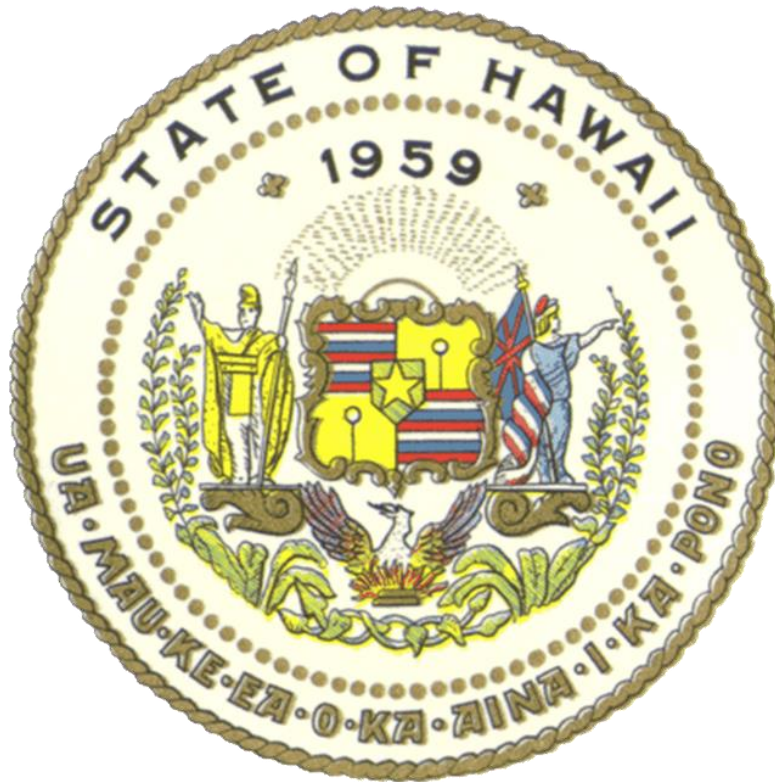


# State Public Charter School Commission



Public Charter School Contract

with

**[SCHOOL NAME]**

Effective July 01, 2026

Version 4.1

TABLE OF CONTENTS

Contents

PARTIES ..... 8

RECITALS ..... 8

ARTICLE I: PURPOSE AND TERM OF CONTRACT ..... 9

    Section 1.1 Purpose ..... 9

    Section 1.2 Term of Contract ..... 9

ARTICLE II: SCHOOL CHARTER AND MISSION ..... 10

    Section 2.1 Charter ..... 10

    Section 2.2 Mission Statement ..... 11

    Section 2.3 Amendment to Charter Contract ..... 11

ARTICLE III: DEFINITIONS..... 12

ARTICLE IV: GOVERNANCE OF SCHOOL..... 15

    Section 4.1 Governing Board Responsibilities ..... 15

    Section 4.2 State Code of Ethics and Code of Conduct ..... 15

    Section 4.3 Governing Board Membership..... 15

    Section 4.4 Governing Board Meetings ..... 15

    Section 4.5 Governing Board Reporting ..... 15

    Section 4.6 Governing Board Member Information ..... 16

ARTICLE V: SCHOOL PERFORMANCE ..... 17

    Section 5.1 Performance Frameworks ..... 17

    Section 5.2 Modification to Performance Frameworks ..... 18

    Section 5.3 Data and Reports ..... 18

    Section 5.4 Multiple School Locations and Oversight..... 18

    Section 5.5 Federal and State Accountability System..... 18

ARTICLE VI: ACADEMIC PERFORMANCE ..... 19

    Section 6.1 Divisions, Grades and Ages Served ..... 19

    Section 6.2 Academic Standards ..... 19

    Section 6.3 Virtual and Blended Programs ..... 19

    Section 6.4 Students with Disabilities..... 19

    Section 6.5 Special Education Guidelines..... 19

Section 6.6 Section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act Amendments Act of 2008.....	20
Section 6.7 English Learners.....	20
Section 6.8 Academic Performance Framework.....	20
Section 6.9 Academic Performance Indicators .....	20
Section 6.10 Academic Performance Evaluation .....	22
Section 6.11 Academic Review and Renewal.....	22
ARTICLE VII: ORGANIZATIONAL PERFORMANCE.....	24
Section 7.1 Organizational Framework.....	24
Section 7.2 Annual Monitoring.....	24
Section 7.3 Annual and Renewal Evaluation .....	24
ARTICLE VIII: FINANCIAL PERFORMANCE.....	26
Section 8.1. Fiscal Responsibilities.....	26
Section 8.2 Financial Oversight .....	26
Section 8.3 Fiscal Year.....	26
Section 8.4 Financial Terms and Concepts .....	26
Section 8.5 Financial Management Policies .....	26
Section 8.6 Procurement .....	27
Section 8.7 Quarterly Reports .....	27
Section 8.8 Annual Budgets .....	27
Section 8.9 Annual Audits .....	27
Section 8.10 Maintenance of Financial Records and Information .....	28
Section 8.11 Assets .....	28
Section 8.12 Chart of Accounts.....	28
Section 8.13 Transfer of Funds to Affiliated Non-profit or Charter and Educational Management Organization .....	28
Section 8.14 Financing Agreements and Lines of Credit.....	29
Section 8.15 Per-pupil Funding.....	29
Section 8.16 Enrollment Count Reports for Per-pupil Funding.....	29
Section 8.18 Facility Funds.....	30
Section 8.19 Federal Funding.....	30

Section 8.20 Additional Funds .....	30
Section 8.21 Fees.....	31
Section 8.22 Financial Performance Framework .....	31
Section 8.23 Financial Performance Framework: Monitoring.....	31
Section 8.24 Financial Performance Evaluation .....	31
Section 8.25 Financial Review and Renewal .....	32
ARTICLE IX: ADMISSION, ENROLLMENT, AND ATTENDANCE .....	33
Section 9.1 Compulsory Education.....	33
Section 9.2 No Tuition or Fees for Admission, Enrollment, or Attendance .....	33
Section 9.3 Admissions .....	33
Section 9.4 Enrollment.....	33
Section 9.5 Attendance.....	33
Section 9.6 Attendance: Virtual and/or Blended Learning Program .....	34
Section 9.7 Right to Remain .....	34
Section 9.8 Dismissal .....	34
Section 9.9 Withdrawal and Transfer.....	34
ARTICLE X: GENERAL OPERATION OF SCHOOL .....	35
Section 10.1 Records Retention .....	35
Section 10.2 Open Records Law .....	35
Section 10.3 Student Conduct and Discipline.....	35
Section 10.4 Punishment of Students .....	35
Section 10.5 Complaints Process .....	35
Section 10.6 Transportation .....	35
Section 10.7 School Policies .....	35
Section 10.8 Insurance .....	36
ARTICLE XI: CHARTER AND EDUCATIONAL MANAGEMENT ORGANIZATION .....	37
Section 11.1 Charter and Educational Management Organizations (“Management Organizations”) .....	37
ARTICLE XII: HEALTH AND SAFETY .....	40
Section 12.1 Safe Environment.....	40
Section 12.2. Active Shooter Training.....	40

Section 12.3 Food Services .....	40
Section 12.4 Health Immunizations .....	40
Section 12.5 Student Health .....	40
Section 12.6 Reporting of Crime-related Incidents.....	40
Section 12.7 Mandatory Reporting of Child Abuse and Neglect.....	41
Section 12.8 Use of Tobacco Prohibited.....	41
ARTICLE XIII: STUDENT RECORDS AND DATA .....	42
Section 13.1 Student Records.....	42
Section 13.2 Educational Data .....	42
Section 13.3 Reporting of Data and School Information .....	42
Section 13.4 Commission’s Annual Report to the BOE and Legislature .....	42
Section 13.5 Permitted Disclosures and Uses by Operators .....	42
ARTICLE XIV: SCHOOL FACILITIES .....	43
Section 14.1 Occupancy Rights .....	43
Section 14.2 Compliance with Codes .....	43
Section 14.3 Emergency Relocation .....	43
Section 14.4 Non-Emergency Relocation or Expansion of Facilities.....	43
ARTICLE XV: CHARTER SCHOOL PERSONNEL AND EMPLOYMENT.....	45
Section 15.1 Relationship.....	45
Section 15.2 Criminal History Checks .....	45
Section 15.3 Harm to Student Registry .....	45
Section 15.4 Collective Bargaining.....	45
Section 15.5 Nondiscrimination .....	45
Section 15.6 Teacher Licensure .....	46
Section 15.7 Personnel Data.....	46
Section 15.8 Evaluations .....	46
Section 15.9 Non-Instructional Employees.....	46
Section 15.10 Personnel Policies .....	46
ARTICLE XVI: COMMISSION OVERSIGHT AND RESPONSIBILITIES .....	47
Section 16.1 Oversight .....	47
Section 16.2 Monitoring Related to Federal Programs .....	47

Section 16.3 Access to Records .....	47
Section 16.4 Site Visits .....	48
Section 16.5 Intervention Protocol: Notice of Concern .....	48
Section 16.6 Intervention Protocol: Notice of Deficiency and Notice of Prospect of Revocation .....	48
<b>ARTICLE XVII: RENEWAL, BREACH OF CONTRACT, TERMINATION, AND DISSOLUTION .....</b>	<b>50</b>
Section 17.1 Charter Contract Renewal .....	50
Section 17.2 Non-Renewal of a Charter Contract.....	50
Section 17.3 Revocation.....	51
Section 17.4 Material Breach by the School .....	51
Section 17.5 Termination by the Commission .....	52
Section 17.6 Other Remedies .....	52
Section 17.7 School-Initiated Closure.....	52
Section 17.8 Invalid Provision .....	53
Section 17.9 Financial Insolvency .....	53
Section 17.10 Termination for Withdrawal of Authority.....	53
Section 17.11 Termination for Non-Allocation of Funds .....	53
Section 17.12 Termination for Conflict of Interest .....	54
Section 17.13 Dissolution and Disposition of Remaining Assets.....	54
<b>ARTICLE XVIII: GENERAL TERMS.....</b>	<b>55</b>
Section 18.1 Entire Contract .....	55
Section 18.2 Amendments.....	55
Section 18.3 Governing Law.....	55
Section 18.4 Compliance with Laws.....	55
Section 18.5 Conflict Between Charter Contract, Law, and Administrative Rules .....	55
Section 18.6 Legal Status of School.....	56
Section 18.7 Board of Education Authority .....	56
Section 18.8 Non-Assignability .....	56
Section 18.9 Severability.....	56
Section 18.10 Waiver .....	56

Section 18.11 No Third-Party Beneficiary .....	56
Section 18.12 Other Legal Obligations .....	56
Section 18.13 Electronic Signature .....	56
ARTICLE XIX: NOTICE.....	58
Section 19.1 School Emergency Closure .....	58
Section 19.2 Mandatory Notification .....	58
Section 19.3 Notices.....	58
ARTICLE XX: AGREEMENT .....	60
EXHIBIT “A”: PERFORMANCE FRAMEWORKS .....	61
Exhibit “A”: Academic Performance Framework .....	62
Exhibit “A”: Organizational Performance Framework.....	71
Exhibit “A”: Financial Performance Framework.....	79

## PARTIES

This **CHARTER SCHOOL CONTRACT** (the “**Charter Contract**”) is effective as of **July 01, 2026** and entered into by and between the **STATE PUBLIC CHARTER SCHOOL COMMISSION** (the “**Commission**”), an agency of the State of Hawai‘i, whose mission is to authorize, assess, and acclaim a portfolio of high-quality charter schools that offer diversity, innovation, and excellence for students and families throughout Hawai‘i, located at 1164 Bishop Street, Suite 1100, Honolulu, Hawai‘i, 96813, and **[SCHOOL NAME]**, (the “**School**”), represented by its Governing Board, whose mailing address **[ADDRESS]**, (singularly the “**Party**” and collectively the “**Parties**”).

## RECITALS

**WHEREAS**, pursuant to Chapter 302D of the Hawai‘i Revised Statutes, (the “**HRS**”), the Commission has the authority to approve quality charter applications to establish a public charter school, to monitor, oversee, evaluate, and renew, not renew and/or revoke charters consistent with the spirit and intent of this chapter;

**WHEREAS**, on **[DATE]**, the School submitted a Renewal Application following HRS §302D-18 to continue to operate as a public charter school;

**WHEREAS**, the Commission has determined: (i) that the Renewal Application satisfies the requirements found in HRS Chapter 302D and any other requirements set by the Commission as allowed by statute; and (ii) approved the Renewal Application subject to the execution of this Contract by and between the Commission and the School as represented by their Governing Board;

**WHEREAS**, HRS §302D-12 gives broad decision-making authority over school operations to the Governing Board of the School (the “**Governing Board**”), including oversight and responsibility for the financial, organizational, and academic viability of the School, implementation of the Charter Contract, 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;

**WHEREAS**, the Commission and the School seek to foster a cooperative and responsive relationship, to commit to act in the best interests of the students, families, and communities that they serve by contributing meaningfully to the continued improvement of Hawai‘i’s public education system with a high quality school to meet educational needs, and innovative practices that reflect Hawai‘i’s values;

**NOW, THEREFORE**, in consideration of the mutual covenants, representations, warranties, provisions, and agreements contained herein, the parties agree as follows:

## **ARTICLE I: PURPOSE AND TERM OF CONTRACT**

### **Section 1.1 Purpose**

This Charter Contract outlines the roles, powers, responsibilities, and performance expectations for each party to this Charter Contract in the renewal and operation of [SCHOOL], (the “School”). Both parties must comply with all of the terms and provisions of this Charter School Contract (the “Charter Contract”) and all applicable rules, regulations and laws.

### **Section 1.2 Term of Contract**

This is a [number] (#) year Contract and is effective as of July 01, [year], and will remain in full force and effect through June 30, [year], unless sooner revoked or terminated in accordance with HRS §302D-18 and as provided herein.

## ARTICLE II: SCHOOL CHARTER AND MISSION

### Section 2.1 Charter

The School shall establish a public charter school in the State of Hawai‘i on the island(s) listed in the table below. The School operates at the facilities located at the address(es) indicated in the table below along with the grades served in accordance with this Charter Contract, the HRS, and other applicable federal, state, and county laws, ordinances, codes, rules, and regulations.

Enrollment in the School shall be open to all students of ages and grades as set forth in HRS Chapter 302D and Article IX of this Charter Contract, who are residents of the State of Hawai‘i. This Charter Contract shall constitute the School’s charter and shall be binding on the School, the Governing Board, and the Commission.

Island	Brick and Mortar Address	Grade Levels Served & Division Served
[ISLAND]	[ADDRESS]	[GRADE LEVELS] & [DIVISION]

Island	Blended Learning Program Instructional Site	Grade Levels Served & Division Served
[ISLAND]	[ADDRESS]	[GRADE LEVELS] & [DIVISION]

Island	Virtual Learning Program Non-Instructional Site	Grade Levels Served & Division Served
[ISLAND]	[ADDRESS]	[GRADE LEVELS] & [DIVISION]

Charter and Educational Management Organization(s)	Contact Information of Charter and Educational Management Organization(s)	Effective Dates of Charter and Educational Management Organization(s)
[NAME]	[ADDRESS]	[TERM DATES]

Island	Non-Instructional Site / Use
[ISLAND]	[ADDRESS ]/ [USE]

**Section 2.2 Mission Statement**

The School shall operate in accordance with its mission statement: [insert mission statement]

**Section 2.3 Amendment to Charter Contract**

The School shall submit a request for the Commission’s approval for any proposed changes to the provisions of this Charter Contract, except that a School shall not be required to provide the Commission with a request to amend the Charter Contract for any proposed changes to its Bylaws. Failure to obtain Commission’s approval shall be considered a material breach of this Charter Contract and may be subject to Commission Oversight and Responsibilities provided in Article XVI and Renewal, Breach of Contract, Termination, and Dissolution provided in Article XVII of this Charter Contract.

## ARTICLE III: DEFINITIONS

For the purposes of this Charter Contract, and in addition to the terms defined throughout this Charter Contract, each of the following words or expressions shall have the meaning set forth in this section:

**“Applicable Law”** - all federal, state, and county laws, ordinances, codes, rules, and regulations applicable to the operation of a charter school in the State of Hawai‘i, as they currently exist or are amended throughout the duration of this Charter Contract. When a provision of this Charter Contract requires the School to comply with all federal, state, and county laws, ordinances, codes, rules, and regulations, or some combination thereof, without specific reference or citation, the language encompasses those laws that are applicable to charter schools. If there is a disagreement about what laws are applicable or the extent to which a given law is applicable, the parties shall engage in good faith discussions in an effort to determine applicability and the associated scope. However, the Commission shall have primary responsibility for interpreting applicable law to the Charter Contract consistent with governing law.

