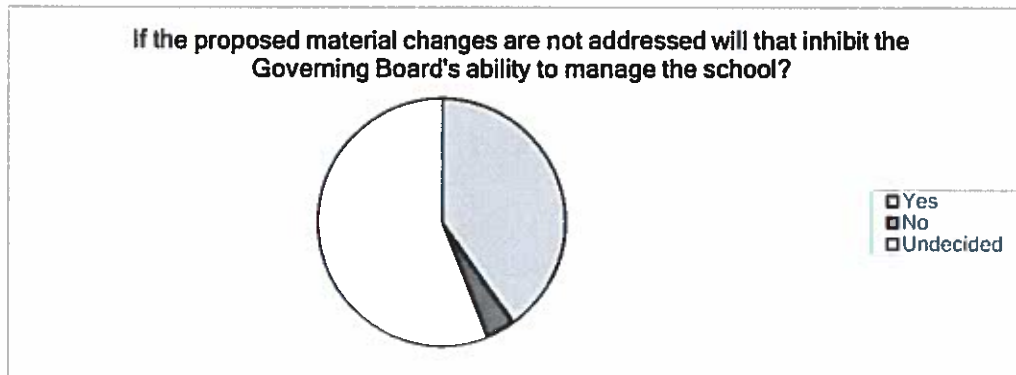




### Question 18

If the proposed material changes are not addressed will that inhibit the Governing Board's ability to manage the school?

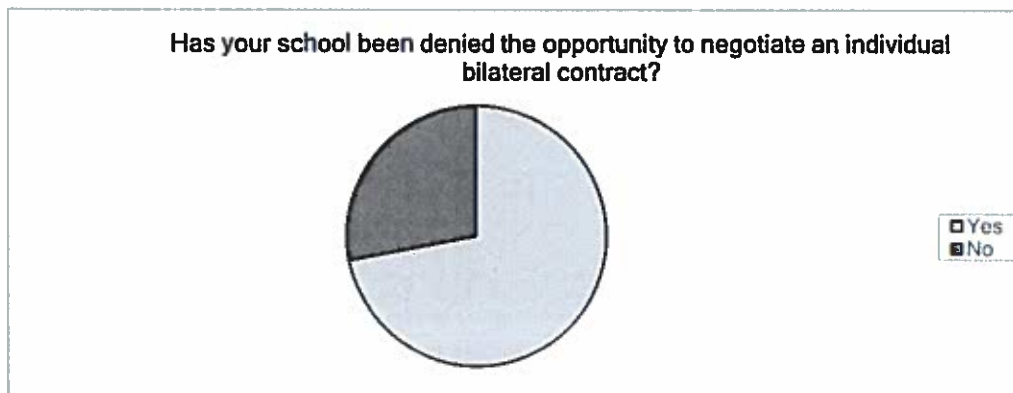
Answer Options	Response Percent	Response Count
Yes	40.0%	10
No	4.0%	1
Undecided	56.0%	14
<i>answered question</i>		25
<i>skipped question</i>		7



### Question 19

Has your school been denied the opportunity to negotiate an individual bilateral contract?

Answer Options	Response Percent	Response Count
Yes	72.0%	18
No	28.0%	7
<i>answered question</i>		25
<i>skipped question</i>		7



Question 20

Would your school like to work with the Commission staff collaboratively?

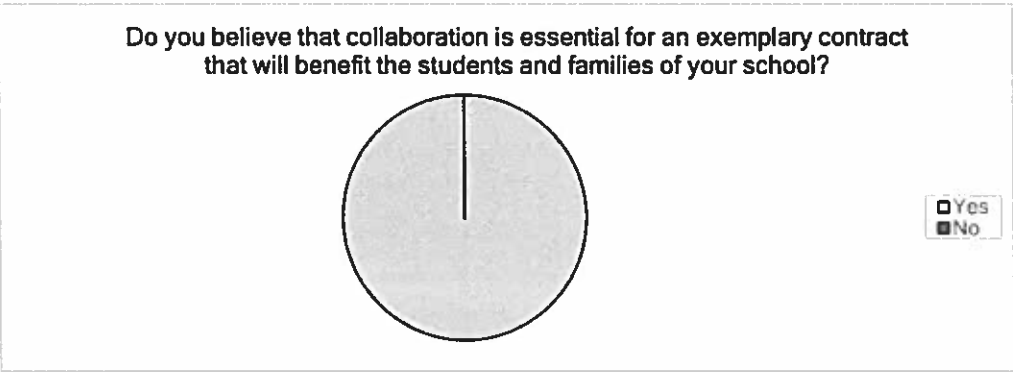
Answer Options	Response Percent	Response Count
Yes	82.8%	24
No	0.0%	0
Undecided	17.2%	5
<i>answered question</i>		29
<i>skipped question</i>		3



Question 21

Do you believe that collaboration is essential for an exemplary contract that will benefit the students and families of your school?

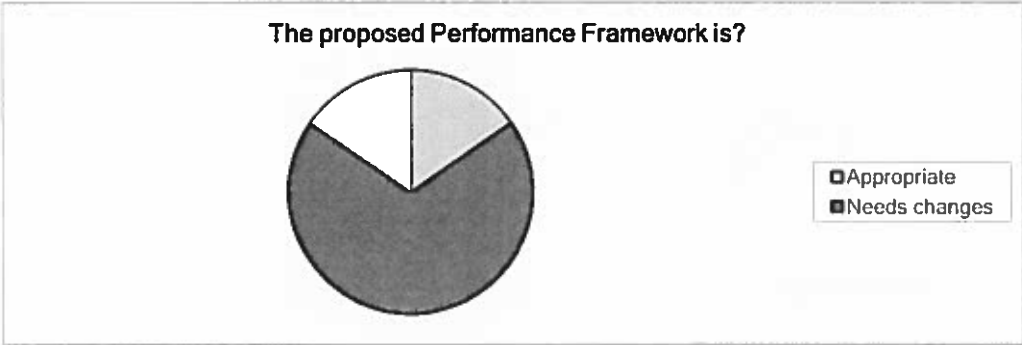
Answer Options	Response Percent	Response Count
Yes	100.0%	29
No	0.0%	0
Comments		5
<i>answered question</i>		29
<i>skipped question</i>		3



Question 22

The proposed Performance Framework is?

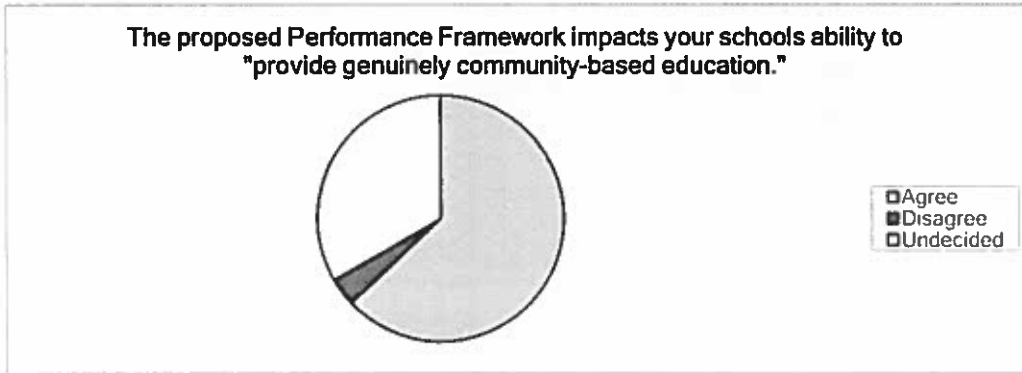
Answer Options	Response Percent	Response Count
Appropriate	15.4%	4
Needs changes	69.2%	18
Inappropriate	15.4%	4
Comments		3
<i>answered question</i>		26
<i>skipped question</i>		6



Question 23

The proposed Performance Framework impacts your schools ability to "provide genuinely community-based education."

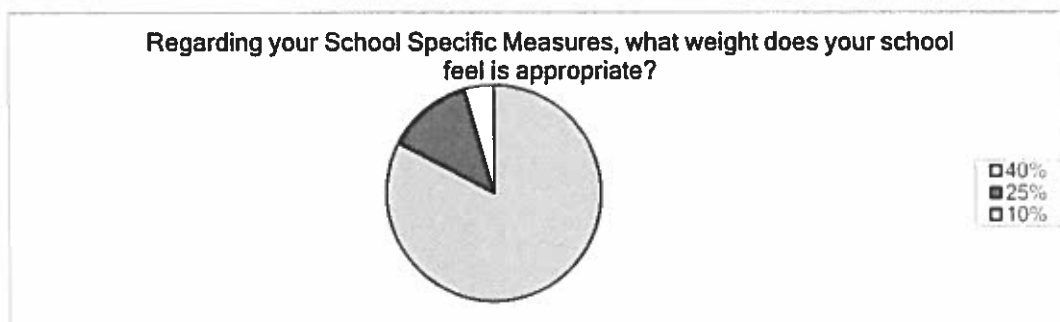
Answer Options	Response Percent	Response Count
Agree	63.0%	17
Disagree	3.7%	1
Undecided	33.3%	9
<i>answered question</i>		27
<i>skipped question</i>		5



## Question 24

Regarding your School Specific Measures, what weight does your school feel is appropriate?

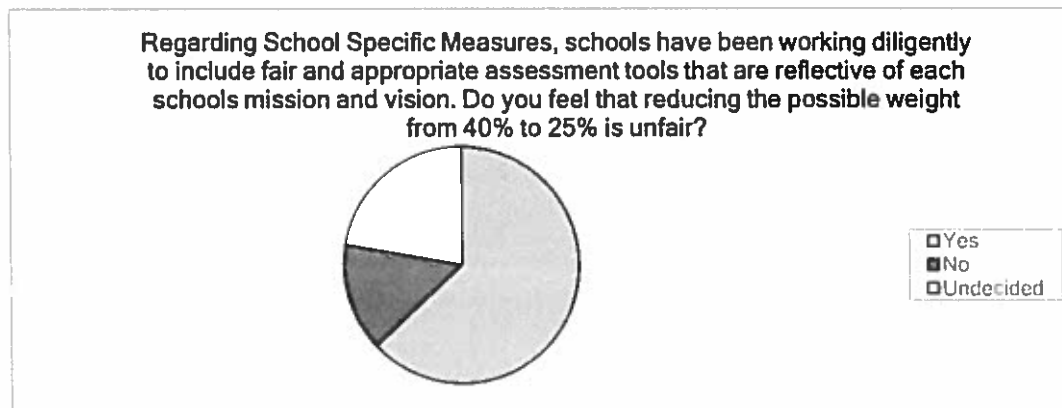
Answer Options	Response Percent	Response Count
40%	82.6%	19
25%	13.0%	3
10%	4.3%	1
0%	0.0%	0
Other (please specify)		7
<i>answered question</i>		23
<i>skipped question</i>		9



## Question 25

Regarding School Specific Measures, schools have been working diligently to include fair and appropriate assessment tools that are reflective of each schools mission and vision. Do

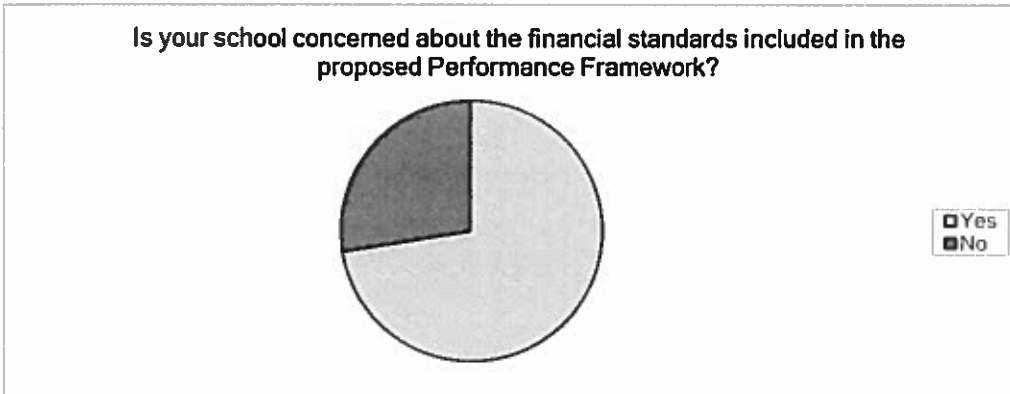
Answer Options	Response Percent	Response Count
Yes	63.0%	17
No	14.8%	4
Undecided	22.2%	6
Comments		4
<i>answered question</i>		27
<i>skipped question</i>		5



### Question 26

Is your school concerned about the financial standards included in the proposed Performance Framework?

Answer Options	Response Percent	Response Count
Yes	72.4%	21
No	27.6%	8
<i>answered question</i>		29
<i>skipped question</i>		3



### Question 27

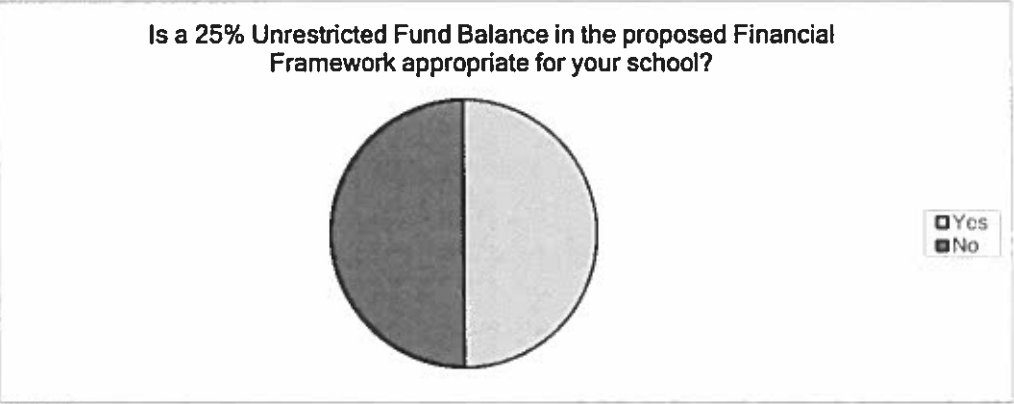
If yes, which items are of concern?

Answer Options	Response Count
	16
<i>answered question</i>	16
<i>skipped question</i>	16

Question 28

Is a 25% Unrestricted Fund Balance in the proposed Financial Framework appropriate for your school?

Answer Options	Response Percent	Response Count
Yes	50.0%	13
No	50.0%	13
<i>answered question</i>		26
<i>skipped question</i>		6



Question 29

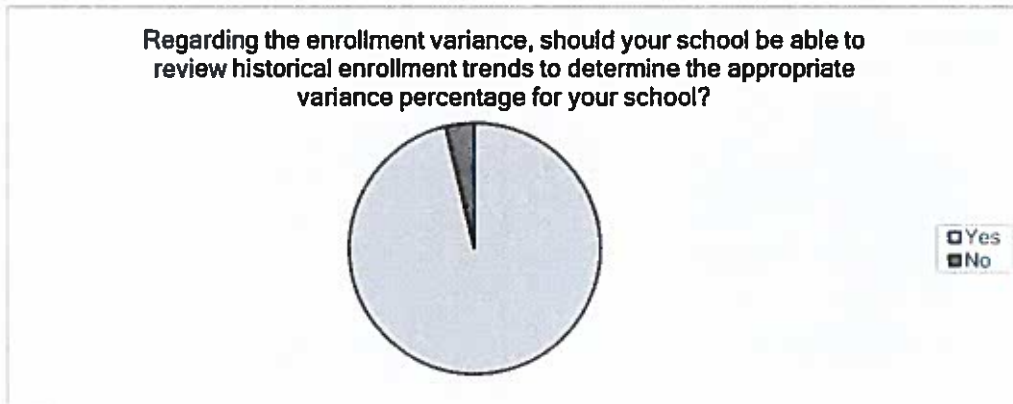
If no, why not?

Answer Options	Response Count
	14
<i>answered question</i>	14
<i>skipped question</i>	18

### Question 30

Regarding the enrollment variance, should your school be able to review historical enrollment trends to determine the appropriate variance percentage for your school?

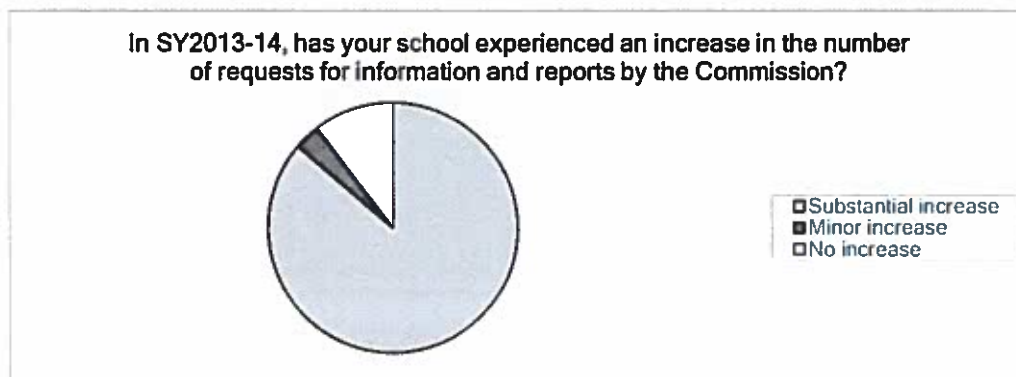
Answer Options	Response Percent	Response Count
Yes	96.3%	26
No	3.7%	1
<i>answered question</i>		27
<i>skipped question</i>		5



### Question 31

In SY2013-14, has your school experienced an increase in the number of requests for information and reports by the Commission?

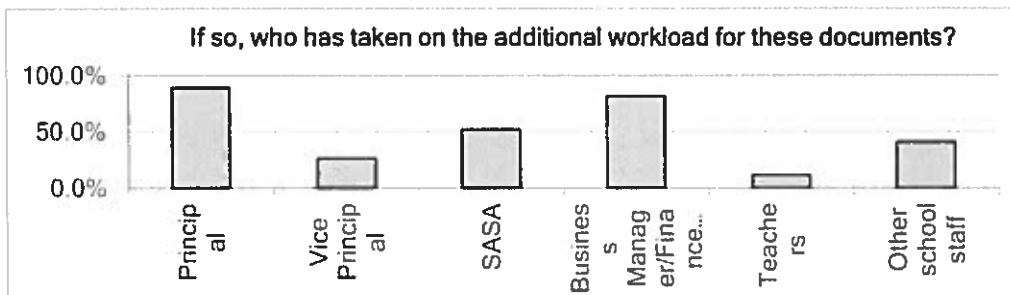
Answer Options	Response Percent	Response Count
Substantial increase	86.2%	25
Minor increase	3.4%	1
No increase	10.3%	3
<i>answered question</i>		29
<i>skipped question</i>		3



### Question 32

If so, who has taken on the additional workload for these documents?

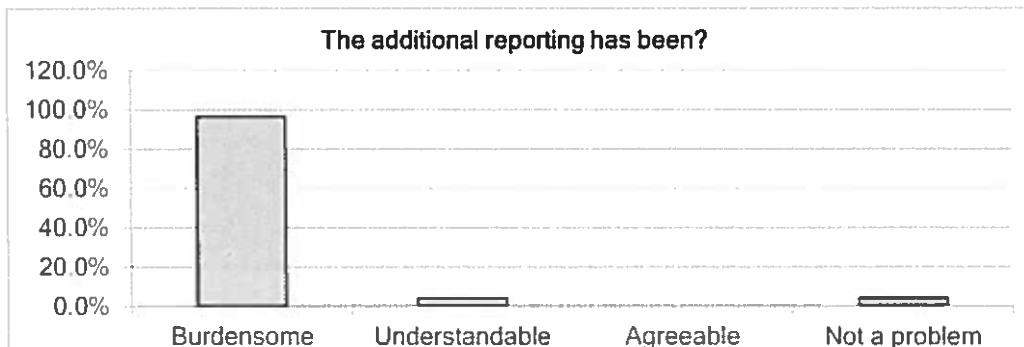
Answer Options	Response Percent	Response Count
Principal	88.9%	24
Vice Principal	25.9%	7
SASA	51.9%	14
Business Manager/Finance Office	81.5%	22
Teachers	11.1%	3
Other school staff	40.7%	11
<i>answered question</i>		27
<i>skipped question</i>		5



### Question 33

The additional reporting has been?

Answer Options	Response Percent	Response Count
Burdensome	96.4%	27
Understandable	3.6%	1
Agreeable	0.0%	0
Not a problem	3.6%	1
<i>answered question</i>		28
<i>skipped question</i>		4

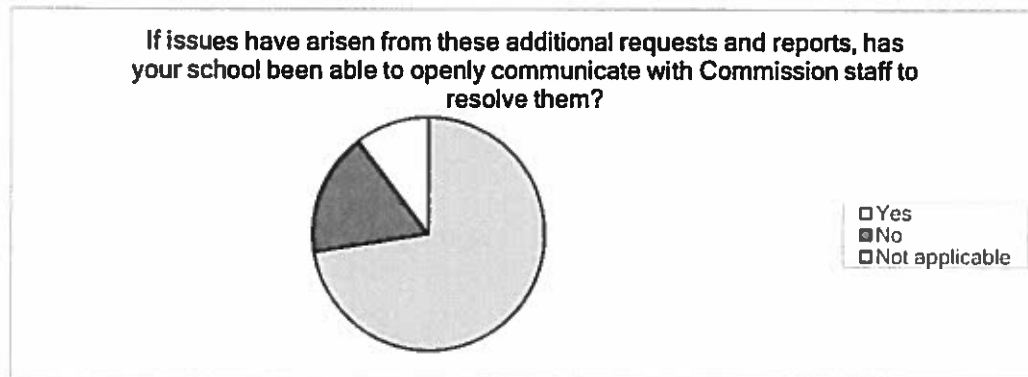




### Question 34

If issues have arisen from these additional requests and reports, has your school been able to openly communicate with Commission staff to resolve them?

Answer Options	Response Percent	Response Count
Yes	72.4%	21
No	17.2%	5
Not applicable	10.3%	3
<i>answered question</i>		29
<i>skipped question</i>		3



### Question 35

Does your school have any additional comments?

Answer Options	Response Count
	12
<i>answered question</i>	12
<i>skipped question</i>	20

Nā Lei Na'auao  
Ph: #808-887-1117  
Fax: #808-887-0050  
NLN@kaho.org

# NĀ LEI NA'AUAO

## NATIVE HAWAIIAN CHARTER SCHOOL ALLIANCE

Hakipu'u Learning  
Center  
Kane'ohe, O'ahu

**Date:** May 7, 2014

**To:** Catherine Payne, Chairperson - Charter School Commission

Hālau Ku Mana  
Honolulu, O'ahu

**Cc:** Tom Hutton, Executive Director

**From:** Nā Lei Na'auao – Native Hawaiian Charter School Alliance (NLN)

Hālau Lōkahi  
Honolulu, O'ahu

The fourteen unified Hawaiian-focused public charter schools of the Nā Lei Na'auao Alliance (NLN), along with other supportive Hawai'i public charter schools, formally request the Committee delay approval of the proposed revision to the State Public Charter School Contract and deny the request to delegate authority to the Commission ED and form an Ad Hoc Committee.

Kanu i ka Pono  
Anahola, Kauai

Since April 24th, twenty-five public charter schools have voluntarily met on three separate occasions to review and discuss the proposed contract template. NLN has worked along with these twenty-five schools and has met with the AG specifically regarding Hawaiian education, attached is a mark-up that will support the "education with aloha" we deliver in our schools.

Kanu o ka 'Āina  
Kamuela, Hawaii

Ka 'Umeke Kā'eo  
Hilo, Hawaii

Furthermore, due to the complexity of the BOE Policies relating to Hawaiian language instruction, it is imperative that NLN schools have adequate time and input into their sole operating agreement, the Contract, which outlines their roles, powers, responsibilities, and performance expectations for the next 3 years. We respectfully request that due diligence be given to this bilateral process.

Ka Waihoia o ka  
Na'auao  
Waianae, O'ahu

Since inception, Hawaiian-focused and Immersion public charter schools have been dedicated to the revitalization of Hawaiian culture and language. Founded on core Hawaiian values, the NLN schools continue to successfully integrate and instruct in Hawaiian language, culture and history as required by the Board of Education (BOE).

Kawaikini PCS  
Ehukai, Kauai

As stated in BOE Policies 2104 and 2105, with the amendment approval to BOE Policy 4000:

Ke Kula 'o Samuel  
M. Kamakau  
Kane'ohe, O'ahu

Hawaiian values should guide our educational General Learning Outcomes (GLO's) and provide the framework for the Hawaiian Education and Language Medium Policies 2104 and 2105, in which Hawai'i's public charter schools would like to support:

Ke Kula Nī'ihau 'o  
Kekaha  
Kekaha, Kauai

Kua o ka Lā  
Pahoa, Hawaii

**Kuleana:** Students are taught to become life-long learners. They understand and appreciate their kuleana and sense of purpose in society. (GLO 1 – Self-directed Learner)

Kula Aupuni Nī'ihau  
A Kahalelani Aloha  
Mālae, Kauai

**Mālama:** Students are taught to care for one another and work collaboratively. They care about their families, 'āina, communities and their kuleana. (GLO 2 – Community Contributor)

- 'Imi na'auao: Students are taught to seek knowledge and become critical thinkers. They learn to explore and evaluate from diverse perspectives to become innovative problem solvers. (GLO 3 – Complex Thinker)
- Aloha: Students are taught to give love and respect in and beyond the classroom. Aloha is reflected in the quality of the students' performance, interactions, and decisions. (GLO 4 – Quality Producer)
- Ha'aha'a: Students are taught to demonstrate a sense of humility in what they say and do. They observe, listen, and speak considerate of others and their environment. They respect the power of the word and use it efficiently and effectively. (GLO 5 – Effective Communicator)
- 'Ike pono: Students are taught to make ethical decisions with integrity. (GLO 6 – Effective and Ethical User)

Hawai'i's public education system should embody Hawaiian values, language, culture and history as a foundation to prepare students in grades K-12 for success in college, career and communities, locally and globally. Hawaiian language, culture, and history should be an integral part of Hawai'i's education standards for all students in grades K-12.

The Board of Education recognizes that appropriate support for and implementation of Hawaiian education will positively impact the educational outcomes of all students in preparation for college, career and community success.

The goals of Hawaiian education shall be to:

- Provide guidance in developing, securing and utilizing materials that support the incorporation of Hawaiian knowledge, practices and perspectives in content areas.
- Provide educators, staff and administrators with a fundamental knowledge of and appreciation for the indigenous culture, history, places and language of Hawai'i.
- Develop and implement an evaluation system that measures student outcomes, teacher effectiveness and administration support of Hawaiian Education. To ensure accountability, an annual assessment report to the BOE will be required.
- Use community expertise as an essential means in the furtherance of Hawaiian Education.
- Ensure that all students in Hawai'i's public schools will graduate with proficiency in and have an appreciation for the indigenous culture, history, and language of Hawai'i.

Also, as referenced by the Ka Papahana Kaiapuni BOE Policy 2105: Ka Papahana Kaiapuni (Kaiapuni Educational Program) provides students with Hawaiian bicultural and bilingual education. Additionally, the program contributes to the continuation of our Hawaiian language and culture. The Kaiapuni Educational Program offers students an education in the medium of

the Hawaiian language. The comprehensive program combines the use of Hawaiian teaching methodologies, language, history, culture and values to prepare students for college, career and to be community contributors within a multicultural society. The Department of Education shall develop the necessary rules, regulations, guidelines and procedures as well as an updated strategic plan for the program. Every student within the State of Hawai'i's public school system should have reasonable access to the Kaiapuni Educational Program. This policy is applicable to Kaiapuni public charter schools.

In closing, we would like to thank the Commission and Staff for the opportunity to voice these concerns. Please let us know how we can positively collaborate on this important matter ensuring success for all our students in Hawai'i's public school system!

Mahalo nui loa,

Ka'iulani Pahi'ō

A handwritten signature in black ink, enclosed in a hand-drawn oval. The signature appears to be "Kp" or a stylized version of the name.

Coordinator  
Nā Lei Na'auao –  
Native Hawaiian Charter School Alliance  
[kaiulani@kalo.org](mailto:kaiulani@kalo.org)  
808-890-2507 phone  
POB 6511 Kamuela, HI 96743

**WHEREAS, Article X, Section 1 of the Hawaii State Constitution provides for the establishment, support and control of a statewide system of public schools free from sectarian control, a state university, public libraries and such other educational institutions as may be deemed desirable, including physical facilities therefor;**

WHEREAS, the Hawai'i State Constitution includes a number of provisions specific to the Hawaiian language and its heritage including Article X, Section 4 requiring that the study of the Hawaiian language be promoted in the public schools; Article XII, Section 7 reaffirming and protecting traditional and customary Hawaiian rights exercised for various purposes; and Article XV, Section 4 recognizing Hawaiian as an official language of the state;

WHEREAS, the Hawai'i State Legislature has enacted a number of Hawaiian language-specific provisions relating to P-12 education that impact charter schools including in 1986, HRS 346-152 (a)(4) and (b) relating to programs for preschool-aged children through Hawaiian, in 1996, HRS 304A mandating a Hawaiian language college with a laboratory school program, in 2004, HRS 302H establishing Hawaiian language medium education, in 2012, HRS 302L-1.6 (b)(10) requiring a Hawaiian language medium early education representative on the early learning advisory board; in 2013, HRS 346-181 (a)(4) relating to the use of Hawaiian as a medium of education for preschool; and possibly other laws not listed here.

WHEREAS, over the years the Board of Education has also passed a number of policies relating to distinctive standards and programs using and teaching the Hawaiian language including updated BOE policies 2104 and 2105;

WHEREAS, other than the above state constitutional provisions, state laws, and BOE policies, schools using the Hawaiian language are subject to other state constitutional provisions and laws that protect those whose use the Hawaiian language and/or one or more other language affected by Hawaiian language;

WHEREAS, the state of Hawai'i and its Department of Education are subject to federal laws that relate to the Hawaiian language in education and to speakers of the Hawaiian language with examples being the Native American Language Act of 1990, various Native American language and Limited English Proficient provisions of the ESEA, and other federal laws;

**WHEREAS, the Hawaii State Legislature enacted Act 130, Session Laws of Hawaii 2012, effective June 19, 2012 and codified as Chapter 302D, Hawaii Revised Statutes (HRS), which sets forth the laws under which charter schools are created and governed;**

.....

**WHEREAS, through this Contract, the Parties are desirous of ensuring clear requirements for accountability while preserving the autonomy of the School to support new, innovative approaches to education and contribute to the development of high quality public charter schools throughout the State in either of the state's two official languages;**

WHEREAS, pursuant to Sec. 302D-2, HRS, any charter school holding a charter to operate under part IV, subpart D, of Chapter 302A, HRS, as that subpart existed before July 11, 2006, and any charter school holding a charter to operate under Chapter 302B, HRS, as it existed before June 19, 2012, shall be considered a charter school for the purposes of this chapter under a charter contract with the Commission unless the charter contract is revoked, transferred to another authorizer, or not renewed, or the charter school voluntarily closes;

WHEREAS, a number of charter schools, including those existing before July 11, 2006 were established and approved as Hawaiian language medium schools, Hawaiian immersion schools, Hawaiian bilingual schools, or Hawaiian culture-based schools;

WHEREAS, the School was granted a charter on XXXXXXXX which has not been revoked and therefore qualifies as an existing charter school pursuant to Sec. 302D-2, HRS; and

....

**1.3. Compliance with Laws.** The School and the Commission shall comply with all applicable federal, State and county laws, ordinances, codes, rules and regulations, as the same may be amended from time to time, provided that when distinct legal provisions for the Hawaiian language exist either in conflict with other legal provisions, or when distinct legal provisions for the Hawaiian language exist as an option, this Contract and the Commission shall allow the School to follow provisions for the Hawaiian language.

....

**3.3.1. Consistent with State law, the School shall implement the Common Core or other State academic standards as may hereafter be approved by the State Board of Education (BOE),** provided that for schools taught through the Hawaiian language those standards do not conflict with the Hawaiian language and its heritage, rather than English, being the content for Language Arts and Literacy in History/Social Studies, Science and Technological Subjects.

**3.3.2. The School shall retain the autonomy to select a particular curricular and/or instructional approach consistent with the Common Core or other State academic standards,** except that when the Common Core and other State academic standards conflict with the Hawaiian language and its heritage being the content for Language Arts and Literacy in History/Social Studies, Science and Technological Subjects, the School may select some other curricular and/or instructional approach that has a reasonable probability of ultimately producing high school graduation and college attendance rates among its students comparable to those produced by DOE schools for similar student populations.

....

### **3.5. Education of Students with Disabilities.**

~~3.5.1 The State Department of Education (DOE) is statutorily responsible for the provision of a free appropriate public education. If the School enrolls special education students or identifies one of its students as eligible for special education, the School shall be responsible for providing the educational and related services required by a student's individualized education program. The programs and services for the student shall be determined collaboratively by the student's individualized education program team, which includes the student's parents or legal guardians.~~

~~3.5.2. If the School is unable to provide all of the required services, then the DOE is responsible for providing the student with services as determined by the student's individualized education program team. The Hawaii Department of Education (DOE) is the State of Hawaii's "state education agency" (SEA) and The Commission shall collaborate with the DOE to develop guidelines related to the provision of special education services and resources to each charter school. The DOE is responsible for reviewing all of the current individualized education programs of special education students enrolled in a charter school and may offer staff, funding or both, to the charter school based upon a per-pupil weighted formula implemented by the DOE and used to allocate resources for special education students in the public schools.~~

~~3.5.3-3.5.1. The DOE is the State of Hawaii's "local education agency" (LEA) for purposes of compliance with the Individuals with Disabilities Education Act (IDEA). All public schools, including charter schools, are part of and fall under the LEA. As such, the School shall comply with all applicable federal and State laws, rules, policies, procedures, and directives regarding the education of students with disabilities, including but not limited to Ch. 8-60, Hawaii Administrative Rules (HAR), provided that the DOE provides these services through the Hawaiian language to schools taught through Hawaiian in a manner appropriate to the use of Hawaiian as the language of instruction.~~

~~3.5.3. The DOE is statutorily responsible for the provision of a free appropriate public education. If the School enrolls special education students or identifies one of its students as eligible for special education, the School shall be responsible for ensuring the educational and related services required by a student's individualized education program (IEP), appropriate for the official state language of instruction at the School, that is, either English or Hawaiian. If the School is unable to provide all of the services required by a student's IEP, the School will consult with the DOE to determine how services can be provided.~~

~~3.5.4. The programs and services for the student shall be determined collaboratively by the student's individualized education program (IEP) team, which includes the student's parents or legal guardian and an educator from the School fluent in the language of instruction.~~

**3.6. Section 504 and ADAAA. The School shall comply with Section 504 of the Rehabilitation Act of 1973 (Section 504) and the Americans with Disabilities Act Amendments Act and all related DOE rules, ~~polices~~ policies and procedures in its general curriculum, including but not limited to implementation of any formal Section 504 plan that has been developed for a student, all as may be amended from time to time. The Commission and/or the DOE will may provide training, consultation, and advice to**

the School as needed with regard to Section 504 compliance, including legal interpretations, recommendations for intervention strategies in the appropriate official state language used for instruction, and assistance in conducting Section 504 plan and review meetings.

