

**Internal Report: Corrective Action Plan
December 15, 2014**

A.C.N. A02-L0002- AUDIT OF SEA OVERSIGHT OF CHARTER SCHOOLS

Action Office	OII	Final Audit Issuance Date	09/25/2012
Action Official		Resolved Date	06/26/2014
Delegated Action Official	Nadya Dabby (202) 401-8532	Audit Completed Date	N/A
Audit Liaison Officer	ANN GALIATSOS (202) 205-9765	Closure Memo Date	N/A
OIG Audit Manager	Daniel Schultz (212) 637-6271	Audit Closed Date	N/A

Total Recommendations	7
Number Open	4
Number Completed	3

Findings/Recommendations/Corrective Actions

Finding # 1 - Resolved	
Finding Type	Non-Monetary Recommendation
OII Did Not Conduct Effective Oversight of Grantees Receiving the SEA and Non-SEA Grants	

Recommendation # 1 - Resolved	
Recommend Type	Strengthen Internal Controls
(Significant) 1.1 We recommend that the Assistant Deputy Secretary for OII develop and implement a plan for ensuring that grantees develop corrective action plans to address monitoring issues and deficiencies identified in the monitoring reports produced. In addition, develop and implement policies and procedures for tracking grantees' corrective action plans, for each monitoring finding or specific recommendation made as a result of monitoring reports produced, to ensure all reported deficiencies are corrected timely. Further, inform SEAs that subgrantee oversight, including corrective action plans, will be a monitoring indicator used in the future.	
Responsible Managers	OII - Stefan Huh

Action Item # 1	
Increase in CSP Staff.	
Action Item Responsible Manager	Stefan Huh
Planned Completion Date	10/01/2012
Revised Completion Date	N/A
Actual Completion Date	10/01/2012
PO Comments	
Contacts	

Action Item # 2	
Grantee Corrective Action Plan Process. For on-site monitoring visits conducted prior to FY12, CSP staff will confirm that all SEA and non-SEA active grantee provided evidence demonstrating resolution for	

<p>each indicator with a rating of "2" or "1". If an item is still pending, CSP will hold monthly calls with each grantee until each issue is resolved. Beginning with the on-site monitoring reports issued during FY12, CSP staff will conduct the following activities: - Upon issuing a final monitoring report to a grantee, CSP will hold a post-monitoring conference call to discuss findings, provide technical assistance, and discuss a corrective action plan. - CSP staff will file corrective action plans, grantee progress reports, and related evidence in each grantee's grant folder. Beginning in the first quarter of FY13, program officers are required to conduct quarterly phone calls with each SEA, and semi-annual phone calls with non-SEAs. These calls will include a discussion of the corrective action plan, until each finding is closed. Submission of the progress reports and completion of the quarterly call will be tracked and monitored by the CSP Director and Program Manager. - Grantee failure to address deficiencies and submit the required progress reports will be included in the annual risk assessment process, and could result in special conditions placed upon continuation awards, reduced continuatin funding, or in some cases, grant termination.</p>	
Action Item Responsible Manager	Stefan Huh
Planned Completion Date	09/30/2013
Revised Completion Date	N/A
Actual Completion Date	N/A
PO Comments	
Contacts	

Recommendation # 2 - Completed	
Recommend Type	Strengthen Internal Controls
(Significant) 1.2 We recommend that the Assistant Deputy Secretary for OII develop and implement a risk-based approach for selecting non-SEA grantees for monitoring activities.	
Responsible Managers	OII - Stefan Huh

Action Item # 1	
CSP has already implemented a risk-based approach for selecting non-SEA grantees for monitoring, which includes 10 elemetns which historically have been indicative of either higher for lower risk. These indicators include grant size, delays in opening, and the degree of independent financial accountability.	
Action Item Responsible Manager	Stefan Huh
Planned Completion Date	03/27/2013
Revised Completion Date	N/A
Actual Completion Date	09/30/2012
PO Comments	Risk-based selection approaches have also been developed and implemented for monitoring activities of other CSP grant programs.
Contacts	

Recommendation # 3 - Completed	
Recommend Type	Strengthen Internal Controls
(Significant) 1.3 We recommend that the Assistant Deputy Secretary for OII ensure that grantee fiscal activities are being monitored according to the "Handbook for the Discretionary Grant Process," specifically for quarterly expenditure review and annual review of A-133 Single Audit reports.	
Responsible Managers	OII - Stefan Huh

Action Item # 1	
CSP program officers will be required to document the following beginning in FY13: 1) that each review of drawdown activity was completed; and 2) the results of each review. To provide guidance and direction to staff, CSP will document the policies and procedures regarding this review.	
Action Item Responsible Manager	Stefan Huh

Planned Completion Date	01/01/2013
Revised Completion Date	N/A
Actual Completion Date	01/01/2013
PO Comments	
Contacts	

Action Item # 2	
OII will ensure that a review of grantee A-133 and independent audit reports is included as a required step in the onsite monitoring process.	
Action Item Responsible Manager	Stefan Huh
Planned Completion Date	10/01/2012
Revised Completion Date	N/A
Actual Completion Date	10/01/2012
PO Comments	
Contacts	

Finding # 2 - Resolved	
Finding Type	Non-Monetary Recommendation
OII's Process for Ensuring SEAs Effectively Oversee and Monitor Subgrantees Needs Improvement	

Recommendation # 1 - Completed	
Recommend Type	Strengthen Internal Controls
(Significant) 2.1 We recommend that the Assistant Deputy Secretary for OII establish and implement requirements for the three SEAs that were reviewed to develop a detailed monitoring plan explaining the extent of monitoring that SEAs will conduct during an SEA grant cycle for charter schools and authorizers.	
Responsible Managers	OII - Stefan Huh

Action Item # 1	
For the 3 SEAs reviewed, CSP will establish and implement requirements for each grantee to develop and implement a detailed monitoring plan. At a minimum, those monitoring plans must include the following: 1) methodologies for selecting charter schools for onsite monitoring visits; 2) appropriate selection, training, and preparation for subgrantee monitors; 3) documented policies and procedures for conducting subgrantee monitoring; 4) procedures for tracking grant funds disbursed to subgrantees; and 5) policies and procedures for monitoring and holding accountable public chartering agencies.	
Action Item Responsible Manager	Stefan Huh
Planned Completion Date	08/01/2013
Revised Completion Date	N/A
Actual Completion Date	09/23/2014
PO Comments	
Contacts	

Action Item # 2	
OII will ensure that CSP's contractor performs a comprehensive review of California's practices for monitoring subgrantees and authorizers during their FY13 onsite monitoring visit.	
Action Item Responsible Manager	Stefan Huh

Planned Completion Date	09/30/2013
Revised Completion Date	N/A
Actual Completion Date	09/23/2014
PO Comments	
Contacts	

Action Item # 3	
Submission of detailed monitoring plans, with evidence of their implementation, will be a requirement for the three grantees' reporting to CSP and will be considered as part of OII's overall assessment of grantee substantial progress towards grant objectives during FY13.	
Action Item Responsible Manager	Stefan Huh
Planned Completion Date	08/01/2013
Revised Completion Date	N/A
Actual Completion Date	09/23/2014
PO Comments	
Contacts	

Recommendation # 2 - Resolved	
Recommend Type	Strengthen Internal Controls
(Significant) 2.2 We recommend that the Assistant Deputy Secretary for OII for the SEAs not visited, determine whether their monitoring plans are sufficiently detailed for charter schools and authorizers.	
Responsible Managers	OII - Stefan Huh

Action Item # 1	
CSP will reinforce and communicate expectations with respect to subgrantee and authorizer monitoring to all SEA grantees through formal, written communication to all SEA project directors.	
Action Item Responsible Manager	Stefan Huh
Planned Completion Date	09/30/2013
Revised Completion Date	N/A
Actual Completion Date	N/A
PO Comments	
Contacts	

Action Item # 2	
CSP will offer technical assistance and guidance to all SEA grantees on subgrantee and authorizer monitoring. This will include an extensive workshop during the FY13 PD conference.	
Action Item Responsible Manager	Stefan Huh
Planned Completion Date	09/30/2013
Revised Completion Date	N/A
Actual Completion Date	09/25/2014
PO Comments	
Contacts	

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Action Item # 3	
CSP will require all SEA grantees to submit subgrantee and authorizer monitoring plans for CSP staff review during FY13.	
Action Item Responsible Manager	Stefan Huh
Planned Completion Date	09/30/2013
Revised Completion Date	N/A
Actual Completion Date	09/25/2014
PO Comments	
Contacts	

Action Item # 4	
For SEAs scheduled for onsite monitoring during FY13, OII will ensure that CSP's monitoring contractor performs a comprehensive review of SEA practices for monitoring subgrantees and charter authorizers.	
Action Item Responsible Manager	Stefan Huh
Planned Completion Date	09/30/2013
Revised Completion Date	N/A
Actual Completion Date	09/25/2014
PO Comments	
Contacts	

Action Item # 5	
In future grant funding notices under the SEA program, OII will require applicants to affirm, and/or describe how they will monitor subgrantees and authorizers.	
Action Item Responsible Manager	Stefan Huh
Planned Completion Date	10/31/2014
Revised Completion Date	N/A
Actual Completion Date	10/31/2014
PO Comments	
Contacts	

Recommendation # 3 - Resolved	
Recommend Type	Strengthen Internal Controls
(Significant) 2.3 We recommend that the Assistant Deputy Secretary for OII provide necessary guidance and training to SEAs on how to develop and implement procedures to ensure SEAs have effective monitoring and fiscal controls for tracking the use of funds.	
Responsible Managers	OII - Stefan Huh

Action Item # 1	
In future grant funding notices under the SEA program, OII will require applicants to affirm, and/or describe how they will implement fiscal controls for tracking funds.	
Action Item Responsible Manager	Stefan Huh
Planned Completion Date	10/31/2014
Revised Completion Date	N/A
Actual Completion Date	N/A

PO Comments	
Contacts	

Action Item # 2	
The CSP will develop a training webinar for all SEA grantees on effective monitoring and fiscal controls for tracking funds. The CSP will present the webinar by September 30, 2014, and will record it for distribution to future SEA project directors.	
Action Item Responsible Manager	Stefan Huh
Planned Completion Date	09/30/2014
Revised Completion Date	N/A
Actual Completion Date	09/30/2014
PO Comments	
Contacts	

Action Item # 3	
The CSP will provide formal, written communication, such as a Dear Colleague letter incorporating the fiscal responsibilities for recipients of Federal funds.	
Action Item Responsible Manager	Stefan Huh
Planned Completion Date	09/30/2014
Revised Completion Date	N/A
Actual Completion Date	N/A
PO Comments	
Contacts	

Finding # 3 - Resolved	
Finding Type	Non-Monetary Recommendation
OII Did Not Ensure SEAs Have Adequate Monitoring Procedures for Handling a Charter School Closure	

Recommendation # 1 - Resolved	
Recommend Type	Strengthen Internal Controls
(Significant) 3.1 We recommend that the Assistant Deputy Secretary for OII ensure that SEAs develop and implement adequate monitoring procedures for properly handling charter school closures and for properly accounting for Charter School Program funds spent by closed charter schools, including the proper disposition of assets purchased with SEA grant funds in accordance with Federal regulations.	
Responsible Managers	OII - Stefan Huh

Action Item # 1	
OII will communicate to SEAs their responsibilities and ED's expectations for handling charter school closure - in particular, the disposition of equipment - through channels which may include webinar presentations, technical assistance memos, and PD conference presentations.	
Action Item Responsible Manager	Stefan Huh
Planned Completion Date	12/31/2013
Revised Completion Date	N/A
Actual Completion Date	N/A
PO Comments	

Contacts	
Action Item # 2	
OII will provide technical assistance and guidance to all SEAs on the proper handling of charter school closures and equipment disposition.	
Action Item Responsible Manager	Stefan Huh
Planned Completion Date	12/31/2013
Revised Completion Date	N/A
Actual Completion Date	N/A
PO Comments	
Contacts	
Action Item # 3	
OII will require SEA grantees to submit policies and procedures for properly handling charter school closures, including ensuring appropriate equipment disposition.	
Action Item Responsible Manager	Stefan Huh
Planned Completion Date	09/30/2013
Revised Completion Date	N/A
Actual Completion Date	09/25/2014
PO Comments	Initial submission of closure policies and procedures on January 15, 2013.
Contacts	

This is the end of the report.



UNITED STATES DEPARTMENT OF EDUCATION
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Internal Audits
External Audits
Ad Hoc Queries
Reports

▲ **Action Item Documents - Recommendation A02-L0002/1/2**

Action Item - A02-L0002/1/2/1

Document Name	Staff	Comments	Upload Date	Date of Document	Options
Monitoring Selection Rubric	Erin Pfofiz	N/A	08/08/14 10:30 AM	08/25/12	N/A
Non-SEA.xls					

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Email to Report AARTS Problems

▲ Action Item Documents - Recommendation A02-L0002/1/3

Action Item - A02-L0002/1/3/1

Document Name	Staff	Comments	Upload Date	Date of Document	Options
G5 Balance Review Chart.doc	Erin Pfoetz	N/A	09/05/11 02:52 PM	12/20/12	N/A



▲ Action Item Documents - Recommendation A02-L0002/2/1

Action Item - A02-L0002/2/1/1

Document Name	Staff	Comments	Upload Date	Date of Document	Options
<u>OIG Report Call Script - California.doc</u>	Erin Pfeltz	Call script documenting kick-off of corrective action plan with CA.	03/05/14 02:56 PM	01/24/13	N/A
<u>Arizona OIG Audit Post-Call Document (3).doc</u>	Erin Pfeltz	Agenda for corrective action plan kick off call with AZ.	03/05/14 02:59 PM	02/20/13	N/A
<u>OIG Report Call Script - Florida.doc</u>	Erin Pfeltz	Kick-off call for corrective action plan for FL.	09/05/14 03:00 PM	01/24/13	N/A

Action Item - A02-L0002/2/1/2

Document Name	Staff	Comments	Upload Date	Date of Document	Options
<u>CA CSP Monitoring Report September 2013VS.pdf</u>	Erin Pfeltz	Final CA monitoring report.	09/05/14 03:02 PM	09/30/13	N/A

Action Item - A02-L0002/2/1/3

Document Name	Staff	Comments	Upload Date	Date of Document	Options
<u>2013 SEA APR Review Template.doc</u>	Erin Pfeltz	2013 SEA APR review template.	03/05/14 03:04 PM	06/27/13	N/A



Charter Schools Program (CSP)
Office of Inspector General Report
Post Audit Report Call
California Department of Education
January 24, 2013

ED STAFF on Call: Erin Pfeltz, Kate Meeley, Stefan Huh
California Staff on call: Julie Russell, Jill Rice, Cindy Chan, Joy Rosencloff

Finding No. 1: OIG did not conduct effective oversight of grantees receiving the SEA and Non-SEA Grants

RECOMMENDATIONS:

- | | |
|----|--|
| 1. | Corrective Action Plans to address monitoring issues and deficiencies |
| 2. | Subgrantee oversight responsibilities including corrective action plans. |
| 3. | Adequately review SEA fiscal activities. |

Finding No. 2: OIG's Process for Ensuring SEAs Effectively Oversee and Monitor Subgrantees Needs Improvement

- | | |
|---|---|
| A | SEA did not adequately monitor charter schools receiving the SEA grant. |
| B | SEA did not have adequate methodologies to select charter schools for onsite monitoring visits. |
| C | SEA did not monitor the authorizing agencies. |
| E | Reviewers were unqualified to conduct onsite monitoring of charter schools. |

RECOMMENDATIONS:

- | | |
|----|--|
| 1. | Establish and implement requirements for the three SEAs that were reviewed to develop a detailed monitoring plan explaining the extent of monitoring that SEAs will conduct during an SEA grant cycle for charter schools and authorizers. |
| 2. | For the SEAs not visited, determine whether their monitoring plans are sufficiently detailed for charter schools and authorizers. |
| 3. | Provide necessary guidance and training to SEAs on how to develop and implement procedures to ensure SEAs have effective monitoring and fiscal controls for tracking the use of funds. |

Finding No. 3: OIG Did not Ensure SEAs Have Adequate Monitoring Procedures for Handling a Charter School Closure.

RECOMMENDATIONS:

- | | |
|----|--|
| 1. | Ensure that SEAs develop and implement adequate monitoring procedures for properly handling charter school closures and for properly accounting for CSP funds spent by closed charter schools, including the proper disposition of assets purchased with SEA grant funds in accordance with Federal regulations. |
|----|--|

Finding No. 1 addressed corrective actions needed for OII and did not specifically address recommendations for California. These actions will occur for the entire SEA cohort and will not be included in your corrective action plan.

Finding No. 2: OII's Process for Ensuring SEAs Effectively Oversee and Monitoring Subgrantees Needs Improvement.

Note: Submission of detailed monitoring plans for subgrantees and authorizers, with evidence of their implementation, will be a requirement of CSP reporting, and will be considered as part of OII's overall assessment of grantee substantial progress towards grant objectives during FY13.

- *This means we will be looking for actions by the submission of your APR on June 1.*
- *This will be considered as a part of your progress; however, it will not be the only consideration.*

ISSUE A: SEA did not adequately monitor charter schools receiving the SEA grant.

1. California did not have adequate written policies and procedures for the monitoring and oversight of charter schools that received SEA grants.
(some of these items are covered in more depth in finding E)

Recommendation: California should submit a written summary describing what they've done since the OIG finding regarding policies and procedures, referencing evidence that they feel addresses the OIG concerns noted. All referenced evidence should also be provided as attachments. From what California shared during the call this evidence should include the complete (not abbreviated) policies and procedures that are currently in draft form in addition to an outlined plan of when they believe these policies and procedures will be finalized (anticipated completion date).

2. California had deficiencies in its monitoring tool:
 - a. Did not contain enough detail to ensure that its oversight of the program met the goals listed in its application to OII or the goals in the charter school's application to the California SEA.
 - b. Primarily a fiscal tool that addressed only certain indicators.
 - c. Procedure checklist was not informative, nor did it contain enough detail to ensure charter schools were meeting goals.
 - d. Captured very little information about the status, progress, or fiscal responsibilities of the monitored schools.
 - e. Large staff turnover and poor monitoring tool led to overall inadequate monitoring.

- f. California was developing a new monitoring tool that was not evaluated. Appeared to be more detailed; however, this was not reviewed by the IG – no guidance was provided by OII.

Recommendation: California should explain the development of this tool and provide written documentation of the resources used to develop the revised monitoring tool. In addition, California should provide this tool as evidence and make sure it addresses all noted concerns as outlined in the summary from the report. If this tool is finalized and being used California should provide when that took place or provide a timeline of when they plan to use the monitoring tool moving forward.

3. California maintained poor support documentation as evidence of its monitoring.
 - a. Difficulty providing all of the monitoring reports upon request.
 - b. Monitoring Files were incomplete
 - c. Used monitoring tool inconsistently
 - d. Captured very little information about the status and progress of the schools

Recommendation: California should clearly address this finding and articulate that the same evidence provided in number 1 addresses this area of concern. They should provide a description of why as well as a timeline once again, an anticipated completion date.

ISSUE B: SEA did not have adequate methodologies to select charter schools for onsite monitoring visits.

California did not use adequate risk assessment or other form of selection process to select charter schools for onsite monitoring. Selected charter schools for onsite monitoring based on staff preference for geographic location.

Recommendation: California should provide a written summary regarding what they've done and how this process was implemented, any relevant evidence as well as a timeline (past and/or current) regarding these changes.

ISSUE C: SEA did not monitor the authorizing agencies.

California did not monitor authorizing agencies because they had no authority to do so.

1. *Legislation did not provide a provision requiring, or precluding, the monitoring of authorizers by SEAs.*
2. *Limited ability to ensure authorizers were approving and granting charters to quality charter schools and providing adequate monitoring to them after they opened.*

California noted that they do not have authority to monitor authorizing agencies. They referenced SB1290 and that when a subgrantee receives the CSP grant, they monitor them to

compliance. They also noted a webpage for charters that has an FAQ and other resources such as ED's website and EDGAR links that can be used as resources locally.

In addition, California noted that for poor performing schools who get on the API list, additional actions can be taken by the superintendent. They filed phone calls from future schools and authorizers but they don't routinely provide support/webinars to authorizers (they are not staffed for it).

Recommendation: California should provide a written summary of what actions they do take related to authorizer oversight and support. A more detailed narrative should be provided regarding the API list and the superintendent's actions. In addition, California's response should address how they are reviewing activities of authorizers to mitigate issues at the grantee end?

ISSUE D: SEA did not track how much SEA grant funds charter schools drew down and spent.
NO FINDING FOR CALIFORNIA

ISSUE E: SEA reviewers were unqualified to conduct onsite monitoring of charter schools.

Seven of 13 staff members who conducted onsite monitoring visits did not have the necessary experience to be classified as qualified reviewers. (looking for qualifying experience with charter schools and fiscal matters).

- a. Could not provide support for 2 reviewer's qualifications.
- b. Site visit reports were inconsistent, insufficient, and lacked proper review by a supervisor.
- c. High employee turnover and lack of training provided to reviewers was also noted.

Recommendation: California should provide a written summary of the changes made and the process they now have in place to select qualified SEA reviewers, addressing all concerns OIG outlined in the report and noted in the provided bullets. Please remember a timeline or when this changed if already implemented should be provided.

Finding No. 3: OIG Did not Ensure SEAs Have Adequate Monitoring Procedures for Handling a Charter School Closure.

1. **California had inadequate procedures in place on how to handle an SEA grant charter school closure that occurred either before or after the school admitted students.**
 - a. California did not adequately document the process for closing charter schools or tracking closed charter school assets.
 - b. In some cases, the closed schools received SEA grant funds without ever opening to students.
 - c. The school files had no follow-up documentation for any of the 12 closed schools reviewed.
 - d. No indication of what happened to any assets purchased with the SEA grant funds.
 - e. CA had to follow up with the authorizers for each of the 12 closed schools to determine how the schools distributed or disposed of the assets.
 - f. CA was able to provide the status for only 5 of the 12 closed schools' assets.

2. **California stated that the authorizers were responsible for managing assets after a charter school closes.**
3. **No documented reason for closing found in the SEA files.**

Recommendation: California should provide a written summary and any relevant evidence (closure documents) that clearly describe what they have done to address the concerns noted by the OIG and summarized here. Please make sure to once again provide a timeline as well as an anticipated completion date.

U.S. Department of Education
Arizona OIG Audit Report Discussion Follow-Up

SPECIFIC OIG AUDIT FINDING OF THE ARIZONA SEA

FINDING NO. 1 – OII Did Not Conduct Effective Oversight of Grantees Receiving the SEA and Non-SEA Grants

This finding addressed corrective actions needed for OII and did not specifically address recommendations for Arizona. These actions will occur for all of our SEA grantees and will not be included in your corrective action plan.

FINDING NO. 2 – OII’s Process for Ensuring SEA’s Effectively Oversee and Monitor Sub-grantees Needs Improvement

ISSUE A: The SEA did not adequately monitor charter schools receiving the SEA grant

FINDING: The Arizona SEA did not have a complete monitoring plan and tool for site visits during the CSP grant cycle that included the type and frequency of sub-grantee monitoring that would be performed. Due to not having a complete monitoring tool, the SEA collected inconsistent data from sub-grantees.

Notes from the Conference Call:

1. The AZ CSP informed the USDOE that they did have a current CSP monitoring instrument that the SEA had been using before and at the time of OIG’s monitoring visit.
2. During their visit, the OIG staff provided monitoring technical assistance to the Arizona SEA. The OIG informed the SEA staff to identify the pieces of evidence reviewed during the monitoring of a CSP sub-grantee.
3. The SEA revised its CSP sub-grantee monitoring document in January 2013 and submitted the document through the SEA Exchange.

**We will review their submission to determine if it meets the IG’s recommendations and describes how monitoring consistency will be ensured. Additional actions may be required depending on the contents of the January submission.

