



STATE OF HAWAII
BOARD OF EDUCATION
P.O. BOX 2360
HONOLULU, HAWAII 96804

LEGISLATIVE REPORT

- SUBJECT:** Requesting the Board of Education (the “Board”) provide the Governor, Legislature and the public an annual report on the State’s public charter schools, drawing from the annual reports submitted by every authorizer as well as any additional relevant data compiled by the Board, for the school year ending in the preceding calendar year. The annual report shall include:
- (1) The board’s assessment of the successes, challenges, and areas for improvement in meeting the purposes of this chapter, including the Board’s assessment of the sufficiency of funding for public charter schools, and any suggested changes in state law or policy necessary to strengthen the State’s public charter schools;
 - (2) A line-item breakdown of all federal funds received by the Department of Education (the “Department”) and distributed to authorizers;
 - (3) Any concerns regarding equity and recommendations to improve access to and distribution of federal funds to public charter schools; and
 - (4) A discussion of all Board policies adopted in the previous year, including a detailed explanation as to whether each policy is or is not applicable to charter schools.

REFERENCE: Section 302D-21, Hawaii Revised Statutes (“HRS”)¹

ACTION REQUESTED: Report to the 2015 Legislature.

DOE REPORT: This is the third annual report provided by the Board pursuant to Act 130 (2012), section 21, codified as HRS 302D-21. The goal of Act 130 (2012) is to strengthen the Hawaii Charter School governance structure by establishing clear lines of authority that ensures accountability of the charter school system. A key aspect of the new law is increased oversight and accountability of the charter schools. Measures related to academic performance, financial performance and sustainability and operational viability are the focus of the law.

The annual report required by HRS 302D-21 was designed to meaningfully assess and support the provisions of the law. The first report in 2012 provided a status report on the implementation of the new law that was ongoing at the time and certain key data points. Last year’s report provided more information on meaningful comparative data. This year’s report provides more information on the status of the charter

¹ HRS 302D-21 is the codification of Act 130, Session Laws of Hawaii 2012, Section -21.

schools as well as an update on the implementation of the accountability measures in fulfilling the purpose of the law.

FINDINGS

(1) The board's assessment of the successes, challenges, and areas for improvement in meeting the purposes of this chapter, including the Board's assessment of the sufficiency of funding for public charter schools, and any suggested changes in state law or policy necessary to strengthen the State's public charter schools.

The Hawaii State Public Charter School Commission (the "Commission") has accomplished much in the last two years since its creation. The Commission instituted charter contracts for all charter schools holding charter schools accountable not only for their students' academic performance but also they improved accountability with regard to the operational and financial viability of the schools. Although the Commission delayed the development of the Commission's academic performance framework as federal approval of Hawaii's Elementary and Secondary Education Act (ESEA) Flexibility Waiver and finalization of the Strive HI Performance System was pending, they have since fully implemented this framework for all charter schools. The Commission is in the process of improving the academic performance framework for individual schools by incorporating school specific measures into its Academic Performance Framework. These are optional measures that can be developed and proposed by schools and would be used to evaluate schools according to their individual mission and circumstances. We look forward to reviewing the impact of school specific measures next year.

One of the challenges that the Commission faced early on is the lack of uniformity with regard to obtaining data from the schools in order to appropriately assess status of school performance and compliance with the charter contract. An absence of uniform communication and document management appeared to be a needed fix. Accordingly, the Commission has utilized technology to better manage this aspect of accountability and reduce the administrative burden on schools. They have implemented an online service that enables them to uniformly communicate with all schools, send reminders, manage information in a central location and share school documents that school leaders and their governing board members can access. This has improved communication, has made information easier to track and report and has improved data collection.

