

**Attachment 14 - FIN**

- 14. Submit a staffing chart (See Application for Exhibit 1. Staffing Chart Template) and an annual budget accounting for the first five-year period of your proposed school in excel based on a per pupil amount of **\$8,300**. This amount is a projected per-pupil funding amount for the purpose of this application. The budget must include the following information/details:**
- a. State Per Pupil funding based on the proposed enrollment plan;**
  - b. Facility costs; rent/lease payments should be separate from any renovation or retro-fitting costs;**
  - c. Funding for personnel should align with the staffing plan and collective bargaining requirements. Funding for teacher professional development should be a separate cost item**
  - d. Funding for any additional services and specific mission-related programs; and**
  - e. Funding from federal grants and/or private funding should only be included in the budget if the proposed school has been awarded the grant and/or has already received or has binding confirmation that the federal private funding is guaranteed and secured. Evidence (such as grant award letters, pledges of donations, bank statements) should be included for any federal or private funding included in the annual budget.**

With respect to Question 14, please also see **Attachment 14 – FIN** (Staffing Chart & Budget Narrative), Attachment 14 – FIN (Excel Budget), **Attachment – 15 FIN**, **Attachment 16 – FIN**, **Attachment 18 – FIN**, and **Attachment 25 – ORG** (organizational chart).

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**Exhibit 1: Staffing Chart Template+**

**Staffing Chart**

Use the appropriate table below to outline the staffing plan for the proposed school. Adjust or add functions and titles and add or delete rows as needed. Include the salary and full-time employee (“FTE”) equivalency (e.g., 1.0 FTE, 0.5 FTE, etc.) for each position for each year.

**Administrative Staffing Model and Rollout**

Title	Salary and FTE Per Position Per Year				
	Year 1	Year 2	Year 3	Year 4	Year 5
	2024-25	2025-26	2026-27	2027-28	2028-29
School Director	1.0	1.0	1.0	1.0	1.0
Elementary School and Middle/High School Principals	2.0	2.0	2.0	2.0	2.0
Special Education/Programs Academic Administrator/ Student Services Coordinator	1.0	1.0	1.0	1.0	1.0
Special Programs Coordinator	1.0	1.0	1.0	1.0	1.0
Social Worker	1.0	1.0	1.0	1.0	1.0
Community Engagement Specialist	1.0	1.0	1.0	1.0	1.0
HR/Payroll/Benefits Manager	1.0	1.0	1.0	1.0	1.0
Director of K12 Client Relations*	1.0	1.0	1.0	1.0	1.0
CRE/Academic Manager *	1.0	1.0	1.0	1.0	1.0
Operations Manager*	1.0	1.0	1.0	1.0	1.0
Compliance Coordinator/Registrar*	1.0	1.0	1.0	1.0	1.0
Assessment Coordinator*	1.0	1.0	1.0	1.0	1.0
<b>Total FTEs</b>	<b>13.0</b>	<b>13.0</b>	<b>13.0</b>	<b>13.0</b>	<b>13.0</b>
<b>Total Salaries</b>	<b>680,000</b>	<b>700,400</b>	<b>721,412</b>	<b>743,053</b>	<b>765,346</b>

\*K12/Stride paid positions in support of school, not included in school payroll

**Elementary School Staffing Model and Rollout**

Title	FTE Per Position Per Year				
	Year 1	Year 2	Year 3	Year 4	Year 5
	2024-25	2025-26	2026-27	2027-28	2028-29
Classroom Teachers, incl. EL (All Subjects)	16.0	17.0	19.0	23.0	29.0
Special Education Teachers	2.0	2.0	2.0	3.0	3.0
Counselors (General)	1.0	1.0	1.0	1.0	1.0
<b>Total FTEs</b>	<b>19.0</b>	<b>20.0</b>	<b>22.0</b>	<b>27.0</b>	<b>33.0</b>

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**Middle School Staffing Model and Rollout**

Title	FTE Per Position Per Year				
	Year 1	Year 2	Year 3	Year 4	Year 5
	2024-25	2025-26	2026-27	2027-28	2028-29
Classroom Teachers, incl. EL (All Subjects)	8.0	8.0	9.0	11.0	13.0
Special Education Teachers	1.0	1.0	1.0	2.0	2.0
Counselors (General and Career)	0.5	0.5	1.0	1.0	1.0
CRE Classroom Teachers	1.0	1.0	1.0	2.0	2.0
<b>Total FTEs</b>	<b>10.5</b>	<b>10.5</b>	<b>12.0</b>	<b>16.0</b>	<b>18.0</b>

**High School Staffing Model and Rollout**

Title	FTE Per Position Per Year				
	Year 1	Year 2	Year 3	Year 4	Year 5
	2024-25	2025-26	2026-27	2027-28	2028-29
Classroom Teachers, incl. EL (All Subjects)	6.0	9.0	12.0	14.0	18.0
Special Education Teachers	1.0	1.0	2.0	2.0	2.0
Counselors (General and Career)	0.5	0.5	1.0	2.0	2.0
CRE Classroom Teachers	1.0	1.0	2.0	2.0	3.0
<b>Total FTEs</b>	<b>8.5</b>	<b>11.5</b>	<b>17.0</b>	<b>20.0</b>	<b>25.0</b>

**Instructional Salaries per Year**

Title	Year 1	Year 2	Year 3	Year 4	Year 5
	2024-25	2025-26	2026-27	2027-28	2028-29
Average Classroom Teacher (incl. EL & CRE)	65,000	66,950	68,959	71,027	73,158
Average SPED Teacher Salary	70,000	72,100	74,263	76,491	78,786
Average Counselor Salary	67,500	69,525	71,611	73,759	75,972
<b>Total FTEs</b>	<b>51</b>	<b>55</b>	<b>64</b>	<b>76</b>	<b>89</b>
<b>Total Instructional Salaries</b>	<b>2,505,000</b>	<b>2,837,900</b>	<b>3,541,570</b>	<b>4,503,754</b>	<b>5,579,871</b>