**3.7. English Language Learners.** The School shall provide services to students with limited English proficiency and others who meet the federal definition of "Limited English Proficient" in ESEA in compliance with all applicable federal and State laws, regulations, rules, court orders, policies, procedures and guidance, all as may be amended from time to time, to ensure linguistic accessibility to the School's educational program. The Commission shall provide the School with technical assistance similar to those services provided received by the DOE-complex areas to the DOE-operated other public schools in the appropriate state official language of instruction, except as provided below. The School shall also assist Immigrant Children and Youth, as defined in Section 3301(6), Title III, Elementary and Secondary Education Act, as the same may be amended from time to time, in meeting the State academic content and student academic achievement standards that all public school students are expected to meet. Relative to students meeting the ESEA definition of "Limited English Proficient" in schools taught through Hawaiian, at the request of the School the DOE shall provide the School all funding under Title III Part A in accordance with Section 3128, while also abiding by Sections 3124, 3125, 3127, and 3129 and all funding under Title III Part B under Section 3216 as those various sections may be amended and added to from time to time, in meeting academic content and academic achievement standards that all students at the School are expected to meet.

**3.8.** The Commission and the School shall protect the constitutional rights and civil rights of parents enrolling children in the School and contest any retaliation by the DOE against School students, staff or administrators relative to parents exercising their constitutional and civil rights.

#### **4.1. Performance Frameworks.**

~~4.1.1-Consistent with the requirements of Sec. 302D-16(a), HRS, the School's academic performance under this Contract shall be evaluated based on the School's record of performance according to the State accountability system as may be amended from time to time consistent with State and federal requirements and shall give due consideration to the School's performance based on any Commission-approved school-specific indicators adopted by the School.~~

The School's academic, organizational, and financial performance under this Contract shall be evaluated using the Academic, Organizational, and Financial Performance Frameworks, respectively, attached as Exhibit B to this Contract, except when those frameworks violate laws or provisions of this Contract relating to the Hawaiian language. These Performance Frameworks shall supersede and replace any and all financial operation metrics, academic performance metrics, and organizational performance metrics established prior to the execution of this Contract and not explicitly incorporated into the Performance Frameworks. The specific terms, forms and requirements of the Performance Frameworks, including any required indicators, measures, metrics and targets, are maintained and disseminated by the Commission and shall be binding on the School except when those frameworks violate laws or provisions of this Contract relating to the Hawaiian language. Material amendments to the Performance Frameworks shall require approval by the Commission.



...

**4.3. State Accountability System.** The School shall be subject to and comply with all requirements related to the State assessment and accountability system for all public schools, except when those requirements require students and schools taught through one official state language to be evaluated through the other official state language. **The School shall administer all student testing as required by applicable federal and State law, rule, policies, and procedures.** The School may elect to administer assessments in addition to the State's summative test. These additional assessments will not be factored into the School's index score for the purposes of performance designations derived from the State school assessment and accountability system, but the School may use them for the School's are distinct from determinations made according to the Academic Performance Framework, which may include additional **Commission-approved school-specific goals and measures**, if any, and the Commission shall factor them into the overall accountability assessments in accordance with the Performance Frameworks, and which shall preclude any assessments made through an official state language other than the official state language used for instruction in the School.

**4.4. Board of Education Authority.** Pursuant to its duties under Article X, Section 3, of the Hawaii State Constitution, the BOE has the power to formulate statewide educational policy. The School shall only be subject to BOE policies that are specified in this Contract or are expressly identified by the BOE as applying to charter schools. If there is any conflict between an applicable BOE policy and a provision in this Contract, the BOE policy shall control, except when the BOE policy is in violation of state or federal law, including laws relating to the use of the Hawaiian language.

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**5.2. Admissions.** The School shall comply with its Admission Policies and Procedures as approved by the Commission and provided in Exhibit A (Educational Program). If the number of applicants exceeds the School's capacity of a program, class, grade level, or building, the School shall select students to attend using a random selection process that shall be publicly noticed and open to the public; provided that if the School is a conversion charter school serving as the home school for the DOE district, then the School shall follow DOE302D-34(c), HRS, and also provided that if the School is a Hawaiian language medium school, then the School shall follow 302H, HRS. These policies and procedures regarding admissions and **shall not be** subject to readily accessible from the random selection requirements home page of the School's website, as described in Section 11.4.1.

....

**5.5. Enrollment Preferences.** The School shall not impose enrollment preferences, except as provided for in 5.2 or as provided for in Exhibit A (Educational Program) or otherwise approved by the Commission, pursuant to Sec. 302D-34, HRS. Any enrollment preferences shall be included in the Admissions Policy and Procedures, as described in Section 5.2.

.....

6.5.6.4. Contracting for Educational Services. The School shall not enter into a contract or subcontract for comprehensive management or administration services of its core educational program or services, unless such services are provided under a legally recognized distinctive status of the School such as provided for in 304A, HRS or unless otherwise agreed to in writing by the Commission or identified in Exhibit A (Educational Program). Such contracting is conditioned upon the School developing a management agreement with the educational service provider that meets the conditions in Exhibit C to this Contract; provided requirements of a state law or a School Improvement Grant or other federal grant shall control.

6.42.6.10. Transportation. The School may provide its own transportation services or provide transportation through an agreement or contract with a private provider, or may access any other school transportation provided by law to it. The School shall ensure the safety of students in any transportation arrangement, and shall comply with state and county requirements pertaining to vehicles and drivers that transport students.

## 7. Facilities

7.1. Location. The School shall provide educational services, including the delivery of instruction, at the location(s) identified in Exhibit A (Educational Program); provided that the School may conduct class site visits to temporary locations not identified in Exhibit A and, with notice to the Commission, ~~may provide instruction~~ educational services at a university or college or at such temporary locations for a period not to exceed 30 calendar days. The School shall not operate in any other location without the prior written approval of the Commission, except for when students are receiving educational services through a college or university.

7.2. Occupancy Rights. The School shall possess the lawful right to occupy and use the premises on which the School operates. The School shall provide the Commission a copy of the School's lease, deed, or other occupancy agreement for all locations identified in Exhibit A (Educational Program), except if the School occupies DOE school or university facilities.

....

7.3.1. If the School is located in facilities other than DOE or University of Hawai'i system facilities, the School shall obtain and maintain any necessary certificates or permits required for use and occupancy of the School's facilities from the applicable building, zoning, fire, health, and safety authorities. The School shall immediately notify the Commission in the event that any such certificate or permit is jeopardized, suspended, or revoked.

....

8.3. Adjustments to Funding. The Commission's disbursement of per-pupil funds may be adjusted for the following reasons: (a) To reconcile projected versus actual enrollment counts; (b) To adjust the per-pupil amount due to restriction by the Governor or other reduction action; (c) To adjust the actual enrollment count based on an audit of pupil counts and per pupil revenue that impact the funding received by the School; or (d) To withhold funds due to non-compliance in accordance with Sec. 302D-28(f), HRS, except that such withholding of funds shall be less than .01% if the non-compliance is related to

use of the Hawaiian language in the school. The Commission shall have the discretion to determine whether to make an adjustment by: (i) Reconciling the adjusted amount in a subsequent disbursement to the School; or (ii) Either making payment to the School or requiring reimbursement from the School with at least thirty (30) days' written notice by the Commission.

**8.4. Facility Funds.** In each year in which funds are appropriated for charter school facility purposes, the Commission shall allocate the funds among eligible charter schools, except that no charter school shall be excluded from eligibility for such funds due to a dispute relating to the use of the Hawaiian language. All funds distributed to the School shall be restricted to the purposes of the appropriation.

**8.5. Federal Funding.** Pursuant to Sec. 302D-28, HRS, the School shall be eligible for all federal financial support to the same extent as all other public schools. The Commission shall timely distribute federal funds to the School based on any special provisions listed in Part 3 above and using otherwise the same methodology used by the DOE to distribute the funds to DOE-operated public schools; provided that the Commission may, by a majority vote at a public meeting, elect to employ an alternative distribution method where such discretion is allowed. The Commission shall make the DOE allocation methods publicly available and shall work with the DOE and the School where questions of equity may arise.

**8.6. Title I Funding.** The Commission shall furnish the School with a Title I, Part A of the Elementary and Secondary Education Act eligibility measure and shall provide Title I, Part A funds to the School based on that information. The School, if eligible, shall use Title I, Part A funds in accordance with applicable federal law and regulations including programmatic and fiscal requirements, and the Commission shall provide information to assist the School in understanding Title I, Part A requirements. The School shall provide a school plan that includes the components and school improvement elements required under Title I, Part A, and the Commission shall approve school plans within a reasonable timeframe. The Commission shall allocate set-aside funds in accordance with the intent and purpose of Title I, Part A to support academic progress in the School.

Notwithstanding the above portion of 8.6, the Commission shall join any school taught through the Hawaiian language in contesting any provisions on Title I in conflict with provisions in other Titles of ESEA or other state or federal law that protect use of the Hawaiian language in education and assessment. During such period when provisions of Title 1 are being contested the Commission shall continue to provide Title 1 funding to the School and hold it harmless relative to violating this Contract.

.....

**1. 10.3. Teacher Credentials.** The School's teachers shall comply with applicable State licensing requirements consistent with the Elementary and Secondary Education Act, State law, and collective bargaining agreement-agreements, as such requirements may be amended. Teachers shall be licensed by the Hawaii Teachers Standards Board and shall meet the federal designation of "Highly Qualified" as adopted by the DOE/BOE and defined in the "*Title IIA Highly Qualified Teacher Guidelines*," updated May 2012, as may be amended. If the School receives Title I funding, the School shall ensure that 100% of teachers in core academic subjects are Highly Qualified, and federal funds shall not be used to pay for

**teachers who do not meet this requirement.** Notwithstanding the above portion of 10.3, the School may hire teachers for Hawaiian language, history or culture in accordance with the Hawaii State Constitution Article X, Section 4, as well as those who teach through Hawaiian in accordance with the Native American Languages Act of 1990, Section 104.

\*\*\*\*\*

**10.4. Evaluations.** Pursuant to Board-of-Education-Policy-2055-federal and state law and policy, the School is responsible for implementing principal and teacher evaluation systems that are based on efficiency, ability, contribution to student learning, and growth. The School may elect to implement the State-developed educator evaluation system or to develop and implement its own educator evaluation system that meets the criteria outlined in BOE-Policy-2055 by the Commission, as may be amended from time to time. Notwithstanding the above portion of 10.4, Schools taught through the Hawaiian language shall not have criteria imposed upon them that require use of a language other than Hawaiian in assessing principals and teachers in any area, including efficiency, ability, contribution to student learning, and growth.

**10.5. Non-Instructional Employees.** The School shall ensure that the School's non-instructional employees or agents are experienced and fully qualified to engage in the activities and perform the services required under this Contract, and that all applicable licensing and operating requirements imposed or required under federal, State, or county laws, and all applicable accreditation and other standards of quality generally accepted in the field of the activities of such employees and agents are complied with and satisfied. Schools taught through Hawaiian may include proficiency in oral and written Hawaiian as a requirement for employment of non-instructional employees

...

~~11.4.11.5.~~ **Educational Data.** Pursuant to Sec. 302D-23, HRS, the School shall comply with the minimum educational data reporting standards established by the Board of Education (BOE) and with additional data reporting required by the Commission in its oversight of this Contract and shall ensure all data is accurate and complete. For the purposes of complying with the BOE's educational data reporting standards, the School shall only use data systems that have been approved by the BOE as complying with the BOE-approved data reporting standards and shall obtain prior written approval from the BOE for any data system that has not been so approved. Schools taught through Hawaiian shall not be penalized for reporting zero when the required data relates to a function that the Commission or DOE only provides through English

..

## 12. Monitoring & Intervention

**12.1. Monitoring.** The Commission shall continually monitor the performance and legal compliance of the School. The Commission shall have the authority to conduct or require oversight activities that enable the Commission to fulfill its responsibilities under Ch. 302D, HRS, including conducting appropriate inquiries and investigations, so long as those activities are consistent with the intent of Ch. 302D, HRS and adhere to the terms of this Contract and state and/or federal law. The Commission may take the necessary steps to evaluate the educational, legal, fiscal, and organizational condition of the School and to ensure that the School is in compliance with this Contract and state and/or federal law. To carry out its monitoring duties, the Commission may utilize a compliance management system and may require Schools to designate an individual responsible for administering the compliance management system.

**12.2. DOE Monitoring.** To meet its oversight and reporting obligations, the DOE, as the State Education Agency or Local Education Agency, may monitor the School for compliance with programmatic or fiscal requirements, including requiring reports or other documentation, under any federal or State law, including but not limited to special education provided that such monitoring does not itself violate a federal or state law. The School shall comply with all such monitoring by the DOE.

\*\*\*\*

**12.5. Intervention.** If the Commission finds deficiencies in the School's performance or legal compliance, the Commission and the School shall follow the Intervention Protocol attached as Exhibit D. Intervention may be initiated when the Commission finds that the School has failed to:

- (a) Comply with applicable laws, rules, policies or procedures;
- (b) Comply with the terms and conditions of this Contract; or
- (c) Meet performance expectations as set forth in the Performance Frameworks.

Failure to invoke the Intervention Protocol shall not be (i) construed as a waiver or relinquishment of any requirement under applicable laws, rules, policies, procedures, contractual terms and conditions or performance expectations; or (ii) deemed a necessary precedent to non-renewal or revocation. Before initiating intervention the Commission shall determine that there are no conflicts among a), b) and c) above or between them and any state or federal law.

..

~~15.3.~~**14.3. Governing Law.** This Contract shall be governed by and construed in accordance with the laws of the State of Hawai'i, including all requirements imposed by ~~DOE~~ BOE policy and regulation, and all applicable federal laws of the United States, including all such laws and policies relating to use of the Hawaiian language and protection of its speakers.

~~15.4.~~**14.4. Conflict Between Contract, Law, BOE policy and regulation, and Administrative Rules.** In the event of a conflict between this Contract, State law, BOE policy and regulation, and the administrative rules pertaining to charter schools, the

order of precedence shall be State law, followed by BOE policy and regulation, followed by administrative rule, followed by the terms and conditions of this Contract.

~~15.5.14.5.~~ **Disputes Resolution.** It is the intent of the parties to communicate on a regular basis in a positive and effective manner. The parties agree to communicate areas of concern as they arise and to address those concerns in a professional manner. Any disputes between the Commission and the School which arise under, or are by virtue of, this Contract and which are not resolved by mutual agreement, shall be decided by the full Commission in writing, within 90 calendar days after a written request by the School for a final decision concerning the dispute; provided that where a disputes resolution process is defined for a particular program area (e.g., IDEA, Section 504, etc.), the Parties shall comply with the process for that particular program area; and further provided that the parties may mutually agree to utilize the services of a third-party facilitator to reach a mutual agreement prior to decision by the full Commission. ~~Any such final~~ Subject to the availability of an appeal under Ch. 302D, HRS, or BOE administrative rules or procedures, any such **decision by the Commission shall be final and conclusive**, except that the Commission shall not make a decision that requires a Hawaiian language school to abandon any use of the Hawaiian language or for a Hawaiian language school to abandon any feature included in a state or federal law relating to the Hawaiian language.

Hakipu'u Learning Center  
Kāne'ōhe, O'ahu

## **Strategic Plan Executive Summary 2015**

Hālau Kū Māna  
Honolulu, O'ahu

### **Section 1: Elevator Pitch**

Ka 'Umeke Kā'eo  
Keaukaha, Hawai'i

NLN is a consortium of 17 Hawaiian Focused Charter Schools (HFCS), currently serving 4600 students on four islands, of which 68.5% are considered economically disadvantaged. Hosted by the KALO a 501(c)3 – NLN operates and manages charter schools committed to "Education with Aloha" by centralizing and/or sharing certain functions and resources among the schools.

Ka Waihoana o ka Na'auao  
Wai'anae, O'ahu

### **Section 2: Mission Statement**

Kamaile Academy  
Wai'anae, O'ahu

The mission of Na Lei Na'auao– Alliance for Native Hawaiian Education is to establish, implement, and continuously strengthen models of education throughout the Hawaiian islands and beyond, which are community-designed and -controlled and reflect, respect and embrace 'ōlelo Hawai'i, 'ike Hawai'i and Hawaiian cultural values, philosophies and practices.

Kanu o ka 'Aina  
Kamuela, Hawai'i

KanuikaPono  
Anahola, Kaua'i

Kawaikini PCS  
Līhue, Kaua'i

### **NLN Aims:**

Ke Ana La'ahana  
Keaukaha, Hawai'i

- ❖ Establish, implement and continuously strengthen Hawaiian-focused charter schools throughout the Hawaiian islands
- ❖ Collectively research, and gather and evaluate data to document the impact of Native Hawaiian education to inform the strengthening and evolution of community-designed and -controlled educational strategies
- ❖ Facilitate continuous collaborations with Hawaiian organizations towards the creation and on-going development of culturally appropriate standards, strategies and assessments for all stakeholders within the learning community
- ❖ Work collaboratively with other Hawaiian organizations in supporting our sustainable communities, particularly Hawaiian-focused charter schools
- ❖ Cultivate communities of empowered, resilient Learners grounded in EA-Education with Aloha

Ke Kula Ni'ihau 'o Kekaha  
Kekaha, Kaua'i

Ke Kula 'o Nāwahīkalanī'opu'u  
Kea'au, Hawai'i

Ke Kula 'o Samuel M. Kamakau  
Kāne'ōhe, O'ahu

Kua o ka Lā  
Pāhala, Hawai'i

Kualapu'u Elementary  
Kualapu'u, Molokai

### **NLN 10-year Vision: The Hawai'i Charter Community will experience:**

Kula Aupuni Niihau A Kahelelani  
Aloha  
Makaweli, Kaua'i

Mālama Hōnua  
Waimānalo, O'ahu

Waimea middle  
Kamuela, Hawai'i

1. Financial sustainability through economies of scale, viable funding and resources to thrive not survive
2. Facilities Support
3. Recognition of authentic, whole child assessments; nā haumana experiencing success in their learning processes
4. Students building a global awareness and connections through language development, college supports, international exchanges, flexible learning environments
5. Robust network of collaborations with alumni, community, Hawaiian organizations, universities
6. Enhanced professional capacity at all levels
7. Strong Advocacy and strengthened legislative presence through proactive positive communication strategies
8. Independent Authorizers, own district, LEAs

## NLN meeting notes – July 6, 2015

In attendance: (Hakipu'u, Kanu, Malama Honua, Kawaikini, Kua o ka La, Ke Kula Niihau, Halau Ku Mana, Kamakau, KALO)

### Strategic planning

#### Primary Objectives

##### -Day 1

-3 to 5 shared priorities that we agree are the most likely to positively impact our students, our vision.

-Agreement on the shared work

##### -Day 2

-where should we be 5 years from now?

-where should we be 1 year from now?

#### Interview & Timeline activity (celebrate our highpoints):

Pre 2000- Vehicle for start ups

2000-Choice, Toilet paper economy, Indigenous collaboration, Innovation, Keiki success "hoike"

2001- Kupuna (reflection, validation, approval), Ua lawa mākou i ka pohaku, seeing potential

2002- Miracles, Student aspirations

2003- Autonomy (practicing as kumu)

2004- Validation KS support, Partnerships + Collaborations

2005- Validation OHA \$

2006- Physical stability, HFCS Collaborations

2007- \$8K per student

2008-Ho'omaka Hou,

2009-

2010- Physical stability, Culturally responsive assessment & collaborative work, Accreditations

2011- Graduates who know their Kuleana

2012- Realizing a Dream, Epiphany, Validation thru grant support,

2013- Reach 10K+ students, Kahoiwai accreditation, Growth mindset (I beat the tent)

2014- Charter Masters graduation, KS 2020 Priority #1, Community engagement, Empowering student leadership + youth declaration

2015- Native Hawaiian Education, A'ole TMT (student testimony), Multigenerational Hawaiian (buy-in), Servant Leadership, "It's your fault", Ripple Effect, Future Effects

**Common Themes:** Validation (from students and community), Dedication, Rewards, Results, Community, Keiki believing in themselves and impacting even more than the school, A feeling that is infectious.

#### Factors that allowed this to happen?

##### Internal

- Willingness of parents to take a chance on us
- Resources available
- Synergy of Na Lei schools
- Collective vision
- Willingness to share
- Dedication & perseverance



#### **External**

- Funding & collaborative grants and awards
- Less regulation
- Greater support for innovation
- Partnerships with Community Orgs and their commitment to the schools
- Validation – more education efforts inviting us to the table, work collaboratively, leading to increased access
- Looking to charters schools as leaders and for inspiration

What do you value about yourself and others contributing to this experience? What do you value most about Hawaiian focused charter school education?

What are the core principles and values that NLN must AFFIRM, LIVE and CHAMPION in order for you to be engaged and committed to the shared work moving forward?

(Individual answers written and given to Mahina)

#### **Where do we want to be in 10 years?**

##### **Themes:**

1. Financially sustainable: Funding, resources, thrive not survive, economies of scale
2. Facilities Support
3. Recognition of authentic assessments: robust competitive evaluation, haumana successful
4. Vision for students: language, college supports, International exchanges, flexible learning
5. Collaborations: alumni returning to educate, partnership w/universities & for profits
6. Professional capacity: Kumu PLC, HTSB track, succession program, Kahoiwai
7. Advocacy: increased enrollment, strengthened legislative presence, visible communication strategy
8. Independent: Authorizer, Own district, LEA

##### **Opportunities:**

KS/HFCS work, Legislative Work, Expanded vision working with colleges/trade schools, Focus on HFCS needs, ability to get more resources, network, Na Lei, Authentic Assessment, Vision for students, Collaboration, Pursue Authorizer NLN Strat plan completion, Partnerships with KS/OHA/Kahoiwai/Native Hawaiian Ed Summit, Data and reputation, Good PR, KE EA student council, CRA working groups, ability to write and affect new policy, supportive legislators, charter representation within the DOE, separate authorizer, successful students who are able to meet challenges of career and work, Federal funding for indigenous education, Na Lei to regroup, economies of scale, KS Strat Plan, Ed Leadership Masters program, current charter schools become successors, more private funders, KS assessment work, change in Government officials, establish pilot CMO, write collective collaboration grant, rework Ku I Ka Lono to include kumu PLC, strengthened immersion system, serve as model for BOE policies like GLO's, prepare for the new job market, network of worldclass Hawaiian schools, OHA with authorizer support, Federal grants for charters, CDFI Lei Hoolaha, Universities collaboration for teacher certification/masters/student internships/early college, DHHL land use, building our own professional capacity, develop tools for assessing student achievement based on mission/vision, capitalize on current successes, recognition of the uniqueness of ourselves, interest of ohana who want this type of education for their keiki, HFCS as models for education innovation, graduates who return, tipping point of the movements growth, we are smarter and more

dedicated, successful practices to share, innovative minds, reauthorization of ESEA, accreditation, create HFCS authorizer, build network or support, NHEC and CNHA to help with advocacy/networking/resource.

**Threats:**

Charter School commission, Legislature, Time, Current Authorizer, Lack of resources including personnel and time, Data and reputation, Nonsupporters of HFCS, Lack of adequate funding, Charter schools shutdown, Commission only concerned with compliance monitoring, current Strive HI assessment, lack of facilities, charter pioneers retiring, no HFCS Authorizer, no succession plans, Po'o burnout, rising cost of living, hard to retain teachers, new BOE, not enough time to engage, bilateral contracts, Financial constraints due to using reserves to survive since 2009, inadequate facilities which limit enrollment growth, measured on single statewide assessment, staff positions filled not keeping up with demand limits growth, accountability, instability of funding sources, mismatch between expectations, reauthorization of ESEA, Halau Lokahi fallout causes guilt by association, loss of community control, state bureaucracy, burdensome compliance, hostile regulator, government connection to unions, commission policing, charters have no support for success, negative press and their partial truth reporting, legislature disconnects, narrow performance framework, inadequate resources.

**Opportunity Targets: (unanimous on top 5)**

- **Authorizer (15)**
- **Collaborations (11):** sharing load, Universities, KS, DOE Haw Ed office, NLN membership
- **Student success: (11)** globally competitive, haumana become successors
- **Assessment: (9)** Culturally responsive, based on schools vision/mission
- **Advocacy: (4)** Legislative support: Good PR,
- Professional development: rework, refine
- Increase student population because families desire HFCS

**Threat Targets: (unanimous on top 3)**

- **Commission Hostile (9)**
- **Funding: (6)** Loss/insufficient & lack of resources
- **Burnout (3)/Succession planning**
- Lack of appropriate assessments
- Power changes/BOE
- Negative & insufficient PR
- Legislation

**Priorities for committee development:**

1. Authorizer/Hostile Commission – Taffi, Katie, Keoni, Pat, Charlene, Kaleimakamae
2. Collaboration – Mahina, Suzie, Pat, Denise, Kaiulani, Meahilahila
3. Student Success/Assessment – Allyson, Tia, Meahilahila, Denise, Kaiulani
4. Advocacy/Funding – Taffi, Katie, Mahina

**Next Steps: (see shared google doc for this info)**

Strategic Direction - 10 Year Statement

5-Year Success Indicators

Year One templates

**Quarterly Milestones**

- Complete quarterly milestone sheet for each of the Year 1 targets

- Focus on Quarter 1 milestones
- Complete Quarter 1 implementation steps for each year 1 target
- Rules: don't sign anyone else up for kuleana without checking with them first and set next committee meeting dates to keep action moving along.

**Next Dates:**

July 13-14<sup>th</sup> Hoolako Like mtg possible meeting

July 20<sup>th</sup> 4:00-8:00pm after Native Hawaiian Ed Summit at Halau Ku Mana

July 21<sup>st</sup> Think Tank for Advocacy Committee TBD

Sept 9<sup>th</sup> OHA in Waimea details to follow

## NLN Think Tank Meeting

July 20, 2015 4:40pm -

Attendance: Olani & Roxy (Kā Umeke); Mahina & Ally (Kanu); Charlene (Hakipu u); Denise (Mālama Honua); Kaleimakamae (Kawaikini); Keoni (Hālau Kū Mana); Meahilahila (Kamakau); Ka iulani (NLN/KALO); Pilimai (Kua o ka Lā)

Strategies to pursue

- Talk with Commissioners as individual school po o. Then maybe later invite them to a NLN gathering/meeting. They want to hear our voices. **Draft common talking points. Ally, --will seek help from Aunty Pat & Taf.**
  - Suggestion: "Obviously you care about public education and quality innovative school choice or you wouldn't have agreed to be a Commissioner. We do to. We are not trying to set up bad schools. We are trying to set up schools relevant to our communities. How can we work together because right now there is a disconnect between commission staff & schools...."
- HFCS presence/representation at every Commission Meeting & Commission Committee Meetings. **Kaiulani to send out a reminder to all po o with a copy of the sign-up list.**
- If Commission Staff is continuing to hold meetings to gather feedback about renewal process, --Kaiulani on behalf of NLN to set up a venue & meeting through Sylvia on each island and invite commission staff. (Oahu, Kaua i, Maui/Moloka i, West Hawaii, East Hawaii). School po o & school governing boards to be invited and encouraged to attend.
- Uniform letters, petitions & testimony:
  - **Mahina & Aunty Charlene to draft template testimonial letter before next Commission Meeting.**
    - Renew contract for 3 years and utilize SY15-16, SY16-17 & SY17-18 data for next contract renewal process.
- Keoni to ask mana o from Kathy Tibbits & Cheryl Lange re: utilizing the next 3 years worth of data. Apples to apples v.s. apples to oranges
- Meahilahila, Aunt Charlene & Mahina from CRA steering committee mtg to ask Leinani about carving out some time at KS HLD Po o PLC meetings for authorizer topic & charter contract renewal.

## NLN Think Tank Meeting

July 20, 2015 4:40pm –

Attendance: Olani & Roxy (Kā Umeke); Mahina & Ally (Kanu); Charlene (Hakipu u); Denise (Mālama Honua); Kaleimakamae (Kawaikini); Keoni (Hālau Kū Mana); Meahilahila (Kamakau); Ka iulani (NLN/KALO); Pilimai (Kua o ka Lā)

### Other Homework for all Po o:

- Read Margaret Lim's Keeping Authorizers Accountable (Meahilahila & CRA steering committee to talk with Margaret at next steering committee mtg on 8/10)
- National level research re: states with more than one authorizer, what kind of organizations become an authorizer, what's the best model...
- Check Commission Website for slides/data they presented at HPCSN meeting on 7/16-7/17 when they discussed frameworks & charter renewal

### Some mana o about "Why isn't the current Authorizer sufficient?"

- Do or die mentality
- It's all about compliance not caring if a charter school succeeds
- No autonomy. Trying to push us in a one size fits all.
- All gets grouped into one category after one school fails at something or gets negative press.
- Compliance driven.
- Own national organization recommends not more than 10-12 per authorizer

### Mana o about "What values & principles would be present with new Authorizer"

- Authorizer accountable to state funders but also accountable to schools they serve.
- Checklist so can demonstrate being impartial, transparent & accountable: We would still have to meet federal and state mandates, health and safety assurances, financial audits, etc...
- Committed to genuine innovative, community based education

### Un answered Questions

- If we work for another authorizer & that authorizer continues to be funded by leg/state, -how would we guarantee that it's different that time around and not another authorizer like we have today.
- How do we assure another Authorizer won't succumb to similar tactics? By not allowing an authorizer to oversee more than the recommended amount of charter schools

A White Paper – Nā Lei Na'auao, An Expression of Educational Dissent

August 25, 2015

***"The power of education extends beyond the development of skills we need for economic success. It can contribute to nation-building and reconciliation (Nelson Mandela)".***

The current social injustice in education inhibits the economic, health and educational well-being of Hawaiian students.

**PURPOSE:**

Knowledge is power, and education is the fundamental precondition for political development, democracy and social justice (Knowledge is Power).

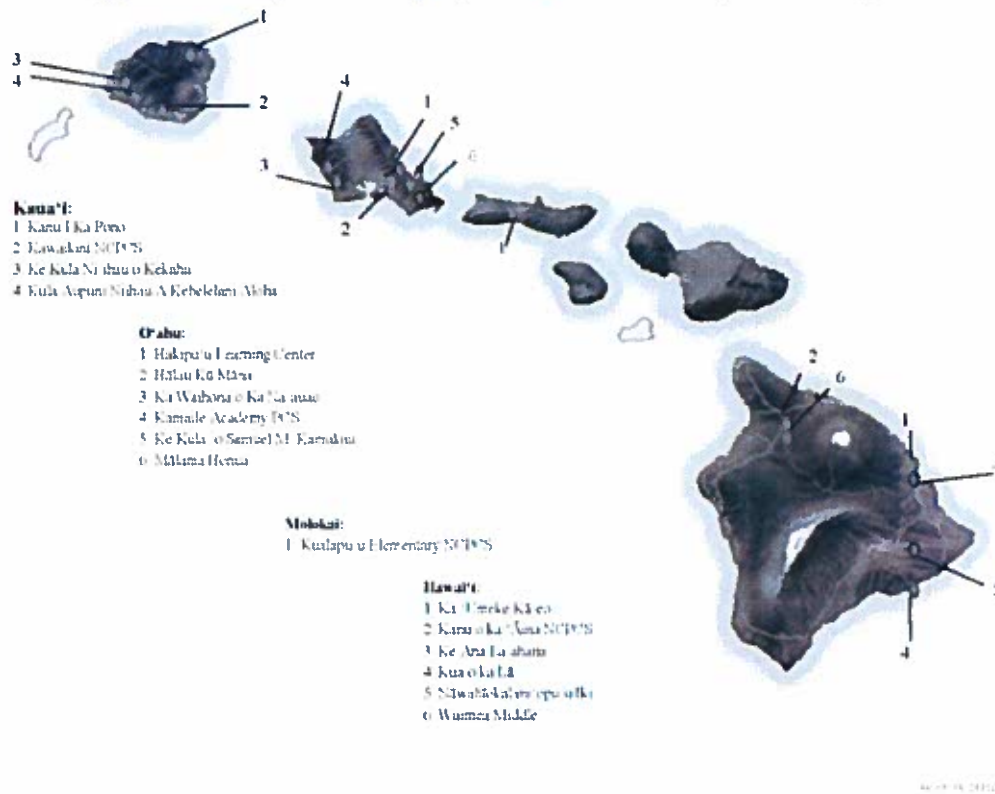
*Ernest Tavares, 2012 - University of Pennsylvania, Wharton School of Business wrote...It has been an honor learning alongside my peers and teachers who are like crew mates sailing with me into the unknown like our ancestors did eons ago. Kanu is and forever will be a place for pioneers. It is the first Hawaiian charter school and it has birthed a curriculum so radical that I myself am amazed at what I learn each day.*

*My experiences at Kanu have shaped me into a confident, young Hawaiian ready to tackle any challenge. I am confident not because of what I know, but because I recognize how much more there still is to learn. I anticipate taking the knowledge that Kanu has bestowed upon me and applying it to the world of business as I attend the Wharton School of Business at The University of Pennsylvania this fall. Without my learning family, who over the years have literally become my family, I could not have achieved all of the things that I have. Thank you to all of the students, administration and especially the teachers who are like blood flowing through the veins of our school, for teaching and learning alongside me. I am humbled to be a product of such extraordinary people.*

**INTRODUCTION:**

Hawai'i is a non-majority state with 77% minority populations noted in 2012 Census Bureau statistics. It is the only state with two official languages, English and Hawaiian. With the advent of the New Century Public Charter School Sector in 1998, Nā Lei Na'auao Alliance for Native Hawaiian Education (NLN), an alliance of culturally-based, Hawaiian-focused public charter schools located on Kaua'i, O'ahu, Moloka'i and Hawai'i, have come together to provide viable choices in education for students in grades PK through 12. Charter schools have become the primary vehicle to create a new community driven educational sector. The mission of NLN is to establish models of education which are community designed and controlled and reflect, respect and embrace Hawaiian cultural values. Fifteen years later, over 4,100 students are enrolled in seventeen culturally-based, Hawaiian-focused charter schools; a majority of the students enrolled are of Hawaiian ancestry. All of these schools share one commonality, large populations of economically-disadvantaged students.

## Nā Lei Na'auao – Alliance for Native Hawaiian Education SY 15-16



At the beginning of the 20<sup>th</sup> century it appeared that native Hawaiians rich cultural beliefs and practices were destined for extinction. While the population has rebounded in the second decade of the 21<sup>st</sup> century, native Hawaiians continue to live as an impoverished underclass. According to the White House initiative on Asian Americans and Pacific Islanders, one in five Native Hawaiians live in poverty today. According to Kamehameha Schools, these children have the lowest on-time high school graduation rates and only 14.3% complete a college degree, identifying just two major markers indicating educational progress.

The population of school-aged Hawaiian children is expected to double over the next several decades, growing from approximately 85,000 today to 190,000 by 2050. Without significant intervention, more and more of these children may face poverty and its social economic impacts, thereby perpetuating a devastating cycle of deprivation that can impact Native Hawaiians of all ages far into the 21<sup>st</sup> century.

