

Charter School Oversight

By San Diego County Small School Districts

EXECUTIVE SUMMARY

Considerable discussion has appeared in the educational community concerning the ability of small school districts to adequately oversee multiple charter schools. There are 11 school districts in San Diego County with an enrollment of less than 1,000 students exclusive of charter school enrollments.¹ Of these 11 districts, six have active authorized charter schools. Of these six districts, four have authorized multiple charter schools (two or more).²

The 2018/19 San Diego County Grand Jury (Grand Jury) studied the four small school districts that have authorized multiple charter schools to evaluate the oversight they provide to their charters. The Grand Jury found that all four authorizing districts meet the California Education Code's minimum duties for charter oversight. However, the Grand Jury also found that the oversight visits by the authorizing districts to the charter schools are too brief and too few to provide meaningful oversight. Additionally, the Grand Jury found that the four authorizing districts typically did not include a formal, structured, criteria-based plan to guide their visits.

The Grand Jury recommends that the Superintendents of each of these four small school districts increase the length and frequency of charter school visits. The Grand Jury also recommends that the Superintendents develop and implement a comprehensive formal plan, including methods for observing and evaluating virtual (online) learning, to help guide visits and to allow for comparisons with subsequent visits.

BACKGROUND

While educational critics have noted that small school districts may not have the ability for sufficient oversight due to limited resources, there has not been a study of what small districts in San Diego County actually do to meet the requirements of the California Educational Code. There are six small school districts in San Diego County that have authorized a total of 18 charters. Four districts have authorized two or more charters each for a total of 16. These four authorizing districts were studied to evaluate their system for oversight.

METHODOLOGY

In response to a citizen complaint, the Grand Jury researched relevant documents and websites, surveyed the six small school districts that authorized charter schools, and interviewed representatives of the four districts with multiple authorized charter schools:

¹ San Diego County Office of Education. [www.sdcoe.net/business-services/financial-services/pupil-accounting/Documents/2017-18 ADA Report.xlsx](http://www.sdcoe.net/business-services/financial-services/pupil-accounting/Documents/2017-18%20ADA%20Report.xlsx). retrieved: February 6, 2019

² California Department of Education. www.cde.ca.gov. retrieved: February 6, 2019

Dehesa Elementary School District; Julian Union Elementary District; Spencer Valley Elementary School District; and Warner Unified School District.

DISCUSSION

The 2000/01 San Diego County Grand Jury, in a report titled "*A Descriptive Study of Charter Schools in San Diego County*", stated "The [Grand] jury was unable to verify that any of the [authorizing] school districts involved had a written procedure for conducting oversight."³ At the time, there were 33 charter schools in San Diego County; by 2018, there were over 100. With this increase of charter schools, oversight becomes an even more important issue.

Four districts whose enrollment totals less than 1,000 students have authorized 16 charter schools, as summarized in Table 1 below:

1. Dehesa Elementary School District;
2. Julian Union Elementary District;
3. Spencer Valley Elementary School District; and
4. Warner Unified School District.

Of the 16 charter schools above, ten are classified by the California Department of Education (CDE) as primarily virtual (online) or exclusively virtual. Six are classified as not virtual.

- Exclusively Virtual – The school has no physical building where students meet with each other or with teachers, all instruction is virtual.
- Primarily Virtual – The school focuses on a systematic program of virtual instruction but includes some physical meetings among students or with teachers.
- Not Virtual – The school does not offer any virtual instruction.

Although defined as "not virtual", some "not virtual schools" do have a limited number of virtual classes as an option. Some "not virtual" schools are home schools.

California's Education Code Section 47604.32 identifies the minimum duties of a charter authority. A charter authority is a school district, the county office of education or the State Board of Education. The charter authority must:

1. Identify at least one staff member as a contact person for the charter school.
2. Visit each charter school at least once annually.
3. Ensure that each charter school under its authority complies with all legally required reports.
4. Monitor the fiscal condition of each charter school under its authority.
5. Provide timely notification to the department [CDE] if any of the following circumstances occur, or will occur, with regard to a charter school for which it is the chartering authority:

³ San Diego County Grand Jury 2000/01. "A Descriptive Study of Charter Schools in San Diego County." (2000/01): pg 38.