**“Asset”** - land, infrastructure, improvements to land, buildings, leasehold improvements, vehicles, furnishings, equipment, collections, and all other tangible and intangible assets that are used in school operations, including, but not limited to items that are easily converted to personal use or easily pawned, such as computer equipment, photographic equipment, video equipment, television sets, and communication equipment.

**“Attorney General” (AG)** - the Hawai‘i Department of the Attorney General, to also refer to Deputy Attorneys General (DAG).

**“Authorizer”**- an entity established under HRS Chapter 302D with chartering authority to review charter applications, decide whether to approve or deny charter applications, enter into charter contracts with applicants, oversee public charter schools, and decide whether to authorize, renew, deny renewal of, or revoke charter contracts. For the purpose of this Charter Contract, “Authorizer” shall refer to the Commission.

**“Blended Learning Program”** - a combination of online educational materials and opportunities for interaction online and in-person on-site instruction, requiring the use of a school facility or authorized location. A Blended Learning Program shall adhere to the Commission’s Online Virtual and Blended Learning Guidelines, as amended, and can be found on the Commission’s official website.

**“Board of Education”** - the Hawai‘i Board of Education (BOE) which has authority to promulgate rules for educational policy.

**“Charter Contract”** - in addition to the definition set forth in HRS §302D-1, the Terms and Conditions of this Contract including Exhibits.

**“Charter Management Organization” (CMO)** - a nonprofit organization that manages and operates a charter school or multiple charter schools by providing administrative, operational, and/or instructional services.

**“Commission”** - the State Public Charter School Commission established pursuant to HRS §302D-3 as a statewide authorizer. The term Commission includes the Commission members, Commission’s staff, or other designee.

**“Department”** - the Hawai‘i Department of Education (HIDOE). The HIDOE serves as both the State Educational Agency (SEA) and the Local Educational Agency (LEA) for the entire state of Hawai‘i.

**“Educational Management Organization” (EMO)** - a for-profit entity that manages and operates a charter school or multiple charter schools by providing administrative, operational and/or instructional services.

**“English Language Arts” (ELA)** - the instruction and assessment of English Language Arts/Literacy in Hawai‘i’s public charter schools.

**“Governing Board”** - in addition to the definition set forth in HRS §302D-1, the independent board of the School that must at all times be appointed, operated, and governed in accordance with its Bylaws, the Charter School Application, legal obligations, and this Charter Contract. The Governing Board 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 HRS Chapters 76, 78 and 89; and ensures compliance with all applicable federal, state, and county laws, codes and ordinances. For purposes of this Charter Contract, the School and School Governing Board are one and the same and are responsible for compliance with all legal requirements to which the School is subject under Applicable Law and this Charter Contract.

**“Hawaiian Language Arts” (HLA)** - the instruction and assessment of Hawaiian Language Arts within Kaiapuni Educational Programs authorized by the Commission to operate Hawaiian Language Medium-Immersion Public Charter Schools. As referenced in BOE Policy 105-8, every student within the State of Hawai‘i’s public school system should have reasonable access to the Kaiapuni Educational Program.

**“Hawai‘i Administrative Rules (HAR)”** - the binding rules, regulations, and procedures officially adopted by the State agencies of Hawai‘i to implement and enforce the State’s statutes.

**“Hawai‘i Revised Statutes (HRS)”** - the current effective laws of Hawai‘i.

**“Known” or “Knowledge”** - a representative of the School’s Governing Board and/or the School is aware of a fact, circumstance, or result, or has information that would lead a reasonable

person in the same situation to believe that the facts, circumstances, or results exist. When knowledge triggers or impacts a legal responsibility or obligation of the School's Governing Board or School, then failure to act in accordance with those legal responsibilities or obligations may be considered a material and substantial violation of this Charter Contract.

**“Material”** - a provision or term that concerns significant issues, subject matter, and contractual expectations, and is of such a nature and importance to be considered essential to the agreement, decision making and or performance under this Charter Contract by both parties.

**“Mission Aligned Initiative (MAI)”** - the mission-focused educational goal(s) measured through documentation and a written narrative as part of the Academic Performance Framework that is proposed by the School and approved by the Commission.

**“Mission Statement”** - A statement of the School or other organization's purpose. A Mission Statement generally describes what the School or organization does to realize its purpose and whom the School or organization serves.

**“Performance Framework”** - the assessment tool that sets forth the performance indicators, measures, and metrics used by the Commission to guide its evaluation of the School's academic, organizational, and financial performance under this Charter Contract.

**“Public Charter School”** or **“the School”** - a public school and its respective Governing Board authorized by the Commission and holding a current charter contract to operate as a Charter School under HRS Chapter 302D, with the flexibility and independent authority with regard to curriculum, facilities management, and personnel management.

**“School-Specific Measure” (SSM)** - the school-specific educational goal(s) measured through documentation and a written narrative as part of the Academic Performance Framework that is proposed by the School and approved by the Commission.

**“Virtual Learning Program”** - instruction that takes place in an online environment. A Virtual Learning Program shall adhere to the Commission's Online Virtual and Blended Learning Guidelines, as amended, and can be found on the Commission's official website.

## **ARTICLE IV: GOVERNANCE OF SCHOOL**

### **Section 4.1 Governing Board Responsibilities**

The Governing Board, as defined by HRS Chapter 302D, is a party to this Charter Contract with the Commission, is responsible for the oversight of the school including but not limited to academic outcomes, operations, and financial management. The Governing Board is also responsible for ensuring compliance with the Applicable Laws and managing any contracts with administrative personnel and/or Charter and Educational Management Organization.

### **Section 4.2 State Code of Ethics and Code of Conduct**

Because charter schools are public schools, Governing Board and School employees shall comply with the State Code of Ethics, codified in HRS Chapter 84. The School's Governing Board, employees, contractors, and volunteers must also comply with the Code of Conduct developed and implemented by the Commission, as required in BOE Policy 201-1.

Failure to do so may result in being subject to Commission Oversight and Responsibilities provided in Article XVI of this Charter Contract.

### **Section 4.3 Governing Board Membership**

The Governing Board shall have a consistent process for and maintain records of the selection of Governing Board Members. The selection records shall include the candidate's qualifications to serve, and the Governing Board's decision on the Board Member's application.

The Governing Board members should meet the individual standards set in HRS §302D-12, and collectively possess the knowledge, experience, and skills to effectively oversee the School's academic, organizational, and financial program.

### **Section 4.4 Governing Board Meetings**

The School's Governing Board is a public body accountable to the authorizer, to the federal and state government, and to the community their School serves. Pursuant to HRS §302D-12, the Governing Board shall hold meetings open to the public. To enable public attendance and participation in person or through remote technology, Governing Board meetings must be held in a way sufficient to accommodate public participation.

### **Section 4.5 Governing Board Reporting**

To ensure the School community can attend and participate in Governing Board meetings, in accordance with HRS §302D-12, the Governing Board shall have the following available in a public area in the School's office, accessible for review during regular business hours, and posted on the School's official website:

- (a). Governing Board meeting notices and agendas as specified in HRS §302D-12;
- (b). Written Governing Board meeting minutes as specified in HRS §302D-12;

- (c). A list of the current names and contact information of the Governing Board's members and officers; and
- (d). The schedule of Governing Board meetings by September 1 of each year.

The Commission may regularly review the School's website to ensure compliance with these provisions and to verify that other information on the website is accurate and complies with this Charter Contract and applicable laws. Failure to meet statutory requirements will result in the school submitting its Governing Board meeting notices, agenda, and minutes directly to the Commission. Noncompliance with this section may result in a Notice of Concern.

#### **Section 4.6 Governing Board Member Information**

In order to facilitate regular and emergency communications, the Governing Board shall provide the Commission an updated list of all current member names and contact information which will include the following for each member:

- (a). Name, position held, term dates (mm/dd/yy - mm/dd/yy) with board;
- (b). Public facing phone number and email address; and
- (c). Emergency contact phone number and email, (Commission use only, not for public posting).

This information shall be provided within fourteen (14) business days of the start of the school year and kept updated thereafter. When vacancies occur and new members are added, the Governing Board shall update and submit to the Commission an updated list, including a copy of the minutes of the meeting where the new member was approved, within fourteen (14) business days of the new member being seated.

## ARTICLE V: SCHOOL PERFORMANCE

### Section 5.1 Performance Frameworks

Pursuant to HRS§302D-5, the Commission is responsible for executing the following essential powers and duties:

- (a) Soliciting and evaluating charter applications;
- (b) Approving quality charter applications that meet identified educational needs and promote a diversity of educational choices;
- (c) Declining to approve weak or inadequate charter applications;
- (d) Negotiating and executing sound charter contracts with each approved charter applicant and with existing public charter schools;
- (e) Monitoring, in accordance with charter contract terms, the performance and legal compliance of public charter schools; and
- (f) Determining whether each charter contract merits renewal, nonrenewal, or revocation.

In accordance with these powers and duties, the Commission will assess the School's academic, organizational, and financial performance under this Charter Contract using the Academic, Organizational, and Financial Performance Frameworks, respectively. The three frameworks are collectively attached to this Charter Contract as Exhibit "A". 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 changes to the Performance Frameworks shall require approval by the Commission.

- (a) The Commission will monitor and annually report on the School's progress as set out in the Performance Frameworks.
- (b) The evaluation of the School under the Performance Frameworks shall provide guidance for the Commission to take appropriate corrective action, to renew, revoke, terminate or take other action on the Charter Contract.
- (c) The Commission reserves the right to amend the Charter School Performance Frameworks set out in Exhibit "A" in the event of legal or statutory changes to the requirements in the Performance Frameworks in Exhibit "A". The School will be required to comply with any amendments of the Charter School Performance Frameworks that are required in the event of any such legal or statutory changes.
- (d) If the School does not meet the performance standards in the Performance Frameworks, it may be subject to Commission Oversight and Responsibilities provided in Article XVI of this Charter Contract.

- (e) The Commission is not required to allow the School the opportunity to remedy the problem if unsatisfactory review warrants revocation in accordance with HRS §302D-17(c) and/or HRS §302D-18(g).

Failure to meet any of the performance standards listed above may justify revocation or nonrenewal the School's Charter Contract.

### **Section 5.2 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 law, federal or state accountability requirements as set forth in law or policies, or circumstances that make assessment based on the existing Performance Frameworks impracticable.

### **Section 5.3 Data and Reports**

The Commission is an authorized representative for FERPA-permitted activities and the School must promptly provide to the Commission, upon request, any information (including personally identifiable student information), data, documentation, evidence and reports necessary for the Commission to efficiently meet its oversight and reporting obligations as outlined in HRS §302D-17. When the request is for on-site inspection of records, prompt is defined as immediate access. If the request is for reproduction of records, then the Commission will include a reasonable timeframe to allow the School to provide the requested records and adherence to this timeframe will be considered prompt.

The School shall submit all data, worksheets, reports, and other information required by the Department and the Commission in accordance with any deadlines imposed. Failure to provide reports, data, documentation, or evidence by the date due is a material violation of the Charter Contract.

The Commission shall maintain personally identifiable student information received under this section for as long as it is in operation as a state charter school authorizer, after which time the data will be destroyed.

### **Section 5.4 Multiple School Locations and Oversight**

Schools operating on more than one campus or classrooms in multiple locations, other than the main site, are required to address identified Performance Frameworks concerns or deficiencies at all of its locations.

### **Section 5.5 Federal and State Accountability System**

The School shall be subject to the Federal and State public school accountability system and comply with all requirements related to the State assessment for all public schools. The School shall also be subject to mandatory reporting requirements from the U.S. Department of Education. The School shall administer all student testing as required by applicable federal and state laws, rules, policies, and procedures.

## **ARTICLE VI: ACADEMIC PERFORMANCE**

### **Section 6.1 Divisions, Grades and Ages Served**

The School shall provide instruction to students as articulated in Section 2.1 of this Charter Contract.

### **Section 6.2 Academic Standards**

As determined by BOE Policy 102-3, as may be amended, the School shall implement the statewide adopted content and performance standards.

The School shall retain the autonomy to select a particular curricular and/or instructional approach consistent with applicable statewide content and performance standards.

### **Section 6.3 Virtual and Blended Programs**

Virtual and blended learning programs authorized by the Commission shall adhere to the Commission's Online Virtual and Blended Learning Guidelines, as amended.

### **Section 6.4 Students with Disabilities**

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

The Department is statutorily responsible for the provision of a Free and Appropriate Public Education as defined by Section 504 of the Rehabilitation Act of 1973, (34 C.F.R. Part 104.4), ("Section 504") and IDEA. 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 that are required by a student's individualized education program (the "IEP") pursuant to HRS §302D-30.

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

### **Section 6.5 Special Education Guidelines**

The Commission shall collaborate with the Department to refine and improve upon the guidelines issued by the Department for the provision of special education services and resources to each charter school. The School shall adhere to the Hawai'i State Public Charter School Guidelines for the Implementation of Individuals with Disabilities Education Act of 2004 issued by the Department.

### **Section 6.6 Section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act Amendments Act of 2008**

The School shall comply with Section 504 and the Americans with Disabilities Act Amendments Act of 2008, 29 C.F.R. Part 1630; 42 U.S.C. 12101 et seq.; Pub. L. 110-325, (the “ADAAA”) and all related Department rules, policies, and procedures in its general curriculum, including but not limited to the implementation of any Section 504 plan that has been developed for a student. The Department may 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.

The School shall provide services and accommodations to students with disabilities in accordance with part B of the IDEA (20 U.S.C. §1411 *et seq.*), the ADAAA of 2008, 29 C.F.R. Part 1630; 42 U.S.C. 12101 et seq.; Pub. L. 110-325, Section 504 of the Rehabilitation Act of 1973 (20 U.S.C. §794), and any other federal requirements concerning the education of students with disabilities.

### **Section 6.7 English Learners**

The School shall provide services to students who are English Learners in compliance with all applicable federal and state laws, regulations, rules, court orders, policies, procedures, and guidance, to ensure linguistic accessibility to the School’s educational program. Should the Department continue to provide the Commission funding to administer this technical assistance, the Commission shall provide the School such technical assistance. The School shall also assist Immigrant Children and Youth, as defined in Section 3301(6), Title III, Elementary and Secondary Education Act, in meeting the State academic content and student academic achievement standards that all public school students are expected to meet.

### **Section 6.8 Academic Performance Framework**

The Academic Performance Framework (“APF”) adopted by the Commission and attached in Exhibit “A” outlines the measures by which a charter school’s academic performance will be evaluated for purposes of annual monitoring, potential interventions and plans for improvement, and renewal and revocation decisions.

### **Section 6.9 Academic Performance Indicators**

The APF is comprised of three (3) required performance indicators which will equal 100% of the APF as follows:

(a) Indicator 1 - Mission-Aligned Initiative (“MAI”) - 25%

MAI measures mission-focused educational goals and is “the why” behind a school and acts as its unique signature ideally driving the curriculum, instruction, and assessment focus of the School. There are three parts to the MAI which are proposed by the school and approved by the Commission based on the rigor, validity, and reliability of the rationale and measurable goal. The MAI Outcome is assessed by the Annual Report. The last part scores the implementation of the MAI. The MAI goal, outcome, and

implementation is rated by criteria set forth in a scoring rubric (see below). The MAI breakdown is as follows:

1. Indicator 1a – MAI Goal (10%)
2. Indicator 1b – MAI Outcome (10%)
3. Indicator 1c – MAI Implementation (5%)

(b) Indicator 2: School-Specific Measure (“SSM”) - 20%

SSM allows the school to demonstrate another data point that is significant to the school’s program and acts as “the how”. SSMs can vary from Charter to Charter and ideally depicts student achievement/growth utilizing site-relevant diagnostics and measures. Like the MAI, the SSM will be proposed by the school and approved by the Commission based on the rigor, validity, and reliability of the rationale and measurable goal. The SSM Outcome is assessed by the Annual Report. The SSM goal and outcome is rated by criteria set forth in a scoring rubric (see below). The SSM has two parts:

1. Indicator 2a – SSM Goal (10%)
2. Indicator 2b – SSM Outcome (10%)

(c) Indicator 3: Academic Proficiency (“AP”) - 55%

AP is required by the federal K12 education law, Every Student Succeeds Act (“ESSA”), and is in line with HRS §302D-16. Indicator 3 has several measurements that are based on mandatory state standardized assessments, attendance, school climate, and post-secondary readiness and are individually weighted as follows:

1. Academic Proficiency for All Students (10%) - shows how students have performed at a single point in time (a snapshot) on particular assessments for Language Arts, Math, and Science, including but not limited to state standardized assessments such as Smarter Balanced Assessment (“SBA”) or Kaiapuni Assessment of Educational Outcomes (“KĀ’EO”) or Hawai‘i State Assessment (“HSA”) Alternate Assessment.
2. Academic Growth for All Students (20%) - typical growth is based on the “student growth model” using Student Growth Percentile (“SGP”) to compare current rates of improvement on a particular assessment for Language Arts, and Math, including but not limited to state standardized assessments such as the SBA or KĀ’EO or HSA Alternate Assessment.
3. Achievement Gap for All Students (10%) - measures the difference in Language Arts and Math proficiency rates for high needs (economically disadvantaged, special needs, English Learners) and non-high needs students on a particular assessment for Language Arts and Math, including but not limited to state standardized assessments such as the SBA or KĀ’EO or HSA Alternate Assessment.

