

ARE CHARTER SCHOOLS GETTING PASSING GRADES?

SUMMARY

The State of California passed legislation to enable the formation of public charter schools in 1992. The intent of the law was to provide opportunities for the community, parents and teachers to create unique schools that operate independently within existing school districts.

The 2007-2008 Orange County Grand Jury studied the 11 public charter schools within the Capistrano, Orange, Saddleback Valley, and Santa Ana unified schools districts. The study noted that California public charter school enrollment has soared and that the schools provide diverse educational choices for children, parents, and school districts. This may be due to the unique syllabi of some charter schools, beyond the state-mandated courses, that offer more classes in art, science and language. School districts are mandated to monitor charter schools within their jurisdiction.

The Grand Jury found that another benefit of charter schools is the unique learning opportunities they provide to at-risk and academically low-achieving students, plus the support they offer educators in reaching these students. In the last two years, many academic scores of charter school students have improved. Moreover, the charter schools adhere to State Educational Codes in fulfilling their mandated responsibilities.¹

Charter schools are not without controversy. In the last three years, nine applications for new charter schools have been denied. As a result of the study, the Grand Jury recommends that the Orange County Superintendent of Schools provide more assistance when candidates are preparing and submitting applications for new charter schools.

REASONS FOR INVESTIGATION

California public charter schools (hereafter called charter schools) have been growing in popularity among students and parents. Yet, Orange County has just 11 charter schools, while San Diego County, with a similar 2.9 million population, has 90.

The 2007-2008 Grand Jury studied charter schools to determine if they would receive a passing grade when subjected to the following questions:

- Are charter schools meeting the intent of State legislation?²
- Were they just a fad or is enrollment increasing?
- Have charter school students improved academically?
- What financial impact do they have on the school districts?
- Do charter schools provide parents and pupils with more educational choices?
- Why is the number of Orange County charter schools so low?
- Are local school districts providing adequate oversight to charter schools?

The report card on those questions is the crux of this report.

¹ The California Charter Schools Act, Part 26.8 of the *Education Code*, sections 47600 through 47664.

² Education Code Sections 47600-47664 and 1241.5.

METHOD OF INVESTIGATION

To find answers to these questions, the 2007-2008 Orange County Grand Jury conducted a study. The Grand Jury reviewed the California legislation regarding the creation and operational goals of charter schools. They also reviewed various State and local educational codes and reports.

The Grand Jury developed a questionnaire which it sent to the 11 charter schools in Orange County, the four school districts which authorized the charters, and the Orange County Superintendent of Schools. Telephone survey follow-ups were conducted to obtain additional data that the questionnaire did not elicit.

In addition, members of the Grand Jury conducted interviews with personnel of charter schools. They reviewed data and conducted interviews with the charter authorizing school districts and the Orange County Superintendent of Schools. Grand Jury members also toured a charter school.

BACKGROUND AND FACTS

California passed legislation to facilitate the formation of charter schools in 1992. The intent of the legislation was clear, "...to provide opportunities for teachers, parents, pupils, and community members to establish and maintain schools that operate independently from the existing school district structure, as a method to accomplish the following:

- a) Improve pupil learning.
- b) Increase learning opportunities for all pupils, with special emphasis on expanded learning experiences for pupils who are identified as academically low achieving.
- c) Encourage the use of different and innovative teaching methods.
- d) Create new professional opportunities for teachers, including the opportunity to be responsible for the learning program at the school site.
- e) Provide parents and pupils with expanded choices in the types of educational opportunities that are available within the public school system.
- f) Hold the schools established ... accountable for meeting measurable pupil outcomes, and provide the schools with a method to change from rule-based to performance-based accountability systems.
- g) Provide vigorous competition within the public school system to stimulate continual improvements in all public schools.”³

Four Orange County school districts have established 11 charter schools pursuant to the 1992 legislation. The districts and their charter schools are listed in the following table:

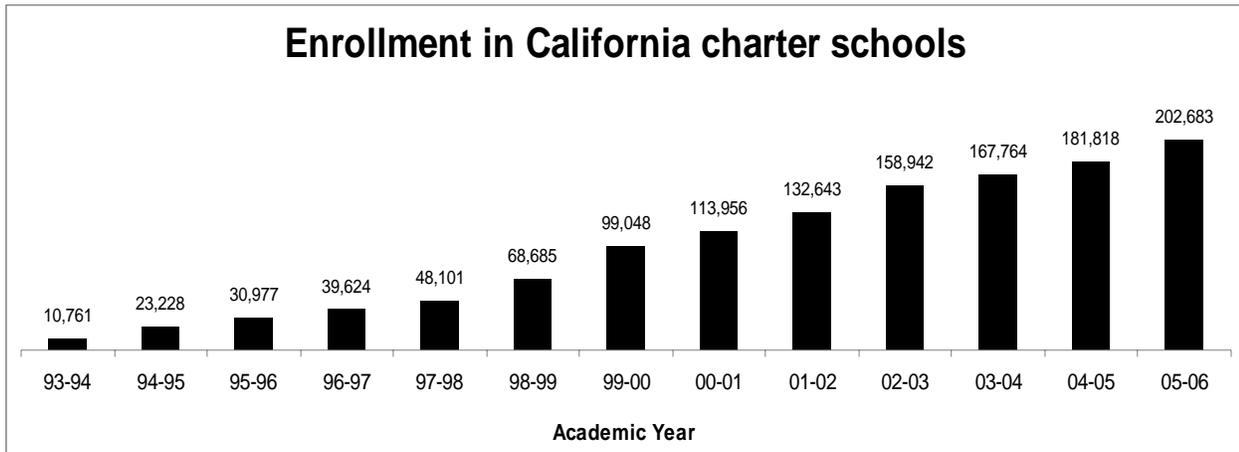
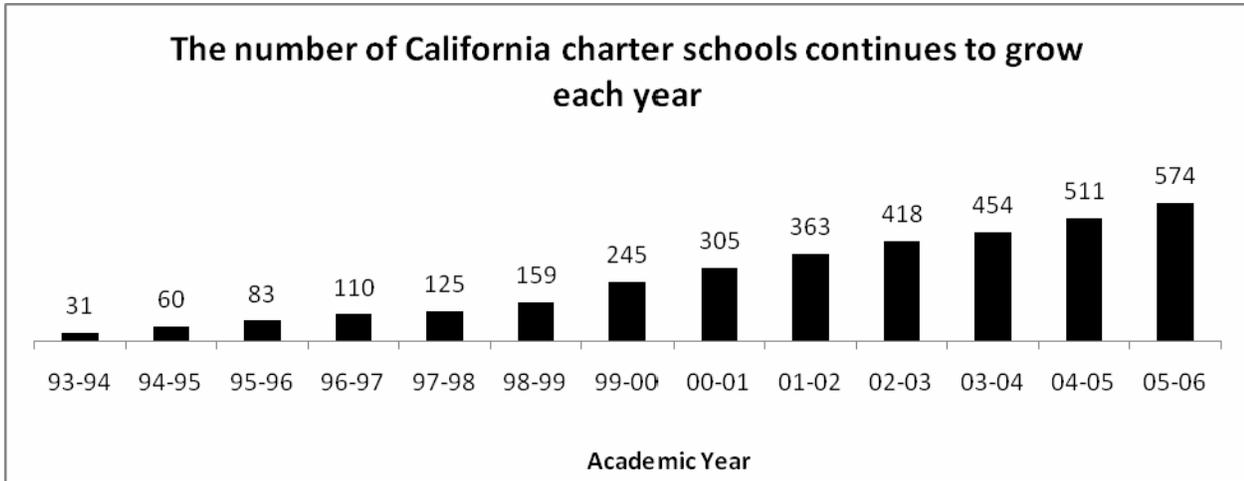
³ Education Code Section 47601

SCHOOL DISTRICT	CHARTER SCHOOL	GRADES
CAPISTRANO UNIFIED	Capistrano Connections Academy Charter	K-11
	Journey Elementary	K- 8
	Opportunities for Learning School	7-12
ORANGE UNIFIED	El Rancho Charter Middle School	7 & 8
	Santiago Middle School	7 & 8
SADDLEBACK VALLEY UNIFIED	Gates (Ralph A.) Elementary	K-6
SANTA ANA UNIFIED	Cole (Edward B) Academy	K-5
	El Sol Santa Ana Science and Arts Charter Elementary	K-7
	Orange County Educational Arts Academy Elementary	K-8
	Orange County High School of the Arts	9-12
	Nova Academy	9-12

It has been 16 years since State legislation was passed to allow school districts to form charter schools. There is sufficient data now to determine whether these schools have earned passing or failing grades.