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### Budget Narrative Overview

It is the goal of the Board to maintain balanced budgets each year. Budget and forecast preparation processes include a detailed, bottom-up approach using budget input assumptions for Funding and Expenses. At the direction of the Board and in collaboration with the Treasurer, K12's School Financial Services (K12 Finance) staff will prepare a draft annual budget proposal, as well as monthly forecasts against actual results throughout the fiscal year, taking into consideration any changes to budget input assumptions and drivers based on the most current information available. The Board will review each draft budget and after making changes and adjustments based on Board priorities, will approve a final annual budget to be used during the fiscal year. K12 Finance will collaborate with and communicate regularly with the School Director and the Board and present changes to business drivers and other changes to input assumptions, financial results, and risks/opportunities. Key budget/forecast inputs include:

- School Funding: expected student enrollments given approved authorizer caps and withdrawals; state/local, federal, other funding, , and associated formulas expected to be available to the School.
- School Expenses: Instructional and non-Instructional staff requirements based on student-teacher ratios and other needs including special education compliance requirements; travel; professional development; student testing; curriculum, materials, and student computers; administrative computers; support & technology services; facilities, utilities, information technology, and infrastructure.

A balanced budget will be achieved each year.

### Revenue

Funding projected for LNCA is estimated based on the \$8,300 State Per Pupil Funding Rate included in **Attachment 14 - FIN**. Generally, and initially, LNCA will rely on this as its primary source of funding. While not included specifically in the School budget given HSPCSC application instructions, the budget does contemplate other variable income, including (a) potential donations and fundraising for the Planning Year and (b) the Board, LNCA and K12 Administrative staff will also support exploring the School's access to appropriate Federal Funds (Title I, II, IDEA and other) and other available grant funding, and work with the School Director and Instructional team to coordinate services to students and families.

While LNCA will establish banking relationships, there are, and have been, no resources expected to be available through banks, lending institutions, corporations, or foundations.

### Planning Year - Start-up Costs:

The LNCA Board plans to fundraise and seek donations to fund start-up costs during the Planning Year, which are expected to include expenses to support: student, parent and community engagement and awareness events and travel; administrative office least

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negotiation, lease deposit, and lease expenses; office infrastructure and furniture; and the onboarding of launch staff. Staff onboarding costs would include compensation for key administrative and instructional staff, laptops, and travel expenses. This would include having the School Director in place on a contract basis to support the critical recruiting of key administrative and instructional staff, as well as to support community building and the recruitment of students. See **Attachment 14 - FIN** for the Planning Year and 5-Year Budget. Also see **Attachment 18-FIN**.

### **Expense Assumptions**

Expense projections are based on realistic budgeting for costs and historical trends of similar virtual charter schools as well as strategic goals for costs and contingencies. Projected expenses are included in the format of:

- Instruction Teachers
- Instruction Students
- Student & Family Services
- Administration & Governance
- Student Recruitment & Enrollment, Facilities, Utilities, Other

#### *Instruction – Teachers*

- **Salaries and Benefits:**

Staffing for LNCA in budget years 1-5 is based on historical trends of similarly structured schools, enrollments, grade bands, classroom size, and course specific requirements, and within the context of the Hawai'i State Teachers Association Collective Bargaining Agreement (HSTA CBA).

Average annual General Education/Career Prep-Readiness and Special Education Teacher staff salaries are projected to start at \$65,000 and \$70,000, respectively, with Counselors at \$67,500, with annual cost of living increases of 3.0%, with an understanding that there will be consideration for recently negotiated HSTA CBA, as well as any associated funding. (Also see Staffing Chart in **Attachment 14 - FIN** and Org Chart **Attachment 25 - ORG**). Healthcare and retirement benefits are assumed at 0% of salaries, as healthcare and retirement benefits are assumed to be covered by the State per information provided by the Hawai'i State Public Charter School Commission (HSPCSC).

- **Teacher Training & Professional Development:**

- Additional Instructional Staff Professional Development Compensation:  
Includes 8 days of additional professional development time for orientation to virtual teaching and preparation for the school year, as well as other training

- Teacher Training & Professional Development:

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The budget provides additional resources for teacher training and professional development each year such as potential site costs and travel.

- **ESP-provided Teacher Curriculum and Materials (included in ESP-provided Learning Management System, Course Access and Content described below)**

Teachers will receive the complete set of K12-provided curriculum and materials that students receive. Teachers also have online accounts within the ESP-provided Learning Management System (LMS) in order to access the complete set of curricula, student information system data, test preparation tools, and other reporting tools.

- **Non-ESP-provided Instructional Materials and Supplies:**

Includes non-ESP-provided instructional materials and supplies. In consultation with and upon approval of the HSTA,

- Teachers will be provided resources for the purchase/reimbursement of classroom instructional materials, e.g., paper, pens, printer ink, other general office supplies and instructional materials **Teacher Laptops:**

Each teacher is provided a laptop computer and printer, including licensing, testing, imaging, web filtering software, and anti-virus and anti-malware software.

- **Other Teacher Instructional Expenses:**

In addition to the categories above, resources are provided for miscellaneous teacher travel, printing, mailing and Internet Service Provider (ISP) stipends. ISP stipends will be provided in consultation with and upon approval of the HSTA.

### *Instruction – Students*

- **Assessments and Proctored Exams and Test Administration:**

Resources are budgeted for student testing, including testing site rentals, contract proctors, travel for proctors and staff, and any other state/ authorizer-specific testing requirements.

Includes planning for STAR360 or equivalent assessments for growth testing fall, winter, spring; ongoing formative assessments; unit tests; end of course testing; and state testing. ESP-provided testing support is included and described below.

- **ESP-provided Testing Computers, Equipment, Technology Services:**

Includes additional costs of testing administration: ESP-provided expertise, equipment, technology, testing computers, software, and internet access.