4. Regular Attendance for All Students (2.5%) - based on the number of students with seventeen (17) or fewer absences (excused/unexcused) during the Full School Year (“FSY”) period. For secondary school students, a student is considered absent if he/she did not attend more than fifty percent (50%) of scheduled classes that day.
5. School Climate (2.5%) - survey results of percentage of students reporting positively how they feel about their school.
6. Post-Secondary Readiness for Specific Grades (10%) - identifies readiness indicators for different school levels. 10% is allocated to each school based on the highest grade level served. The weight distribution is as follows:
  - i. Elementary Level      3<sup>rd</sup> Grade Reading Proficiency (10%)
  - ii. Middle Level            8<sup>th</sup> Grade Reading Proficiency (10%)
  - iii. High School Level      9<sup>th</sup> Grade On-Time Promotion (5%)  
 Graduation Rate (2.5%)  
 School will select one of the following: (2.5%)
    - Matriculation Rate
    - Application Rate
    - College Credits (Early College, Dual)
    - Career Ready (Workforce/Military)

A more detailed breakdown of the APF, including weights, measures, and scoring samples can be found in Exhibit A.

**Section 6.10 Academic Performance Evaluation**

The School shall:

- (a). Provide a comprehensive educational program by operating in a manner consistent with this Charter Contract that aligns with the state academic standards prescribed by the Board of Education for the grades approved to operate.
- (b). Participate in the State-required assessments as designated by federal K12 education law, ESSA, and in line with HRS §302D-16.
- (c). Report annually on the School’s approved MAI and SSM goals.
- (d). Meet or make substantial progress toward achievement of the performance standards identified in the APF. If the School fails to meet its academic performance indicators in any year it may be subject to Commission Oversight and Responsibilities provided in Article XVI of this Charter Contract. This section is to be read in conjunction with Section 6.11.

**Section 6.11 Academic Review and Renewal**

The School will be deemed to have met its goals and academic achievement expectations for Charter review and renewal if the School has earned no less than a cumulative average score of

2.85 to “meet” the APF during the first four years of this Charter Contract. The annual APF is based on a 4-point weighted measure with the three required indicators (MAI, SSM, and AP)

Improvement Provision: In cases where the School has not achieved the above threshold, the Commission may, at its discretion, determine that a school has met its goals and student achievement expectations if the School has demonstrated consistent improvement over the term of this Charter Contract.

## **ARTICLE VII: ORGANIZATIONAL PERFORMANCE**

### **Section 7.1 Organizational Framework**

The Organizational Performance Framework (OPF) serves as the means by which the Commission addresses one of an authorizer’s core responsibilities: protecting the public interest. The OPF verifies whether the School is in compliance with the laws, rules, regulations, policies, and charter contract provisions.

Under the OPF, the School must complete the Assurance of Compliance Statement annually. The Assurance of Compliance Statement identifies specific charter contract provisions confirming that the school remains compliant. In addition to the compliance requirements listed in the Assurance of Compliance Statement, the School is required to comply with all relevant laws and regulations at all times, regardless of the specific references in this document.

The Commission will assess performance under the OPF through:

1. Annual submission of the Assurance of Compliance Statement (Exhibit A).
2. Website and document reviews of the requirements outlined in the Assurance of Compliance Statement.
3. Annual site visits conducted during the charter contract term.
4. Issuance and status of Notices of Concern or Notices of Deficiencies.

Failure to comply with OPF requirements may result in being subject to Commission Oversight and Responsibilities provided in Article XVI of this Charter Contract.

### **Section 7.2 Annual Monitoring**

Each year, the Commission will monitor the specific charter contract provisions in accordance with the criteria set forth in Exhibit A, with written reports provided after each site visit. Monitoring activities may include document reviews and interviews with staff and Governing Board members to further assess compliance and determine whether the School “meets” the applicable standards.

The School may be provided with an opportunity to correct any identified issues within the deadline established by the Commission.

### **Section 7.3 Annual and Renewal Evaluation**

The School is deemed to be in compliance with the OPF for a given year if it has: (1) not materially breached this Charter Contract; and (2) no unresolved Notices of Concern or Notices of Deficiency.

For renewal, the School must demonstrate compliance with the OPF for each year of its contract term.

Improvement Provision: In cases where the School has not achieved the above threshold for each year of its contract term, the Commission may, at its discretion, determine that a school has complied with the OPF if the School has demonstrated consistent improvement to the area of concern, over the term of this Charter Contract.

## **ARTICLE VIII: FINANCIAL PERFORMANCE**

### **Section 8.1. Fiscal Responsibilities**

The School shall comply with all applicable laws, including but not limited to, state financial and budget rules, regulations, and financial reporting requirements, as well as the requirements contained in the Performance Frameworks, (see Exhibit “A”). The School shall operate, maintain accurate-comprehensive financial records, and practice governmental accounting in accordance with Generally Accepted Accounting Principles (“GAAP”) and other generally accepted standards of fiscal management and sound business practices to use public funds in a fiscally responsible manner.

### **Section 8.2 Financial Oversight**

The Commission shall have the authority to conduct or require appropriate inquiries, financial reviews, audits, and investigations pursuant to HRS §302D-17, so long as those activities are consistent with that statute and adhere to the terms of this Charter Contract.

The School shall, upon request, provide the Commission with the name of each financial institution with which it holds an account and all relevant account information.

### **Section 8.3 Fiscal Year**

The School shall adhere to the State fiscal year which begins on July 1 and ends on June 30 of the subsequent calendar year.

### **Section 8.4 Financial Terms and Concepts**

All financial terms and concepts used in this Charter Contract shall conform and adhere to the definitions and principles utilized in GAAP, and by the Governmental Accounting Standards Board (“GASB”).

### **Section 8.5 Financial Management Policies**

The School shall develop and adhere to policies for the School’s financial management. The School’s current policies must be posted on the School’s official website. These policies shall allow the School to maintain and implement appropriate governance and management procedures and financial controls which shall include, but not be limited to:

- (a). Development and monitoring of annual budgets;
- (b). Implementation of payroll procedures that adhere to collective bargaining requirements and state leave policies;
- (c). Maintenance of asset registers and financial procedures for grants in accordance with applicable federal and state law;
- (d). Preparation, review, and monitoring of all financial reporting requirements; and

- (e). Implementation of internal accounting procedures and controls for receipts, disbursements, purchases, payroll, inventory, use of credit cards, debit cards, and fixed assets.

### **Section 8.6 Procurement**

Pursuant to HRS §§302D-25 and 302D-12, while the School and its Governing Board shall be exempt from HRS Chapter 103D, the Governing Board shall develop internal policies and procedures for the procurement of goods, services, and construction consistent with the goals of public accountability and public procurement practices. The Governing Board shall develop procedures to monitor the School's adherence to this policy. The School's Procurement policy shall be posted on the School's official website and accessible for public review.

### **Section 8.7 Quarterly Reports**

The School shall prepare quarterly financial reports that shall be submitted to the Commission in a format that will be determined by the Commission. Within thirty (30) days of the end of the first, second, and third quarters, the School shall submit the quarterly report to the Commission. Within thirty (30) days after the end of the fiscal year, the School shall submit its year-end report to the Commission.

If the Commission identifies concerns regarding the School's financial condition, the School shall provide more frequent financial reports as directed by the Commission. Failure to comply may result in being subject to Commission Oversight and Responsibilities provided in Article XVI and Renewal, Breach of Contract, Termination and Dissolution provided in Article XVII.

### **Section 8.8 Annual Budgets**

The School shall submit to the Commission the School's annual budget approved by its Governing Board for the upcoming fiscal year by a date determined by the Commission.

Should the School need to revise its adopted annual budget, the School shall submit this revised budget to the Commission, once approved by the Governing Board, no later than May 1 of each fiscal year.

### **Section 8.9 Annual Audits**

Each fiscal year, the School shall complete an independent annual financial audit pursuant to HRS §302D-32.

The School shall submit the completed audit by November 1 of each fiscal year. The Commission, with reasonable notice to the School, may change this deadline depending on circumstances that allow adequate time for the Commission to meet federal and state financial reporting requirements.

### **Section 8.10 Maintenance of Financial Records and Information**

The School shall maintain all financial information, physical and electronic, in accordance with the requirements of the Department of Accounting and General Services, Archives Division, Records Management Branch.

### **Section 8.11 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.

### **Section 8.12 Chart of Accounts**

The Commission may require the School to follow a uniform chart of accounts should it be required for federal or state financial reporting requirements; provided that the Commission shall provide a reasonable time period for the School to convert to such a chart of accounts.

### **Section 8.13 Transfer of Funds to Affiliated Non-profit or Charter and Educational Management Organization**

The School shall not transfer public funds to any affiliated non-profit or Charter and Educational Management Organization except for legitimate and reasonable payments from the School to the affiliated non-profit or Charter and Educational Management Organization pursuant to a written legal agreement approved by the Attorney General (AG). This written legal agreement must be provided to the Commission within fourteen (14) business days of execution.

The Commission is obligated to ensure the School's Governing Board complies with applicable State law and to protect the State from unauthorized agreements. Accordingly, any written legal agreement entered into by the School to an affiliated non-profit or Charter and/or Educational Management Organization must satisfy the following requirements to ensure compliance with this Charter Contract and applicable law:

- (a) The agreement shall be subject to and incorporate by reference the terms and conditions of this Charter Contract.
- (b) The agreement shall be subject to the availability of funds.
- (c) The agreement shall permit early termination in the event of School closure or the unavailability of funds, without penalty or acceleration.
- (d) The agreement shall provide that in the event of early termination, the school shall not be responsible for structural repairs, or repairs to electrical, plumbing, or other major infrastructure systems.
- (e) Provisions concerning the availability of funds and early termination shall prevail over any conflicting terms or amendments.
- (f) Any loans or other financing obtained by its affiliated non-profits for the purpose of improving the leased property shall be applied as an offset against rent due under the lease with the property owner.

- (g) The agreement shall not establish a security interest in favor of the affiliated non-profit or charter, the educational management organization and/or any third-party.
- (h) The agreement shall not require the School to defend, indemnify, or hold harmless the affiliated non-profit or charter, the educational management organization and/or any third-party.
- (i) The agreement shall be governed by the laws of the State of Hawai'i, and any dispute shall be resolved under such laws.
- (j) The agreement shall be reviewed and approved by the Attorney General prior to execution.

Under no circumstances shall school funds be used as a line of credit or short-term loan.

Assets, funds, liabilities and financial records of the School shall be kept separate from assets, funds, liabilities, and financial records of any affiliated non-profit or Charter and Educational Management Organization unless approved in writing by the Commission.

#### **Section 8.14 Financing Agreements and Lines of Credit**

The School shall comply with HRS Chapter 37D, relating to financing agreements, which requires the approval of the AG and the director of the Department of Budget and Finance.

Any credit cards or other lines of credit issued to the School and used by School staff must be paid in full each month, unless other arrangements have been determined and approved as provided for in HRS Chapter 37D. Use of credit and debit cards issued to the School must be covered by the financial management policies required by Section 8.5 of this Charter Contract.

#### **Section 8.15 Per-pupil Funding**

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 Charter Contract shall terminate on the last day of the fiscal year for which sufficient funds are available or within sixty (60) days of the closure of the School.

The Commission shall distribute the School's per-pupil allocation each fiscal year pursuant to HRS §302D-28, 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.

#### **Section 8.16 Enrollment Count Reports for Per-pupil Funding**

The School shall provide the Commission projected enrollment counts as required for funding, budgeting, and reporting purposes by May 15. The Commission shall obtain actual enrollment

counts as of October 15 from the Department to determine the School's actual per-pupil funding for that fiscal year.

### **Section 8.17 Adjustments to Per-pupil Funding**

- (a) The Commission's disbursement of per-pupil funds may be adjusted to:
  - i. Reconcile projected versus actual enrollment counts;
  - ii. Adjust the per-pupil amount due to restriction(s) by the Governor or other reduction action;
  - iii. Adjust the actual enrollment count based on an audit of pupil counts and per pupil revenue that impact the funding received by the School;
  - iv. Pay for system-wide costs from state or federal agencies that cannot be individually billed to each individual School; or
  - v. Withhold funds due to non-compliance in accordance with HRS §302D-28.
- (b) 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.

### **Section 8.18 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, as provided for in HRS §302D-29.5. All funds distributed to the School shall be restricted to the purposes of the appropriation.

### **Section 8.19 Federal Funding**

Pursuant to HRS §302D-28, the School shall be eligible for all federal financial support to the same extent as all other public schools. The School shall comply with all applicable federal and state laws and regulations, including programmatic and fiscal requirements required by specific individual grant programs. The Commission shall distribute federal funds to the School in accordance with applicable federal and state rules and regulations. The Commission shall make the allocation methods publicly available.

### **Section 8.20 Additional Funds**

The School may accept monetary contributions or grants and shall comply with all applicable federal or state laws regarding such monetary contributions or grants. These monetary contributions or grants should be appropriately noted in any applicable financial reporting requirements for the federal or state government and/or Commission.

### **Section 8.21 Fees**

To the extent permitted by HRS §302D-28, the School may assess and collect special fees and charges from students for co-curricular activities. These special fees and charges are not tuition for admission, enrollment, or general school attendance.

### **Section 8.22 Financial Performance Framework**

The Financial Performance Framework (“FPF”) serves as a tool for the Commission to assess the financial health and viability of charter schools in its portfolio. The FPF intends to provide a financial frame of reference based on current and past financial performance of charter schools.

The FPF adopts a risk assessment model as part of ongoing oversight and monitoring of charter schools’ fiscal activities, and renewal decision-making. The risk assessment will focus on six indicators, or measures based on the National Association of Charter School Authorizers (“NACSA”) standards. Each indicator will be assessed on a scale from 1 to 5, with 1 being the lowest risk and 5 the highest risk. All six indicators will collectively make up a school’s overall risk level. The annual risk assessment result for a school will be determined using a balanced weighted formula utilizing the individual scores calculated for each indicator as follows:

$$\begin{aligned} & (\text{Current Ratio} \times 0.10) + (\text{Unrestricted Days Cash} \times 0.35) + (\text{Debt to Asset Ratio} \times 0.10) + \\ & (\text{Cash Flow} \times 0.10) + (\text{Total Margin} \times 0.25) + (\text{Budget Variance} \times 0.10) \end{aligned}$$

### **Section 8.23 Financial Performance Framework: Monitoring**

The School will be monitored if there is heightened risk of financial problems. Financial monitoring may include, but is not limited to, requests for reports or other documentation, inquiries through written or telephone communications, desk audits, or on-site visits, announced or otherwise.

Failure to comply with the FPF requirements may result in being subject to Commission Oversight and Responsibilities as provided in Article XVI of this Charter Contract.

### **Section 8.24 Financial Performance Evaluation**

The School shall:

- (a) Receive an annual risk assessment result based on a review of financial information drawn from the School’s annual audited financial statements.
- (b) Have required financial reports, audits, and related financial documents reviewed to determine the School’s financial position and practices.
- (c) Participate in reviews, including annual site visits, to determine compliance with the fiscal provisions of Article VIII of the Charter Contract and overall fiscal viability and financial management and oversight expectations.
- (d) Meet or make substantial progress toward achievement of fiscal viability and responsibility as identified in the School’s annual risk assessment. If the School fails to meet the financial performance indicators identified in the FPF in any year, it may receive a Notice of Concern pursuant to Section 17.7.

**Section 8.25 Financial Review and Renewal**

The School will be deemed to have met financial performance expectations for Charter review and renewal if the School received a Low, Acceptable or Moderate rating on its annual risk assessment during the first four years of this Charter Contract.

Improvement Provision: In cases where a school has not achieved the above threshold, the Commission may, at its discretion, determine that the School has met its financial performance expectations if the School has demonstrated consistent financial improvement over the term of this Charter Contract.

## **ARTICLE IX: ADMISSION, ENROLLMENT, AND ATTENDANCE**

### **Section 9.1 Compulsory Education**

The School shall follow the age and compulsory attendance requirements in accordance with HRS §302A-1132.

### **Section 9.2 No Tuition or Fees for Admission, Enrollment, or Attendance**

Pursuant to HRS §302D-28, the School may not assess tuition, contributions, or fees of any kind as a condition of admission, enrollment, or attendance.