The performance of charter school students was shared with the Legislature and the Board in the Commission's 2014 Annual Report.² Although not a requirement of this report, we have included this information which compares charter school students with all public school students as we believe it provides some continuity with last year's report. See attached, Exhibit A. Going forward, we will discontinue including this information as it can also be found in the Commission's report

² The Commission's annual report is available on their website and linked here: http://media.wix.com/ugd/448fc8_005c5d261ea04897974f1237b96d1062.pdf

As we noted in last year's report, there are always areas of improvement, but the Board believes that the Commission is proactively identifying the areas as they continue to work with all stakeholders, including the Hawaii Public Charter Schools Network, to improve understanding of charter school funding and reviewing and refining the charter contract and performance frameworks.

With regard to the sufficiency of funding, the Commission's assessment of the financial performance of the charter schools based on its implemented financial performance framework indicates that the charter schools' 2014-15 financial status relatively stable. The financial performance framework indicates that there continues to be reason for concern over the financial sustainability of the schools over time. Long-term financial stability was a concern highlighted last year. This year, the indicators of financial strain appear more prevalent amongst the schools. The Commission reported that there is concern that the charter schools may not be on firm financial footing for the long term if current levels of available funding remain essentially flat in coming years and/or schools are unable to realize cost savings.

In 2013 the National Association of Charter School Authorizers ("NACSA"), recommended several substantive changes to the law which included (1) stating the charter schools' conflict of interest disclosure requirements, (2) requiring charter school authorizers follow national best practices, and (3) requiring charter schools complete financial audits annually.

In 2014, the Commission was successful in clarifying the statutory funding formula for charter schools specifying that the Commission's budget is to be appropriated separately from, and in addition to, the per pupil funding for the charter schools, rather than deducted from per pupil funding. The Commission was not, however, successful in implementing a charter school facilities program, whereby the Commission would have piloted using federal Impact Aid funds and which would make project awards to charter schools on the basis of school need and performance as well as project viability.

While a pilot program and process for distribution of funds was approved by the Commission, the pilot program was not implemented because there was no money to fund the program. The absence of facilities funding for charter schools remains an inequity in the provision of services to these public schools.

There have been a number of statutory changes to the charter school law since its inception in 2012. Moreover, the Commission has been working to implement the law with fidelity to its guiding principles of increasing accountability. As such, the Board currently does not have any suggested changes to state law or policy which are necessary to strengthen the State's public charter schools. The Board would like to provide the Commission some time and space to continue to implement the law and more fully realize the goals of the 2012 law.

(3) A line-item breakdown of all federal funds received by the Department and distributed to authorizers.

Please see attached, Exhibit B.

(4) Any concerns regarding equity and recommendations to improve access to and distribution of federal funds to public charter schools.

The Commission noted in its report that there remains a perceived lack of transparency regarding the availability of certain federal funds. The Commission continues to work with the Department to review and revise internal procedures on planning of federal programs and management of federal funds. The goal of this ongoing work is to increase understanding of the complexities of the federal programs and increase transparency of funding distributions. There is also in place a Department of Education-Commission-Charter School working group that is updating informational guidance and resources on special education in charter schools.

(5) A discussion of all board policies adopted in the previous year, including a detailed explanation as to whether each policy is or is not applicable to charter schools.

In 2014, the Board approved Board Policies 2104, Hawaiian Education Programs and 2105, Ka Papahana Kaiapuni (Hawaiian Immersion), both are noted as applicable to charter schools. The purpose of Board Policy 2104 is to ensure that Hawaiian language, culture and history is an integral part of public education in Hawaii. It establishes an Office of Hawaiian Education within the Office of the Superintendent and details the goals of Hawaiian Education. Board Policy 2105 sets forth the goals of education in the medium of Hawaiian language and states that all public school students should have reasonable access to the Kaiapuni Educational Program.

The Board created a committee which provided an initial review of all Board policies. The Board is now in the process of reviewing those recommendations and within that process it will determine the applicability of the policies to charter schools.