Enrollment

Charter school enrollment has increased greatly since the California law providing an optional educational approach took effect. In school year 1993-1994, the year the first charter schools opened, there were 31 schools. By 2005-2006, California had 574 charter schools. The following graphs show the growth.⁴



⁴ As listed in the report “California’s Charter Schools: Measuring Their Performance, May, 2006.” To be counted as open in a certain year, a school must operate at least from November 1 through the end of February.

Within Orange County, the six charter schools that replied to the survey question have substantially increased enrollment. The following table shows the information that the Grand Jury received:⁵

Charter School Name	Started	Initial Enrollment	2006 Enrollment
Capistrano Connections Academy Charter	2004	100	700
Cole (Edward B.) Academy	2003	89	306
Gates (Ralph A.) Academy	2003	806	855
Opportunities for Learning School	2002	0	94*
El Rancho Charter Middle School	2001	1,012	1,164
El Sol Santa Ana Science and Arts Charter	2001	120	386

* Has been as high as 200 students. The enrollment fluctuates through a “drop out recovery program” for enrollment.

Since more parents are sending their children to charter schools, this may be an indicator that charter school programs are benefiting students, although it may also be a factor of convenience of location.

The Academic Performance Index (API) is the cornerstone of California’s Public Schools Accountability Act (PSAA). The purpose of the API is to measure the academic performance and growth of schools and is the composite of student test scores and graduation rates (for high school). It is a numeric index (or scale) that ranges from a low of 200 to a high of 1,000 and includes a statewide performance target of 800 for all schools. A school’s growth is measured by its progress towards this target goal – schools with an API below 800 are expected to improve by 5% of the distance between its current API and 800.⁶

API scores used in this study are from 2006-2007. The following table shows the scores for the 11 charter schools and the four school districts in which they are located.

⁵ Generated from Charter School responses to the Grand Jury questionnaire

⁶ 13th Annual Report on the Conditions of Children in O.C., 2007

OC Schools 2007 Academic Performance Index (API) Report, State Department of Education ⁷

School District	Charter Schools	2006 Base	2007 Score	Same School 2007 vs. 2006	Vs. District 2007 Average
Capistrano Unified Elementary Schools		836	835		
	Capistrano Connections Academy Charter	722	725	Higher	Lower
Capistrano Unified Small Schools		660	714		
	Journey Elementary	774	786	Higher	Higher
	Opportunities for Learning School	660	628	Lower	Lower
Orange Unified Middle Schools		721	732		
	El Rancho Charter Middle School	863	862	Lower	Higher
	Santiago Middle School	776	769	Lower	Higher
Saddleback Valley Unified Elementary Schools		856	860		
	Gates (Ralph A.) Academy	751	773	Higher	Lower
Santa Ana Unified Elementary Schools		673	697		
	Cole (Edward B.) Academy	644	674	Higher	Lower
	El Sol Santa Ana Science and Arts Charter	684	756	Higher	Higher
	Orange County Educational Arts Academy	693	648	Lower	Lower
Santa Ana Unified High Schools		673	671		
	Orange County High School of the Arts	868	856	Lower	Higher
Santa Ana Unified Small Schools		**	539		
	Nova Academy	**	539		

* **No data from partial year.

From 2006 to 2007, five charter schools had improved API scores while five declined – although El Rancho Middle School score fell by one point. Over that time, the average API score for all charter schools has remained virtually unchanged, while their school district’s average API score increased slightly (approx 1.13%). Though charter schools represent less than 10% of their districts’ enrollment (and approximately 1.2% of the county’s enrollment), their average API score is nearly 4.5% higher than their districts’ average, indicating that some charter schools are doing a good job in meeting their academic goals.

⁷ State Dept. of Education Policy & Evaluation Division, 2006-2007 Academic Performance Index Report, October 2007.

Charter School Costs

Under Title 5, California Code of Regulations, charter school petitioners are eligible for grants to assist them in preparing the charter school application and also for establishing the new school. The 2007-2008 Grand Jury wanted to learn how charter schools are funded after they have been approved.

Charter schools, like all schools and school districts, are constrained by the costs of educating students. The day-to-day education expenses for charter and traditional schools are funded by the State on a per pupil fund (PPF) basis. The current Orange County PPF is an average of \$5,787 per year. The amount varies depending on grade level and other factors. If a charter school is established, the PPF payment moves from the pupil's former school to the charter school. So, as charter school enrollment climbs, traditional school income from PPF is reduced.