### **Section 9.3 Admissions**

The School shall attain approval of the School's admission policy and procedure, which includes admissions application and enrollment preferences, from the AG. Any enrollment preference not provided for in HRS §302D-34 shall be approved by the Commission.

Pursuant to HRS §302D-34(a), 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, gender, sexual orientation, income level, disability, level of proficiency in the English language, need for special education services, or academic or athletic ability.

If the number of applicants exceeds the School's capacity of a program, class, grade level, or building, the School shall select students to enroll using a public lottery that shall be publicly noticed; provided that if the School is a conversion charter school serving as the home school for the Department district, then the School shall follow HRS §302D-34(c).

The School's admissions policy and procedures, including the lottery procedure, must be posted on the School's official website.

### **Section 9.4 Enrollment**

Enrollment in the School shall be open to all eligible students of ages and grades as set forth in Section 9.1 of this Charter Contract, who are residents of the State of Hawai'i per the School's admissions policy (Section 9.3).

The School shall maintain accurate and complete enrollment data necessary to meet Department requirements.

### **Section 9.5 Attendance**

The School shall maintain and adhere to its attendance policy. The School's current policy must be posted on the School's official website, as described in Section 10.7 of this Charter Contract. The School shall maintain daily records of student attendance and absences.

**Section 9.6 Attendance: Virtual and/or Blended Learning Program**

If the School operates a virtual or blended learning program, the School's attendance policy shall include procedures to account for student attendance.

The School shall maintain daily records of virtual and/or blended student attendance and absences.

**Section 9.7 Right to Remain**

The School shall comply with the 42 U.S. Code §§11431-11435. Students who fail to attend the School as required by HRS §302A-1132 may be removed from the School's rolls only after the requisite unexcused absences have been documented and all truancy procedures followed, consistent with HRS §§302A-1132, 302A-1135, and 571-11, and the provisions of the McKinney-Vento Act.

**Section 9.8 Dismissal**

The School shall not dismiss or transfer a student involuntarily, unless the dismissal or transfer is accomplished through procedures established by the School that are in compliance with HRS §§302A-1134 and 302A-1134.6, and due process requirements, provided that any dismissal or transfer of a student with a disability shall comply with the requirements of HAR Chapter 8-60.

**Section 9.9 Withdrawal and Transfer**

The School shall adopt and adhere to withdrawal and transfer procedures which provide for the timely release of any student who withdraws from the School and/or transfers to another school. The School's withdrawal and transfer procedures shall also provide for the transfer of the student's records to the new school in a reasonable timeframe.

## **ARTICLE X: GENERAL OPERATION OF SCHOOL**

### **Section 10.1 Records Retention**

The School shall comply with all applicable federal and state requirements pertaining to the retention of all School records. 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.

### **Section 10.2 Open Records Law**

The School shall comply with HRS Chapter 92F, the Uniform Information Practices Act.

### **Section 10.3 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 all applicable federal and state laws. The School shall provide this policy to parent(s)/legal guardian(s) and students at the start of each school year. The School's current policies must be posted on the School's official website, as described in Section 10.7 of this Charter Contract.

### **Section 10.4 Punishment of Students**

Pursuant to HRS §302A-1141, no physical punishment of any kind may be inflicted upon any student.

### **Section 10.5 Complaints Process**

The School shall adopt and adhere to a process for resolving public complaints which shall include an opportunity for complaints to be heard by the Governing Board. For matters concerning the operations and administration of the School, the decision by the Governing Board shall be considered final, except where the complaint pertains to a possible violation of any law or material breach of this Charter Contract, in accordance with HRS §302D-17, the Commission or other appropriate state agency may investigate the validity of the complaint to determine whether additional actions are needed. The AG approved complaints process must be posted on the School's official website, as described in Section 10.7 of this Charter Contract.

### **Section 10.6 Transportation**

The School may provide its own transportation services, provide transportation through an agreement or contract with a private provider, or access any other school transportation provided to it by law. Pursuant to HRS §286-181, any transportation services provided by the School shall follow the safety rules and standards relating to school vehicles, equipment, and drivers adopted by the Hawai'i State Department of Transportation.

### **Section 10.7 School Policies**

The School shall post the following policies and procedures on its official website and make them accessible to the public. All policies and procedures in **bold** shall be AG approved:

- (a). **Admissions policies and procedures, including the lottery procedure, as described in Section 9.3 of this Charter Contract;**
- (b). **Student conduct and discipline policy, which shall be provided to parent(s)/legal guardian(s) and students at the start of each school year, as described in Section 10.3 of this Charter Contract;**
- (c). **Complaints procedures, as described in Section 10.5 of this Charter Contract;**
- (d). **Attendance policies and procedures, as described in Sections 9.5 and 9.6 of this Charter Contract;**
- (e). **Procurement policy, as described in Section 8.6 of this Charter Contract;**
- (f). **School Safety plan, as described in Section 12.1 of this Charter Contract;**
- (g). **Financial management policies and procedures, as described in Section 8.5 of this Charter Contract;**
- (h). **Personnel policies, as described in Section 15.10 of this Charter Contract;**
- (i). Policies and procedures for reporting crime related incidents and suspected child abuse or neglect pursuant to Section 12.6 of this Charter Contract;
- (j). Policies and procedures related to the prohibited use of tobacco and tobacco products pursuant to section 12.8 of this Charter Contract;
- (k). Suspected child abuse or neglect pursuant to Section 12.7 of this Charter Contract;
- (l). **Title IX Nondiscrimination Policy/Statement;**
- (m). Governing Board Bylaws;
- (n). **Student health requirements, as described in Section 12.5 of this Charter Contract;**  
and
- (o). Food safety (if the School offers food on campus), as described in Section 12.3 of this Charter Contract.

### **Section 10.8 Insurance**

The School shall be covered under the Statewide Risk Management Program pursuant to HRS Chapter 41D, 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.

## **ARTICLE XI: CHARTER AND EDUCATIONAL MANAGEMENT ORGANIZATION**

### **Section 11.1 Charter and Educational Management Organizations (“Management Organizations”)**

The Commission has an obligation to ensure that the Governing Board retains its statutory responsibilities and that the relationship will not inhibit the Commission from fulfilling its oversight responsibilities.

AG approval is required should the School enter a contract or subcontract for services which include, but are not limited to, operational back-office functions and services related to the instructional design and operation of the School.

AG and Commission approval is required should the School enter a contract or subcontract that provides components of the School’s academic or instructional program. The School shall submit for the Commission’s approval to amend its Charter Contract as identified in Section 2.1 of this Charter Contract for any proposed changes or termination of any contract or subcontract prior to AG review and approval.

The following requirements ensure that both the Governing Board and the Commission retain authority to fulfill their legal rights and responsibilities under this Charter Contract and applicable law:

- (a) The contract or subcontract shall be subject to, and shall incorporate by reference, the terms and conditions of this Charter Contract.
- (b) The term of the contract or subcontract shall not exceed the term of this Charter Contract.
- (c) No provision of the contract or subcontract shall interfere with the duty of the Governing Board to exercise its statutory, contractual, and fiduciary responsibilities governing the operation of the School. No provision of the contract or subcontract shall prohibit the School’s Governing Board from acting as an independent, self-governing public body, or allow decisions to be made other than in compliance with HRS Chapter 302D.
- (d) The contract or subcontract shall require the Management Organization to defend, indemnify, and hold harmless the State of Hawai‘i, the Commission and the School, and their officers, employees and agents from and against all liability, loss, damage, cost and expense, including all attorneys’ fees, and all claims, suits and demands therefore, arising out of or resulting from the acts or omissions of the Management Organization or the Management Organization’s employees, officers, agents, or subcontractors under the contract or subcontract. The contract or subcontract shall not require the School to defend, indemnify or hold harmless the Management Organization. The contract or

subcontract shall contain insurance and indemnification provisions outlining the coverage the Management Organization will obtain.

- (e) The contract or subcontract shall describe the specific services for which the Management Organization is responsible and shall clearly delineate the respective roles and responsibilities of the Management Organization and the School in the management and operation of the School, including development, approval, and oversight of the School's budget; development, approval, and oversight of the School's curriculum; and oversight of the Management Organization's services.
- (f) The contract or subcontract shall expressly provide that the School retains, at all times, ultimate responsibility for the School's budget and curriculum.
- (g) The contract or subcontract shall include procedures by which the ESP will be accountable to the School including expressly addressing how the School will evaluate and hold the Management Organization accountable in relation to the Performance Frameworks (Exhibit "A").
- (h) The contract or subcontract shall be terminable by the School in accordance with its established termination procedures.
  - a. Upon default by the Management Organization, including without limitation any act or omission of the Management Organization that causes a default under the Charter Contract or that causes the School to be in material violation of applicable law; or
  - b. For other good cause as agreed by the School and the Management Organization.
- (i) The contract or subcontract shall provide that the financial, educational, and student records pertaining to the School are School property and that such records are subject to the provisions of the Uniform Information Practices Act (HRS Chapter 92F). All School records shall be physically or electronically available, upon request, at the School's physical facilities. Except as permitted under this Contract and applicable law, no contract or subcontract shall restrict access to the School's records by the Commission, the HIDOE, the Office of the State Auditor, or other authorized party in compliance with Section 17.3 of this Charter Contract.
- (j) The contract or subcontract shall require that the Management Organization furnish the School with all information deemed necessary by the School or the Commission for the proper completion of the budget, quarterly reports, or financial audits required under this Charter Contract.
- (k) The contract or subcontract shall provide that all financial reports provided or prepared by the Management Organization shall be presented in the format prescribed by the Commission.
- (l) The contract or subcontract shall provide that all employees or contractors of the Management Organization who work in close proximity to students of the School shall be subject to criminal background check requirements in accordance with Section 15.2 of this Charter Contract.

- (m) The contract or subcontract shall require that all employees, contractors, or volunteers of the Management Organization who work with or are in close proximity to School students be subject to and comply with HRS §302D-33.5.
- (n) The contract or subcontract shall contain provisions requiring compliance with all requirements, terms, and conditions established by any federal or state funding source.
- (o) The contract or subcontract shall provide that the School retains responsibility for selecting and hiring the auditor for the independent annual audit required by HRS §302D-32 and this Charter Contract.
- (p) If the Management Organization purchases equipment, materials, and supplies using public funds on behalf of or as the agent of the School, the contract or subcontract shall provide that such equipment, materials, and supplies shall be included in the School's inventory and remain the property of the School.
- (q) The contract or subcontract shall contain a provision that clearly allocates the respective proprietary rights of the School Governing Board and the Management Organization to curriculum or educational materials. At a minimum, the contract or subcontract shall provide that the School owns all proprietary rights to curriculum or educational materials that (i) are both directly developed and paid for by the School; or (ii) were developed by the Management Organization at the direction of the School's Governing Board with School funds dedicated for the specific purpose of developing such curriculum or materials. The contract or subcontract may also include a provision that restricts the School's proprietary rights over curriculum or educational materials that are developed by the Management Organization from School funds or that are not otherwise dedicated for the specific purpose of developing School curriculum or educational materials. The contract or subcontract shall recognize that the Management Organization's educational materials and teaching techniques used by the School are subject to state disclosure laws and the Uniform Information Practices Act.
- (r) If the School intends to enter into a lease, execute promissory notes or other negotiable instruments, or enter into a lease-purchase agreement or other financing relationships with the Management Organization, then such agreements shall be separately documented and not be a part of or incorporated into the contract or subcontract. Such agreements shall comply with HRS Chapter 37D, if applicable, and shall be consistent with the School's authority to terminate the contract or subcontract and continue operation of the School.
- (s) The contract or subcontract shall provide that Hawai'i law governs any legal proceeding arising out of a dispute between the School and the Management Organization.

## **ARTICLE XII: HEALTH AND SAFETY**

### **Section 12.1 Safe Environment**

The School shall maintain a safe learning environment at all times. The School shall develop and adhere to a safety plan. The School's plan must be AG approved and posted on the School's official website.

### **Section 12.2. Active Shooter Training**

In accordance with Act 53, Session Laws of Hawai'i 2023, the school shall implement the Department's active shooter training program. The School may allow charter school students the option to decline participating in the active shooter training program.

### **Section 12.3 Food Services**

If a School offers any type of food service on campus, the School shall comply with all applicable federal, state and county laws, ordinances, codes, rules, or regulations related to food services, including the handling, preparing, and serving of food.

### **Section 12.4 Health Immunizations**

The School shall comply with HRS §§302A-1154 to 302A-1163, and HAR Chapter 11-157, 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 HRS §302A-1161, if a child does not complete the immunizations or physical examination required within the period provided by HRS §302A-1155, 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 (30) days of the date of the notice, the child shall not be admitted to the School.

### **Section 12.5 Student Health**

The School shall provide appropriate first aid care for ill and injured students. The School may recommend that parents seek the help of medical professionals or health agencies for cases beyond its scope of responsibility. The School will comply with applicable laws, rules, and regulations related to safety and the provision of health-related services, including but not limited to, appropriate School nursing and/ or other public health services, and the dispensing and storage of medications.

### **Section 12.6 Reporting of Crime-related Incidents**

The School shall adopt policies and procedures requiring the reporting of crime-related incidents in accordance with HRS §302A-1002.

**Section 12.7 Mandatory Reporting of Child Abuse and Neglect**

Pursuant to HRS §350-1.1, the School shall adopt policies and procedures regarding reporting instances where child abuse and neglect may have occurred or there is a substantial risk that child abuse and neglect may occur to the Department of Human Services or the police department.

**Section 12.8 Use of Tobacco Prohibited**

Pursuant to HRS §302A-102, the School shall adopt a policy that prohibits the use of tobacco and tobacco products at the School or at School functions.

## **ARTICLE XIII: STUDENT RECORDS AND DATA**

### **Section 13.1 Student Records**

The School shall maintain student records for current and former students in accordance with the requirements of federal and state law, including the Family Education Rights and Privacy Act, 20 U.S.C. §1232g (“**FERPA**”), as may be amended from time to time.

### **Section 13.2 Educational Data**

Pursuant to HRS §302D-23, the School shall comply with the minimum educational data reporting standards established by the BOE and with additional data reporting required by the Commission in its oversight of this Charter Contract and shall ensure all data is accurate and complete.

### **Section 13.3 Reporting of Data and School Information**

The School shall 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 of each year, the list of anticipated reports and due dates to the School.

### **Section 13.4 Commission’s Annual Report to the BOE and Legislature**

Pursuant to HRS §302D-17, the Commission shall publish and provide an annual report on the School’s performance in accordance with the Performance Frameworks.

### **Section 13.5 Permitted Disclosures and Uses by Operators**

Pursuant to HRS §302A-500, the School shall be responsible for notifying operators, as defined in HRS §302A-499, with access to student data and information of the operators’ statutory responsibilities and restrictions.

## **ARTICLE XIV: SCHOOL FACILITIES**

### **Section 14.1 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 Deputy Attorney General approved lease, deed, or other occupancy agreement for all locations identified in Section 2.1 of this Charter Contract.

### **Section 14.2 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.

If the School is located in facilities other than State or Department 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.

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

### **Section 14.3 Emergency Relocation**

In the event of natural disasters, emergencies, and/or damage to a School's facilities, the School may provide educational services at a temporary location not identified in Section 2.1 of this Charter Contract, provided the School notifies the Commission of the location prior to the start of services at the temporary location and submit monthly updates on location status. The Commission reserves the right to not approve the proposed temporary location if it determines that the site poses a risk or is otherwise unsuitable for educational purposes.

### **Section 14.4 Non-Emergency Relocation or Expansion of Facilities**

The School's relocation from the original facility or the request for additional facilities for non-emergency reasons shall constitute a material change to the Charter Contract and shall require prior written approval by the Commission pursuant to Section 2.3 of this Charter Contract. A School relocates when it moves the entire school campus to a new location. A School expands when it adds an additional site while continuing operations at the current location(s).

- (a) Consideration by the Commission for the School's facility relocation or an additional campus at a different location will require the School to meet the following conditions:
  - i. Any previously authorized campuses must have opened;
  - ii. The School has met the Performance Framework for the most recent years of this Charter Contract;

- iii. There have been no material violations of the law and neither the School nor any existing campus is under a **Notice of Concern** as described in Section 16.5 of this Charter Contract;
  - iv. The School shall provide educational services, including the delivery of instruction, primarily at locations identified in Section 2.1 of this Charter Contract.
- (b) The School shall submit to the Commission for its approval of the proposed relocation or additional campus no later than April 1 prior to the Academic Year in which the relocated or additional campus will open.
- i. The Commission shall approve or deny the proposed location within ninety (90) days of the School's submitted proposal.
  - ii. For new charter schools, the Commission reserves the right to delay or prohibit the School's opening of an additional campus until the School has satisfied each of the pre-opening conditions.
- (c) Final approval of the relocation or additional campus location shall be contingent upon meeting the following conditions and should not be occupied until all are met:
- i. Submission of enrollment projections for the upcoming school year, should the School seek to increase enrollment;
  - ii. Submission to the Commission a Certificate of Occupancy for the new facilities prior to the first day of occupancy;
  - iii. Submission to the Commission of a lease, deed, or other document showing the School possesses the right to occupy the new premises;
  - iv. Submission to the Commission documentation that the new facilities meet applicable health, safety, fire, building, and zoning code requirements; and
  - v. Submission to the Commission documentation that the new facilities are of sufficient size to safely house the maximum anticipated enrollment.