FUTURE ACTIONS The Board believes that a tremendous amount of work has been accomplished by the Commission during this past year, including implementing the multi-year charter contracts, implementing the first entirely Commission-run application process, promulgating administrative rules on Commission practice and procedure and applications, renewals/non-renewals and revocations of charters, and developing and implementing the academic performance framework which was the final piece of the Commission's performance framework. The Board looks forward to the next year when the Commission will be incorporating school specific measures in its academic performance framework and will continue to provide the type of accountability necessary to maintain and build integrity and trust in our public school system. #

Comparison of Statewide Averages and Charter School-Wide Averages

	Statewide	Charter Schools
ACHIEVEMENT		
Math Proficiency (%)	59	46
Reading Proficiency (%)	70	64
Science Proficiency (%)	41	30
SUBGROUP ACHIEVEMENT:		
FRLⁱ		
Math FRL Proficiency (%)	74	44
Reading FRL Proficiency (%)	51	62
Science FRL Proficiency (%)	30	29
ELLⁱⁱ		
Math ELL Proficiency (%)	41	18
Reading ELL Proficiency (%)	43	20
Science ELL Proficiency (%)	20	3
SPECIAL EDUCATIONⁱⁱⁱ		
Math Special Education Proficiency (%)	35	14
Reading Special Education Proficiency (%)	47	27
Science Special Education Proficiency (%)	12	8
GROWTH^{iv}		
Math Median SGP	52	47
Reading Median SGP	52	50
READINESS		
Chronic Absenteeism (%)^v	11	16
Percent Scoring 15 or higher on 8th grade ACT EXPLORE	50	52
Percent Scoring at or Above 19^{vi} on 11th grade ACT (%)	34	44
Graduation Rate Used for 2013 HS Readiness Calculation (%)	82	71
Class of 2012 16-month College Enrollment Rate (%)	63	58
ACHIEVEMENT GAP^{vii}		
2013-2014 Non-High Needs Proficiency (%)^{viii}	82	74
2013-2014 High Needs Proficiency (%)^{ix}	53	55
Current Gap Rate (%)	35	23
Two-Year Gap Reduction Rate (%)^x	-4	12

ⁱ The FRL student subgroup shows the performance of students who are economically disadvantaged.

ⁱⁱ The ELL student subgroup is made up of students with limited English proficiency.

ⁱⁱⁱ The special education student subgroup includes students who have been evaluated as “deaf, hard of hearing, having an intellectual disability, a developmental delay, a speech or language disability, a visual disability (including blindness), an emotional disability, an orthopedic disability, autism spectrum disorder, traumatic brain injury, a specific learning disability, deaf-blindness, multiple disabilities, or other health disability, and who, by reason thereof, needs special education and related services.” Hawaii Administrative Rules §80-60-2.

^{iv} For individual students, the Student Growth Percentile (“SGP”) is used to compare students to their academic peers (students who are in the same grade with similar Hawaii State Assessment (“HSA”) score histories for a given content area).

^v Chronic absenteeism captures the percentage of students who were absent for fifteen days or more in a year.

^{vi} A composite score of 19 is used because University of Hawaii research finds that students who receive an ACT composite score of 19 or higher are more likely to be successful in college courses in the University of Hawaii system. Thus, an ACT composite score of 19 or higher indicates college readiness.

^{vii} Achievement gaps are calculated in the current year and over time between High-Needs Students and Non High-Needs Students. The current gap rate compares HSA performance between High-Needs and Non High-Needs Students. The current gap rate is calculated by dividing the difference between the proficiency rates of Non High-Needs and High-Needs students by the Non High-Needs rate.

^{viii} A student who falls within the FRL, ELL or special education subgroup is considered a “High-Needs student.” All students who do not fall into any of the subgroups are referred to as a “Non High-Needs student.”

^{ix} See footnote 7.

^x The two-year gap reduction rate measures how much the gap rate has closed over the past two years. For the two-year gap reduction rate, a positive gap rate indicates that a gap is shrinking and a negative gap rate indicates that a gap is growing.