- **ESP-provided Learning Management System, Course Access and Content:**

K12 sends every teacher and student, curriculum and materials associated with his/her courses. Every student will be provided a full set of curriculum and access to the applicable Online School account. K12 offers innovative curriculum and corresponding

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materials to support academic performance. In addition, K12 provides instructional tools, including textbooks and supplies to students to help ensure they have the materials needed for success.

- **ESP-provided Student Device Leases, Logistics and Support:**

Accommodations will be made for students in need of computers via eligibility for Free or Reduced-Price Meal eligibility or otherwise. Those eligible students will be issued a computer and a printer. The School will establish a process for families that are not free or reduced-price lunch eligible but still in need of a computer to make a request to the School administrative team. The School will ensure access is available for all students. Services include:

- Hardware leases and software management, including licensing, testing, imaging, web filtering software, and anti-virus and anti-malware software.
- Equipment logistics, including shipping and handling charges, and refurbishment.
- Family technical support, including toll-free call center support for any technical issues, as well as free replacement services when issues are not able to be resolved.

- **Student Internet Service Provider (ISP) Stipends:**

Projections include Internet service stipends for students. Stipends will be based on a set rate per month outlined in the School Handbook and contingent upon completion of semesters. For students residing in rural areas where Internet access is not available or not an option due to financial constraints, the School will make every effort to ensure that the School is accessible to all students with available technology.

### *Student & Family Services*

- **Special Education Contracted Services & Other Related Expenses:**

The budget was developed based on historical trends of special education services that would be required for a projected 10.5% population of LNCA students.

Related services help children with disabilities benefit from their special education by providing extra help and support in needed areas, such as speaking or moving. Specific student related service needs are defined as part of the annual student Individualized Education Program (IEP) team meeting.

Related Services required in a student's IEP will either be provided by a licensed therapist or individual employed by or contracted by LNCA, ensuring that appropriate licensure and background checks are completed. Therapy may be delivered in-home, virtually, or face-to-face at a therapy center. Examples of services would include but not be limited to physical therapy, speech, and occupational therapy.

- **Student, Parent and Community Engagement Activities:**

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LNCA will provide various school events throughout each school year. The amounts budgeted for expenses related to these in-person and/or virtual events are based on projected costs and historical experience of similar virtual charter schools.

### *School Administration & Governance*

- **ESP-provided Administrative Support Services and Technology Services include:** Fees for these services are charged via terms of the LNCA Educational Products & Services Agreement (EPSA) between the Board and K12 and include:

#### **School Solutions and Operations Services:**

**Academic Support:** Provides educational program consulting, teacher effectiveness support and intervention support services.

**Special Education and Programs:** Offer programs that provide direct support to students with disabilities, ELLs, 504 and Federal Title funding. Help ensure policies and procedures are followed.

**Compliance Support:** Support School with state/district/Commission reporting, enrollment reporting/funding capture and teacher compliance tracking.

**Teacher Training and Effectiveness:** Support the development of new teacher training and ongoing professional development tools for instructional staff.

#### **Other Administrative Support Services include:**

**Business Administration:** Support grant and funding opportunities optimization, assist with Federal Entitlement Programs.

**Budgeting and Financial Reporting:** Assist with annual budget proposals, planning, forecasting, financial reports, working capital needs, treasury support services, non-profit filings, and audits.

**Compliance and Record Retention:** Support the design of the program's financial accounting system and maintain accurate student records on behalf of the Board. Help ensure accessibility of program records to Board, auditors, and state.

#### **Human Resources and Personnel Support:**

- K12 will work with LNCA's staff and its professional employment organization or equivalent payroll and benefits services provider ("PEO"), if applicable, to deliver recruiting assistance and hiring recommendations and to recommend human resources policies, bonus plans, and strategic plans for staffing, development, and growth.
- K12 shall assist the Board as necessary and appropriate to support its obligations to conduct criminal background checks and ensure all instructional staff hold and maintain the necessary licensures to comply with applicable law and to facilitate compliance with CBA staffing requirements.
- K12 will also provide teacher performance evaluation models to the Board for its employees and recommend and, if approved, conduct effective ways to measure teacher performance in a virtual setting.



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### **School-specific Support Services:**

Includes the costs of the ESP-employed non-Instructional support staff at LNCA, including salaries, benefits, and bonus, described in the left panel of **Attachment 25 - ORG** (Director of K12 Client Relations, Career Prep-Readiness/Academic Manager, Operations Manager, Compliance Coordinator/Registrar, and Assessment Coordinator).

### **ESP-provided Technology & Reporting Support Services includes:**

**Educational Systems:** Provides the Learning Management System, Student Information System and Course Content Management System to help create a virtual classroom experience.

**School Analytics and Monitoring:** Maintains the backend services that provide School and student performance insights and analytics. Schools receive access to insights through customized Student Academic Trackers and School Dashboards.

**Technology Support:** Provide students, staff, and teachers with technology support (e.g., through phone, messaging, or web-based support), as well as onsite support for administration.

**Reporting and Records:** Supports maintenance and reporting of student and School records, including applicable Commission reports, School reports, and state funding reports, as well as student academic performance, attendance, and progress reports. Data security, confidentiality, and compliance are applied to reporting and record maintenance.

**Backend Intelligence:** Host Schools' applicable data and provide 24/7 monitoring and security.

- **Non-instructional Staff Salaries, Benefits, and Bonus:**

These line items will cover the costs of the non-instructional support staff at LNCA. This includes non-instructional administrative staff salaries. . Annual cost of living increases of 3.0% in salaries are included in the projections. Positions included are School Director, Academic Administrator/Principal (Elementary and Middle/High School), Special Programs Administrator/Student Services Coordinator(SSC), Special Programs Coordinator (ELL/504), Social Worker, Community Engagement Specialist, Local HR/Payroll/Benefits Manager (also see Staffing Chart and Org Chart, **Attachment 14 – FIN** and **Attachment 25 - ORG**).