- a) A renewal of the charter is granted or denied.
- b) The charter is revoked.
- c) The charter school will cease operation for any reason.

Table 1, School Districts, Charter Schools, Classification, Grade Levels and Locations

District	Charter School	Classification	Level	Location
Dehesa Elementary				
(8 schools)	California Academy of Sports Science	Primarily Virtual	K-12	Ontario
	Diego Hills Central Public Charter	Not Virtual	K-12	San Diego
	Inspire Charter School – South	Primarily Virtual	K-12	El Cajon
	Method Schools	Primarily Virtual	K-12	Murrieta
	Pacific Coast Academy	Primarily Virtual	K-12	El Cajon
	The Heights Charter	Not Virtual	K-8	Alpine
	University Prep	Primarily Virtual	K-12	Ontario
	Valiant Academy of Southern California	Primarily Virtual	K-12	Ontario
Julian Union Elementary				
(4 schools)	Diego Valley East Charter	Not Virtual	K-12	El Cajon
	Harbor Springs Charter	Primarily Virtual	K-12	Temecula
	Julian Charter	Not Virtual	K-12	Julian
	Julian Charter, Cardiff	Not Virtual	K-8	Cardiff
Spencer Valley Elementary				
(2 schools)	California Virtual Academy @ San Diego	Primarily Virtual	K-12	Simi Valley
	Insight @ San Diego	Exclusively Virtual	K-12	Simi Valley
Warner Unified				
(2 schools)	All Tribes Charter	Not Virtual	K-12	Valley Center
	California Pacific Charter - San Diego	Primarily Virtual	K-12	Newport Beach

General guidance and assistance on issues, such as funding and compliance with mandated reports, may also be provided by the charter authority. In addition to granting a charter, the charter authority may establish an agreement with the charter school regarding the format, frequency, and scope of oversight activities called Memorandums of Understanding (MOU). The charter authority is responsible for ensuring the charter school operates in compliance with all applicable laws and the terms of its charter.

The Grand Jury interviewed a representative of each school district to learn how they fulfilled the minimum duties required by California’s Education Code Section 47604.32.

Contact Person(s)

The Grand Jury found that each of the four authorizing districts properly designated a district contact person or persons for its charter schools. Typically, these include either the Superintendent or the Chief Financial (Business) Officer (CBO), or both. If necessary, other district personnel are included.

Charter School Visits

Each of the four authorizing districts arranged visits to their charters. Each district reported conducting at least one annual visit to the charter site, as required. If circumstances dictated, such as report compliance problems or excessive parent complaints, additional visits were arranged. A committee of one to three district personnel usually conducted the visit in the Fall or Spring, although these visits were scheduled at any time during the school year. If multiple school visits were arranged, a visit would usually take place in both Fall and Spring. Practically all visits were announced and arranged for convenience, so that authorizing district representatives could meet with charter school personnel. All districts, in turn, reported to their respective school boards about their visits.

If a charter has a physical school site, then visits generally lasted between one and one-half to three hours. One district representative reported conducting visits lasting an entire school day. The districts reported conducting classroom visits with spontaneous discussions among teachers and students. Discussions with administrative personnel tended to focus on finance and compliance issues, such as Average Daily Attendance (ADA). Other issues involving curriculum, assessment, instruction, facilities, governance, personnel and student services may or may not have been included in the discussion.

If the classes are not offered virtually, visits to the physical classrooms are the norm. If the charter is a home school, primarily virtual, or exclusively virtual, visits are usually to the charter's business or corporate center, often taking place in a conference room with administrators. Since home school or virtual charters have no classrooms and, since all teacher-student interaction is at the student's home or online, visits to the student's learning environment are not deemed practical, so no such visits were conducted.

Almost all meetings between charter school representatives and authorizing school district boards involved prearranged meetings. Only one district representative reported conducting an impromptu, unannounced visit to a school site.