### BACKGROUND:

Initial studies evaluating the impact of Hawaiian models of culturally-based education back the conclusions drawn by teachers, parents, and children embracing these models. Kamehameha Schools released the results of “the first large scale empirical study” on the relationship between Hawaiian-focused culturally-based education and student outcomes. Researchers found that Hawaiian students exposed to culturally-driven educational strategies have a stronger sense of socio-emotional well-being, deeper engagement with their school, and a stronger commitment to civic activities in their community.

Researchers also concluded that these factors, especially socio-emotional well-being, are directly tied to academic achievement.

Given the vast majority of Native Hawaiian children who attend public schools—60,000 at present—NLN, KALO, Kamehameha Schools, the Office of Hawaiian Affairs and NHEC community leaders throughout Hawai'i see the charter school movement as one of the most important vehicles for linking generations of Native Hawaiians to culture-based education. It also presents a historic opportunity to design and control an educational system that honors the language, customs, and traditions of an indigenous population as recognized internationally by the United Nations' Declaration on the Rights of Indigenous People.

Empowered by the following body of laws, Hawai'i Charter School leadership engaged with an educational mission for their communities:

- The Federal Government of the United States provides for *Equal Justice Under Law* and a *Free and Appropriate Public Education*.
- Hawaii State Constitution - ARTICLE X, EDUCATION, PUBLIC EDUCATION Section 1. *"The State shall provide for the establishment, support and control of a statewide system of public schools free from sectarian control, a state university, public libraries and such other educational institutions as may be deemed desirable, including physical facilities therefor. There shall be no discrimination in public educational institutions because of race, religion, sex or ancestry;..."*

HAWAIIAN EDUCATION PROGRAM, Section 4. *"The State shall promote the study of Hawaiian culture, history and language. The State shall provide for a Hawaiian education program consisting of language, culture and history in the public schools."*

- The HAWAII LEGISLATURE ACT 62, Session Law 1999 authorizing the creation of charter schools in Hawaii...*"To nurture the ideal of more autonomous and flexible decision-making at the school level, the legislature supports the concept of new century charter schools. The legislature finds that this concept defines a new approach to education that is free of bureaucratic red tape and accommodating of the individual needs of students to allow the State to dramatically improve its educational standards for the twenty-first century...the implementation of alternative frameworks with regard to curriculum; facilities management; instructional approach; length of the school day, week, or year; and personnel management...."* (SB 1502 C.D.1, 1999, p. 15).

#### Youth charge

On May 20th, 2014 at the World Indigenous Peoples Conference on Education, Hawai'i haumāna and youth from around the world produced a charge to the adults in a Declaration of Indigenous Youth.

#### Preamble

*We, the indigenous youth representing our native peoples of Aotearoa, Australia, North America, Europe, and Hawai'i, have gathered in Honolulu, Hawai'i at Kamehameha Schools Kapalama on this day, May 20th, 2014 to affirm our identities as indigenous peoples who proudly stand on the foundation laid before us by our elders and ancestors. As native peoples of our lands, we live by the values and principles embedded within our cultures, languages, and traditions. We stand carrying the future of our history while remaining grounded in the knowledge taught to us by our ancestors of old. As we voyage forward in time, we will not forget who we are: native youth of the world.*



### *Part 3: Education*

#### *Education and Indigenous Knowledge*

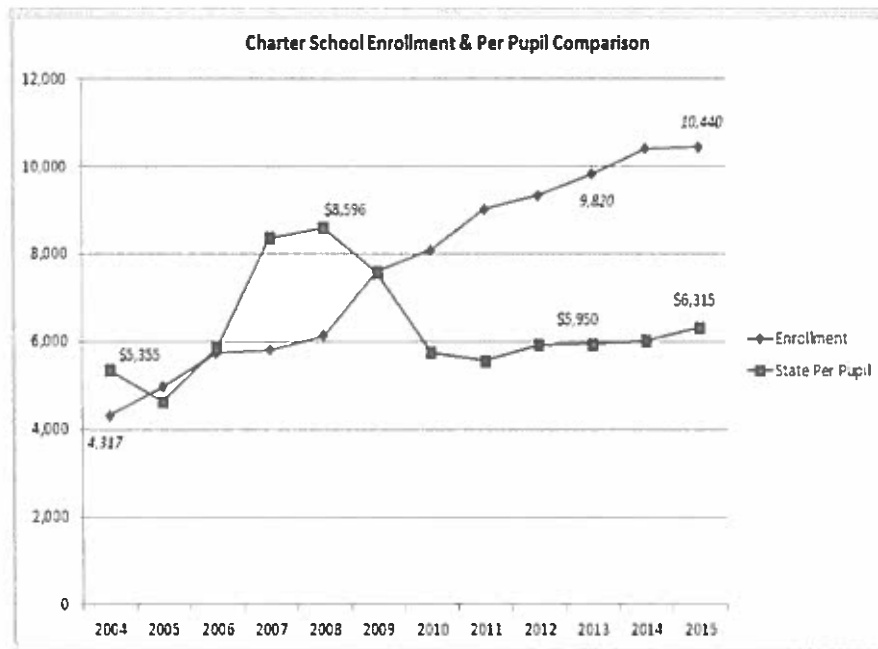
- *We affirm that all indigenous peoples have an equal right to a quality education at all levels*
- *We affirm the right to learn and perpetuate our culture, to have control over how those things are taught, and to provide education through native language and a cultural lens*
- *We affirm the right to establish and manage our own schools and education system, in our own language*
- *We affirm the right to build educational facilities and programs to educate other cultures about what is unique to our own*
- *We advocate that indigenous knowledge / education systems be given value and weight equal to those of the western world*
- *We support the transmittance of indigenous knowledge as a part of the educational legacy of native peoples, including but not limited to song, chant, dance, arts, crafts, and navigation*

Although established 15 years ago, community driven and controlled public charter schools continue to beg for funding, validate their existence, prove their worth, exceed the traditional public school bar, and constantly recruit community minded partners willing to invest in them . Donors and grantors although supportive, do not want to “let the State off the hook” for public education thus contributions remain minimal. Yet despite all odds, charter students repeatedly prove their resilience demonstrating impressive results.

Consequently, public education is being redefined in Hawai‘i as charter visionaries refuse to give up. Charter Schools are accountable, transparent, persevere, and their public school students deserve equitable and adequate resources for their education to include the basic necessities of food, shelter and transportation.

#### **PROBLEM:**

Obstacles prevent the charter school movement from fulfilling the fundamental ideology of indigenous education. Foremost, is the inequity in federal funding distribution, access to IDEA/Sped supports and identification processes, and lack of school facilities funding. Facility limitations due to the lack of financial support also create barriers to USDA food service reimbursements. What was once a question of equality and equity has become a question of economic survival.



The above chart shows that although charter school enrollments steadily increase annually, the per pupil funding dropped from its high of \$8,596 in 2008 to a consistent range of \$6,000 for all subsequent years. In comparison, the average State of Hawai'i Department of Education funding per pupil for years 2010 – 2011 thru 2012 – 2013 (excluding CIP) was \$12,181.

#### CASE:

Charter schools in Hawaii are public schools prohibited from charging tuition and mandated to provide FAPE. Issues regarding the parity of facilities support and federal funding to charter schools as opposed to non-charter public schools have arisen, with no resolution. Charter School Leadership has engaged with the Legislature for years to clarify the issues and find amicable solutions.

Numerous Task Force efforts and reports validating the disparities include:

- 2002 Legislative Reference Bureau Study "On The Level? Policy, Law and the Charter School Movement"
- 2003 New Century Charter Schools Allocation Project FY02-03
- 2005 Task force on Charter School Governance
- 2010 Takamine working group Equity Study
- 2011 Charter School Funding Task Force
- 2012 Task Force on Charter Governance Accountability and Authority

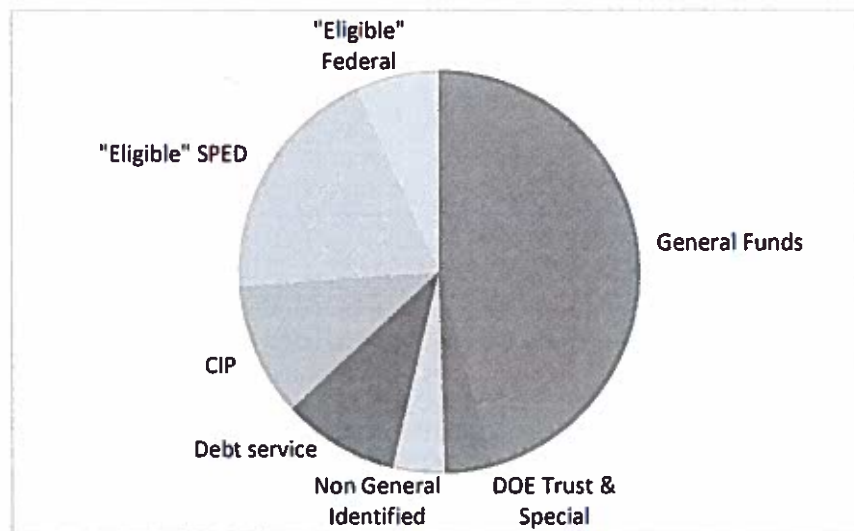
Findings from the above mentioned task force efforts include:

1. **ON THE LEVEL? POLICY, LAW AND THE CHARTER SCHOOL MOVEMENT** Legislative Reference Bureau 2002 states: "...federal regulations require states to treat charter schools and public schools alike.



2. THE CHARTER SCHOOL EQUITY STUDY OF 2010 STATE OF HAWAII LEGISLATURE DOE approved finding concluded that;

- Equity was not achieved with \$547 million in Federal & EDN150 funding.
- Access to services & grant notification inconsistencies were identified.
- Charters need access to Impact Fees.
- Charters had no mechanism to access \$225 million in facilities financing – CIP (other buckets of facilities support, R&M, debt-service, GO bonds, SPRBS where not discussed).

The graph below visually displays the extent to which charter school students and their schools were excluded from receiving over 50% of the combined federal and state public educational supports provided to traditional public schools.



2010 Equity Study

Key:  Indicates funds provided and available to Charters  
 All other colors are not provided to Charters

3. NEW CENTURY CHARTER SCHOOL ALLOCATION PROJECT – FY02-03, The Auditor – State of Hawaii states: ...funds for special education are excluded... funds for necessary state-level services; programs or projects for specific schools....and resources for new facilities.
4. CHARTER SCHOOLS FUNDING TASK FORCE FINAL REPORT TO THE 2011 STATE OF HAWAII LEGISLATURE states: ...the task force noted variation in federal funding, SPED and other non-general fund appropriations...(1) charter schools access to federal funding; (2) charter schools access to special education services/funding; and, (3) access, as appropriate, by charter schools to other non-general funds (e.g. Developer Impact Fees, Hawaii School-level Minor Repair & Maintenance from State Individual Tax Returns).
5. THE TASK FORCE ON CHARTER GOVERNANCE ACCOUNTABILITY AND AUTHORITY 2011 STATE OF HAWAII LEGISLATURE, states:...the task force recognizes the enormity of challenges facing Hawai'i's charter school system. Due to the short time line available to the Task

Force, and the complexity of the issues discussed, the Task Force believes the following issues deserve continued discussion among charter schools stakeholders; (1) Special education, (2) Funding, including facilities and transportation (3) Collective bargaining.

#### ISSUES:

- **No facilities**, no capital improvement funds, no debt service, no repair and maintenance, no credit enhancement, prohibited leverage – mandated compliant facilities
- **No food**, prohibited from PURCHASING food services from the Department of Education even for schools with majority “free and reduced” qualified students who should receive assistance from the federal government
- **No transportation services**
- **Inconsistent IDEA/SPED support**
- **No formula driven federal funding** disbursement that follows the child
- **Forced English language testing** for Hawaiian immersion students
- **No after-school services**
- An appearance of **overall inequity and social injustice**
- **Unconscionable contract manipulation**
- **Inadequate resources and over burdensome hostile regulatory compliance**

After exhaustive legislative work, NLN and supporters attempted another option for resolve. Ten schools were selected to gather evidence and perspective on the greatest challenges facing charter schools. A trusted legal expert was found to provide an analysis of constitutional issues raised by school leaders. The legal experts chose three main areas of focus: facilities, food, and funding to explore the feasibility of a legal remedy. A brief summary of the findings follows:

1. **Facilities** - Evaluating the funding gaps and disparate services experienced by Hawai'i charter schools: “...Notwithstanding the objectionable and disturbing nature of these state actions, the State’s exercise of authority appears to comport with the legislative intent of the operative state and federal statutes. As such, the plain language of the statutes precludes the court from remedying any charter school funding disparity by legislating from the bench, and underscores the importance of amending charter school legislation to include strong and clear language providing for the parity of funding and services....”

#### No statutory mandate for equal access to facilities for facilities funding

- Parity is promised only to the extent of “non-facility” funding allocations and by the express terms of the statute - neither the State nor the legislature, is mandated to make appropriations to charter schools for facilities costs under the statute (HRS 302D-28).

2. **Food** - Ninth Circuit held in the case of Richmond Welfare Rights Organization v. Snodgrass the participation in the NSLP is purely voluntary and does not require the provision of free or reduced price lunches to every eligible child. Id. At 202-03 acknowledged that no matter how “scandalous” or inhumanly callous” appellant’s position, or that as a result of same, “whole populations may be denied access to federally subsidized meals, while in other schools, some perhaps in more affluent parts, may benefit.” the Court was precluded from rewriting the statute or the regulations which control the lunch program.

#### No cause of action exists to compel the State to provide free and reduced price lunch programs to all eligible charter school students

- The States decision to terminate its administration of the lunch program to underfunded charter schools serving large numbers of Title I eligible students, even if inhumanly

callous and financially oppressive, is a lawful exercise of the State's authority and discretion under the NSLA.

3. **Funding inequity** - The ability to commence a lawsuit against the State for acts and omissions related to funding and service disparities between charter schools and traditional public schools is constrained by HRS 302D. Despite their principal role in the administration and oversight of charter schools throughout the state, the SPCSC, including their employees, agents, or board members acting in their official capacity, are immune from any civil and criminal liability with respect to activities related to charter schools authorized by them, so long as their disputed acts and commissions do not constitute willful misconduct.

The right to education was never explicitly nor implicitly guaranteed by the Constitution.

- a. San Antonio Independent School District v. Rodriguez, as a result of the Rodriguez court's determination that the Constitution does not require absolute equality or equal advantages in public education, equal funding litigation has been limitedly successful where state charter school laws may be interpreted and construed to all for equal funding.
- b. Sugar Creek Charter Sch., Inc. v. Charlotte-Mecklenburg Bd. Of Educ., The court held that the plaintiffs' contention was better suited for petitioning the legislature acknowledging the need to allocate scarce resources between two school factions and to ultimately favor traditional public schools, which were first in line and which remain within the power of the state. The court considered the concern that charter schools detracted from public school funds and other governmental purposes, and as a result, impacted traditional public schools' and received an education that is "largely exempt from regulation", their complaints of disparate treatment ignore their enjoyment of certain benefits and freedoms to which traditional public school students are not privy.

The analysis concluded that petitioning the legislature versus the judiciary may be a more efficient means of addressing the funding gap and its adverse impacts on Hawaii's charter school students.

In addition to the above, this year eight issues surfaced as charter schools enter into contract renewals that 21 entities believe are incongruent with state statute and current contract agreements.

1. If probation is accepted, a Governing Board (GB) would waive the right to appeal eliminating a GB's due process rights.
2. A portion of the contract renewal process Reports/Feedback/Guidance outlined in HRS 302D-18 and the current contract Section 14.2, has been eliminated under the current timeline. This removal is inappropriate and incongruent with Act 130 and the current contract.
3. The current process and timeline does not allow GB negotiations disregarding the intent and letter of Act 130. Each GB's rights to negotiate must be maintained and imbedded in the process and timeline.
4. The charter school Attorney General (AG) has taken the position that it is not appropriate for their office to negotiate the charter bilateral contract on behalf of GBs. Given the primary negotiator representing the commission is an attorney, GBs request that the Governor approve outside counsel on their behalf. An attorney's professional responsibility when acting in the attorney role is to allow the other party to also have attorney representation.
5. Under Article VII of the State Constitution, the practice of the State has been that agencies are only allowed to carryover 5% of annual budgets. A mandated 25% reserve of the annual operational funds allocation violates the constitutional provision.
6. The contract mandating Commission staff conducting inspections of student files and records may violate FERPA laws and policies. Clarification of the purposes and specifics of the record

review is required in order to ensure GB's do not violate IDEA access to student records and/or FERPA laws and policies.

7. A formal legal interpretation is required to outline the clear lines of Authority between the GB's and the Commission Staff to ensure the GBs and the Commission are fulfilling their fiduciary responsibility while maintaining the intended purpose and serving the best interest of the children.
8. With the passage of a new federal education bill, part of the authorization process involves a period of Rule Making to work out the implementation details of the law that can extend well into 2017. The contract must be aligned so implementation will be timely and relevant to new federal guidelines and laws. Honoring the current contract timeline instead of pushing it forward a year will allow alignment with the new federal guidance and breathing room to work with Commission staff to produce a realistic contract that serves all of our purposes.

It remains clear that each school shall have the opportunity to negotiate a bilateral contract due to its complexity and implications. Governing Boards should have access to legal counsel to guide them through the process. This will ensure that the authority of Governing Boards and their autonomy to control and be held accountable for the management of their respective charter schools, allowing the charter school's to meet the purpose of ACT 130 "to provide genuine community-based education." State-level charter school-law developments are closely monitored by Todd Ziebarth, senior vice president at NAPCS. Ziebarth believes that the ideal scenario is for charter laws to require at least two authorizers in the state (preferably one statewide authorizer and one large district that is interested in authorizing).

#### CALL TO ACTION:

**Establishment of a "Pathway II Hawaiian Authorizer" providing a world class, public education that is grounded in cultural values and affirms a strong connection to kuleana, nation-building and reconciliation.**

Equitable and adequate resources to run thriving charter schools allowing the appropriate level of transparency and accountability the public deserves, free of bureaucratic red tape to dramatically improve Hawaii's educational standards for 21st century and pilot innovation to give back to the traditional education system. A second public education pathway will offer instruction to public charter school students on Hawaiian history, culture, arts and language. Modeling the recent BOE E-3 policy: Nā Hopena A'o for the DOE; NLN for over 15 years has been strengthening a sense of belonging, responsibility, excellence, aloha, total-well-being and HĀ (BREATH) in our students. Through the foundation of Hawaiian values, language, culture and history, reflecting the uniqueness of Hawai'i and its meaningfulness in all places of learning, NLN delivers holistic learning processes with universal appeal and application. *If we provide a World class, values-aligned, affordable education, then we will have competent grounded citizens that are active community contributors to lead the next generation.*

***There can be no keener revelation of a society's soul than the way in which it treats its children*** Nelson Mandela (Reuters).

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Attachment  
8

Huijue Learning  
 Center  
 Kīhei, HI, Oahu

Hideo Ku Māna  
Honolulu, OahuKa' Unike K'eo  
Keanakahi Hava'ari

Kamuela Hama

Kamu (Ka Pono)  
Vaihola, Kaua'i

Lühne, K. and

Ke Ao o La'ahana  
Keaukaha, Hawaii

Ke Kula Nūhau ʻo  
Kekaha  
Kekaha, Kamaʻehu

Ke Kula o  
Nāwahikalanipuni  
Kee'au, Hawaii

Ke kula 'o Samuel M  
kamikan  
kāne'ohe, O'ahu

Kuan-yi Kuo  
Palo Alto, Hawaii

Kula, Arupuri, Nethan  
A Kachelelani, Aloha  
Makawela, Kater

*NĀ LEI NA 'AUAO*  
*Alliance for Native Hawaiian Education*

Date: September 4, 2015

**TO: Catherine Payne, Chairperson,  
Charter School Commission**

**Cc: Tom Hutton, Executive Director**

**FROM: Na Lei Na'auao Alliance for Native Hawaiian Education and Friends**

**SUBJECT: Charter Contract Renewal Criteria and Process**

Mahalo for the Commission's action extending the timelines for the bilateral contracts and for the subsequent staff meetings with Nā Lei Na'auao Alliance (NLN) and friends to include Connections Charter School, Kihei Charter School, Kamehameha Schools and The Office of Hawaiian Affairs. The August 6, 2015, meeting was appreciated with 24 representatives of 21 organizations attending the informational commission meeting in the morning and NLN debrief that followed.

While we agree the timeline is important to move the charter renewal contract process forward, the Alliance and the Governing Boards we represent have serious concerns regarding perceived misinterpretation or disregard for the law and question the legality of components that are included and omitted that impact the process and timeline currently proposed.

A long list of detailed concerns and questions that were discussed at the August 6th meeting with the Commission staff is currently being circulated amongst the group to bring forth comment however; we believe that there are overarching questions about the charter renewal process, interpretation of the law, and timeline that need to be addressed prior to getting into the details of the contract and its exhibits.

This representative group identified eight overarching issues that are incongruent with the statute and current contract. We are requesting clarification and neutral formal legal interpretation of the proposals and procedural details to commence as soon as immediately feasible. We further request that the legal opinion be disseminated to all schools and Governing Boards (GB) before requiring charter schools to sign contracts over provisions that may be outside the parameters of the laws GBs and the Commission are accountable to.

We request clarification of the following overarching issues with the charter renewal contract and timeline that we feel are problematic:

1. If probation is accepted, a Governing Board (GB) would waive the right to appeal eliminating a GB's due process rights.
2. A portion of the contract renewal process Reports/Feedback/Guidance outlined in HRS 302D-18, your administrative rules, and the current



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## *NĀ LEI NAʻAUAO* *Alliance for Native Hawaiian Education*

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Hālan Kū Māna  
Honolulu, Oahu

Kāʻūmeke Kūʻeo  
Keaukaha, Hawaii

Ka Waihana o ka  
Naʻauao  
Waiʻanae, Oahu

Kamaile Academy  
Waiʻanae, Oahu

Kūmukāʻāina  
Kamuela, Hawaii

Kūmukā Pono  
Anahola, Kauai

Kawaikū PCS  
Līhue, Kauai

Ke Anā Lahana  
Keaukaha, Hawaii

Ke Kula Nūhau ʻo  
Kekaha  
Kekaha, Kauai

Ke Kula ʻo  
Nāwahīkalanīʻopuʻu  
Keaau, Hawaii

Ke Kula ʻo Samuel M.  
Kamakau  
Kaneʻohe, Oahu

Kua o ka Lā  
Pāhoa, Hawaii

Kualapuu Elementary  
Kualapuu, Molokai

Kula Aupuni Nūhau  
ʻA Kihelani, Molokai  
Makaweli, Kauai

Māuna Hōnua  
Waimānalo, Oahu

Waimā Middle  
Kamuela, Hawaii

contract Section 14.2, has been eliminated under the current timeline. This removal is inappropriate and incongruent with Act 130 and the current contract.

3. The current process and timeline does not allow GB negotiations, disregarding the intent and letter of Act 130. Each GB's rights to negotiate must be maintained and imbedded in the process and timeline.
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5. Under Article VII of the State Constitution agencies are only allowed to carryover or reserve 5% of annual budgets. A mandated 25% reserve of the annual operational funds allocation violates the constitutional provision.
6. The contract mandate for Commission staff to conduct inspections of student files and records may violate FERPA laws and policies. Clarification of the purposes and specifics of the record review is required in order to ensure GB's do not violate IDEA access to student records and/or FERPA laws and policies.
7. A formal legal interpretation is required to outline clear lines of authority between GBs and Commission Staff to ensure that GBs and the Commission are fulfilling their fiduciary responsibility while maintaining the intended purpose and serving the best interest of the children.
8. With the passage of a new federal education bill, part of the authorization process involves a period of Rule Making to work out the implementation details of the law that can extend well into 2017. The contract must be aligned so implementation will be timely and relevant to new federal guidelines and laws. Honoring the current contract timeline instead of pushing it forward a year, will allow alignment with the new federal guidance and breathing room to work with Commission staff to produce a realistic contract that serves all of our purposes.

It remains clear that each school shall have the opportunity to negotiate a bilateral contract due to its complexity and implications HRS 302D-5(a)(4). Governing Boards should have access to legal counsel to guide them through the process. This will ensure that the authority of Governing Boards and their autonomy to control and be held accountable for the management of their respective charter schools is maintained, allowing the charter school's to meet the purpose of ACT 130 "to provide genuine community-based education."

Clearly, there is an obvious disconnect between the charter schools' philosophical approach and the commission staff's regulatory intention. It would be extremely helpful if the Commissioners, in conjunction with charter school communities,

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Ka Waiānalo  
Na'auao  
Waiānalo, Oahu

Kaunalo Academy  
Waiānalo, Oahu

Kauo ka 'Āina  
Kaua'i, Hawaii

Kauo ka Pono  
Molokai, Kaua'i

Kawakani P.O.  
Lihue, Kaua'i

Ke Anahāhā  
Kaua'i, Hawaii

Ke Kūia Nāhā  
Kekaha  
Kekaha, Kaua'i

Ke Kūia  
Nāwahāhāhā  
Kaua'i, Hawaii

Ke Kūia  
Kaua'i, Hawaii

Kūia  
Pihua, Hawaii

Kūia  
Kūia, Hawaii

Kūia  
Kūia, Hawaii

Māna  
Waiānalo, Oahu

Waiānalo  
Kaua'i, Hawaii

## *NĀ LEI NA'AUAO* *Alliance for Native Hawaiian Education*

clearly articulated the long-term strategic vision for the movement that would allow all entities to work together for the betterment of our students.

In the spirit of aloha we come to you with unified thankfulness and appreciation for the Commissioners' support to charter schools and ask for your continued support of the children and families we serve throughout the contract renewal process.

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Ka Waihana o Le  
Na'auao  
Waianae, O'ahu

Kamale Academy  
Waianae, O'ahu

Kanu o Ka 'Aina  
Kamuela, Hawaii

Kanaka Pono  
Aieo, Kauai

Kawakim PCS  
Ehoo, Kauai

Ke Ana La'ohana  
Keaukaha, Hawaii

Ke Kula Nihon'u  
Kekaha, Kauai

Ke Kula o  
Nāwahoku, Oahu

Ke Kula o Samuel M.  
Kane'ohe, O'ahu

Ku'o o Ka'i'i  
Ehoo, Hawaii

Kulapa'u Elementary  
Kualapa'u, Molokai

Kula Nipuni Nihon'u  
Kahalelani, Molokai

Ma'amaa Hema  
Waimanalo, O'ahu

Waima Middle  
Kamuela, Hawaii

## *NĀ LEI NA'AUAO* *Alliance for Native Hawaiian Education*

September 28, 2015

**Lance Mizumoto, Chairman and Members of the Board  
Hawaii Board of Education  
P.O. Box 2360  
Honolulu, Hawaii 96804**

Nā Lei Na'auao and other charter school leaders request your assistance in addressing issues of serious concern for Hawai'i Charter Schools. These issues were presented in formal written testimony to the Charter School Commission on September 10, 2015 and in individual presentations by Charter School leaders and supporters on multiple occasions over the past several months. While leaders believe Charter Commissioners are generally supportive of our schools, there is concern that the important issues have not been addressed. To date, they have not received a formal response on the issues raised in respective testimony.

Charter School leaders collectively feel that they are under inordinate, intensive scrutiny in a hostile regulatory and compliance environment that hampers their ability to focus on student learning, oversteps the authority and autonomy of its Governing Boards, and threatens the very existence of their schools. These negative operating conditions divert attention away from the true mission of educating students in innovative learning environments upon which each school was founded.

Charter school leaders are formally requesting Board of Education intervention to clarify the eight overarching issues cited in the enclosed testimony that they believe are incongruent with the current statute and contract and to seek legal interpretation of the same as necessary. School leaders are prepared to meet with Board of Education committees and/or be placed on board agendas soon for this purpose.

As Coordinator of Nā Lei Na'auao, an alliance of charter schools listed on this letterhead, I will avail myself to assist in any way, working towards a positive collaboration. Please feel free to contact me if you have any questions or to coordinate a follow up meeting. I can be reached on my direct line on Hawai'i Island at 890-2507 or by cell at 960-5272.

**Mahalo for your attention and consideration of our request.**

Sincerely,  
*Ka'iulani Pahi'ō*  
**Ka'iulani Pahi'ō, Coordinator**  
**Nā Lei Na'auao Alliance for Native Hawaiian Education**

**Enclosure**

To: Hawaii State Board of Education

Re: Charter School Listening Tour

As Founding Administrators of some of Hawaii's first start-up Charter Schools we have been involved in developing and refining the charter movement for the last 16 years. Collectively we have over a century of educational experience, a majority of it with Hawaii charters. Many of us have grave concerns regarding the following issues and humbly request your support. We are appealing to the BOE to clarify the vision of the charter school movement as an educational innovation model and investigate the perceived issues below. We also request while the investigation is ongoing, that no action be taken against a school, negative press from the commission be eliminated that may undermine due process, and individuals that speak their truth be protected from retaliation.

Finance:

- Two past annual audits of the Commission office show over spending beyond State allocations
- Annual Report clarifies millions of dollars in federal funding withheld from schools
- No check and balance on internal controls
  - Withholding per-pupil allocations until the last minute 6/30
  - Withholding % of allocation amount inappropriately 12/4/15 newsletter
  - Sending out inappropriate per-pupil funding amounts to schools
  - Withholding federal funding indefinitely
  - No clarity or communication regarding collective bargaining funding
  - The person receiving the funding for schools, is the one disbursing the funding, is the same one interpreting financials to withhold funding and reporting to the Legislature and BOE
  - Transferring payroll without schools consent in the wrong fiscal year

Disregard for the law:

- Refusal to negotiate with governing boards
- Contract manipulation and disregard
- Encroachment on governing boards authority and responsibility
- Consistently try to decline due process through contractual agreements
  - Preschool grant agreement
  - Current contract
- Not allowing new charters
  - attempted moratorium on new schools limiting ability to obtain federal funding
  - percentage of new schools to applicants
  - lack of community outreach to promote the movement
  - negative press
  - negative reports to legislators

Lack of response to significant issues charters have requests clarity on:

- "Parking lot" of last contact commissioner intervention
- Collective bargaining
- USDA Food Service exclusion of Title I students

Concerned Charter School Oldies Collective  
December 22, 2015

- Special Education
- Enrollment projections
- Title III
- Withdrawal and transfer students between DOE and charter

Hostile regulatory environment:

- Inappropriate timelines for communication responses to staff and due dates
- Only allowing HPCSN communication as formal input which requires significant membership dues and over half the schools are members.
- Micromanagement of Schools and Governing Boards via Epi Center
- Consistent negative press from staff
- Commission meeting agenda's not including submittals at posting while testimonies are due prior to submittals being posted online
- No notification that schools will be on the Commission meeting agenda for action
- Executive sessions that continue after the AG has left
- Changing compliance terms arbitrarily outside of the statute or contract
- Changing annual report without school consultation or notification
- Legislative lobbying to remove community control and gain individual control

Perceived Retaliation:

- Utilizing other agencies in perceived retaliation
  - Department of Human Services to end afterschool programs
  - Department of Human Services to end long operating preschools by removing waivers for Hawaiian schools
  - Ethics Commission
  - Office of Hawaiian Affairs
  - Auditors
  - Department of Health

Disregard for BOE Policies 2104 ad 2105 and E-3

Disregard for Accreditation as an educational best practice

Disregard for governing board due diligence processes and required timelines

Disregard for Sunshine Law

Manipulating DOE AYP data in performance matrix

We feel the current Commission and staff are creating such a complicated compliance environment that GB's and Administrators are destined to fail. We are accountable, transparent, and understand the compliance that the public deserves. We are available to clarify any of the above issues and provide background as needed.

Taffi Wise, Kanu o ka Aina Public Charter School

Gene Zarro, Kihei Charter School

Charlene Hoe, Hakipu'u Learning Center

John Thatcher, Connections Public Charter School

Alvin Parker, Ka Waihona o ka Na'auao Public Charter School

*Mission: Kūlia i ka Nui'u—Strive to reach your highest*

Na Lei Na'auao  
Ph #: 808-887-1117  
Fax #: 808-887-0030  
NLN@kalo.org

NA LEI NA'AUAO

Alliance for Native Hawaiian Education

Hakipu'u Learning Center  
Kāne ohe, O'ahu

June 6, 2016

Hālanu Kū Māna  
Honolulu, O'ahu

Hawaii Board of Education  
P.O. Box 2360  
Honolulu, Hawaii 96804

Ka 'Umeke Kā'eo  
Keaukaha, Hawai'i

Aloha Chair Mizumoto, Vice-Chair De Lima and BOE Members:

Ka Waihoana o ka Na'auao  
Wai'anae, O'ahu

Re: Support Board Action on request to Governor to veto House Bill 2205

Kamaile Academy  
Wai'anae, O'ahu

Kanu o ka 'Aina  
Kamuela, Hawai'i

Kanuika Pono  
Anahola, Kaua'i

Kawaikini PCS  
Lihue, Kaua'i

A BOE Listening tour took place in November-December 2015. 28 of 35 or 80% of the school communities took time and testified against the commission. That is a group representing approximately 8338 families. Private and public interests in the Commission's adjudicatory actions must remain in public forum. Maintaining the current public due process rights of the schools and communities they serve are critical at this time. In light of the listening tour comments and overwhelming testimony during the session against HB 2205, please request the Governor Veto the Bill.

Ke Ana La'ahana  
Keaukaha, Hawai'i

It is imperative that there be oversight of the Commission office by the BOE, due process NOT be undermined and public accountability and transparency be maintained.

Ke Kula Ni'ihau 'o Kekaha  
Kekaha, Kaua'i

We humbly request the BOE do all it can to ensure transparency and due process as the Commission conducts their official business.

Ke Kula 'o Nāwahīkalanī'opu'u  
Kea au, Hawai'i

Ke Kula 'o Samuel M. Kamakau  
Kāne ohe, O'ahu

Mahalo nui,

Kua o ka Lā  
Pāheā, Hawai'i

Ka'iulani Pahio, Coordinator for Na Lei Na'auao

Kualapu'u Elementary  
Kualapu'u, Molokai

Kula Aupuni Ni'ihau A Kāhelelani  
Aloha  
Makaweli, Kaua'i

Mālama Hōnua  
Waimānalo, O'ahu

Waimea middle  
Kamuela, Hawai'i

## Nā Lei Na'auao Alliance for Native Hawaiian Education

June 15, 2016

The Honorable David Y. Ige  
Governor, State of Hawaii  
Executive Chambers  
State Capitol  
Honolulu, Hawaii 96813

Aloha e Governor Ige:

Re: Request Veto House Bill 2205 CDI

We are Nā Lei Na'auao & Friends who represent 20 communities and over 5,500 families across Hawaii. We are humbly asking that you veto HB2205 CDI to maintain the processes that ensure public accountability and transparency.

The due process rights of the schools and communities we serve are critical at this time. Private and public interests in the Commission's adjudicatory actions must remain in public forum. In light of the BOE listening tour findings and overwhelming testimony during the session against HB 2205, please veto the HB 2205 CDI. We humbly request your support.