- **Other School Administrative & Governance Expenses:**

Other administrative and governance expenses included in the budget are auditing services, Board development and training, administrative travel, consulting expenses, temporary employee expenses, and membership fees. These costs are based on historical trends and vary with factors such as enrollment, staffing, and fees charged by outside service providers and vendors

### *Student Recruitment & Enrollment:*

- **ESP-provided Student Recruitment & Enrollment Services:**

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Includes student lifecycle care and supports schools, students, and families throughout their education experience, including recruiting, application process, admission, enrollment, and onboarding.

Website Support includes Hosting, development, design, publishing, and maintenance of School website and web service such as social media.

#### *Facilities/Insurance/Other*

- **Rent, Facilities Maintenance/Repair and Utilities:**  
Facilities and maintenance projections below are based on estimated market rates and historical trends with a growth rate of 3% per year.
- **Other Facilities/Other Costs:**  
Other facilities costs included in the budget are office technology, infrastructure and equipment, internet/data connection and phone service (a voice over IP (VOIP) system for instructional and administrative staff, conference call/Zoom/other services and phone service for instructional and administrative staff, copier and fax leases, postage and shipping, office supplies and equipment, computer equipment, and bank fees. These costs are based on historical trends of similar virtual charter schools and vary based on student enrollment and staffing.

#### **Balanced Budget**

The 5-Year budget projections yield a surplus in each year, subject to unknown risks in enrollment, legislative or HIDOE/Commission changes to funding formulas and other unforeseen business drivers, with attention paid to the guidelines of HSPCSC financial framework as a tool. A balanced budget will be achieved each year.

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### 15. Describe, with specific examples and details, how this proposed budget supports the school's mission and vision and how this budget allows the school to deliver its proposed model and theory of action.

With respect to Question 15, please also see **Attachment 14 – FIN** (Staffing Chart & Budget Narrative), **Attachment 14 – FIN** (Excel Budget), **Attachment – 15 FIN**, **Attachment 16 – FIN**, **Attachment 18 – FIN**, and **Attachment 25 – ORG** (organizational chart).

#### MISSION AND VISION AS REFERENCE:

Our mission is to provide a K through 12 world class, adaptive, synchronous, and asynchronous virtual learning environment powered to meet the needs and interests of students across Hawai'i wherever they are academically, physically, socially, and/or culturally and to prepare them for success in their chosen college or career path, in alignment with their individual kuleana.

Our vision is to create a charter school that continuously paves new pathways for virtual education, leveraging technology and innovative teaching methods to advance education for all student populations. We will create alliances with parents, families, and communities to improve outcomes for all learners, both High Need and Non-High Need Students. By providing Hawai'i's students with access to personalized learning and real-world experiences that prepare them for success in career, college, and beyond, we will create a brighter, more equitable future for these students and equip them with the tools they need to live, stay, and succeed in Hawai'i.

The proposed 5-year budget allows LNCA to deliver its proposed model and theory of action on two key dimensions:

The first dimension is the Board's proposed school organization structure (see Attachment 25 ORG and **Budget Line Items: Teacher and Administrative Salaries**) that has specifically been designed to:

- *meet the needs and interests of students across Hawai'i wherever they are academically, physically, socially, and/or culturally*
  - Academically – students will be provided with access to personalized learning and real-world experiences that prepare them for success in career, college, and beyond, as demonstrated in **Budget Line Item: ESP-provided Learning Management System, Course Access, & Content for Students & Teachers**.
  - Career & College Planning: students will have opportunities to explore career and college options including certifications in high demand industry pathways and supported but industry alliances, demonstrated by the Industry Advisory Counsel in the organization chart, and **Budget Line Items: Board Development & Training and Salaries (Career Counselors)**.
  - Physically/Geographically – students across Hawai'i are not restricted from attending LNCA due to the virtual delivery of the academic plan, as demonstrated by **Budget Line Item: ESP-provided Learning Management System, Course Access, & Content for Students & Teachers**.

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- In addition, there will be robust student recruitment marketing and enrollment support to reach students where they are geographically, as demonstrated by **Budget Line Item: ESP-provided Learning Student Recruitment & Enrollment Services.**
- Socially – students will be attending class sessions daily with peers from neighboring islands, as well as having the opportunity to engage in different types of social experiences to meet their needs as demonstrated **Budget Line Item: Student, Parent and Community Engagement and Travel** for building community alliances and meeting geographical needs. In addition, the Community Engagement Specialist position is a planned position (as described below) that will be utilized to increase social and community engagement and activities of LNCA.
- Culturally – students will be instructed by teachers Hawai'i teachers who are experienced in working in Hawai'i's multi-cultural student populations and are sensitive to the needs of our local students as demonstrated in and Hawai'i culture-focused curriculum. supported by the ESP, as well as **Budget Line Items: Teacher and Administrative Salaries.**
- *create-alliances with parents, families, and communities to improve outcomes for all learners, both High Need and Non-High Need Students, as demonstrated for High Need Students as demonstrated in **Budget Line Item: Special Education Contract Related Services.***

The organization structure and associated budgeted salaries include a School Director supported by a base of Administrative and Teacher staff for grades K through 12 for General Education and Career Prep/Readiness Education, as well as the associated General and Career Counselors, as demonstrated in **Budget Line Items: Teacher and Administrative Salaries.**

It then contemplates a Special Education/Programs population of 10.5% with a Special Education/Programs Academic Administrator/Student Services Coordinator (SSC), Special Programs Coordinator (for 504, EL, other), a Social Worker, and associated Teacher Staff. Budget for special education contract related services required in a student's Individual Education Plan (IEP) such as speech, physical therapy, and occupational therapy, as demonstrated in **Budget Line Item: Special Education Contract Related Services.**

In addition, a Community Engagement Specialist, will be coordinating parent, family, and community alliances, including **Budget Line Item: Student, Parent and Community Engagement.** These opportunities help to further develop connections and alliances with families and communities for all learners throughout Hawai'i.