## **ARTICLE XV: CHARTER SCHOOL PERSONNEL AND EMPLOYMENT**

### **Section 15.1 Relationship**

All employees hired by the School shall be employees of the School and, pursuant to HRS §302D-12, shall be subject to HRS Chapter 84 and considered to be an employee of the State of Hawai‘i.

### **Section 15.2 Criminal History Checks**

The School shall conduct criminal history checks, administered by the Hawai‘i Criminal Justice Data Center, in accordance with HRS §846-2.7, to determine whether a prospective employee, vendor, volunteer, or agent is suitable prior to the commencement of such employment, services, or volunteer work. The School shall consider the results of such background checks in its decision to employ or utilize such persons.

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 others. All such decisions shall be subject to applicable federal and state laws and regulations.

### **Section 15.3 Harm to Student Registry**

In accordance with HRS §302D-33.5, the School shall adhere to all requirements and responsibilities pertaining to the Harm to Students Registry kept and maintained by the department as it relates to the hiring of employees and conducting investigations of employees.

### **Section 15.4 Collective Bargaining**

All employees of the School shall be subject to collective bargaining under HRS Chapter 89, 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 the Commission and with any supplemental collective bargaining agreement, upon request.

### **Section 15.5 Nondiscrimination**

The School shall comply with BOE Policy 900-1, which:

- (a) Prohibits any discrimination that is prohibited by any applicable federal, state, or county law, including but not limited to HRS §378-2;
- (b) Prohibits against anyone because they engaged in protective activities as defined by law;
- (c) Requires the provision of reasonable accommodations to applicants and employees with physical or mental disabilities, applicants and employees with physical or mental disabilities, including pregnancy-related disabilities, breastfeeding or expressing milk,

victims of sexual or domestic abuse, or for bona fide religious purposes, upon request, if needed and to the extent required by law; and

(d) Requires the development of regulations and procedures related to this policy.

The School shall adopt and comply with an AG approved non-discriminatory workplace policy that complies with all laws and applicable policies, such as Title VII of the Civil Rights Act of 1964, BOE Policy 900-1, and Title IX of the Education Amendments of 1972.

### **Section 15.6 Teacher Licensure**

All teachers employed to teach at the School must be licensed pursuant to State licensing requirements and meet any other applicable requirements established by federal and state law, or applicable collective bargaining agreements as such requirements may be amended. Unlicensed teachers may be employed at the School only in emergency and other limited situations, provided that the School meets the requirements, outlined in HRS §302A-804, for reporting and filling the vacancies with licensed staff as soon as possible.

### **Section 15.7 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, the Department, or any State agency including but not limited to the Department of Budget & Finance, Employees' Retirement System, and the Hawai'i Employer-Union Health Benefits Trust Fund. The School shall ensure each employee that qualifies for State benefits receives such benefits.

### **Section 15.8 Evaluations**

Pursuant to federal and state law and policy, the School is responsible for implementing principal and teacher evaluation systems. The School shall ensure that the evaluation systems comply with all applicable laws, regulations, and policies, including, but not limited to federal and state education law requirements and collective bargaining requirements.

### **Section 15.9 Non-Instructional Employees**

The School shall ensure that the School's non-instructional employees or agents are properly licensed, and comply with all applicable federal, state, or county requirements, as well as any relevant collective bargaining agreements.

### **Section 15.10 Personnel Policies**

The Governing Board shall adopt and adhere to AG approved personnel policies for all School employees. The School's current policies must be posted on the School's official website.

## **ARTICLE XVI: COMMISSION OVERSIGHT AND RESPONSIBILITIES**

### **Section 16.1 Oversight**

Pursuant to HRS §302D-17, the Commission shall continually monitor the performance and legal compliance of the School under this Charter Contract and hold the School accountable to the performance of its obligations as required by federal and state laws and regulations, the Performance Framework, as well as the terms of this Charter Contract.

The Commission has the authority to conduct oversight activities that enable the Commission to fulfill its responsibilities under HRS Chapter 302D.

The School shall fully cooperate with the Commission's oversight activities.

Such oversight activities may include, but is not limited to: (1) conducting inquiries and investigations consistent with HRS Chapter 302D, regulations, and the terms of this Charter Contract; (2) gathering relevant information or evidence from any individual or entity; or (3) taking corrective action, developing corrective action plans, imposing sanctions, constitution, renewal with conditions, non-renewal, revocation, or termination of this Charter Contract.

### **Section 16.2 Monitoring Related to Federal Programs**

The School shall allow the Department access to and provide any information needed to meet its oversight and reporting obligations as the SEA or LEA. The Department may monitor the School for compliance with programmatic or fiscal requirements, including requiring reports or other documentation, under any applicable law related to federal programs, including but not limited to special education.

### **Section 16.3 Access to Records**

The School shall make all School records open to inspection by the Commission, the Department, or any other federal or state regulatory agency within five (5) business days after request is made, or sooner if required by law.

The Commission, or its designee, shall have the right to review all records created, established or maintained by the School in accordance with the provisions of this Charter Contract, applicable federal and state law and regulations. This right shall be in addition to the Commission's right to require the School to submit data and other information to aid in the Commission's oversight and monitoring of the School as provided under this Charter Contract and applicable law.

This information, regardless of the form in which it is disclosed, will be used by the Commission, and its authorized representatives, to satisfy its obligations to audit, evaluate, and conduct compliance and enforcement activities relative to the School.

#### **Section 16.4 Site Visits**

The Commission may visit the School at any time and may, at its discretion, conduct site visits and monitoring. 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, staff of an affiliated nonprofit or charter and educational management organization and community members.

#### **Section 16.5 Intervention Protocol: Notice of Concern**

The Commission shall notify the School of perceived problems about unsatisfactory performance or failure to meet legal or contractual compliance obligations (including any goals, objectives, or outcomes set in the performance frameworks) and may issue a Notice of Concern. The School will be given reasonable opportunity to respond and remedy the problem, unless revocation is warranted in accord with HRS §302D-17(c) and/or HRS §302D-18(g).

Failure to issue a Notice of Concern 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.

Upon receiving a Notice of Concern, the School's Governing Board shall be subject to HAR §8-501-6, provide a written response to the Commission within fourteen (14) calendar days and the response must include at least one of the following:

- (a) a description of the remedy of the compliance breach, if the breach has been completely remedied, including evidence of such remedy; or
- (b) a written notification disputing the determination that a compliance breach has occurred with accompanying evidence in support of that assertion; or
- (c) The SPCSC Corrective Action Plan Form, describing how the School will remedy the compliance breach that includes timelines and persons responsible for each action within the plan. If the submitted corrective action plan is not mutually agreeable to both the School and the Commission staff, the matter will be brought to the Commission at a General Business Meeting.

If the School disputes the Notice of Concern, the Commission will consider the matter at a General Business Meeting and retract, modify, or uphold the Notice of Concern. The Commission may be updated on the issuance, remedy, and progress towards implementation of Corrective Action Plans in the Executive Director's Report during General Business Meetings.

#### **Section 16.6 Intervention Protocol: Notice of Deficiency and Notice of Prospect of Revocation**

If the School is in breach of any element of the charter contract and/or fails to respond or make progress towards correcting the breach in the time allowed by the Corrective Action Plan,

repeatedly fails to comply with applicable law or Contract provision(s), or when the breach presents an immediate concern for student or employee health and safety, the Commission may take any or all of the following actions:

- (a) Issue a Notice of Deficiency which may include specific action plans and conditions for the School; and/or
- (b) Issue a Notification of Prospect of Revocation, which initiates revocation proceedings, in accordance with HAR §8-505-16.

In accordance with HRS §302D-17, this Intervention Protocol shall not apply in any circumstance in which the Commission determines that a problem or deficiency warrants revocation, in which case HRS Chapter 302D, and the established rules, procedures and protocols for revocation shall apply.

## **ARTICLE XVII: RENEWAL, BREACH OF CONTRACT, TERMINATION, AND DISSOLUTION**

### **Section 17.1 Charter Contract Renewal**

Pursuant to HRS §302D-18, a Charter Contract may be renewed for a successive five-year term of duration. Depending on the School's performance, demonstrated capacity, or particular circumstances, the Commission may, in its discretion, grant a renewal of a charter contract for a shorter term, with or without specific conditions for necessary improvements to a charter school.

The School seeking to renew its Charter Contract must submit an Application for Contract Renewal in the final year of its contract. The Final Performance Report shall summarize the School's performance record to date as well as the due process afforded to the School through HAR §§8-505-10 through 8-505-13. If the School wishes to renew its Charter Contract, it shall have thirty (30) days from the time of receipt of the Final Performance Report: (1) submit a written response to the report, and (2) complete and submit an Application for Contract Renewal.

The Commission will deliberate within forty-five (45) days of receiving the School's renewal application or completing the renewal hearing. During the deliberation, the Commission will determine whether or not the School's Charter Contract will be renewed and may impose conditions if deemed necessary.

Improvement Provision: If the School has not achieved the required threshold for each framework outlined in this Charter Contract, the Commission may, at its discretion, determine that the School has met its academic, financial, and organizational goals provided the School has demonstrated consistent improvement over the term of this Charter Contract.

### **Section 17.2 Non-Renewal of a Charter Contract**

At the performance review, the Commission may decide not to renew the Charter Contract if it is determined that the school:

- (a) Committed a material and substantial violation of any of the terms, conditions, standards, or procedures required under HRS Chapter 302D, or this Charter Contract.**

In evaluating this provision, the Commission will place a heavier emphasis on violations of law or Charter Contract when the law or contract provision was designed to protect the health or safety of students or protect equal access and equity of educational opportunities.

- (b) Failed to meet or make sufficient progress toward performance expectations set forth in this Charter Contract.**

In evaluating this provision for the Academic Performance Framework, when there is a pattern of failing to meet expectations, coupled with a downward trend or lack of progress in performance, or there is a pattern of failure to implement corrective action

plans in a timely manner, the Commission shall find that sufficient progress was not made toward academic performance expectations.

In evaluating this provision for the Organizational and Financial Performance Frameworks, when expectations and/or standards have not been met and/or there is a pattern of failure to implement corrective action plans in a timely manner, the Commission shall find that progress has not been made toward organizational and/or financial performance expectations.

**(c) Failed to meet generally accepted accounting principles of fiscal management.**

The Commission shall find failure to meet standards when there is a pattern of fiscal mismanagement in addition to failing to take corrective actions to address significant financial risks identified during the contract period.

**(d) Substantially violated any material provision of law from which the School is not exempted.**

When evaluating this provision, the Commission will place a heavier emphasis on violations of law that were designed to protect the health and safety of students and access and equity of educational opportunities.

### **Section 17.3 Revocation**

For the same reasons set forth in Section 17.2, the Commission may revoke a charter contract pursuant to HRS §302D-18(g) and HAR §8-505-15.

### **Section 17.4 Material Breach by the School**

Violation of any material provision of this contract may, at the discretion of the Commission, be deemed a breach and be grounds for corrective action up to and including revocation or nonrenewal of this Charter Contract. In making this determination, the Commission will consider the underlying facts and circumstances including, but not limited to, the severity of the violation as well as the frequency of violations and adhere to the applicable procedures contained in HRS §302D-18. Material provisions include, but are not limited to, provisions imposing a requirement to comply with the Commission rules and policies and all applicable laws.

In the event the Commission identifies a breach of this Charter Contract or legal non-compliance by the School, the Commission may impose remedial actions, including, but not limited to, imposing sanctions or requiring the School to develop and implement corrective action(s) with measurable milestones and a timeframe specified by the Commission. Failure to develop, implement, and/or complete the corrective action plan within the timeframe specified by the Commission will constitute a material and substantial violation of this Charter Contract, which may lead to additional enforcement actions including revocation. This provision shall be implemented in accordance with HRS §§302D-5 and 302D-17 and guidance issued by the Commission.

### **Section 17.5 Termination by the Commission**

This Charter Contract may be terminated, after written notice to the School, and the Charter Contract revoked by the Commission in accordance with the provisions of HRS §302D-18 and associated administrative rules in HAR Title 8 Chapter 505.

The Commission may terminate the Charter Contract for any of the following reasons:

- (a) Any of the grounds provided for under HRS §302D-18, as it exists now or may be amended;
- (b) A material and substantial violation of any of the terms, condition, standards, or procedures set forth in the Charter Contract;
- (c) Failure to meet generally accepted standards of fiscal management and/or school's lack of financial viability;
- (d) Failure to provide the Commission with access to information and records;
- (e) Substantial violation of any provision of Applicable Law;
- (f) Failure to meet or make sufficient progress towards the goals, objectives, Performance Frameworks expectations, applicable federal requirements or other terms identified in this Charter Contract;
- (g) Bankruptcy, insolvency, or substantial delinquency in payments, by the School; and
- (h) Submission of inaccurate, incomplete, or misleading information in its Application or in response to a Commission's request for information or documentation.

This Charter Contract may also be terminated if the Commission determines that there are insufficient funds available for the operation of the School. Insufficient funds shall include, but not be limited to, reduction in, or elimination of, state allocation of funds. It shall also include depletion of grants or other funding sources to a degree that the Commission determines the School is no longer financially viable. Such termination will be effective on the date identified in the notice, which will be thirty (30) days or sooner, if the Commission determines that a shorter period is warranted.

### **Section 17.6 Other Remedies**

The Commission may impose other appropriate remedies for breach including, but not limited to, imposing sanctions or corrective actions to address apparent deficiencies or noncompliance with legal requirements. These may include a requirement that the School develop and execute a corrective action plan within a specified timeframe. Failure to develop, execute, and/or complete the corrective action plan within the timeframe specified by the Commission will constitute a material and substantial violation of this Charter Contract. This provision shall be implemented in accordance with HRS §302D-5 and §302D-17 and guidance issued by the Commission.

### **Section 17.7 School-Initiated Closure**

A School may initiate a school closure in accordance with HRS §302D-19. If the School elects to terminate this Charter Contract before the end of its term, it must provide the Commission with written notice of the decision immediately upon determination, but no later than ninety (90)

days before the end of the school year. The School shall cooperate with the Commission in ensuring the orderly closure of the School. The School shall comply with the Commission's closure policies and protocol, as adopted by the Commission.

### **Section 17.8 Invalid Provision**

If any provision of this Charter Contract or the legal authority for entering into this Charter Contract is invalidated by the decision of any court of competent jurisdiction, the Commission shall determine whether any of the Charter Contract provisions can be given effect in light of the decision and notify the Governing Board of the extent to which the Charter Contract can remain in effect without the invalid contract provision. If the Commission determines that the decision implicates the legal authority for entering into this Charter Contract, or materially and substantially alters the contract provision, the Charter Contract shall terminate on the date that the decision becomes final.

If the legal authority for entering into this Charter Contract is invalidated, then this Charter Contract shall immediately terminate when the Court's order becomes final.

### **Section 17.9 Financial Insolvency**

Pursuant to HRS §302D-28.5, any public charter school that becomes financially insolvent shall be deemed to have surrendered its Charter Contract. For the purpose of this provision, the School shall be determined to be financially insolvent when it is unable to pay its staff when payroll is due or experiences any other financial condition that, in the determination of the Commission, demonstrates the School's inability to operate as a going concern. The School shall cooperate with the Commission in ensuring the orderly closure of the School. The School shall comply with the Commission's closure policies and protocol, as adopted by the Commission.

### **Section 17.10 Termination for Withdrawal of Authority**

In the event that the Commission's authority to perform any of its duties is limited in any way, such that it cannot perform its duties or obligation under the law and/or this Charter Contract, after the commencement of this Charter Contract and prior to normal completion, the Commission may terminate this Charter Contract, in whole or in part, by providing written notice to the Governing Board within seven (7) calendar days (or other appropriate time period) following HAR §8-501-6. No penalty shall accrue to the Commission in the event this section shall be exercised.

### **Section 17.11 Termination for Non-Allocation of Funds**

If funds are not allocated to continue this Charter Contract in any future period, or it appears that the legislature may not appropriate sufficient funding for the continual operation of the School, the Commission may terminate or suspend this Charter Contract by providing written notice to the Governing Board within seven (7) calendar days (or other appropriate time period) following HAR § 8-501-6. No penalty shall accrue to the Commission in the event this section shall be exercised.