Me ka ha'aha'a (with humility),

Name	Address	City/Hawaii Zipcode	Phone	Signature
1 Taffi Wise	POB 6558	Kamuela, HI 96745	808 895 8129	Taffi Wise
2 Katie Bernier	PB 171	Kamuela, HI 96743	808 430 2058	Katie Bernier

*The mission of Nā Lei Na'auao Alliance for Native Hawaiian Education is to establish, implement, and continuously strengthen models of education throughout the Hawaiian Islands and beyond, which are community-designed and controlled and reflect, respect and embrace 'ōlelo Hawai'i and Hawaiian cultural values, philosophies and its practices. Education with Aloha.*

Nā Lei Na'auao - Alliance for Native Hawaiian Education  
Phone# 808-887-1117 Fax# 808-887-0030  
Email: NLN@kalo.org  
Contact: Ka'ulani Pahi'o

*Nā Lei Na'auao Alliance for Native Hawaiian Education*





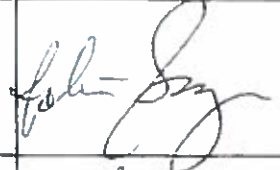




3 <i>Charlene Hox</i> Charlene Hox	P.O. Box 5432	Kaneohe HI 96744	(808) 235-9155	<i>Ch Hox</i>
4 <i>Branan Keoni Biny</i>	99.915 Aniani Pl Aiea	Aiea, 96761	808-330-8178	<i>BK</i>
5 <i>Anthony Fraser</i>	98-140 Kaulahau Place	Pearl City, HI 96782	808 594-8617	<i>Anthony Fraser</i>
6 <i>L. Kelling</i>	46509 Kilimekist	Kaneohe HI 96744	808 235-9175	<i>L. Kelling</i>
7 <i>Steve Sullivan</i>	P.O. Box 74	Kekaha, HI	808 651 0475	<i>Steve Sullivan</i>
8 <i>Jene Zarro</i>	300 Ohukai Rd 209 Kihai	Kihai, Oahu Kihai 96753	808 385 1197	<i>Jene Zarro</i>
9 <i>Namaka Rawlins</i>	497 Railroad Ave	Hilo, HI 96720	(808) 895 3347	<i>Namaka Rawlins</i>
10 <i>M. K. KAPUNIAI</i>	Box 6753	KAHUOLA HI 96742	(808) 936-0157	<i>M. K. KAPUNIAI</i>
11 <i>N. Mapunare Waipua</i>	P.O. Box 4997	Hilo, HI 96720	961-6328	<i>N. Mapunare Waipua</i>

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Nā Lei Na'auao - Alliance for Native Hawaiian Education  
Phone# 808-887-1117 / Fax# 808-887-0030  
Email: NLENA@kalo.org  
Contact: Ka'ulani Pahu'ō




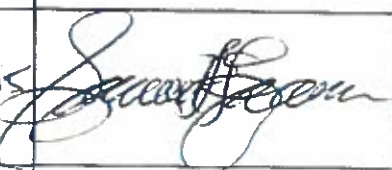

NĀ LEI NĀ AUO Alliance for Native Hawaiian Education

12 Nancy Levonsen	64-5214 Puu Nau 1	Kamuela, HI 96743	890-2513	
13 TE BENIONI	66-1705 Idinaka St	Kamuela HI 96743	890-2508	
14 Susie Osborne	14 5322 Keelema Kapeho Rd	Pahoa HI 96778	640-3439	
15 Pili Mai Traub	PO Box 5812 Kaikua-Kona 96745	Kaiku-Kona 96745	640-8103	
16 Roberta Souza	PO Box 4997 Hilo HI 96720	Hilo HI 96720	961-6228	
17 Marisa Hayase	41-054 Ehukai St	Waimanalo HI 96795	499-7387	
18 Robert Witt	1487 Hiikala Rd A44 Honolulu HI 96816		983-9600	
19 Lydia TRINIDAD	POB 11 <del>KUALAPUU HI</del> Kona	Kualapuu, HI 96757	808 227-3260	
20 Allyson Tamura	PO Box 398	Kamuela HI 96743	808-890 8252	

The mission of Nā Lei Nā Auo Alliance for Native Hawaiian Education is to establish, implement, and continuously strengthen models of education throughout the Hawaiian Islands and beyond, which are community-designed and controlled and reflect, respect and embrace 'olelo Hawai'i, and Hawaiian cultural values, philosophies and its practices. Education with Aloha.

Nā Lei Nā Auo - Alliance for Native Hawaiian Education  
Phone# 808-887-1117 - Fax# 808-887-0030  
Email: NLN@kalo.org  
Contact: Ka'ulani Pahrō

*NĀ LEI NA AUAO Alliance for Native Hawaiian Education*

21			808-960-5272	
Ka'iulani Pahiō	POB 1232	Honolulu, HI 96721		Ka'iulani Pahiō
22	1188 Kaumana Dr. Hilo, HI	96720	808-895-6856	John Thatcher
23	86-416 Popohau Waianae	96792	808-282-0528	
24	380 O'olu Kapaa, HI	96746	808-652-2085	
25	PO Box 1494 Pahoa, HI	96778	808-640-7101	
26				
27				
28				
29				

*The mission of Nā Lei Na Auao- Alliance for Native Hawaiian Education is to establish, implement and continuously strengthen models of education throughout the Hawaiian Islands and beyond, which are community-designed and controlled and reflect, respect and embrace ōlohe Hawai'i and Hawaiian cultural values, philosophies and its practices. Education with Aloha.*

Nā Lei Na Auao - Alliance for Native Hawaiian Education  
Phone# 808-887-1117 / Fax# 808-887-0030  
Email: NLENA@kalo.org  
Contact: Ka'iulani Pahiō

***NĀ LEI NA‘AUAO***  
***Alliance for Native Hawaiian Education & Friends***

August 15, 2016

Board of Education  
State of Hawaii  
1390 Miller Street, Room 405  
Honolulu, Hawaii 96813  
[BOE\\_Hawaii@notes.k12.hi.us](mailto:BOE_Hawaii@notes.k12.hi.us)

**Board of Education TESTIMONY: Tuesday, August 16, 2016**

VII. Public Testimony on Board Agenda Item V.D. Report on Investigative Committee investigating special review of State Public Charter School Commission...

**Humbly request the Board authorize a timely special review of the Commission and entertain provisions to protect schools through the 2017 contract renewal process.**

The longstanding issues between the charter schools and the commission have not improved since charter leaders approached the Board and Commission requesting clarity regarding the vision of the charter school movement in October 2015. The Governing Boards and School Administrators have been experiencing:

1. Breach of contract;
2. Disregard for State and Federal law;
3. Disregard for National Best Practice, Principles and Standards of Charter School Authorizing;
4. Disregard for Generally Accepted Accounting Standards;
5. Disregard for due process;

An example of the above five issues can be made clear using the topic of charter school finance. There were many concerns expressed during the listening tour regarding finances.

**Commission Audits:**

Concerns manifested from schools as a result of the last two external financial audits of the charter school commission office which proved overspending all the while charters were experiencing, inappropriate per-pupil allocations, lack of information regarding federal funding and collective bargaining disbursements, withholding of funds and delayed reimbursements.

On page 17 of the most recent Charter School Office External Audit done by CW Associates the financials clarified, in 2014 there was an **excess of expenses over revenue of \$(656,709); in 2015 \$(485,306) resulting in a net financial deficit of \$(367,592).** Additionally, the financials in the audits DO NOT match the last two annual reports done by the charter commission and presented to the BOE and Legislature.

**STATE PUBLIC CHARTER SCHOOL COMMISSION**  
(An agency of the State of Hawaii)

**STATEMENT OF ACTIVITIES**

**For the Year Ended June 30, 2015**  
(With Prior Year Comparative Information)

Functions/Programs	2015			2014		
	Expenses	Operating Grants Revenues	Net (Expenses) Revenues and Changes in Net Position	Expenses	Operating Grants Revenues	Net (Expenses) Revenues and Changes in Net Position
Governmental activities						
Support and administrative services	\$ 1,526,889	\$ -	\$ (1,526,889)	\$ 1,924,637	\$ -	\$ (1,924,637)
Instructional enhancement	2,010,615	2,010,615	-	2,218,815	2,218,815	-
Total governmental activities	<u>\$ 3,557,504</u>	<u>\$ 2,030,615</u>	<u>(1,526,889)</u>	<u>\$ 4,143,452</u>	<u>\$ 2,218,815</u>	<u>(1,924,637)</u>
General revenues						
Administrative fees charged to schools			967,558			1,235,363
Other grants and income			74,025			32,565
Total general revenues			<u>1,041,583</u>			<u>1,267,928</u>
Excess of expenses over revenues			(485,306)			(656,709)
Net position - beginning of year			117,714			774,423
Net position (deficit) - end of year			<u>\$ (367,592)</u>			<u>\$ 117,714</u>

See accompanying notes to the financial statements

17

The State Auditors Study of Public Charter Schools' Report Number 15-14, December 2015, page 10, found, "the financial data schools must currently submit to the State Public Charter School Commission do provide indications of possible financial stress. However, **human error and inexperience among commission staff contributed to their inability to recognize and interpret the information....**"

**Per-Pupil Allocation, Federal Funding Disbursements and Fringe Benefits Reimbursements:**

For the first time in Hawaii's history in 2015, the per-pupil funding allocated by the State legislature WAS NOT disbursed appropriately by the commission office and in accordance with HRS §302-D28 (attached).

The charter funding matrix is very complicated and includes various forms of funding from different legislative budget cost categories and other sources to include but not limited to:

- EDN 600 Per-Pupil Allocation – formula driven State allocated funds derived by the projected enrollment count on May 15<sup>th</sup> collected by the Commission
- EDN 650 Charter School Commission Office
- Federal Formula Driven Funds – provided to Hawaii by the federal government based on the number of students it serves, allocated to the SEA through the DOE to the Commission then the Schools, examples: Title I, Title II, Impact Aid

- Federal Discretionary Funds – competitive federal grants awarded to Hawaii, example: early education grant
- Fringe Benefits Reimbursements – charter schools pay for the fringe benefits of their public school employees up front and get reimbursed from Budget & Finance through the Commission
- Collective Bargaining Increases – the legislature sets some collective bargaining supports for public charter school employees however those supports are provided to the DOE and must be worked out with the Commission who in turn should send them to the schools
- Grants-In-Aid – the legislature awards and appropriates grant-in-aid support to charter communities through a host department.

All the while many charter schools were being highly scrutinized by the Commission for not having enough “days-cash-on-hand” outside of the parameters of the bilateral contract financial framework and put on financial monitoring while receivables were not being counted and component unit private supports were being discredited.

There are also many issues with timely disbursements, withholding of funds, questionable calculation in the timeframes where formal external audits reflect over spending of the commission office. The actions of the Commission and its staff have been outside of their scope and not in accordance with best practice where the Bilateral Charter School Contract, General Accepted Accounting Practices and Best Practice in Charter Authorizing is key.

**With impending contract renewal in 2017, please also consider some intervention regarding extenuating circumstances of an authorizer and charter relationship during contract renewal.**

The intent of the Commission and its staff to undermine community empowerments and due process rights of community by eliminating transparency became very evident this past legislative session. The Commission formally presented to the legislature that they intended on closing several schools. The commission legislative agenda focused on an elimination of due process rights to include:

1. Exempt the Commission from Chapter 92 - Government agencies exist to aid the people in the formation and conduct of public policy. Opening up the government processes to public scrutiny and participation is the only viable and reasonable method of protecting the public’s interest.
2. Exclude the Commission from requirements of Contested Case Hearings - State agencies that make decisions that could affect people’s “rights, duties, and privileges” must have a process for holding contested case hearings to provide the decision-makers with the most complete and relevant information.
3. Exempt the Commission from provisions of Chapter §91 Public information - methods whereby the public may obtain information or make submittals or requests, adopt rules of practice, setting forth the nature and requirements of all formal and informal procedures available.

There is abundant charter expertise in Hawaii, with direct links to National experts to include Senator Ember Junge who is credited with passage of the first charter school bill in the Nation, The National Charter School Alliance, Charter Friends National Network, The Center for Education Reform just to name a few. We are willing and able to support collective efforts to improve the working relationship with the Commission, create new authorizers to balance the system while encouraging best practice and strengthening Hawaii's public education.

**We support the BOE PIG recommendations and request Special Review and extenuating circumstance interventions as needed during contract renewal.**

Me ka ha'aha'a,

Nā Lei Na'auao & Friends

**For easy reference:**

**§302D-28 Funding and finance:**

(d) Charter schools shall be eligible for all federal financial support to the same extent as department schools. The department shall provide all authorizers with all state-level federal grant proposals submitted by the department that include charter schools as potential recipients and timely reports on state-level federal grants received for which charter schools may apply or are entitled to receive. Federal funds received by the department for charter schools shall be transferred to authorizers for distribution to the charter schools they authorize in accordance with the federal requirements. If administrative services related to federal grants are provided to the charter school by the department, the charter school shall reimburse the department for the actual costs of the administrative services in an amount that shall not exceed six per cent of the charter school's federal grants.

Any charter school shall be eligible to receive any supplemental federal grant or award for which any department school may submit a proposal, or any supplemental federal grants limited to charter schools; provided that if department administrative services, including funds management, budgetary, fiscal accounting, or other related services, are provided with respect to these supplemental grants, the charter school shall reimburse the department for the actual costs of the administrative services in an amount that shall not exceed six per cent of the supplemental grant for which the services are used.

All additional funds generated by the governing boards, that are not from a supplemental grant, shall be held separate from allotted funds and may be expended at the discretion of the governing boards.

(e) Authorizers shall calculate a general fund per-pupil amount based upon the amount of general funds appropriated by the legislature and released by the governor and the projected enrollment amount used to calculate the general funds appropriated pursuant to subsection (a).

Authorizers shall submit a report to the legislature no later than twenty days prior to the convening of each regular session that contains each charter school's current school year projection that is used to submit

the budget request, the updated May 15 enrollment projection, the actual October 15 enrollment count, the authorizer's reviewed and verified enrollment count, and the November 15 enrollment count.

(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, only to schools 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;

## **Chapter §92**

§92F-2 Purposes; rules of construction. In a democracy, the people are vested with the ultimate decision-making power. Government agencies exist to aid the people in the formation and conduct of public policy. Opening up the government processes to public scrutiny and participation is the only viable and reasonable method of protecting the public's interest. Therefore, the legislature declares that it is the policy of this State that the formation and conduct of public policy—the discussions, deliberations, decisions, and action of government agencies—shall be conducted as openly as possible.

## **Contested Case Hearings**

“Contested case hearing” is the name for quasi-judicial administrative hearings governed by Hawaii state law. State agencies that make decisions that could affect people’s “rights, duties, and privileges” must have a process for holding contested case hearings. The purpose of these hearings is to provide the decision-makers with the most complete and relevant information they need to make a proper decision.

## **Chapter §91-2 Public information.**

(a) In addition to other rulemaking requirements imposed by law, each agency shall:

- (1) Adopt as a rule a description of the methods whereby the public may obtain information or make submittals or requests.
- (2) Adopt rules of practice, setting forth the nature and requirements of all formal and informal procedures available, and including a description of all forms and instructions used by the agency.

Attachment  
14

*NĀ LEI NA'AUAO*  
*Alliance for Native Hawaiian Education*

State of Hawai'i, Board of Education

PUBLIC HEARING ON PROPOSAL TO PROMULGATE NEW HAWAI'I  
ADMINISTRATIVE RULES CHAPTERS 8-515 AND 8-517 RELATING TO CHARTER  
SCHOOL AUTHORIZERS

September 27, 2016    2:00 p.m.    Queen Lili'uokalani Building

**FULL SUPPORT**

NĀ LEI NA'AUAO ("NLN") Alliance for Native Hawaiian Education & Friends is pleased to submit testimony in strong support of proposed Hawaii Administrative Rules ("HAR") Chapters 8-515 and 8-517 relating to multiple charter school authorizers. The mission of Nā Lei Na'auao – Alliance for Native Hawaiian Education is to establish, implement, and continuously strengthen models of education throughout the Hawaiian Islands and beyond, which are community-designed and -controlled and reflect, respect and embrace 'ōlelo Hawai'i, 'ike Hawai'i and Hawaiian cultural values, philosophies and its practices. Our alliance and friends is comprised of 20 charter schools, many of which are the original start up schools following the passing of the first charter school law in Hawai'i in 1994.

The last 20 years of charter education have been a growing and learning experience for all involved and we sincerely appreciate the Hawai'i Board of Education ("Board") and the Board's staff for their commitment to public charter schools. Your dedication to the communities and families served by our public charter schools is evidenced most recently by your extensive work on the proposed administrative rules. We respectfully make the following requests **so long as the amendments are NOT deemed to be substantial, triggering another public hearing and five-month delay.**

Please note that although we are requesting amendments regarding funding, we collectively believe that funding should not be controlled by the authorizer, as proven by best practice in other states like Minnesota.

A. Authorizer duties to include receipt of all applicable funding for students

Hawaii Revised Statutes ("HRS") §302D-5 identifies charter school authorizer duties to include being responsible for: (1) the receipt of applicable federal funds from the State Department of Education ("DOE") and distributing to charter schools it authorizes; and (2) the receipt of per-pupil funding from the State Department of Budget and Finance ("B&F") and distributing to public charter schools it authorizes. Pursuant to HRS §302D- 28(f), authorizers make per-pupil distributions three times a year, with two major per-pupil distributions occurring by July 20 (based on student enrollment as of May 15) and by December 1 (based on October 15 student enrollment).

To the extent that proposed HAR §8-515-5(b)(7) identifies the duties of an authorizer to include those discussed above, we recommend the addition of a [new subparagraph "E"]:



“Being responsible for the receipt of funding based on a school’s student census from the department of budget and finance and distribution of the funding to the authorizer’s charter schools, including without limitation applicable facilities, administrative, grant and federal funds.”

B. Funding following the student is critical to the success of each transferring charter. Funding is an important issue, as charter schools struggle to meet their many expenses with their modest per-pupil funding and no food, transportation or facilities support. Accordingly, NLN requests that HAR §8-517-3 be revised to include a new subsection to read:

“Any and all outstanding funds to which a school is entitled or due, including without limitation funds related to facilities, administrative, federal, and grants-in-aid, shall be transferred to the new authorizer within thirty days of approval of the charter transfer or of receipt by the former authorizer.”

C. We note that fear of retaliation is a legitimate concern for schools that petition to leave their current authorizer, are denied, and are required to return to the first authorizer or face school closure. Therefore, we ask that provisions that may tend to limit or prohibit schools from practically transferring from the purview of the Commission be removed. Alternatively, please allow an initial period through 2020 for schools to apply for acceptance by a (non-Commission) authorizer notwithstanding the provisions of: HAR §8-517-3(b)(1), (4), §8-517-4(a), §8-517-5(a).

D. Amend HAR §8-515-5(c) to state “The Board shall make publically available” to ensure accessibility to the application process.

E. Amend HAR §8-515-10(a)(2) to state “Apply local and nationally recognized principles” to acknowledge and allow for local expertise.

F. Amend HAR §8-517-5(b) to state “The letter shall explain the reason for the request, provide evidence that the transfer is in the best interest of the charter school’s students as well as the school’s mission and vision and identify the proposed new authorizer”.

G. Amend HAR §8-517-3(a)(3) to add “A timely decision by the Board on whether to allow the transfer, not to exceed 60 days from transfer application receipt date” to allow the potential transferring school ample time for planning.

Mahalo for the opportunity to provide testimony in STRONG SUPPORT of the administrative rules. We reiterate that these amendments are only requested **so long as they are NOT deemed to be substantial, triggering another public hearing and five-month delay**. Should you have any questions, please feel free to contact any of the following school leaders below or Taffi Wise, KALO Executive Director on behalf of Nā Lei Na’auao at (808) 887-1117 or by email at [taffi@kalo.org](mailto:taffi@kalo.org).

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GOVERNING BOARD

**Late Testimony**

November 9, 2016

State of Hawaii  
Board of Education  
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Fax: 808.586.3433  
Email: BOE\_HAWAII@notes.k12.hi.us

**Board of Education's Special Review Investigative Committee  
Public Hearing  
Wednesday, November 9, 2016 - 1:30pm**

Aloha e Mr. Delima, Mr. Minn and Mr. Voss,

Kanu o ka 'Āina New Century Public Charter School (Kanu) is the first Hawaiian Focused Charter School and one of the first start-up schools which began in 2000. The Kanu vision to be a community-based learning 'ohana steadfast in cultivating compassionate, empowered, highly competent learners of all ages, grounded in Native Hawaiian culture and language. Kanu's mission is *Kūlia i ka nu'u*, or strive for the highest. A philosophy of excellence guides Kanu as we collectively design, implement and continuously evaluate and quality, culturally-driven, intergenerational Hawaiian model of education with Aloha.

We would like to bring to your attention critical issues we have had since first reaching out to the Board of Education leadership for support in October 2015. Since we shared our issues regarding lack of clear vision and mission and misalignment with the charter schools themselves as well as the challenges we have because of the lack of organizational capacity and infrastructure of the commission, circumstances have gotten worse.

The chronology of issues and relevant law, contract section, or best practice has been provided to give you the clearest picture of the very significant issues impacting Kanu over the past three years. There have been many incidences with the Charter Commission that threaten Kanu's current charter contract and its subsequent renewal. Kanu does not wish to have the charter contract revoked before seeking support from the only legal option available to the school and formal complaints to the AG for support have steered us back to the BOE.

Kanu has copious amount of documentation for each of the areas listed below, we have included only a sampling. However, if you would like specifics or more detail on any specific measure we will provide it.

The Governing Board of Kanu o ka 'Āina New Century Public Charter School and its Administration are experiencing:

1. Breach of contract;

2. Disregard for State and Federal law;
3. Disregard for National Best Practice, Principles and Standards of Charter School Authorizing;
4. Disregard for Generally Accepted Accounting Standards;
5. Disregard for due process;
6. Commission advice and mandates contrary to the charter contract and state law resulting in potential liabilities and/or fines for the school;
5. Reprisal against the school for requesting BOE intervention, ultimately resulting in the resignation of the commission ED, and formal investigation of the commission by the BOE Progressive Inquiry Group;
6. Reprisal through the issuance of unwarranted Notices of Concern/Deficiency which impact contract renewal;
7. Reprisal against the school by providing misinformation to other State agencies causing unwarranted inquiries;
8. Reprisal against the school for questioning the commissions annual audit report, resulting in inappropriate per pupil funding distribution, and delayed federal funding and fringe benefits reimbursement distributions;
9. Attempts by commission staff to undermine and control philanthropic grant funding to charters. Kanu feels it is being singled out because of its community support to the Hawaiian focused charter schools and the additional funding it brings the charter movement;
10. Inaccurate and misrepresented official commission documentation memorializing their position but not the position of school, and;
11. Breach of public trust regarding the per-pupil allocation and federal funding distribution for students as outlined in state law.

The actions of the commission directly impact Kanu's future contract renewal, philanthropic funding, accreditation and credibility. To the best of its knowledge, Kanu has complied with all State and Federal laws and requirements including the charter contract accurately, in a timely manner.

Kanu has made many request for third party intervention on multiple matters per the contract, and have been denied. The commission is discrediting the financial solvency of Kanu as well as other charter schools in an effort to close several charter schools as stated by commission staff in the legislative budget briefing on January 16, 2016.

Kanu would also respectfully request that you view the last three commission external audits

1. 2016 Public Charter School Commission, draft audit comment page 13 "Management has omitted the budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operation, economic, or historical context."

2. On page 17 of last year's Charter School Office External Audit done by CW Associates (attached) the financials clarified, in 2014 there was an **excess of expenses over revenue of \$(656,709)**; in 2015 **\$(485,306) resulting in a net financial deficit of \$(367,592)**. Additionally, the financials in the audits DO NOT match the last two annual reports done by the charter commission and presented to the BOE and Legislature.

STATE PUBLIC CHARTER SCHOOL COMMISSION  
(An agency of the State of Hawaii)

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2015  
(With Prior Year Comparative Information)

Functions/Programs	2015			2014		
	Expenses	Operating Grants Revenues	Net (Expenses) Revenues and Changes in Net Position	Expenses	Operating Grants Revenues	Net (Expenses) Revenues and Changes in Net Position
Governmental activities						
Support and administrative services	\$ 1,526,839	\$ -	\$ (1,526,839)	\$ 1,924,637	\$ -	\$ (1,924,637)
Instructional enhancement	<u>2,030,615</u>	<u>2,030,615</u>	<u>-</u>	<u>2,218,815</u>	<u>2,218,815</u>	<u>-</u>
Total governmental activities	<u>\$ 3,557,504</u>	<u>\$ 2,030,615</u>	<u>\$(1,526,889)</u>	<u>\$ 4,143,452</u>	<u>\$ 2,218,815</u>	<u>\$(1,924,637)</u>
General revenues						
Administrative fees charged to schools			967,558			1,235,363
Other grants and income			<u>74,025</u>			<u>32,565</u>
Total general revenues			<u>1,041,583</u>			<u>1,267,928</u>
Excess of expenses over revenues			(485,306)			(656,709)
Net position - beginning of year			<u>117,714</u>			<u>774,423</u>
Net position (deficit) - end of year			<u>\$ (367,592)</u>			<u>\$ 117,714</u>

See accompanying notes to the financial statements

Other formal documents raising concern, The State Auditors Study of Public Charter Schools' Report Number 15-14, December 2015, page 10, found, "the financial data schools must currently submit to the State Public Charter School Commission do provide indications of possible financial stress. However, **human error and inexperience among commission staff contributed to their inability to recognize and interpret the information....**"

Lastly, For the first time in Hawaii's history in 2015, the per-pupil funding allocated by the State legislature WAS NOT disbursed appropriately by the commission office and in accordance with HRS 302-D28. We further request there be an investigation into the distribution or lack thereof, of the federal titled funds under the control of the Commission office since 2012.

Respectfully submitted on behalf of Kanu o ka 'Āina Governing Board,

  
Taffi Wise, Chief Business Officer

Enclosure: Chronology

Sample Evidence:

1. Letter from Kanu GB to Commission evidencing - No negotiation of contracts or signing under duress or time to obtain AG support with threats of per-pupil allocation withholding letters dated 3/12/14 and 6/4/13.
2. Letter from Kanu GB to Commissioner Payne – requesting dispute resolution 4/27/16.
3. Testimony disputing notices of concern, notices of deficiency, processes of intervention protocol, breakdown in communication, request intervention 3/9/16.
4. Testimony clarifying no communication or notice, erroneous information 7/13/16 and 9/8/16.
5. BOE complaint 12/21/15.
6. Testimony opposing Commission Legislation exempting them from Chapter 91 and clarifying issues clarified in external audits of the commission with overspending gross overspending in 2014 and 2015, charters not receiving their allocations according to statute.

<p><b>Noncompliance with Hawaii Revised Statutes.</b> The charter school commission does not follow the charter school law. Its actions contradict or ignore the statutes which is implemented inconsistently and subjectively. Sections are undermined and manipulated presenting a misleading position that impacts philanthropic support, school credibility and charter contract renewals and undermines the Governing Boards role.</p>		
HRS: §302D-1 Definitions	<p>"Charter contract" or "charter" means a fixed-term, bilateral, renewable contract between a public charter school and an authorizer that outlines the roles, powers, responsibilities, and performance expectations for each party to the contract.</p> <p>"Charter school" or "public charter school" refers to those public schools and their respective governing boards, as defined in this section, that are holding current charter contracts to operate as charter schools under this chapter, including start-up and conversion charter schools, and that have the flexibility and independent authority to implement alternative frameworks with regard to curriculum, facilities management, instructional approach, virtual education, length of the school day, week, or year, and personnel management.</p>	<p>Status: No negotiation of contract Mandated signature under duress Data set up to fail</p> <p>Status: Undermined GBs authority</p>
§302D-3 State public charter school commission;	<p>(c) The commission shall consist of nine members to be appointed by the board. The board shall appoint members who will be tasked with authorizing public charter schools that serve the unique and diverse needs of public school students. The chair of the commission shall be designated by the members of the commission for each school year beginning July 1, and whenever there is a vacancy. The board shall consider the combination of abilities, breadth of experiences, and characteristics of the commission, including but not limited to reflecting the diversity of the student population, geographical representation, and a broad representation of education-related stakeholders.</p> <p>(d) Understanding that the role of the commission is to ensure a long-term strategic vision for Hawaii's public charter schools, each nominee to the commission shall meet the following minimum qualifications:</p> <p>(4) Knowledge of best practices. Each nominee shall have an understanding of best practices in charter school educational governance or shall be willing to be trained in such.</p>	<p>Status: Due process infractions Actions lack knowledge of best practice Actions lack knowledge of contract Actions lack knowledge of law Actions lack knowledge of charter school governance</p>



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<p>§302D-5 Authorizer powers, duties, and liabilities.</p>	<p>(a) Authorizers are responsible for executing the following essential powers and duties...</p> <p>(4) Negotiating and executing sound charter contracts with each approved charter applicant and with existing public charter schools;...</p> <p>(5) Monitoring, in accordance with charter contract terms, the performance and legal compliance of public charter schools; and</p> <p>(b) An authorizer shall:</p> <p>(1) Act as [the] a point of contact between the department and a public charter school it authorizes;</p> <p>(3) Be responsible for the receipt of applicable federal funds from the department and the distribution of funds to the public charter school it authorizes; and</p> <p>(4) Be responsible for the receipt of per-pupil funding from the department of budget and finance and distribution of the funding to the public charter school it authorizes.</p> <p>(e) Regulation by authorizers shall be limited to the powers and duties set forth in this section, and shall be consistent with the spirit and intent of this chapter.</p>	<p>Status:</p> <p>No contract negotiation Signing under duress Threatened with withholding of funds Do not follow the contract</p> <p>Status:</p> <p>No contact with DOE Conflicting administration of federal funds No responsible administration of per-pupil allocation</p> <p>Status:</p> <p>Over steps authority and powers; punitive interpretation Inconsistent and arbitrary execution Does not follow spirit and intent of the law</p>
<p>§302D-6 Principles and standards for charter authorizing</p>	<p>All authorizers shall be required to follow nationally recognized principles and standards for quality charter authorizing in all major areas of authorizing responsibility, including:</p> <p>(1) Organizational capacity and infrastructure;</p> <p>(2) Soliciting and evaluating charter applications;</p>	<p>Status:</p> <p>National best practice is not followed Authorizing practices lack consistency</p>

	<p>(3) Performance contracting; (4) Ongoing public charter school oversight and evaluation; and (5) Charter and charter contract renewal decision-making. Authorizers shall carry out all their duties under this chapter in a manner consistent with nationally recognized principles and standards and with the spirit and intent of this chapter. Evidence of material or persistent failure to do so shall constitute grounds for losing charter authorizing powers.</p>	
§302D-12 Charter school governing boards; powers and duties.	<p>(f) The governing board shall be the independent governing body of its charter school and shall have oversight over and be responsible for the financial, organizational, and academic viability of the charter school, implementation of the charter, and the independent authority to determine the organization and management of the school, the curriculum, virtual education, and compliance with applicable federal and state laws. The governing board shall ensure its school complies with the terms of the charter contract between the authorizer and the school. The governing board shall have the power to negotiate supplemental collective bargaining agreements with the exclusive representatives of their employees.</p> <p>(1) Governing boards shall have the power to make and execute contracts and all other instruments necessary or convenient for the exercise of their duties and functions under this chapter.</p>	<p>Status: Violates this statute</p>
§302D-16 Performance framework	<p>(a) The performance provisions within the charter contract shall be based on a performance framework that clearly sets forth the academic, financial, organizational, and operational performance indicators, measures, and metrics that will guide the authorizer's evaluations of each public charter school. The performance framework, as established by the authorizer, shall include indicators, measures, and metrics for, at a minimum:</p> <ol style="list-style-type: none"> <li>(1) Student academic proficiency;</li> <li>(2) Student academic growth;</li> <li>(3) Achievement gaps in proficiency and growth between major student subgroups;</li> <li>(4) Attendance;</li> <li>(5) Enrollment variance;</li> <li>(6) Postsecondary readiness, as applicable for high schools;</li> </ol>	<p>Status: Does not follow the performance framework</p> <p>Changes performance indicators, measures and metrics arbitrarily without negotiation or notice</p> <p>Applies performance indicators inconsistently across schools and school types</p>

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§302D-17 Ongoing oversight and corrective actions	(7) Financial performance and sustainability; (8) Performance and stewardship, including compliance with all applicable laws, rules, and terms of the charter contract; and (9) Organizational viability.	
	(b) Annual academic performance targets shall be set by each public charter school in conjunction with its authorizer, and shall be designed to track each school in meeting applicable federal, state, and authorizer expectations.	Status: This is not done
	(c) The performance framework shall allow the inclusion of additional rigorous, valid, and reliable indicators proposed by a public charter school to augment external evaluations of its performance; provided that the authorizer approves the quality and rigor of such school-proposed indicators, and the indicators are consistent with the purposes of this chapter and the charter contract.	Status: This is not done
	(a) An authorizer shall continually monitor the performance and legal compliance of the public charter schools it oversees, including collecting and analyzing data to support ongoing evaluation according to the charter contract. Every authorizer shall have the authority to conduct or require oversight activities that enable the authorizer to fulfill its responsibilities under this chapter, including conducting appropriate inquiries and investigations, so long as those activities are consistent with the intent of this chapter and adhere to the terms of the charter contract.	Status: This is not done in accordance with HRS, the Contract or Authorizing Best Practice
	(b) Each authorizer shall annually publish and provide, as part of its annual report to the board and the legislature, a performance report for each public charter school it oversees, in accordance with the performance framework set forth in the charter contract and section 302D-16. The authorizer [shall] may require each public charter school it oversees to submit an annual report to assist the authorizer in gathering complete information about each school. The annual report [shall] may include the status of the charter school's compliance with annual performance targets, as determined by the charter contract.	Status: This is not done in accordance with HRS, the Contract or Authorizing Best Practice
	(c) In the event that a public charter school's performance or legal compliance appears unsatisfactory, the authorizer shall promptly notify the	Status: This is not done.

	public charter school of the perceived problem and provide reasonable opportunity for the charter school to remedy the problem, unless the problem warrants revocation in which case the revocation time frames set forth in section 302D-18 shall apply.	
§302D-18 Renewals, revocations, and nonrenewal.	<p>(a) A charter contract may be renewed for successive five-year terms of duration, although an authorizer may vary the terms based on performance, demonstrated capacities, and particular circumstances of each charter school. An authorizer may grant a renewal of a charter contract with specific conditions for necessary improvements to a charter school.</p> <p>(b) The authorizer shall issue a charter school performance report and charter contract renewal application guidance to any charter school whose charter contract is in its final contract year. The performance report shall summarize the charter school's performance record to date, based on the data required by this chapter and the charter contract, and shall provide notice of any weaknesses or concerns perceived by the authorizer concerning the charter school that may jeopardize its position in seeking renewal.</p> <p>(c) The renewal application guidance shall, at a minimum, provide an opportunity for the public charter school to:</p> <ol style="list-style-type: none"> <li>(1) Submit any corrections or clarifications to the performance report;</li> <li>(2) Present additional evidence, beyond the data contained in the performance report, supporting its case for charter renewal;</li> <li>(3) Describe improvements undertaken or planned for the school; and</li> <li>(4) Detail the charter school's plans for the next charter term.</li> </ol> <p>(d) The renewal application guidance shall include or refer explicitly to the criteria that will guide the authorizer's renewal decisions, which shall be based on the charter contract and be consistent with this chapter.</p>	<p>Status: This is not done There is no renewal guidance in accordance with this statute</p>
§302D-25 Applicability of state laws	(d) Any charter school, prior to the beginning of the school year, may enter into an annual contract with any department for centralized services to be provided by that department.	<p>Status: This is not done, Kanu students do not have USDA subsidized free and reduced lunch because the</p>

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		commission has not responded to requests for support with the DOE
§302D-28 Funding and finance	(d) Charter schools shall be eligible for all federal financial support to the same extent as department schools. The department shall provide all authorizers with all state-level federal grant proposals submitted by the department that include charter schools as potential recipients and timely reports on state-level federal grants received for which charter schools may apply or are entitled to receive. Federal funds received by the department for charter schools shall be transferred to authorizers for distribution to the charter schools they authorize in accordance with the federal requirements. If administrative services related to federal grants are provided to the charter school by the department, the charter school shall reimburse the department for the actual costs of the administrative services in an amount that shall not exceed six per cent of the charter school's federal grants. All additional funds generated by the governing boards, that are not from a supplemental grant, shall be held separate from allotted funds and may be expended at the discretion of the governing boards.	<p>Status: Federal funds withheld and not distributed to the schools</p> <p>Distribution is subjective and inconsistent in amounts and timeliness</p>
		<p>Status: This statute is not followed by the commission</p> <p>Contradictory practice is demanded or notices of concern/deficiency and financial monitoring are implemented inconsistently, discriminatorily and subjectively</p>
	(e) Authorizers shall calculate a general fund per-pupil amount based upon the amount of general funds appropriated by the legislature and released by the governor and the projected enrollment amount used to calculate the general funds appropriated pursuant to subsection (a).	<p>Status: This was not done appropriately</p> <p>Per-pupil calculations by the Commission were incorrect</p> <p>No information regarding collective bargaining, hard-to-staff position funding allocated separately in</p>

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	<p>Authorizers shall submit a report to the legislature no later than twenty days prior to the convening of each regular session that contains each charter school's current school year projection that is used to submit the budget request, the updated May 15 enrollment projection, the actual October 15 enrollment count, the authorizer's reviewed and verified enrollment count, and the November 15 enrollment count.</p>	<p>EDN300 allocations to accompany the general funds</p> <p>Long lags in distribution and reimbursements of fringe benefits appears to be intentional</p>
	<p>(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:</p> <p>(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;</p> <p>(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, only to schools in compliance with all financial reporting requirements; and</p> <p>(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</p>	<p>Status: SY2015-16 enrollment projections were not requested in a timely manner for May 15 projection</p> <p>Status: This was not done</p> <p>Incorrect per-pupil allocations were sent out to schools</p> <p>Incorrect per-pupil amounts were sent to schools</p> <p>No timely request for projected enrollments was requested by the commission</p> <p>Financial reporting requirements are arbitrary and subjective amongst schools</p> <p>Per-pupil allocations, receivables, fringe benefits reimbursements, federal funding disbursements due</p>



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		to charters by the commission are in excess of 10%
§302D-29 Weighted student formula	<p>(a) Notwithstanding section 302D-28, charter schools shall elect whether to receive allocations calculated according to the department's procedures and methodology used to calculate the weighted student formula allocation adopted pursuant to section 302A-1303.6; provided that:</p> <p>(1) All charter schools, as a group, with each governing board being accorded one vote, shall elect, by greater than two-thirds agreement among the governing boards, whether to receive allocations calculated through the department's procedures and methodology for the weighted student formula; provided that a nonprofit organization that governs more than one conversion charter school may cast one vote representing each school it governs; and</p> <p>(2) Any election by charter schools to receive allocations, or not to receive allocations, calculated through the procedures and methodology for the department's weighted student formula shall be made by September 1 of each even-numbered year, and the election shall apply to the fiscal biennium beginning July 1 of the following year.</p>	<p>Status: This is not done</p>
§302D-29 Weighted student formula	<p>(b) The charter schools, through their authorizer, may propose to the board an alternative weighted student formula, approved by more than two-thirds of the governing boards, with each governing board being accorded one vote, to be administered by the commission and to apply to the per-pupil allocation for charter schools.</p>	<p>Status: This is not done</p>
§302D-30 Responsibilities of the department; special education services	<p>(a) The department shall collaborate with each authorizer to develop a system of technical assistance related to compliance with federal and state laws and access to federal and state funds. The department shall collaborate with each authorizer to develop a list of central services that the department may offer for purchase by a charter school at an annual cost to be negotiated between an individual charter school and the department. The department shall enter into a contract with a charter school to provide these services, which shall be renegotiated on an annual basis.</p>	<p>Status: This is not done</p>

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§302D-___ Financial insolvency	(a) In the event that any public charter school becomes financially insolvent, the school shall be deemed to have surrendered its charter. For purposes of this section, a school shall be determined to be financially insolvent when it is unable to pay its staff when payroll is due. (b) In the event that any public charter school becomes financially insolvent, the authorizer shall adopt a closure protocol as described under section 302D-19(a).	Status: This section is being manipulated by the commission against General Accepted Accounting Principles, charter authorizing best practice and comptrollers advice
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Note: Kanu was excluded from the opportunity to submit for a CIP request to the legislature due to inappropriate notification from the Commission. Schools received an email notice on November 23, 2015 3:16pm (thanksgiving week) from the commission and given 3 business days to respond.