Also included in the organizational chart and reflected in the budget as additional foundation for the Board-employed organization is the K12/ESP support that is also described throughout responses to other application questions. K12 direct and indirect staff support with expertise in virtual educational program design and administration will provide day to day academic and other operational support specifically to the School Director and staff, including training and development and overall program management. K12's administrative/instructional services

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fees are reflected in the budget and described in the applicable budget narrative sections, as demonstrated in **Budget Line: ESP-provided Administrative Services and Technology Services**.

The second dimension is that the Board has focused on world class innovation in virtual education:

- *an adaptive, synchronous, and asynchronous virtual learning environment*, as demonstrated by **Budget Line Item: ESP-provided Learning Management System, Course Access, & Content for Students & Teachers**, including:
  - Asynchronous learning environment allows students the opportunity to personalize the time they need each day to learn and absorb the content.
  - Synchronous learning environment where teachers are specifically trained to adapt and personalize instruction based on assessment data and individual student's needs.
- *that continuously paves new pathways for virtual education, leveraging technology and innovative teaching methods to advance education for all student populations*, including **Budget Line Item: Student Internet Service Provider Stipends and Student Computers via Budget Line-Item ESP-provided Student Devices/Laptop, Logistics & Support**.
- *world-class virtual education with K12 as our proposed Education Service Provider because of their 24 years of experience in virtual learning within the Academic Plan and the Operational Support as demonstrated in Budget Line: ESP-provided Administrative Services and Technology Services*

The Board's decision to work with K12 provides not only an information technology, learning management system and student/teacher/administration computer infrastructure for adaptive, synchronous, and asynchronous virtual learning, but also the reports and tools to continuously monitor student attendance, performance, and progress. K12 is also a leader in virtual education and in continuously innovating with teaching methodologies, approaches, and technologies to better serve students and families. These services are reflected in **Budget Lines for: K12's ESP-provided Learning Management System, Course Access & Content; Student Devices/Laptop, Logistics & Support; Testing Computers & Support; Student Recruitment and Enrollment Services and Other Administrative Support and Technology Support Services** and are described in the applicable budget narrative sections.

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**16. a. Describe your internal fiscal management system. What is the structure you plan to implement that demonstrates clear policies and practices that employs checks and balances to ensure effective fiscal rules and regulations?**

**b. How will oversight be provided within this system? Identify specific people/positions and explain their oversight duties/responsibilities.**

With respect to Question 16, please also see **Attachment 14 – FIN** (Staffing Chart & Budget Narrative), **Attachment 14 – FIN** (Excel Budget), **Attachment – 15 FIN**, **Attachment 18 – FIN**, and **Attachment 25 – ORG** (organizational chart).

### **Fiscal Management Overview**

The Board has planned for the financial management of LNCA and intends to engage the proposed ESP in a services agreement that will support the School's leadership in its financial management. The Treasurer (or the Board's designee, in conformance with state statutes and rules) will oversee and collaborate with the proposed ESP's Finance and Accounting Team ("ESP Finance") who will assist with financial management and perform finance-related administrative duties for the School, including assistance with budget planning, accounting, cash flow management, support of payroll/benefits, and financial reporting/compliance services, and will comply with the Board's policies as they pertain to financial and internal controls, policies, and procedures. The proposed ESP has extensive experience with financial management and fund accounting for over 70 public and private schools across the country.

ESP Finance's planning and operational skills include establishing the School's chart of accounts and accounting system, payroll and benefits reporting, inventory/asset management and tracking, invoicing, facilitating/coordinating insurance requirements, financial reporting, and day-to-day business operations. Under the leadership of the Treasurer (or the Board's designee, in conformance with state statutes and rules), ESP Finance will provide LNCA with the financial expertise, personnel, and support necessary to deliver the budgeting, financial reporting, funding capture, revenue assurance, and finance and accounting management services that will be described in the contract between the Board and ESP.

ESP Finance will attend and report at Board meetings, answer questions and take direction from the Board, and prepare and distribute reports as needed and as requested. As part of its financial services support, ESP Finance will provide finance, accounting, and staffing support to ensure segregation of duties to align with Board policies regarding proper internal controls. Financial controls are reviewed by ESP Finance's internal audit processes and the results of those audits shared with the Board. The Treasurer (or the Board's designee, in conformance with state statutes and rules), will provide oversight of ESP Finance and will make recommendations to the Board to assess and communicate the adequacy and risks of the internal controls ultimately chosen.

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### ***Internal Controls***

Internal controls are methods and procedures placed at various points in processes to provide reasonable assurance that guidelines are followed and that there is accountability for use of public funds, including:

- Safeguarding of assets
- Ensuring validity of financial reports and records
- Promoting adherence to policies, procedures, regulations and laws
- Promoting effectiveness and efficiency of operations
- Ensuring financial systems are secure and backed up as needed
- Ensuring separations of duties are properly maintained

### ***Control Objectives***

- Establish accountability at all points along the accountability chain
- Segregation of duties exist within the revenue/expense approval, data entry, and receipt/disbursement functions
- Transactions and events are properly authorized and recorded
- Responsible staff understand their duties, responsibilities, and accountabilities

### ***Segregation of Duties***

Segregation of duties is one of the most important features of an internal control plan. The fundamental premise of segregated duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same action. At a minimum, the following standards will be upheld:

- A minimum of two ESP Finance employees will be involved in each and every process and/or transaction.
- The employee issuing accounts payable checks cannot sign checks.
- Credit card expenditures will be kept at a minimum and will require prior approval or compliance with stated policy.
- The person receiving cash cannot be the person to reconcile cash.