ISSUE B: The SEAs did not have adequate methodologies to select charter schools for onsite monitoring visits

FINDING: The Arizona SEA has awarded CSP funds to over 50 charter schools. The Arizona SEA did not have an adequate methodology to select which charter schools would receive onsite monitoring visits during a given year. The SEA planned to visit three (3) times a year (during each implementation phase) all CSP funded charter schools, but the Arizona SEA staff consisted of two full-time employees who are responsible for the administration and monitoring of the CSP grant. {Top of pg. 20 under Issue B}

Notes from the Conference Call:

1. The Arizona CSP SEA staff {Mark and Jane} spends a significant amount of time performing monitoring visits with current CSP sub-grantees. . Mark administers the review of the business and governance portion of the monitoring and Jane administers the review of the academic portion.
2. The role of the AZ CSP is to administer the Federal CSP grant and to provide consistent and significant technical assistance and training to CSP sub-grantees. The planning phase of a sub-grantees' CSP grant ends on March 31, and the implementation phase 1 begins when the funds are received and the charter school is open
3. Current CSP sub-grantees who are within the **planning** phase of their CSP grant receive a desk monitoring from the SEA staff which consists of a review of the CSP funding drawdowns and a CSP financial governance review. As part of the desk monitoring, the sub-grantees receives occasional telephone calls from an AZCSP staff member. For CSP planning sub-grantees, the deadline for the desk review is March 31 and the charter school opens in August.
4. As of February 7, 2013, 61 charter schools have been awarded CSP funds under Arizona's 2009 grant.

**Arizona will submit a descriptive response of how they will ensure that these monitoring plans can be accomplished with the current staff level, and what steps the SEA will take if the monitoring load increases, or the staffing levels change.

ISSUE C: The SEA did not monitor the authorizing agencies

FINDING: The Arizona SEA did not monitor the Authorizing Agencies responsible for granting charter school licenses and monitoring the progress of charter school sub-grantees. OIG staff reviewed Arizona's CSP legislation and found that it did not provide a provision requiring nor preventing the monitoring of authorizers by SEAs.

According to the OIG, the SEA not monitoring the Authorizing Agencies produces a limited ability to ensure that authorizers are approving and granting charters to quality charter schools and providing adequate monitoring to them after they opened. {Pg. 20 under Issue C}

Notes from the Conference Call:

1. Over 99% of all existing Arizona charter schools are authorized by the Arizona State Board for Charter Schools. Ten percent (10%) or less of the charter schools in Arizona are authorized by a District.
2. The SEA has not monitored the Arizona State Board for Charter Schools due to the Board being a completely separate entity that is not under the Arizona Department of Education. According to the SEA, they have no legislative authority to monitor the Arizona State Board for Charter Schools. The Arizona Department of Education (SEA) cannot make corrective actions against the Arizona State Board for Charter Schools.
3. The Arizona Auditor General is the responsible entity to audit the Arizona State Board for Charter Schools. Every 10 years, there has to be a full audit of the Board by the Arizona Auditor General.
4. **SEA's solution to come into compliance with this Finding:** The Arizona SEA can require the Board and other Authorizers to post online and make available their CSP Application and CSP policies and procedures for sub-grantee monitoring and the closing of charter schools, for the SEA to periodically review and for comment. Currently, Arizona has about 6 charter school authorizers comprised of the AZ State Board for Charter Schools and rural districts.

Arizona will provide a date for when the online posting requirement will take effect. In addition, Arizona will provide a narrative description of the SEA's internal policies for reviewing and commenting on the online postings.

ISSUE D: SEA did not track how much SEA grant funds charter schools drew down and spent.

No findings for Arizona.

ISSUE E: SEA reviewers were unqualified to conduct onsite monitoring of charter schools.

No findings for Arizona.

FINDING NO. 3 – OIG Did Not Ensure SEAs Have Adequate Monitoring Procedures for Handling a Charter School Closure

OIG Findings for Arizona SEA:

1) The SEA had inadequate procedures in place on how to handle an SEA grant charter school closure that occurred either before or after the school admitted students. {pg. 23}

Notes from the Conference Call:

1. In January 2013, the SEA revised their CSP monitoring procedures in the document titled, "AZ CSP Monitoring Procedures for Awarded Schools". The SEA submitted this revised document through the SEA Exchange by January 14, 2013.
2. The SEA had no detailed written State requirements regarding how a closed charter school and the related authorizer should follow up with unspent funds disbursed to closed schools. {pg. 23}

2) The SEA had no detailed written State requirements regarding how a closed charter school and the related authorizer should follow up with unspent funds disbursed to closed schools. {pg. 23}

Notes from the Conference Call:

1. The SEA submitted through the SEA Exchange (by January 14, 2013) a document titled the "AZ CSP Charter School Closure Procedures for Awarded Schools". This document has a procedure called the "Charter Surrender Procedure". According to the Arizona SEA, the procedures for the "Charter Surrender Procedure" is **not** administered and processed within the AZ CSP office. This procedure is administered and handled through the sub-grantees' authorizer and within different offices of the Arizona SEA. **The Charter Surrender Procedure involves the following:**

- An Arizona charter school that intends to close its operations sends a School Closure Notification to its authorizer who in turn drafts a surrender agreement between the charter school and its authorizer.
- That Consent Agreement for Voluntary surrender and Termination of the Charter contract is used for Schools that chose to close and for schools closed by their authorizer. It becomes the terms and conditions for the closure of the school.
- **The Surrender Agreement:** The following statement is a standard stipulation in the surrender agreement:
 - A) "The Charter Operator agrees to refund any overpayment of State Equalization assistance funds in the amount determined by the Arizona

Department of Education in the manner directed by the Arizona Department of Education.”

- B) “The Charter Operator agrees to submit any outstanding grant reports and to refund any outstanding grant monies or allocations of education funds to the Arizona Department of Education in a manner directed by the Arizona Department of Education.

2. The following procedures are listed within the SEA’s document “AZ CSP Charter School Closure Procedures for Awarded Schools”, and the SEA informed USDOE that the AZ CSP is involved in the below procedures. These below procedures administered and handled through the AZ CSP within the SEA:

- A) Disposition of Assets, Residual Inventory, or supplies exceeding \$5,000.00 in total aggregate fair market value;

- Charter schools that close during a period when the AZ CSP grant has been completed shall be subject to 34 CFR 80.50 (a)-(d);
- Charter schools that close during a period when the AZ CSP grant is active shall be subject to 34 CFR 80.32(e) and 80.33(b);
- Notwithstanding money that is owed to the State (i.e. overpayment, incorrect student count, grant awards with cash balances), final disposition of cash and hard assets is governed by Arizona not-for-profit law.

- B) Due Diligence;

- As part of the normal, comprehensive monitoring procedure, the AZ CSP project Director conducts at least one on-site review employing the AZ CSP Monitoring Document which includes the review of the charter school’s General Ledger to determine that all grant expenditures were necessary, reasonable, and allocable.
- AZ CSP shall annually review the school’s Completion report with its General Ledger grant expenditures.
- Once the school has submitted a notice to close, the AZ CSP Project Manager or designee will conduct an on-site review before the school closes. That review will include a review of the school’s inventory, residual inventory or supplies exceeding \$5,000 in total aggregate fair market value per 34 CFR Section 80.32(d).

**Mark will provide a more detailed explanation under the “Charter Surrender Procedure” section of the “Closeout Procedures” document.

**Mark will provide a checklist for and define “Disposition of Assets...” and the “Due Diligence” Section.

3) The SEA had no detailed written State requirements regarding how the authorizers would dispose of or distribute charter school assets purchased with SEA grant funds in accordance with Federal regulations. {pg. 23}

Notes from the Conference Call:

1. Mark will reference the "CFR" and provide more information under the "*Disposition of Assets...*" section and the "*Due Diligence*" section of the document titled, "Charter School Closure Procedures for Awarded Schools".

Charter Schools Program (CSP)
Office of Inspector General Report
Post Audit Report Call
Florida Department of Education
January 18, 2013

ED STAFF on Call: Erin Pfeltz, Kate Meeley, Stefan Huh

Florida Staff on call: Adam Miller, Mike Poy, Theresa Nix, Martha Asbury, Linda Champion

Finding No. 1: OIG did not conduct effective oversight of grantees receiving the SEA and Non-SEA Grants

RECOMMENDATIONS:

- | | |
|----|--|
| 1. | Corrective Action Plans to address monitoring issues and deficiencies |
| 2. | Subgrantee oversight responsibilities including corrective action plans. |
| 3. | Adequately review SEA fiscal activities. |

Finding No. 2: OIG's Process for Ensuring SEAs Effectively Oversee and Monitor Subgrantees Needs Improvement

- | | |
|---|---|
| A | SEA did not adequately monitor charter schools receiving the SEA grant. |
| B | SEA did not have adequate methodologies to select charter schools for onsite monitoring visits. |
| C | SEA did not monitor the authorizing agencies. |
| D | SEA did not track how much SEA grant funds charter schools drew down and spent. |

RECOMMENDATIONS:

- | | |
|----|--|
| 1. | Establish and implement requirements for the three SEAs that were reviewed to develop a detailed monitoring plan explaining the extent of monitoring that SEAs will conduct during an SEA grant cycle for charter schools and authorizers. |
| 2. | For the SEAs not visited, determine whether their monitoring plans are sufficiently detailed for charter schools and authorizers. |
| 3. | Provide necessary guidance and training to SEAs on how to develop and implement procedures to ensure SEAs have effective monitoring and fiscal controls for tracking the use of funds. |

Finding No. 3: OIG Did not Ensure SEAs Have Adequate Monitoring Procedures for Handling a Charter School Closure

RECOMMENDATIONS:

- | | |
|----|--|
| 1. | Ensure that SEAs develop and implement adequate monitoring procedures for properly handling charter school closures and for properly accounting for CSP funds spent by closed charter schools, including the proper disposition of assets purchased with SEA grant funds in accordance with Federal regulations. |
|----|--|

Finding No. 1 addressed corrective actions needed for OII and did not specifically address recommendations for Florida. These actions will occur for the entire SEA cohort and will not be included in your corrective action plan.

Finding No. 2: OII's Process for Ensuring SEAs Effectively Oversee and Monitoring Subgrantees Needs Improvement.

Note: Submission of detailed monitoring plans for subgrantees and authorizers, with evidence of their implementation, will be a requirement of CSP reporting, and will be considered as part of OII's overall assessment of grantee substantial progress towards grant objectives during FY13.

- *This means we will be looking for actions by the submission of your APR on June 1.*
- *This will be considered as a part of your progress; however, it will not be the only consideration.*

ISSUE A: SEA did not adequately monitor charter schools receiving the SEA grant.

1. Florida did not have written comprehensive policies and procedures for the monitoring and oversight of charter schools that received SEA grants
 - a. *Policies and procedures manual was in draft form.*
 - b. *Lack of policies and procedures on: desk audits, supervisory review of the monitoring reports, or an adequate corrective action plan for follow-up of charter school monitoring findings and comments.*

Florida mentioned that draft was removed from their policies and procedures. They also mentioned that these policies and procedures were being updated because of moving to an online system. The monitoring procedures are not available online to subgrantees however they do provide subgrant training including webinars online that cover these things.

Recommendation: Florida should submit a summary regarding the draft watermark being removed and these policies and procedures were finalized (was there a board vote for instance?). In addition, the finalized policies and procedures should be noted as evidence in this summary (and attached). Additional evidence should be noted as the webinar and an example of that should be provided as well.

2. Florida could not provide a reliable universe of charter schools that received SEA grants, nor an accurate list of charter schools that received onsite monitoring, desk audits, or closed during the grant cycle.
 - a. *Disbursement of grant funds to LEA*
 - i. *LEA is responsible for disbursing these funds to the intended charter school recipient.*
 - ii. *Link not found between Charter School Division data and Florida SEA grants management and comptroller data.*
 - b. *Tracking of charter schools that received onsite monitoring and desk audits and closed charter schools.*

Florida mentioned that they will send documentation for review on how they reconcile cash to LEAs and how charter schools program tracks grant funds.

Recommendation: Florida should provide a summary of what they do with regard to the policies and procedures they have in place with the LEA who disburses the funds to the charter school. Do they provide guidance to the LEAs on how to do this, etc? As part of this evidence please provide the A-133 audits of the 5 largest LEAs in the state that authorize charter schools.

In addition, Florida should provide a narrative description of the reconciliation process and reference the documentation of the review as evidence and provide as attachments. The same goes for tracking of charter schools that received onsite monitoring and desk audits and closed charter schools. Please provide a narrative with supporting evidence referenced and provided as attachments.

3. Florida had deficiencies in monitoring and oversight of the charter schools.
 - a. Monitoring Files were incomplete
 - i. Monitoring reports were not in the folder
 - ii. Desk audits were not in the folder
 - iii. There was no evidence of follow-up on issues identified
 - iv. There was no supervisory review
 - b. Not following monitoring tool process and procedures.

Florida mentioned that their financials are stored in an electronic system and many of their program materials were stored on a share drive however they are in the process of building a web-based system.

Recommendation: Florida should provide a narrative description regarding their filing practices currently as well as what they are developing and the timeline for when this will take place. For current filing practices evidence should be submitted including screen shots of file folders that hold the materials in question.

ISSUE B: SEA did not have adequate methodologies to select charter schools for onsite monitoring visits.

Florida did not use adequate risk assessment or other form of selection process to select charter schools for onsite monitoring.

1. Select charter schools for onsite monitoring based on whether the charter school had past management problems
2. Selected charter school based on whether it was collocated with another charter school.
3. Random selection of additional schools, after initial selection, until onsite monitoring visit quota of 50 percent per year was reached.

Florida mentioned that they are developing a more formalized tool for onsite monitoring selection and that the new online system is part of this including a self assessment.

Recommendation: Florida should provide a narrative description of what they described on the phone with regard to what is being formally development as well as provide a timeline of when this tool will be completed and fully implemented.

ISSUE C: SEA did not monitor the authorizing agencies.

Florida did not monitor authorizing agencies because they had no authority to do so.

1. *Legislation did not provide a provision requiring, or precluding, the monitoring of authorizers by SEAs.*
2. *Limited ability to ensure authorizers were approving and granting charters to quality charter schools and providing adequate monitoring to them after they opened.*

Florida mentioned that the constitution precludes them from monitoring LEAs. That LEAs have a broad sense of powers. However they mentioned numerous efforts where they work closely with authorizers without having the authority to require anything of them. They also mentioned the authorizer activities outlined in their 2011 grant.

Recommendation: Florida should provide a narrative describing their efforts as well as a brief summary of the authorizer activity outlined in their application and a timeline for when that activity will begin, deliverables etc.

ISSUE D: SEA did not track how much SEA grant funds charter schools drew down and spent.

Florida did not track the amount of SEA grant funds charter schools drew down and spent during the grant cycle 2008-2011.

1. *The Florida SEA disbursement process was decentralized and relied heavily on LEAs drawing down funds on behalf of schools.*
2. *All funds received by charter schools were drawn down by the LEAs, which made it impossible to track funds received and spent at the SEA level without the LEA providing additional expenditure information.*
3. *Could not determine how much SEA grant funding each charter school received and spent because we could not establish a reliable universe, nor could we trace the funds between the Florida SEA Charter School Division's data and the Florida SEA Grant Management and Comptroller data.*
4. *Florida SEA director received hard copies of monthly reconciliation reports from the Comptroller's system; however, it was unclear how they used these reports.*
5. *Most data was kept in hard copy format at the grants specialists' desks.*
6. *Obtaining project award numbers manually*

Florida mentioned that the LEAs being the fiscal agent and tracking assets strengthen their internal control environment. They also mentioned that their online system that is still being developed will allow for the school's to report expenditures directly to the SEA quarterly through the online system and allow them to compare against their budget.

Recommendation. Florida should provide a narrative with supporting evidence and a timeline.

Finding No. 3: OIG Did not Ensure SEAs Have Adequate Monitoring Procedures for Handling a Charter School Closure.

1. Florida did not have adequate procedures for tracking assets from closed charter schools.

~~a. Could not determine the SEA grant funds disbursed to closed charter schools.~~

~~b. Only the amounts awarded (not expended) to the charter schools were available.~~

~~Each school's respective authorizer houses the total amount of funds the school expended.~~

~~Authorizers were responsible for ensuring that schools properly disposed of assets. Unable to follow up on the status of the assets purchased with SEA grant funds.~~

2. Florida could not provide a reliable list of charter schools that closed during the 2008-2011 grant cycle.

~~a. Could not determine the SEA grant funds disbursed to closed charter schools.~~

~~b. Only the amounts awarded (not expended) to the charter schools were available.~~

Florida did not collect documentation on asset disposition purchased with grant funds.

~~a. Authorizers were responsible for ensuring that schools properly disposed of assets. Unable to follow up on the status of the assets purchased with SEA grant funds~~

~~Of the 13 Florida schools that closed that received the SEA grant:~~

~~Florida was unable to provide the OIG with data related to two schools that closed.~~

None of the schools files had information showing what happened to any assets the school purchased with the SEA grant or if any unallowable or unsupported grant expenditures needed to be returned. Grantees and subgrantees must maintain records that adequately identify the source and application of funds and compliance with program requirements. The records should also facilitate an effective audit. Regarding assets acquired by a closed charter, states that if a subgrantee fails to take appropriate disposition actions, then the awarding agency must direct the grantee to take appropriate disposition actions.

Florida mentioned that their data collection form can illustrate some of these findings (as mentioned in their initial memo responding to the OIG report). They also referenced their formalized closure process that they submitted on the SEA exchanged.

Recommendation: Florida should submit a narrative specifically describing what they have in place and should reference and submit evidence that supports their claims. Specifically a current list of closed schools (that received CSP money), how much was allocated to those schools and the documentation they have regarding the schools closure and how the LEA dealt with assets should be submitted. Questions such as – what documentation does the SEA collect and keep to make sure they can ensure that disposition is happening? Are they putting specific evidence in the grant file etc?

▲ Action Item Documents - Recommendation A02-L0002/2/1

Action Item - A02-L0002/2/1/1

Document Name	Staff	Comments	Upload Date	Date of Document	Options
OIG Report Call Script - California.doc	Erin Pfeltz	Call script documenting kick-off of corrective action plan with CA.	01/05/14 02:56 PM	01/23/13	N/A
Arizona OIG Audit Post-Call Document (3).doc	Erin Pfeltz	Agenda for corrective action plan kick-off call with AZ.	03/05/14 02:59 PM	02/20/13	N/A
OIG Report Call Script - Florida.doc	Erin Pfeltz	Kick-off call for corrective action plan for FL.	09/05/14 03:00 PM	01/24/13	N/A

Action Item - A02-L0002/2/1/2

Document Name	Staff	Comments	Upload Date	Date of Document	Options
CA CSP Monitoring Report September 2013VS.pdf	Erin Pfeltz	Final CA monitoring report.	09/05/14 03:02 PM	09/30/13	N/A

Action Item - A02-L0002/2/1/3

Document Name	Staff	Comments	Upload Date	Date of Document	Options
2013 SEA APR Review Template.doc	Erin Pfeltz	2013 SEA APR review template.	03/05/14 03:01 PM	06/27/13	N/A



California

Charter Schools Program Monitoring Report

Prepared for the
U.S. Department of Education

September 2013

West 

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I. INTRODUCTION

Monitoring is the regular and systematic examination of a grantee's administration and implementation of a Federal education grant, contract, or cooperative agreement administered by the U.S. Department of Education (ED). Monitoring the use of Federal funds has long been an essential function of ED. ED monitors programs under the general administrative authority of the U.S. Department of Education Organization Act. Section 80.40(e) of Education Department General Administrative Regulations (EDGAR) also permits ED to make site visits as warranted by program needs.

ED policy requires every program office overseeing discretionary or formula grant programs to prepare a monitoring plan for each of its programs. The plans are designed to link established monitoring to achieving program goals and objectives; adhering to laws, regulations, and assurances governing the program; and conforming to the approved application and other relevant documents. In a July 2002 memo from the Deputy Secretary, each principal office was advised to monitor (1) for results; (2) to ensure compliance with the law; and (3) to protect against waste, fraud, and abuse.

The purpose of the Charter Schools Program (CSP) Monitoring Plan is to assess the extent to which grantees are implementing their approved grant projects in compliance with Title V, Part B Public Charter Schools Program statutes, regulations, and guidance. The CSP monitoring objectives are threefold:

- Increase CSP fiscal and programmatic accountability at the State and local levels.
- Support and improve grantee capacity in carrying out the purpose of the CSP through the timely and efficient administration of Federal funds awarded under this program and other Federal education programs.
- Assist grantees with the planning and implementation of high-quality charter schools.

Thus, monitoring serves not only as a means for helping grantees achieve high-quality implementation of their CSP grant project, it also helps ED to be a better advisor and partner in that effort. CSP monitoring efforts are designed to focus on the results of grantees' efforts to implement critical requirements of the CSP using available resources and guidance. Information and data from grantee monitoring also assist to inform the program's performance indicators under the Government Performance Results Act.

This report is an analysis and assessment of the data, grant award documents, interviews, and information gathered prior and during the site visit to the State grantee. Findings in this report reflect the monitoring team's observations and conclusions about the State grantee's compliance and performance under the CSP grant from the beginning of the current grant period to the time of the site visit.

A draft copy of the monitoring report was provided to State officials for review, with a request for technical edits and corrections accompanied by supporting documentation. The grantee's response found in Appendix 7: *California Charter Schools Draft Monitoring Report – Grantee Review*. The final report takes into consideration the State's response as well as all of the other evidence gathered during the monitoring process.

II. DATA COLLECTION PROCESS AND METHODOLOGY

The CSP Monitoring Plan is being conducted with the assistance of WestEd (Contract # ED-CFO-10-A-0074/0001). The plan assesses grantee performance and compliance using indicators based on Federal charter school law including statute, EDGAR, and non-regulatory guidance. A monitoring handbook containing the indicators was provided in advance of the site visit and used to guide the monitoring process. The monitoring handbook specifies the language of each indicator, its statutory or other sources, criteria for meeting each indicator, guiding questions, and acceptable evidence.

In conducting this comprehensive review, the monitoring team carried out a number of major activities. These included:

- Reviewing key background documents on the State's CSP grant provided by ED, including the grant application, grant award notice, annual performance reports and CEEP review of objectives and performance measures (where applicable).
- Researching and synthesizing other available information about the State grantee's charter school program including relevant statutes, reports and evaluations, newspaper articles, and other data from government, research, and advocacy organizations.
- Consulting with ED prior to the site visit about issues of special concern in the State grantee's administration of the CSP.
- Arranging the site visit in coordination with State and charter school officials, including identifying State officials for interviews and selecting subgrantees for visits.
- During the site visit interviews, collecting evidence of the State grantee's compliance or performance with respect to each indicator. Materials and artifacts were collected at the SEA and school sites to document compliance with Title V, Part B Public Charter Schools Program statutes, regulations, and guidance.
- Analyzing the evidence obtained and collecting any follow-up information necessary to produce this report.

The California monitoring visit occurred from January 28, 2013 – February 1, 2013. The monitoring team spent the first two full days of the visit in interviews with staff of the California State Board of Education (SBE), the CSP grantee, as well as staff from the California Department of Education (CDE) who act on behalf of the SBE for purposes of administering the grant. Throughout this report, references to CDE should be considered references to the CSP grantee, given the unique organizational structure for CSP grant administration in California. Interview participants at the CDE included the Charter Schools Division (CSD) Director, Assistant Legal Counsel, Education Program Consultants, Director of Education Fiscal Services Division, Director of Educational Data Management Division, Special Education Division Administrator, Director of School Fiscal Services Division, and the Director of Improvement and Accountability Division and various related staff. The remainder of the monitoring visit was spent in interviews at 10 subgrantee charter schools across the state.

Prior to the visit, the CDE provided the monitoring team with preliminary documentation. The submission included information on various components of State statute and policy (including Education Code, recent assembly bills, waiver requests); subgrant application process (including funded and unfunded applications, blank versions of the request for applications (RFA), and technical assistance powerpoints); regular subgrantee reporting (including quarterly benchmark reports and annual reports) as well as information about related contracts, funding opportunities, and grant-related outreach. At the close of the State-level interview additional information and documentation was provided.

Not all of the monitoring indicators were able to be addressed during the monitoring visit. As a result, a follow-up conference call was held on February 14, 2013. Additional documents were submitted by the CDE on February 21, 2013.