**Breach of Contract.** The charter school commission does not follow the charter school contract. Its actions contradict the contract which is implemented inconsistently and subjectively and issues notices of concern and deficiency directly in opposition of sections. Sections are undermined and manipulated presenting a misleading position that impacts philanthropic support, school credibility and charter contract renewals and undermines the Governing Boards role. Due processes are not followed and responses and notices are not provided.

Issue: The Commission challenges Kanu's reporting of its component unit. This means all expenses are counted against the school in judgement of "financial solvency" however the receivables (which are on a reimbursement basis) are not. This creates a misleading and incomplete financial picture. Many of those outstanding receivables are due from the Commission whose practices are creating a conflict of interest as they overspend. There are no approved written guidelines for reporting of grant and supplemental funding and staff are arbitrarily and inconsistently applying new rules to selective schools.		
Charter Contract 8.7. Additional Funds.	<i>The School may accept monetary contributions or grants and shall comply with all applicable State or federal laws regarding such monetary contributions or grants. The School shall report all monetary contributions or grants to the Commission in accordance with Commission guidelines.</i>	Harm: <ul style="list-style-type: none"> <li>• Ongoing Financial Monitoring</li> <li>• Notice of Concern</li> <li>• Over burdensome reporting</li> <li>• Selective criteria application</li> <li>• Due Process</li> </ul>
9.1.	<i>The School shall maintain accurate and comprehensive financial records, operate in accordance with Generally Accepted Accounting Principles, and use public funds in a fiscally responsible manner.</i>	



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9.4. <i>Management and Financial Controls.</i>	<i>At all times, the School shall maintain appropriate governance and management procedures and financial controls which shall include, but not be limited to: (a) budgets, (b) accounting policies and procedures, (c) payroll procedures, (d) financial reporting and (e) internal control procedures for receipts, disbursements, purchases, payroll, and fixed assets. The accounting policies and procedures shall be readily accessible from the School's website or school office, as described in Section 11.4.1. If the policies and procedures are not available from the School's website, the School shall submit the current policies and procedures to the Commission.</i>
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Issue: Reporting required by the Commission is excessive, over burdensome, retaliatory, and inappropriate while not being uniform or within a reasonable timeframe. Actions are being taken against schools without due process.	
Contract: 11.1.1.	<i>The School shall make reasonable efforts to provide to the Commission, in the format and timeframe prescribed by the Commission, any data necessary and reasonably required by the Commission to meet its oversight and reporting obligations. The Commission shall provide by June 1 the list of anticipated required reports and due dates and provide this information to the School.</i>
Contract: 11.1.2.	<i>The Commission shall make reasonable efforts to reduce the reporting burden it places on the School by providing reasonable notice for requests, providing timely notification when due dates are changed, avoiding duplicate requests, and limiting requests to what is reasonably required by the Commission and other State entities.</i>
	Harm: Ongoing Financial Monitoring Notice of Concern Over burdensome reporting Selective criteria application Due process eliminated
	Harm: Over burdensome reporting Exclusion and disregard for Governing Board authority and autonomy Selective

Issue: Issue: All reporting by Kanu has been completed appropriately and timely according to State law, the contract, and GAAP, yet the Commission has issued unnecessary Notices of Concern/Deficiency with no response to Kanu's formal correspondence for third party intervention in this matter:
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<b>Contract:</b> <i>11.3.1. Budget and Cash Flow.</i>	<i>The School shall prepare and provide to the Commission a copy of its annual budget as approved by the School's Governing Board and cash flow projections for each upcoming fiscal year by June 15 or two weeks after the Commission notifies the School of the anticipated amount of State non-facility general fund per-pupil funding to be allocated, whichever is later.</i>	<b>Harm:</b> Incorrect Data Subjective, inconsistent reporting Publically misstated financial position
<i>11.3.2. Quarterly Financial Reports.</i>	<i>The School shall prepare and submit quarterly financial reports to the Commission within 45 days of the end of each fiscal year quarter.</i>	<b>Harm:</b> Excessive reports required beyond required Undermining of Governing Board approvals and disregard for appropriate reconciliation and due diligence timelines Inconsistent amongst schools

**Issue:** Kanu received a Notice of Concern for late submittal of its annual audit even though the school submitted its draft audit on time. This was accompanied by an explanation that the auditor was waiting for the AG's letter before the final audit could be issued. The final audit copy was submitted to the commission within 5 days and had no changes from the draft copy.

<b>Contract:</b> <i>11.3.3. Unaudited Financial Statements.</i>	<i>The School shall prepare and submit its unaudited annual financial statements to the Commission by September 15 of the subsequent fiscal year; provided that the Commission, with reasonable notice to the School, may change the deadline depending on circumstances.</i>	<b>Harm:</b> Negatively impacts contract terms Negatively impacts reputation
<i>11.3.4. Annual Audits.</i>	<i>Each fiscal year, the School shall provide for an independent annual financial audit conducted in accordance with Generally Accepted Auditing Standards and Governmental Auditing Standards and performed by a certified public accountant (CPA); provided the Commission may establish an alternative reporting requirement in accordance with State law. The Commission shall provide the guidelines and/or scope of the audit or alternative report and may require minimum CPA qualifications or that the School select from a list of qualified CPAs as provided by the Commission. The School shall provide the completed audit or alternative report to the</i>	<b>Harm:</b> Reporting templates that do not follow GAAP will not match audited financials No alternative report allowed causing additional costs – Kanu has had a history of unqualified perfect audits

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	<i>Commission by November 15 after the conclusion of the fiscal year; provided that the Commission, with reasonable notice to the School, may change the deadline depending on circumstances. The School shall pay for the audit or alternative report if an appropriation is not made by the Legislature for such purpose.</i>
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<p>Issue: Kanu's audited contractual school performance information was altered from the November 2015, report approved at the public commission meeting to when it was released to the State Legislature and BOE in December. No opportunity for feedback or consult for correction was given resulting in a complete misrepresenting of the schools financial position and future consequences for Kanu's upcoming contract renewal. Kanu GB filed a complaint with the commission and notified the BOE. The BOE contacted the Commission to inquire on the resolve to which the Commission refused to correct the report. In addition, the Commission issued a Notice of Concern against Kanu without due process prior to the ED's last days in office. To date there has been no response to Kanu's formal requests for clarification.</p>		
Contract: 11.8. Commission's Annual Report.	<i>The Commission shall publish and provide an annual report on the School's performance in accordance with the Performance Frameworks. In preparing the annual report, the Commission shall solicit feedback from the School.</i>	Harm: Lack of due process Incorrect reporting Negative reputation with BOE/Leg/public

<p>Issue: There has been a breach of contract and complete breakdown in intervention protocol.</p>		
Contract: 12.5. Intervention.	<p><i>If the Commission finds deficiencies in the School's performance or legal compliance, the Commission and the School shall follow the Intervention Protocol attached as Exhibit D. Intervention may be initiated when the Commission finds that the School has failed to:</i></p> <ul style="list-style-type: none"> <li><i>(a) Comply with applicable laws, rules, policies, or procedures;</i></li> <li><i>(b) Comply with the terms and conditions of this Contract; or</i></li> <li><i>(c) Meet performance expectations as set forth in the Performance Frameworks.</i></li> </ul> <p><i>Failure to invoke the Intervention Protocol shall not be (i) construed as a waiver or relinquishment of any requirement under applicable laws, rules,</i></p>	Harm: Due process not honored Inappropriate sanctions Contract renewal impact

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	<i>policies, procedures, contractual terms and conditions, or performance expectations; or (ii) deemed a necessary precedent to non-renewal or revocation.</i>	
Issue: The commission arbitrarily changed the Financial Framework success indicators mid-contract and without notice.		
Contract: <i>14.2. Amendments.</i>	<i>Any amendment to this Contract shall be effective only if approved by a majority vote of the Commission at a public meeting.</i>	Harm: Denial of due process Inappropriate reporting Misrepresentation of information
Issue: Kanu has repeatedly requested dispute resolution per section 14.5. Requests have been made in person, at commission meetings, and formally in writing, yet has received no response.		
Contract: <i>14.5. Disputes Resolution.</i>	<i>It is the intent of the parties to communicate on a regular basis in a positive and effective manner. The parties agree to communicate areas of concern as they arise and to address those concerns in a professional manner. Any disputes between the Commission and the School which arise under, or are by virtue of, this Contract and which are not resolved by mutual agreement, shall be decided by the full Commission in writing, within 90 calendar days after a written request by the School for a final decision concerning the dispute; provided that where a disputes resolution process is defined for a particular program area (e.g., IDEA, Section 504, etc.), the Parties shall comply with the process for that particular program area; and further provided that the parties may mutually agree to utilize the services of a third-party facilitator to reach a mutual agreement prior to decision by the full Commission. Subject to the availability of an appeal under Ch. 302D, HRS, or BOE administrative rules or procedures, any such decision by the full Commission shall be final and conclusive.</i>	Harm: Over-burdensome reporting Expensive travel to communicate with commission Disrespect of Governing Board
Issue: The commission has not complied with section 14.7 in issuing notices to the school.		

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Contract: <i>14.7. Notices.</i>	<i>Unless otherwise specified by law, any written notice required to be given by a Party to this Contract shall be delivered: (a) personally, (b) by United States first class mail, postage prepaid, to the Parties' mailing addresses first indicated in this Contract; or (c) via a compliance management system, as described under Sec. 12.1. A notice shall be deemed to have been received three business days after mailing or at the time of actual receipt, whichever is earlier. Parties are responsible for notifying each other in writing of any change of mailing address.</i>	Harm: Over-burdensome reporting Inappropriate notices impacting contract renewal Exclusion from Legislative opportunity for CIP funds Denial of due process Lack of clarity Ignoring of repeated requests for support and clarity of issues via testimony
Issue: Kanu has met the following targets since the forced contract signing in 2013, yet has been beleaguered by the Commission in each subsequent year.		
Contract: <i>EXHIBIT B.1. FINANCIAL PERFORMANCE FRAMEWORK</i>	<i>The Financial Performance Framework is an accountability tool that provides the Commission with data necessary to assess the financial health and viability of charter schools in its portfolio on an ongoing basis and for the purposes of an annual review. The framework summarizes a charter school's current financial health while taking into account the school's financial trends over a period of three years. The measures are designed to be complementary. No single measure gives a full picture of the financial situation of a school. Taken together, however, the measures provide a comprehensive assessment of the school's financial health and viability based on a school's historic trends, near-term financial situation, and future viability.</i>  <i>Within each annual reporting period, the Financial Performance Framework provides for an initial review and a follow-up assessment that together produce two ratings: a Preliminary Rating and a Final Rating. The Preliminary Rating indicates whether the school has met the standard for financial viability based on the Commission's initial review of financial</i>	Harm: Overly burdensome reporting Unnecessary costly commission meeting attendance

	<p>information, which, for an annual review, will be drawn from the school's audited financials. The Final Rating documents the Commission's revised assessment based on more current financial information and/or more detailed examination of the school's financial position, as needed.</p> <p><b>Preliminary Ratings</b>  <i>The Preliminary Rating is either Meets Target or Pending Further Analysis. The Meets rating means that the information contained in the financials under review indicates that the school is meeting or exceeding the target for the standard in question. The Pending rating means that the school is not meeting the target based on the financials under review. A school that misses the target on any one measure may or may not be at financial risk. It may be in immediate distress, financially trending negatively, both or neither. There are two types of additional information that the Commission may need before assigning a Final Rating. The first is more current information. When conducting a year-end evaluation of a school's financials, the Commission will be reviewing audit numbers that are typically at least four months old by the time the audit has been finalized. The Commission's further analysis will often include review of current, unaudited, financials. The second is more detailed information about the school's financial position to assess the reasons behind the failure to meet the target. For example, a school might make a strategic long-term financial decision that results in it missing a target in the near term. The Commission's follow-up will consider the more current and more detailed information to determine whether the Preliminary Rating is still applicable and the degree to which it is, in fact, an indication of financial risk or distress.</i></p> <p><b>Final Ratings</b>  <i>The Final Rating is Meets Target, Does Not Meet Target, or Falls Far Below Target.</i>  <i>Meets Target</i>  <i>A Meets rating indicates sound financial viability based on the overall financial record. Either the school has already met the target based on the</i></p>
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	<p><i>financials under review, or previous financial concerns that produced a preliminary Pending rating have been adequately remedied based on more current financial data or addressed adequately based on additional information such that the Commission concludes that performance against the target indicates sound financial viability.</i></p> <p><i>1.a. Current Ratio (Working Capital Ratio): Current Assets divided by Current Liabilities</i></p> <p><i>1.b. Unrestricted Days Cash: Unrestricted Cash divided by ((Total Expenses-Depreciation Expenses)/365)</i></p> <p><i>1.c. Enrollment Variance: Actual Enrollment divided by Enrollment Projection in Charter School Board-Approved Budget</i></p> <p><i>2.a. Total Margin: Net Income divided by Total Revenue</i></p> <p><i>Aggregated Total Margin: Total 3 Year Net Income divided by Total 3 Year Revenues</i></p> <p><i>2.b. Debt to Asset Ratio: Total Liabilities divided by Total Assets</i></p> <p><i>2.c. Cash Flow:</i></p> <p><i>Multi-Year Cash Flow = (Year 3 Total Cash) – (Year 1 Total Cash);</i></p> <p><i>One-Year Cash Flow = (Year 2 Total Cash) – (Year 1 Total Cash)</i></p> <p><i>2.d. Unrestricted Fund Balance Percentage: Fund balance / Total Expenses</i></p> <p><b>2. FINANCIAL MANAGEMENT AND OVERSIGHT</b></p> <p><b>2Aa. Is the school meeting financial reporting and compliance requirements?</b></p> <p><b>Meets Standard:</b></p> <p><i>The school materially complies with applicable laws, rules, regulations and provisions of the charter contract relating to financial reporting requirements, including but not limited to: • Complete and on-time submission of financial reports, including annual budget, revised budgets (if applicable), periodic financial reports as required by the authorizer and any reporting requirements if the board contracts with an Education Service Provider (ESP)</i></p>	
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	<ul style="list-style-type: none"> <li>• <i>On-time submission and completion of the annual independent audit and corrective action plans, if applicable</i></li> <li>• <i>No charging of tuition</i></li> <li>• <i>Adequate management and financial controls</i></li> <li>• <i>All reporting requirements related to the use of public funds</i></li> </ul> <p><i>2b Is the school following Generally Accepted Accounting Principles (GAAP)?</i></p> <p><i>Meets Standard:</i></p> <p><i>The school materially complies with applicable laws, rules, regulations and provisions of the charter contract relating to financial management and oversight expectations as evidenced by an annual independent audit, including but not limited to:</i></p> <ul style="list-style-type: none"> <li>• <i>An unqualified audit opinion</i></li> <li>• <i>An audit devoid of significant findings and conditions, material weaknesses or significant internal control weaknesses</i></li> <li>• <i>An audit that does not include a going concern disclosure in the notes or an explanatory paragraph within the audit report</i></li> </ul>	
<p>Issue: Kanu has received Notices of Concern and Deficiency without following processes as outlined in the intervention protocol of the contract or public due process. This should include committee or full commission dialog. Kanu has to date received no response to its requests for information and clarity to remedy the issues.</p>		
<p>Contract: <b>EXHIBIT D INTERVENTION PROTOCOL</b></p>	<p><i>In accordance with Sec. 302D-17, HRS, this intervention protocol is established pursuant to the Commission's authority and responsibility to monitor the performance and legal compliance of charter schools in accordance with the charter contract terms and consistent with nationally recognized principles and standards for quality authorizing. It enables the Commission to take timely and appropriate action to notify schools about performance and/or compliance concerns and provide schools a reasonable opportunity to remedy such problems.</i></p>	<p>Harm: Denial of due process rights Inappropriate public information Inappropriate negative actions that impact contract renewal</p>



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	<p><i>1. Upon finding that a School has failed to submit required information on time, the Commission may issue a Notice of Concern. The Notice of Concern shall indicate with specificity the information not received and the applicable regulatory, performance, or contractual provision that requires its submittal. The Notice of Concern shall alert the School that if the information is not received by a certain date, the School shall receive a Notice of Deficiency. Any individual Notice of Concern generally shall not affect a school's rating on a Performance Framework; however, a pattern of Notices of Concern may affect the School's rating.</i></p> <p><i>2. Upon finding a School's performance or legal compliance unsatisfactory, the Commission may issue a written Notice of Deficiency to the School. The Notice of Deficiency shall state with specificity the deficiency, the applicable regulatory, performance, or contractual provision(s) not satisfactorily met, the expected remedy, including whether a Corrective Action Plan is required, and the timeframe by which the Commission expects the deficiency to be remedied or the Corrective Action Plan to be submitted.</i></p> <p><i>3. Upon receiving a Notice of Deficiency, the School may:</i></p> <ul style="list-style-type: none"> <li><i>1) Contest the Commission's determination that a breach has occurred in which case the School shall provide a written response to the Commission within 10 days of receipt of the Notice and shall provide evidence in support of its position;</i></li> <li><i>2) Remedy the deficiency and provide evidence of such remedy to the Commission within the timeframe identified in the Notice; or</i></li> <li><i>3) Provide a Corrective Action Plan, where required, to the Commission within the timeframe identified in the Notice.</i></li> </ul>
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It should be noted: There has been no change in the financial framework indicators since 2013, yet Kanu has been continually monitored and received notices of concern and deficiency and the infractions remain unknown. We are under the same contact (2013-2017) with the same primary funding sources, the same chart of accounts and reporting templates, and the same auditor. Kanu had no issue with the Commission or financial reporting prior to 2015 until challenges to the Commission regarding withholding of funds and accounting issues where made. This eventually resulted in an appeal to the BOE for intervention. Kanu also received a

# Kanu o ka 'Āina NCPCS Chronology

passing rating on the financial indicators in 2012, 2013, and 2014 with less days-cash-on-hand than we had in 2015. There have been no unified instructions to schools or communication from the commission that the interpretations of the financial reports were going to change. It is days-cash-on-hand that the Commission has since chosen to target which may allow the commission to enact financial insolvency and immediate school closure.

The financial issues raised by the Commission are being caused by the current disbursement practices of the Commission. This is a direct conflict of interest that will remain whilst the Commission is the single authority that determines policy, determines the formula, and decides the amount and timing of the disbursements of funding.

<p><b>Issue: Discrepancies in Commission financial reports - The most recent Charter School Office external audit undertaken by CW Associates (page 17 of the financials and clarified in 2014) shows an excess of expenses over revenue of \$(656,709); in 2015 \$(485,306) resulting in a net financial deficit of \$(367,592). Additionally the financials in the audits DO NOT match the last two annual reports completed by the charter commission and presented to the BOE and Legislature.</b></p> <p><b>The State Auditors Study of Public Charter Schools' Report Number 15-14, December 2015, page 10: "the financial data schools must currently submitted to the State Public Charter School Commission do provide indications of possible financial stress. However, human error and inexperience among commission staff contributed to their inability to recognize and interpret the information...."</b></p>		
<p><b>Constitution:</b> Article VII Taxation and Finance Section 5. Expenditure Controls</p>	<p>Provisions for the controls and rate of expenditures of appropriated State moneys, and for the reduction of expenditures under the prescribed conditions, shall be made by law. No public money shall be expended except pursuant to appropriations made by law. General fund expenditures for any fiscal year shall not exceed the States current general fund revenues and unencumbered cash balances...</p>	<p><b>Harm:</b> Loss of student funding due to commission overspending</p>

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STATE PUBLIC CHARTER SCHOOL COMMISSION  
(An agency of the State of Hawaii)

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2015  
(With Prior Year Comparative Information)

	2015			2014		
	Expenses	Operating Grants Revenues	Net (Expenses) Revenues and Changes in Net Position	Expenses	Operating Grants Revenues	Net (Expenses) Revenues and Changes in Net Position
<b>Functions/Programs</b>						
Governmental activities						
Support and administrative services	\$ 1,526,859	\$ -	\$ (1,526,859)	\$ 1,924,637	\$ -	\$ (1,924,637)
Instructional enhancement	2,030,615	2,030,615	-	2,218,815	2,218,815	-
Total governmental activities	\$ 3,557,504	\$ 2,030,615	\$ (1,526,889)	\$ 4,143,452	\$ 2,218,815	\$ (1,924,637)
General revenues						
Administrative fees charged to schools			967,558			1,235,363
Other grants and income			74,025			32,565
Total general revenues			1,041,583			1,267,928
Excess of expenses over revenues			(485,306)			(656,709)
Net position - beginning of year			117,714			774,423
Net position (deficit) - end of year			\$ (367,592)			\$ 117,714

See accompanying notes to the financial statements

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Issue: <b>Noncompliance with Governmental Accounting Standards.</b> Kanu is being penalized by the Commission for reporting its additional funds through a component unit as mandated by GAAP and holding its funds separately in accordance with statute.		
Governmental Accounting Standards Board Summary of Statement No. 14 The	<i>This Statement establishes standards for defining and reporting on the financial reporting entity. It also establishes standards for reporting participation in joint ventures. It applies to financial reporting by primary governments, governmental joint ventures, jointly governed</i>	Harm: Misrepresentation of financial position Noncompliance with HRS

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Financial Reporting Entity (Issued 6/91), Summary:	<p><i>organizations, and other stand-alone governments; and it applies to the separately issued financial statements of governmental component units. In addition, this Statement should be applied to governmental and nongovernmental component units when they are included in a governmental financial reporting entity.</i></p> <p><i>The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.</i></p>	Noncompliance with Contract
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Issue: <b>Noncompliance with Best Practice: Hawaii Comptroller.</b> Kanu is being penalized by the Commission for reporting its additional funds through a component unit and holding its funds separately.		
Comptroller – State of Hawaii Comptroller's Memorandum No. 2015-11 (May 18, 2015)	... "The Department of Accounting and General Services (DAGS) will require proprietary funds and component units to report their proportionate share of these items ..."	Harm: Misrepresentation of financial position



GOVERNING BOARD



March 12, 2014

Tom Hutton  
Executive Director  
Hawaii State Public Charter School Commission  
1111 Bishop Street, Suite 516  
Honolulu, HI 96813

Mr. Hutton:

Per our direct conversations in May of last year regarding the bilateral contract we are requesting formal negotiations as soon as possible per Act 130, Session Laws of Hawaii 2012, codified as Chapter 302D.

The Governing Board takes seriously its obligations and fiduciary responsibility to all signed commitments. Last year we accepted your assurance regarding the purpose of the current one-year contract, understanding your precarious position, lack of time because of Act 131 and your new employment. As those issues are no longer pressing, we are requesting a more thorough process to ensure we fulfill our responsibility to our community and the school we serve.

We have delegated Taffi Wise, Governing Board Member and Business Manager as our designee.

We look forward to working with you in the very near future.

Sincerely,

Mason Maiku'i

Kanu o ka 'Āina New Century Public Charter School Governing Board President



## GOVERNING BOARD



June 4, 2013

Tom Hutton  
Executive Director  
Hawaii State Public Charter School Commission  
1111 Bishop Street, Suite 516  
Honolulu, HI 96813

Mr. Hutton

Thank you for the direct communication with the Kanu o ka 'Āina Governing Board (GB) regarding your refusal to accept the Addendum and contract as signed on May 22, 2013, with signature under duress, as well as your responsive email communication and willingness to meet by phone or in person.

Per your advice, and with the threat of withholding the per-pupil allocation in July 2013, prohibiting us from beginning the school year thus impacting 288 students and their families, we attach this cover letter to the contract. It simply states in good faith our upfront discomfort with signing the contract as well as our desire to be transparent with any possible issues of compliance. We restate our position that this is not in the spirit of the intense work done over the past few years resulting in Act 130/131 which was not to create a one size fits all, but to ensure accountability and transparency that would preserve our community control and autonomy. The GB takes seriously its obligations and fiduciary responsibility to all signed commitments. Your assurance of the purpose of this one year contract has helped us understand your position and focus on the charter school system, please understand our responsibility is to our community and the school we serve.

With the Governing Boards understanding of Act 130, Session Laws of Hawaii 2012, codified as Chapter 302D, Hawaii Revised Statutes we understand the "Charter contract" means a fixed-term, bilateral, renewable contract between a public charter school and an authorizer that outlines the roles, powers, responsibilities, and performance expectations for each party to the contract. We also understand the Authorizer powers, duties, and liabilities to be negotiating and executing sound charter contracts with each approved public charter school. With this contract template the Board does not feel it has had the opportunity to "negotiate" nor does it feel there is "bilateral" integrity.

Understanding the limited transition timeline in Act 131, Session Laws of Hawaii 2012, we are signing the contract under obligation of compliance and look forward to negotiations regarding the following areas of critical concern:

1. Indemnifications provisions of Governing Boards to include legal representation

*Mission: Kūlia i ka Nu'u--Strive to reach your highest*



## GOVERNING BOARD



2. The lack of any State facilities support for CIP, Debt Service or Repair and Maintenance allowing compliance of Section 7, State Charter School Contract
3. Insufficient funding allowing compliance of Section 8, Exhibit B.1. Financial Performance Framework to include the Sustainability Indicators.  
Additionally, withholding funding from the school per-pupil allocation for the running of the Commission office adds to an unrealistic financial position.
4. Collective Bargaining compliance of Section 10 Personnel, 10.1. Collective Bargaining with the current HSTA contract and ESEA Waiver as we have not been included or privy to these agreements and Section 11.4.2 Collective Bargaining as we do not currently have a Supplemental Agreement because the Master was being negotiated.
5. Reporting and Data compliance as the format and timeframes have not been provided and we cannot report on data we do not currently collect to ensure accuracy and completeness as outlined in Section 11.5 Educational Data.
6. The Board also has critical concerns regarding all Federal Funding to include the formula distribution and compliance requirements of all Formula Driven Titled Funds, IDEA and ELL as well as the Accountability Work Plan, and its impacts on Charter Schools. We do not understand the lines of authority, distribution or roles and responsibilities and do not agree that our children are being supported in the appropriate ways.
7. The Board does not have an Educational Service Provider therefore Exhibit C is not appropriate for our school.
8. The Board notes HB200 CD1 Budget Proviso Section 127A, Lines 15-17 therefore signs the State Public Charter School Contract under duress.

The Board acknowledging and reserves our community rights under the following:

- Native Hawaiian Education Act 20
- Hawaiian Homes Commission Act
- National Parks Act
- Native American Programs Act
- American Indian Religious Freedom Act
- National Museum of the American Indian Act
- Native American graves Protection and Repatriation Act
- National Historic Preservation Act
- Native American Languages Act
- Workforce Investment Act
- Older Americans Act
- Hawaii State Constitution, Article X

Sincerely,

Mason Maiku'i

Kanu o ka 'Āina Governing Board President

*Mission: Kūlia i ka 'Āina—Strive to reach your highest*



May 5, 2016

Catherine Payne, Chair  
State Public Charter School Commission  
1111 Bishop Street, Suite 516  
Honolulu, Hawaii 96813

Catherine Payne:

Re: Responding to your letter of April 27, 2016

Thank you for your response to written testimony. The statement that the commission doesn't normally respond to testimony cleared up our understanding of your process as there is no guidance or information provided clarifying when the commission will respond to anything except the contract. Per section 14.7 - we assumed *notices of issues must be provided personally or by mail*, meant in testimony as that is the only link schools have for communication with the Commissioners. Now we understand why for the past 3 years there have been no responses to our numerous written and verbal testimony.

We completely disagree with your response in the letter of April 27, 2016, we are clearly coming from different perspectives. Therefore, we will again, in good faith request per the contract Section 14.5 a meeting, "It is the intent of the parties to communicate on a regular basis in a positive and effective manner. The parties agree to communicate areas of concern as they arise and to address those concerns in a professional manner."

Referring to letter of April 27, 2016, as evidence of our disconnect please find the following responses:

1. April 13, 2016, testimony – yes, it was submitted late because no submittals, which clarify the details of an issue, were available until April 12 in the afternoon only after reviewing the submittals are we able to respond in testimony. Prior to the submittals being posted we had no communication advising us there was any issue or that we would be on the agenda, this is our concern.
2. Notices of Concern and Deficiency's - the contract protocols outlined and specifically section 12.5 were not followed. Kanu has turned in everything mandated by the law, contract, and epi center in a timely manner and much more. These "notices" are to be issued because of a breach of law, contract or performance expectations as set forth in the performance frameworks. Kanu has met and exceeded all frameworks and not breeched the law, contract or best practices mandated by both. To this date, Kanu has no idea what law, contract provision or best practice it breached to warrant these notices. We did not refuse to provide information, to the contrary immediately responded to phone calls requesting information and emailed correspondence late into the night to ensure the commission had everything it needed to feel comfortable with the misrepresented

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financial position perceived by Commissioners. As well as lots of additional information to help inform the Commissioners who clearly do not understand component units.

3. Voluntary financial monitoring - was for school year 2014-2015, and we did so above and beyond the required reporting, again in good faith, through the fourth quarter even though we met all the financial performance criteria and we closed the year exactly where we said we would and received another perfect audit for the school year. Additionally, I sent an email clarifying the last voluntary report sent concluded our voluntary reporting for the school year.
4. Commission submittals – the commission submittals are the only way Kanu knows action is being taken on a school issue, as all of our questions have gone unanswered and there have been no responses to our testimony's which is the only link we have had to communicate. The few letters we did receive prior to Mr. Hutton's last day do not answer the questions, do not outline any infractions and distort the issues. Example: March 24, 2016 meeting, submittal was uploaded 11:48am March 22 and testimony was due 8:00am March 23 leaving less than 5 hours to absorb the potential issue or concern and respond. There was no communication from staff and Kanu initiated communication and requested information on March 21. Clear communication is not required by the State law however, it is required by the contract and national authorizing best practice.

The emails from commission staff are enclosed and not clear, "we need your reports" when I responded to clarify what reports, there was no reply we had no idea what they wanted. Attached emails from commission staff actually refuse to communicate alienating key people involved in the fiscal processing for Kanu.