### **Section 17.12 Termination for Conflict of Interest**

The Commission may terminate this Charter Contract by written notice to the Governing Board if it is determined, after due notice and examination, that any party to this Charter Contract has violated the ethics or conflicts of interest provisions of this Charter Contract, or any other laws regarding ethics in public acquisitions and procurement and performance of contracts.

### **Section 17.13 Dissolution and Disposition of Remaining Assets**

As provided for in HRS §302D-19, upon revocation, nonrenewal, or termination of this Charter Contract for any reason, the Commission shall supervise the dissolution of the business and other affairs of the School through a public charter school closure protocol. In carrying out this oversight, the Commission acts solely in its capacity as authorizer to ensure an orderly closure and transition.

Nothing in this provision shall be construed to create or impose upon the Commission or the State of Hawai'i any obligation to assume, pay, or satisfy any debt, liability, or other obligation of the School. The Governing Board and School personnel shall adhere to the closure protocol and cooperate fully with the dissolution of the affairs of the School.

In accordance with HRS §302D-19 and the closure protocol, the School shall return to the State any and all remaining public assets, including tangible, intangible, and real property in use by the School but originally owned by the State or assets purchased using at least 25 percent of public funds, provided that any outstanding obligations of the School are first fulfilled pursuant to HRS §302D-19.

School owned assets, including tangible, intangible, and real property, remaining after paying the School's debts and obligations and not requiring return or transfer to donors or grantors, or other disposition in accordance with federal and state law, will be disposed of following federal and state law, including but not limited to HRS §302D-19 as amended. The School's obligations to follow the closure protocol and dissolve the affairs of the School shall survive the term of this Charter Contract.

## **ARTICLE XVIII: GENERAL TERMS**

### **Section 18.1 Entire Contract**

The Parties intend this Charter Contract, including all attachments, exhibits, and amendments thereto, to contain all the terms and conditions agreed upon by the Parties, and represents a final and complete expression of their agreement, which shall be considered the Charter Contract. All prior representations, understandings, and discussions are merged herein, and no course of prior dealings, other understandings, oral or otherwise, regarding the subject matter of this Charter Contract shall be deemed to exist, supplement, explain any terms used in this document or to bind any of the Parties hereto. The Parties understand that any amendments to this Charter Contract need to be in writing and expressly approved by the Commission.

### **Section 18.2 Amendments**

Any amendment to this Charter Contract shall be effective only if approved by the Commission. The School may submit any proposed amendment to the Commission. The School shall not take action related to the requested amendment until the Commission has approved said amendment. A violation of this provision shall be considered material and substantial, justifying the issuance of a notice of prospective revocation of this Charter Contract. Changes in operation that require the School to obtain an amendment to this Charter Contract include, but are not limited to, the following:

- (a) Any material term in Article II of this Charter Contract (Exhibit “A”);
- (b) Any School location changes, such as relocation of site or adding or terminating sites;
- (c) Any required charter and educational management organization contract or subcontract;  
and
- (d) Any admissions/enrollment preferences.

### **Section 18.3 Governing Law**

This Charter Contract shall be governed by and construed in accordance with the laws of the State of Hawai‘i, including all requirements imposed by applicable policy and regulation, and all applicable federal laws of the United States.

### **Section 18.4 Compliance with Laws**

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

### **Section 18.5 Conflict Between Charter Contract, Law, and Administrative Rules**

In the event of a conflict between this Charter Contract, state and federal law, and the administrative rules pertaining to charter schools, the order of precedence shall be any applicable law, followed by administrative rules, followed by the terms and conditions of this Charter Contract.

### **Section 18.6 Legal Status of School**

Pursuant to HRS §§302D-1 and 302D-25, 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 in accordance with Article X, Section 1 of the Hawai‘i State Constitution.

### **Section 18.7 Board of Education Authority**

Pursuant to its duties under Article X, Section 3, of the Hawai‘i State Constitution, the BOE has the power to formulate statewide educational policy. The School shall only be subject to BOE policies expressly identified by the BOE as applying to charter schools. Should conflicts between an applicable BOE policy and a provision in this Charter Contract occur, the BOE policy shall control.

### **Section 18.8 Non-Assignability**

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

### **Section 18.9 Severability**

In the event that any provision of this Charter 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 Charter Contract.

### **Section 18.10 Waiver**

The failure of either Party to insist upon the strict performance of or compliance with any term, provision, or condition of this Charter 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 Charter Contract.

### **Section 18.11 No Third-Party Beneficiary**

The enforcement of the terms and conditions of this Charter Contract shall be strictly reserved to the Commission and the School. Nothing contained in this Charter 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 Charter Contract that any person receiving services or benefits hereunder shall be deemed an incidental beneficiary only, without enforceable rights against a Party to this Charter Contract.

### **Section 18.12 Other Legal Obligations**

Nothing in this Charter Contract will be construed to alter or interfere with the Commission’s performance of any obligations imposed under federal or state law.

### **Section 18.13 Electronic Signature**

The parties agree that this Charter Contract and any other documents to be delivered in connection herewith may be executed and delivered by electronic means, including but not

limited to facsimile, or PDF, and may execute this Charter Contract via electronic signature (e.g., via DocuSign, or Adobe Sign), and that such execution and delivery shall be deemed to have the same legal effect as delivery of an original wet-ink signed copy of this Charter Contract.

## ARTICLE XIX: NOTICE

### Section 19.1 School Emergency Closure

The School shall promptly notify the Commission, the appropriate county civil defense office(s), and the public, of any circumstance requiring the closure of the School, including, but not limited to, a natural disaster or destruction of or damage to the School facility or connected infrastructure.

### Section 19.2 Mandatory Notification

The School shall notify the Commission via email at [commission.mail@spcsc.hawaii.gov](mailto:commission.mail@spcsc.hawaii.gov) within two (2) calendar days when it has knowledge of any of the following:

- (a) Any condition that may cause the School to vary from the terms of this Charter Contract or applicable requirements, federal and/or state law.
- (b) The filing of a civil or criminal complaint 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) Any complaint, citation, or default filed against the School by a government agency or lessor.
- (d) Any inaccuracy found in enrollment count or other data provided to the Commission.
- (e) The School receives a notice or is otherwise informed that the School is a party to a legal suit.
- (f) Severe damage to a School's facilities that render the facilities unusable and require the School to relocate; and
- (g) A default on any obligation, including debts for which payments are past due by ninety (90) calendar days or more.

### Section 19.3 Notices

Unless otherwise specified by law, any notice required or permitted under this Charter Contract shall be in writing and shall be effective upon delivery: (a) personally; (b) electronically via email; or (c) by United States first class mail, postage prepaid addressed as follows:

<p>If to the Commission: State Public Charter School Commission 1164 Bishop Street, Suite 1100 Honolulu, Hawai'i 96813 Attention: Executive Director Email: <a href="mailto:Commission.Mail@spcsc.hawaii.gov">Commission.Mail@spcsc.hawaii.gov</a> Telephone: (808)586-3775</p>	<p>If to the School: Name of School Address Attention: Governing Board Chair Email: Telephone: (808)***</p>
---	---

A notice shall be deemed to have been received three (3) business days after mailing or at the time of actual receipt, whichever is earlier.

Parties are responsible for immediately notifying each other in writing of any change of mailing and email addresses. Any notice that is undeliverable due to change of address without proper notification to the other party will be deemed received on the date delivery to the last known address was attempted.

If a notice is received on a weekend or on a national or Hawai'i state holiday, it shall be deemed received on the next regularly scheduled business day.

**ARTICLE XX: AGREEMENT**

IN WITNESS WHEREOF, the Parties have caused this Charter Contract to be duly executed and entered into as of the effective dates written below.

STATE PUBLIC CHARTER SCHOOL  
COMMISSION

[SCHOOL NAME]

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Commission Chair

\_\_\_\_\_  
Governing Board Chair

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

\_\_\_\_\_  
APPROVED AS TO FORM:

\_\_\_\_\_  
APPROVED AS TO FORM:

\_\_\_\_\_  
Deputy Attorney General

\_\_\_\_\_  
Deputy Attorney General

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

## **EXHIBIT “A”: PERFORMANCE FRAMEWORKS**

### **Introduction**

According to NACSA, “Performance Frameworks are the accountability mechanism at the center of the charter school/authorizer relationship.” The School’s academic, financial, and organizational performance under this Charter Contract shall be evaluated using the Academic, Financial, and Organizational Performance Frameworks, respectively, attached as Exhibit “A” to this Charter Contract. Collectively, the three Performance Frameworks provide a comprehensive, data-driven performance management system to promote School success by establishing and communicating expectations that are objective, transparent, and directly related to school quality. 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. Changes and amendments to the Performance Frameworks shall require approval by the Commission.

- (a) The Commission will monitor and annually report on the School’s progress as set out in the Performance Frameworks.
- (b) The evaluation of the School under the Performance Frameworks shall provide guidance for the Commission to renew, revoke, terminate or take other action on the School’s Charter Contract.
- (c) The Commission reserves the right to amend the Charter School Performance Frameworks set out in Exhibit “A”. The School will be required to comply with any amendments of the Charter School Performance Frameworks.
- (d) If the School does not meet the performance standards in the Performance Frameworks, it may be subject to the Intervention Protocol (Notice of Concern or Notice of Deficiency), pursuant to Sections 16.5 and 16.6 of this Charter Contract.
- (e) Failure to meet or make substantial progress toward meeting the performance standards may be sufficient justification to revoke or not renew the School’s Charter Contract.
- (f) The Commission is not required to allow the School the opportunity to remedy the problem if unsatisfactory review warrants revocation.

## **Exhibit “A”: Academic Performance Framework**

### **Introduction**

The APF outlines the measures by which a charter school’s academic performance will be evaluated for purposes of annual monitoring, potential interventions, plans for improvement, and renewal and revocation decisions. NACSA states that the APF is “the centerpiece in the balance between accountability and autonomy.”

The APF is grounded in Hawai‘i Revised Statute (HRS §302D-16) and NACSA Academic Framework Guidance. The APF provides schools the opportunity to propose “choice” and “voice” within the Contract to promote autonomy through negotiated indicators.

## ANNUAL ACADEMIC PERFORMANCE FRAMEWORK

The APF is comprised of three required indicators with a weighted percentage, equaling 100%. Each indicator has sub-indicators with different weights, scored with a numerical value.

INDICATORS	Elem	Mid	HS	Standard Score	% Per Indicator	
<b>1. Mission-Aligned Initiative (MAI)</b>						
a. MAI Goal		10%		1 - 4	25%	
b. MAI Outcome		10%		1 - 4		
c. MAI Implementation		5%		1 - 4		
<b>2. School-Specific Measure (SSM)</b>						
a. SSM Goal		10%		1 - 4	20%	
b. SSM Outcome		10%		1 - 4		
<b>3. Academic Proficiency (AP)</b>						
a. Academic Proficiency (All Students)		10%		1 - 4	55%	
b. Academic Growth (All Students)		20%		1 - 4		
c. Academic Gap (High Needs v Non-High Needs)		10%		1 - 4		
d. Attendance		2.5%		1 - 4		
e. School Climate		2.5%		1 - 4		
f. Post-Secondary Readiness						
1. 3rd Grade Reading	10%			1 - 4		
2. 8th Grade Reading		10%		1 - 4		
3. 9th Grade On-Time Promotion			5%	1 - 4		
4. Graduation Rate			2.5%	1 - 4		
5. Matriculation Rate*			2.5%	1 - 4		
6. Application Rate*						
7. College Credits (EC or Dual)*						
8. Career Ready (Workforce/Military)*						
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>1 - 4</b>	<b>100%</b>	

*\*HS chooses a post-secondary readiness indicator from sub-indicators 5-8 and will utilize a scoring rubric.*

### APF Measures and Weights for Final APF Rating

Each indicator has sub indicators, all with unique “weight” assignments. Depending on the school’s performance per the criteria on the scoring rubric, it is assigned a numerical value. The value (1 - 4) is then multiplied by the assigned percentage, or “weight.”

<b>Exceeding</b>	<b>4</b>
<b>Meeting</b>	<b>3</b>
<b>Approaching</b>	<b>2</b>
<b>Falls Below</b>	<b>1</b>

For instance, if a school is rated as “Exceeding” on Indicator 1 (MAI), which equals 25% of the APF, the formula to determine the score is:  **$0.25 \times 4 = 1.00$**

Other weights will derive a different weighted score based on the performance of each indicator. For example, in Indicator 3, the AP sub-indicator for Growth is 20%. If a school is rated as “Meeting”, the formula is:  **$0.20 \times 3 = 0.60$**

In cases where there are multiple measures per sub-indicator (e.g. Academic Proficiency - ELA, Math, Science), the derived average (1 - 4) will be multiplied by the corresponding weight, providing a weighted average. For example, Academic Proficiency for All Students is weighted at 10%. If a School is “Exceeding” in ELA, “Meeting” in Math, and “Falls Below” in Science, the formula is:  **$0.10 \times \{(4 + 3 + 1)/3\} = 0.10 \times 2.67 = 0.27$**

The annual APF is based on a 4-point weighted measure with the three required indicators (MAI, SSM, and AP). Finally, all the weighted scores in Indicators 1 - 3 are then added together and a final APF score is displayed that will be between 1.00 and 4.00.

### Total APF Rating

<b>Exceeding</b>	<b>Meeting</b>	<b>Approaching</b>	<b>Falls Below</b>
<b>3.85 and higher</b>	<b>3.84 - 2.85</b>	<b>2.84 - 1.85</b>	<b>1.84 and lower</b>

**A school will meet the APF if it receives a total weighted score of 2.85 or higher.** For Charter review and renewal, the School must earn no less than a cumulative average score of 2.85 to “meet” the APF during the first four years of the Charter Contract.

## Academic Performance Criteria and Scoring Rubric for Each Sub-Indicator

### Indicator 1: Mission-Aligned Initiative

Indicators	Weight/ Score	4 Exceeding	3 Meeting	2 Approaching	1 Falls Below
1a: MAI Goal	10%	See 1a MAI Goal Criteria and Scoring Rubric			
1b: MAI Outcome	10%	Commission-Approved School Proposal			
1c: MAI Implementation	5%	See 1c MAI Implementation Criteria and Scoring Rubric			
<b>TOTAL</b>	<b>25%</b>				

### Indicator 1A: MAI Goal Criteria and Scoring Rubric

4 Exceeding	3 Meeting	2 Approaching	1 Falls Below
<p><b>The MAI is:</b></p> <ul style="list-style-type: none"> <li>Highly <b>specific</b> in scope and serves as a model for <b>standards-based</b> methodology</li> <li><b>Measurable</b> outcomes provide deep insights, seamless alignment between goals and assessment</li> <li>Very <b>ambitious</b>, pushing boundaries while maintaining a well-articulated plan for success</li> <li>Directly <b>reflects</b> and embodies the school's mission</li> <li>Includes comprehensive long-term milestones beyond the <b>time specific</b> targets</li> </ul>	<p><b>The MAI is:</b></p> <ul style="list-style-type: none"> <li><b>Specific</b> in scope and aligns to <b>standards-based</b> methodology</li> <li><b>Measurable</b> with clear distinction and alignment between the goal, metrics, and assessment</li> <li><b>Ambitious</b> and challenging yet realistically <b>achievable</b></li> <li><b>Reflective</b> and aligned to the mission statement of the school</li> <li><b>Time specific</b> targets are clearly articulated</li> </ul>	<p><b>The MAI is:</b></p> <ul style="list-style-type: none"> <li>Lacking some <b>specific</b> details and inconsistent alignment to <b>standards-based</b> methodology</li> <li><b>Measures</b> do not fully align between the goal, metrics, and assessment</li> <li>Goals are modest, lacking an <b>ambitious</b> challenge</li> <li>Loosely <b>related</b> to the mission and the initiative is not immediately clear</li> <li>Includes a general schedule, but lacks <b>time specific</b> details</li> </ul>	<p><b>The MAI is:</b></p> <ul style="list-style-type: none"> <li><b>Specific</b> details are not evident, nor <b>standards-based</b></li> <li>Lacks <b>measurable</b> metrics and goals and assessments are disconnected</li> <li>Lacks <b>ambition</b> (too easy) or is completely unattainable</li> <li>No clear connection and does not <b>reflect</b> the school's mission</li> <li>No <b>time specific</b> details or target dates are provided</li> </ul>