The monitoring team visited several subgrantee organizations across the state, including four in Northern California and five in Southern California. At least two of the subgrantee organizations visited in Southern California managed multiple subgrants. At each school, the monitoring team met with school leaders and members of the school's board of directors, and in some cases also met with teachers, parents, school support personnel, and district leaders. The schools visited are as follows:

- Da Vinci Charter School – a district-authorized conversion middle and high school located in Davis, California. The school serves 339 students in grades 7-12. This school has two campuses: a junior high school with grades 7-9 and a senior high school with grades 10-12.
- Spring Creek Matanzas Charter – a district-authorized conversion elementary school located in Santa Rosa, California. The school serves 401 students in grades K-5. This school has two campuses: a K-2 and 3-5.
- Cornerstone Academy – a district-authorized elementary school located in San Jose, California. The school serves 260 students in grades K-3. The school is planning to expand to 6th grade.
- Rocketship Los Suenos Academy – a county-authorized elementary school located in San Jose, California. The school has a countywide charter to serve students across the county and serves 630 students in grades K-5. The school is part of the Rocketship network.¹
- Los Angeles Leadership Academy – a district-authorized elementary school located in Los Angeles, California. The school serves 148 students in grades K-5 in a dual-language immersion program. The school has a sister school that serves students in grades 6-12 located on another campus that received a subgrant under a previous CSP grant.
- Celerity Sirius – a district-authorized elementary school located in Los Angeles, California. The school serves 400 students in grades K-5. It is managed by Celerity Educational Group.²

¹ Rocketship is also a recipient of CSP's Replication and Expansion grant program.

- California Pacific Charter Schools – a district-authorized virtual middle and high school located in Newport Beach, California. The school serves 750 students in grades 6-12. This virtual school holds four separate charters and serves students across the state.³
- High Tech Elementary School, Chula Vista – a State-authorized elementary school located in Chula Vista, California. The school serves 418 students in grades K-5. The elementary school is co-located on the same site with the middle school.
- High Tech Middle School, Chula Vista – a State-authorized middle school located in Chula Vista, California. The school serves 320 students in grades 6-8. The middle school is co-located on the same site with the elementary school.

This report is an analysis and assessment of the data, grant award documents, interviews, and information gathered prior and during the site visit to the State grantee. Findings in this report reflect the monitoring team’s observations and conclusions about the State’s compliance and performance under the CSP grant from the beginning of the current grant period to the time of the site visit.

A draft copy of the monitoring report is being provided to the grantee for review, with a request for technical edits and corrections accompanied by supporting documentation. The grantee’s response will be included as an appendix to this report and carefully considered before the monitoring report is finalized. Hence, the final report will take into consideration the grantee’s response as well as all of the other evidence gathered during the monitoring process.

The main purpose of the grantee review process is to make the report as accurate as possible. Grantee responses are used to clarify or correct details about policies, practices, or procedures occurring up to the time of the site visit and may result in revisions to observations and ratings, if justified. However, if the grantee submits evidence of new or changed policies, practices, or procedures that occurred after the site visit, that information will not be reflected in the report findings and will only be included in the appendix. This additional information would be beyond the scope of the monitoring visit and would therefore not influence any observation or rating.

² Celerity Education Group manages several schools in the Los Angeles area of which three had subgrants funded out of the current CSP grant. The monitoring team found no concerns regarding the independence of each of these school sites.

³ Technically speaking, California Pacific has four charters, each authorized by a different LEA around the state. In practice, the schools are operated as one virtual school. California Pacific received three implementation subgrants in 2010. (See Indicator 1.2 for related concerns.)

III. BACKGROUND INFORMATION ON GRANTEE

STATE STATUTE/POLICIES/CONTEXT

California was the second state to enact charter school legislation with passage of the Charter Schools Act of 1992. The legislation was created to provide opportunities for teachers, parents, students, and community members to establish, maintain, and operate schools independently from an existing school district (EC Section 47601).

By design, charter schools in California are exempt from most sections of the State's Education Code. Charters are bound only by California Education Code section 47605 which covers the required elements of a charter school petition as well as the charter petition submission and appeals process. The original 1992 law granted California charter schools a "mega waiver" exempting them from most local and State education codes. In a 1998 amendment, charter school autonomy was further strengthened by allowing parents to sign petitions in support of new start-up charter schools. Also in the 1998 amendment, the State began requiring local school boards to report specific reasons for denying charter school petitions. The 1998 amendment also allowed charter schools to determine annually if they wish to be direct funded or indirect funded. All State and Federal education funds in California pass from the State to the County Treasurer. Direct funded charter schools operate as their own fiscal agent and receive funds directly from the County Treasurer. Indirect funded charter schools use the LEA as their fiscal agent and receive funds through their LEA.

More recently, the State has strengthened requirements around charter school authorization and renewal. Senate Bill (SB) 1290 was passed by the legislature in March 2012, was signed by the governor in September 2012, and officially enacted starting January 1, 2013. The law requires the chartering authority to consider increases in pupil academic achievement for all groups of pupils served by the charter school as the most important factor in determining whether to grant a charter renewal. (See Indicator 2.1 for additional information about SB 1290.)

In comparison to its model charter law, the National Alliance for Public Charter Schools ranks California's charter statute seventh out of 43 State charter laws for 2013.

Authorization. California law allows local school boards, county boards of education, and the State Board of Education (SBE) to authorize charter schools according to the following criteria:

- A local board may approve charter schools that will operate within the geographic boundaries of the school district.
- A county board of education may approve a charter that: a) will serve pupils for whom the county office of education would otherwise be responsible for providing direct education

and related services; or b) will operate at one or more sites within the county's geographic boundaries (as a countywide charter) and provide instructional services not generally provided by the county office of education.

- The SBE may approve a charter school that will operate in multiple sites throughout the state if the charter will provide instructional services of statewide benefit (these are referred to as Statewide Benefit Charters).

Appeals. A charter applicant denied by a local school board may appeal first to the county board of education, and then upon denial by the county, to the SBE.

Revocation and Renewal. Charters are generally granted for five years and renewed based on the school's performance. Renewal practices differ depending on the individual authorizer. According to Education Code 47607, a charter may be revoked by the authority that granted the charter if the authority finds, through a showing of substantial evidence, that the charter school did any of the following:

- Committed a material violation of any of the conditions, standards, or procedures set forth in the charter.
- Failed to meet or pursue any of the pupil outcomes identified in the charter.
- Failed to meet generally accepted accounting principles or engaged in fiscal mismanagement.
- Violated any provision of law.

According to Education Code 47607, the SBE, based upon the recommendation of the Superintendent of Public Instruction, may take appropriate action to revoke a school's charter at any time in the life of a charter in the event of:

- Gross financial mismanagement that jeopardizes the financial stability of the charter school;
- Illegal or substantially improper use of charter school funds for the personal benefit of any officer, director, or fiduciary of the charter school; or
- Substantial and sustained departure from measurably successful practices such that continued departure would jeopardize the educational development of the school's pupils.

According to Education Code Section 47607 a charter school shall meet at least one of the following before receiving charter renewal:

- Attained its Academic Performance Index (API) growth target in the prior year or in two of the last three years both schoolwide and for all groups of pupils served by the charter school.

- Ranked in deciles 4 to 10, inclusive, on the API in the prior year or in two of the last three years.
- Ranked in deciles 4 to 10, inclusive, on the API for a demographically comparable school in the prior year or in two of the last three years.
- The entity that granted the charter determines that the academic performance of the charter school is at least equal to the academic performance of the public schools that the charter school pupils would otherwise have been required to attend, as well as the academic performance of the schools in the school district in which the charter school is located, taking into account the composition of the pupil population that is served at the charter school.
- API growth target would require growth targets to be met both schoolwide and for all groups of pupils served by the charter school.

In January 1, 2013, SB 1290 amended California charter school law to comply with the State's assurance to ED that increases in student academic achievement for all groups of students be *the* most important factor when determining to renew or revoke a school's charter. Under this new law:

- The authority that granted the charter shall consider increases in pupil academic achievement for all groups of pupils served by the charter school as the most important factor in determining whether to grant a charter renewal.
- The state board may reverse the revocation decision if the state board determines that the findings made by the chartering authority under subdivision (e) are not supported by substantial evidence.

Growth of Charter Sector. California has the most charters schools and charter school students in the U.S., with over 438,000 students currently attending a California charter school. Under California law, the current cap on charter schools is 1,650 statewide; the cap is raised by 100 schools each year. The number of charter schools has grown by approximately 10 percent per year in recent years. At the time of the monitoring visit there were 1,065 charters in California. The majority of charters schools are authorized by their local school board. There are three Statewide Benefit Charters with 57 campuses across the state.

Charter Closures. According to California Charter Schools Association (CCSA) data, in 2008-09 31 charter schools in the state closed, in 2009-10 34 closed, and in 2010-11 30 charter schools closed. There were 28 closures in 2011-12; one school voluntarily closed due to low enrollment. Since 2008, CSD has closed 48 percent of charter schools which were in the bottom 10 percent of California schools, 57 percent which were in the bottom 25 percent, and 12 percent which were in the top 10 percent of schools. (See Appendix 1: *CCSA Accountability Story 2013*.)

California law requires that closure procedures are stated through an agreement between the authorizing entity and charter school before the charter school begins operation. These procedures must designate a responsible entity to conduct closure activities and identify how these activities will

be funded. Education Code Section 47605(b)(5)(P) requires each charter to contain a description of the procedures to be used if the school closes. This includes a final audit, plans for disposing of all assets (fixed assets and remaining fund balances), and maintenance and transfer of student records. If a charter school is established as a nonprofit corporation, the corporate bylaws and the statutes governing nonprofit corporations would apply. Additional regulations pertaining to charter school closure are found in California's Code of Regulations. The CSD has issued a recommended process for closing a charter school (<http://www.cde.ca.gov/sp/es/lt/closure/rules.asp>). The CSD's closure recommendations include the following:

- 1) Revocation or non-renewal must be documented as an official action by the authorizing entity (e.g., at a school board meeting).
- 2) The authorizing entity must notify the CDE of the closure or non-renewal within 10 days of the official action. Notification must include the effective date of the closure; contact information for the person(s) at the school handling the closure; information about how students and families can obtain copies of student records; and reasons for the closure.

Subsequent to notification from the authorizer, the CDE will inform the charter school and authorizer about any outstanding liabilities (e.g., State apportionment funding, grants, loans). Charter schools must also participate in a final audit within six months of closing. The audit must include an accounting for all financial assets, liabilities, and an assessment of the disposition of any restricted funds. In most instances, net assets may be transferred back to the authorizing entity or transferred to another public charter school (if stated in nonprofit bylaws or otherwise agreed upon by the authorizer and the charter school). Closing charter schools are also required to complete any outstanding annual reports.

The State's MOU template for statewide benefit charter schools and charter schools approved on appeal also includes a charter school closure procedures checklist. The checklist identifies several categories of actions regarding invoking the closure procedures, necessary immediate actions, communicating with students and families, dealing with student and business records, communicating with faculty and staff, reconciliation of assets and liabilities, and dissolution of the school or corporate entity. While fairly comprehensive, this checklist would only apply to charter schools subject to this specific MOU.

PERFORMANCE OF THE STATE CHARTER SECTOR

California public charter schools are required to participate in the statewide assessment test, called the STAR (Standardized Testing and Reporting) program. In California, the Academic Performance Index (API) is the cornerstone of the State's school accountability system. The API is a single number ranging from 200 to 1,000 that summarizes the performance of students, a school, or a district on California's standardized tests. The statewide target for API is 800, and schools are given growth targets each year to mark progress toward achieving that goal. Schools receive their API

score each fall following the testing that occurs each spring. If schools continue to meet API growth targets each year, they may become eligible for certain honors and awards. Any California schools failing to make progress on the API are ranked among the lowest performing schools statewide and may be identified to participate in intervention programs designed to help them boost student performance.

CDE does not publish data on the charter school sector separate from other schools. Similarly, data at the district level does not aggregate and report charter sector performance separate from traditional public schools.

The monitoring team reviewed data provided from CCSA's *Portrait of the Movement* to understand the academic performance of charter schools in California. The CCSA has developed a Similar Students Measure (SSM) that compares a school's Academic Performance Index (API) to a predicted API that controls for the effects of student background on performance. The data for California charter schools as well as noncharter public schools are distributed in a "U-Shape." For the State's charter schools, the "U-Shaped" distribution means that the schools are more likely to outperform their predicted API and to a lesser extent, more likely to underperform relative to their predicted API. In 2010-11 CCSA compared the performance of charter schools and non-charter schools relative to the predicted API. CCSA reported that 116 (14.7 percent) of California charter schools were performing at the top 5 percent compared to 295 (4.0 percent) of non-charter schools. However, 100 (12.7 percent) of charter schools are performing in the bottom 5 percent of California schools versus 312 (4.2 percent) of non-charter schools. (See Appendix 2: *CCSA Portrait of the Movement Report*, February 2012).

THE SEA CHARTER SCHOOLS OFFICE/PROGRAM

California's CSP grant is made to the State Board of Education (SBE); the CDE's Charter Schools Division (CSD) oversees the State's Public Charter Schools Grant Program (PCSGP). Using the Federal CSP grant funds, the PCSGP funds planning, implementation, and dissemination subgrants to California's charter schools to support startup and initial implementation. Approximately 12 CDE staff members and one staff member from the SBE administer the PCSGP. The Director of the CSD reports to the Deputy Superintendent of Public Instruction. Other CDE positions that support the PCSGP include fiscal services administrator, assistant legal counsel from SBE, CDE legal staff, an executive secretary, and various education program consultants. Generally speaking, CSD staff oversee the daily operations of the grant while the SBE staff provide oversight and coordination with SBE activities. In addition to administering the PCSGP, the CSD also oversees any State-authorized charter schools and other charter-related initiatives.

CHARTER SCHOOLS PROGRAM GRANT

California has received six CSP grants to date: in 1995, 1998, 2001, 2004, 2007, and 2010. The

current grant, awarded in 2010, is a five-year grant for approximately \$279 million.

California was monitored in 2009 under its 2007 CSP award. The previous monitoring identified several concerns including: areas of the subgrant application process, related guidance and technical assistance; school enrollment lotteries that did not align with Federal guidelines; lack of a peer review process; lack of subgrantee monitoring by the State; outreach about the grant and other Federal formula funding opportunities; recordkeeping; and use of funds.

The present document is a report of monitoring conducted as part of California's 2010-15 CSP grant. Under this grant, the State cites the following four objectives:

1. Increase the Number of High-Quality Charter Schools in California;
2. Strengthen Charter School Sustainability Through Capacity Building;
3. Improve Academic Achievement of Charter School Students; and
4. Disseminate Best Practices From High-Quality Charter Schools.

At the time of the monitoring visit, the CDE had awarded 143 subgrants in 2010-11 (26 to new subgrantees and 117 to continuing subgrantees), 63 in 2011-12, and 37 thus far in 2012-13 (an additional 63 are eligible for funding once their charter has been authorized). Subgrant award amounts ranged from \$250,000 to \$575,000 in each year. Dissemination subgrant awards were not planned to be awarded until Years 3 and 4 of the grant. At the time of the monitoring visit, the CSD had just released a dissemination subgrant RFA and expected to make awards in spring 2013. As a result, there is no information on the number or dollar amount of dissemination subgrant awards.

	Planning and Implementation Subgrants		Dissemination Subgrants	
	Number	Range of \$ Awards	Number	Range of \$ Awards
Year 1 (10-11)	143	\$250,000 - \$575,000	None	None
Year 2 (11-12)	63	\$250,000 - \$575,000	None	None
Year 3 (12-13)	37/63 ⁴	\$250,000 - \$575,000	TBD	TBD
Total	243	\$250,000 - \$575,000		

Prior to the monitoring visit, ED identified several areas of concern regarding California's 2010 CSP grant. In particular, ED was concerned about deficiencies that were noted in a 2012 OIG audit report of OIP's oversight and monitoring of planning and implementation grants, which included findings from a small sample of states including California. These areas of concern included subgrantee monitoring as well as fiscal control and fund accounting procedures.

⁴ At the time of the monitoring visit, 37 subgrant applications had been awarded and 63 additional applications had been approved and were awaiting official charter approval to be awarded subgrant funds.

IV. SUMMARY

Monitoring focused on three areas: (1) Subgrant Application and Award Process; (2) CSP and Charter School Quality; and (3) Administrative and Fiscal Responsibilities. Within each area, the protocol identifies indicators of grantee compliance or performance. This section presents the monitoring team's observations, assessment of the grantee's performance, and recommendations for each indicator. Grantee ratings are based on the degree to which the grantee meets each indicator. The indicator rating system is as follows:

- 3 – Grantee fully meets the indicator.
- 2 – Grantee partially meets the indicator.
- 1 – Grantee does not meet the indicator.

To summarize, California has not demonstrated the necessary program management and fiscal controls to meet the application's objectives.

Subgrant Application and Award Process – California met two of five indicators in this area. California has implemented the necessary subgrant application descriptions and assurances as well as a peer review process. However, California has not demonstrated that it ensures all applicants are eligible and meet the Federal definition of a charter school. Further, the monitoring team is concerned that the State's implementation of program periods does not conform to Federal requirements in all aspects. Specific areas of concern recommended for followup by ED are:

- Authorizers as Developers. The grantee has awarded subgrants to at least two entities where the authorizer also served as the developer.
- Multiple CSP subgrants to single school. In at least one example, the CSD awarded three subgrants to what is operationally a single school entity.
- Conversion Schools. Conversion schools did not adequately demonstrate autonomy or change in operations to meet the Federal definition of a charter school.
- Lottery Policies. Children of district employees received lottery exemptions and students matriculating between subgrantees were granted previously-enrolled status and exempted from the lottery.
- Written Performance Contracts. The CSD considers MOUs to be the agreement that operationalizes the charter contract for statewide benefit charters authorized by SBE; however, subgrantees authorized by LEAs could not identify what their written performance contracts were.
- Differentiation of planning vs. implementation funds on GANs. GANs do not delineate between planning and implementation awards and the CSD has allowed unspent planning

funds to roll over into implementation without documentation as to what costs may no longer be allowable.

- Potential co-mingling of grant funds. In at least one instance, a subgrantee GAN did not distinguish between funds received from the 2007 CSP grant and the 2010 CSP grant.
- Back-dating GANs. The CSD has a practice of back-dating GANs to an arbitrary date that at times may exceed months before a GAN was signed or even pre-date when an application was submitted.

CSP and Charter School Quality – California fully met one and partially met two indicators of seven in this area. California has demonstrated a strong distribution of subgrants around the state representing a variety of educational models and has just begun to disseminate best or promising practices. State law affords a high level of flexibility and autonomy to charter schools, however, the State cannot ensure that all charter schools operate with a high degree of flexibility and autonomy, especially as related to personnel and daily operations of LEA-authorized schools. California has not demonstrated that it provides for quality authorizing practices, grants awards only to eligible applicants, and monitors subgrantee projects to assure that objectives are being achieved. With regard to making progress toward achievement of its application objectives, the State was able to demonstrate meeting only 5 of 25 performance measures. Specific areas of concern recommended for followup by EID are:

- Charter performance contracts. The grantee cannot ensure that charter or performance contracts describe the obligations of the school and the authorizer.
- SB 1290 requirements. By passing and beginning implementation of SB 1290, the State has recently taken steps to ensure that the SBE complies with its responsibility to ensure that student academic performance is the most important factor when determining charter applications and renewals. However, the CDE does not currently monitor data for LEA or county-authorized schools, nor has it developed a system to support authorizer capacity in this area.
- Authorizer oversight and monitoring. The grantee does not monitor or hold accountable authorized public chartering agencies. Additionally, the grantee has not carried out the proposed activities related to authorizer monitoring and oversight.
- Inconsistent levels of flexibility and autonomy across charter schools. The grantee cannot ensure that all charter schools operate with high degree of flexibility and autonomy, especially as it relates to personnel and daily operations of LEA-authorized schools.
- Lowered eligibility criteria. The CSD lowered the eligibility requirements from a minimum score of 3 (defined as “Adequate”) on any given rubric criteria to 2 (defined as “Limited”), effectively dropping the rigor of the subgrant application process.
- Quality process. It is unclear how the CSD’s current subgrant application review process results in the issue of subgrants to high quality charter schools.

- Subgrantee monitoring schedule. At the time of the monitoring visit, the CSD lacked a comprehensive monitoring schedule that identified when subgrantees would be monitored.
- Monitoring selection process. Though the CSD has a system in place to assess the risk of SBE-authorized charter schools for authorizer oversight visits, the CSD could not demonstrate a similar risk-based system for identifying subgrantees to be monitored.
- Use of trained monitors. The CSD could not provide information on how it intends to train its monitors for subgrantee monitoring.
- Connection to grant program objectives. It is unclear from the current monitoring documents how, if at all, the subgrantee monitoring process supports the grantee in meeting its project objectives.
- Corrective action process. It is not clear how corrective actions to be taken by subgrantees to address deficiencies identified through QBR and annual reporting are enforced.
- Limited implementation of dissemination activities. The CSD's dissemination subgrant competition had only just been announced at the time of the monitoring visit. Additionally, the CSD has not utilized the Brokers of Expertise dissemination platform to the extent proposed in the approved CSP grant application.
- Ambiguous performance measures and data points. As outlined in the observations and Table 2.7, many of the State's performance measures are worded in such a way that applicable data are impossible to gather. These examples usually involve the term "currently funded" in a time frame that would exceed the grant period. The result is that data have been reported inconsistently over the course of the grant period and some measures will not be available until after the grant period.
- Poor progress toward grant objectives. The grantee could demonstrate meeting only 5 of a total of 25 performance measures and did not meet 9 of 23 applicable performance measures.
- Lack of an external evaluation. The CDE has not awarded a contract or released an RFP for its external evaluation that would assist the State in assessing its progress and enable it to focus on areas needing improvement and correction.

Administrative and Fiscal Responsibilities - California fully met two of six indicators in this area. California exhibited strong practices in sharing information about funding and in transferring student records. However, CDE has not informed subgrantees or LEAs of requirements around deductions of administrative fees from CSP subgrants. While the grantee has remained within the appropriate thresholds for administrative and dissemination subgrant expenses, it has not implemented two key administrative activities (evaluation and technical assistance) included in the approved application. Further, the monitoring team identified several issues with the disbursement and accounting of CSP funds and observed that recordkeeping practices were sometimes inadequate to produce necessary program information. Specific areas of concern recommended for followup by ED are:

- Incomplete implementation of administrative activities. The grantee has not funded two administrative activities – charter development technical assistance contracts and its external evaluation – as specified in its approved application to ED.
- Potential co-mingling of grant funds. Grant award documents for multiple subgrantees did not adequately distinguish subgrant funds that had been awarded from two separate CSP grants.
- Allowable costs. The CDE provides minimal guidance in the RFA and related technical assistance webinars on allowable costs. Additionally, there is evidence of a variety of subgrantee expenditures that were reimbursed that may not be allowable.
- Cash management system. The CDE releases planning and program design and implementation subgrant funds on a quarterly basis and cannot ensure that systems are in place to minimize the amount of time elapses between transfer of funds from ED, disbursement from CDE, and usage at the school site.
- Informing subgrantees and LEAs about administrative fees. The CDE has not informed subgrantees or LEAs of requirements that administrative fees deducted from CSP subgrants be voluntary or mutually agreed upon.
- Ensuring deductions are voluntary and mutually agreed upon. The State is unable to demonstrate that it ensures that any deductions of administrative fees from CSP subgrants are voluntarily and mutually agreed upon.
- Recordkeeping Systems and Practices. The monitoring team observed that program data were often held in the files of numerous staff members who maintained files with partial information, such that some documentation necessary for monitoring was not immediately available.

Promising practices that may be worthy of examination and/or replication by other SEA grantees include:

- Significant Expansion Data System. The CDE has developed and uses the PENSEC data system to ensure that significantly expanding charter schools receive their commensurate share of Federal funds.

A summary table of all of the indicators and their ratings is provided below.