The Treasurer (or the Board's designee, in conformance with state statutes and rules) will work closely with the ESP, the Board, and the Commission to navigate requirements for end-to-end finance and accounting business processes and to establish and ensure compliance with the law and the Board's policies. The ESP will provide the finance/accountant/business manager functions to accurately track and evaluate school finances. Financial controls and associated processes and procedures will be developed along the following key dimensions:

- Financial Reporting
  - Provide internal reports for school leadership and the Board
  - Manage external reporting to state and federal agencies
  - Prepare custom reports as necessary

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- Financial Compliance
  - Support charter agreement requirements
  - Monitor the execution of the services agreement between the Board and the ESP
  - Implement internal controls procedures
  - Regularly evaluate the school's financial performance including using the guidelines of the HSPCSC financial framework as a tool
  
- Accounting and Bookkeeping
  - Maintain financial records
  - Safeguard assets
  - Support financial audits
  
- Financial Planning and Analysis
  - Prepare annual budget and revisions
  - Provide forecasting and financial analysis
  - Manage cash flow and support of Treasury functions
  
- Finance and Accounting Operations
  - Support funding cycle
  - Support grant fund disbursement and expenditures
  - Ensure timely payments to vendors

The Treasurer (or the Board's designee, in conformance with state statutes and rules), with assistance from ESP Finance, will establish an accounting/bookkeeping software application approach for the School. ESP Finance currently uses a combination of reputable and workflow process-focused Enterprise Resource Planning and accounting systems for the maintenance and storage of financial records for other clients to further strengthen the fiduciary support function.

### **Reporting and Budget Process**

The Treasurer (or the Board's designee, in conformance with state statutes and rules), will work with ESP Finance to develop annual operating budgets, including revenue and expense input assumptions. Before June 1st of each year, a budget will be prepared and submitted to the Board for review. The budget will be made available for public inspection at least 15 days before the date of adoption. The Board will approve the annual operating budget prior to June 30th of the current fiscal year, in accordance with state law.

ESP Finance will regularly review budgets and forecasts against actual financial results and continuously assess and communicate risks to the School Director and to the Treasurer (or Board's designee) and other Board members. ESP Finance will monitor and ensure financial compliance with the Commission and Hawai'i State Board of Education (BOE) requirements.



## Attachment 16 - FIN

**b. How will oversight be provided within this system? Identify specific people/positions and explain their oversight duties/responsibilities.**

### Financial Oversight

The Board will have fiduciary responsibilities to provide financial oversight of the School. This will include oversight of the budget, holding the school staff and ESP accountable for budget management, and ensuring financial controls and policies are in place. The Board will maintain ultimate responsibility for the School including the School's finances and will be responsible for adopting the School's annual operating budget.

The Board will ensure that the School complies with all applicable laws, rules, regulations, and provisions of its charter contract relating to financial reporting requirements, including, but not limited to, complete and on-time submission of its annual and revised operating budgets and any applicable program budgets, annual financial audits, and IRS filings. The Board acknowledges that fiscal procedures will be consistent with Hawai'i State- and Federal financial management standards and guidelines.

With its background in school governance, financial management, and non-profit accounting, the Board is well-equipped to lead this effort. Accurate and timely reporting will be key to supporting the programs that will enable the Board to achieve its mission of meeting the needs and interests of students across Hawai'i wherever they are academically, physically, socially, and/or culturally and to prepare them for success in their chosen college or career path, in alignment with their individual kuleana. LNCA will maintain enrollment and attendance records for all students, including students with disabilities, English Learners, and those eligible for free –and-reduced-price lunch. All records will be maintained in the strictest confidentiality as required by law and in accordance with the Family Education Rights and Privacy Act (FERPA).

## Attachment 17 - FIN

**17. In response to local and national teacher shortages, describe your teacher recruitment and retention strategies; include target goals, timelines for recruitment, and on-going actions for retention should you be approved.**

- a. What is your contingency plan for teacher recruitment should you not achieve your target goals and timelines for recruitment? Also explain and describe the impacts this will have on the proposed budget that you have prepared.**

### **Teacher Recruitment, Hiring, and Retention**

In accordance with the Hawai'i plan under the Every Student Succeeds Act (ESSA), it will be the goal of LNCA to employ the best qualified teachers and administrators available. We will seek to employ only "high-quality" individuals, defined as employees that are properly credentialed and appropriately experienced instructors who value - above all else - meeting the individual learning needs of each and every student by establishing high expectations and creating an engaging and supportive learning environment in which those expectations can be met. With assistance from the K12, who has extensive experience performing this function for other clients, we will use multiple means of communicating with and building relationships with potential candidates of diverse backgrounds including job advertisements rich with content about the LNCA and its online model; best practice employee referral programs; informational webinars and recruiter office hours; college recruiting; job and interview fairs, as well as active and passive candidate sourcing techniques. We will also make use of university relationships, social media, and available talent communities. Our assessment process will incorporate situational, skills, competency, and behavioral methodologies. Candidate assessments will be applied through screening questionnaires as well as digital, phone, and in-person interviews.

LNCA will employ teachers that possess online teaching competencies and qualities identified by the proposed ESP's research, conducted in partnership with Southern New Hampshire University, about effective online teaching. Teachers will have a bachelor's degree or higher, required state licensure, and demonstrate competency in either elementary education or in a secondary subject area, depending on the grade level or subject they will teach. Teachers and other employees with bilingual skills will be recruited and hired as necessary to meet student and school needs. The faculty will include general and special education teachers at all appropriate grade levels to meet the needs of the student population. The number and types of teachers recruited will depend on student needs from year to year. Ongoing enrollment may necessitate hiring throughout the year, which K12 has experience doing in support of its other clients.

Prior to opening in the fall of 2024, the process to advertise for, select, and employ instructional employees for LNCA will take place in the spring of 2024. LNCA will secure a pool of high-quality teachers with a commitment to creating a positive, engaging learning culture. The proposed ESP has developed a teacher recruitment and retention process that nurtures a talent pipeline and structures a robust and consistent hiring process that includes early hiring practices to attract and hire the best teacher candidates. The application process is designed to address and draw out the unique set of skills, aptitudes, and abilities that online teaching requires.