The Grand Jury found that three of the four districts have no set plan, no set checklists and no specific criteria during their visits. Understandably, discussions during these visits appear to follow no set pattern. Only one district representative had a self-created checklist. None of the four authorizing districts had a formal, structured, criteria-based list for reference during their visit or to help compare with prior visits.

By contrast, other school regulatory agencies, such as the Accrediting Commission for Schools - Western Association of Schools and Colleges (WASC), utilize extensive checklists that their visiting committees refer to during their visits. Such checklists are formal, structured, criteria-based tools used during accreditation visits. After the visits, none of the districts created formal reports. The Grand Jury considers the lack of structure during visits to be a significant limitation to adequate and consistent oversight.

Furthermore, the Grand Jury considers only one regularly scheduled visit per year for one and one-half to three hours to be inadequate for sufficient oversight. For instance, WASC spends considerably more time at the school sites. Topics such as fiscal concerns, curriculum and instruction, facilities, governance, personnel and student services require thorough review rather than a short assessment.

The Grand Jury was quite surprised to find that visits to home schools (whether primarily or exclusively virtual) to evaluate curriculum and instruction were typically not performed. The Grand Jury understands that such visits are difficult because of their structure; however, they should be performed on a regular basis. Additionally, a criteria-based plan should be created to accompany the visit. Criteria for virtual instruction can be found in the International Association for K-12 Online Learning (iNACOL), National Standards for Quality Online Teaching and may be used where appropriate.⁴

The Grand Jury also found the distance between the authorizing district and some of the charter schools to be a concern. Some charters, especially those classified as primarily or exclusively virtual or home school, are a considerable distance from the authorizing districts, limiting the possible number and length of visits.

The four authorizing districts rely on self-reporting of the charters for all of the data they receive, leaving open the possibility of intentional or unintentional misleading information. For instance, ADA is self-reported and the districts rely on quarterly reporting of this data. Attendance has been cited by critics as an area where some charter schools nationwide have provided fraudulent reports to inflate their average daily attendance, increasing funding from the state.^{5,6} Additionally, unless fiscal data is audited by a third party, most financial data is also self-reported to the authorizing districts.

The Grand Jury recognizes review of the charter's curriculum and instruction to be another recurring issue. Curriculum and instruction are important since each charter school must state in the initial charter what its proposed curriculum is, what its method of instruction is and what

⁴ iNACOL National Standards for Quality Online Teaching (v2). n.d. www.inacol.org/resource/inacol-national-standards-for-quality-online-teaching-v2. retrieved: November, 15 11 2018.

⁵ In The Public Interest. "Fraud and Waste In California's Charter School." 2018. www.inthepublicinterest.org/report-fraud-and-waste-in-californias-charter-schools/. retrieved: November 11, 2018.

⁶ The Popular Center for Democracy. "Risking Public Money: California Charter School Fraud." 2015. <https://populardemocracy.org/californiacharterfraud>. retrieved: November 15, 2018.

student outcomes should be. It is the authorizing district's responsibility to ensure the charter's curriculum and instruction are producing appropriate student outcomes. All the districts reported permitting the charters considerable freedom from curriculum or instructional review. This freedom from review stems from a variety of reasons. For example, due to short visits, there is insufficient time to review all curriculum and instruction. Similarly, there is a large amount of trust that charters can operate their own curriculum and instruction. This seems especially true for home schools and virtual schools, where curriculum is difficult to view and instruction is at multiple sites or online. Student outcomes are largely evaluated by using the results from state standardized testing. Other methods, such as grades, course completion rates, essays, and project results could be useful to help evaluate student outcomes. The Grand Jury considers the lack of curriculum and instruction review as another example of inadequate oversight.

Compliance with Reports

The Grand Jury found each of the four authorizing districts monitors the submission of mandated state reports by the charter schools. The reports included: a preliminary budget; two interim financial reports; a final unaudited or audited report; a local control and accountability plan (LCAP); and quarterly and final ADA reports. Normally, the districts reviewed these reports before they were submitted to the County Office of Education. Most districts also reported reviewing WASC reports on accreditation for their charters. If the charters ask for assistance in compliance with any of the reports, the districts reported that assistance was always available.