Summary of Indicator Ratings

Section 1: Subgrantee Application and Award Process		Rating
Indicator 1.1	SUBGRANT APPLICATION DESCRIPTIONS AND ASSURANCES. The State requires each eligible applicant desiring to receive a subgrant to submit an application to the State Educational Agency that includes the descriptions and assurances required in Federal statute.	3

Indicator 1.2	ELIGIBLE APPLICANTS. The State ensures each applicant desiring to receive a subgrant meets the term "eligible applicant."	1
Indicator 1.3	DEFINITION OF CHARTER SCHOOL. The State ensures each eligible applicant meets the term "charter school."	1
Indicator 1.4	PEER REVIEW. The State uses a peer review process to review and select applications for assistance under this program.	3
Indicator 1.5	PROGRAM PERIODS. CSP subgrants awarded by the State do not exceed the maximum program periods allowed.	1
Section 2: CSP and Charter School Quality		Rating
Indicator 2.1	QUALITY AUTHORIZING PRACTICES. State laws, regulations, or other policies provide for quality authorizing practices and the SEA monitors and holds accountable the authorized public chartering agencies in the State so as to improve the capacity of those agencies to authorize, monitor, and hold accountable charter schools.	1
Indicator 2.2	FLEXIBILITY AND AUTONOMY. The SEA affords a high degree of flexibility and autonomy to charter schools.	2
Indicator 2.3	SUBGRANTEE QUALITY. The SEA awards grants to eligible applicants on the basis of the quality of the applications submitted.	1
Indicator 2.4	DISTRIBUTION OF SUBGRANTS. The State awards subgrants in a manner, to the extent possible, to ensure that such subgrants: a) are distributed throughout different areas of the State, including urban and rural areas; and b) will assist charter schools representing a variety of educational approaches.	3
Indicator 2.5	SUBGRANTEE MONITORING. The SEA monitors subgrantee projects to assure approved grant and subgrant objectives are being achieved and to ensure compliance with Federal requirements.	1
Indicator 2.6	DISSEMINATION OF BEST OR PROMISING PRACTICES. The State disseminates best or promising practices of charter schools to each local educational agency in the State.	2
Indicator 2.7	ACHIEVEMENT OF APPLICATION OBJECTIVES. The State demonstrates substantial progress in meeting its application objectives.	1
Section 3: Administrative and Fiscal Responsibilities		Rating
Indicator 3.1	FEDERAL PROGRAMS INFORMATION AND FUNDING. The State informs appropriate audiences about the SEA's charter school grant program, Federal funds that the charter school is eligible to receive and Federal programs in which the charter school may participate, and ensures that each charter school in the State receives its commensurate share of Federal education formula funds.	3
Indicator 3.2	ALLOCATION OF CSP FUNDS. The proportion of grant funds reserved by the State for each activity does not exceed the allowable amount.	2
Indicator 3.3	ADMINISTRATION AND USE OF CSP FUNDS. The SEA administers the CSP funds and monitors subgrantee projects to ensure the proper disbursement, accounting, and use of Federal funds.	1
Indicator 3.4	LEA DEDUCTIONS. The State ensures that the LEA does not deduct funds for administrative expenses or fees unless the eligible applicant enters voluntarily into an administrative services arrangement with the relevant LEA.	2
Indicator 3.5	TRANSFER OF STUDENT RECORDS. The SEA ensures that a student's records and, if applicable, individualized education program accompany the student's transfer to or from a charter school in accordance with Federal and State law.	3
Indicator 3.6	RECORDKEEPING. All financial and programmatic records, supporting	2

	documents, statistical records, and other records of grantees and subgrantees related to the CSP grant funds are maintained and retained for grant monitoring and audit purposes.	
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V. FINDINGS

This section presents the monitoring team's description and assessment of the grantee's administration of the CSP grant for each indicator. Each indicator is stated, followed by summary narrative and detailed tabular information containing the monitoring team's observations and findings of grantee implementation related to the indicator. Any areas of concern and promising practices are then highlighted. Finally, a rating, justification for that rating, and where appropriate, recommendations for improvement are given.

1. SUBGRANT APPLICATION AND AWARD PROCESS

A major function of CSP grantees is to conduct application and award processes to distribute CSP funds to subgrantees in the state, including funds for new charter school planning and implementation as well as for the dissemination of successful charter school practices. A minimum of 95 percent of each State's CSP allocation is distributed to subgrantees through this process. This section focuses on the State's requirements of subgrant applicants, and its processes for evaluating, selecting, and awarding subgrants. Specifically, this section addresses the State's performance in fulfilling its responsibilities to:

- Require subgrant applicants to submit an application with Federally required descriptions and assurances;
- Determine that applicants are eligible to receive CSP subgrants;
- Ensure that eligible applicants meet Federal definitions of a charter school;
- Employ a peer review process to evaluate subgrant applications; and
- Ensure CSP subgrants adhere to allowable time periods.

Indicator 1.1: SUBGRANT APPLICATION DESCRIPTIONS AND ASSURANCES. The State requires each eligible applicant desiring to receive a subgrant to submit an application to the State Educational Agency that includes the descriptions and assurances required in Federal statute.

Observations: In the 2009 monitoring report, the State partially met this indicator. The previous monitoring team was concerned that the planning and implementation subgrant application did not include a description of how the authorized public chartering agency would provide for continued operation of the school once the Federal grant had expired or an opportunity to request waivers.

In its 2010 CSP Application, California proposed to improve the planning and implementation subgrant application by utilizing an on-line application system to collect documentation and adding missing content identified from the previous CSP monitoring report. Furthermore, the grantee outlined quarterly webinars that the CSD would use to provide technical assistance to applicants and subgrantees.

For the 2010-2011 and 2011-2012 PCSGP grant cycles, the CSD continued to use what it refers to as the “work plan” RFA (e.g., the version much like that which was reviewed during the 2009 monitoring visit). This application was not inclusive of all Federally-required descriptions and assurances. However, starting with the 2012-2013 cycle, the CSD has implemented a revised planning and implementation subgrant application that incorporates all of the required descriptions and assurances.

The 2012-2013 PCSGP Planning and Implementation RFA includes the following elements:

- A cover sheet;
- Narrative Response Part 1 – Educational Program, Charter Management Plan, Community and Parent Involvement, Sustainability and Alignment of Resources; Targeted Capacity Building Activities; Autonomy; and Notification and Admissions;
- Narrative Response Part 2 – Compliance with Individuals with Disabilities Education Act (IDEA) and Eligibility for Higher Subgrant Award if Applicable;
- Proposed Budget Summary;
- Budget Narrative;
- Charter Work Plan/Activities;
- General Assurances and Certifications; and
- Subgrant Conditions and Assurances.

Instructions to the applicant note that an application will only be deemed complete if the responses to the required elements are complete and address ESEA Section 5203(A). The CSD also provides subgrant application guidance and technical assistance in the form of webinars throughout the year. The technical assistance that the CSD has provided or planned to provide for the 2012-2013 subgrant applications includes at least four webinars (in September 2012, November 2012, January 2013, and March 2013). The CSD provided Powerpoints used (or to be used) for the November 2012 and the March 2013 webinars. In both instances the webinars covered a detailed introduction to the dissemination subgrant (including background and overview, schedule, funding, eligibility, fundable activities, priorities, application, screening/award process, and required reporting); an update on the planning and implementation subgrants (including schedule, eligibility, funding, application, reporting, and monitoring); and tips for successful applications.

Though the documents indicate that the CSD covered a broad base of basic knowledge about the planning, implementation, and dissemination subgrants, the monitoring team notes that there was no guidance on quality of the applications (other than generic tips about following instructions, starting early, and making sure to have a strong alignment between narrative, workplan, and budget). Furthermore, because the CSD does not track webinar participation it could not identify who or how many participants had participated in the webinars, nor did it seek feedback from participants on the webinars to strengthen its technical assistance efforts.

The CSD reported that in the 2012-2013 round of PCSGP planning and implementation funding, 115 applications were submitted and 100 received a fundable score. (For this competition an application was deemed fundable if all of the narrative sections received a score of at least a 2. See Indicator 2.3 for additional information regarding subgrant application scoring and quality.) The sample of 2012-2013 approved applications provided by the CSD to the monitoring team for review all included complete descriptions in line with allowable activities under the CSP.

Table 1.1: SUBGRANT APPLICATION DESCRIPTIONS AND ASSURANCES

<p>ESEA Section 5203. Applications. (b) Each application submitted pursuant to subsection (a) shall — (3) contain assurances that the State educational agency will require each eligible applicant desiring to receive a subgrant to submit an application to the State educational agency containing —</p>	<p>Is this an area of concern?</p>	<p>Findings: How does the SEA grantee ensure that each description and assurance is included in the subgrant application?</p>
<p>(A) a description of the educational program to be implemented by the proposed charter school, including — (i) how the program will enable all students to meet challenging State student academic achievement standards; (ii) the grade levels or ages of children to be served; and (iii) the curriculum and instructional practices to be used;</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	<p>The PCSGP RFA Narrative Part 1 requires applicants to describe their educational program. The Charter School Workplan/Activities also requires applicants to outline key activities, timelines, responsible parties, and evidence for this topic.</p> <p>Appendix A in the subgrant application outlines the evaluation criteria for this section of the subgrant application, which include a description of how the program will enable all students to meet challenging State standards, grade spans served, and the curriculum to be used.</p>
<p>(B) a description of how the charter school will be managed;</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	<p>The PCSGP RFA Narrative Part 1 requires applicants to describe their charter management plan. The Charter School Workplan/Activities also requires applicants to outline key activities, timelines, responsible parties, and evidence for this topic.</p> <p>Appendix A in the subgrant application outlines the evaluation criteria, which include a description of how the charter school will be managed.</p>
<p>(C) a description of — (i) the objectives of the charter school; and (ii) the methods by which the charter school will determine its progress toward achieving those objectives;</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	<p>The PCSGP RFA Narrative Part 1 requires applicants to describe the goals and objectives of the school and the method for determining progress. The Charter School Workplan/Activities also requires applicants to outline key activities, timelines, responsible parties, and evidence for this topic.</p> <p>Appendix A in the subgrant application outlines the evaluation criteria for this section of the subgrant application, which include a description of the goals and objectives of the school under the educational program element.</p> <p>The CSD also requires that subgrantees have an external evaluation by the end of the grant period.</p>
<p>(D) a description of the administrative relationship between the charter school and the authorized public chartering agency;</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	<p>Appendix A in the subgrant application outlines the evaluation criteria for the charter management plan, which include a description of the administrative relationship between the charter school and the authorizer under the charter management plan element.</p>

		The applicant must include details regarding autonomy over budget, expenditures, personnel, and daily operations.
(E) a description of how parents and other members of the community will be involved in the planning, program design, and implementation of the charter school;	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<p>The PCSGP RFA Narrative Part 1 requires applicants to describe their community and parent involvement activities. The Charter School Workplan/Activities also requires applicants to outline key activities, timelines, responsible parties, and evidence for this topic.</p> <p>Appendix A in the subgrant application outlines the evaluation criteria, which include a description of the process followed to ensure parental involvement under the community and parent involvement element.</p>
(F) a description of how the authorized public chartering agency will provide for continued operation of the school once the Federal grant has expired, if such agency determines that the school has met the objectives described in subparagraph (C)(i);	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	The PCSGP RFA Narrative Part 1 requires applicants to describe their sustainability and alignment of resources activities. The Charter School Workplan/Activities also requires applicants to outline key activities, timelines, responsible parties, and evidence for this topic.
(G) a request and justification for waivers of any Federal statutory or regulatory provisions that the eligible applicant believes are necessary for the successful operation of the charter school, and a description of any State or local rules, generally applicable to public schools, that will be waived for, or otherwise not apply to, the school;	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<p>The PCSGP RFA includes instructions for applicants to request a waiver for any State or local laws, regulations, or policies as well as Federal statutory or regulatory provisions.</p> <p>The RFA also includes a description of the waivers that the State requested from ED.</p>
(H) a description of how the subgrant funds or grant funds, as appropriate, will be used, including a description of how such funds will be used in conjunction with other Federal programs administered by the Secretary;	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<p>The PCSGP Form 5 – Proposed Budget Summary and Form 6 – Proposed Budget Narrative require applicants to describe how they will use subgrant funds. The Proposed Budget Summary is broken out by specific State budget codes and fiscal years.</p> <p>Appendix A in the subgrant application outlines the evaluation criteria, which include a description of how subgrant funds will be used in conjunction with other Federal programs under the sustainability and alignment of resources element.</p>
(I) a description of how students in the community will be – (i) informed about the charter school; and (ii) given an equal opportunity to attend the charter school;	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<p>The PCSGP RFA Narrative Part 1 requires applicants to describe their notification and admissions policies. The Charter School Workplan/Activities also requires applicants to outline key activities, timelines, responsible parties, and evidence for this topic.</p> <p>Appendix A in the subgrant application outlines the evaluation criteria for this section of the subgrant application, which include how students in the</p>

		community will be informed about the charter school and given an equal opportunity to attend as well as a description of the school's public random drawing policies.
(J) an assurance that the eligible applicant will annually provide the Secretary and the State educational agency such information as may be required to determine if the charter school is making satisfactory progress toward achieving the objectives described in subparagraph (C)(i);	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	The PCSGP RFA Form 10 – Subgrant Conditions and Assurances includes several assurances related to providing information to the State or ED regarding performance toward objectives.
(K) an assurance that the eligible applicant will cooperate with the Secretary and the State educational agency in evaluating the program assisted under this subpart;	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	The PCSGP RFA Form 10 – Subgrant Conditions and Assurances includes an assurance requiring recipients to cooperate with Federal or State evaluations.
(L) a description of how a charter school that is considered a local educational agency under State law, or a local educational agency in which a charter school is located, will comply with sections 613(a)(5) and 613(e)(1)(B) of the Individuals with Disabilities Education Act;	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<p>The PCSGP RFA Narrative Part 2 requires applicants to describe their compliance with IDEA.</p> <p>Appendix A in the subgrant application outlines the evaluation criteria for this section of the subgrant application, which include a description of how the charter school will comply with IDEA.</p>
(M) if the eligible applicant desires to use subgrant funds for dissemination activities under section 5202(c)(2)(C), a description of those activities and how those activities will involve charter schools and other public schools, local educational agencies, developers, and potential developers; and	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> NA	The PCSGP Dissemination subgrant RFA requires applicants to describe the program rationale, beneficiary schools, and program activities.
(N) such other information and assurances as the Secretary and the State educational agency may require.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Applicants are required to sign the 2012-2013 General Assurances and Certifications as well as grant-specific Conditions and Assurances.
Sources: <i>California Department of Education Request for Applications Public Charter Schools Grant Program 2012-13 Planning and Implementation Grants, Revised October 9, 2012; California Department of Education Request for Applications Public Charter Schools Grant Program 2012-13 Dissemination Sub-Grants.</i>		

Rating and Justification: 3 – Grantee fully meets the indicator. The 2012-2013 PCSGP Planning and Implementation RFA includes all required descriptions and assurances.

Recommendations: The CSD is encouraged to continue to use its current comprehensive subgrant application as well as to strengthen its efforts to provide related technical assistance and guidance to support the subgrant application process.

Indicator 1.2: ELIGIBLE APPLICANTS. The State ensures each applicant desiring to receive a subgrant meets the term “eligible applicant.”

Observations: In the 2009 monitoring report, the State partially met the conditions of this indicator. The previous monitoring team was concerned that the grantee could not ensure that each subgrant

applicant had provided to their authorizer adequate and timely notice of intention to apply for CSP grant funds, plus a copy of their CSP subgrant application.

In its 2010 CSP grant application, the State requested from ED a waiver to allow for multiple charter schools under a single charter to receive subgrant funds. In its response, ED explained that a waiver was not required for this action because 2011 non-regulatory guidance effectively addressed this issue (i.e., that individual school sites, regardless of who holds the charter, meet the Federal definition of charter school during the period of grant funding). (See Appendix 3: *California October 2010 Waiver Letter*.)

California's 2010 application also proposed that the State would improve administrative procedures to ensure that adequate and timely notice was provided to the authorizer and that not-for-profit status would be ensured.

The 2012-2013 PCSGP RFAs for Planning and Implementation and for Dissemination subgrant applications each include an assurance that the applicant has provided notice of intention to apply for CSP grant funds to their authorizer and a copy of their CSP subgrant application.

The Planning and Implementation RFA states that an applicant may be a newly established or conversion school. Applicants must also be a nonprofit entity or an LEA. For the current subgrant application cycle, the RFA states that applicants must have applied to an authorized public chartering authority by October 12, 2012 to be eligible to apply for the grant and have received a charter by June 30, 2013 to be funded. The RFA also states that conversions schools receiving Title I School Improvement Grant funds are not eligible for PCSGP funds.

The CSD's 2012-13 dissemination subgrant RFA (the first under the State's 2010 grant) includes specific guidance and examples of eligibility requirements. The dissemination competition was under way during the time of the monitoring visit, so the monitoring team could not evaluate whether or not the CSD's systems and procedures would ensure that dissemination subgrants were awarded to eligible applicants.

Based on observations at subgrantees sites, the monitoring team questions the eligibility of certain subgrantees for funding under the CSP grant. Specifically, the monitoring team has the following concerns:

- Authorizer as developer. The monitoring team visited two subgrantees where the charter school developer and authorizer were the same entity (the LEA). The monitoring team noted no distinction between the authorizing entity and developer. LEA administration signed the PCSGP application as the applicant and the GANS were issued to the LEA as well. Further, the monitoring team was told at each of these schools that the subgrantee's governing board was created solely for the purpose of the subgrant (upon recommendation of the CSD in order to receive the grant funds). For at least one of these schools, the

Superintendent of the district maintained veto power over the subgrantee governing board. After the subgrant ended, the governing board was dissolved. (See Indicator 2.2 for additional implications regarding the flexibility and autonomy of charter schools.)

- o Multiple subgrants to a single entity. The monitoring team visited a virtual school that had received three subgrants from the current CSP grant. (The school had also applied for a fourth subgrant in the 2011-2012 grant cycle but was denied because of CSD concerns about its public random drawing.) Though this site holds four separate charters, each from a different district across the state, it operates as a single school (e.g., with one school administrator, one curriculum, and unified teaching staff). As such, the schools that received the subgrants are not separate and distinct and would not meet the Federal requirements stipulated in the 2011 non-regulatory guidance.

Table 1.2: ELIGIBLE APPLICANTS		
The State ensures each applicant desiring to receive a subgrant meets the term "eligible applicant," including:	Is this an area of concern?	Findings: How does the SEA grantee ensure that each applicant desiring to receive a subgrant meets the term eligible applicant?
The school's developer has applied to an authorized public chartering authority to operate a charter school	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<p>An applicant must have been awarded a charter (and related charter school number) in order to receive subgrant funding. In the event that a charter petition has been submitted but not awarded at the time of the subgrant application, the CSD will have the peer reviewers review the subgrant application, but will not proceed with the budget review until a charter has been awarded.</p> <p>The 2012-2013 PCSGP Planning and Implementation RFA states that in order to be eligible to apply for PCSGP funds, a developer must submit the charter petition to an authorized public chartering authority by October 12, 2012, and must receive approval by the end of the fiscal year of this grant cycle (FY 2012-13), June 30, 2013. No funds are released to a subgrantee until a charter number has been issued by CDE.</p>
The school's developer has provided adequate and timely notice to that authority under section 5203(d)(3)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	The General Assurances (Appendix G of 2012-2013 PCSGP Planning and Implementation RFA) includes an assurance that the applicant will provide notice and a copy of the grant application to their authorizing entity.
Non-profit status of the charter holder	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	The 2012-2013 Planning and Implementation RFA states that an applicant must be a nonprofit entity or LEA. Non-profit status at the time of submission of the application will be verified with the California Secretary of State. Individuals and for-profit entities may not apply for planning or implementation subgrants.
Not more than one grant to the same charter school	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	The 2012-2013 Planning and Implementation RFA states that if an applicant has previously received PCSGP funds

	<p>to develop a charter school, all requirements of that previous grant must have been met or be in the process of being met. If an applicant previously received PCSGP funds for the planning and/or initial operation of an SBE-numbered charter school, it must have the same number of open and operating charter schools as the number of PCSGP grants received previously.</p> <p>The monitoring team observed at least one instance where the CSD had awarded multiple subgrants to an entity that operated its separately chartered sites as one single school. (See above.)</p>
<p>For dissemination applicants: the charter school has been in operation for at least 3 consecutive years and has demonstrated overall success, including—</p> <ul style="list-style-type: none"> (i) substantial progress in improving student academic achievement; (ii) high levels of parent satisfaction; and (iii) the management and leadership necessary to overcome initial start-up problems and establish a thriving, financially viable charter school. 	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> NA</p> <p>The 2012-2013 Dissemination RFA states that charter schools converted from a non-charter public school must be in operation as a charter school for at least three (3) consecutive years to be eligible. Additionally, charter schools continuously open, and with an open effective date on or before January 1, 2010 are eligible to apply.</p> <p>The RFA goes on to explain that:</p> <ul style="list-style-type: none"> (i) "Substantial progress in improving student academic achievement" means the charter school has met both the school and all student-group Academic Performance Index (API) growth targets for two of the past three years; or charter schools participating in the Alternative Schools Accountability Model (ASAM) that demonstrate meeting or exceeding their overall charter mission to serve high-risk students may also be eligible. (ii) "High levels of parent satisfaction" means the charter school demonstrates it regularly surveys parents, conducts parent meetings, or has some other means of collecting parent satisfaction information. (iii) Evidence of "the management and leadership necessary to overcome initial start-up problems and establish a thriving, financially viable charter school," may include, but are not limited to: if applicable, having the ability to provide or contract for special education services; establishing minimum enrollment and average daily attendance (ADA) to ensure adequate school funding; or identification and recruitment of appropriately credentialed teachers. Fiscal evidence may include, but is not limited to, accurate and reasonable school budget and cash flow projections that reflect the financial plan of the charter school based on its educational program, charter petition, and ongoing or future obligations of the charter school.

Sources: *California Department of Education Request for Applications Public Charter Schools Grant Program 2012-13 Planning and Implementation Grants, Revised October 9, 2012; California Department of Education Request for Applications Public Charter Schools Grant Program 2012-13 Dissemination Sub-Grants.*

Areas of Concern

- Authorizers as Developers. The grantee has awarded subgrants to at least two entities where the authorizer also served as the developer.
- Multiple CSP subgrants to single school. In at least one example, the CSD awarded three subgrants to a virtual school that is operationally a single school entity.

Rating and Justification: 1 – Grantee does not meet the indicator. While the PCSGP RFA addresses all required elements of eligibility, the monitoring team observed several instances where subgrant funds were awarded to applicants that did not appear to be eligible for funding.

Recommendations: The CDI? needs to review its eligibility procedures to ensure that all funded applicants are indeed eligible to receive grant funds. In particular, this may require additional scrutiny when multiple applications are submitted by the same developer. In addition, the State should review its policy around screening to ensure that an Authorizer is not deemed an eligible applicant.

Indicator 1.3: DEFINITION OF CHARTER SCHOOL. The State ensures each eligible applicant meets the term “charter school.”

Observations: In the 2009 monitoring report, the State partially met this indicator. The previous monitoring team was concerned that the State did not adequately monitor or provide sufficient guidance and technical assistance to subgrantees during the life of the grant to ensure that subgrantees continued to meet the Federal term “charter school” while receiving grant funds. The monitoring team raised particular concerns about subgrantees’ appropriate use of enrollment lotteries and multiple schools held under a single board. The 2009 monitoring team also identified the CSD’s efforts to cross-walk the Federal and State definitions of charter school to be exemplary (Appendix J in previous iterations of the subgrant RFA).

The 2012-13 PCSGP RFA addresses all of the required components of the Federal definition of charter school, in either narrative or checkbox form. However, the CSD has abandoned the use of Appendix J for the current subgrant cycle.

While the CSD has all of the required descriptions and assurances documented on paper, the monitoring team visited several subgrantees that had adopted practices that could challenge their ability to meet the Federal definition of a charter school.