Exhibit B – Summary of FY2013-14 Federal Fund Allocations to Charter Schools

Federal Program	Grant Purpose and Basis for Allocation	Funds distributed to the Charter Schools Commission in Fiscal Year 2013-14	Funds distributed directly to Charter Schools ¹ in Fiscal Year 2013-14
U.S. DOE Impact Aid	Grant provided financial assistance to local education agencies affected by Federal presence. Distribution based on proportion of total public school enrollment.	4,443,740	
NCLB Title I LEA Grant – Schools	Grant provided to help disadvantaged students in school with the highest concentrations of poverty meet the same high standards expected of all students. Distribution made to only schools with 47.2% or more students receiving free or reduced-price meals. Distribution to these schools based on Title I formula using number of free or reduced-price eligible students multiplied by the per pupil amount for the school’s county.	1,675,872	11,142
ARRA Title I – School Improvement Grant (SIG)	Grant provided to support chronically low-performing Title I schools to implement comprehensive reforms. Schools must have an approved SIG plan to receive funds.	1,308,875	
NCLB Title IIA High Quality Professional Development	Grant provided to improve teacher and principal quality and increase the number of highly qualified teachers in the classroom. Distribution based on an approved Title IIA Highly Qualified Plan.	342,189	328
Title VIB Special Education Project I (IDEA)	Grant provided special education and related services to eligible students in accordance with federal regulations. Distribution based on award for 100% input into the SPED information system, funds required to clear deficits, and funds for program rated costs.		187,352

¹ Allocations have been sent directly to some charter schools based on program manager allocation documents or transfers of allocation initiated by Complex Area offices. In the future efforts will be made to route allocations to charter schools through the Commission’s staff office.

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Federal Program	Grant Purpose and Basis for Allocation	Funds distributed to the Charter Schools Commission in Fiscal Year 2013-14	Funds distributed directly to Charter Schools ¹ in Fiscal Year 2013-14
	NOTE: IDEA funds are primarily allocated to Complex Areas to assist in supporting special education related services for all public school students, including charter school students.		
DoD Supplement to Impact Aid	Grant provided financial assistance to local education agencies affected by military presence. Distribution based on proportion of total public school enrollment.	166,715	
Native Hawaiian Piha Pono-UH FY13	Grant to improve education outcomes and support services for Native Hawaiian students and their families. Distribution to elementary schools that serve high percentages of students of Hawaiian ancestry that have also submitted a proposed budget and signed an agreement to implement project activities.		139,000
NCLB Title I LEA Grant – Professional Development	Grant to provide training and professional development to assist all teachers in Title I schools in becoming highly qualified by the end of SY2013-14 and assist paraprofessionals in Title I schools meet educational requirements of NCLB Act of 2001. Distribution based on Title I formula.	120,602	
NCLB Title I LEA Grant – School Improvement	Grant provided to support school improvement activities in the charter schools. Funds are to be expended to purchase instructional supplies and materials, expedite contracts and employ support personnel. Funds will support charter schools to meet the Strive HI Performance Index on the Hawaii State Assessment. Grant provided to support competitive sub-grants to Title I eligible schools ranked in the	104,019	

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	bottom 5 percent. Schools must implement one of four school intervention models. Distribution based on evaluation of applications.		
NCLB Title I LEA Grant – Resource Teachers	Grant is to provide technical support to Title I schools. Distribution for a Title I Linker to provide technical support to Title I charter schools.	87,405	
NCLB Title III Language Instruction	Grant to supplement efforts to improve the education of limited English proficient children. Distribution based on the number of ELL students enrolled in schools after submission and approval of written plans.	39,196	
NCLB Title I LEA-Trans & Supplemental Services	Grant to support school improvement/turnaround at the complex and school level with supplemental education supports and services for Priority, Focus, and low performing schools.	32,935	
NCLB Administration	Grant funds to support planning, implementation, and management of NCLB programs included in Hawaii’s consolidated NCLB application. Distribution made based on proportion of statewide enrollment at Title I eligible schools.	25,118	
NCLB Title I LEA Grant – Parent Involvement	Grant to provide support for parent involvement activities, including but not limited to family literacy training, training to enhance parenting skills, etc. Distribution based on Title I formula.	23,951	
Education for Homeless Children & Youth	Grant provided to support all homeless children to have equal access to free and appropriate public education. Funds support staffing for personnel that provide technical	18,875	