We reiterate again our questions:

1. Why is Kanu, who has never had any financial issues in its 16-year existence and brought in millions for the charter movement in Hawaii as well as had perfect audits and received numerous financial awards, being made to submittal additional reports that other schools are not and being scrutinized so persistently creating over burdensome reporting?
2. Why are fiscal staff not communicated with and alienated?
3. Why was Kanu excluded from submitting CIP requests to the legislature this session?
4. What is the process for schools to communicate issues with staff to commissioners?
5. How can Notices of Concern and Deficiencies be issued without following contract protocol and what process will be used to rectify these issues?
6. Why does the Commission not respond to written questions and testimony?
7. What is the appeal process for decisions made by staff?
8. How can the commission scrutinize schools because they have outside financial support yet give a schools that is not meeting the financial framework and advance of funds?

In our October meeting with the Board of Education, our intent was not to villainize anyone nor did we complain about our many issues. The goal was to request the BOE clarify the vision of the charter movement as regulatory leadership was creating another "DOE like system" which is



not true charting. Your very honest response disagreeing with local school board control because of your past experience as a principal was commendable and your perspective clear. As was Mr. Hutton's clarification that his vision for the charter movement was the top academically successful and DOE overflow schools therefore he intended on closing several schools as soon as possible as he testified in legislative briefing. That meeting clarified the complete disconnect between regulatory leadership and the schools that serve our communities.

We will passionately honor the original vision of the movement, because we truly believe that is what is best for our communities. Kanu is an extempore model of the original vision of Act 62 and what is best for our children and has shared valuable assets with the rest of the State. Our children are worth the difficulties and challenges of redirection to true chartering, and what it stands for nationally. The Commission's direction for these past few years is not true charting and completely undermines the purpose and goal and does not follow best practice in chartering nationally.

We do agree that the issues need to be factually resolved and therefore again honoring HRS 5-7.5 "Aloha Spirit" we request, Dispute Resolution per Section 14.5 of the contract with a meeting of commissioners.

Taffi Wise

A handwritten signature in cursive script that reads 'Taffi Wise'.

Cc: Kanani Kapuni'ai, Chair Kanu GB  
Mitch D'Olier, Commissioner  
Yvonne Lau, Acting E.D.

Enclosures:  
Emails



## GOVERNING BOARD



### COMMISSION TESTIMONY

Meeting Scheduled for March 10, 2016

*Agenda Item X Action on \_\_\_ Kanu o ka 'Āina Public Charter School*

Date: March 9, 2016

To: Catherine Payne, Chairperson - Charter School Commission  
Karen Street, Vice Chairperson – Charter School Commission  
Members of the Commission and Commission Staff

From: Kanu o ka 'Āina New Century Public Charter School Governing Board –  
President, Marion Kapuniai

Re: Response to Notice of Concern – February 24, 2016  
Response to Notice of Deficiency – March 4, 2016

Fully disagree there are grounds for notice of concern  
Fully disagree there are grounds for notice of deficiency

Do not feel the process of notice 14.7 have been appropriately followed

Also disagree the processes of intervention protocol have been followed

Additionally to respond the allegations it is imperative that we have appropriate legal counsel from our AG.

Kanu has not received responses to its requests for information.

Kanu o ka 'Āina believes there has been no intervention process there is a sever breakdown in communication and the commission staff have violated provisions of the contract as well as dispute the determinations. Therefore, Kanu requests we mutually agree to utilize the serves of a third-party facilitator to reach a mutual agreement prior to decision by the full commission in accordance with par. 14.5 of the contract. Additionally, Kanu is willing to work together towards solutions to ensure financial reporting for all schools is fair and provides a full picture of the financial situation of the school ensuring that no exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Thank you for your fair attention to these matters  
Marion K. A. Kapuniai

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## GOVERNING BOARD



### COMMISSION TESTIMONY

Meeting Scheduled for September 8, 2016

*Agenda Item XI. Update and Consideration Kanu o ka 'Āina Public Charter School May 2016  
Monthly Financial Report*

Date: September 7, 2016

To: Catherine Payne, Chairperson - Charter School Commission  
Ernest Nishizaki, Vice Chairperson – Charter School Commission  
Members of the Commission and Commission Staff

From: Joe Fraser Kanu o ka 'Āina New Century Public Charter School Governing Board  
Treasurer and Taffi Wise Chief Business Officer

Once again Kanu is unable to respond adequately to this submittal as we received no advance notice of this agenda item nor were we given the submittal or any communication in advance to respond in a timely manner and the links on the agenda item were not working until this morning.

The Governing Board disputes the submittal information as presented. The School has always reported the component unit as mandated since 2010 when the quarterly financial reporting template was created which is still being used to date, because the full picture of school financial portfolio is not achieved without the component unit. There has been no notice official or unofficial from the Commission to report otherwise therefore Kanu has stood on the advice of its auditor and best practice in accordance with the law and charter contract.

As long as component unit expenses AND income are included or excluded together, the day's cash on hand (DCOH) is AND will be the same. Currently the 40 and 58 DCOH as reported in the submittal is not accurate as we have previously and repeatedly communicated. The alleged cash discrepancy comes from commission staff subjective interpretation of what is included and excluded of the component unit income and expense. The financial framework of the contract does not match the reporting template. Also the reporting template is not in alignment with the audits there by allowing a mischaracterization of a school's financial position. Additionally, the calculations exclude Commission funding it was withholding from the school to include for example, collective bargaining, impact aid, fringe benefits reimbursements, statute formula per-pupil allocations while making judgement about DCOH.

Nowhere in the law, contract, best practice of NACSA, GAAP or by advice of an auditor past or present does it clarify the school should report its "stand alone position", much to the contrary.

All inquiries have received responses, and all questions have been answered repeatedly – see attached. Kanu's requests for formal written correspondence per contract to clarify

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## GOVERNING BOARD



communication have been ignored or denied and repeated requests for 3<sup>rd</sup> party mediation per the contract to clarify communication and issues have been denied.

We look forward to fulfillment of commitments made in the meeting on August 24, 2016, at Kanu to address this ongoing issue with external neutral support from an auditor as was discussed at the May 14, 2015 Commission meeting. It is unfortunate that this submittal is not in the spirit of that discussion. It is critical that the lengthy commission submittals that memorialize inaccuracies be addressed as well as the incorrect annual report submitted to the BOE and legislature. Kanu o ka 'Āina has absolutely no cash flow issues and has had perfect audits and audit reviews for 16 years as well as balanced budgets.

Previous formal communication clarifying Kanu's financial position and financial issues include:

- Epi Center 4<sup>th</sup> 2014-15 Quarter Financial Reporting
- Epi Center 1<sup>st</sup> 2015-16 Quarter Financial Reporting
- Epi Center 2<sup>nd</sup> 2015-16 Quarter Financial Reporting
- Epi Center 3<sup>rd</sup> 2015-16 Quarter Financial Reporting
- Governing Board Letter and Testimony July 13, 2016
- Governing Board Approved Monthly Report May 2016
- Governing Board Cashflow May 2016
- Letter to Yvonne Lau May 19, 2016
- Letter to Yvonne Lau May 18, 2016
- Letter to Catherine Payne May 5, 2016
- Commission Testimony April 13, 2016
- Performance and Accountability Commission Testimony March 23, 2016
- Commission Testimony March 10, 2016
- BOE Complaint sent to Commission December 21, 2015
- Commission Testimony May 14, 2015
- Commission Testimony April 8, 2015
- Commission Testimony August 13, 2014
- Commission Testimony June 16, 2014

Additional financial information provided outside of the contract parameters at the commission's request with sanctioned monthly monitoring since April 6, 2015.



July 13, 2016

Charter School Commission and Acting Executive Director Lau  
State Public Charter School Commission  
1111 Bishop Street, Suite 516  
Honolulu, Hawaii 96813

Dear Charter School Commission and Acting ED Lau:

**Testimony: 14 July 2016, AGENDA ITEM: VII. Action on Clarification of Kanu o ka 'Āina New Century Public Charter School's 2016 Monthly Financial Reporting and Dispute Preliminary Financial Performance Indicators dated July 1, 2016 Preliminary Charter School Performance Report for 2017 Charter Contract Renewal Process.**

The correct numbers for Preliminary Charter School Performance Report for 2017 Charter contract Renewal Process should be:

Unrestricted Days Cash on Hand: 20.50

Cash Flow: \$59,525

It should also be noted that there were still outstanding receivables due Kanu from the Commission when these numbers were generated.

Attached please find a letter from external auditors CW Associates dated 11 July 2016 clarifying the correct numbers as well as Kanu's Audit and Financials. As a matter of record, Kanu has a perfect track record of stellar audits with "no findings" since its inception 16 years ago.

Additionally, should you have any concerns the following is an excerpt from Kanu's recent WASC/HAIS Accreditation Report of the Visiting Committee April 10-13, 2016, Page 17:

The school has done an impressive job in financial management, in light of the prominent financial challenges unique to the charter school model. The school has balanced budgets and clean audits of financial management policies and procedures since its creation in 2000. Being able to respond quickly and effectively to a range of financial scenarios is a strength, and attests to the team effort, flexibility, planning, communication, and expertise of school leadership, including Board, faculty, and administration.

The Cash flow and all requested financials were submitted promptly, as requested on multiple occasions both hard copy and email and included:

1. Kanu's February 2016 Financial Report
2. Kanu's March 2016 Financial Report, and
3. Kanu's cash flow forecast through June 2016
4. Commission Quarterly Financial Reports

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The information provided also included the cash flow forecast with “component unit cash at the beginning of the period” and “component unit cash at the end of the period” January through June 2016.

The 2015-2016 School Year is over. Kanu closed its books within contract parameters as projected following Federal Generally Accepted Accounting Practices (GAAP), with no concerns over financial viability. **“Indefinite” financial monitoring is unwarranted.**

Please excuse this late Testimony, the submission for this Agenda Item was not posted as of July 12, 2016 evening, there was no prior communication from commission staff and we did not receive the submittal until 8:15am today. Governing Board Kapuni'ai shared dismay with commission staff. Please feel free to contact me should you have any further concerns, (808)887-1117.

Taffi Wise on behalf of Kanu o ka 'Āina Governing Board

A handwritten signature in black ink, appearing to read 'Taffi Wise'.

Enclosed:

1. CW Associates Letter, 11 July 2016
2. Letter including February & March 2016 Financial Report & Cash Flow Forecast through June 2016
3. CW Associates Letter, 10 December 2015
4. Kanu Audit Year Ending 31 August 2015



**CW Associates**

*A Hawaii Certified Public Accounting Corporation*

July 11, 2016

Kanu o ka 'Aina New Century Public Charter School (KANU)  
Post Office Box 398  
Kamuela, Hawai'i 96743

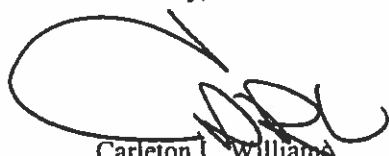
Attention of the Governing Board:

The management of Kanu o ka 'Aina New Century Public Charter School (KANU) has asked us to compare for you, the Governing Board, information for the School Year (SY) 2013-2014 on page 3 of Enclosure 1 to the Preliminary Charter School Performance Report for 2017 Charter Renewal Process letter from the State Public Charter School Commission dated July 1, 2016, and our KANU Financial Performance Framework Analysis 2014 presented with the results of our audit for the year ended June 30, 2014. Copies of both documents are attached. The comparison follows:

<u>Financial Performance Indicators</u>	<u>Per Letter</u>	<u>Per Analysis</u>
1. Current Ratio	1.08	1.27
2. Unrestricted Days Cash on Hand	19.73 days	20.50 days
3. Enrollment Variance	107.6%	N/A
4. Total Margin	0.00	(3.4)
5. Debt to Assets Ratio	91%	72.9%
6. Cash Flow	\$59,525	\$59,525
7. Unrestricted Fund Balance Percentage	4.0%	6.8%
8. Change in Total Fund Balance	\$8,841	\$80,889

We appreciate the opportunity to serve Kanu o ka 'Aina New Century Public Charter School (KANU). Please do not hesitate to contact us if you have any questions or comments, or if we may be of further assistance.

Sincerely,



Carleton L. Williams  
Founding Partner

Topa Financial Center  
700 Bishop Street, Suite 1040  
Honolulu, Hawaii 96813  
Telephone (808) 531-1040  
Facsimile (808) 531-1041  
[www.cwassociatescpas.com](http://www.cwassociatescpas.com)

DAVID Y. IGE  
GOVERNOR



CATHERINE PAYNE  
CHAIRPERSON

STATE OF HAWAII  
STATE PUBLIC CHARTER SCHOOL COMMISSION  
(‘AHA KULA HO‘ĀMANA)  
<http://CharterCommission.Hawaii.Gov>  
1111 Bishop Street, Suite 516, Honolulu, Hawaii 96813  
Tel: (808) 586-3775 Fax: (808) 586-3776

July 1, 2016

VIA US MAIL and E-MAIL

Governing Board Members  
Kanu o ka ‘Āina New Century Public Charter School  
64-1043 Hi‘iaka St.  
Kamuela, HI 96743

RE: Preliminary Charter School Performance Report for 2017 Charter Contract Renewal Process

Dear Governing Board Members:

Today marks the beginning of the third and final year of the current Charter Contract. All Hawaii charter schools are eligible for a new Charter Contract that will begin on July 1, 2017 ("2017 Charter Contract"). As part of the 2017 Charter Contract Renewal Process that was adopted by the State Public Charter School Commission ("Commission") on November 19, 2015, and which will take place over the course of the coming school year, the Commission is providing you with a Preliminary Charter School Performance Report for Kanu o ka ‘Āina New Century Public Charter School (Enclosure 1).

Recall that the term of the 2017 Charter Contract may vary from two to five years, based on each school's academic, financial, and organizational performance. The contract length for which a school will be eligible is largely determined by a school's three-year average percentile rank, which will be based on its Academic Performance Framework results for school years 2013-2014, 2014-2015, and 2015-2016.

The chart below outlines the possible contract lengths, based on a school's three-year average percentile rank, its overall rating on the Organizational and Financial Performance Frameworks and, if applicable, any points earned from the "Additional Indicators" section of the contract renewal application. Please note that Hawaiian language immersion charter schools and Mālama Honua Public Charter School have different renewal criteria and contract lengths, as indicated in the last row of the table.

Bracket	3-year avg. percentile rank	Overall rating on Organizational and Financial Frameworks	Additional Indicators required?	Additional Indicator point value	Length of Contract 3.0
1	90 or above	Meets standard for both Organizational and Financial	Optional	No point value – informational only	5 years
		Does <u>not</u> meet standard for Organizational, Financial or both	Optional	No point value – informational only	4 years
2	50 to 89	Meets standard for both Organizational and Financial	Optional	35 points or more	5 years
				34 points or fewer	4 years
		Does <u>not</u> meet standard for Organizational, Financial or both	Optional	No point value – informational only	4 years
3	21 to 49	Meets standard for both Organizational and Financial	Optional	35 points or more	4 years
				34 points or fewer	3 years
		Does <u>not</u> meet standard for Organizational, Financial or both	Optional	No point value – informational only	3 years
4	20 or below	Meets standard for both Organizational and Financial	Required	40 points or more	3 years with co-created interim academic targets
				39 points or fewer	2 years with co-created interim academic targets
		Does <u>not</u> meet standard for Organizational, Financial or both	Required	No point value – used to inform interim academic targets	2 years with co-created interim academic targets
Hawaiian Language Immersion Schools and Mālama Honua		Meets standard for both Organizational and Financial	Optional	No point value – informational only	4 years
		Does <u>not</u> meet standard for Organizational, Financial or both	Optional	No point value – informational only	3 years

#### Academic Performance

The first page of the Preliminary Charter School Performance Report (Enclosure 1) provides an informational snapshot of Kanu o ka 'Āina New Century Public Charter School's academic performance thus far. The school year 2015-2016 Academic Performance Framework results will not be available until the fall of 2016, after which the Commission will calculate schools' three-year average percentile ranks and issue its Final Charter School Performance Reports.

Governing Board Members

Page 3

July 1, 2016

#### **Organizational Performance**

The first two pages of the Preliminary Charter School Performance Report (Enclosure 1) contain the section on organizational performance. Starting with school year 2015-2016, the Commission will determine a single overall rating on the Organizational Performance Framework for each school. This rating comprises five indicators; for details, please refer to the Commission's September 10, 2015 submittal on the Organizational Performance Annual Rating, available at <http://bit.ly/org-frame-201509>.

Since organizational performance data were not collected for all indicators in school years 2013-2014 and 2014-2015, data for these years are not included in the Preliminary Charter School Performance Report. The data and overall rating for school year 2015-2016 will be included in the Final Charter School Performance Report.

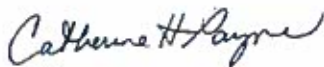
#### **Financial Performance**

On the third page of the Preliminary Charter School Performance Report (Enclosure 1), you will find information on Kanu o ka 'Āina New Century Public Charter School's financial performance for school years 2013-2014 and 2014-2015 on the eight indicators that comprise the Financial Performance Framework. These results are based on the audited financial data that were submitted by the school. For details about these indicators, please refer to the Commission's September 10, 2015 submittal on the Financial Performance Annual Rating, available at <http://bit.ly/fin-frame-201509>.

A school will receive an overall rating of "Meets Standard" if, at year's end, it **meets the identified standards for Unrestricted Days Cash on Hand and four or more of the other remaining financial performance targets**. Like the overall rating for organizational performance, the overall rating for financial performance will only be determined for the 2015-2016 school year. Schools will receive this information and their 2015-2016 school year financial indicator data in the Final Charter School Performance Report.

We look forward to a 2016-2017 school year full of success and progress for Hawaii's public charter schools, and we thank you for your service to the children of Hawaii.

With aloha,



Catherine Payne  
Chairperson



Yvonne W.M. Lau  
Acting Executive Director

c: School Director, Kanu o ka 'Āina New Century Public Charter School

Enclosure: Preliminary Charter School Performance Report for Kanu o ka 'Āina New Century Public Charter School

## Kanu o ka 'Āina New Century Public Charter School Preliminary Charter School Performance Report

On or before July 1, 2016, all charter schools will receive a preliminary Renewal Charter School Performance report, and by November 14, 2016, will receive their final Renewal Charter School Performance Report. This report will determine the school's renewal contract length eligibility.

### Academic Performance

Academic Performance Indicators	SY 2013-2014	SY 2014-2015	SY 2015-2016
1. <b>INFORMATIONAL:</b> Academic Performance Framework (APF) score	219	175	Data Available in Fall 2016
2. School percentile ranking	66	37	Data Available in Fall 2016
3. Three-year average school percentile ranking	Data Available in Fall 2016		

### Organizational Performance

In order for a school to receive an overall rating of "Meets Standard," the school must satisfy the "Meets Standard" expectations described in the "Overall Rating Criteria" table below. The individual rating criteria for each of the Organizational Performance Indicators are also provided below.

#### Overall Rating Criteria

Meets Standard	Does Not Meet Standard
Falls in the "Meets Standard" category for all 5 Organizational Performance Indicators	Falls in the "Does Not Meet Standard" category for 1 Organizational Performance Indicator or more



**Individual Rating Criteria**

<b>Individual Rating Criteria</b>	<b>Meets Standard</b>	<b>Does Not Meet Standard</b>
<b>On-time completion rate for Epicenter tasks</b>	70% or higher	69-51%
<b>Number of Notices of Deficiency issued</b>	1 or fewer	2-3
<b>Number of incidents of non-compliance with governing board meeting requirements</b>	2 or fewer	3-5
<b>Number of incidents of non-compliance with school policy requirements</b>	1 or fewer	2
<b>Satisfactory completion of Compliance Review tasks</b>	1 or fewer items not completed satisfactorily	2 or more items not completed satisfactorily

**School Results**

<b>Organizational Performance Indicators</b>	<b>SY 2013-2014</b>	<b>SY 2014-2015</b>	<b>SY 2015-2016</b>	<b>Target/Standard</b>
1. On-time completion rate for Epicenter tasks	Data not collected during SY2013-14 and SY2014-15	Data not collected during SY2013-14 and SY2014-15	Data Available in Fall 2016	70% or higher
2. Number of Notices of Deficiency received	Data not collected during SY2013-14 and SY2014-15	Data not collected during SY2013-14 and SY2014-15	Data Available in Fall 2016	1 or fewer
3. Number of incidents of non-compliance with governing board meeting requirements	Data not collected during SY2013-14 and SY2014-15	Data not collected during SY2013-14 and SY2014-15	Data Available in Fall 2016	2 or fewer
4. Number of incidents of non-compliance with school policy requirements	Data not collected during SY2013-14 and SY2014-15	Data not collected during SY2013-14 and SY2014-15	Data Available in Fall 2016	1 or fewer
5. Satisfactory completion of Compliance Review tasks	Data not collected during SY2013-14 and SY2014-15	Data not collected during SY2013-14 and SY2014-15	Data Available in Fall 2016	1 or fewer items not completed satisfactorily
OVERALL RATING	-	-	Data Available in Fall 2016	Meets standard

*Note: Organizational Performance data were not collected for all indicators in SY 2013-2014 and SY 2014-2015, so these data are not included in this report.*

## **Financial Performance**

**Note:** The Financial Performance data for SY 2013-2014 and SY 2014-2015 are provided for informational purposes. The SY 2014-2015 data for Unrestricted Days Cash on Hand are also provided in order to determine whether there is a positive trend from SY 2014-2015 to SY 2015-2016.

Since the Overall Financial Performance Rating Criteria were developed after SY 2014-2015, they will not be retroactively applied to the SY 2013-2014 or SY 2014-2015 data; therefore, schools will not receive an overall rating for these years.

### **Overall Rating Criteria**

<b>Meets Standard</b>	<b>Does Not Meet Standard</b>
Satisfies the "Meets Standard" category for Unrestricted Days Cash on Hand  AND Falls in the "Meets Standard" category for four or more additional Financial Performance Indicators	Satisfies in the "Meets Standard" category for four or fewer Financial Performance Indicators and/or Does Not Meet Standard for Unrestricted Days Cash on Hand

### **Individual Rating Criteria**

<b>Financial Performance Indicators</b>	<b>SY 2013-2014</b>	<b>SY 2014-2015</b>	<b>SY 2015-2016</b>	<b>Target/Standard</b>
1. Current Ratio	1.08	2.25	Data Available in Fall 2016	1.1 or higher
2. Unrestricted Days Cash on Hand	19.73 days	18 days	Data Available in Fall 2016	60 days or more; 30 to 60 days AND positive trend from SY 2014-2015 to SY 2015-2016
3. Enrollment Variance	107.6%	97.2%	Data Available in Fall 2016	95% or higher
4. Total Margin	0.00	3.6%	Data Available in Fall 2016	0% or higher
5. Debt to Assets Ratio	91%	40.4%	Data Available in Fall 2016	50% or less
6. Cash Flow	59,525	(\$6,776.00)	Data Available in Fall 2016	\$0.00 or more
7. Unrestricted Fund Balance Percentage	4.0%	10.0%	Data Available in Fall 2016	25% or higher
8. Change in Total Fund Balance	8,841	\$112,393.00	Data Available in Fall 2016	\$0.00 or more
<b>OVERALL RATING</b>	<b>Does Not Count</b>	<b>Does Not Count</b>	<b>Data Available in Fall 2016</b>	

KANU O KA 'AINA NEW CENTURY PUBLIC CHARTER SCHOOL (KANU)						
Financial Performance Framework Analysis						
<b>1. NEAR TERM INDICATORS</b>						
<b>1.a. Current Ratio</b>						
<i>Current Assets / Current Liabilities</i>						
	06/30/14	06/30/13	06/30/12	06/30/11	06/30/10	06/30/09
Current Assets	\$ 637,593	\$ 517,735	\$ 219,388	\$ 475,444	\$ 254,492	\$ 552,046
Current Liabilities	502,813	503,769	208,342	148,937	360,079	358,416
Current Ratio	1.27	1.03	1.05	3.19	0.71	1.54
One-Year Trend	0.24	(0.03)	(2.14)	2.49	(0.83)	1.54
<b>1.b. Unrestricted Days Cash</b>						
<i>Unrestricted Cash divided by ((Total Expenses - Depreciation Expense) / 365 Days)</i>						
	06/30/14	06/30/13	06/30/12	06/30/11	06/30/10	06/30/09
Total expenses	\$ 2,759,480	\$ 2,384,933	\$ 2,470,257	\$ 2,721,100	\$ 3,293,316	\$ 2,873,561
Depreciation	(45,991)	(58,445)	(52,559)	(54,255)	(17,867)	(24,830)
Net expenses	2,713,489	2,326,488	2,417,698	2,666,845	3,275,449	2,848,731
	+ 365	+ 365	+ 365	+ 365	+ 365	+ 365
Daily expenses	7,434	6,374	6,624	7,306	8,974	7,805
Unrestricted cash	152,366	92,841	146,481	119,060	16,194	250,066
Divided by daily expenses	7,434	6,374	6,624	7,306	8,974	7,805
Unrestricted days cash	20.50	14.57	22.11	16.30	1.80	32.04
<b>1.c. Enrollment Variance</b>						
<i>Actual Enrollment / Enrollment Projection in Charter School Board-Approved Budget</i>						
	06/30/14	06/30/13	06/30/12	06/30/11	06/30/10	06/30/09
Actual enrollment	-	-	-	-	-	-
Budgeted enrollment	-	-	-	-	-	-
Ratio	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
<b>2.SUSTAINABILITY INDICATORS</b>						
<b>2.a Total Margin</b>						
<i>Total 3-Year Net Income / Total 3-Year Revenue</i>						
	06/30/14	06/30/13	06/30/12	06/30/11	06/30/10	06/30/09
Revenue	\$ 2,840,369	\$ 2,411,425	\$ 2,111,710	\$ 3,151,924	\$ 3,057,056	\$ 2,871,677
Expenses	2,759,480	2,384,933	2,470,257	2,721,100	3,293,316	2,873,561
Net income (loss)	\$ 80,889	\$ 26,492	\$ (358,547)	\$ 430,824	\$ (236,260)	\$ (1,884)
Three year revenue	\$ 7,363,504	\$ 7,675,059	\$ 8,320,690	\$ 9,080,657	\$ 5,928,733	\$ 2,871,677
Three year expenses	7,614,670	7,576,290	8,484,673	8,887,977	6,166,877	2,873,561
Three year net income (loss)	\$ (251,166)	\$ 98,769	\$ (163,983)	\$ 192,680	\$ (238,144)	\$ (1,884)
Three year percentage	-3.4%	1.3%	-2.0%	2.1%	-4.0%	-0.1%

KANU O KA 'AINA NEW CENTURY PUBLIC CHARTER SCHOOL (KANU)						
Financial Performance Framework Analysis						
<b>2.b. Debt to Asset Ratio</b>						
<b>Total Liabilities / Total Assets</b>						
	06/30/14	06/30/13	06/30/12	06/30/11	06/30/10	06/30/09
Total Liabilities	\$ 502,813	\$ 503,769	\$ 208,342	\$ 148,937	\$ 360,079	\$ 358,416
Total Assets	689,643	609,710	287,790	586,932	367,251	601,846
Ratio	0.73	0.83	0.72	0.25	0.98	0.60
<b>2.c. Multi-Year Cash Flow</b>						
<b>Multi-Year Cash Flow = Year 3 Total Cash - Year 1 Total Cash</b>						
	06/30/14	06/30/13	06/30/12	06/30/11	06/30/10	06/30/10
Total cash	\$ 152,366	\$ 92,841	\$ 146,481	\$ 119,060	\$ 16,194	\$ 250,066
Year 3 total cash	\$ 152,366	\$ 92,841	\$ 146,481	\$ 119,060	\$ 16,194	\$ 250,066
Year 1 total cash	(146,481)	(119,060)	(16,194)	(250,066)	-	-
Multi-year cumulative cash flow	\$ 5,885	\$ (26,219)	\$ 130,287	\$ (131,006)	\$ 16,194	\$ 250,066
<b>One-Year Cash Flow = Year 2 Total Cash - Year 1 Total Cash</b>						
	06/30/14	06/30/13	06/30/12	06/30/11	06/30/10	06/30/10
Total cash	\$ 152,366	\$ 92,841	\$ 146,481	\$ 119,060	\$ 16,194	\$ 250,066
Year 2 total cash	\$ 152,366	\$ 92,841	\$ 146,481	\$ 119,060	\$ 16,194	\$ 250,066
Year 1 total cash	(92,841)	(146,481)	(119,060)	(16,194)	(250,066)	-
One-year cash flow	\$ 59,525	\$ (53,640)	\$ 27,421	\$ 102,866	\$ (233,872)	\$ 250,066
<b>2.d. Unrestricted Fund Balance Percentage</b>						
<b>Fund Balance / Total Expenses</b>						
	06/30/14	06/30/13	06/30/12	06/30/11	06/30/10	06/30/09
Unrestricted fund balance	\$ 186,830	\$ 105,941	\$ 79,448	\$ 437,995	\$ 7,171	\$ 243,431
Total expenses	2,759,480	2,384,933	2,470,257	2,721,100	3,293,316	2,873,561
Ratio	6.8%	4.4%	3.2%	16.1%	0.2%	8.5%
<b>2.e. Multi-Year Change in Total Fund Balance</b>						
<b>Multi-Year Change in Fund Balance = Year 3 Fund Balance - Year 1 Fund Balance</b>						
	06/30/14	06/30/13	06/30/12	06/30/11	06/30/10	06/30/10
Total fund balance	\$ 186,830	\$ 105,941	\$ 79,448	\$ 437,995	\$ 7,171	\$ 243,431
Year 3 total fund balance	\$ 186,830	\$ 105,941	\$ 79,448	\$ 437,995	\$ 7,171	\$ 243,431
Year 1 total fund balance	(79,448)	(437,995)	(7,171)	(243,431)	-	-
Change in total fund balance	\$ 107,382	\$ (332,054)	\$ 72,277	\$ 194,564	\$ 7,171	\$ 243,431



KANU O KA 'AINA NEW CENTURY PUBLIC CHARTER SCHOOL (KANU)						
Financial Performance Framework Analysis						
<b>2.e. One-Year Change in Total Fund Balance</b>						
<i>One-Year Change in Fund Balance = Year 2 Fund Balance - Year 1 Fund Balance</i>						
	06/30/14	06/30/13	06/30/12	06/30/11	06/30/10	06/30/10
Total fund balance	\$ 186,830	\$ 105,941	\$ 79,448	\$ 437,995	\$ 7,171	\$ 243,431
Year 2 total fund balance	\$ 186,830	\$ 105,941	\$ 79,448	\$ 437,995	\$ 7,171	\$ 243,431
Year 1 total fund balance	(105,941)	(79,448)	(437,995)	(7,171)	(243,431)	-
Change in total fund balance	\$ 80,889	\$ 26,493	\$ (358,547)	\$ 430,824	\$ (236,260)	\$ 243,431





## GOVERNING BOARD

May 18, 2016

Yvonne W.M. Lau  
Acting Executive Director  
State Public Charter School Commission  
1111 Bishop Street, Suite 516  
Honolulu, Hawaii 96813

Dear Yvonne W.M. Lau:

Re: Dispute Notice of Concern and misstatements Dated May 17, 2016

I just returned from the continent today to find a lot of concern regarding Kanu's financials. I thought all of this was resolved per my conversations with Commissioner D'Olier and yourself following your April 22, 2016 letter. The attached financial to include:

1. Kanu's February 2016 Financial Report
2. Kanu's March 2016 Financial Report, and
3. Kanu's cash flow forecast through June 2016

were submitted as requested on April 29, 2016, by both email and hardcopy. The information provided includes the cash flow forecast with "component unit cash at the beginning of the period" and "component unit cash at the end of the period" January through June 2016.

Also, attached is a copy of the financials uploaded to the epicenter website on May 12, 2016 – the report was not "incomplete" as misstated in the Notice of Concern dated May 17, 2016. The Commission 3rd quarter reporting Balance Sheet format does not allow for separation of cash between the school and component unit however this information was provided on April 29, 2016. To clarify, ASSETS 1. Cash and Cash Equivalents \$1,007,195 defined in the Instruction/Notes as "Assets that are cash or can be converted into cash immediately" on page 1 of the Commission Statement of Net Assets, aligns with Kanu o ka Aina Cash Flow SY15-16 March "Total Cash Available" to the school on page 3 of the letter enclosed dated April 28, 2016. Additionally, on the Commissions Statement of Revenues, Expenses, and Changes in Net Assets financial reporting form (page 5) line 28 outlines the Contributions, from Component Unit.

Please feel free to contact me should you have any further concerns, (808)895-8129.

Taffi Wise on behalf of Kanu o ka Aina Governing Board

Enclosed:

1. April 22, 2016 Commission Letter
2. Statement of Net Assets (Balance Sheet)
3. April 28, 2016 Letter including February & March 2016 Financial Report & Cash Flow Forecast through June 2016

*Mission: Kanu o ka Aina—Strive to reach your highest*

## GOVERNING BOARD



April 28, 2016

VIA EMAIL: April 29, 2016

Yvonne W.M. Lau  
Acting Executive Director  
State Public Charter School Commission  
1111 Bishop Street, Suite 516  
Honolulu, Hawai'i 96813

RE: Response to the letter dated April 22, 2016 Resolution of the Notice of Deficiency

Dear Ms. Lau,

Thank you for your recent willingness to clearly communicate with our Governing Board

Please find attached per your request:

1. KANU's February 2016 Financial Report;
2. KANU's March 2016 Financial Report (unapproved); and
3. KANU's cash flow forecast through June 2016

Please note that the Governing Board has not approved the Financial Report from March 2016, as the books have recently been closed and are in the process of being reconciled. Though we have provided the information as requested, it is against best practice to disclose financial information prior to reconciliation and approval by our board. We would appreciate the commission honor the processes, best practices, and due diligence of Kanu's Governing Board.

Please confirm that, along with the lifting of the Deficiency, the proposed action of holding the last increment of per pupil allocation is also lifted, or deferred, or is approved by the SPCS Commission.

We again will reiterate the notices of concern and deficiencies are not factually substantiated. The school has provided all required information and additional information as requested in good faith. All information requested formally and informally has been provided to Commission staff and Commissioners by Kanu in a timely manner and in the format requested. As you can see from the attached financials and cash flow, Kanu has no issues with cash flow that jeopardize the school in anyway and never have. There are significant procedural irregularities with the process that need to be addressed.

Kanu has not been informed of violations of performance and/or compliance with the contract or law that justify issuance of notices of concern or deficiency. Kanu has repeatedly contested the Commission staffs' determinations in formal correspondence to the commission in an effort to address any alleged deficiency.

## GOVERNING BOARD



Again, Kanu requests a meeting and formally invite you and the Commissioners to meet with members of our Governing Board to discuss issues. If this is not desired, we formally request Dispute Resolution with a mutually agreed third party facilitator prior to discussion by the full Commission, per section 14.5 of the contract. We would appreciate a response to this request.

Additionally, Kanu is very concerned that the Commission Agent Submittals that detail issues are being posted in a manner that impairs our Board's ability to present testimony or clarify concerns. This is critical because it has been our main form of communication with the Commission. In essence the process used by the Commission is inhibiting our ability to testify. Also the additional information submitted to the Commission by Kanu has not been included for Commissioners review in the submittals.