- Conversion schools. Two of the subgrantees visited were conversion schools. The LEA Associate Superintendent was the founder of one of the schools. Several issues existed with regard to the autonomy and authority of the governing boards of the two schools. In both

cases, the Superintendent of the school district retained sole veto authority and membership to the governing board was controlled by the LEA. Furthermore, the boards were dissolved after the PCSGP subgrant ended. At one site the monitoring team observed that computers purchased with grant funds were labeled “property of the school district” rather than of the school or the U.S. Department of Education. Additionally, it was not clear that either conversion subgrantee adequately closed operation of the former public school before reopening as a charter. For example, at one of the two schools staff and faculty remained essentially the same before and after the conversion. No formal rehiring of staff or faculty occurred when the charter school opened. Both in terms of independent governance and meeting the term newly created public school, questions exist as to these subgrantees meeting the definition under ESEA Section 5210.

- Lottery Policies. State law requires that charter schools provide exemptions or lottery priorities to students who live within designated geographic areas. Because of this statutory requirement, CDE requested and received ED approval to allow for subgrantees to provide this exemption without being considered out of compliance with the Federal definition of a charter school. However, even with this flexibility, the monitoring team observed instances where subgrantees had other lottery policies that were not aligned to current non-regulatory guidance. For example, one school visited allowed lottery exemptions for children of district employees and a second school granted previously enrolled status for students matriculating from one subgrant school to another.
- Written Performance Contracts. For California’s statewide benefit charter schools the CDE prepares and executes a thorough Memorandum of Understanding to operationalize the requirement that the charter school has a written performance contract with the authorized public chartering agency in the State. This contract includes a description of how the charter school’s student performance will be measured pursuant to State assessments that are required of other schools and pursuant to any other assessments mutually agreeable to the authorized public chartering agency and the charter school. For subgrantees that have been authorized by LEAs or County Boards of Education, the CDE in previous grant cycles considered the charter petition as satisfying the requirement of a written performance contract. The monitoring team notes that NACSA recommends as best practice a second and distinct document as a performance contract. While the CDE considers its MOU a written performance contract for statewide benefit charter schools, the grantee did not clearly demonstrate beyond the existence of an approved charter petition how it ensures other subgrantees comply with the requirement of a written performance contract. In practice, many of the charter schools visited did not have MOUs or other documents that operationalized charter petitions, and charter petitions were typically not provided to the monitoring team to review.

Table 1.3: DEFINITION OF A CHARTER SCHOOL		
ESEA Section 5210. DEFINITIONS.	Is this an area of concern?	Findings: How does the SEA grantee ensure that each eligible applicant meet each clause of the Federal term "charter school"?
(1) CHARTER SCHOOL-The term "charter school" means a public school that --		
(A) in accordance with a specific State statute authorizing the granting of charters to schools, is exempt from significant State or local rules that inhibit the flexible operation and management of public schools, but not from any rules relating to the other requirements of this paragraph;	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	EC Section 47610 – General Education Code exemption (the "mega-waiver") states that a charter school shall comply with all charter school laws and the provisions set forth in its charter, but is otherwise exempt from the laws governing school districts except for those sections pertaining to teacher retirement plans, the charter school revolving loan program, laws establishing the minimum age for public school attendance, and the California Building Code. See Indicator 2.2 for additional information about the flexibility and autonomy afforded to charter schools by the State.
(B) is created by a developer as a public school, or is adapted by a developer from an existing public school, and is operated under public supervision and direction;	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	EC Section 47602 prohibits conversion of any private school to a charter school. Appendix B in the 2012-2013 RFA defines newly established charter schools. While Appendix B outlines several criteria for a new charter school that converts from an old charter school, it does not provide the same level of detail for traditional public schools that convert to a charter school. The monitoring team observed issues with at least two conversions schools adapted from existing public schools.
(C) operates in pursuit of a specific set of educational objectives determined by the school's developer and agreed to by the authorized public chartering agency;	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	EC Section 47605(b)(4)(b-c) outlines areas authorizers must deem to be reasonably comprehensive in order to award a charter. These include "the measurable pupil outcomes identified for use by the charter school." Narrative Section 1 -- Education Program of the 2012-2013 RFA requires the applicant to describe the methods by which the charter school will determine its progress toward achieving those goals and objectives.
(D) provides a program of elementary or secondary education, or both;	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	EC Section 47615 states that charter schools are part of the Public School System as defined in the California Constitution.
(E) is nonsectarian in its programs, admissions policies, employment practices, and all other operations, and is not affiliated with a sectarian school or religious institution;	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Section 47605(d)(1) states that a charter school shall be nonsectarian in its programs, admission policies, employment practices, and all other operations, shall not charge tuition, and shall not discriminate against any pupil on the basis of the characteristics listed in Section 220.
(F) does not charge tuition;	<input type="checkbox"/> Yes	Section 47605(d)(1) states that a charter school

	<input checked="" type="checkbox"/> No	shall be nonsectarian in its programs, admission policies, employment practices, and all other operations, shall not charge tuition, and shall not discriminate against any pupil on the basis of the characteristics listed in Section 220.
(G) complies with the Age Discrimination Act of 1975, title VI of the Civil Rights Act of 1964, title IX of the Education Amendments of 1972, section 504 of the Rehabilitation Act of 1973, and part B of the Individuals with Disabilities Education Act;	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	2012-2013 PCSGP RFA – General Assurances includes assurances related to compliance with the related discrimination, civil rights, and special education acts.
(H) is a school to which parents choose to send their children, and that admits students on the basis of a lottery, if more students apply for admission than can be accommodated;	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	EC Section 47605.6 (a)(1) states that a charter school shall admit all pupils who wish to attend and that in the event of oversubscription, the charter school must use a public random drawing. One subgrantee exempts from the lottery students matriculating from the elementary to the middle school. Both the elementary and middle schools are subgrantees. Another subgrantee reported that children of employees of the LEA are exempted from the lottery.
(I) agrees to comply with the same Federal and State audit requirements as do other elementary schools and secondary schools in the State, unless such requirements are specifically waived for the purpose of this program;	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	EC Section 47605(b)(5)(l) outlines the manner in which annual, independent, financial audits shall be conducted, including that they shall employ generally accepted accounting principles, and the manner in which audit exceptions and deficiencies shall be resolved to the satisfaction of the chartering authority.
(J) meets all applicable Federal, State, and local health and safety requirements;	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	EC Section 74605(b)(5)(F) outlines multiple reasons a board may deny a charter. The section includes as a cause for denial that, “the petition does not contain reasonably comprehensive descriptions of the procedures that the school will follow to ensure the health and safety of pupils and staff.” Included are requirements regarding background checks, immunizations, tuberculosis examinations, and vision/hearing and scoliosis screenings. Section 47610 outlines building safety standards.
(K) operates in accordance with State law; and	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	2012-2013 PCSGP RFA – General Assurances includes assurances related to operation in accordance with State law.
(L) has a written performance contract with the authorized public chartering agency in the State that includes a description of how student performance will be measured in charter schools pursuant to State assessments that are required of other schools and pursuant to any other assessments mutually agreeable to the authorized public chartering agency and the charter school.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	2012-2013 PCSGP RFA – General Assurances include that the school will participate in all State standardized testing programs. The grantee maintains MOUs for all statewide benefit charter schools and considers the charter petition to satisfy this requirement for all LEA-authorized charter schools. However, many charter schools visited did not have documents that operationalized charter petitions.

		See Indicator 2.1 for additional information about performance contracts between grantees and authorizers.
Sources: <i>California Education Code; California Department of Education Request for Applications Public Charter Schools Grant Program 2012-13 Planning and Implementation Grants, Revised October 9, 2012; subgrant applications from all schools visited by the monitoring team; subgrant applications from Arts in Action, Capitol Collegiate Academy, Ivy Tech Wildflower Open Classroom K-8 Charter School, Valley Life Charter School, Almond Acres Charter Academy, Intellectual Virtues Academy, Golden Lakes Charter School, Magnolia Science Academy, River Islands Technology Academy, Alpha Middle School (two RFAs), Magnolia Science Academy Santa Clara, Coleman Tech, Oxford Preparatory, Siver Oak High School South Orange.</i>		

Areas of Concern

- Conversion Schools. Conversion schools did not adequately demonstrate autonomy or change in operations to meet the Federal definition of a charter school.
- Lottery Policies. Children of district employees received lottery exemptions and students matriculating between subgrantees were granted previously-enrolled status.
- Written Performance Contracts. The CSD considers MOUs to be the agreement that operationalizes the charter contract and these are in place for statewide benefit charter schools receiving subgrants; however, the State’s practice for ensuring how other subgrantees meet the requirement of having in place a written performance contract was not clear.

Rating and Justification: 1 – Grantee does not meet the indicator. While the RFAs developed by the CDE address the need for subgrantees to meet the definition of charter school in Section 5230 of ESEA, the State cannot ensure that schools operate in compliance with the definition.

Recommendations: The grantee needs to ensure that all subgrantees meet the Federal definition of charter school at the time of award and throughout the grant period.

Indicator 1.4: PEER REVIEW. The State uses a peer review process to review and select applications for assistance under this program.

Observations: In the 2009 monitoring report the State did not meet this indicator. The previous monitoring team noted that subgrant applications were reviewed by CDE staff and technical assistance was provided to applicants until the application was deemed complete and worthy of funding. No peers were used in the subgrant application review process.

In its 2010 CSP application, the State requested a waiver to allow CDE and SBE personnel to serve as the primary peer reviewers of planning and implementation subgrant applications. ED denied the request and noted that SEAs may exercise considerable flexibility in implementing the peer review process. In November 2012, CDE received additional guidance from ED on the requirement for

peer review stating that in the 2012 application review cycles, the SEA could use CDE staff if all efforts to secure outside reviewers had been exhausted, at least one reviewer per application was an outside peer reviewer, and CDE staff used as reviewers had charter school experience and documentation of that experience was maintained as part of the review/grant file (See Appendix 3: *California Oct. 2010 Waiver Letter*; Appendix 4: *FY 11 PCSP Reviewers Cohort 1 and FY 12 PCSP Reviewers Cohort 3*).

The CSD has slowly been adding peer reviewers to the subgrant application process. For the 2010-2011 application review cycle, the CSD did not use peer reviewers. For the 2011-2012 application review cycles, peer reviewers were partially added to the process. CSD staff reviewed the public random drawing and autonomy portions of the application and at least one peer reviewer read and scored the work plans.

Peer reviewers have been used even more so in the 2012-2013 subgrant application review cycle. For 2012-2013, CSD staff completed a checklist for forms, signatures, completeness, and timeliness of subgrant applications to ensure that they were complete. The subgrant applications were then read and scored by at least two reviewers. Any application receiving a score of 1 in any section was eliminated from funding; however, the entire application was still reviewed and scored. (See Indicator 2.3 for additional details on how the CSD used the peer review process to assess the quality of the subgrant applications.) The overall score was used to rank order applicants for funding. No award was made until proof was provided that the applicant had received approval of its charter. For the 2012-2013 funding year, the CDE received 118 applications; 115 were moved forward for peer review, 1 withdrew, and 2 were not eligible. 101 received a fundable score (no sections received a score of 1 and the application was complete and on time) and 14 were disapproved. Of these 37 had approved authorization. The remaining 64 must receive charter approval by June 30 or must reapply in the next round.

The CSD intends to use a similar peer review process for the dissemination subgrant applications. However, at the time of the monitoring visit, the dissemination competition had not closed and so the CSD had not yet implemented its peer review system for these subgrants.

Table 1.4: PEER REVIEW		
Elements of the State's peer review process.	Is this an area of concern?	Findings: How does the SEA grantee conduct its peer review process?
<p>Identification and notification to peer reviewers: California's application stated that in most instances CDE and SBE staff would be used to review subgrant applications. Subsequent communications between CDE and ED on this issue are described above.</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<p>The CSD provided documentation of "Dear Colleague" letters that went out to potential peer reviewers in February 2012, April 2012, and September 2012 via CDE listservs to identify potential peer reviewers.</p> <p>The CSD used existing CDE listservs and worked with the State charter associations to help identify additional peer reviewers.</p>

<p>Composition and qualifications of peer reviewers: The application stated that in most instances CDE and SBE staff would be used to review subgrant applications. Subsequent communications between CDE and ED on this issue are described above.</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<p>The CSD hoped to use charter developers, authorizers, governing board members, and operators as peer reviewers in its 2012 application cycle.</p> <p>The 2012 list of peer reviewers includes 25 reviewers from charter or traditional public school systems, 3 staff from the California Charter Schools Association, and 5 CDE staff with charter school experience (e.g., as a director or teacher).</p>
<p>Reviewer guidance and training: This was not addressed in the State's application.</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<p>The CSD conducted a 3-day peer reviewer training in November 2012 for the 2012-2013 planning and implementation subgrant applications. The training included an overview of the PCSGP grant and peer review process, scoring criteria, scoring process, approval process and group exercises.</p>
<p>Use of peer reviews to select applications for funding: The application states that external peer reviewers are enlisted to score an application when there is a scoring anomaly among the CDE and SBE reviewers.</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<p>For the most current cycle of subgrant applications, the CSD uses peer reviewers to review and score all narrative sections of the subgrant application. The CSD reviews subgrant budgets after the peer review is complete and the applicant provides evidence of an authorized charter contract.</p> <p>See Indicator 2.3 for additional information.</p>
<p>Sources: <i>Cohort 1 FY 11 Peer Review Invitation Letter; Cohort 2 FY 11 Peer Review Invitation Letter; Cohort 3 FY 12 Peer Review Invitation Letter; FY12 PCSGP Peer Reviewers Cohort 3; Cohort 3 Powerpoint for Peer Review.</i></p>		

Rating and Justification: 3 – Grantee fully meets the indicator. The grantee currently uses a peer review process to review and select applications for funding. (The 2012-1013 subgrant awards were the first under this grant to fully comply with the requirement to use peer reviewers.)

Recommendations: The State is encouraged to continue the use of its peer review process to review and select applications for assistance under this program.

Indicator 1.5: PROGRAM PERIODS. CSP subgrants awarded by the State do not exceed the maximum program periods allowed.

Observations: In the 2009 monitoring report the grantee fully met this indicator. Though the State had previously issued subgrants for more than 36 consecutive months, at the time of the previous monitoring visit its approach was compliant.

Grant award periods for the current Planning and Implementation subgrant and the Dissemination subgrant are outlined in the 2012-2013 PCSGP RFAs. The stated award periods align with the statutory limits for the CSP program. The RFA explains that planning and implementation subgrant awards made in the 2012-2013 cycle cannot be placed into inactive status and that interruptions in the grant period may warrant termination of the subgrant award. If a school is unable to open due to the inability to secure facilities by the close of its planning phase, the planning subgrant for the

school will be terminated. In four instances, the CDE has requested and been granted waivers by ED for individual schools that delayed opening after being awarded CSP planning grants. (See: Appendix 5: *California Waiver memo (College-Ready Academy High School #13) dated May 12, 2012* and *California waiver letter (three schools) dated May 23, 2011.*)

CDE issues each subgrantee a Grant Award Notification (GAN) that defines the grant period. Prior to the 2012-2013 grant cycle, GANs were issued for each fiscal year of the grant period. The first year of the grant period was indicated on the GAN and amendments to the GAN were issued for subsequent subgrant periods (e.g., implementation year 1, implementation year 2) extending the program period by 12 months at a time, for up to 36 months. Currently, GANs are initially issued for up to a 36-month period. If schools are already in operation at the time of the award, the subgrantee is awarded a GAN for up to 24 months of implementation.

In the event that a subgrantee does not spend all of its planning subgrant funds, the funds are carried over into the implementation phase. This in itself presents no problem. However, at the time of the monitoring team's visit, it was not clear how the CSD documents with its subgrantees when funds budgeted for planning carry over into implementation and that the CDE required and approved a new budget for these funds. This raised concerns related to if and how unspent planning funds that are carried over are tracked separately to ensure that they a) are not used beyond the 18 eligible months; or b) if used after the 18 months, are used only for allowable implementation expenses.

While the CSD ensures that subgrants do not exceed the maximum program award periods, the monitoring team has the following concerns about CSD's policies and practices around program award periods and GANs.

- Proper identification of grant phases. GANs reviewed by the monitoring team did not adequately identify whether funds are for planning or implementation activities. The CSD provided the monitoring team with a sample of GANs. None of the awards exceeded 36 months. However, initial awards (presumably for planning) did not distinguish whether funds were for planning versus implementation, and subsequent amendments noted the same start date with no indication that additional funds were (presumably) for implementation. The monitoring team notes that the State's award schedule also blurs the distinction between planning and implementation phases, as award amounts are the same regardless of the time an applicant has to use them.
- Potential co-mingling of grant funds. A GAN for at least one subgrantee indicated co-mingling of funds from the State's 2007 and 2010 awards. It appears that the CSD did not

distinguish between the two separate ED awards on a series of GANs for this subgrantee.⁵ (See Indicator 3.3 for a related finding.)

- Pre-dated award periods. A number of GANs reviewed by the monitoring team outlined grant award periods that were out of chronological sequence with the subgrant competition timing (see table below). Though only four examples are cited below, this appeared to be a common practice of the CSD.

Timelines for RFAs and GANs					
Subgrantee	Date Application Submitted	Date Application Approved	Date GAN Signed	Award Start Date	Award End Date
#1 (Leadership)	10/20/2011	5/30/2012	5/16/2012	1/1/2012	12/31/2013
#2 (Celerity)	4/30/2012	7/10/2012	6/26/12	1/1/2012	12/31/2013
#3 (High Tech Middle)	12/4/2010	2/14/2011	4/6/2011	1/1/2011	7/31/2013
#4 (High Tech Elementary)	12/4/2010	4/13/2011	9/12/2011	1/1/2011	7/31/2013

In all these cases, award period start dates pre-date the GAN authorizing signature by 3 to 9 months. For subgrantees #1, #2, and #4, the award periods begin more than 90 days before the applications were even approved. Still more troubling, in the instance of subgrantee #2 the award date pre-dates the submission of the application itself. In addition, the GAN letters for Subgrantees #1 and #2 were signed a few weeks before subgrant applications were dated as approved.

Table 1.5: PROGRAM PERIODS		
CSP subgrants awarded by the State do not exceed the maximum program periods allowed of:	Is this an area of concern?	Findings: How does the SEA grantee ensure that subgrant awards are used within the allowable time periods?

⁵ 34 CFR 80.20 Standards for Financial Management Systems requires that grantees and subgrantees have systems in place to ensure, among other requirements, that accounting records “adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income.” Furthermore, 2 CFR 225 (A-87 Circular) attachment A, Section C #3 (c) states that “any cost allocable to a particular Federal award or cost objective under the principles provided for in 2 CFR part 225 may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by law or terms of the Federal awards, or for other reasons.”

Not more than 3 years, of which the eligible applicant may use --	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<p>The 2012-2013 PCSGP Planning and Implementation RFA states in the Length of Subgrant Award and Maximum Funding Level section that the duration of the grant period cannot exceed 36 months; if the planning phase exceeds 12 months in duration, then the implementation phase will be shortened by a commensurate number of months.</p> <p>There was no evidence in reviewed GANs of subgrant award periods exceeding 36 months.</p>
(A) not more than 18 months for planning and program design;	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<p>The 2012-2013 PCSGP Planning and Implementation RFA states in the Length of Subgrant Award and Maximum Funding Level section that the planning phase is not to exceed 18 months and that the planning phase ends on the day prior to the first day of instruction (including summer school programs). Once the school begins serving students, the subgrantee will enter the implementation phase.</p>
(B) not more than 2 years for the initial implementation of a charter school; and	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<p>The 2012-2013 PCSGP RFA states in the Length of Subgrant Award and Maximum Funding Level section that the implementation phase is not to exceed 24 months. The section further reads that if the subgrant recipient's school is operational when the subgrant is awarded, then the subgrant immediately enters its 24-month implementation phase.</p>
(C) not more than 2 years to carry out dissemination activities described in section 5204(f)(6)(B).	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> NA	<p>The 2012-2013 PCSGP Dissemination RFA states in the Funding Priority and Funding Levels section that Dissemination subgrants cannot exceed a period of two years.</p>
<p>Sources: <i>California Department of Education Request for Applications Public Charter Schools Grant Program 2012-13 Planning and Implementation Grants, Revised October 9, 2012; California Department of Education Request for Applications Public Charter Schools Grant Program 2012-13 Dissemination Sub-Grants.</i></p>		

Areas of Concern

- Differentiation of planning vs. implementation funds on GANs. GANs do not delineate between planning and implementation awards and the CSD has allowed unspent planning funds to roll over into implementation without documenting that these funds would be used for allowable costs under implementation.
- Potential co-mingling of grant funds. In at least one instance, a subgrantee GAN did not distinguish between funds received from the 2007 CSP grant and the 2010 CSP grant.
- Back-dating GANs. The CSD has a practice of back-dating GANs to an arbitrary date that at times may exceed months before a GAN was signed or even pre-date when an application was submitted.

Rating and Justification: 1 -- Grantee does not meet the indicator. While the CSD lists the appropriate grant award periods in its RFAs, there is substantial evidence of CSD practices that do not differentiate between planning and implementation subgrant awards; allow for co-mingling of funds from different CSP awards; and back-date award periods well beyond reasonable timeframes.

Recommendations: The grantee needs to immediately review its subgrantee grant award notification policies and procedures to ensure that subgrant awards are made and documented in a manner that does not conflict with program statute, EDGAR, and OMB Circular A-87.

2. CSP AND CHARTER SCHOOL QUALITY

One of the key goals of the CSP is to support and encourage the development of high quality charter schools. To do so, the SEA needs to establish policies and practices that promote high quality charter schools. This section focuses on how the SEA furthers high quality in authorizing practices, charter school flexibility and autonomy, subgrant assessment and awards, monitoring, dissemination of best or promising practices, and progress toward its own application objectives. It includes seven indicators that cover the State's role in:

- Providing for quality authorizer practices;
- Affording charter schools a high degree of flexibility and autonomy;
- Awarding CSP subgrants on the basis of the quality of the applications;
- Awarding subgrants to ensure geographic distribution and a variety of educational approaches across the state;
- Monitoring subgrantee achievement of project objectives;
- Disseminating best or promising practices of charter schools; and
- Meeting its application objectives.

Indicator 2.1: QUALITY AUTHORIZING PRACTICES. State laws, regulations, or other policies provide for quality authorizing practices and the SEA monitors and holds accountable the authorized public chartering agencies in the State so as to improve the capacity of those agencies to authorize, monitor, and hold accountable charter schools.

Observations: This indicator was not explicitly included in the 2009 monitoring. However, the State was able to partially demonstrate that it met the conditions of a related indicator. While the indicator was partially met, the 2009 monitoring team noted concerns about how the State worked with authorizers to ensure the continued operations of successful charter schools. Furthermore, the 2012 OIG audit report of OHP's oversight and monitoring of planning and implementation grants found that California did not monitor authorizing agencies. At the time of the monitoring visit, LED had placed special conditions on the CDE because of a lack of compliance with Assurances 3A and 3B relating to this issue.⁶

⁶ Assurances 3A and 3B are as follows: 3) State law, regulations, or other policies in the State where the applicant is located require that -- A) Each authorized charter school in the State operate under a legally binding charter or performance contract between itself and the school's authorized public chartering agency that describes the obligations and responsibilities of the school and the public chartering agency; conduct annual, timely, and independent audits of the school's financial statements that are filed with the school's authorized public chartering agency; and demonstrate improved student academic achievement; and B) Authorized public chartering agencies use increases in student academic achievement for all groups of students described in section 1111(b)(2)(C)(v) of the ESEA as the most important factor when determining to renew or revoke a school's charter.

Charter Authorizing and Renewal. As noted in the background section of this report, LEAs are the primary public chartering agencies in California. With the exception of statewide or countywide benefit charters, all charter applications are initially submitted to the LEA for review and approval. Any denials can then be forwarded to the local County Board of Education for review and approval. The CDE and the SBE will review and potentially approve charter applications only after applications have been denied by the LEA and the county. Statewide benefit charters are directly authorized by the SBE and overseen by the CDE.

Charter revocation processes are outlined in Education Code and recent legislation (SB 1290). California EC 47604.5 authorizes the SBE, whether or not it is the authorizer, upon recommendation to the Superintendent, to take appropriate action, including revocation, if the SBE finds gross financial mismanagement, illegal or improper use of funds, and substantial and sustained departure from practices that jeopardize the educational development of a school's pupils. To this end, the February 2013 SBE agenda included CDE recommendations to the SBE to revoke 18 charters based on academic data from the 2011-12 school year. CDE's recommendation operationalized for the first time the recently passed SB 1290, which requires a chartering authority to consider increases in pupil academic achievement for all groups of students as the most important factor in determining whether to renew or revoke a charter.