### Indicator 1C: MAI Implementation Criteria and Scoring Rubric

4 Exceeding	3 Meeting	2 Approaching	1 Falls Below
<p><b>The MAI is:</b></p> <ul style="list-style-type: none"> <li>• Integrated <b>throughout all</b> programmatic elements of the school community;</li> <li>• <b>Clearly articulated</b> in curriculum, instruction, and assessment, MTSS, including before and after school activities;</li> <li>• <b>Visible and audible</b> in the actions of adults and students on campus and school community; and</li> <li>• <b>Evident in all</b> governing board meeting agendas and parent and school community events.</li> </ul>	<p><b>The MAI is:</b></p> <ul style="list-style-type: none"> <li>• Integrated <b>throughout all</b> programmatic elements of the school;</li> <li>• <b>Clearly articulated</b> in curriculum, instruction, and assessment; including multi-tiered systems of supports (MTSS);</li> <li>• <b>Visible and audible</b> in the actions of adults and students on campus; and</li> <li>• <b>Evident in all</b> governing board meeting agendas.</li> </ul>	<p><b>The MAI is:</b></p> <ul style="list-style-type: none"> <li>• Integrated <b>into most</b> programmatic elements of the school;</li> <li>• <b>Generally articulated</b> in curriculum, instruction, and assessment;</li> <li>• <b>Observed consistently</b> in the actions of adults and students on campus; and</li> <li>• <b>Evident in the majority</b> of governing board meeting agendas.</li> </ul>	<p><b>The MAI is:</b></p> <ul style="list-style-type: none"> <li>• Present in <b>some programmatic elements</b> of the school, but not consistently;</li> <li>• <b>Vaguely or inconsistently referenced</b> in curriculum, instruction, or assessment;</li> <li>• <b>Occasionally visible or audible</b> in the actions of adults and students, but not as a norm; and</li> <li>• <b>Occasionally mentioned</b> in governing board meeting agendas.</li> </ul>

### Indicator 2: School-Specific Measure

Indicators	Weight/Score	4 Exceeding	3 Meeting	2 Approaching	1 Falls Below
Indicator 2A: SSM Goal	10%	See 2A SSM Goal Criteria and Scoring Rubric			
Indicator 2B: SSM Outcome	10%	Commission-Approved School Proposal			
<b>TOTAL</b>	<b>20%</b>				

## Indicator 2A: SSM Goal Criteria and Scoring Rubric

4 Exceeding	3 Meeting	2 Approaching	1 Falls Below
<p>The SSM is:</p> <ul style="list-style-type: none"> <li>• Highly <b>specific</b> in scope and serves as a model for <b>standards-based</b> methodology</li> <li>• <b>Measurable</b> outcomes provide deep insights, seamless alignment between goals and assessment</li> <li>• Very <b>ambitious</b>, pushing boundaries while maintaining a well-articulated plan for success</li> <li>• Directly <b>reflects</b> and embodies the school’s mission</li> <li>• Includes comprehensive long-term milestones beyond the <b>time specific</b> targets</li> </ul>	<p>The SSM is:</p> <ul style="list-style-type: none"> <li>• <b>Specific</b> in scope and aligns to <b>standards-based</b> methodology</li> <li>• <b>Measurable</b> with clear distinction and alignment between the goal, metrics, and assessment</li> <li>• <b>Ambitious</b> and challenging yet realistically <b>achievable</b></li> <li>• <b>Reflective</b> and aligned to the mission statement of the school</li> <li>• <b>Time specific</b> targets are clearly articulated</li> </ul>	<p>The SSM is:</p> <ul style="list-style-type: none"> <li>• Lacking some <b>specific</b> details and inconsistent alignment to <b>standards-based</b> methodology</li> <li>• <b>Measures</b> do not fully align between the goal, metrics, and assessment</li> <li>• Goals are modest, lacking an <b>ambitious</b> challenge</li> <li>• Loosely <b>related</b> to the mission and the initiative is not immediately clear</li> <li>• Includes a general schedule, but lacks <b>time specific</b> details</li> </ul>	<p>The SSM is:</p> <ul style="list-style-type: none"> <li>• <b>Specific</b> details are not evident, nor <b>standards-based</b></li> <li>• Lacks <b>measurable</b> metrics and goals and assessments are disconnected</li> <li>• Lacks <b>ambition</b> (too easy) or is completely unattainable</li> <li>• No clear connection and does not <b>reflect</b> the school’s mission</li> <li>• No <b>time specific</b> details or target dates are provided</li> </ul>

### Indicator 3: Academic Proficiency

The following indicators will follow the same benchmark criteria below to determine a school's standard score for Indicator 3 when compared to the Complex Area:

- 3A Academic Proficiency (All Students)
- 3B Academic Growth\* (All Students)
- 3D Attendance
- 3E School Climate
- 3F Post-Secondary Readiness
  - 3F.1: 3rd Grade Reading
  - 3F.2: 8th Grade Reading
  - 3F.3 9th Grade On-Time Promotion
  - 3F.4 Graduation Rate

4 Exceeding	3 Meeting	2 Approaching	1 Falls Below
The School is performing <b>above</b> the Complex Area Average	The School is performing <b>equal to</b> the Complex Area Average	The School is performing <b>up to 19 percentage points below</b> the Complex Area Average	The School is performing <b>more than 20 percentage points below</b> the Complex Area Average

### Indicator 3 Specific Criteria for Scoring

3C: Academic Gap

4 Exceeding	3 Meeting	2 Approaching	1 Falls Below
The school's achievement gap is <b>smaller</b> than the Complex Area Average	The school's achievement gap is <b>equal to</b> the Complex Area Average	The school's achievement gap is <b>up to 19 percentage points larger</b> than the Complex Area Average	The school's achievement gap is <b>more than 20 percentage points larger</b> than the Complex Area Average

### Indicator 3 Specific Criteria for Scoring

3F: Post-Secondary Readiness Indicators will use the criteria below for scoring the following sub-indicators:

5. Matriculation Rate
6. Application Rate
7. College Credits (EC, Dual)
8. Career Ready (Workforce/Military)

4 Exceeding	3 Meeting	2 Approaching	1 Falls Below
70% or higher	69% - 50%	49% - 30%	Below 30%

The Post-Secondary criteria for rubric scoring for sub-indicators 5 - 8 is based on the March 2025 publication of the College and Career Readiness Indicators (CCRI) Summary Reports ([Hawai'i Data Exchange Partnership](#)). Based on CCRI public data set for the Classes of 2020 - 2024, the above breakdown is recommended. The rubric is reflective of current data results and considers the reasonableness of the data points. It is recommended that this can adjust proportionately depending on overall state results.

#### Note:

**\*Schools without Growth Data:** SGP are a measure of how much a student has improved over time relative to other students with similar academic histories. Unlike proficiency scores, which tell us how a student is performing at a single point in time, SGP's measure a student's rate of progress by comparing them to peers who scored similarly in prior years. Meaning, a student with lower proficiency is not being compared to a high performing student, but instead to students who started from the same place. An SGP of 40 or higher indicates that a student has experienced a typical or better years' worth of growth. At the school the growth rate reflects the percentage of eligible students whose SGP reaches 40 or above. To be included in this calculation, a student must have at least two consecutive years of Smarter Balanced Assessment (SBA) scores in LA or Math (grade 3-8). Schools are then compared against the complex area average to determine their rubric score.

Because SGPs are obtained from the SBA administered in grades 3-8, there will exist a data gap for some schools such as slow growth models schools and schools who only serve high school grades. This is a structural limitation of the data source, not a reflection of school performance. For these schools, their scores will be normalized. Since SGP accounts for 20% of the total APF score, the remaining indicators, which represent 80% of the framework, are rescaled so that 80%

becomes the new baseline. This is done by dividing the school's score across all available indicators by 0.80, ensuring the final score remains on the same 1-4 scale and that schools are evaluated equitably on the indicators that apply to them.

## Exhibit “A”: Organizational Performance Framework

### Organizational Performance Framework

Each year, the Commission will monitor the specific Charter Contract provisions in accordance with the criteria set forth in Exhibit A, with final determinations made after the summer site visit. Monitoring activities may include document reviews and interviews with staff and Governing Board members to further assess compliance and determine whether the School “meets” the applicable standards.

The School will be provided an opportunity to correct any identified issues within the deadline established by the Commission. Failure to resolve a compliance breach may be subject to the Intervention Protocol, outlined in Sections 16.5 and 16.6, of this Charter Contract.

In reviewing the criteria, the Commission may use the following sources in its evaluation:

- (a) Assurance of Compliance Statement
- (b) School website
- (c) Documents submitted through the Kuleana Portal
- (d) School documents: policies and procedures, student/staff handbook, records and logs, and other related
- (e) Governing Board documents: meetings, bylaws, memberships, and other related
- (f) Interviews with Governing Board members and School staff
- (g) Observations of Governing Board meetings and school site visits
- (h) Notifications of non-compliance from federal and state agencies
- (i) Additional evidence requested by the Commission

### Organizational Performance Framework Criteria

CONTRACT SECTION	CRITERIA
<p><b>CHARTER</b></p> <p>Contract Section 2.1</p>	<p>The School operates in the facilities identified in Section 2.1 and serves the grades authorized in its Charter Contract, in full compliance with the Hawai‘i Revised Statutes and all applicable federal, state, and county laws, ordinances, codes, rules, and regulations.</p> <p>The School has no identified compliance issues and no outstanding Notices of Concern or Notices of Deficiency related to facilities, enrollment, and/or grades served.</p>

CONTRACT SECTION	CRITERIA
<p><b>MISSION STATEMENT</b></p> <p>Contract Section 2.2</p>	<p>The School operates in alignment with its mission statement, as evidenced consistently across school materials, documents submitted for the performance frameworks, and observations during site visits.</p>
<p><b>GOVERNING BOARD RESPONSIBILITIES</b></p> <p>Contract Section 4.1</p>	<p>The Governing Board meets all statutory responsibilities in accordance with Section 4.1 by:</p> <ul style="list-style-type: none"> <li>(a) Exercising oversight of the financial, organizational, and academic viability of the charter school and the implementation of the charter.</li> <li>(b) Maintaining independent authority over the school's organization, management of the school, the curriculum, and virtual education.</li> <li>(c) Negotiating supplemental collective bargaining agreements when applicable.</li> <li>(d) Ensuring full compliance with relevant federal, state &amp; county laws and GB Bylaws.</li> </ul> <p>The School has no identified compliance issues and no open or unresolved Notices of Concern or Notices of Deficiency.</p>
<p><b>GOVERNING BOARD MEMBERSHIP</b></p> <p>Contract Section 4.3</p>	<p>The Governing Board meets all of the following:</p> <ul style="list-style-type: none"> <li>(a) Has a plan and process for the selection of Governing Board members that gives consideration to the individual standards set in HRS §302D-12, and collectively possesses the knowledge, experience, and skills to effectively oversee the school's academic, financial, and organizational responsibilities.</li> <li>(b) Maintain selection records that include the candidate's qualifications to serve.</li> <li>(c) Documents the Governing Board's decision on the Governing Board member's application.</li> <li>(d) Composition is in compliance with HRS §302D-12</li> </ul>
<p><b>GOVERNING BOARD MEETINGS AND REPORTING</b></p>	<p>The Governing Board:</p> <ul style="list-style-type: none"> <li>(a) Posts the schedule of governing board meetings by 9/1 of each year.</li> <li>(b) Holds meetings open to the public.</li> </ul>

<b>CONTRACT SECTION</b>	<b>CRITERIA</b>
Contract Sections 4.4 and 4.5	<ul style="list-style-type: none"> <li>(c) Posts the required documents on their website and makes it available for review during regular business hours.</li> <li>(d) Fulfills other requirements as determined by HRS §302D-12(h).</li> </ul>
<b>GOVERNING BOARD MEMBER INFORMATION</b>  Contract Section 4.6	The Governing Board posts on the school’s website and provides to the Commission a list of the current names and contact information of the Governing Board’s members and officers, updating the Commission as needed.
<b>FINANCIAL MANAGEMENT</b>  Contract Sections 8.5, 8.6, 8.13, 8.14	The Governing Board meets the financial management requirements by: <ul style="list-style-type: none"> <li>(a) Developing and adhering to the required financial policies and procedures listed in Section 8.5 and 8.6.</li> <li>(b) Monitoring procurement of goods, services, and construction.</li> <li>(c) Ensuring the use of State funds in accordance with Section 8.13.</li> <li>(d) Complying with HRS Chapter 37D, ensuring any credit cards or lines of credit are paid in full monthly.</li> </ul>
<b>FINANCIAL OPERATIONS</b>  Contract Sections 8.1, 8.4, 8.5, 8.6, 8.7, 8.8, 8.9, 8.10, 8.11, 8.16	The School demonstrates compliance with all applicable laws, state financial and budget regulations, financial reporting requirements, and the Performance Frameworks.  The school: <ul style="list-style-type: none"> <li>(a) Maintains accurate and comprehensive financial records, including quarterly reports, annual budgets, and audited financial statements. (Section 8.1)</li> <li>(b) Implements and follows required financial management and procurement policies (Sections 8.5 and 8.6), covering procurement, budgeting, payroll, asset management, financial reporting, and accounting procedures.</li> <li>(c) Maintains a complete, up-to-date inventory of all property and conducts annual updates (Section 8.11).</li> <li>(d) Adheres to Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards and Board (GASB) definitions and standards. (Section 8.4)</li> </ul>

CONTRACT SECTION	CRITERIA
	<ul style="list-style-type: none"> <li>(e) Submits required financial records, including financial audit, quarterly reports, annual budget, and projected enrollment counts for per-pupil funding. (Sections 8.7, 8.8, 8.9, 8.16)</li> <li>(f) Retains all financial information, both physical and electronic, in compliance with State, Federal, and GAAP requirements. (Sections 8.1, 8.10)</li> </ul>
<p><b>ADMISSION, ENROLLMENT, AND ATTENDANCE</b></p> <p>Contract Sections 9.2, 9.3 and 9.4</p>	<p>The school complies with legal and contractual obligations related to enrollment and admissions by:</p> <ul style="list-style-type: none"> <li>(a) Being open to all students of eligible ages and grades who are residents of the State of Hawai‘i.</li> <li>(b) Conducting recruitment, admissions, enrollment, and retention in a nondiscriminatory manner that follows any approved enrollment preferences.</li> <li>(c) Maintaining an admissions and enrollment policy approved by the School’s Deputy Attorney General and the Commission.</li> <li>(d) Conducting lotteries in alignment with approved policy and procedures, when applicable.</li> <li>(e) Not assessing tuition, contributions, or fees of any kind as a condition of admission, enrollment, or attendance.</li> </ul>
<p><b>TRANSPORTATION</b></p> <p>Contract Section 10.6</p>	<p>The School complies with the safety rules and standards relating to school vehicles, equipment, and drivers adopted by the Hawai‘i State Department of Transportation.</p>
<p><b>POLICIES AND PROCEDURES</b></p> <p>Contract Section 10.7</p>	<p>The School has all required policies and procedures posted on the website, and the Attorney General has reviewed and approved the policies identified in Section 10.7, as required.</p>
<p><b>CHARTER AND EDUCATIONAL MANAGEMENT ORGANIZATION OVERSIGHT</b></p>	<p>The School’s Charter and Educational Management Organization(s) contracts(s) are approved by the Commission, approved by the School’s Deputy Attorney General, and follow Section 11.1 requirements.</p>

CONTRACT SECTION	CRITERIA
Contract Section 11.1	
<b>SAFE LEARNING ENVIRONMENT</b>  Contract Section 12.1	The school maintains a safe learning environment by ensuring: <ul style="list-style-type: none"> <li>(a) A public safety policy is adopted and posted to the website.</li> <li>(b) Internal safety procedures and safety plans are accessible and available to faculty and staff.</li> <li>(c) A policy related to the prohibited use of tobacco and tobacco products for the entire campus is adopted and adhered to.</li> <li>(d) Active shooter training is completed as required.</li> <li>(e) Other federal and state safety requirements, as mandated, are included and followed.</li> </ul>
<b>HEALTH REGULATIONS</b>  Contract Sections 12.3, 12.5	The School is in compliance with all applicable federal, state, and county laws, rules, and regulations related to food services, including the handling, preparing, and serving of food. Specifically: <ul style="list-style-type: none"> <li>(a) The school has policies and/or procedures regarding food safety and student health.</li> <li>(b) Appropriate first aid care is provided for ill and injured students.</li> <li>(c) The School complies with applicable laws, rules, regulations, and the Commission’s guidance related to safety and the provision of health-related services, including but not limited to nursing services and the dispensing and storage of medications.</li> </ul>
<b>MANDATORY REPORTING AND CHECKS</b>  Contract Sections 12.6, 12.7, 15.2, 15.3	The School shall maintain a safe learning environment at all times by ensuring: <ul style="list-style-type: none"> <li>(a) Criminal history checks administered by the Hawai‘i Criminal Justice Data Center are conducted prior to hiring employees.</li> <li>(b) The Board has adopted a Mandatory Reporting Procedure and has posted it on the school website.</li> <li>(c) The Board has adopted a Crime-Related Incidents Policy.</li> <li>(d) Staff and faculty are trained and demonstrate understanding of mandatory reporting requirements.</li> <li>(e) The School follows all processes and procedures for the Harm to Student Registry.</li> </ul>

<b>CONTRACT SECTION</b>	<b>CRITERIA</b>
<p><b>STUDENT RECORDS</b></p> <p>Charter Section 13.1</p>	<p>Student records are in compliance with federal and state requirements, including the Family Educational Rights and Privacy Act (FERPA), 20 U.S.C. §1232g.</p> <p>Student files are in a secured location and contain all required documents:</p> <ul style="list-style-type: none"> <li>(a) Birth certificate</li> <li>(b) Immunization records</li> <li>(c) Form 14</li> <li>(d) Past report cards (if applicable)</li> <li>(e) Proof of residency</li> <li>(f) Cumulative folder</li> </ul>
<p><b>FACILITIES, OCCUPANCY, AND COMPLIANCE WITH CODES</b></p> <p>Contract Sections 14.1, 14.2.</p>	<p>The School facilities comply with all applicable state and county building, zoning, fire, health, asbestos, and safety code requirements. The School complies at all times with occupancy capacity limits and/or provides alternative documentation from an authorizing entity supporting compliance.</p>
<p><b>TEACHER EVALUATIONS</b></p> <p>Contract Section 15.8</p>	<p>The School implements teacher evaluations and ensures that the evaluation system is in compliance with all applicable laws, regulations, and policies, including collective bargaining law requirements, and/or applicable supplemental agreements.</p>
<p><b>PRINCIPAL EVALUATIONS</b></p> <p>Contract Section 15.8</p>	<p>The Governing Board implements principal evaluations, given the evaluation system is in compliance with all applicable laws, regulations, and policies, and collective bargaining law requirements.</p>

## ASSURANCE OF COMPLIANCE STATEMENT

This document affirms that the School has complied with the Charter Contract provisions listed below. This Assurance of Compliance Statement does not limit the School's obligation to comply with all applicable laws and regulations at all times, whether or not they are referenced herein.