## Attachment 17 - FIN

1. The recruitment and hiring process is coordinated by internal recruiting employees from the proposed ESP with support from talent sourcing specialists and coordinators. Jobs will be posted on various media, including *Indeed*, *LinkedIn*, *Education Week*, state specific job boards, and social media. The proposed ESP continuously cultivates relationships with universities and colleges and will draw upon a database of potential employees from institutions of higher learning in Hawai'i. LNCA branding, social media, and "talent communities" – virtual environments where like-minded professionals can interact with recruiting professionals to learn about the organization and opportunities – provide additional avenues through which qualified and diverse employees will be sourced. The proposed ESP also has an active internal employee referral program that enables employees to participate in the recruiting process and to work with talented professionals from their network. In consultation with and upon approval of the Hawai'i State Teachers Association (HSTA), in exchange for bringing the highest caliber of talent to the proposed ESP, current employees are paid a bonus in the last payroll of the month following the first 90 days of employment of the new hire they refer.

The recruitment and hiring process has five screening steps that candidates must go through before a determination is made regarding whether or not to hire. At the direction of the School Director and School's HR Manager, the proposed ESP will support the LNCA in the initial steps of the process to eliminate candidates who are underqualified. Once qualified candidates are identified, LNCA's appropriate administrator(s) will take part in the digital and phone interviews and virtual teacher assessment process:

1. Initial Screening: initial assessment comprised of closed-ended questions to evaluate if a candidate meets the basic qualifications for the position. Questions include licenses, salary expectations, and availability.

2. Qualifications Screening: includes review of the education, years of experience, licensure verification, years of experience, and skills minimally required to be successful in the position. A resume is reviewed to assess a candidate's work experience and qualifications. The resume combined with the Initial Screening answers provide a recruiter with the information to make an initial determination of whether the candidate is qualified for the position.

3. Digital Interviews: a series of behavioral and competency-based questions in which a candidate records their answers on video or in writing. These digital interviews are evaluated by subject matter experts and school administrators to assess the quality of candidates.

4. Interviews (in-person or via phone): hiring managers have a conversation about the school, position, and expectations. The most common method of interviews is a phone panel of school administrators. Questions are customized to each position.

5. Virtual Teacher Assessment: within the digital interview platform, candidates are asked to present a sample virtual lesson and are asked to review a sample student data set and answer questions using the data that would inform instruction and lesson plan development. School administrators and/or subject matter experts review the recordings based on instructional content and delivery using a rubric.

Teachers will be state employees and will belong to the same collective bargaining units as HIDOE employees in similar positions. They will comply with state laws regarding state-mandated

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background checks. Teachers will have access to health and retirement benefits provided by the Hawai'i Employer Union Health Benefits Trust Fund (EUTF) and the Employees Retirement System of the State of Hawai'i (ERS).

### Ongoing Teacher Retention Activities

LNCA is aware of the history of and the current high teacher resignation and retirement rates and decreasing teacher hiring rates in Hawai'i resulting in a teacher shortage. A recent HIDEO employment report documented the shortage as of SY2021-2022.<sup>1</sup> The retention rate of Hawai'i public school teachers after five years of employment was just over 50%. LNCA will have several ways to implement teacher retention activities:

- **Competency-Based Online Professional Development.** K12 has worked with SNHU to conduct a research project about the efficacy of online professional development for instructors. It was concluded that competency-based learning was most effective when training staff online. The training modules have been developed to reflect the competency-based approach for online professional development. The following competency-based Professional Learning Modules (PLMs) will be available for all LNCA teachers and leaders:
  - SNHU-Created PLMs
    - Building and Maintaining Learning Coach Relationships
    - Using Data to Differentiate Instruction
  - K12-Created PLMs
    - Creating an Engaging Learning Culture
    - Planning Intentional Instruction
    - Intentional Instruction I
    - Math Collaborative Problem-Solving
    - Culturally Responsive Teaching
    - Targeted Instruction Level 1
    - Targeted Instruction Level 2
    - Trauma Informed Schools Reading Foundations Pathway (in development) - a 5 course series
    - Math Foundations Pathway (in development) - a 6 course series
- **Southern New Hampshire University (SNHU) Masters.** K12 has partnered with SNHU to offer teachers and administrators at schools contracting with K12 an opportunity to enroll in a Masters in Education (M.Ed.) in Online Instruction program or choose from six related specializations designed specifically with online teachers and administrators in mind. The specializations and outcomes are:

Specializations	Outcomes
Data-Driven Planning & Instruction	Use data to improve teaching practice for diverse student populations.

<sup>1</sup> <https://www.hawaiipublicschools.org/Reports/EmploymentReport2021-22.pdf>

**Attachment 17 - FIN**

<b>Online Education Fundamentals</b>	Gain an understanding of the educational theory underpinning online instruction.
<b>Technologies Competency &amp; Best Practices in Online Education</b>	Apply technology to improve instructional practices and address student needs.
<b>Collaborative &amp; Supportive Online Education Environments</b>	Explore strategies to create and support an online learning community.
<b>Leadership in Online Education</b>	Evaluate and develop skills to lead teachers online.
<b>Professional Practice</b> <i>Note: Requires pre-requisites and a capstone project</i>	Design and deploy curriculum in online learning environments.

Using a competency-based model, the SNHU program is focused on teachers and administrators gaining skills relevant to their jobs with real-world projects and assignments that emphasize practical application. K12 will cover up to 100% of tuition expenses (excluding graduation fees) for eligible and accepted Specialization and M.Ed. in Online Instruction students. Tuition will be paid by K12 for eligible LNCA staff to complete the M.Ed in Online Instruction with SNHU. Please see <https://www.snhu.edu/lp/workforce-partnerships/k12-teachers> for detailed information about the M.Ed. in Online Instruction and specializations programs.