Charter Performance Contracts. At the time of the monitoring visit, the grantee did not provide oversight or guidance for agreements held between charter schools and their local authorizers. The reason provided to the monitoring team is that California law does not give the CDE or the SBE the authority to monitor local authorizer activity. The State uses an MOU for SBE-authorized schools (e.g., statewide benefit charters or those authorized on appeal), but feels that it cannot require that all charter schools and authorizers use the same (or any) written performance contracts. Additionally, the CSD no longer collects charter petitions, performance contracts, or MOUs from applicants or subgrantees as a part of the subgrant application process.

SB 1290. The State proposed and passed SB 1290, in part, to comply with Assurances 3A and 3B of its CSP grant. SB 1290 went into effect January 1, 2013. The CDE informed charter schools and charter school authorizers of the new requirements in SB 1290 via an email that included a web link to the enacted legislation. Notification was sent out December 31, 2012 and indicated the legislation would become effective the following day. The email and link sent in December did not explain the implications of not meeting the new requirements. (See Appendix 6: *Enactment of Senate Bill 1290.*) After the monitoring team's visit, the State posted an announcement in February 2013 summarizing the new requirements under SB 1290. However, it still has not provided public guidance on the implications of not meeting the new requirements or the enhanced role of the SBE, if any, in enforcing the bill.

For the Cohort 3 (2012-2013) PCSGP awardees, the CDE sent each subgrantee a GAN and a separate document to be signed by the charter school and their authorizer assuring that both parties were aware of the requirements of SB 1290 and understood that funding was dependent on the

authorizer illustrating compliance with the law. The CDE has not provided technical assistance to ensure that the new requirements are understood and can be fulfilled by charter schools and their authorizers.

Authorizer Monitoring and Oversight. In its CSP application, the State proposed to work with the National Association of Charter School Authorizers (NACSA) to create statewide capacity to develop and offer trainings to charter authorizers in the state. Specifically, a minimum of two trainings per year would be developed and offered to authorizers on topics to include how to develop expected outcomes for charters; measures for evaluating academic performance, financial stability, governance, and organizational performance; compliance with all special education and English learner requirements; compliance with all other charter laws, including timelines and processes for charter approval, renewal, and revocation; best practices for enhancing communication between the charter school and the authorizer; and progress toward the specific measurable pupil outcomes and performance goals provided in the charter petition.

At the time of the monitoring visit, the CDE had not initiated this activity and did not have a plan in place to provide this guidance or to monitor or provide oversight to local authorizing agencies. The CDE noted that this was outside of its statutory authority.

Table 2.1: QUALITY AUTHORIZING PRACTICES		
Federally-defined quality authorizing practices	Is this an area of concern?	Findings: How are quality authorizing practices required by state law, regulation, or other policies and how are these policies implemented?
Charter or performance contracts describe the obligation and responsibilities of the school and the authorizer	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<p>Each LEA determines the contents of its own charter performance contract. The State does not interfere with or provide oversight for agreements held between charter schools (including subgrantees) and their authorizers. The CDE does not collect charter contracts or MOUs of its subgrantees.</p> <p>Several subgrantees visited did not have MOUs with their authorizers and those that did noted that they were typically only for the provision of special education services and not performance or general operating procedures. At one school visited, the subgrantee indicated that because the district served as the authorizer, an MOU was not necessary. Clear distinctions between the obligations and responsibilities of the charter school and the authorizer are not formalized.</p>
Charter schools submit annual financial audits to the authorizer	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<p>The CDE requires subgrantees to submit annual financial audits, as specified in the State's application to ED and its 2012-2013 RFA.</p> <p>Subgrantees visited confirmed sending annual financial audits to both the authorizer and the CDE. As part of the annual performance review of subgrantees, the CSD receives a copy of the subgrantee's financial audit.</p>

<p>Charter schools are held accountable to demonstrate improved student academic achievement</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<p>For SBE-authorized charters, the State uses the API growth target, API rank, and comparisons of the charter school's performance to public schools that the student would have otherwise attended to hold charter schools accountable. The CSD reported working with various offices at CDE that gather achievement and attendance data. Once a year in the fall, the CSD analyzes charter school achievement data to assess API growth and rank, and to compare charter school performance to other schools'. However, similar information is not collected for LEA- and county-authorized charter schools.</p>
<p>Authorizers use student academic achievement for all groups of students as the most important factor when determining to renew or revoke a school's charter and provide for the continued operation of successful charter schools</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<p>With the recent passage and implementation of SB 1290, the State now requires local authorizers to use student academic performance as the most important factor when determining charter renewals and revocations.</p> <p>Additionally, Education Code Section 47607(c) states that the SBE may revoke a charter at any time because of the following:</p> <ol style="list-style-type: none"> 1) Failure to meet or pursue any student outcomes identified in the charter; 2) Violation of the charter's conditions, standards, or procedures; 3) Fiscal mismanagement; or 4) Violation of any provision of the law. <p>At the time of the monitoring visit, the CSD had recommendations to the SBE for revocation pending on the SBE's February 2013 agenda.</p>
<p>The SEA monitors and holds accountable authorized public chartering agencies, so as to improve the capacity of those agencies to authorize, monitor, and hold accountable charter schools</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<p>The grantee does not monitor nor hold accountable authorized public chartering agencies.</p> <p>Despite stating in its application to ED that it would offer trainings to charter school authorizers to strengthen the review process and provide oversight of charters they approve to ensure student achievement is improving and overall compliance with charter law, the State has not undertaken these activities nor are they slated to occur. The grantee does not monitor authorizers and has no systems in place to improve the capacity of authorizers to authorize, monitor, and hold accountable charter schools.</p>
<p>Sources: <i>Advisory Commission on Charter Schools recommendations to the SBE February 2013 Agenda, Enactment of Senate Bill 1290 Letters (CA Dept of Education), OIG Final Audit Report on OII's Oversight and Monitoring of the Charter Schools Program's Planning and Implementation Grants.</i></p>		

Areas of Concern

- Charter performance contracts. The grantee cannot ensure that charter or performance contracts describe the obligations of the school and the authorizer.

- **SB 1290 requirements.** By passing and beginning implementation of SB 1290, the State has recently taken steps to ensure that the SBE complies with its responsibility to ensure that student academic performance is the most important factor when determining charter applications and renewals. However, the CDE does not currently monitor data for LEA- or county-authorized schools, nor has it developed a system to support authorizer capacity in this area.
- **Authorizer oversight and monitoring.** The grantee does not monitor or hold accountable authorized public chartering agencies. Additionally, it has not carried out the proposed activities related to authorizer monitoring and oversight.

Rating and Justification: 1 – Grantee does not meet the indicator. It appears that at an implementation level, the grantee is not ensuring that a charter school operates under a legally binding performance contract between itself and the public chartering agency. While efforts have begun to ensure that charter authorizing agencies use academic achievement for all groups of students as the most important factor when determining to renew or revoke a school's charter, a fully detailed system of authorizer monitoring and accountability is not evident.

Recommendations: The grantee needs to continue efforts to, within the confines of existing State law and Education Code, establish practices that allow it to ensure that a legally binding charter or performance contract exists between the charter school and their authorizer and determine how to monitor and hold authorizers accountable to improve the capacity of authorizers to authorize, monitor, and hold accountable public charter schools. The State should also complete activities to provide greater guidance to subgrantees and authorizers about the implications of the new requirements under SB 1290.

Indicator 2.2: FLEXIBILITY AND AUTONOMY. The SEA affords a high degree of flexibility and autonomy to charter schools.

Observations: In the 2009 monitoring report, the State fully met conditions related to this indicator. The previous monitoring team, however, was concerned that some charter schools still struggled with negotiating services at the district level and recommended that the State strengthen its efforts to ensure that all charter schools (including conversion schools) were afforded a high degree of flexibility and autonomy.

State law allows the necessary latitude to create and operate effective and innovative educational programs as well as a “mega-waiver” that exempts charter schools from most of the California Education Code. The CDE also requires applicants for PCSGP funds to describe the flexibility and autonomy they will exercise and also follows up with potential subgrant recipients if greater autonomy is necessary, such as in the creation of a separate governing council for the charter school. Further, the State allows all charter schools the option to annually elect their status for funding (direct from the State or indirect through their relevant LEA), testing (independent or dependent

from the LEA), and special education (choosing a SELPA or CHELPA).⁷ Charter schools indicate their preferred status on each item through an annual survey administered in the spring.

That being said, the monitoring team has concerns about the flexibility and autonomy of charter schools as indicated by issues observed among the subgrantees visited during the monitoring visit. In at least two instances, the monitoring team observed subgrantees whose governance councils were not sufficiently separate from the district board and were disbanded after the subgrant ended. In one of these instances the district and its superintendent had veto power over any grant and/or charter school decisions. Additionally, there were concerns where the authorizing district changed (at its discretion) the facilities that subgrantees use. Under California's facilities sharing legislation, LEAs may, at their discretion, provide facilities for charter schools. While some of the schools visited benefited from district-provided facilities, at least one had experienced an abrupt shift in the facilities assigned to them by the local district.

Table 2.2: FLEXIBILITY AND AUTONOMY		
Areas for charter school flexibility and autonomy.	Is this an area of concern?	Findings: How does the SEA grantee afford charter schools flexibility and autonomy in each area?
Budget/Expenditures: California's 2010 application stated that it uses financial decisions criteria to determine a charter school's degree of autonomy for funding decisions. A charter school must demonstrate that the governing board or other such entity exhibits meaningful control over the development and adoption of the charter school's budget, receipts and expenditure of funds, business management services, audit services, purchasing and contracting decisions, and other financial matters.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	The 2012-2013 Planning and Implementation RFA explicitly describes that the charter school governing board or other such the entity must exhibit control over the development and adoption of the charter school's budget. The CSD screens submitted subgrant applications for completeness and compliance with autonomy. The peer reviewers then conduct a thorough review of the degree of autonomy the charter school will have over its budget.
Personnel: California's 2010 application stated that it uses staffing criteria to determine a charter school's degree of autonomy for funding decisions. This includes: <ul style="list-style-type: none"> a) teachers and staff are employees of the charter school; b) the charter school retains a majority of decision-making authority over all hiring, dismissal, work rule, employee assignment, and other personnel decisions and actions; and 	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<p>The 2012-2013 Planning and Implementation RFA specifies the three criteria included in the State's 2010 CSP application to ED. The CSD screens submitted subgrant applications for completeness and compliance with autonomy. The peer reviewers then conduct a thorough review of the degree of autonomy the charter school will have over personnel.</p> <p>However, at two schools visited that were district-run and -authorized, teachers were employees of the</p>

⁷ The Special Education Local Plan Area (SELPA) coordinates with school districts and the County Office of Education to provide a continuum of programs and services for disabled individuals from birth through 22 years of age... A CHELPA is a SELPA established for charter schools.

<p>c) the charter school governing board or entity as described in the school's charter has adopted its own employment policies and procedures.</p>		<p>district, not employees of the school. While these schools retained authority over the hiring and dismissal of staff, there was no evidence that the schools' governing boards had adopted their own employment policies or procedures.</p>
<p>Daily Operations: California's 2010 application stated that it uses operations criteria to determine a charter school's degree of autonomy for funding decisions. A charter school governing board or other such entity must exhibit meaningful control over a majority of its operations (i.e., professional development, school year calendar, disciplinary policies and procedures, curriculum graduation requirements, etc.).</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>	<p>The 2012-2013 Planning and Implementation RFA explicitly identifies the criteria included in the 2010 application to ED; and peer reviewers are trained to identify that applicants have their own governing board and autonomy in their daily operations.</p> <p>The monitoring team reviewed correspondence between the CDE and 2010 subgrantees requesting evidence of a separate governing council that was autonomous from its local district. While these letters confirmed that separate governing councils were created to comply with PCSGP requirements, two subgrantees visited later dismantled these governing councils once the PCSGP funding ended, citing redundancy in the local district's and school governing council's responsibilities as well as "no value added" from the separate governing council. The CDE acknowledged that now this requirement is explicit to both applicants and peer reviewers through technical assistance that the CDE has provided.</p>
<p>Sources: <i>PCSGP RFA 2012-13</i>.</p>		

Areas of Concern

- Inconsistent levels of flexibility and autonomy across charter schools. The grantee cannot ensure that all charter schools operate with a high degree of flexibility and autonomy, especially as related to personnel and daily operations of LEA-authorized schools.

Rating and Justification: 2 – Grantee partially meets the indicator. While State law is broad and flexible, the monitoring team observed examples of charter schools that were not autonomously run. Specific concerns include personnel and governance.

Recommendations: The grantee needs to ensure that local governance, staffing, and other operational practices allow charter schools to operate with the maximum flexibility afforded by State law.

Indicator 2.3: SUBGRANTEE QUALITY. The SEA awards grants to eligible applicants on the basis of the quality of the applications submitted.

Observations: In the 2009 monitoring, the State partially met this indicator. The previous monitoring team was concerned with the lack of clarity in how the State's definition of high-quality

charter schools aligned to the subgrant application assessment rubric and how the rubric was used to award subgrants to support the creation of high-quality charter schools.

Definition of High Quality. In its application to ED, the CDE defines a high quality charter school as having a strong charter petition, meeting all statewide academic standards and conducting all state pupil assessments; receiving WASC accreditation and clear annual audits; and being renewed based on its academic performance and compliance with the law.

The 2012-2013 subgrant application does not define what constitutes a high quality charter school. The scoring rubric included as Appendix A in the Planning and Implementation RFA refers to supporting the creation of high-quality charter schools under the Charter School Management Plan section, which addresses the relationship between the charter school and the authorizing agency and the CDE's use of data for decision making. As such, the definition of high quality charter schools that California used in its application to ED does not appear to be aligned to the current subgrant application or application review rubric.

Subgrant Application Review Criteria and Process. The current application requirements include seven elements that are scored by peer reviewers: (1) educational program, (2) charter management plan, (3) community and parent involvement, (4) sustainability and alignment of resources, (5) targeted capacity building activities, (6) autonomy, and (7) notification and admissions. Two additional areas – compliance with IDEA and eligibility for a higher subgrant award (i.e., for schools serving a Title I or Performance Improvement area) – are not rated by peer reviewers. The CSD includes the PCSGP scoring rubric as Appendix A in the 2012-2013 Planning and Implementation RFA. Each element of an application is rated on a 4-point scale as follows: Advanced (4 points), Adequate (3 points), Limited (2 points), and Inadequate (1 point). The rubric includes a list of the required components within each element as well as a description of what an application needs to include for each of the different point values. The CSD also provides priority points for schools located in rural communities as well as based on school size and grade level distribution.

For the current competitions, applicants must receive a rating of 2 or higher on every application element to be eligible for funding. That is, an applicant must have been rated as at least having “limited” description of a required element to be eligible for funding. This is a change from previous subgrant award cycles. In the past, applicants could not have received less than a 3 on any given element to be eligible for funding; a score of 1 or 2 would have meant automatic ineligibility. While the project director indicated that this switch to a lower cut score was made to allow for more variability in the rated applications, the monitoring team notes that this effectively reduces the rigor of the subgrant application award process.

Another factor that limits subgrantee quality is that the CSD provides little guidance and essentially no training for potential PCSGP applicants regarding the elements that make a high quality application. The monitoring team did not see evidence of clear and transparent information from

the CSD to applicants that would support the submission of an application that could be funded. The CSD had provided and continues to provide webinars on the elements of the PCSGP application, which is consistent with the information in the RFA. However, the CSD does not provide details about the quality of the information necessary in each element of the application.

Coupled with the changing cut scores and a lack of training for PCSGP applicants, there is confusion among PCSGP recipients about why their more recent applications for other charter schools have not been funded. During the subgrantee visits, a lack of clarity regarding the CDE's criteria and process for awarding subgrants was noted. Some subgrantees expressed a frustration that they had been awarded a subgrant earlier in the State's grant period and were most recently denied for a new school after using the same information and format that was deemed successful previously. At least one of the subgrantees applied directly to and was successful in receiving funding from ED under the CSP Replication and Expansion grant competition.

Further, the CSD does not provide applicants, whether successful or not in receiving PCSGP funds, feedback on why their applications were funded or not funded. Such feedback would provide applicants with guidance about how to improve their applications and communicate some consistency in the CSD's expectations for applications. This feedback would also allow successful recipients to identify the elements of their program that are of high quality. When site monitors asked subgrantees that were visited whether they knew why they received subgrant awards, i.e., what specific aspects of their application and charter school program were deemed of sufficient quality to receive CSP funding, they could not answer. Subgrantees visited did not receive reviewer comments that informed them why their charter school merited funding. There were also two instances where subgrantees visited were dismayed with the CDE's grant award process and indicated they did not understand the CDE's criteria because, having previously received subgrant funds, they were unsuccessful in being awarded subgrants for later applications that were almost identical. It appears that the CDE's subgrant award process has shifted over the years without clear explanation, thus raising concerns about the quality of the CDE's award process.

Table 2.3: SUBGRANTEE QUALITY

SEA efforts to award grants on the basis of quality.	Is this an area of concern?	Findings: What actions does the SEA take to award grants on the basis of quality?
<p>The SEA's criteria of subgrantee and application quality to assess CSP applicants and award subgrants:</p> <p>According to the State's 2010 grant application to ED, subgrant applications are reviewed against a checklist of eligibility factors, which ensure that a school has non-profit status; allowable costs are indicated in the budget; the school is highly autonomous; the public</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	<p>The CDE communicates to potential applicants the criteria for awarding subgrants in the RFA and through its website, presentations at conferences, and webinars. These activities share eligibility requirements, funding levels, and the screening and scoring process.</p> <p>The CDE modified its planning and implementation subgrant application in its entirety from 2010-11 to 2012-13. The current subgrant application includes the following elements which are rated on a 4-point scale:</p>

<p>random lottery system meets Federal standards; the thoroughness of the overall application; and all other ESEA requirements pertinent to charter schools are met.</p> <p>The scoring rubric for planning and implementation subgrants would include the following elements:</p> <ol style="list-style-type: none"> 1) the likelihood that the school's education program will result in increased student academic performance; 2) the likelihood that the charter school's management plan will create, support, and sustain a high-quality charter school; 3) the level of community and parent support for the proposed school; 4) the schools financial accountability system; and 5) the degree of flexibility and level of autonomy the school has over budget, expenditures, personnel, and daily operations. 		<ol style="list-style-type: none"> 1) educational program, 2) charter management plan, 3) community and parent involvement, 4) sustainability and alignment of resources, 5) targeted capacity building activities, 6) autonomy, and 7) notification and admissions. <p>The rubric in Appendix A of the subgrant application includes various scoring components and descriptions for each element.</p> <p>Under the current process, the subgrant application budget is not reviewed until after a charter (indicated by a school number) has been awarded. At that point, the subgrant budgets are reviewed by CSD staff.</p>
<p>How the SEA uses these criteria to review and award CSP subgrant applications:</p> <p>The proposed process for subgrant application scoring used CDE and SBE staff to conduct the initial and primary subgrant application scoring process. External peer reviewers would be enlisted to score an application when there was a scoring anomaly among the CDE and SBE reviewers.</p> <p>The Advisory Commission on Charter Schools (ACCS) would also review and approve the 2010-15 subgrant scoring rubric.</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<p>For the current funding cycle the CDE reduced from 3 to 2 the minimum score that an applicant could receive in any section of the application. That is, an applicant has to receive a 2 or higher to be eligible for subgrant funding.</p> <p>After a subgrant applicant has received a fundable score from the peer review, a funding priority list is created to rank subgrants by overall application score in descending order. If there are insufficient funds to fund all successful applications, then the funding priority list is used.</p> <p>ACCS provided input on, but did not approve the 2010-15 subgrant scoring rubric.</p> <p>Subgrantees did not consistently receive peer reviewer comments or feedback from the CSD on how their subgrant application was scored.</p>
<p>The SEA demonstrates a high quality process to determine the quality of the CSP applicant and application, including considering the review of the applicant during the charter authorization process (i.e. use of rubrics, hearings, rigor).</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<p>The CSD allows for subgrants to be awarded, but not funded, while the charter is in the process of being approved by the authorizer. Subgrants are funded only after a charter has been authorized and the CDE has assigned a charter number for that school. That being said, the CSD does not collect a copy of each subgrantee's</p>

The CA application did not address this condition.		charter or performance contract for review or inclusion in the subgrant file.
Sources: PCSGP RFA 2012-1, Guidance Provided to Subgrant Applicants 1.		

Areas of Concern

- Lowered eligibility criteria. The CSD lowered the eligibility requirements from a minimum score of 3 (defined as “Adequate”) on any given rubric criteria to 2 (defined as “Limited”), effectively dropping the rigor of the subgrant application process.
- Quality process. It is unclear how the CSD’s current subgrant application review process results in the issuance of subgrants to high quality charter schools.

Rating and Justification: 1 – Grantee does not meet the indicator. While the CSD currently has a process for reviewing subgrant applications that uses an established rubric and peer reviewers, the award process does not appear to be sufficiently clear and aligned to quality. In revising the process, including reducing the cut score minimums for the planning and implementation subgrants, the CSD effectively reduced the rigor of the application award process.

Recommendations: The grantee needs to increase the rigor, consistency, and transparency of its subgrant application award process, including its scoring rubric, so that applicants are clear on what constitutes high quality and PCSGP funds are awarded to high quality applicants.

Indicator 2.4: DISTRIBUTION OF SUBGRANTS. The State awards subgrants in a manner, to the extent possible, to ensure that such subgrants: a) are distributed throughout different areas of the State, including urban and rural areas; and b) will assist charter schools representing a variety of educational approaches.

Observations: In the 2009 monitoring, the State fully met this indicator. The previous monitoring team commended California on awarding subgrants throughout different areas of the state and representing a variety of educational approaches, supported in part through the use of preference points in its subgrant application review process.

The 2013 monitoring team found the CDE’s practices in distributing subgrants to be consistent with the 2009 findings. The CDE has continued to use preference points in its application review process for applicants that represent rural areas. Awarded subgrants are located all over the state. The CDE also monitors its geographic distribution of subgrants on a map and through various documents that break out funded charter schools by region. The CDE’s outreach efforts via listservs and conferences supports its communication with districts and schools in rural areas, and contributes to the submission of applications from charter schools in these areas.

California also awards subgrants for schools that represent diverse instructional approaches. The CSD tracks funded charter schools’ educational programming beginning with what is listed in the application and then annually through a survey that each subgrantee completes in the spring.

Table 2.4: DISTRIBUTION OF SUBGRANTS		
Categories of award distribution in the State as required by Federal statute	Is this an area of concern?	Findings: How does the SEA grantee distribute awards throughout different areas of the State and across a variety of educational approaches?
<p>Geographic distribution: The State proposed to use an invitational priority for CSP funds to high quality charter schools in urban or rural areas.</p> <p>The State also proposed to partner with various state charter associations, existing statewide benefit charter schools, and rural school associations to encourage the development of charter schools in rural areas underserved by charter schools as well as provide specific outreach efforts to rural areas.</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<p>The CSD awards priority points for applicants in rural or Program Improvement areas.</p> <p>The CSD regularly coordinates with State charter school associations to promote the PGSCP. (See Indicator 3.1 for additional information). The CSD also uses the CDE's listserv for rural districts and schools to disseminate information on funding opportunities.</p> <p>The CDE maintains a distribution map of subgrants to monitor their geographic distribution.</p>
<p>Educational approach: The State proposed that funded schools would have the maximum flexibility in the methodology and instructional resources they use to meet the needs of their targeted student population, including the flexibility to design innovative instruction and delivery methods to meet the wide variety of learning modalities and student needs.</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<p>Subgrant applicants and recipients represent the varied instructional approaches in the state. The 2012-2013 Planning and Implementation RFA asks applicants to identify and describe their educational approach.</p> <p>Once awarded, the CSD monitors educational approach through the Quarterly Benchmark Report (QBR) and annual report. These reports ask subgrantees to describe their educational approach and any changes to it. Further, the CDE administers an annual survey to subgrantees to assess whether there are intended changes to their educational approach.</p>
<p>Sources: <i>PCSGP Sub-grantees by Region; PCSGP Region Map; Grants by Region; Annual Information Survey.</i></p>		

Rating and Justification: 3 – Grantee fully meets the indicator. California awards subgrants in a manner that ensures that subgrants are distributed throughout different areas of the state, including rural and urban areas, and represent a variety of educational approaches.