School districts are mandated to monitor charter schools within their jurisdictions. Some districts assert that the costs for monitoring duties exceed the 1% reimbursement⁸ amount they receive from the State.⁹ The districts state that it is costly to hire oversight personnel. However, the charter schools should not be faulted because State law does not allow full reimbursement. Even if charter schools are a drain on finances, legally the school districts are still required to provide adequate oversight. Some charter school budget shortfalls can be offset by other means such as grants. As with traditional schools, charter schools can use donations, fundraisers and grants to supplement their budgets.

Flexibility

Due to the unique rules governing charter schools, they have an advantage over traditional schools. Charter schools may draw students from any district in the county. Another advantage that charter schools have is their freedom to develop a distinctive syllabus above and beyond the state-mandated courses. Some Orange County charter schools have a curriculum emphasizing the arts, sciences and languages, dance, music and theatre. The schools emphasizing the arts often attract more students than they can accommodate and hold "auditions" in order for students to qualify in their special field of study. Popular charter schools may hold a lottery for admission when applications exceed capacity.

The flexibility offered by charter schools makes them more attractive to some students and parents. For instance, charter schools can provide a special format for at-risk students so that they can pursue their education at their own pace. Rather than dropping out of school, at-risk low achievers and dual language students may have a better opportunity to graduate. One unique charter school utilizes a virtual classroom that allows students to work at home 60% of the time, an important convenience for working students.

Despite the uniqueness of charter schools, all of their teachers are required to be credentialed by the State, just as teachers are for traditional schools. As in traditional schools, teachers may have a provisional credential but must acquire a full credential within a specified timeframe. Teacher salary structures in charter schools allow flexibility in such areas as merit-based increases and performance bonuses.

⁸ This reimbursement is 3% for charter schools using existing facilities

⁹ State Government Code 47613

Attaining Charter School Status

The small number of charter schools in Orange County, and the fact that no new schools have been opened in the last three years, may be reflective of the difficulty in the application process. The application is complex and the school districts can deny an application if any one of the required elements is not met.

To establish a new charter school, the applicants must submit a detailed petition to the authorizing district. The petition requires the applicant obtain parent signatures equal to at least half of the estimated enrollment, or the signatures of at least half of the teachers whom the applicant estimates will be employed during its first year.

According to Education Code 47605.6, the petition requesting a charter school must contain:

A description of the educational program of the school designed, among other things to identify those pupils whom the school is attempting to educate; what it means to be an “educated person” in the 21st century; and how learning best occurs. The goals identified in that program shall include the objective of enabling pupils to become self-motivated, competent, and lifelong learners.

The petition must also contain reasonably comprehensive descriptions of **all** the following:¹⁰

- Measurable pupil outcomes identified for use by the charter school; pupil outcomes means the extent to which all pupils of the school demonstrate that they have attained the skills, knowledge and attitude specified as goals in the school’s educational program
- Method by which pupil progress in meeting those pupil outcomes is to be measured
- Governance structure of the school, including the process to be followed by the school to ensure parental involvement
- Qualifications to be met by individuals to be employed by the school
- Procedures that the school will follow to ensure the health and safety of pupils and staff, which shall include the requirement that each employee of the school furnish the school with a criminal record summary as described in Section 44237
- Means by which the school will achieve a racial and ethnic balance among its pupils that is reflective of the general population residing within the territorial jurisdiction of the school district to which the charter petition is submitted
- Manner in which annual, independent, financial audits shall be conducted, in accordance with regulations established by the State Board of Education and the manner in which audit exceptions and deficiencies shall be resolved
- Procedures by which pupils can be suspended or expelled

¹⁰ Education Code 47605.6

- Manner in which staff members of the charter schools will be covered by the State Teachers' Retirement System and the Public Employees' Retirement System or Federal Social Security
- Procedures to be followed by the charter school and the county board of education to resolve disputes relating to provisions of the charter
- Declaration whether or not the charter school shall be deemed the exclusive public school employer of the charter school employees for the purposes of the Educational Employment Relations Act.
- Admission requirements of the charter school, if applicable
- Public school attendance alternatives for pupils residing within the county who choose not to attend the charter school
- Description of the rights of an employee of the county office of education, upon leaving the employment of the county office of education, to be employed by the charter school
- Procedures to be used if the charter school closes, ensuring conduct of a final audit of the school to determine the disposition of all assets and liabilities of the charter school

Within 30 days of receiving the petition, the chartering authority must hold a public hearing on the request. Within 60 days of receiving the petition, the chartering authority must grant or deny it. The school district must grant the petition if it is satisfied that the charter is "consistent with sound educational practice." If the petition is accepted, the sponsors and authorizing school district then formulate the steps to open the charter school. This usually occurs in the next school year, unless a vacant facility is currently available.

