

total State of Hawaii non-federal fund budget was only 1.4%. Revenue for education increased 33% in FY2008 and 34% in FY2009. The level of State support for K-12 education increased from \$2,141,675,145 in FY2008 to \$2,234,296,784 in FY2009. For public Institutes of Higher Education (IHE), support increased from \$674,981,123 in FY2008 to \$730,301,024 in FY2009.

(F)(1)(ii) **Equitable Funding:** Because there is only one LEA within the State of Hawaii, inequitable funding between high-need LEAs and other LEAs is not an issue. The State's policy is to fund public education from State General Funds, rather than relying on funds from smaller governmental units such as county taxes or local property taxes. In 2004 the Hawaii State Legislator passed Act 51 (2004) SLH, the Reinventing Education Act, which included a provision to "ensure that moneys go to schools that truly have the greatest need," and required the HIDOE to institute a "weighted student formula" (Appendix F-2). This formula created a transparent process to identify funds and levels of funding made available to schools based on student needs, such as economic disadvantage or transiency. The HIDOE is the largest and one of only a few school districts in the nation using this funding methodology to provide vertical equity for disadvantaged students.

In Education Week's annual Quality Counts report, Hawaii received an "A" for equity in school finance from 1998 to 2006 (the first nine years of the survey). The equity factor is intended to uncover differences between affluent and poor districts within a single state, based on the expectation that access to quality public education should be "wealth neutral." In 2007, Education Week stated that: "Because Hawaii is a single-district state, it is not appropriate to measure district-level equity." Although the HIDOE has been removed from that competition, the point has been made: HIDOE's weighted student formula serves the ultimate goal of ensuring school funding equality statewide by basing allocations on student needs, not community wealth.

(F)(2) Ensuring successful conditions for high-performing charter schools and other innovative schools (40 points)

The extent to which—

- (i) The State has a charter school law that does not prohibit or effectively inhibit increasing the number of high-performing charter schools (as defined in this notice) in the State, measured (as set forth in Appendix B) by the percentage of total schools in the State

that are allowed to be charter schools or otherwise restrict student enrollment in charter schools;

(ii) The State has laws, statutes, regulations, or guidelines regarding how charter school authorizers approve, monitor, hold accountable, reauthorize, and close charter schools; in particular, whether authorizers require that student achievement (as defined in this notice) be one significant factor, among others, in authorization or renewal; encourage charter schools that serve student populations that are similar to local district student populations, especially relative to high-need students (as defined in this notice); and have closed or not renewed ineffective charter schools;

(iii) The State's charter schools receive (as set forth in Appendix B) equitable funding compared to traditional public schools, and a commensurate share of local, State, and Federal revenues;

(iv) The State provides charter schools with funding for facilities (for leasing facilities, purchasing facilities, or making tenant improvements), assistance with facilities acquisition, access to public facilities, the ability to share in bonds and mill levies, or other supports; and the extent to which the State does not impose any facility-related requirements on charter schools that are stricter than those applied to traditional public schools; and

(v) The State enables LEAs to operate innovative, autonomous public schools (as defined in this notice) other than charter schools.

In the text box below, the State shall describe its current status in meeting the criterion. The narrative or attachments shall also include, at a minimum, the evidence listed below, and how each piece of evidence demonstrates the State's success in meeting the criterion. The narrative and attachments may also include any additional information the State believes will be helpful to peer reviewers. For attachments included in the Appendix, note in the narrative the location where the attachments can be found.

Evidence for (F)(2)(i):

- A description of the State's applicable laws, statutes, regulations, or other relevant legal documents.
- The number of charter schools allowed under State law and the percentage this represents of the total number of schools in the State.
- The number and types of charter schools currently operating in the State.

Evidence for (F)(2)(ii):

- A description of the State's approach to charter school accountability and authorization, and a description of the State's applicable laws, statutes, regulations, or other relevant legal documents.
- For each of the last five years:

- The number of charter school applications made in the State.
- The number of charter school applications approved.
- The number of charter school applications denied and reasons for the denials (academic, financial, low enrollment, other).
- The number of charter schools closed (including charter schools that were not reauthorized to operate).

Evidence for (F)(2)(iii):

- A description of the State’s applicable statutes, regulations, or other relevant legal documents.
- A description of the State’s approach to charter school funding, the amount of funding passed through to charter schools per student, and how those amounts compare with traditional public school per-student funding allocations.

Evidence for (F)(2)(iv):

- A description of the State’s applicable statutes, regulations, or other relevant legal documents.
- A description of the statewide facilities supports provided to charter schools, if any.

Evidence for (F)(2)(v):

- A description of how the State enables LEAs to operate innovative, autonomous public schools (as defined in this notice) other than charter schools.

Recommended maximum response length: Six pages

(F)(2)(i) Charter School Law: Of Hawaii’s 283 public schools, 31, or 11%, are public charter schools. Twenty-six schools are new “start ups” and five schools are conversions (a HIDOE-administered school that converts to a charter school).

Until 2006, the Hawaii BOE was responsible to approve and monitor new charter schools. That year, Hawaii’s Charter School governance was incorporated in Chapter 302B, Hawaii Revised Statutes (HRS). Chapter 302B enacted law establishing the Charter School Review Panel (CRSP) (Appendix F-3). By statute, the Board of Education (BOE) appoints the Charter School Review Panel (CSRSP), which is authorized to approve, monitor, hold accountable, adopt reporting requirements, and place on probation or revoke charters (HRS 302B-3(i)).