Finally, I have requested appropriate correspondence repeatedly without success and I am hopeful that you will rectify this. Kanu's executive team includes Taffi Wise, Chief Business Officer. Correspondence of this nature should not be going to the Principals who only handle academic issues; they should be going to Taffi, Joe Fraser, Treasurer and myself. Taffi has consistently been excluded, if we are to improve communication it is imperative that she be the operational point of contact for all business matters.

Your attention to these matters is greatly appreciated. I look forward to meeting with you to clarify these issues.

Taffi Wise on behalf of,

Marion K.A. Kapuniai,  
Governing Board Chair

### Enclosures:

1. KANU's February 2016 Financial Report,
2. KANU's March 2016 Financial Report (unapproved); and
3. KANU's cash flow forecast through June 2016



# Kanu o ka 'Āina Cash Flow SY15-16

Operating Activities	January	February	March	April	May	June
Cash at Beginning of Period	\$992,042	\$738,580	\$631,056	\$825,003	\$609,083	\$372,973
Component Unit Cash at Beginning of Period	\$522,873	\$522,991	\$522,912	\$182,192	\$182,192	\$487,140
Revenue	\$6,424	\$125,001	\$435,948	\$52,789	\$30,499	\$586,644
Expenses	(\$252,850)	(\$239,034)	(\$241,414)	(\$268,709)	(\$266,609)	(\$256,462)
Net Cash Assets/Liabilities	(\$7,036)	\$6,509	(\$587)	\$0	\$0	\$0
Component Unit Revenue/Exp	\$118	(\$79)	(\$340,720)		\$304,948	(\$331,987)
Cash at End of Period	\$738,580	\$631,056	\$825,003	\$609,083	\$372,973	\$703,155
Component Unit Cash at End of Period	\$522,991	\$522,912	\$182,192	\$182,192	\$487,140	\$155,153
<b>Total Cash Available to School</b>	<b>\$1,261,571</b>	<b>\$1,153,968</b>	<b>\$1,007,195</b>	<b>\$791,275</b>	<b>\$860,113</b>	<b>\$858,308</b>

Outstanding AR at Year End not included above :  
4th QTR Fringe \$30,000

# Year to Date Actual to Budget Detail

Kanu o ka 'Āina

UNAPPORTIONED

July 2015 - March 2016

Account Code	Description	March		July - March Summary				2015-2016	
		Actual	Budget	Actual	Budget	Variance \$	Variance %	Total Budget	Remaining Budget
4000	Capital Exp Revenue			\$7,057,032	\$1,777,510	\$52,791	4.1%	\$2,197,241	\$172,333
<b>Revenue Link</b>				<b>\$7,057,032</b>	<b>\$1,777,510</b>	<b>\$52,791</b>	<b>4.1%</b>	<b>\$2,197,241</b>	<b>\$172,333</b>
4001	State Federal Revenue			\$10,021	\$116,151	\$6,5179	21.7%	\$116,151	\$71,173
4002	State			\$12,494	\$17,151	\$4,658	21.9%	\$17,151	\$4,593
4003	Education Revenue			\$1,111	\$11,111	\$1,000		\$11,111	\$4,374
<b>Federal Revenue</b>				<b>\$13,626</b>	<b>\$135,312</b>	<b>\$12,587</b>	<b>17.7%</b>	<b>\$135,312</b>	<b>\$79,940</b>
4100	Other State Revenue	\$79,814	\$32,111	\$113,622	\$1,111	\$112,511		\$122,511	\$12,511
<b>Other State Revenue</b>		<b>\$79,814</b>	<b>\$32,111</b>	<b>\$113,622</b>	<b>\$1,111</b>	<b>\$112,511</b>		<b>\$122,511</b>	<b>\$12,511</b>
4101	Other State Revenue	\$63,751		\$63,751	\$297,151	\$1,412	4	\$79,814	\$1,412
4102	State Contributions			\$1,751	\$1,751	\$1,751	7	\$1,751	\$1,751
4103	Student Financial Aid	\$1,751	\$1,751	\$29,515	\$1,751	\$1,751	4	\$29,515	\$1,751
4104	State Education Revenue	\$5,111		\$5,111	\$5,111	\$5,111		\$5,111	\$5,111
4105	Interest Investment Income	\$5,111		\$2,411	\$11	\$2,400	65.4	\$11	\$11
<b>Total Revenue</b>		<b>\$85,340</b>	<b>\$32,500</b>	<b>\$146,383</b>	<b>\$317,552</b>	<b>\$149,033</b>	<b>45.7%</b>	<b>\$750,297</b>	<b>\$229,704</b>
<b>Total Revenue</b>		<b>\$85,340</b>	<b>\$32,500</b>	<b>\$146,383</b>	<b>\$317,552</b>	<b>\$149,033</b>	<b>45.7%</b>	<b>\$750,297</b>	<b>\$229,704</b>
	State Revenue	\$79,814	\$27,000	\$122,111	\$221,111	\$141,297	64	\$221,111	\$122,111
	State Revenue	\$10,021	\$27,000	\$1,711	\$1,711	\$1,711		\$1,711	\$1,711
	State Revenue	\$1,111	\$27,000	\$1,111	\$1,111	\$1,111		\$1,111	\$1,111
<b>Certified Salaries</b>		<b>\$100,570</b>	<b>\$79,420</b>	<b>\$716,872</b>	<b>\$895,200</b>	<b>\$178,328</b>	<b>19.4%</b>	<b>\$1,193,713</b>	<b>\$276,844</b>
	State Revenue	\$1,111	\$1,111	\$1,111	\$1,111	\$1,111	20.2	\$1,111	\$1,111
	State Revenue	\$1,111	\$1,111	\$1,111	\$1,111	\$1,111	9.1	\$1,111	\$1,111
	State Revenue	\$1,111	\$1,111	\$1,111	\$1,111	\$1,111	1.2%	\$1,111	\$1,111
<b>Classified Salaries</b>		<b>\$28,372</b>	<b>\$15,622</b>	<b>\$719,351</b>	<b>\$122,941</b>	<b>\$596,410</b>	<b>1.1%</b>	<b>\$430,574</b>	<b>\$181,237</b>
	State Revenue	\$1,111	\$1,111	\$1,111	\$1,111	\$1,111	3.7%	\$1,111	\$1,111
	State Revenue	\$1,111	\$1,111	\$1,111	\$1,111	\$1,111	1.1%	\$1,111	\$1,111
<b>Employee Benefits</b>		<b>\$10,950</b>	<b>\$13,651</b>	<b>\$125,970</b>	<b>\$122,941</b>	<b>\$13,029</b>	<b>14.2%</b>	<b>\$166,232</b>	<b>\$19,227</b>
4200	State Revenue	\$1,111	\$1,111	\$1,111	\$1,111	\$1,111	15.1%	\$1,111	\$1,111
4201	State Revenue	\$1,111	\$1,111	\$1,111	\$1,111	\$1,111	45.7%	\$1,111	\$1,111
4202	State Revenue	\$1,111	\$1,111	\$1,111	\$1,111	\$1,111	11.0%	\$1,111	\$1,111
4203	State Revenue	\$1,111	\$1,111	\$1,111	\$1,111	\$1,111	0%	\$1,111	\$1,111
4204	State Revenue	\$1,111	\$1,111	\$1,111	\$1,111	\$1,111	10.4%	\$1,111	\$1,111
4205	State Revenue	\$1,111	\$1,111	\$1,111	\$1,111	\$1,111	6.1%	\$1,111	\$1,111
<b>Books and Supplies</b>		<b>\$5,041</b>	<b>\$14,292</b>	<b>\$115,481</b>	<b>\$122,941</b>	<b>\$67,454</b>	<b>10.1%</b>	<b>\$173,017</b>	<b>\$27,533</b>
	State Revenue	\$1,111	\$1,111	\$1,111	\$1,111	\$1,111	0.9	\$1,111	\$1,111
	State Revenue	\$1,111	\$1,111	\$1,111	\$1,111	\$1,111	3%	\$1,111	\$1,111

# Balance Sheet Summary

Kanu o ka 'Āina

March 2016

UNAPPROVED

<b>Assets</b>	
<b>Current Assets</b>	
Cash	\$1,007,195
Accounts Receivables	\$17,099
Prepaid Expenses	\$4,990
<b>Total Current Assets</b>	<b>\$1,029,284</b>
<b>Fixed Assets</b>	
Buildings and Improvements	\$41,151
Furniture and Fixtures	\$139,466
Transportation Equipment	\$150,465
Accumulated Depreciation	(\$285,240)
<b>Total Fixed Assets</b>	<b>\$45,842</b>
<b>Other Assets</b>	
<b>Total Other Assets</b>	
<b>Total Assets</b>	
	<b>\$1,075,126</b>

<b>Liabilities and Net Assets</b>	
<b>Current Liabilities</b>	
Accounts Payable	\$46,433
Accrued Salaries, Payroll Taxes, Postemployment Benefits	\$101,988
<b>Total Current Liabilities</b>	<b>\$148,421</b>
<b>Long Term Liabilities</b>	
<b>Total Long Term Liabilities</b>	<b>\$0</b>
<b>Total Liabilities</b>	
	<b>\$148,421</b>
<b>Net Assets</b>	
Unrestricted Net Assets	\$454,376
Profit/Loss YTD	\$472,329
<b>Total Net Assets</b>	<b>\$926,705</b>
<b>Total Liabilities and Net Assets</b>	
	<b>\$1,075,126</b>

Account Code	Description	2015-2016		July-February Summary				2015-2016	
		Actual	Budget	Actual	Budget	Variance	Variance %	Total Budget	Remaining Budget
0100	State Budgetary			\$2,027,931	\$1,977,210	\$50,721	2.6%	\$2,197,240	\$139,331
Revenue Limit				\$2,027,931	\$1,977,210	\$50,721	2.6%	\$2,197,240	\$139,331
4	State Revenue	\$2,027,931		\$2,027,931	\$1,977,210	\$50,721	2.6%	\$2,197,240	\$139,331
41	State Revenue	\$2,027,931		\$2,027,931	\$1,977,210	\$50,721	2.6%	\$2,197,240	\$139,331
42	State Revenue	\$2,027,931		\$2,027,931	\$1,977,210	\$50,721	2.6%	\$2,197,240	\$139,331
43	State Revenue	\$2,027,931		\$2,027,931	\$1,977,210	\$50,721	2.6%	\$2,197,240	\$139,331
Federal Revenue		\$54,022	\$1,000	\$55,022	\$1,000	\$54,022	5402.2%	\$163,325	\$73,325
412	Federal Revenue	\$54,022	\$1,000	\$55,022	\$1,000	\$54,022	5402.2%	\$163,325	\$73,325
Other State Revenue		\$23,733		\$23,733		\$23,733		\$123,025	\$123,025
4	Other State Revenue	\$23,733		\$23,733		\$23,733		\$123,025	\$123,025
41	Other State Revenue	\$23,733		\$23,733		\$23,733		\$123,025	\$123,025
42	Other State Revenue	\$23,733		\$23,733		\$23,733		\$123,025	\$123,025
43	Other State Revenue	\$23,733		\$23,733		\$23,733		\$123,025	\$123,025
Local Revenue		\$1,000	\$2,500	\$1,000	\$2,500	\$1,000	40%	\$250,000	\$249,000
Total Revenue		\$2,085,683	\$4,500	\$2,085,683	\$4,500	\$2,085,683	46526.7%	\$2,569,565	\$613,884
4	Total Revenue	\$2,085,683	\$4,500	\$2,085,683	\$4,500	\$2,085,683	46526.7%	\$2,569,565	\$613,884
41	Total Revenue	\$2,085,683	\$4,500	\$2,085,683	\$4,500	\$2,085,683	46526.7%	\$2,569,565	\$613,884
42	Total Revenue	\$2,085,683	\$4,500	\$2,085,683	\$4,500	\$2,085,683	46526.7%	\$2,569,565	\$613,884
43	Total Revenue	\$2,085,683	\$4,500	\$2,085,683	\$4,500	\$2,085,683	46526.7%	\$2,569,565	\$613,884
Certificated Salaries		\$177,282	\$19,400	\$177,282	\$19,400	\$177,282	914.3%	\$1,123,727	\$1,377,445
4	Certificated Salaries	\$177,282	\$19,400	\$177,282	\$19,400	\$177,282	914.3%	\$1,123,727	\$1,377,445
41	Certificated Salaries	\$177,282	\$19,400	\$177,282	\$19,400	\$177,282	914.3%	\$1,123,727	\$1,377,445
42	Certificated Salaries	\$177,282	\$19,400	\$177,282	\$19,400	\$177,282	914.3%	\$1,123,727	\$1,377,445
43	Certificated Salaries	\$177,282	\$19,400	\$177,282	\$19,400	\$177,282	914.3%	\$1,123,727	\$1,377,445
Classified Salaries		\$29,622	\$33,882	\$29,622	\$33,882	\$29,622	87.4%	\$432,594	\$142,972
4	Classified Salaries	\$29,622	\$33,882	\$29,622	\$33,882	\$29,622	87.4%	\$432,594	\$142,972
41	Classified Salaries	\$29,622	\$33,882	\$29,622	\$33,882	\$29,622	87.4%	\$432,594	\$142,972
42	Classified Salaries	\$29,622	\$33,882	\$29,622	\$33,882	\$29,622	87.4%	\$432,594	\$142,972
43	Classified Salaries	\$29,622	\$33,882	\$29,622	\$33,882	\$29,622	87.4%	\$432,594	\$142,972
Employee Benefits		\$13,072	\$12,852	\$13,072	\$12,852	\$13,072	101.7%	\$164,332	\$171,260
4	Employee Benefits	\$13,072	\$12,852	\$13,072	\$12,852	\$13,072	101.7%	\$164,332	\$171,260
41	Employee Benefits	\$13,072	\$12,852	\$13,072	\$12,852	\$13,072	101.7%	\$164,332	\$171,260
42	Employee Benefits	\$13,072	\$12,852	\$13,072	\$12,852	\$13,072	101.7%	\$164,332	\$171,260
43	Employee Benefits	\$13,072	\$12,852	\$13,072	\$12,852	\$13,072	101.7%	\$164,332	\$171,260
Books and Supplies		\$5,366	\$14,222	\$5,366	\$14,222	\$5,366	37.7%	\$172,002	\$166,636
4	Books and Supplies	\$5,366	\$14,222	\$5,366	\$14,222	\$5,366	37.7%	\$172,002	\$166,636
41	Books and Supplies	\$5,366	\$14,222	\$5,366	\$14,222	\$5,366	37.7%	\$172,002	\$166,636
42	Books and Supplies	\$5,366	\$14,222	\$5,366	\$14,222	\$5,366	37.7%	\$172,002	\$166,636
43	Books and Supplies	\$5,366	\$14,222	\$5,366	\$14,222	\$5,366	37.7%	\$172,002	\$166,636



Kanu o ka 'Āina

## Balance Sheet Summary

February 2016

<b>Assets</b>	
<b>Current Assets</b>	
Cash	\$1,153,968
Accounts Receivables	\$12,415
Prepaid Expenses	\$4,990
<b>Total Current Assets</b>	<b>\$1,171,373</b>
<b>Fixed Assets</b>	
Buildings and Improvements	\$41,151
Furniture and Fixtures	\$139,466
Transportation Equipment	\$150,465
Accumulated Depreciation	(\$285,240)
<b>Total Fixed Assets</b>	<b>\$45,842</b>
<b>Other Assets</b>	
<b>Total Other Assets</b>	
<b>Total Assets</b>	
	<b>\$1,217,215</b>

<b>Liabilities and Net Assets</b>	
<b>Current Liabilities</b>	
Accounts Payable	\$37,075
Accrued Salaries, Payroll Taxes, Postemployment Benefits	\$101,484
<b>Total Current Liabilities</b>	<b>\$138,559</b>
<b>Long Term Liabilities</b>	
<b>Total Long Term Liabilities</b>	<b>\$0</b>
<b>Total Liabilities</b>	
	<b>\$138,559</b>
<b>Net Assets</b>	
Unrestricted Net Assets	\$454,376
Profit/Loss YTD	\$624,280
<b>Total Net Assets</b>	<b>\$1,078,656</b>
<b>Total Liabilities and Net Assets</b>	
	<b>\$1,217,215</b>

NAME: Kanu o ka Aina

Org ID 397

**Statement of Net Assets (Balance Sheet)**  
**For the Six Months Ended Mar 31, 2015**

**ASSETS****Current Assets**

1	Cash and Cash Equivalents	1,007,195
2	Accounts Receivable net of doubtful accounts	17,099
3	Grants Receivable - State	-
4	Grants Receivable - Federal	-
5	Grants Receivable - Private	-
6	Contributions Receivable	-
7	Due from related parties	-
8	Prepaid Expenses	4,990
9	Short-Term Investments	
10	Other	
11	Other	
12	<b>TOTAL CURRENT ASSETS</b>	<b>1,029,284</b>

**Noncurrent Assets****Capital Assets**

13	- Land and Buildings	41,151
14	- Building/Leasehold Improvement	
15	- Furniture and Equipment	289,931
16	- Less Accumulated Depreciation	(285,240)
17	Net Capital Assets	45,842
18	Restricted cash and cash equivalents	
19	Long-Term Investments	
20	Other	
21	Other	
22	<b>TOTAL NONCURRENT ASSETS</b>	<b>45,842</b>
23	<b>TOTAL ASSETS</b>	<b>1,075,126</b>

**LIABILITIES AND NET ASSETS****Current Liabilities**

24	Accounts Payable	46,433
25	Accrued Expenses	101,988
26	Deferred Revenue	
27	Due to related parties	
28	Current Debt Payable	
29	Current Lease Obligations Payable	
30	Other	
31	Other	
32	<b>TOTAL CURRENT LIABILITIES</b>	<b>148,421</b>

**Noncurrent Liabilities**

## Form C1

The DUE DATE for transmitting this COMPLETED FORM to the Commission Office for Year Ended March 31, 2015 is: MAY 15, 2016

**Instructions/Notes**

No need to enter information in this cell. Information is pulled from another schedule or based on a formula.  
Enter Information in this cell.

Leave this cell blank

Assets that are cash or can be converted into cash immediately

A school's claim for money, goods and services from customers and other entities.

Claims for goods and services provided under state awarded contracts.

Claims for goods and services provided under federal awarded contracts.

Claims for goods and services provided from private awards received.

Unconditional promises to give by private individuals or corporations.

Amounts to be received from related parties.

An expense paid but not incurred as of year end.

Readily marketable security for which the intention of the school is the conversion to cash in the short term.

Please enter a brief description in the highlighted green cell, if applicable.

Please enter a brief description in the highlighted green cell, if applicable.

Calculates automatically.

Costs for purchase of land and building inclusive of remodeling, reconditioning, or altering the building purchased to make it available for the purpose for which it was acquired.

Improvements on leased property that revert back to the owners upon termination of the lease

Purchases of furniture and equipment that meet the school's capitalization policy

The aggregate, at a given point in time, of the depreciation charges made during the useful life of the fixed asset. Enter as a negative number.

Calculates automatically.

Cash restricted by external sources for future purchases.

Investments that do not meet the criteria of "Short-Term Investments" above.

Please enter a brief description in the highlighted green cell, if applicable.

Please enter a brief description in the highlighted green cell, if applicable.

Calculates automatically.

Calculates automatically.

Obligations for goods or services purchased for which invoices have been received.

An unpaid expense incurred that has not been paid as of the end of the period.

Cash received for services not performed (i.e., grant funds received that were not expended).

Amounts due to related parties.

Debt obligations due within one year of financial statement date.

Lease obligations due within one year of financial statement date

Please enter a brief description in the highlighted green cell, if applicable.

Please enter a brief description in the highlighted green cell, if applicable.

Calculates automatically.

NAME: Kanu o ka AinaOrg ID 397

**Statement of Revenues, Expenses, and Changes in Net Assets (P & L)**  
**For the Six Months Ended Mar 31, 2015**

**OPERATING REVENUES**

1	Grants - State Per Pupil	\$2,057,907.00
2	Grants - State Facilities	
3	Grants - State Other	\$52,576.82
4	Grants - Federal	\$104,304.95
5	Grants - Private	
6	Nutrition Funding - Federal	\$11,625.84
7	Nutrition Funding - Fees	26,579.00
8	Other Program Fees	
9	Contributions, in-kind	
10	Contributions, cash	3,786.00
11	Transportation Fees	
12	SPED Reimbursements	500.00
13	Other: Fringe Reimbursements	\$59,246.18
14	Other:	
15	<b>TOTAL OPERATING REVENUES</b>	<b>2,316,525.79</b>

**OPERATING EXPENSES**

16	Administration	310,533.44
17	Instructional Services	1,154,025.68
18	Pupil Services	119,633.64
19	Operation & Maintenance of Plant	562,029.56
20	Benefits and Other Fixed Charges	129,692.72
21	Community Services	-
22	Component Unit Expenses	
23	Contributions to School	
24	<b>TOTAL OPERATING EXPENSES</b>	<b>2,275,915.04</b>
25	<b>TOTAL OPERATING GAIN/(LOSS)</b>	<b>40,610.75</b>

**NONOPERATING REVENUE**

26	Grants - Private	-
27	Contributions, in-kind	
28	Contributions, from Component Unit	431,470.00
29	Contributions, Other	
30	Rental Income	
31	Interest/Investment Income	248.00
32	Other:	



NAME: Kanu o ka Aina

Form C3

**Statement of Cash Flows**  
For the Six Months Ended Mar 31, 2015

The DUE DATE for transmitting this COMPLETED FORM to the City Office for Year Ended March 31, 2015 is: MAY 15, 2016

Instructions/Notes

No need to enter information in this cell. Information is pulled from another sheet.  
Enter Information in this cell.

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**CASH FLOWS FROM OPERATING ACTIVITIES**

1	Cash received from state government	0
2	Cash received from federal government	
3	Cash received from private grants	
4	Cash received from other revenue and support	
5	Payments to employees	
6	Payments to vendors and suppliers	
7	Net cash provided/(used) from operating activities	-

18 CASH - BEGINNING OF YEAR

449,192.00

CASH - END OF YEAR

1,007,195.39

**RECONCILIATION OF INCREASE/ (DECREASE) IN  
NET ASSETS TO NET CASH PROVIDED BY  
OPERATING ACTIVITIES**

472,328.75

Adjustments to reconcile increase/(decrease) in net  
assets to net cash provided by operating activities

19	Change in A/P	(56,102.21)
20	Change in accrued expenses	1,778.00
21	Change in grants receivable	147,194.46
22	Change in other receivables	-2,205.93
23	Change in other assets	-4,989.68
24	Change in other liabilities	
25	Depreciation	
	Net cash provided by operating activities	558,003.39

= AP Balance 3/31/16 - AP Balance 6/30/15  
 = Accrued Expenses Balance 3/31/16 - Accrued Expenses Balance 6/30/15  
 = Grants Receivable Balance 6/30/15 - Grants Receivable Balance 3/31/16  
 = Other Receivable Balance 6/30/15 - Other Receivable Balance 3/31/16  
 = Other Assets Balance 6/30/15 - Other Assets Balance 3/31/16  
 = Other Liabilities Balance 3/31/16 - Other Liabilities Balance 6/30/15

**CASH FLOWS FROM INVESTING ACTIVITIES**

Commission

either schedule or based on a formula.

since 6/30/15  
since 3/31/16  
since 3/31/16  
6  
/30/15

NAME: Kanu o ka Aina

ORGID 397

**Schedule of Functional Expenses  
For the Six Months Ended Mar 31, 2015**

Line Functional Category	Expenses	FTE
<b>100 Administration</b>	310,533	0.0
<b>110 Subtotal - Local School Board</b>	-	
111 Contracted Services		
112 Travel and other expenses		
113 Supplies & Materials		
<b>120 Subtotal - School Leadership</b>	19,096	0.0
121 Salaries - Professional		
122 Contracted Services	19,096	
<b>130 Subtotal - Business and Finance</b>	90,061	0.0
131 Salaries - Professional	68,911	
132 Contracted Services	21,150	
<b>140 Subtotal - Human Resources</b>	-	0.0
141 Salaries - Professional		
142 Contracted Services		
<b>150 Subtotal - Legal Services</b>	10,879	0.0
151 Salaries - Professional		
152 Contracted Services	10,879	
<b>160 Subtotal - Info. Management &amp; Technology</b>	59,403	0.0
161 Salaries - Professional		
162 Contracted Services	36,274	
163 Supplies and Materials	23,130	
164 Depreciation for Information Technology		
<b>170 Subtotal - Development</b>	-	0.0
171 Salaries - Professional		
172 Contracted Services		
173 Fundraising		
<b>180 Subtotal - Other Administration</b>	131,094	0.0
181 Salaries - Clerical	108,147	
182 Recruitment/Advertising		
183 Travel and other expenses	196	
184 Supplies and Materials	22,751	
185 Other: Dues, Licenses, Permits, Admin Meetings		
<b>200 Instructional Services</b>	1,154,026	0.0
<b>210 Subtotal - Instructional Leadership</b>	183,290	0.0
211 Salaries - Professional	166,218	
212 Salaries - Clerical		

NAME: Kanu o ka AinaORGID 397

**Schedule of Functional Expenses  
For the Six Months Ended Mar 31, 2015**

Line Functional Category	Expenses	FTE
360 Other: Student Council Supplies	203	
370 Other: Athletic Services	3,374	
<b>400 Operation &amp; Maintenance of Plant</b>	<b>562,030</b>	<b>0 0</b>
410 Salaries - Operation & Maintenance of Plant	32,518	
415 Utilities	31,437	
420 Maintenance of Buildings & Grounds	49,992	
425 Maintenance of Equipment	663	
430 Networking and Telecommunications	14,236	
435 Depreciation of Equipment, Building, & Grounds	418,723	
440 Rental/Lease of Buildings & Grounds	12,596	
445 Rental/Lease of Equipment	625	
450 Other: Furniture & Equipment	1,242	
455 Other: Custodial supplies		
460 Other: Contracted Services		
<b>500 Benefits and Other Fixed Charges</b>	<b>129,693</b>	
510 Employee Retirement		
520 Fringe Benefits	106,976	
530 Insurance (non-employee)	18,526	
560 Short-Term Interest		
570 Other: Bank fees	4,191	
<b>600 Community Services</b>	<b>-</b>	
610 Dissemination Activities		
620 Civic Activities		
<b>700 Non-Operating Expenses</b>	<b>-</b>	
720 Long-Term Interest		
730 Other: Parent Expenses		
<b>800 TOTALS</b>	<b>2,275,915</b>	<b>0 0</b>

The DUE DATE for transmitting this COMPLETED FORM to the Commission Office for Year Ended March 31, 2019 is: MAY 15, 2016

Federal grant information  
Reminder: Payroll certifications or allowable alternative documentation is required for all employees paid with federal funds, including substitute teachers and training stipends.  
(Do not include SPED, School Nutrition or Impact Aid funds)

Title I	CFDA #84 010	Title IIA	CFDA #84 367	Title III	CFDA #84 365
<b>Proj ID 18902 funds to schools</b>					
Prior-year carryforward					
New funds					
Total revenue					
Employee expenses					
Non-employee expenses					
Total expenses					
June 30 balance					

<b>Proj ID 18935 Parent Involvement</b>					
Prior-year carryforward					
New funds					
Total revenue					
Employee expenses					
Non-employee expenses					
Total expenses					
June 30 balance					

<b>Proj ID 18927 School Improvement</b>					
Prior-year carryforward					
New funds					
Total revenue					
Employee expenses					
Non-employee expenses					
Total expenses					
June 30 balance					

<b>Proj ID 52001 Professional Development</b>					
Prior-year carryforward					
New funds					
Total revenue					
Employee expenses					
Non-employee expenses					
Total expenses					
June 30 balance					

<b>Proj ID 20656 Non-HQT to HQT</b>					
Prior-year carryforward					
New funds					
Total revenue					
Employee expenses					
Non-employee expenses					
Total expenses					
June 30 balance					

<b>Proj ID 20697 Professional Development</b>					
Prior-year carryforward					
New funds					
Total revenue					
Employee expenses					
Non-employee expenses					
Total expenses					
June 30 balance					

<b>Proj ID 18086 English Language Learner</b>					
Prior-year carryforward					
New funds					
Total revenue					
Employee expenses					
Non-employee expenses					
Total expenses					
June 30 balance					

Other federal grants:  
Include below, using same format

School Improvement	#84 377
Race To The Top	#84 413
Migrant Ed	#84 011
Career and Technical	#84 048
21st Century Community	#84 287

DAVID Y. IGE  
GOVERNOR



CATHERINE PAYNE  
CHAIRPERSON

STATE OF HAWAII  
STATE PUBLIC CHARTER SCHOOL COMMISSION  
(‘AHA KULA HO‘ĀMANA)  
<http://CharterCommission.Hawaii.Gov>  
1111 Bishop Street, Suite 516, Honolulu, Hawaii 96813  
Tel: (808) 586 3775 Fax: (808) 586 3776

April 22, 2016

VIA EMAIL ([mk.kapuniai@gmail.com](mailto:mk.kapuniai@gmail.com))

Kanani Kapuniai  
Governing Board Chair  
Kanu o ka ‘Āina New Century Public Charter School  
64-1043 Hiiaka Street  
P.O. Box 398  
Kamuela, Hawaii 96743

RE: Resolution of the Notice of Deficiency

Dear Ms. Kapuniai:

This letter is intended to inform you that the Notice of Deficiency, issued to Kanu o ka ‘Āina New Century Public Charter School (KANU) on March 4, 2016, has been resolved, with KANU's submission of the information on Wednesday April 13, 2016 via email from KANU Business Manager, Taffi Wise. As you may recall, the Notice of Deficiency was preceded by a Notice of Concern, which had been issued on February 24, 2016, that requested KANU provide pertinent financial information to the Commission.

The requested financial information was provided to the Commission on April 13, 2016. The Commission appreciates the cooperation of the school in addressing this issue.

While this issue has been resolved, the Commission, at its general business meeting on April 14, 2016, took action and has requested that KANU provide the following information by April 30, 2016:

1. KANU's February 2016 Financial Report;
2. KANU's March 2016 Financial Report; and
3. KANU's cash flow forecast through June 2016

Kanani Kapuniar  
Page 2  
April 22, 2016

Please contact Leila Shar at (808) 586 3780 or [Leila.Shar@scsc.hawaii.gov](mailto:Leila.Shar@scsc.hawaii.gov) should you have any questions regarding the requested financial information. Please contact Organizational Performance Manager Danny Vasconcellos, at (808) 586 5228 or [Danny.Vasconcellos@scsc.hawaii.gov](mailto:Danny.Vasconcellos@scsc.hawaii.gov) with any other questions. Thank you for your attention to this matter.

Best regards,



Yvonne W. M. Lau  
Acting Executive Director

cc: Allyson Tamura, School Co Director, KANU (via email)  
Mahina Paishon Duarte, School Co Director, KANU (via email)



December 10, 2015

Kanu o ka `Aina New Century Public Charter School (KANU)  
Post Office Box 398  
Kamuela, Hawai'i 96743

Attention of the Governing Board:

The management of Kanu o ka `Aina New Century Public Charter School (KANU) has asked us to summarize for you, the Governing Board, the effects on KANU's Financial Performance Framework of its component unit KANU Support Group.

KANU operates under a State Public Charter School Contract (Contract) between it and the State Public Charter School Commission (Commission). Section 4.1.2 of the Contract provides that KANU's financial performance be evaluated using the Financial Performance Framework attached as Exhibit B to the Contract. The specific terms, forms, and requirements of the Financial Performance Framework, including any required indicators, measures, metrics, and targets, are maintained and disseminated by the Commission and are binding on KANU. The preamble to Exhibit B to the Contract states that "(T)he measures are designed to be complementary. No single measure gives a full picture of the financial situation of a school." The Preliminary Ratings section of Exhibit B to the Contract states that "(T)he Commission's follow-up will consider ... more detailed information to determine ... the degree to which it is, in fact, an indication of financial risk or distress."

KANU has an affiliation with Kanu O Ka `Aina Learning `Ohana (KALO), a nonprofit Hawaii corporation exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. KALO provides financial support for KANU through KANU Support Group, consisting primarily of donor-restricted contributions to KALO and contributions from KALO intended solely for use by KANU. Government Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, generally requires reporting, as a component unit, an organization that raises and holds economic resources for the direct benefit of a governmental unit. The economic resources must be held by the organization for the direct benefit of the governmental unit, the governmental unit must be entitled to the economic resources held by the organization, and the economic resources held by the organization must be significant to the governmental unit in order for the organization to qualify as a discretely presented component unit. Management believes that KANU Support Group meets all of those criteria and, accordingly, reports KANU Support Group as a discrete component unit in KANU's financial statements.

Topa Financial Center  
700 Bishop Street, Suite 1040  
Honolulu, Hawaii 96813  
Telephone (808) 531-1040  
Facsimile (808) 531-1041  
[www.cwassociatescpas.com](http://www.cwassociatescpas.com)



KANU includes the component unit in its annual budget and also in its quarterly reports to the Commission. Furthermore, as disclosed by management in the Management's Discussion and Analysis section of the 2015 audited financial statements, for purposes of the Commission's Financial Performance Framework, KANU considers the resources and activities of the component unit as resources and activities of KANU because they are readily available to KANU, directly related to its activities, and can only be used by KANU. For example, for purposes of computing unrestricted days cash on hand using the Commission's Financial Performance Framework, KANU recognized \$449,192 in cash on hand at June 30, 2015 (consisting of \$145,590 unrestricted cash on hand in KANU's audited statement of net assets at June 30, 2015 and \$303,602 unrestricted cash on hand in the component unit's unaudited statement of net assets at June 30, 2015), resulting in 53 unrestricted days cash on hand when determined with the component unit (18 days when determined without the component unit).

Following is a summary of selected Financial Performance Indicators determined with and without the inclusion of the component unit, together with a brief description the related Target/Standard for each indicator, as reported by the Commission in its draft and final reports assessing KANU's financial performance for the year ended June 30, 2015:

<u>Financial Performance Indicators</u>	<u>With Component Unit</u>	<u>Without Component Unit</u>
Current Ratio (Target/Standard is 1.1 or higher)	2.91	2.25
Unrestricted Days Cash on Hand (Target/Standard is 60 days or more, or 30 to 60 days and positive trend from prior year)	53	18
Total Margin (Target/Standard is 0% or higher)	7.9%	3.6%
Debt to Assets Ratio (Target/Standard is 50% or less)	33.5%	40.4%
Cash Flow (Target/Standard is \$0.00 or more)	\$286,634	(\$6,776)
Unrestricted Fund Balance Percentage (Target/Standard is 25% or higher)	13.3%	10.0%
Change in Total Fund Balance (Target/Standard is \$0.00 or more)	\$218,373	\$112,393

We appreciate the opportunity to serve Kanu o ka 'Aina New Century Public Charter School (KANU). Please do not hesitate to contact us if we may be of further assistance.