If the district denies the request, it must prepare a detailed rejection letter indicating the requirement(s) that the charter petition did not address. The charter applicant may appeal the decision to the Orange County Superintendent of Schools who must provide a completely new assessment in writing. It may not reference the local school district's reason for denial and it must hold a public hearing. If denied by the Orange County Superintendent of Schools, the applicant may appeal to the State Department of Education.

School districts should be aware of the state-mandated requirement to encourage the establishment of charter schools, as stated in the Educational Code: "The chartering authority shall be guided by the intent of the legislature that charter schools are and should become an integral part of the California educational system and that establishment of charter schools should be encouraged."¹¹

¹¹ Education Code 47605

CONCLUSION

Charter schools give Orange County parents more educational choices by offering alternatives as to which school their children may attend. In fact, providing educational choices is one of the goals of California's 1992 enabling legislation that created charter schools.

Charter schools have a positive impact on education by providing other choices in the curriculum, such as a focus on the arts or other specialties. Charter schools also provide academic choices for low-achieving and at-risk students. It is clear that Orange County charter schools are fulfilling the legislative intent to increase learning opportunities. Charter schools encourage the use of different and innovative teaching methods and provide expanded choices in the educational curriculum.

As indicated earlier, charter schools place a financial burden upon school districts. District reimbursement moves with the student attending a charter school and the school oversight costs in some districts exceed the 1% reimbursement. Nevertheless, charter schools play an important role in alternative education and the demand for charter schools continues to grow.

The Grand Jury concluded that charter schools receive a passing grade because of the benefits they offer in expanded educational choices.

FINDINGS

In accordance with California Penal Code Sections 933 and 933.05, each finding will be responded to by the government entity to which it is addressed. The responses are to be submitted to the Presiding Judge of the Superior Court. The 2007-2008 Orange County Grand Jury has arrived at the following findings:

- F - 1 Orange County charter schools meet the intent of the Education Code 47600-47664 by providing parents and pupils a choice in educational opportunities, emphasizing specific learning experiences, and aiding at-risk or academically low-achieving students.**
- F - 2 The number of charter schools in Orange County is not growing commensurate with the overall growth of charter schools in California.**
- F - 3 The Orange County school districts' oversight costs, in some districts, exceed the authorized 1% reimbursement.**

REQUIRED RESPONSES

Responses to findings F-1, F-2, and F-3 are required from the Orange County Superintendent of Schools and the Superintendents of the local Orange County school districts.

RECOMMENDATIONS

In accordance with California Penal Code sections 933 and 933.05, each recommendation will be responded to by the government entity to which it is addressed. The responses are to be submitted to the Presiding Judge of the Superior Court. Based on the findings of this report, the 2007-2008 Orange County Grand Jury makes the following recommendations that:

- R - 1 Orange County school districts and Orange County Superintendent of Schools continue to offer expanded choices for educational opportunities, as required in the State Education Code, by utilizing charter schools as an option to provide additional choices, especially for at-risk and academically low-achieving students.**
- R - 2 The chartering authorities should follow the intent of the legislature by encouraging the establishment of charter schools by granting more charter school petitions provided they meet the State requirements.**
- R - 3 Local school districts provide adequate oversight of charter schools even though State law does not allow for full reimbursement for such oversight.**

REQUIRED RESPONSES

Responses to recommendations R-1, R-2, and R-3 are required from the Orange County Superintendent of Schools and the Superintendents of the local Orange County school districts.

The California Penal Code specifies the required permissible responses to the findings and recommendations contained in this report. The specific sections are quoted below:
§933.05(a) for purposes of subdivision (b) of Section 933, 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 therefore.
- (b) For purposes of subdivision (b) of Section 933, 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 timeframe for implementation.
 - (3) The recommendation requires further analysis, with an explanation and the scope and parameters of an analysis or study, and a timeframe 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 timeframe 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 therefore.