The School shall review the specified Charter Contract provisions and indicate compliance by marking the corresponding box for the previous school year, attesting that the school was in compliance. The signed Assurance of Compliance Statement shall be submitted by the deadline prescribed by the Commission.

A School that cannot attest to compliance with any provision listed below may be subject to the Intervention Protocol, Charter Contract Sections 16.5 and 16.6.

---

We, [school name] Governing Board, certify that [school name] has complied with the following Charter Contract provisions for school year [year].

### SCHOOL CHARTER AND MISSION

- Charter Contract Section 2.1 Charter
- Charter Contract Section 2.2 Mission Statement

### GOVERNANCE

- Charter Contract Section 4.1 Governing Board Responsibilities
- Charter Contract Section 4.3 Governing Board Membership
- Charter Contract Section 4.4 Governing Board Meetings
- Charter Contract Section 4.5 Governing Board Reporting
- Charter Contract Section 4.6 Governing Board Member Information
- Charter Contract Section 11.1 Charter and Educational Management Organizations

### FINANCIAL

- Charter Contract Section 8.1 Fiscal Responsibilities
- Charter Contract Section 8.4 Financial Terms and Concepts
- Charter Contract Section 8.5 Financial Management Policies
- Charter Contract Section 8.6 Procurement
- Charter Contract Section 8.7 Quarterly Reports
- Charter Contract Section 8.8 Annual Budgets
- Charter Contract Section 8.9 Annual Audits
- Charter Contract Section 8.10 Maintenance of Financial Records and Information
- Charter Contract Section 8.11 Assets

- Charter Contract Section 8.13 Transfer of Funds to Affiliated Non-profit or Charter and/or Educational Management Organization
- Charter Contract Section 8.14 Financing Agreements and Lines of Credit
- Charter Contract Section 8.16 Enrollment Count Reports for Per-pupil Funding

**SCHOOL OPERATIONS**

- Charter Contract Section 9.2 No Tuition or Fees for Admission, Enrollment, or Attendance
- Charter Contract Section 9.3 Admissions
- Charter Contract Section 9.4 Enrollment
- Charter Contract Section 10.6 Transportation
- Charter Contract Section 10.7 School Policies
- Charter Contract Section 13.1 Student Records
- Charter Contract Section 15.8 Evaluations

**HEALTH AND SAFETY**

- Charter Contract Section 12.1 Safe Environment
- Charter Contract Section 12.3 Food Services
- Charter Contract Section 12.5 Student Health
- Charter Contract Section 12.7 Mandatory Reporting of Child Abuse and Neglect
- Charter Contract Section 14.1 Occupancy Rights
- Charter Contract Section 14.2 Compliance with Codes
- Charter Contract Section 15.2 Criminal History Checks
- Charter Contract Section 15.3 Harm to Student Registry

<b>Governing Board Chair Name</b>	
<b>Governing Board Chair Signature</b>	
<b>School Director Name</b>	
<b>School Director Signature</b>	

## Exhibit “A”: Financial Performance Framework

### Introduction

The Financial Performance Framework (“FPF”) serves as a tool for the Commission to assess the financial health and viability of charter schools in its portfolio. The FPF intends to provide a financial frame of reference based on current and past financial performance of charter schools. The indicators used are based on industry standard financial measures (e.g. ratios, variances) designed to be viewed in the aggregate with other complementary and supplementary information (e.g. timely and accurate financial and reporting practices, management practices). No single indicator or point in time data point gives a full picture of the financial situation of a charter school. Taken together, however, the indicators provide a qualitative assessment of the School’s near-term financial health, mid-term capacity, and long-term financial sustainability.



### Risk-Based Approach

The FPF adopts a risk assessment model as part of ongoing oversight and monitoring of charter schools’ fiscal activities, and renewal decision-making. The model aligns with the unique funding and governance environment for charter schools in the State of Hawai‘i. This risk-based approach will help identify areas of strength and weakness, highlighting controls that are designed to mitigate risks.

School(s) will be closely monitored if there is heightened risk of financial problems. Financial monitoring may include, but is not limited to, requests for reports or other documentation, inquiries through written or telephone communications, desk audits, or on-site visits, announced or otherwise. Moreover, a charter school may be requested to develop an appropriate corrective

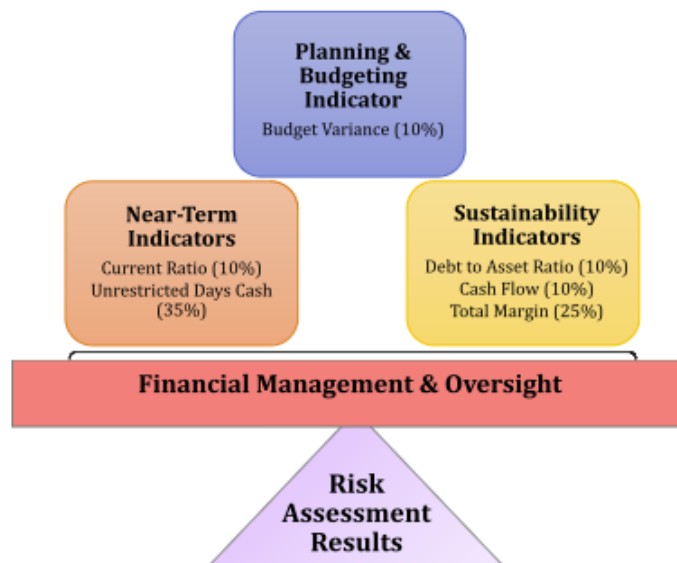
action plan to address any monitoring issues identified during the risk assessment. The corrective action plan provides a charter school an opportunity to explain the issue(s); identify measurable solution(s); identify the person(s) who will be responsible for each solution; set timelines; and monitor the progress of the corrective action plan.

**Annual Risk Assessment Process**

The annual risk assessment evaluates whether the financial viability of a charter school is at-risk based on the Commission’s review of financial information which will be drawn from the school’s annual audited financial statements or financial review. The inclusion of a “component unit” (an affiliated non-profit entity) may apply when a charter school’s annual audited financial statements include the presentation of reporting the audited component unit. The Commission’s assessment may also include other financial information and/or a more detailed examination of the school’s financial position and practices, as needed. The Commission may also consider the more current and more detailed information to determine whether the risk assessment result is still applicable throughout the assessment period and the degree to which it is, in fact, an indication of financial risk or distress or mitigation.

The risk assessment will focus on six indicators, or measures based on the National Association of Charter School Authorizers (“NACSA”) standards. Each indicator will be assessed on a scale from 1 to 5, with 1 being the lowest risk and 5 the highest risk. All six indicators will collectively make up a school’s overall risk level. The annual risk assessment result for a school will be determined using a balanced weighted formula utilizing the individual scores calculated for each indicator as follows:

$$(Current\ Ratio\ x\ 0.10) + (Unrestricted\ Days\ Cash\ x\ 0.35) + (Debt\ to\ Asset\ Ratio\ x\ 0.10) + (Cash\ Flow\ x\ 0.10) + (Total\ Margin\ x\ 0.25) + (Budget\ Variance\ x\ 0.10)$$



The individual and final risk assessment results will be represented as one of five categories based on the individual school’s risk assessment calculations as color-coded below and will be rounded to the nearest whole number.

<b>Low</b>	<b>Acceptable</b>	<b>Moderate</b>	<b>High</b>	<b>Significant</b>
1	2	3	4	5

**Near Term Indicators**  
**Current Ratio**

$$\text{Current Ratio} = \text{Current Assets} \div \text{Current Liabilities}$$

The current ratio shows the relationship between a charter school’s current assets and current liabilities. Current assets are balance sheet accounts (e.g. cash, receivables) that include the value of all assets that are expected to be converted to cash through normal operations within the current fiscal year. Current liabilities represent obligations (e.g. payables, accrued payroll, accrued vacation) that are payable in cash within a fiscal year. This ratio gives an indication of a charter school’s ability to pay its obligations over the next twelve months. A charter school may be at-risk if it is unable to meet its current obligations.

This indicator accounts for **10 percent** of a school’s aggregate final risk assessment.

<b>Low</b>	<b>Acceptable</b>	<b>Moderate</b>	<b>High</b>	<b>Significant</b>
Ratio is greater than (>) 1.5	Ratio is between 1.35 – 1.5	Ratio is between 1.2 – 1.35	Ratio is between 1.0 – 1.2	Ratio is less than (<) 1.0

**Unrestricted Days of Cash on Hand**

$$\text{Unrestricted Days Cash} = \text{Days Cash} \div [(\text{Total Expenses} - \text{Depreciation Expense}) \div 365]$$

The unrestricted days of cash on hand indicator provides the number of days a charter school can pay its current expenses without another inflow of cash. Cash balances fluctuate since schools can expend and receive money on an almost daily basis. It indicates whether a charter school maintains a sufficient cash balance to meet its cash obligations. A charter school may be at-risk if there is insufficient cash to meet its cash obligations.

The indicator looks at a fixed point in time (the time the financial statement is prepared) and a trend over a period of time. Although this indicator is at a fixed point in time, it tells whether a school may have challenges in meeting its cash obligations. Note that this indicator looks at unrestricted cash, not cash that already has been earmarked for a specific purpose, such as renovations or facilities.

This indicator accounts for **35 percent** of a charter school’s aggregate final risk assessment.

Low	Acceptable	Moderate	High	Significant
The average Days Cash is more than 60 days during the term of the Charter Contract	The average Days Cash is between 50 – 60 days during the term of the Charter Contract	The average Days Cash is between 30 – 50 days during the term of the Charter Contract	The average Days Cash is between 20 – 30 days during the term of the Charter Contract	The average Days Cash is less than 20 days during the term of the Charter Contract

### Sustainability Indicators

#### Debt to Asset Ratio

$$\text{Debt to Asset Ratio} = \text{Total Liabilities} \div \text{Total Assets}$$

The Debt to Asset Ratio compares a charter school’s financial liabilities against the assets it owns. A lower ratio generally indicates stronger financial health. A higher ratio indicates that the School may be at-risk of not being able to pay back its debts. It is a generally accepted indicator of potential long-term financial issues.

This indicator accounts for **10 percent** of a charter school’s aggregate final risk assessment.

Low	Acceptable	Moderate	High	Significant
Ratio is less than (<) 0.2	Ratio is between 0.2 – 0.4	Ratio is between 0.4 – 0.5	Ratio is between 0.5 – 0.75	Ratio is greater than (>) 0.75

#### Cash Flow

$$\text{Cash Flow} = \text{Year-end Cash Balance} - \text{Beginning Year Cash Balance}$$

Cash Flow measures a charter school’s change in cash balance from one period to another. This indicator is similar to days’ cash on hand, but it provides insight into a charter school’s long-term stability, as it helps to assess a charter school’s sustainability over a period of time in an uncertain funding environment. A positive cash flow over time generally indicates increasing financial health and sustainability.

This indicator accounts for **10 percent** of a charter school’s aggregate final risk assessment.

Low	Acceptable	Moderate	High	Significant
Current Year Cash Flow is positive (+) and having an upward trend over three consecutive years	Current Year Cash Flow is positive (+) and having an upward trend over two consecutive years	Current Year Cash Flow is either positive or negative (+/-) and there is neither an upward or downward trend of more than two consecutive years	Current Year Cash Flow is negative (-) and having a downward trend over two consecutive years	Current Year Cash Flow is negative (-) and having a downward trend over three consecutive years

**Total Margin**

$$Total\ Margin = Net\ Income \div Total\ Revenue$$

Total Margin measures the surplus or deficit a charter school yields out of its total revenues. This indicator is important because a charter school cannot operate at a deficit for a sustained period of time without the risk of closure. The intent of this indicator is not for the schools to be profitable, but is important for charter schools to operate within its available resources in a particular year and to build a reserve to support growth and sustainability.

This indicator is calculated by dividing net income by total revenue and accounts for **25 percent** of a charter school’s aggregate final risk assessment.

Low	Acceptable	Moderate	High	Significant
Current Year Margin is positive (+) and having an upward trend over three consecutive years	Current Year Margin is positive (+) and having an upward trend over two consecutive years	Current Year Margin is either positive or negative (+/-) and there is neither an upward or downward trend of more than two consecutive years	Current Year Margin is negative (-) and having a downward trend over two consecutive years	Current Year Margin is negative (-) and having a downward trend over three consecutive years

**Planning & Budgeting**  
**Budget Variance**

$$\text{Budget Variance} = \text{Actual Total Revenues} \div \text{Projected Total Revenues in the Charter School's Board-Approved Budget}$$

The budget variance depicts actual versus projected incoming revenues for a fiscal year. This indicator is important because revenues drive the development of a charter school’s budget. While the per-pupil funding is the primary revenue source for charter schools, there are other sources (e.g. federal funds, grants, other state funds) that provide the basis for determining costs such as staffing and supplies. A budget based on revenues that are significantly more than its actual revenues may be at-risk of not meeting all of its budgeted expenses. Budgeted revenues that do not exceed actual revenues would not have a significant impact on the risk assessment rating scale.

This indicator accounts for **10 percent** of a charter school’s aggregate final risk assessment.

Low	Acceptable	Moderate	High	Significant
Variance is greater than (>) 99%	Variance is between 96% – 98%	Variance is between 94% – 95%	Variance is between 91% – 93%	Variance is less than (<) 90%

**Financial Management and Oversight**  
**Compliance**

The Commission ensures that the School complies with applicable laws, rules, regulations and provisions of the Charter Contract relating to financial reporting requirements, and to financial management and oversight expectations as evidenced by an annual independent audit or review, 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)

- (a) On-time submission and completion of the annual independent audit and corrective action plans, if applicable
- (b) No charging of tuition
- (c) Adequate management and financial controls
- (d) All reporting requirements related to the use of public funds
- (e) An unqualified audit opinion
- (f) An audit devoid of significant findings and conditions, material weaknesses or significant internal control weaknesses

- (g) An audit that does not include a going concern disclosure in the notes or an explanatory paragraph within the audit report

If the School does not comply with the requirements, the School is subject to the Intervention Protocols, provided in Article XVI of this Charter Contract.

As provided in the Charter Contract:

### **Section 16.1 Oversight and Enforcement**

Pursuant to HRS §302D-17, the Commission shall continually monitor the performance and legal compliance of the School under this Charter Contract and hold the School accountable to the performance of its obligations as required by federal and state laws and regulations, the Performance Framework, as well as the terms of this Charter Contract.

The Commission shall have the authority to conduct oversight activities that enable the Commission to fulfill its responsibilities under HRS Chapter 302D, including conducting appropriate inquiries and investigations, so long as those activities are consistent with the intent of HRS Chapter 302D, and adhere to the terms of this Charter Contract. Enforcement of this Charter Contract may include, but is not limited to, taking corrective action, development of corrective action plans, imposing sanctions, non-renewal, revocation, or termination of this Charter Contract.