Monitoring Fiscal Conditions

Each authorizing district reported monitoring the fiscal condition of their charters. The districts normally use all mandated reports as a basis for their evaluation of the charters' fiscal condition. Reviews of the preliminary budget, interim financial reports, LCAPs, and final financial reports are completed annually. Audited financial reports, either by the charter or by outside agencies, are also reviewed. ADA, an important factor in determining state funding, is reviewed quarterly and at the school year's end. If additional fiscal or attendance audits are necessary, districts reported they can be arranged and conducted.

The Grand Jury realizes the importance of fiscal oversight. Charter schools have been the center of many inquiries in recent years, especially concerning the possibility of fraud and misuse of public funds. In 2017, the Fiscal Crisis and Management Assistance Team (FCMAT) stated:

“Charter schools have potential for fraud because compared to traditional public schools, they may have less oversight, less regulation, fewer staff (and thus more overlapping duties), and staff with less formal accounting experience.”⁷

⁷ FCMAT. <http://fcmat.org/california-charter-school-accounting-and-best-practices-manual.2017>. retrieved: November 8, 2018.

The Grand Jury echoes these concerns. Although the four authorizing districts reviewed final reports, none of the districts stated they had influence over internal control of fiscal matters and ADA reporting. This lack of influence can lead to misuse of public funds. The Grand Jury is apprehensive about the districts' apparent lack of comprehensive fiscal oversight, and believes a more formal, structured, comprehensive, criteria-based plan during visits would help improve fiscal oversight.

Provide Timely Notification

The Grand Jury found all four authorizing districts appropriately notified the California Department of Education if renewals of the charter are granted or denied, if a charter is revoked or if a charter ceases operation.

Memorandums of Understanding

Each of the four authorizing school districts has a Memorandum of Understanding (MOU) with their charter schools. The MOUs typically include provisions specifying: term and renewal policies; funding; legal compliance and relationships; fiscal reporting; district oversight; district services; special education or 504 services; insurance and risk management; employment of teachers; educational programs and curriculum; data reporting such as ADA; facilities; pupil transportation; and charter or district obligations. Some MOUs remain in effect the entire term of the charter, normally five years, though some can be yearly. The Grand Jury found the MOUs to be adequate in specifying district oversight and responsibilities.

FINDINGS

Finding 01: All four authorizing school districts studied are found to be in compliance with the minimum oversight requirements for their charters.

Finding 02: The authorizing districts visits are too short and too infrequent for competent oversight.

Finding 03: Limited oversight visits to home schools, primarily virtual or exclusively virtual schools are ineffective.

Finding 04: Oversight visits to the charter schools lack direction and criteria-based plans.

RECOMMENDATIONS

Although the districts studied meet the minimum requirements set by California's Education Code Section 47604.32, the 2018/2019 San Diego County Grand Jury recommends the Superintendents of Dehesa Elementary School District, Julian Union Elementary District, Spencer Valley Elementary School District, and Warner Unified School District:

19-37: Increase the duration and the frequency of their visits to their charters beginning with the next (2019/20) school year.

- 19-38: Create and implement a formal, structured, criteria-based plan for guidance during their visits to their charters by the 2019/20 school year and continue these practices into the future.**
- 19-39: Investigate methods for observing and evaluating virtual learning as an extension of their charter visits by the 2019/20 school year.**

REQUIREMENTS AND INSTRUCTIONS

The California Penal Code §933(c) requires any public agency which the Grand Jury has reviewed, and about which it has issued a final report, to comment to the Presiding Judge of the Superior Court on the findings and recommendations pertaining to matters under the control of the agency. Such comment shall be made *no later than 90 days* after the Grand Jury publishes its report (filed with the Clerk of the Court); except that in the case of a report containing findings and recommendations pertaining to a department or agency headed by an elected County official (e.g. District Attorney, Sheriff, etc.), such comment shall be made *within 60 days* to the Presiding Judge with an information copy sent to the Board of Supervisors.