Recommendations: None.

Indicator 2.5: SUBGRANTEE MONITORING. The SEA monitors subgrantee projects to assure approved grant and subgrant objectives are being achieved.

Observations: In the 2009 monitoring, the State partially met the conditions related to this indicator. The previous monitoring team was concerned that the grantee's monitoring efforts focused on the use of quarterly, self-reported benchmark reports with little external documentation to substantiate subgrantee claims and that its subgrant application system did not require applicants to have grant-specific objectives that could be monitored. Furthermore, the 2012 OIG audit report on OII's oversight and monitoring of planning and implementation grants found that California did not

adequately monitor charter schools receiving the grant funds, did not have adequate methodologies to select charter schools for onsite monitoring visits, and that its reviewers were unqualified to conduct site monitoring of charter schools. It should be noted that CDE has been in the process of working with ED to address the OIG findings; however, at the time of the monitoring visit no formal corrective action plan had been approved.

Planned Practices. At the time of the 2013 monitoring visit, the CSD was in the process of drafting a subgrantee monitoring strategy and handbook. The proposed strategies address internal control deficiencies in monitoring and oversight of charter schools noted in the OIG audit report findings. The CSD acknowledges in the draft monitoring strategy and handbook that the OIG found several areas in which the State needed to improve its monitoring. The handbook describes the CDE's new monitoring strategies, which consist of risk-based site visits, a random sample of desk audits, and monitoring/tracking of all subgrantee activities with an eye to non-compliance. The CSD expected to have the subgrantee monitoring system in place by spring 2013. The draft monitoring instrument to be used for onsite visits appears to be heavily premised on the CSP monitoring instrument for SEAs developed by WestEd for ED, as it is both organized around the same areas of monitoring and uses verbatim language from the CSP SEA Monitoring Handbook. It was unclear at the time of the monitoring visit what, if any, additional revisions the CSD planned to make to tailor the monitoring tool more appropriately to the CSD's needs for monitoring subgrantees. The 2012-2013 Planning and Implementation RFA also describes the CDE's intended monitoring practices, which include monitoring of quarterly and annual reports, as well as site visits by State representatives to validate information provided in fiscal and program reports.

Current Practices. At the time of the monitoring visit, the CSD required subgrantees to regularly report on fiscal and programmatic activities through the submission of Quarterly Benchmark Reports (QBRs), Comprehensive Phase Reports, and Annual Reports. The QBR consists of a benchmark checklist of applicable subgrant performance areas; a narrative to describe activities in nine areas - governance, education program, facilities, progress toward meeting pupil outcomes, student admissions, staffing, PCSCP expenditures, special education, and external review; and a financial report of expenditures to document how grant payments were spent. The annual comprehensive phase reports combine the narrative areas with allocated expenditures to gather summative information about activities performed throughout the year and their relative costs. Section 3A has been added to this report and asks that the subgrantee describe services received from the authorizer. As of the monitoring visit, the CSD had no written schedule for subgrantee monitoring visits or any record of findings from subgrantee site visits.

Charter schools are subject to other CDE monitoring depending on their status. The CSD conducts annual site visits to selected SBE-authorized schools for purposes of authorizer oversight. This year, the CDE plans to visit 30 SBE-authorized charter schools. In addition, all charter schools that are direct funded (i.e., serve as their own LEA) are equally eligible to be selected for Title I monitoring.

Charter schools that are not direct funded would be included in their fiscal agent's (i.e., LEA's) Title I monitoring as any other school would be.

Table 2.5: SUBGRANTEE MONITORING		
Elements of subgrantee monitoring	Is this an area of concern?	Findings: How does the SEA grantee implement the elements of its subgrantee monitoring?
<p>SEA regularly monitors subgrantee projects: California's application stated that CSP grant-funded staff would maintain contact with each subgrantee to ensure progress is made toward subgrant benchmarks. CSD staff were to conduct a desk review within the first year of funding to determine that all appropriate documents are contained in the subgrant file.</p> <p>CSD staff were to review subgrantees' QBRs to track progress toward subgrant objectives for each charter school funded with CSP grant funds. CSD staff were also to verify the status of each planning or implementation subgrantee with the school's authorizer to ensure that the school is meeting its CSP benchmarks and is in good standing.</p> <p>If indicated, staff would conduct an onsite review of the subgrantee school.</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<p>The CSD conducts desk monitoring using the QBR and annual reports and contacts subgrantees with any concerns. During the first year of the grant, each subgrantee file is reviewed to ensure appropriate documents are contained, such as the subgrant application. As reports are reviewed, the monitoring is tracked by the CSD consultant with responsibility for the subgrantee and this information is recorded in the Administrative Report.</p> <p>The CDE has limited contact with authorizers and it is not evident that CDE staff verify the status of each subgrantee with its respective authorizer. The CDE does not proactively gather information from charter school authorizers. Instead, the CDE annually asks subgrantees to comment on whether the services provided by their authorizer are satisfactory through the online annual comprehensive phase report.</p> <p>At the time of the monitoring visit, onsite monitoring of subgrantees had not yet occurred under the 2010 grant. Though the CSD developed a timeline for conducting monitoring site visits to SBE-authorized schools beginning in spring 2013, a similar schedule for visiting PCSGP subgrantees was not shared with the monitoring team.</p>
<p>SEA selects subgrantees to be monitored using a risk-based or other strategic approach: California's CSP application did not specify how it would use a risk-based approach to select subgrantees to be monitored.</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<p>The CSD has begun to develop a risk-based approach for selecting SBE-authorized charter schools for site visits. At the time of the monitoring visit, the CSD was in the process of narrowing down the selection criteria. Similar consideration of risk-based selection and on-site monitoring of PCSGP-funded charter schools had not occurred.</p>
<p>SEA uses trained monitors to monitor subgrantee projects: The State's CSP application did not specify how monitors would be trained.</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<p>CSD staff is trained in conducting desk reviews of the QBR and annual reports. The CSD has created a QBR training manual to support CSD staff in conducting these reviews. The manual instructs reviewers to log in, access school reports, review expenses line by line using a checklist, provide subgrantee feedback, and review the narrative responses.</p> <p>The draft monitoring strategy handbook states that</p>

		PCSGP monitors will be trained to ensure consistency in program implementation and evaluation. However, a description of the training was not provided.
SEA monitoring processes allow it to assess a subgrantee's progress in meeting the performance objectives outlined in its subgrant application: The State's CSP application did not specify monitoring activities to assess subgrantee progress.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	The CDE's online monitoring instruments (QBR and Comprehensive Phase Report) are now aligned to the performance objectives outlined in the subgrant application. That being said, subgrantees visited suggested that the CDE did not provide feedback on their progress toward meeting their performance objectives.
SEA monitoring process supports subgrantee projects in meeting SEA performance objectives: The State's CSP application did not specify how monitoring activities or subgrantee projects would assist in meeting the grant project's objectives.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<p>In the first two years of this grant, the CDE did not require subgrantees to explicitly align their projects to its own performance objectives. Furthermore, the CDE did not monitor subgrantee progress in relation to its performance objectives. Subgrantees visited were not aware of the State's performance objectives, nor how their local projects supported the State's progress toward larger objectives.</p> <p>Currently, under the 2012-2013 RFA, the CSD has begun to require that subgrantees align their projects to the grant performance measures and the CSD is now monitoring subgrantee progress toward these through the annual comprehensive phase report. It remains to be seen what data this will yield.</p>
SEA monitoring processes allow it to assess a subgrantee's fiscal control and fund accounting procedures: The State's CSP application did not specify how monitoring activities would assess fiscal control and fund accounting procedures.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	The CSD monitors a subgrantee's fiscal practices quarterly through the QBR. Receipts for any invoices over \$500 are required to be submitted along with the QBR and all expenditures and explanations documented. The Annual Comprehensive Phase Report requires that subgrantees update expense reports regularly. Subgrantees are also required to submit an audit annually which is reviewed by the Fiscal Services Division and the CSD.
SEA monitoring includes formal follow-up or corrective action plans for identified deficiencies: The State's CSP application did not specify how subgrantee monitoring would include the use of corrective action.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<p>According to staff interviews, the CDE sends the subgrantee a letter and allows 45 days to submit evidence that it is in compliance or a plan on how it will resolve the concern identified in a QBR or annual report. If the subgrantee does not meet this deadline, the CDE will send a stronger letter. If there is still no response on behalf of the subgrantee, the CDE could cancel the subgrantee's grant.</p> <p>Subgrantee files reviewed did not include references to any corrective action or follow-up. It is unclear if these policies have been implemented.</p>
Sources: <i>Public Charter Schools Grant Program Implementation Grant Status Report, Annual Comprehensive Phase Report, 2010-2015 PCSGP QBR Desktop Manual; PCSGP Site Monitoring High Level Timeline – 2012-13 Implementation Year.</i>		

Areas of Concern

- Subgrantee monitoring schedule. At the time of the monitoring visit, the CSD lacked a comprehensive monitoring schedule that identified when subgrantees would be monitored.
- Monitoring selection process. Though the CSD has a system in place to assess the risk of SBE-authorized charter schools for authorizer oversight visits, the CSD could not demonstrate a similar risk-based system for identifying subgrantees to be monitored.
- Use of trained monitors. The CSD could not provide information on how it intends to train its monitors for subgrantee monitoring.
- Connection to grant program objectives. It is unclear from the current monitoring documents how, if at all, the subgrantee monitoring process supports the CSD in meeting project objectives.
- Corrective action process. It is not clear how corrective actions to be taken by subgrantees to address deficiencies identified through QBR and annual reporting are enforced.

Rating and Justification: 1 – Grantee does not meet the indicator. While the CSD performs desk monitoring through the QBR and annual comprehensive phase reports, has been no formalized on-site subgrantee monitoring during the first two and a half years of the grant. Many subgrantees have already completed their PCSGP funding period without any on-site monitoring. Current desk monitoring does not ensure that the State has funded subgrants that are meeting project performance measures and supporting the statewide creation of high-quality charter schools.

Recommendations: The grantee needs to fully address all areas of its responsibility to monitor subgrantee projects to assure approved grant and subgrant objectives are being achieved, including, but not limited to, developing a system that integrates both desk monitoring with on-site verification and is supported by adequate technical assistance to ensure that both subgrantees and monitors receive adequate training. These efforts need to address all areas of concern identified in the 2012 OIG audit report.

Indicator 2.6: DISSEMINATION OF BEST OR PROMISING PRACTICES. The State disseminates best or promising practices of charter schools to each local educational agency in the State.

Observations: In the 2009 monitoring, the State partially met the conditions related to this indicator. While the State relied on its dissemination subgrant program to fulfill this indicator, the previous monitoring team was concerned that the dissemination subgrant application review process may not have properly determined eligible applicants and that grant activities may not have been properly reviewed to ensure that dissemination activities were implemented.

The State's 2010 grant application also relies heavily on the use of dissemination subgrants to disseminate the best or promising practices of charter schools to all LEAs in the state. At the time of the monitoring visit, the dissemination subgrant RFA had been issued and the competition was open. The 2013 monitoring team found that the State's dissemination subgrant activities were

implemented very close to the intended plan and timeline. The materials and communication regarding the 2012-13 Dissemination Subgrant RFA were thorough, provided examples of best practices, and included a scoring rubric to guide applicants. The dissemination subgrant timeline identified an official posting to the CDE website, a technical assistance webinar, a due date at the end of March, an application review period in April, and award notification in early May. Further, a CSD presentation at the Charter Schools Development Center Conference in November 2012 communicated that dissemination activities would begin this fiscal year and announced the anticipated funding amounts. The CSD expects to fund up to 10 dissemination awards in 2012-13 of approximately \$250,000 each and another 10 in 2013-14. However, the CSD's PowerPoint presentation and CSD staff indicated that there would be no minimum or maximum funding amounts. Instead, projects could define their own funding, as specified in the Dissemination Subgrant RFA, to maximize flexibility in the design of subgrant projects.

The CSD provided ample evidence of the tracking mechanisms it plans to put in place to monitor its dissemination subgrant applicants, awardees, technical assistance provided to them, and overall timeline of activities. That being said, since at the time of the monitoring visit the CSD had only just released the dissemination subgrant RFA and no dissemination subgrants had yet been awarded, these activities could not be verified.

In addition to dissemination subgrants, California's CSP application to ED identified use of the Brokers of Expertise (BoE) web-based community to disseminate the best and promising practices of charter schools to all LEAs in the state. The CSD planned to use this portal to share CSP dissemination subgrantee products and materials because it is widely accessible to charter authorizers, charter developers, charter communities, and non-charter school practitioners as well. Further, the CSD planned to make immediate efforts to include best practices, resources, and materials from the 2007-10 dissemination subgrant recipients. However, none of these activities had been implemented at the time of the 2013 monitoring visit.

Table 2.6: DISSEMINATION OF BEST OR PROMISING PRACTICES

Elements of dissemination of best or promising practices	Is this an area of concern?	Findings: How does the SEA implement the elements of its dissemination of best or promising practices of charter schools to each LEA in the State?
<p>Identification and selection of best or promising practices: California's application did not specify how best or promising practices would be identified and selected, though the application did state that it would use products from the 2007-2010 dissemination subgrants to initially flesh out the Brokers of Expertise web portal.</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	<p>The dissemination subgrant RFA identifies potential practices and areas that applicants may consider as yielding the greatest benefit from dissemination subgrant funds. These are:</p> <ol style="list-style-type: none"> 1) depth over breadth – involving mentoring or ongoing hands-on relationships between schools; 2) developing or disseminating curriculum, instruction, or assessment roll-out activities specifically for Special Education students; 3) developing or disseminating existing successful Blended Learning Strategy programs;

		<ul style="list-style-type: none"> 4) developing or disseminating existing Teacher Evaluation programs – development and dissemination of teacher evaluation programs that are geared toward improving practice and support good teaching, rather than punitive measures; 5) developing or disseminating existing best in class Science, Technology, Engineering, and Math (STEM) Programs; 6) developing or disseminating existing successful programs focused on improving specific Special Population Academic Achievement results (e.g., English Language Learner, Special Education, Low Socio-economic Status, other demographic student groups, etc.); 7) developing or disseminating existing best in class Career and College Readiness Programs; 8) developing or disseminating successful drop-out prevention programs; and 9) projects demonstrating success in assisting schools to exit program improvement (PI) status.
<p>Dissemination of 'best or promising practices' of charter schools to each LEA in the State: California's application stated that the Brokers of Expertise (BoE) portal would provide a robust platform for sharing products and materials developed by dissemination subgrantees. Immediate efforts would be directed at the inclusion of best practices, resources, and materials from California's 2007-10 dissemination subgrant recipients and then with 2010-15 subgrant recipients to develop common standards and approaches to best share their resources.</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<p>Under the current dissemination subgrant RFA, priority points will be given to applicants who use the Brokers of Expertise (BoE) collaboration tools in project activities; however, use of the BoE is not a requirement.</p> <p>At the time of the monitoring visit, the CSD had not completed negotiating the scope of work with the managers of the BoE so that the dissemination subgrantees could use the portal. However, a contract was signed shortly after the monitoring visit.</p> <p>At the time of the monitoring visit, the CDE had not identified any best practices, resources and materials from California's 2007-10 dissemination subgrantees for sharing through the BoE portal. A list of dissemination subgrantees from the 2007-10 grant provided by the CDE does not include any indication of the specific best or promising practices associated with each school (rather, the list includes the county, LEA, school name, subgrant award amount, and subgrant approval date).</p> <p>Dissemination subgrants were proposed to be first awarded in the third year of the grant (2012-13). At the time of the monitoring visit the CSD had just announced the dissemination RFP but no dissemination awards had been made yet..</p>
<p>Sources: CDE Dissemination Subgrants RFA, Charter Schools Development Center Conference Presentation on Public Schools Grant Program and Dissemination Sub-Grant PowerPoint.</p>		

Areas of Concern

- Limited implementation of dissemination activities. Dissemination subgrant activities were proposed to be launched during the third year of the grant, and at the time of the monitoring visit the dissemination subgrant competition had just been announced. Additionally, the CSD has not fully utilized the Brokers of Expertise dissemination platform to the extent proposed in the approved CSP grant application and expected in the third year of the grant.

Rating and Justification: 2 – Grantee partially meets the indicator. The grantee currently has the tools to begin disseminating best or promising practices of charter schools. However, the CDE is in the early stages of carrying out this work and has not fully implemented this grant activity as planned.

Recommendations: The grantee needs to fully implement its plan for disseminating the best or promising practices of charter schools to all LEAs in the state as proposed in its approved application.

Indicator 2.7: ACHIEVEMENT OF APPLICATION OBJECTIVES. The State demonstrates substantial progress in meeting its application objectives.

Observations: In the 2009 monitoring, the State did not meet this indicator because it had made significant changes to its dissemination grant program and some objectives were no longer applicable. The monitoring team was concerned that the grantee was making insufficient efforts to achieve substantial progress in meeting its application objectives.

Subsequent to the grant award in 2010, the CSD worked with CEEP to create, amend, and in some cases eliminate performance measures that were presented in the 2010 application. The objectives and performance measures as they were revised are listed in Table 2.7 along with the five GPRA measures presented in Objective 5. The monitoring team noted that, in addition to there being a large number of measures (twenty plus five GPRA measures), there have been varied interpretation of the measures, even at the time of the monitoring team’s discussion with CDE, and thus inconsistencies in how data have been collected. This lack of clarification in the third quarter of the third year of the grant cycle is itself a concern to the monitoring team.

For instance, in the 2010-2011 APR the CDE reported data for Year 1 on performance measure 3.b.: *CSP funded charter schools will report a minimum 80% year-to-year student retention rate.* Sixty-six percent of CSP funded schools were reported to have had an 80 percent year-to-year retention rate. In the 2011-2012 APR, the CDE reported that data were not available with the following explanations: “Performance measure 3.b. relates to student retention; the data will be reported in the winter 2013 update.” “Performance measures 3.d. and 3.e. are meant to be based on two years of student achievement data. All of the funded subgrantees opened in the fall of 2009 or later. ...the AYP data are not released before late August of each year...” No second-year data was reported in the 2012 APR. The CSD did not have updated data for the monitoring team despite the fact that those data were available as of late August 2012. Furthermore, data which was available was not provided by

the CSD. This is not the only instance where the monitoring team noted that key terms in measures render some data confusing, if not misleading. These are noted in Table 2.7. It should also be noted that ED recognized the CDE's insufficient reporting on the grantee's last APR, deeming that substantial progress was met but that CDE would receive technical assistance regarding adequate reporting prior to the submission of its next APR.

At the time of the monitoring visit, the grantee was not able to demonstrate substantial progress toward accomplishing its objectives and performance measures. During the pre-visit and on-site data collection efforts, the Project Director did not provide the monitoring team with an update on the State's progress toward achievement of its application objectives. The Project Director indicated that because tracking progress on the various objectives and performance measures was cumbersome and time-intensive, the CSD only gathers and analyzes data once a year prior to submitting the APR to ED. The monitoring team convened a follow-up conversation with the Project Director and staff two weeks after the site visit to allow additional time for gathering information related specifically to this indicator. During the call, much of the data reported was that which was already reported in the 2012 APR and, as such, was not new or updated information.

The CSD has not contracted the services of an independent external evaluator for the 2010-2015 CSP grant as proposed. The State's application to ED anticipated having an external evaluator in place during the first year of the grant. The external evaluation would provide formative data on the State's systems and progress toward grant goals that could be used to inform needed program improvements and corrections. However, at the time of the monitoring visit (in the third year of the grant), the CSD reported that it was still determining the details of the RFP for evaluation and it had not been released yet.

Table 2.7: ACHIEVEMENT OF APPLICATION OBJECTIVES		
Objective 1: Increase the Number of High-Quality Charter Schools in California		
Performance Measure (How is the grantee measuring progress?)	Data Collection Activities (What data is being collected? How? By whom?)	Progress (To what extent has the goal been accomplished so far?)
Performance Measure 1a: 90% of charter developers receiving charter development technical assistance will receive approval of their charter by an authorizer within 2 years of completing charter development technical assistance.	None (see Progress column)	<input type="checkbox"/> Measure Met <input type="checkbox"/> Not Met <input checked="" type="checkbox"/> Unable to Assess For future goals only: <input type="checkbox"/> In Progress <input type="checkbox"/> Insufficient Progress The CSD staff reported to the monitoring team that they have requested that this performance measure be deleted. In attempting to document this request, the monitoring team confirmed with ED that such a request has not been received.
Performance Measure 1b: 85% of charter developers receiving charter development technical assistance will open a charter school within one year of their charter being authorized.	None (see Progress column)	<input type="checkbox"/> Measure Met <input type="checkbox"/> Not Met <input checked="" type="checkbox"/> Unable to Assess For future goals only: <input type="checkbox"/> In Progress <input type="checkbox"/> Insufficient Progress The CSD staff reported to the monitoring team that they have requested that this performance measure be deleted. In attempting to document this request, the

			monitoring team confirmed with ED that such a request has not been received.
<p>Performance Measure 1c: A total of 610 CSP-funded charter schools will open during the grant period August 1, 2010-July 31, 2015.</p> <p>Project Year 1: 111 Project Year 2: 117 Project Year 3: 122 Project Year 4: 127 Project Year 5: 133</p>	<p>The CSD tracks the number of charter schools using SBE-assigned charter school numbers. Each number is uniquely assigned. Numbers of schools that receive CSP funding are tracked through grants management such as QBR and budget reports. To date the CSD has been able to fund all charter schools opened during the grant period so no distinction has been made for this performance measure.</p>	<input type="checkbox"/> Measure Met <input checked="" type="checkbox"/> Not Met <input type="checkbox"/> Unable to Assess For future goals only: <input type="checkbox"/> In Progress <input type="checkbox"/> Insufficient Progress	<p>Year 1: 143 subgrants awarded (26 to new subgrantees and 117 to continuing subgrantees) Year 2: 63 subgrants awarded Year 3: 37 subgrants awarded (an additional 63 are eligible for funding once a charter has been authorized)</p>
<p>Performance Measure 1d: 80% of all newly funded charter schools that have been in operation for at least three years will have APIs five or more points higher than the mean API of non-charter schools in the same attendance area.</p>	<p>The CSD, in collaboration with the Analysis, Measurement and Accountability Reporting Division (AMARD), annually uses API data from August/September for charter schools in operation for at least 3 years.</p>	<input type="checkbox"/> Measure Met <input checked="" type="checkbox"/> Not Met <input type="checkbox"/> Unable to Assess For future goals only: <input type="checkbox"/> In Progress <input type="checkbox"/> Insufficient Progress	<p>Year 1: 66% of newly funded charter schools had APIs five or more points higher than the mean API of non-charter schools in the same attendance area. Year 2: 50% of newly funded charter schools had APIs five or more points higher than the mean API of non-charter schools in the same attendance area. Year 3: Data not yet available</p> <p>The monitoring team notes that in Year 1 it would be impossible to be both newly funded and in at least the third year of operation. There was inconsistency in both how the grantee interpreted the performance measure and how the data was reported.</p>
<p>Performance Measure 1e: 75% of CSP funded charter schools will have an average attendance rate of at least 95% during each year of the grant.</p>	<p>The CSD, in collaboration with AMARD, annually in June uses principal apportionment data to assess average attendance rates. The CSD maintains a database of all charter school attendance rates.</p>	<input type="checkbox"/> Measure Met <input checked="" type="checkbox"/> Not Met <input type="checkbox"/> Unable to Assess For future goals only: <input type="checkbox"/> In Progress <input type="checkbox"/> Insufficient Progress	<p>Year 1: 67% of funded charter schools had an attendance rate of at least 95%. Year 2: 76% of CSP funded charter schools have an attendance rate of at least 95%. Year 3: Data not yet available</p> <p>The monitoring team notes that the data reported appear to reflect currently funded CSP schools and not all schools that ever received</p>