(F)(2)(ii) Charter School Approval, Monitoring and Accountability: The CSRSP is required by law (HRS 302B-14 (b) to conduct a multi-year evaluation of each charter school in its fourth year of operation and every 5 years thereafter. The CSRSP is also

authorized to conduct special evaluations. Each public charter school is required by law to conduct and submit an annual self evaluation to the CSRP within 60 working days of the end of the school year. The guidelines for this report are extensive but the self-evaluation must include the identification and adoption of benchmarks to measure and evaluate administrative and instructional programs (HRS 302B-14(1)) and an evaluation of student achievement (HRS 302B-14(4)). Provisions and administrative rules for revocation of a school's charter are now being processed by the Governor's office.

Since July, 2007, when intake began under the CSRP, the panel has completed one application course, which included eight applications. Seven other groups expressed interest in 2009 and completed one phase of the application process. To date, the CSRP has approved four charter school applications (three in 2007, one in 2008). In 2007, five applications were denied; denial was based on an objective method of assessing the application across nine criteria. In 2008, three applications were denied. Under CSRP to date, there have been no school closures or denials of reauthorization requests.

Hawaii currently limits the total number of conversion charter schools to 25, though with only five current conversion charters, there is essentially no short term cap in that category. Initially, charter school legislation authorized up to 25 start up charter schools, but in 2007 the Hawaii State Legislature removed that limitation by authorizing an additional start up charter school for each existing start up charter school that is accredited by the Western Association of Schools and Colleges (WASC). Although this technically opens the door to establish new start up charter schools, the requirement to achieve accreditation has essentially created a bottleneck for the creation of new charter schools. Currently there are five public charter schools with WASC accreditation. Three charter schools are currently in the process of applying for accreditation.

The State of Hawaii supports the expansion of quality public charter schools to provide students and families with educational options and choice in delivery and approaches. It is anticipated that legislation will be introduced in the upcoming session to remove the limit on the number of new start up and conversion public charter schools.

In order to hold schools accountable for student performance, the BOE and HDOE in collaboration with the CSRP, CSAO, and the HCSN, will ask the legislature to establish a public charter reauthorization process. As envisioned, all charter schools will have a

limited term contract that must be reauthorized with an approved authorizer, based on specific identified criteria.

(F)(2)(iii) **Equitable Funding:** State policy requires that all public school students be supported with an equitable amount of public education resources. This prevents the students of any one community from receiving a sub-par education because they live in a more impoverished area; this is one of the fundamental reasons Hawaii maintains one unified school district. Charter school funding laws were amended in the 2006, 2007, and 2009 Legislative Sessions in an effort to better define the equitable amount of public education resources available to public charter schools. HRS 302B-12(a) states, unambiguously: “Beginning with fiscal year 2009-2010, and each fiscal year thereafter, the non-facility per-pupil funding request for charter school students shall not be less than the per-pupil amount to the HIDOE in the most recently approved executive budget recommendation for the department...” The statute clarifies that the charter school funding request should be based on projected enrollments, and should include all regular education cost categories, excluding fringe benefit costs which are ascribed to the Department of Budget and Finance. The same statute requires that charter schools also be eligible for all federal financial support to the same extent as all other public schools (HRS 302B-12(c)).

The HIDOE believes in equitable funding for all public school students, including public charter school students. In a recent calculation of the general state funds available to public schools (HIDOE and Public Charter Schools) in SY09-10, the distribution of SFSF Part A funds for elementary and secondary education, was determined to be \$611.82 higher per pupil for public charter schools than the per pupil figure allotted to public schools administered by HIDOE. The calculation was based on actual student enrollments in October 2009. The Charter Schools community disagrees with the calculation and believes that the Charter Schools receive significantly less per pupil funding. Representatives of the Charter Schools and HIDOE are in discussions aimed at resolving the differences. Assistance in the process is being provided by the Harold K.L. Castle Foundation. Progress will be shared with policy makers, including the Governor and State legislators.

(F)(2)(iv) **Facilities:** It is undisputed that both regular HIDOE and charter schools need access to adequate/quality facilities to educate their students. The State provides charter schools with funding for facilities (for leasing facilities, purchasing facilities, or

making tenant improvements), assistance with facilities acquisition, access to public facilities, and the ability to share in bonds and mill levies, or other supports. Arrangements to acquire and maintain facilities are embedded in the statutory support for public charter schools (HRS302B-8(b))(Appendix F-3). The State also provides strong facility supports for its conversion schools and by providing many schools access to existing state land and facilities in collaboration with the Department of Hawaiian Homelands (DHHL) and the Department of Land and Natural Resources (DLNR). In addition, there are no facility-related requirements for charter schools stricter than those applied to traditional public schools. Because most charter schools lease their facilities, the most effective way to provide facility support is via a per pupil allocation. Therefore, the state commits to exploring:

- Methods for providing facility funding to charter schools through a per-pupil lump sum general fund appropriation, including a proposed Debt Service Formula calculation that provides facility funding based on a percentage of the debt service attributable to HIDOE.
- Ensuring that Charter Schools have the first rights to Access to Facilities (via first right of refusal) on any property that becomes available.

(F)(2)(v) **Allowing Innovative, Autonomous Public Schools:** One of the significant strengths embedded within a single state-wide educational system is the ability to support widespread educational reform. School community councils, required by statute in all HIDOE administered public schools, have the ability to request waivers from policies, rules, or procedures from any state agency (HRS 302A-1126)(Appendix F-4). Board Policy 2412, School Community Council Waivers and School Community Council Exceptions, provides guidance on the implementation of the state statute and provides that waivers and exceptions are designed to enhance flexibility in order to facilitate school improvement (Appendix F-5). The Policy makes the process of obtaining waivers less burdensome and less time-consuming through the use of generic waivers and/or exceptions used at BOE discretion. Most recently, 99 schools have exercised this flexibility by requesting a waiver to the BOE adopted calendar and changes to the bell schedule in order to provide additional instructional time to students.