Furthermore, California Penal Code §933.05(a), (b), (c), details, as follows, the manner in which such comment(s) are to be made:

- (a) As to each grand jury finding, the responding person or entity shall indicate one of the following:
 - (1) The respondent agrees with the finding
 - (2) The respondent disagrees wholly or partially with the finding, in which case the response shall specify the portion of the finding that is disputed and shall include an explanation of the reasons therefor.
- (b) As to each grand jury recommendation, the responding person or entity shall report one of the following actions:
 - (1) The recommendation has been implemented, with a summary regarding the implemented action.
 - (2) The recommendation has not yet been implemented, but will be implemented in the future, with a time frame for implementation.
 - (3) The recommendation requires further analysis, with an explanation and the scope and parameters of an analysis or study, and a time frame for the matter to be prepared for discussion by the officer or head of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable. This time frame shall not exceed six months from the date of publication of the grand jury report.
 - (4) The recommendation will not be implemented because it is not warranted or is not reasonable, with an explanation therefor.
- (c) If a finding or recommendation of the grand jury addresses budgetary or personnel matters of a county agency or department headed by an elected officer, both the agency or department head and the Board of Supervisors shall respond if

requested by the grand jury, but the response of the Board of Supervisors shall address only those budgetary or personnel matters over which it has some decision making authority. The response of the elected agency or department head shall address all aspects of the findings or recommendations affecting his or her agency or department.

Comments to the Presiding Judge of the Superior Court in compliance with the Penal Code §933.05 are required from the:

<u>Responding Agency</u>	<u>Recommendations</u>	<u>Date</u>
Dehesa Elementary School District	19-37 through 19-39	9/18/19
Julian Union Elementary School District	19-37 through 19-39	9/18/19
Spencer Valley Elementary School District	19-37 through 19-39	9/18/19
Warner Unified School District	19-37 through 19-39	9/18/19

BIBLIOGRAPHY

- iNACOL National Standards for Quality Online Teaching (v2). n.d.
www.inacol.org/resource/inacol-national-standards-for-quality-online-teaching-v2. 15 11 2018.
- California Department of Education. www.cde.ca.gov. 5 11 2018. 6 2 2019.
- FCMAT. <http://fcmat.org/california-charter-school-accounting-and-best-practices-manual>. 2017. 8 11 2018.
- In The Public Interest. "Fraud and Waste In California's Charter School." 1 3 2018.
www.inthepublicinterest.org/report-fraud-and-waste-in-californias-charter-schools/. 13 11 2018.
- San Diego County Grand Jury 2000/01. "A Descriptive Study of Charter Schools in San Diego County." (2000/01): pg 38.
- SDCOE. [www.sdcoe.net/business-services/financial-services/pupil-accounting/Documents/2017-18 ADA Report.xlsx](http://www.sdcoe.net/business-services/financial-services/pupil-accounting/Documents/2017-18%20ADA%20Report.xlsx). 6 8 2018. 6 2 2019.
- The Popular Center for Democracy. "Risking Public Money: California Charter School Fraud." 2015. <https://populardemocracy.org/californiacharterfraud>. 15 11 2018.

GLOSSARY

Authorizing District: the local school district (through their governing board), county board of education or State Board of Education, which approves a petition from an organization to form a charter school.

Average Daily Attendance (ADA): the total number of days of attendance of all students during a school year; divided by the number of days school is in session during that year. ADA is a critical factor used to calculate funding for public schools in California.

Fiscal Crisis and Management Assistance Team (FCMAT): a statewide resource agency, created by AB1200, to provide fiscal advice, management assistance, training and other related school business services to school districts.

International Association for K-12 Online Learning (iNACOL): a nonprofit organization with the mission to drive the transformation of education systems. The University of California requires all online courses to be assessed against the iNACOL Standards for Quality Online Courses before the courses are submitted to UC for "a-g" review. The standards can be found online.

Local Control and Accountability Plan (LCAP): a part of California's Local Control Funding Formula (LCFF), it is a required three-year, district-level plan for all public schools updated

annually. The plan defines the district's key goals for students, specific actions, expenditures and the assessments used to measure progress the district will take to achieve the goals.

Western Association of Schools and Colleges (WASC) or Accrediting Commission for Schools, Western Association of Schools and Colleges (ACS WASC): one of the six regional accrediting agencies in the United States whose oversight authority includes California.