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Federal Program	Grant Purpose and Basis for Allocation	Funds distributed to the Charter Schools Commission in Fiscal Year 2013-14	Funds distributed directly to Charter Schools ¹ in Fiscal Year 2013-14
	assistance to various groups. Distribution is based on the cost of a homeless liaison position and related expenses.		
NCLB Migrant Education	Grant provided to support education programs that address the needs of migratory children. Distribution made based on a percentage formula incorporating at-risk factors and the number of migrant students at each school.	18,620	
NCLB Title IIA Asst Non Highly Qualified Teacher (NHQT) to Highly Qualified Teachers (HQT)	Grant to support professional development and other activities that assist NQHTs become HQTs in core academic subjects assigned by the end of SY2013-14. Distribution is based on \$150 for each (Tier I) NHQT as of June of the prior school year.	18,383	
NCLB Assessment	Grant to support the development, administration, and maintenance of the three large scale assessments in the areas of Reading/Language Arts, Mathematics, and Science: Hawaii State Assessments, the Hawaii State Assessment Translated into Hawaiian, and the Hawaii State Alternate Assessment. These are carryover funds allocated in the prior year. Distribution made based on Commission returning unused funds from a prior appropriation.	151	5,882
Vocational Education – Program Improvement FY14	Grant to provide resource and services to identified project schools that are developing and implementing improved and expanded CTE programs during the school year. Distribution of funds based on SY13-14 CTE one-year plans that have been submitted and approved.	3,630	

Exhibit B – Summary of FY2013-14 Federal Fund Allocations to Charter Schools

Federal Program	Grant Purpose and Basis for Allocation	Funds distributed to the Charter Schools Commission in Fiscal Year 2013-14	Funds distributed directly to Charter Schools ¹ in Fiscal Year 2013-14
RTTT-Common Core State Standard Implementation	Grant to provide professional development for teachers of all subjects and grade levels for in the area of Common Core. Funds are allocated to pay teachers substitutes \$159 per day.	2,775	
NCLB Math and Science Partnership FY13	Grant supports partnerships between institutions of higher education and local elementary and secondary schools to design and implement professional development models to increase subject matter knowledge of mathematics and science teachers. Funds are allocated for stipends for PCS teachers who participated in Common Core Standards training sessions. Distribution based on a competitive grant application process.	2,708	
Vocational Education – Program Improvement FY13	Grant to provide resource and services to identified project schools that are developing and implementing improved and expanded CTE programs during the school year. Distribution of funds based on SY13-14 CTE one-year plans that have been submitted and approved.	639	
DoD-EA-Expanding Virtual Learning Opportunities	Grant to support middle and high school military students via online learning opportunities. These are carryover funds allocated in the prior year. Distribution made to schools that have students enrolled in one of seven on-line E-School Advanced Placement courses who have also signed up to take the AP exam. Funds are to cover AP exam cost.		356
NCLB Math and Science Partnership FY14	Grant supports partnerships between institutions of higher education and local	327	

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	elementary and secondary schools to design and implement professional development models to increase subject matter knowledge of mathematics and science teachers. Distribution based on a competitive grant application process.		
Title VIB Private School Participation Project	Grant supports services aligned to the Private School Participation Project. Distribution to the Complex Areas based on a base amount as well as special education eligible students whose parents unilaterally placed them in private school settings. These are carryover funds allocated in the prior year.		219
Special Education Pre-School Grant	Grant to provide supplemental services to support the special education students with disabilities 3 to 5 years of age. These are carryover funds allocated in the prior year and due to deficits at the school level additional funds were provided by various DOE complex Areas to cover the shortfalls within their complex area PCS. Distribution to provide Kamaile and Laupahoehoe PCS funds to clear deficits.		15
Total		8,436,725	344,294