- Professional Development for Teachers of Special Needs Populations.** Special programs teachers, including English Learner teachers, special education teachers, and gifted teachers are included in all aspects of K12’s professional development services. To develop effective learning plans (such as IEPs, Education Plans, and EL plans) with appropriate content, instructional modifications, and measurable goals, teachers must possess knowledge of specific curriculum content as well as intervention and adaptation points within the curriculum to successfully teach their students. In such situations, learning activities and assessments may require accommodations to meet the terms of a student’s IEP. Accordingly, all teachers must become familiar with the full scope and sequence of the curriculum, the goals for each child, and the ways they can best achieve success through content or instructional modifications. Special programs teachers participate in the same New Teacher Orientation as other teachers. They are also assigned one additional module: *Resources for Special Education*. While this module is only assigned to special programs teachers, the content is accessible to all general education teachers and includes: accessible materials; accommodations and modifications in the virtual environment; sample accommodations and modifications checklist; alternate format for textbooks; compliance and academic review audit; data collection and progress reporting; due process; extended school year; IEPs (including data collection, progress tracker; measurable SMART goals and objectives; present

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levels of performance; special factors, and writing intake; special education auditing tools; NIMAS and Bookshare; and the special program teacher's role in related services.

- **Teacher Pulse Checks and Teacher Satisfaction Survey.** The in-year Thriving Pulse Checks and the annual Teacher Satisfaction Survey are two critical tools that will be utilized to understand teacher experiences and provide direction to the initiatives intended to improve teacher recruitment and retention.
  - **Teacher Pulse Check Overview.** Thriving Pulse Checks (TPC) are short, periodic surveys which will be answered by teachers throughout the school year including responses to key questions about satisfaction, morale, and engagement to glean insight into our teacher's experiences. These surveys are intended to identify and help address teacher issues and concerns during the school year as well as provide valuable information and data intended to drive priorities and programmatic changes. Four pulse check surveys will be administered throughout the school year. The first will take place within the first two weeks of the school year and the rest are scheduled based on the school calendar. Questions asked on the first two TPCs will be the same and will focus on satisfaction, morale, materials, training, and student/Learning Coach readiness. The remaining TPCs continue to ask questions relative to satisfaction, morale, and teacher engagement. These pulse checks will be part of ongoing efforts to address teacher satisfaction and effectiveness.

Following the close of each TPC survey, results will be immediately shared with the School leadership team and K12's regional and national School Services staff. Strategic analysis of the data will drive discussions and changes within the School and K12. As results align or deviate from the annual Teacher Satisfaction Survey data, workgroups and projects will be developed to enhance and elevate the teacher experience.
  - **Teacher Satisfaction Survey Overview.** The Teacher Satisfaction Survey is a questionnaire that will be administered annually by K12 in May of each school year to better understand teacher experience, culture, and satisfaction. The survey will collect demographic information from the teachers, including position details such as serving as a lead or special programs teacher, grade and subject levels taught, and years of teaching experience. Additionally, several open-ended questions will be asked so teachers can offer detailed feedback alongside the Likert-scaled questions. The bulk of the survey will seek responses related to the teacher experience in the areas of teacher training and support, culture, retention, challenges, and barriers. Occasionally, special topics will be included in the survey on an as-needed basis.

Results and analysis of the survey will be completed by the K12 Marketing research group in early summer. Results will be shared with the Board, School leaders and, if requested, the Commission. The LNCA will use the results in setting goals and making improvements.

### a. Contingency Plan for Teacher Recruitment

K12 has developed a teacher recruitment and retention process, as stated above, that nurtures a talent pipeline and structures a robust and consistent hiring process that includes early hiring practices to attract and hire the best teacher candidates. LNCA will direct K12 to prioritize and focus recruitment efforts on recruiting Hawai'i licensed

### **Attachment 17 - FIN**

teachers. However, if we are unable to recruit talent from Hawai'i, one of the benefits to working with K12 is that we have access to a strong recruitment arm that has deep reach to finding talent from across the country. Powered by a virtual learning environment, empowered by the emergency hire teacher requirements, and with the flexibility of reciprocity, LNCA will communicate and work with HSTA and HGEA to best handle any teacher or administrator shortages that we might face. If discussions are fruitful and our pilot programs or supplemental agreements are successful, our innovations could help to inform practices for all public schools in Hawai'i.

The costs of teacher recruitment and retention services provided to LNCA by the ESP have been included in the budget submitted in this application.

### Attachment 18 - FIN

**18. If your school is approved, you will not receive any state funding for the pre-opening period. In reviewing the pre-opening assurances (Sample Pre-opening Assurances<sup>6</sup>) explain how your proposed school will raise the amount needed during the pre-opening period. Include and describe:**

- a. The amount of funding your proposed school requires during the pre-opening period;**
- b. What these funds will be spent on; and**
- c. Funding raising plans and what potential sources of funding will be sought.**

With respect to Question 18, please also see **Attachment 14 – FIN** (Staffing Chart & Budget Narrative), **Attachment 14 – FIN** (Excel Budget), **Attachment – 15 FIN**, **Attachment 16 – FIN**, and **Attachment 25 – ORG** (organizational chart).

Planning Year - Start-up Costs: Start-up expenses during the planning year will be approximately \$440,000. Start-up costs are expected to include expenses to support student, parent and community engagement and awareness events and travel; administrative office and lease negotiations, lease deposit, and lease expenses; office infrastructure and furniture; and the onboarding of launch staff. Staff onboarding costs would include compensation for key administrative and instructional staff, laptops, and travel expenses. This would include having the School Director in place on a contract basis to support the critical recruiting of key administrative and instructional staff, as well as to support community building and the recruitment of students.

The LFHF is currently preparing to launch a fundraising plan in parallel with approval of our LNCA charter school application. LFHF is responsible for the viability of LNCA and understands the gravity of raising necessary funds, especially for the Planning Year/Year 0 Budget.

- Members experienced in fundraising were recently added to the board. Our fundraising efforts are led by Finance Committee Chair Ryan Naka, who is experienced in marketing and development and has successfully fundraised for a local nonprofit.
- We have set preliminary fundraising goals and milestones that may be aligned with final approval of our charter application.
- We have initiated discussions with potential donors to include individuals, businesses, and a foundation.
- Prior to approval, we are building our nonprofit fundraising case statement and are assembling a Finance Committee of people who are passionate about what LNCA seeks to accomplish to help LFHF quickly acquire founding donors.
  - The methods we will use for acquiring these donors will be one to one meetings; presentations to community members, businesses, organizations and associations; donor events; and seeking grants.