Sincerely,



Carleton L. Williams  
Founding Partner

**KANU O KA `ĀINA  
LEARNING `OHANA (KALO)**

**FINANCIAL STATEMENTS  
As of and for the Year Ended August 31, 2015  
With Prior Year Comparative Information  
And Independent Auditor's Report**



**CW Associates**

*A Hawaii Certified Public Accounting Corporation*



## INDEPENDENT AUDITOR'S REPORT

Kanu o ka 'Aina Learning 'Ohana (KALO):

### Report on the Financial Statements

We have audited the accompanying financial statements of Kanu o ka 'Aina Learning 'Ohana (KALO), a nonprofit Hawaii corporation, which comprise the statement of financial position as of August 31, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Topa Financial Center  
700 Bishop Street, Suite 1040  
Honolulu, Hawaii 96813  
Telephone (808) 531-1040  
Facsimile (808) 531-1041  
[www.cwassociatescpas.com](http://www.cwassociatescpas.com)

*Opinion on the Financial Statements*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of KALO as of August 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Prior Year Comparative Information

We have previously audited KALO's financial statements as of and for the year ended August 31, 2014, and our report dated January 13, 2015, expressed an unmodified opinion on those audited financial statements. In our opinion, the accompanying prior year comparative information is consistent, in all material respects, with the audited financial statements from which it has been derived.

Handwritten signature of CW Associates, CPAs in black ink.

Honolulu, Hawaii  
March 3, 2016

**KANU O KA 'ĀINA LEARNING 'OHANA (KALO)**

**STATEMENT OF FINANCIAL POSITION**

**As of August 31, 2015  
(With Prior Year Comparative Information)**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash (including interest-bearing accounts)	\$ 577,043	\$ 566,474
Grants, contracts, and pledges receivable – net	1,062,550	116,294
Investments in marketable securities	235,928	233,448
Prepaid expenses and other assets	35,475	26,195
Total current assets	<u>1,910,996</u>	<u>942,411</u>
PROPERTY AND EQUIPMENT – Net	<u>14,807,364</u>	<u>13,193,950</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 16,718,360</b></u>	<u><b>\$ 14,136,361</b></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Trade accounts payable	\$ 398,215	\$ 68,724
Construction accounts payable	460,984	-
Accrued liabilities	100,940	91,915
Due to Kanu o ka 'Āina New Century Public Charter School	95,590	91,452
Deferred revenue	-	89,167
Notes payable – current	201,000	257,800
Obligation under capital lease – current	13,300	12,200
Total current liabilities	<u>1,270,029</u>	<u>611,258</u>
NOTES PAYABLE – NONCURRENT	<u>11,911,929</u>	<u>10,518,812</u>
OBLIGATION UNDER CAPITAL LEASE – NONCURRENT	<u>12,692</u>	<u>27,665</u>
<b>TOTAL LIABILITIES</b>	<u><b>13,194,650</b></u>	<u><b>11,157,735</b></u>
<b>NET ASSETS</b>		
Unrestricted net assets		
Unrestricted – undesignated	573,730	335,510
Unrestricted – invested in property and equipment	2,668,443	2,375,721
Total unrestricted net assets	3,242,173	2,711,231
Temporarily restricted net assets	281,537	267,395
Total net assets	<u>3,523,710</u>	<u>2,978,626</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><b>\$ 16,718,360</b></u>	<u><b>\$ 14,136,361</b></u>

See accompanying notes to the financial statements.

**KANU O KA `ĀINA LEARNING `OHANA (KALO)**

**STATEMENT OF ACTIVITIES**

**For the Year Ended August 31, 2015  
(With Prior Year Comparative Information)**

	<u>2015</u>	<u>2014</u>
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>		
Revenue and support		
Government grants	\$2,368,879	\$ 117,639
Private grants	2,048,100	2,828,158
Rental income	537,132	514,824
Program service fees	342,823	183,977
Unrestricted contributions	28,712	40,465
Net assets released from restrictions	15,858	20,525
Investment income	2,515	37,711
Total revenue and support	<u>5,344,019</u>	<u>3,743,299</u>
Expenses		
Program services		
Educational support	4,035,176	3,355,757
Organizational development	296,335	363,956
Other programs	50,409	90,821
Total program services	<u>4,381,920</u>	<u>3,810,534</u>
Supporting services		
Management and general	409,600	707,446
Fundraising	21,557	37,462
Total supporting services	<u>431,157</u>	<u>744,908</u>
Total expenses	<u>4,813,077</u>	<u>4,555,442</u>
Increase (decrease) in unrestricted net assets	<u>530,942</u>	<u>(812,143)</u>
<b>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS</b>		
Temporarily restricted contributions	30,000	-
Net assets released from restrictions	<u>(15,858)</u>	<u>(20,525)</u>
Increase (decrease) in temporarily restricted net assets	<u>14,142</u>	<u>(20,525)</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	545,084	(832,668)
<b>NET ASSETS – Beginning of year</b>	<u>2,978,626</u>	<u>3,811,294</u>
<b>NET ASSETS – End of year</b>	<u>\$3,523,710</u>	<u>\$2,978,626</u>

See accompanying notes to the financial statements.

**KANU O KA 'ĀINA LEARNING 'ŌHANA (KALO)**

**STATEMENT OF FUNCTIONAL EXPENSES**

**For the Year Ended August 31, 2015  
(With Prior Year Comparative Information)**

	Program Services			Supporting Services			2014 Total
	Educational Support	Organizational Development	Other Programs	Total Program Services	Management and General	Fund- Raising	
Contract services	\$2,457,056	\$ 9,272	\$ 281	\$2,466,609	\$ 14,067	\$ 741	\$1,661,872
Salaries and benefits	703,267	177,378	14,959	895,604	274,598	14,452	1,740,337
Interest	367,147	46,137	-	413,284	22,803	1,201	435,978
Depreciation	343,435	25,053	4,218	372,706	34,548	1,818	420,585
Travel	62,992	3,621	18,608	85,221	2,501	132	77,510
Facilities	21,396	24,635	1,582	47,613	31,844	1,675	77,949
Supplies	33,329	7,627	3,624	44,580	12,841	677	50,066
Equipment	30,617	99	51	30,767	4,655	244	23,866
Miscellaneous	5,785	2,213	6,186	14,184	10,608	557	20,765
Training	10,152	300	900	11,352	1,135	60	46,514
<b>Total expenses</b>	<b>\$4,035,176</b>	<b>\$296,335</b>	<b>\$50,409</b>	<b>\$4,381,920</b>	<b>\$409,600</b>	<b>\$21,557</b>	<b>\$4,813,077</b>
							<b>\$4,555,442</b>

See accompanying notes to the financial statements.

# KANU O KA 'ĀINA LEARNING 'OHANA (KALO)

## STATEMENT OF CASH FLOWS

For the Year Ended August 31, 2015  
(With Prior Year Comparative Information)

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ 545,084	\$ (832,668)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	409,072	420,585
Loss on sale of property and equipment	-	268
(Gain) loss on investments in marketable securities	234	(35,032)
(Increase) decrease in:		
Grants, contracts, and pledges receivable – net	(946,256)	530,881
Prepaid expenses and other assets	(9,280)	(17,071)
Increase (decrease) in:		
Accounts payable	329,491	(454,197)
Accrued liabilities	9,025	(5,787)
Due to Kanu o ka 'Āina New Century Public Charter School	4,138	10,751
Deferred revenue	(89,167)	89,167
Net cash provided (used) by operating activities	<u>252,341</u>	<u>(293,103)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments in marketable securities	(2,714)	(2,449)
Purchases of property and equipment	<u>(1,561,502)</u>	<u>(85,862)</u>
Net cash used by investing activities	<u>(1,564,216)</u>	<u>(88,311)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Additions to notes payable	1,584,163	14,051
Repayments of notes payable	(247,846)	(251,037)
Principal payments for capital lease obligations	<u>(13,873)</u>	<u>(15,624)</u>
Net cash provided (used) by financing activities	<u>1,322,444</u>	<u>(252,610)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	10,569	(634,024)
<b>CASH – Beginning of year</b>	<u>566,474</u>	<u>1,200,498</u>
<b>CASH – End of year</b>	<u>\$ 577,043</u>	<u>\$ 566,474</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Cash paid during the year for interest	\$ 437,288	\$ 435,978
Noncash investing and financing activity – construction-in-progress funded by construction accounts payable	\$ 460,984	\$ -
Noncash investing and financing activity – technology equipment acquired in exchange for obligation under capital lease	\$ -	\$ 55,489

See accompanying notes to the financial statements.



## KANU O KA `ĀINA LEARNING `OHANA (KALO)

### NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended August 31, 2015  
(With Prior Year Comparative Information)

#### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Organization and Activity

Kanu o ka `Aina Learning `Ohana (KALO) is a nonprofit Hawaii corporation chartered in December 2000 primarily to administer programs for the advancement of education and culture of Hawaiian people while also providing cultural awareness of Hawaiian people. Educational support is primarily administered through the Kanu o ka `Aina Charter School (KANU) in Waimea on the Island of Hawaii, and other charter schools in Hawaii. Organizational development programs are focused on developing the structure to support an intergenerational cultural learning center.

KALO is the sole member of Ka Huli Mua, LLC (KHM), a limited liability company organized in the State of Hawaii in September 2013 to provide a values-based program for underserved *keiki* and their families that is unique to their communities and language dialect. KALO is not liable as a member for the debts, obligations, or liabilities of KHM. KHM, which has had no activity since its inception, is a disregarded entity for income tax reporting purposes. KALO is also related by common management to KANU.

KALO is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and is not a private foundation. Accordingly, qualifying contributions to KALO are tax deductible.

##### Basis of Accounting

KALO reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets (none in 2015 and 2014). Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Support is reported when pledged and is considered to be available for unrestricted use unless restricted by the donor. Donor restricted support is reported when pledged as an increase in temporarily restricted or permanently restricted net assets, depending on the nature of the restriction. When a temporary restriction is satisfied or expires, temporarily restricted net assets are reclassified to unrestricted net assets. Revenue from government grants is recognized to the extent of expenditures made in accordance with the related agreements. Revenue received in excess of expenditures is deferred. Expenses are recorded when the related liability is incurred.

Expenses are allocated on a functional basis among the various program and supporting services based on estimates by management. Expenses that can be identified with the program or supporting service are charged directly to the program or supporting service using natural expense classifications. Other expenses that are common to several functions are allocated by various bases. Fundraising expenses consist primarily of salaries and the related fringe benefits and payroll taxes for KALO's grant writing activities.

Donated services are recognized as contributions if the services create or enhance nonfinancial assets, or require specialized skills that are performed by people with those skills and would otherwise be purchased by KALO. A substantial number of unpaid volunteers have made contributions of their time to KALO. The value of this time is not reflected in these financial statements because it did not meet the criteria for recognition.

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements in accordance with such generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates, and it is reasonably possible that such estimates may change within the near term.

### Concentrations of Credit Risk

Financial instruments that potentially subject KALO to credit risk include cash, receivables, and investments. At August 31, 2015 and 2014, KALO's cash on deposit with financial institutions exceeded the related federal deposit insurance by approximately \$499,200 and \$292,400, respectively. Management evaluates the credit standings of these financial institutions to ensure that all funds are adequately safeguarded as required by federal regulations. Receivables have been adjusted for all known doubtful accounts (none at August 31, 2015 and 2014). They are determined to be collectible or uncollectible based on an assessment by management of the facts and circumstances related to the individual accounts. Investments are fully insured by federal insurance. Future changes in market prices may make such investments less valuable.

### Investments in Marketable Securities

Investments in marketable securities are stated at fair value. Net realized and unrealized gains and losses, determined using the specific identification method, are included in investment income.

### Property and Equipment

Property and equipment is stated at cost or, if donated, at estimated fair market value at the date of donation. Depreciation is computed using the straight-line method over estimated useful lives of 39 years for permanent buildings and improvements, and 5 years for portable buildings and improvements, and for technology equipment and other equipment. Property and equipment is reviewed for impairment when events or other changes indicate that their carrying values may not be recoverable. Major improvements in excess of \$5,000 are capitalized. Repairs and maintenance are expensed as incurred.

### Leases

Leases that transfer substantially all of the benefits and risks of ownership are classified as capital leases. Other leases are classified as operating leases. Capital leases are included in property and depreciated over their estimated economic useful lives. The related obligation under capital leases is stated at the present value of the future capital lease payments, determined using the interest rate implicit in the leases. Operating leases are expensed when the operating lease payments are due.

### Hawaii General Excise Tax

The State of Hawaii imposes a general excise tax of 4% on certain gross receipts. The gross receipts of KALO for the years ended August 31, 2015 and 2014 were exempt from the Hawaii general excise tax.

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Income Taxes

Accounting principles generally accepted in the United States of America require uncertain tax positions to be recognized in the financial statements if they are more likely than not to fail upon regulatory examination. Management has evaluated the tax positions of KALO (including Ka Huli Mua, LLC, as a disregarded entity) as of August 31, 2015 and 2014 and for the years then ended by reviewing its income tax returns and conferring with its tax advisors, and determined that it had no uncertain tax positions required to be reported in accordance with such generally accepted accounting principles. With few exceptions, the income tax returns for KALO are no longer open for examination by taxing authorities for tax years ended on or before August 31, 2011, due to the expiration of the statutes of limitations.

## NOTE B – INVESTMENTS IN MARKETABLE SECURITIES

At August 31, 2015 and 2014, investments in marketable securities consisted of the following:

	2015		2014	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Mutual funds	\$ 77,795	\$185,712	\$ 75,086	\$183,238
Money market funds	<u>50,216</u>	<u>50,216</u>	<u>50,210</u>	<u>50,210</u>
Total investments in marketable securities	<u>\$128,011</u>	<u>\$235,928</u>	<u>\$125,296</u>	<u>\$233,448</u>

At August 31, 2015 and 2014, fair value exceeded cost by \$107,917 and \$108,152, respectively. Investment income for the year ended August 31, 2015 included unrealized losses of \$234 from holding marketable securities. Investment income for the year ended August 31, 2014 included unrealized gains of \$35,032 from holding marketable securities.

## NOTE C – FAIR VALUE MEASUREMENTS

The established framework for measuring fair value provides a hierarchy that prioritizes the inputs to the valuation methodologies used to measure fair value. There are three levels of the fair value hierarchy. Level 1 inputs consist of unadjusted quoted prices for identical assets or liabilities in active markets that the entity has the ability to access. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means. Level 3 inputs are unobservable and significant to the fair value measurement. The fair value measurement level of an asset or liability within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation methodologies used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

At August 31, 2015 and 2014, the fair value measurements reportable by KALO consisted of investments in mutual funds valued at quoted market prices and in money market funds valued at stated value (Level 1 measurements). There were no investments for which Level 2 or Level 3 valuation measurements were required.

# NOTE C – FAIR VALUE MEASUREMENTS (Continued)

The following sets forth by level, within the fair value hierarchy, KALO's investments in marketable securities at fair value as of August 31, 2015:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds:				
Growth Index Fund	\$ 101,991	\$ -	\$ -	\$ 101,991
Social Index Fund	51,386	-	-	51,386
World Stock Index Fund	32,335	-	-	32,335
Total mutual funds	185,712	-	-	185,712
Money market funds	50,216	-	-	50,216
Total investments in marketable securities	<u>\$ 235,928</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 235,928</u>

The following sets forth by level, within the fair value hierarchy, KALO's investments in marketable securities at fair value as of August 31, 2014:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds:				
Growth Index Fund	\$ 99,085	\$ -	\$ -	\$ 99,085
Social Index Fund	49,768	-	-	49,768
World Stock Index Fund	34,385	-	-	34,385
Total mutual funds	183,238	-	-	183,238
Money market funds	50,210	-	-	50,210
Total investments in marketable securities	<u>\$ 233,448</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 233,448</u>

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while KALO believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement.

# NOTE D – PROPERTY AND EQUIPMENT

At August 31, 2015 and 2014, property and equipment consisted of the following:

	<u>2015</u>	<u>2014</u>
Buildings and improvements	\$ 14,285,852	\$ 14,285,852
Technology equipment	469,906	432,731
Other equipment	135,403	135,403
Construction-in-progress	2,081,771	96,460
Total	16,972,932	14,950,446
Accumulated depreciation	<u>(2,165,568)</u>	<u>(1,756,496)</u>
Property and equipment – net	<u>\$ 14,807,364</u>	<u>\$ 13,193,950</u>

## NOTE E – NOTES PAYABLE

At August 31, 2015 and 2014, notes payable consisted of the following:

	<u>2015</u>	<u>2014</u>
Note payable to the United States Department of Agriculture in monthly installments of \$21,150 through June 2052, including interest at 4%. Collateralized by buildings and improvements.	\$ 4,818,806	\$ 4,878,549
Advances on \$5.5 million note payable to the United States Department of Agriculture in monthly installments of \$23,265 through June 2052, including interest at 4%. Collateralized by buildings and improvements.	4,518,685	3,083,647
Note payable to the United States Department of Agriculture in monthly installments of \$8,039 through February 2050, including interest at 4%. Collateralized by buildings and improvements.	1,800,671	1,824,585
Note payable to the United States Department of Agriculture in monthly installments of \$4,352 through February 2050, including interest at 4%. Collateralized by buildings and improvements.	974,767	987,715
Note payable to Lei Ho'olaha in monthly installments of \$425 through December 2014, including interest at 2%.	<u>-</u>	<u>2,116</u>
Total notes payable	12,112,929	10,776,612
Notes payable – current	<u>(201,000)</u>	<u>(257,800)</u>
Notes payable – noncurrent	<u>\$ 11,911,929</u>	<u>\$ 10,518,812</u>

At August 31, 2015, scheduled maturities of notes payable approximated the following:

Years ending August 31st:	
2016	\$ 201,000
2017	209,000
2018	218,000
2019	226,000
2020	236,000
Thereafter (cumulative)	<u>11,022,929</u>
Total notes payable	<u>\$ 12,112,929</u>

## NOTE F – TEMPORARILY RESTRICTED NET ASSETS

At August 31, 2015 and 2014, temporarily restricted net assets consisted of the following:

	<u>2015</u>	<u>2014</u>
Net assets temporarily restricted for:		
Facilities construction	\$208,887	\$196,414
Halau Wanana program	56,220	56,220
Other programs	<u>16,430</u>	<u>14,761</u>
Total temporarily restricted net assets	<u>\$281,537</u>	<u>\$267,395</u>

## NOTE G – LEASES

In April 2014, KALO began leasing technology equipment under a capital lease agreement expiring in April 2018. At August 31, 2015, the cost and accumulated depreciation of the leased equipment which amounted to \$55,489 and \$27,745, respectively, was included in property and equipment. At August 31, 2014, the cost and accumulated depreciation of the leased equipment amounted to \$55,489 and \$13,872, respectively.

KALO leases photovoltaic equipment and office equipment from others under operating lease agreements expiring in January 2020 and December 2015, respectively. KALO leases other equipment from others on a month-to-month basis. For the years ended August 31, 2015 and 2014, lease rent expense (included in facilities expense and equipment) amounted to \$32,193 and \$27,677, respectively. KALO also licenses land from the Department of Hawaiian Home Lands under the Hawaiian Homes Commission Act, until May 2027 or such time KALO ceases to operate a Hawaiian cultural learning center or other permitted use.

KALO rents facilities to KANU under a month-to-month operating lease agreement. For the years ended August 31, 2015 and 2014, lease rent income amounted to \$537,132 and \$514,824, respectively.

At August 31, 2015, the present value of the obligation under the capital lease and the future minimum operating lease payments approximated the following:

	<u>Capital Lease</u>	<u>Operating Leases</u>
Years ending August 31st:		
2016	\$15,625	\$23,000
2017	15,625	\$23,000
2018	1	\$23,000
2019	-	\$23,000
2020	-	\$23,000
2021	-	\$ 9,600
Total future payments under capital lease	31,251	
Less amount representing interest imputed at 8.56%	<u>(5,259)</u>	
Present value of obligation under capital lease	25,992	
Obligation under capital lease – current	<u>(13,300)</u>	
Obligation under capital lease – noncurrent	<u>\$12,692</u>	

#### **NOTE H – SIMPLIFIED EMPLOYEE PENSION PLAN**

KALO sponsors a simplified employee pension plan (SEP) covering all employees who have worked in at least two of the immediately preceding five years. For the years ended August 31, 2015 and 2014, pension expense amounted to \$13,557 and \$20,968, respectively.

#### **NOTE I – COMMITMENTS AND CONTINGENCIES**

Revenue and support is derived principally from public and private funding sources, the loss of which could have a material adverse effect on KALO. Amounts received for grants and contracts are subject to audit and adjustment by various agencies. Any disallowed claim, including amounts already collected, may constitute a liability. Management expects such amounts, if any, to be immaterial to the financial statements.

KALO may be subject to legal proceedings, claims, or litigation arising in the ordinary course of business for which it may seek the advice of legal counsel. Management estimates that the cost to resolve such matters, if any, would not be material to the financial statements. However, it is at least reasonably possible that such estimates may change within the near term.

KALO operates in the State of Hawaii. National and international events can have severe, adverse effects on economic conditions in Hawaii. The effects, if any, on the financial statements of KALO from such changes in economic conditions are not presently determinable.

#### **NOTE J – FINANCIAL STATEMENT PRESENTATION**

The financial statements include certain prior year comparative information that is not in sufficient detail to constitute a complete presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the financial statements of KALO as of and for the year ended August 31, 2014, from which the information was derived. Certain amounts in the prior comparative information have been reclassified to conform to the current year presentation.

#### **NOTE K – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through the date of the independent auditor's report, which is the date the financial statements were available to be issued and determined that KALO did not have any subsequent events requiring adjustment to the financial statements or disclosure in the notes to the financial statements.

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## GOVERNING BOARD



### COMMISSION TESTIMONY

Meeting Scheduled for April 14, 2016

*Agenda Item VD Action on Kanu o ka 'Āina Public Charter School and Agenda Item VI*

Date: April 13, 2016

To: Catherine Payne, Chairperson - Charter School Commission  
Karen Street, Vice Chairperson – Charter School Commission  
Members of the Commission and Commission Staff

From: Kanu o ka 'Āina New Century Public Charter School Governing Board

In response to the document dated April 11, 2016, Recommendation Submittal,

The notices of concern and deficiencies are not factually substantiated. The school has provided all required information and additional information as requested in good faith. There are significant procedural irregularities with the process. Kanu requests deferment of agenda item VD Action and VI. Again, Kanu formally requests Dispute Resolution with a mutually agreed third-party facilitator prior to discussion by the full Commission, per section 14.5 of the contract and/or we invite Commissioners to meet with the Governing Board to discuss our specific issues.

All information requested formally and informally has been provided to Commission staff and Commissioners by Kanu in a timely manner and in the format requested.

As per the request for financial data the following information has been previously submitted:

KANU QUARTERLY FINANCIAL REPORTS RECAP				
AS REPORTED ON QTR REPORT				
QUARTER	SY	KANU ACCOUNTS CASH ON HAND	COMPONENT UNIT ACCOUNTS CASH ON HAND	TOTAL DAYS CASH ON HAND READILY AVAILABLE TO KANU
3rd	2014-15	\$ 221,362	\$ 230,888	\$ 443,250
		27.3	28.5	54.7
4th	2014-15	\$ 145,551	\$ 293,449	\$ 439,000
1st	2015-16	\$ 915,033	\$ 155,153	\$ 1,070,186
		106.2	18.0	124.2
2nd	2015-16	\$ 992,042	\$ 522,873	\$ 1,514,915
		118.5	62.5	181.0

*Mission: Kūlia i ka Nū'u—Strive to reach your highest*



## GOVERNING BOARD



As you can see from the above table Kanu has no issues with cash flow that jeopardize the school in anyway.

Kanu does not understand what other information the commission needs outside that already provided. Kanu has provided all information requested in the format required by the Commission. Kanu has not been informed of violations of performance and/or compliance with the contract or law that justify issuance of notices of concern or deficiency. Kanu has repeatedly contested the Commission staffs' determinations in formal correspondence to the commission in an effort to address any alleged deficiency. Kanu has received no written notices or request for information on the topic of funding breakdown from the Commission in-line with the requirements of the Charter School contract. Kanu has provided additional information to all informal requests received.

Additionally, Kanu is very concerned that the Commission Agenda items are being posted outside of business hours in a manner that impairs our Boards ability to present testimony. In essence the process used by the Commission is preventing the submission of testimony. Also the informal additional information submitted to the communications by Kanu has not been included for Commissioners review in the submittals.



December 21, 2015

To: Hawaii State Board of Education  
Hawaii State Charter School Commission

From: Taffi Wise, Business Manager  
Marion K.A. Kapuniai, Governing Board President

Re: Formal Complaint and Request for Retraction and Correction due to misrepresentation of  
Kanu o ka 'Āina's Financial Position

Please find attached documentation from CW Associates Auditor's (Exhibit 1 – Letter to Kanu Governing Board) clarifying that Kanu's financial position as presented in the Commission Annual Report to the BOE and Legislature has been misrepresented inappropriately by the Charter School Commission. Kanu formally requests retraction of the incorrect information. Kanu also requests that the Commission Annual Report be retracted, corrected and redistributed to all entities who received copies to include the BOE and Legislature. Additionally all meeting minutes need to reflect the correction as well as the report to the Kanu Governing Board.

Charter Contract, Section 4.1.2 mandates Kanu's financial performance be evaluated using the Financial Performance Framework and clarifies that all measures are designed to be complementary. Kanu adheres to the Government Accounting Standards and reports its "component unit" as described in GASB Statement No. 14 and No. 39. Kanu receives significant economic resources for the direct benefit of the school through its nonprofit support organization. These resources are included in Kanu's annual budget and quarterly reports to the commission. The use of component units in financial reporting was established by the Charter School Administrative Office (CSAO) under the Charter School Review Panel (CSRP) in 2010. The format of the required quarterly financial statements to include component units was established by the CSAO and approved by the CSRP. That reporting format is still used today by the Commission Office. Kanu has annually reported the component unit since SY2009-10.

Per the audited financials and the auditors attached letter the financial position of Kanu at year end should be corrected as follows:

MEASURE	Correct	Incorrect
Current Ratio	2.91	2.25
Unrestricted Days Cash on Hand	53	18
Total Margin	7.9%	3.6%
Debt to Assets Ratio	33.5%	40.4%
Cash Flow	\$286,634	(\$6,776)
Unrestricted Fund Balance	13.3%	10.0%
Change in Total Fund Balance	\$218,373	\$112,393

*Mission: Kūlia i ka Nū'u—Strive to reach your highest*

Issues with this topic were thought to be resolved as evidenced by:

1. Attached commission agenda of May 14, 2015, item to place Kanu on financial monitoring because staff refused to acknowledge the component unit. Commission Office tried to use only one financial performance indicator, days cash on hand (DCOH), as the reason for financial monitoring. This was arbitrary and not in accordance with the contract. Commission Office tried to change the DCOH to 150 days when the contract clearly stated 30-60 days. Note that at the same time federal funding allocations and fringe benefit reimbursements were due Kanu from the Commission Office.
2. Kanu response testimony of May 13, 2015
3. June 15, 2015 Commission Informational Submittal Update on Financial Review of Charter Schools
4. General Meeting Minutes May 14, 2015 (specific pages 8-10) clarifying discussion with Terry Fujii past Commission Chair, Auditor, Accountant regarding grant funding/component unit.

No notice with option to respond was provided by the Commission to Kanu, verbal or written, alerting the school that its financial position would be published to the BOE, Legislature and public without the component unit. It is perplexing that for over 5 years component unit information has been reported with no issue and suddenly with the Commissions unfair focus on one singular piece of an organizations financial picture, DCOH, the component unit information is no longer relevant. Kamehameha Schools and The Office of Hawaiian Affairs have supported charter schools for over a decade with millions of dollars annually. These grant contributions among others are shown in the component unit of the schools audits.

The involvement of nonprofits in establishing and supporting charter schools was approved by the Board of Education and built into the contractually binding documents that allowed the creation of charters. Through Kanu's existence since May 5, 2000, there has been no financial issue, distress or inappropriate issue and all external audits and reviews have had no findings or management issues to address. Conversely, Kanu has received USDOE formal awards for its financial structures and brought in Charter School Management Corporation to provide services for Hawaii Charter Schools to replicate its best practices as well as modeled facilities development practices for Lei Ho'olaha CDFI to help the rest of the charter school movement. Thus, Kanu requests that this misrepresentation of financial information be corrected immediately. It is unfortunate that no forethought was given to the effects this type of inaccurate reporting would have on a small rural community school that started from literally nothing and has built a campus that services over 300 students and their families.

**Attachments:**

CW Associates Letter

Kanu Audit 2014

Annual Report Changes

Governing Board Testimony, May 13, 2015

Commission meeting minutes clarifying issue, May 14, 2015

Commission Information Submittal, June 14, 2015

## OPPOSE HB2205

THANK YOU FOR THE OPPORTUNIT TO TESTIFY.

Aloha, my name is Taffi Wise from Kanu o ka Aina on the Big Island of Hawaii. As a founding member of one of Hawaii's first start-up Charter Schools I have been involved in developing and refining the charter movement for the last 16 years. Kanu and its nonprofit partner KALO have brought in over \$90 million dollars to Hawaii and supported over 22 educational communities since 2000. I have worked on every charter task force and want to thank you so much for all the many empowerments the State Legislature has provided over the past decade.

For clarity, Charter Schools already have the right to charge fees, see the excerpt below of current contract provision: "8.9. Fees. **This language is a diversion, in efforts to make this Bill appear charter friendly - undermining the true intent to dilute the due process rights of Governing Boards and circumvent the current BOE Permitted Interaction Group Investigation and Administrative Rule Making process that is formally underway as of January 19, 2016,** as well as the current complaints against the Commission filed with the Office of Information Practices.

A BOE Listening tour took place in November-December 2015, on three islands. Despite the inconvenient holiday timing approximately, 28 of 35 or 80% of the school communities took time and testified against the commission. That is a group representing approximately 8338 families. A clip from the conclusion presented to the BOE and public on January 19, 2016, reads as follows: **"The concerns that have been expressed during this listening tour are of such significant breadth and depth that more formal investigation by the Board is warranted...."** the full report is attached. Subsequently, the BOE took unanimous action **designating a formal Permitted Interaction Group** (pursuant to Hawaii Revised Statutes Section 92-2.5(b)), to investigate the allegations and complaints against the commission and concerning Board responsibilities under Hawaii Revised Statutes Section 302D-11, Oversight of public charter school authorizers and review of proposed charter school legislation.

Many concerns expressed during the listening tour were a result of the last two external financial audits of the charter school commission office. On page 17 of the most recent Charter School Office External Audit done by CW Associates (attached) the financials clarified, in 2014 there was an **excess of expenses over revenue of \$(656,709); in 2015 \$(485,306) resulting in a net financial deficit of \$(367,592).** Additionally the financials in the audits DO NOT match the last two annual reports done by the charter commission and presented to the BOE and Legislature.

**STATE PUBLIC CHARTER SCHOOL COMMISSION**  
(An agency of the State of Hawaii)

**STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2015  
(With Prior Year Comparative Information)

Functions/Programs	2015			2014		
	Expenses	Operating Grants Revenues	Net (Expenses) Revenues and Changes in Net Position	Expenses	Operating Grants Revenues	Net (Expenses) Revenues and Changes in Net Position
Governmental activities						
Support and administrative services	\$ 1,526,889	\$ -	\$ (1,526,889)	\$ 1,924,637	\$ -	\$ (1,924,637)
Instructional enhancement	<u>2,030,615</u>	<u>2,030,615</u>	<u>-</u>	<u>2,218,815</u>	<u>2,218,815</u>	<u>-</u>
Total governmental activities	<u>\$ 3,557,504</u>	<u>\$ 2,030,615</u>	<u>(1,526,889)</u>	<u>\$ 4,143,452</u>	<u>\$ 2,218,815</u>	<u>(1,924,637)</u>
General revenues						
Administrative fees charged to schools			967,558			1,235,363
Other grants and income			<u>74,025</u>			<u>32,565</u>
Total general revenues			<u>1,041,583</u>			<u>1,267,928</u>
Excess of expenses over revenues			(485,306)			(656,709)
Net position – beginning of year			<u>117,714</u>			<u>774,423</u>
Net position (deficit) – end of year			<u>\$ (367,592)</u>			<u>\$ 117,714</u>

See accompanying notes to the financial statements

Other formal documents raising concern, The State Auditors Study of Public Charter Schools' Report Number 15-14, December 2015, page 10, found, "the financial data schools must currently submit to the State Public Charter School Commission do provide indications of possible financial stress. However, **human error and inexperience among commission staff contributed to their inability to recognize and interpret the information....**"

Lastly, For the first time in Hawaii's history in 2015, the per-pupil funding allocated by the State legislature **WAS NOT disbursed appropriately by the commission office and in accordance with HRS 302-D28**. There is also a current investigation by the USDOE AAPI Commission into the distribution or lack thereof, of the federal titled funds under the control of the Commission office since 2012.

It is imperative that there be oversight of the Commission office by the BOE. due process NOT be undermined and public accountability and transparency be maintained. The safeguards the Legislature put in place are currently working please allow them to remain.

Please **DO NOT SUPPORT THIS BILL**.

With humility,



Taffi Wise

For your easy reference:

**[§302D-11] Oversight of public charter school authorizers.** (c) Persistently unsatisfactory performance of an authorizer's portfolio of public charter schools, a pattern of well-founded complaints about the authorizer or its public charter schools, or other objective circumstances may trigger a special review by the board. In reviewing or evaluating the performance of authorizers the board shall apply nationally recognized principles and standards for quality charter authorizing.

**Excerpt of current contract provision: "8.9. Fees.** The School may charge reasonable fees, to the extent permitted by law, for summer school programs, after school programs, student activities, and any other service, materials, or equipment for which other state public schools may charge a fee."

**[§302D-28] Funding and finance:**

(d) Charter schools shall be eligible for all federal financial support to the same extent as department schools. The department shall provide all authorizers with all state-level federal grant proposals submitted by the department that include charter schools as potential recipients and timely reports on state-level federal grants received for which charter schools may apply or are entitled to receive. Federal funds received by the department for charter schools shall be transferred to authorizers for distribution to the charter schools they authorize in accordance with the federal requirements. If administrative services related to federal grants are provided to the charter school by the department, the charter school shall reimburse the department for the actual costs of the administrative services in an amount that shall not exceed six per cent of the charter school's federal grants.

Any charter school shall be eligible to receive any supplemental federal grant or award for which any department school may submit a proposal, or any supplemental federal grants limited to charter schools; provided that if department administrative services, including funds management, budgetary, fiscal accounting, or other related services, are provided with respect to these supplemental grants, the charter school shall reimburse the department for the actual costs of the administrative services in an amount that shall not exceed six per cent of the supplemental grant for which the services are used.

All additional funds generated by the governing boards, that are not from a supplemental grant, shall be held separate from allotted funds and may be expended at the discretion of the governing boards.

(e) Authorizers shall calculate a general fund per-pupil amount based upon the amount of general funds appropriated by the legislature and released by the governor and the projected enrollment amount used to calculate the general funds appropriated pursuant to subsection (a).

Authorizers shall submit a report to the legislature no later than twenty days prior to the convening of each regular session that contains each charter school's current school year

projection that is used to submit the budget request, the updated May 15 enrollment projection, the actual October 15 enrollment count, the authorizer's reviewed and verified enrollment count, and the November 15 enrollment count.

(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, only to schools 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;

Attachments:

BOE Report 1/19/2016

CW Associates Commission Audit