

OVERVIEW

Audit of Wai`alae Elementary Public Charter School

Report No. 05-06, July 2005

Summary

Wai`alae Elementary Public Charter School, established in 1928 as a public school, was the first in Hawai'i to adopt school/community based management in 1990. It also became the State's first charter school in 1995, serving close to 500 students from kindergarten through 5th grade. As a charter school it is a school of choice, but it is also the neighborhood school for a geographic district. About half of the school's students reside outside the neighborhood it serves. The school's available fiscal resources for FY2004-05 exceeded \$3 million.

We found that Wai`alae has used its autonomy as a charter school to direct more resources into the classroom. In addition, the school has adopted educational programs that differ markedly from traditional educational approaches. The effects of those programs, however, remain uncertain. Wai`alae considers statewide standards-based tests such as the Stanford Achievement Test poor measures of its students' achievements; in fact, the school sees these assessments as distractions to its vision and purpose and not relevant for its curriculum and instructional approach. Nevertheless, the school has not adopted alternative objective measures to demonstrate its achievements to policy-makers and the community at large.

The Legislature's vision for charter schools was to improve educational standards and enhance learning, statewide. To answer the question of whether becoming a charter school has resulted in a superior educational experience for its students, we analyzed test data from state administered assessments back to 1990. We found that Wai`alae students, while still among the highest scoring in the public school system, do not show a higher level of achievement since the school received its charter. In fact, the school may have slipped, in mathematics. We also compared test results of Wai`alae graduates attending the neighborhood middle school with those of students who graduated from other schools in the area, before and after Wai`alae received its charter. The analysis indicates that Wai`alae students no longer clearly outscore their peers the way they did in the pre-charter period.

We also found Wai`alae's school board can improve its governance. The board has an ineffective process for selecting its members, partially mandated by a charter school law that warrants revision. In addition, the board suffers from dissent, lacks structure and leadership, keeps poor records, and has not matured into a body focused on the school's long-term future. The board seeks to arrive at decisions by consensus. This process, however, has resulted in delayed decisions and lengthy meetings. Relying on a "group memory" instead of conventional detailed minutes leaves the board's decisions vulnerable to challenge. The by-laws are incomplete, lacking, for example, provisions on conflict of interest and responsibilities of standing committees.



The board's vague policies and inadequate oversight have resulted in instances of noncompliance with purchasing requirements, gaps in measures ensuring health and safety of students, and a financial management system that is poorly suited for the school's needs. For example, the school did not obtain bids for a food services contract exceeding \$152,000, a requirement under the procedures the school professes adherence to. The board's erroneous belief that it is exempt from procuring financial audits created an accountability gap for its stewardship of public funds. Finally, the school's authority to carry forward unspent fund balances from year to year needs to be clarified. Wai`alae has accumulated an estimated \$587,000 in carryover funds.

Recommendations and Response

We recommended that Wai`alae adopt accountability measures that supplement the available standards-based scores to provide policy-makers with the information needed to assess its education programs. In addition, we recommended that the school's board improve its bylaws and policies and procedures; develop long-term strategies for the school's future; and develop a plan for better accounting and financial reporting capabilities.

We also recommended that the Legislature evaluate the need to amend the charter school law to remove the group representation requirements for conversion school boards, clarify its intent over charter schools' authority to carry over appropriated funds, and clarify requirements for financial audits.

Wai`alae Elementary Public Charter School, the Board of Education, and the Charter School Administrative Office responded to a draft of the report. While generally agreeing with our conclusions, the responses included disagreements and suggested clarifications. For example, the Charter School Administrative Office believes that Wai`alae Elementary Public Charter School is not required to improve its state test scores over pre-charter levels, citing experimentation as a major reason for the creation of charter schools. We made some minor changes to improve clarity and accuracy based on their suggestions.

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