			CSP funding.
Objective 2: Strengthen Charter School Sustainability Through Capacity Building			
Performance Measure (How is the grantee measuring progress?)	Data Collection Activities (What data is being collected? How? By whom?)	Progress (To what extent has the goal been accomplished so far?)	
Performance Measure 2a: 100% of CSP funded charter schools (with the exception of successful charter management organizations or demonstration that applicants have already engaged in this activity prior to grant application) will complete governance training by the end of year 1 of their implementation subgrant.	The CSD reviews Work Plan prompt 1A (update and description of governance training completed) in the annual comprehensive phase reports to determine if the subgrantee has participated in necessary training.	<input checked="" type="checkbox"/> Measure Met* <input type="checkbox"/> Not Met <input type="checkbox"/> Unable to Assess For future goals only: <input type="checkbox"/> In Progress <input type="checkbox"/> Insufficient Progress	Year 1: 99% of subgrantees completed fiscal management training. Year 2: 100% of subgrantees completed fiscal management training. Year 3: Data not yet available
Performance Measure 2b: 100% of CSP funded charter schools will complete fiscal management training by the end of year 1 of their implementation subgrant.	The CSD reviews Work Plan prompt 1B (update and description of fiscal management training completed) in the annual comprehensive phase reports to determine if the subgrantee has participated in training for financial planning and organizational/ internal controls.	<input checked="" type="checkbox"/> Measure Met* <input type="checkbox"/> Not Met <input type="checkbox"/> Unable to Assess For future goals only: <input type="checkbox"/> In Progress <input type="checkbox"/> Insufficient Progress	Year 1: 91% of subgrantees completed fiscal management training. Year 2: 100% of subgrantees completed fiscal management training. Year 3: Data not yet available
Performance Measure 2c: 100% of governing boards representing charter schools that completed the fiscal management training will comply with all State and Federal regulations and demonstrate fiscal health, as measured by the following criteria: (1) adequate reserves and ending balances, (2) evidence of sound planning and adequate funding to support long-term goals, (3) budgets that reflect school priorities, which include student academic outcomes. This measure will be assessed during each year of the funding period.	Subgrantees funded for more than one year submit annual audit reports to the School Fiscal Services Division, which provides a hard copy of the audit to the CSD. CSD staff review the three criteria for each submitted audit report to assess whether charter schools comply with State and Federal regulations.	<input type="checkbox"/> Measure Met <input checked="" type="checkbox"/> Not Met <input type="checkbox"/> Unable to Assess For future goals only: <input type="checkbox"/> In Progress <input type="checkbox"/> Insufficient Progress	Year 1: 75% of subgrantees complied with State and Federal regulations to demonstrate fiscal health. Year 2: 58% of subgrantees (that were in their second year or beyond) complied with State and Federal regulations to demonstrate fiscal health. Year 3: Data not yet available
Performance Measure 2d: 80% of CSP funded charter schools will have developed teacher effectiveness measures that include student achievement data as a substantial portion of the teacher evaluation.	The CSD reviews Work Plan prompt 1C (update and description of the development of teacher effectiveness measures) in the annual comprehensive	<input type="checkbox"/> Measure Met <input checked="" type="checkbox"/> Not Met <input type="checkbox"/> Unable to Assess For future goals only: <input type="checkbox"/> In Progress <input type="checkbox"/> Insufficient Progress	Year 1: 59% of CSP funded charter schools developed teacher effectiveness measures. Year 2: 71% of CSP funded charter schools developed teacher effectiveness measures.

	phase reports to determine if the subgrantee has developed this measure.		Year 3: Data not yet available
Performance Measure 2e: 90% of CSP funded charter schools will report that services received from its charter authorizer (including facilities and other services) are satisfactory. The 2010-15 grant application requires completion of a CSP Work Plan, which includes a description of the status of services received from the charter authorizer. At the end of each year, schools must complete an annual report, documenting progress on and any changes to the status of activities cited in the CSP Work Plan. As a result, schools' reported satisfaction with their charter authorizer will be updated annually.	The CSD reviews Work Plan prompt 3A (description of services received from the authorizer and whether services are satisfactory) in the annual comprehensive phase report to determine if the subgrantee is satisfied with authorizer services.	<input type="checkbox"/> Measure Met** <input checked="" type="checkbox"/> Not Met <input type="checkbox"/> Unable to Assess For future goals only: <input type="checkbox"/> In Progress <input type="checkbox"/> Insufficient Progress	Year 1: 96% of CSP funded charter schools reported that services received from its charter authorizer are satisfactory. Year 2: 82% of CSP funded charter schools reported that services received from its charter authorizer are satisfactory. Year 3: Data not yet available

Objective 3: Improve Academic Achievement of Charter School Students

Performance Measure (How is the grantee measuring progress?)	Data Collection Activities (What data is being collected? How? By whom?)	Progress (To what extent has the goal been accomplished so far?)
Performance Measure 3a: By the end of the CSP grant, 75% of all charter schools operating for at least four years will have met or exceeded their annual growth targets – by school and subgroup – in at least two of three years. (Note: first year will establish baseline data only.) See <i>Overview of California's 2009-10 Accountability Progress Reporting System</i> for information on calculation of API growth targets.	The CSD, in collaboration with the AMARD, uses AYP data for CSP grantees that have been in operation for at least 4 years to assess progress toward growth targets.	<input type="checkbox"/> Measure Met <input type="checkbox"/> Not Met <input type="checkbox"/> Unable to Assess For future goals only: <input type="checkbox"/> In Progress <input type="checkbox"/> Insufficient Progress <input checked="" type="checkbox"/> Unable to Assess Year 1: Not applicable Year 2: Not applicable Year 3: Data not available This performance measure requires four or more years of student achievement data. The CDE is considering only currently funded subgrantees (and not all charter schools) for this performance measure.
Performance Measure 3b: CSP funded charter schools will report a minimum 80% year-to-year student retention rate.	The CSD, in collaboration with the Education Management Division, annually uses CALPADS data for enrollment numbers.	<input type="checkbox"/> Measure Met <input checked="" type="checkbox"/> Not Met <input type="checkbox"/> Unable to Assess For future goals only: <input type="checkbox"/> In Progress <input type="checkbox"/> Insufficient Progress Year 1: 66% of CSP funded charter schools reported a minimum 80% year-to-year retention rate. Year 2: Data not available Year 3: Data not available Year 2 data were to be reported in the winter 2013 update, according to the 2011-12 APR.
Performance Measure 3c: CSP funded charter high schools (excluding dropout recovery high schools) that	The CSD, in collaboration with the AMARD, annually uses AYP data to assess	<input type="checkbox"/> Measure Met <input type="checkbox"/> Not Met <input checked="" type="checkbox"/> Unable to Assess For future goals only:

have operated for at least 5 years will report a minimum 80% cohort graduation rate.	dropout and graduation rates for charter schools in operation and compares them to charter schools overall.	<input type="checkbox"/> In Progress <input type="checkbox"/> Insufficient Progress	The monitoring team notes that these data will not be available within the grant period. Subgrantees funded under this grant will not have been in operation at least 5 years until the end of the grant period or later.
Performance Measure 3d: After two years of operation, each CSP-funded charter school will have at least 56% of its students reach proficiency in reading, as measured by the CST. After four years of operation, this number will increase to 67%.	The CSD, in collaboration with the AMARD, annually uses STAR data to assess student proficiency rates in reading for CSP-funded charter schools that are at least in their second year of operation.	<input type="checkbox"/> Measure Met <input type="checkbox"/> Not Met <input checked="" type="checkbox"/> Unable to Assess For future goals only: <input type="checkbox"/> In Progress <input type="checkbox"/> Insufficient Progress	Year 1: Not applicable Year 2: Not applicable Year 3: Data not available Only applies to schools after two and four years of operation. There is no data yet, as STAR data for the second-year schools will be available in August/September 2013.
Performance Measure 3e: After two years of operation, each CSP-funded charter school will have at least 58% of its students reach proficiency in mathematics, as measured by the CST. After four years of operation, this number will increase to 70%.	The CSD, in collaboration with the AMARD, annually uses STAR data to assess student proficiency rates in mathematics for CSP-funded charter schools that are at least in their second year of operation.	<input type="checkbox"/> Measure Met <input type="checkbox"/> Not Met <input checked="" type="checkbox"/> Unable to Assess For future goals only: <input type="checkbox"/> In Progress <input type="checkbox"/> Insufficient Progress	Year 1: Not applicable Year 2: Not applicable Year 3: Data not available Only applies to schools after two and four years of operation. There is no data yet, as STAR data for the second-year schools will be available in August/September 2013.

Objective 4: Disseminate Best Practices From High-Quality Charter Schools

Performance Measure (How is the grantee measuring progress?)	Data Collection Activities (What data is being collected? How? By whom?)	Progress (To what extent has the goal been accomplished so far?)	
Performance Measure 4a: The CDE will award dissemination grants to as many as 10 charter schools to disseminate best practices in increasing student achievement among charter schools and other public schools in California (during years 3 and 4 of the grant period).	The CSD has created tracking forms to use that identify charter schools receiving dissemination subgrant funds, along with the peer reviewer ratings. (These have not yet been implemented.)	<input type="checkbox"/> Measure Met <input type="checkbox"/> Not Met <input type="checkbox"/> Unable to Assess For future goals only: <input checked="" type="checkbox"/> In Progress <input type="checkbox"/> Insufficient Progress	Year 1: Not applicable Year 2: Not applicable Year 3: The CSD posted the dissemination subgrant RFA in January 2013. Submissions are due March 2013. Subgrantees will be selected and notified by May 2013.
Performance Measure 4b: 100% of dissemination subgrantees will make at least one public presentation about their dissemination project at a meeting, conference or other education-related training during the first year of their dissemination grant.	None (see Progress column)	<input type="checkbox"/> Measure Met <input type="checkbox"/> Not Met <input checked="" type="checkbox"/> Unable to Assess For future goals only: <input type="checkbox"/> In Progress <input type="checkbox"/> Insufficient Progress	Not yet measurable. No dissemination subgrants have been awarded yet.
Performance Measure 4c: 100% of	None (see Progress column)	<input type="checkbox"/> Measure Met <input type="checkbox"/> Not Met	Not yet measurable. No

dissemination subgrantees will make at least one public presentation about their dissemination project at a meeting, conference or other education-related training during the second year of their dissemination grant.		<input checked="" type="checkbox"/> Unable to Assess For future goals only: <input type="checkbox"/> In Progress <input type="checkbox"/> Insufficient Progress	dissemination subgrants have been awarded yet.
Performance Measure 4d: Each year during the grant period, 80% of the participants in dissemination grant activities will report an increase in awareness and knowledge of charter school best practices through a survey.	None (see Progress column)	<input type="checkbox"/> Measure Met <input type="checkbox"/> Not Met <input checked="" type="checkbox"/> Unable to Assess For future goals only: <input type="checkbox"/> In Progress <input type="checkbox"/> Insufficient Progress	Not yet measurable. No dissemination subgrants have been awarded yet.
Performance Measure 4e: After two years of partnering with the charter school, all participant schools will report at least five points of growth, as determined by API base and growth scores.	None (see Progress column)	<input type="checkbox"/> Measure Met <input type="checkbox"/> Not Met <input checked="" type="checkbox"/> Unable to Assess For future goals only: <input type="checkbox"/> In Progress <input type="checkbox"/> Insufficient Progress	Not yet measurable. No dissemination subgrants have been awarded yet.

Objective 5: Encourage the development of a large number of high-quality charter schools that are free from State or local rules that inhibit flexible operations, are held accountable for enabling students to reach challenging State performance standards, and are open to all students.

Performance Measure (How is the grantee measuring progress?)	Data Collection Activities (What data is being collected? How? By whom?)	Progress (To what extent has the goal been accomplished so far?)	
Performance Measure 5a: The number of charter schools in operation around the nation. This performance measure was reported on the 2011 APR as the number of charter schools in California (982).	The CSD tracks the number of charter schools that open each year using the SBE assigned charter number.	<input checked="" type="checkbox"/> Measure Met <input type="checkbox"/> Not Met <input type="checkbox"/> Unable to Assess For future goals only: <input type="checkbox"/> In Progress <input type="checkbox"/> Insufficient Progress	Year 1: N/A Year 2: There are now 1,061 active charter schools in CA. Year 3: Data not yet available
Performance Measure 5b: The percentage of 4 th grade charter school students who are achieving at or above the proficient level on State examinations in mathematics. This performance measure is not included in the Year 1 APR. The Year 2 target is 69 percent.	The CSD, in collaboration with the AMARD, annually uses STAR data to assess student proficiency. Data reported is only for second-year charter schools in the current cycle of funding.	<input checked="" type="checkbox"/> Measure Met <input type="checkbox"/> Not Met <input type="checkbox"/> Unable to Assess For future goals only: <input type="checkbox"/> In Progress <input type="checkbox"/> Insufficient Progress	Year 1: N/A Year 2: 74 percent of 4 th grade students achieved at or above the proficient level on the CST and STS. Year 3: Data not yet available
Performance Measure 5c: The percentage of 4 th grade charter school students who are achieving at or above the proficient level on State examinations in reading.	The CSD, in collaboration with the AMARD, annually uses STAR data from Aug/Sept to assess student proficiency by looking at students that scored	<input checked="" type="checkbox"/> Measure Met <input type="checkbox"/> Not Met <input type="checkbox"/> Unable to Assess For future goals only: <input type="checkbox"/> In Progress <input type="checkbox"/> Insufficient Progress	Year 1: N/A Year 2: 68 percent of 4 th grade students achieved at or above the proficient level on the CST ELA and STS. Year 3: Data not yet available

This performance measure is not included in the Year 1 APR. The Year 2 target is 68 percent.	proficient and above. Data reported is only for second year charter schools in this cycle of funding.		
Performance Measure 5d: The percentage of 8 th grade charter school students who are achieving at or above the proficient level on State examinations in mathematics. This performance measure is not included in the Year 1 APR. The Year 2 target is 69 percent.	The CSD, in collaboration with the AMARD, annually uses STAR data to assess student proficiency. Data reported is only for second year charter schools in this cycle of funding.	<input type="checkbox"/> Measure Met <input checked="" type="checkbox"/> Not Met <input type="checkbox"/> Unable to Assess For future goals only: <input type="checkbox"/> In Progress <input type="checkbox"/> Insufficient Progress	Year 1: N/A Year 2: 42 percent of 8 th grade students achieved at or above the proficient level on the CST Algebra 1, CST Geometry, and CST General Mathematics. Year 3: Data not yet available
Performance Measure 5e: The percentage of 8 th grade charter school students who are achieving at or above the proficient level on State examinations in reading. This performance measure is not included in the Year 1 APR. The Year 2 target is 68 percent.	The CSD, in collaboration with the AMARD, annually uses STAR data to assess student proficiency by looking at students that scored proficient and above.	<input type="checkbox"/> Measure Met <input checked="" type="checkbox"/> Not Met <input type="checkbox"/> Unable to Assess For future goals only: <input type="checkbox"/> In Progress <input type="checkbox"/> Insufficient Progress	Year 1: N/A Year 2: 66 percent of 8 th grade students achieved at or above the proficient level on the CST ELA. Year 3: Data not yet available
Sources: 2010-2011 Annual Performance Report; 2011-2012 Annual Performance Report.			

* Based on Year 2 data

**Based on Year 1 data

In all, the grantee met 5 of 25 performance measures. The CDI has requested ED to eliminate two measures (1.a. and 1.b.); however, ED does not have record of this request. The grantee did not meet 9 of the remaining 23 performance measures. The monitoring team was unable to assess progress on 4 performance measures dealing with dissemination of best practices, and 3 performance measures in improving academic achievement were deemed unable to measure due in part to a lack of clarity in definition. Two additional performance measures were designed to be measured in the future.

Arcas of Concern

- Ambiguous performance measures and data points. As outlined in the observations and Table 2.7, many of the State's performance measures are worded in such a way that applicable data are impossible to gather. These examples usually involve the term "currently funded" in a time frame that would exceed the grant period. The result is that data have been reported inconsistently over the course of the grant period and some measures will not be available until after the grant period.
- Inadequate tracking of performance. The CDI only collects and analyzes data related to the grant performance measures annually at the time of the Annual Performance Report. As a result, the grantee could not provide evidence of progress on many of its performance measures despite the fact that some data are available throughout the year.

- Poor progress toward grant objectives. The grantee could demonstrate meeting only 5 of a total of 25 performance measures and did not meet 9 of 23 applicable performance measures.
- Lack of an external evaluation. The CDE has not awarded a contract or released an RFP for its external evaluation that would assist in assessing its progress and enable it to focus on areas needing improvement and correction.

Rating and Justification: 1 – Grantee does not meet the indicator. The grantee is unable to demonstrate substantial progress on its performance measures and objectives and appears to have inadequate systems and processes to track and evaluate progress, including an external evaluation.

Recommendations: The grantee needs to more closely monitor and use information to guide progress toward accomplishment of all of its grant performance measures and objectives. This includes initiating activities related to its external evaluation as proposed.

In addition, the monitoring team recommends that ED further review the performance management and/or the financial problems documented as part of this monitoring process that have affected the administration of this grant project to determine if special conditions should be imposed.

3. ADMINISTRATIVE AND FISCAL RESPONSIBILITIES

CSP grantees incur specific administrative and fiscal responsibilities under Federal law. This section focuses on the SEA's allocation, use and controls over the CSP grant funds and other Federal funds, as well as associated State responsibilities in administering the CSP grant. It includes indicators that cover the State's responsibilities to:

- Inform appropriate audiences about Federal funding for charter schools and ensure that charter schools receive their commensurate share of relevant funds;
- Allocate no more than the allowable amounts of CSP funds for administration, dissemination, and revolving loan fund purposes;
- Administer and monitor the proper use of CSP funds;
- Ensure LEAs do not deduct funds for administrative expenses or fees except in certain circumstances;
- Ensure the timely transfer of student records; and
- Maintain and retain records related to the CSP grant funds.

Indicator 3.1: FEDERAL PROGRAMS AND FUNDING. The State informs appropriate audiences about the SEA's charter school grant program, Federal funds that the charter school is eligible to receive and Federal programs in which the charter school may participate, and ensures that each charter school in the State receives its commensurate share of Federal education formula funds.

Observations: The 2009 monitoring report did not specifically include this indicator. However, the State partially met related indicators on informing parents, teachers, and communities about CSP subgrant opportunities; informing charter schools about Federal funds they are eligible to receive; and ensuring charter schools receive their commensurate share of Federal formula funds.

CSP Grant Outreach. Information about PCSGP grant opportunities is included in a variety of CDE webpages (e.g., at the time of the monitoring visit, the website listed the dissemination subgrant opportunity) as well as through several listservs (including the CDE's Funding Mailing List for all funding opportunities as well as charter-specific listservs). The listservs are open to the public. Website information includes links to funding program profiles that outline the key components of the grant (e.g., eligibility, funding information, contacts). CSD staff also regularly participate in workshops or sessions at the annual CCSA and CSDC charter schools conferences to promote the grant.

Information on Federal Formula Funds. Information about Federal formula funds that charter schools are eligible to receive is available on the CDE's website as well as through listservs. The CDE's Available Funding website (<http://www.cde.ca.gov/fg/fo/af/>) lists the currently open funding competitions and also provides a search function. This webpage is regularly updated to include only current/available funding sources. The CDE's Funding Mailing List regularly pushes out information about new funding sources. Additionally, newly opening charter schools receive an announcement from the CSD outlining several funding and reporting requirements (including information about the Consolidated Application and child nutrition programs).

Direct funded charter schools fill out their own LEA Plan and Consolidated Application using the California Longitudinal Public Achievement Data System (CALPADS) and Consolidated Application and Reporting System (CARS). (Indirect funded charter schools are included in their authorizing LEA's LEA Plan and Consolidated Application.) Starting in January 2012, the CARS was implemented to streamline the Consolidated Application reporting process. Technical assistance and guidance related to the Consolidated Application or the related reporting systems is handled within the CDE's Fiscal Services Division.

Significant Expansion. The CDE's Pupil Estimates for New or Significantly Expanding Charters (PENSEC) is designed to account for new or significantly expanding charter schools. For the purposes of Federal funding, PENSEC identifies "significantly expanding" as: "the charter is direct funded and has an increase in enrollment of at least 25 percent compared to the prior year due to a significant event that is unlikely to occur on a regular basis, such as the addition of one or more grade levels or educational programs in major curriculum areas, or any other event deemed to be significant by the CDE." (There is a separate definition for significant expansion that is used for State funds.) It is incumbent upon direct funded charter schools to complete their own reporting through PENSEC to ensure that additional funds are received. Once approved, funding adjustments are made to a school's first and second principal apportionments. Advanced payments are typically made July through January, with the balance paid out February through June. This ensures that

funds for newly opened or significantly expanding schools are received within the first five months of opening.

Table 3.1: FEDERAL PROGRAMS INFORMATION AND FUNDING		
Responsibilities of the SEA to inform and ensure access to Federal programs and funding.	Is this an area of concern?	Findings: How does the SEA grantee inform and ensure access to Federal programs and funding?
<p>The SEA informs teachers, parents, and communities of the State educational agency's charter school grant program: CSP proposed to advertise subgrant opportunities across several forums including Superintendent press releases; multiple CDE webpages (CDE homepage, CDE funding, and CSD homepage); and charter school listservs.</p> <p>The CSD proposed to work closely with the State charter associations and major parent, teacher, and community organizations (e.g., California State Parent-Teacher Association, California Teachers Association, California Federation of Teachers, Association of California School Administrators, California School Boards Association, and Parent Revolution) via email and advertisements.</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<p>CDE and CSD websites include information about PCSGP funding opportunities. This includes links to the PCSGP funding profile which outlines eligibility constraints, funding information, important dates, program-specific information, and contact information.</p> <p>CSD staff have participated in the 2012 and 2013 CCSA conferences. Slides from the 2012 grant program workshop included information on applying for the subgrant and other relevant information. The program listing for the 2013 session includes information about the dissemination subgrant and other funding opportunities.</p> <p>The CSD also promotes the PCSGP through a variety of State and association listservs. CDE listservs are open to the public.</p>
<p>The SEA informs each charter school in the State about Federal funds that the charter school is eligible to receive: Within five days of receiving a charter school number from the SBE, the CDE notifies schools of funding opportunities including CSP, State, and Federal opportunities. This information is also posted on the CDE's website.</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<p>Upon award of a charter school number from the SBE, the CSD sends out a notification that outlines various funding opportunities and reporting requirements. This includes information on apportionment and categorical funding, creation of an LEA plan and Consolidated Application (required for direct funded charter schools), the CDE's charter school revolving loan fund, child nutrition program, and facilities funding opportunities.</p> <p>All subsequent information or technical assistance requests regarding Federal formula funding opportunities (e.g., filling out the Consolidated Application) is provided through the CDE's Fiscal Services Division. Subgrantees did not report any issues regarding receiving information about other Federal funds they may be eligible to receive.</p>
<p>The SEA ensures that each charter school in the State receives the charter school's commensurate share of Federal education funds that are allocated by formula each year, including during the first year of operation of the charter school: Public Law 105-278 and related regulations require</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<p>Charter schools must annually elect to be direct funded or funded through their authorizing LEA. Direct funded charter schools must complete an LEA plan as well as fill out a Consolidated Application.</p> <p>At the beginning of the school year, the Educational Data</p>

<p>that the CDE ensure that charter schools receive their commensurate share of Federal formula funds.</p> <p>Charter schools can receive special advanced funding for various funding programs including General Purpose Entitlement, Charter Schools Categorical Block Grant, and other State or Federal categorical programs, based on enrollment projections.</p> <p>Charter schools can elect to be direct funded from the State or locally funded through the authorizing LEA. Direct funded charter schools must submit a Consolidated Application for participation in various Federal entitlements.</p>	<p>Management Division sends out a letter informing charter school administrators (among others) about reporting requirements in the CALPADS and CARS systems necessary to make annual apportionments.</p> <p>The CDE's PENSEC is a specific data collection designed to account for new or significantly expanding charter schools, especially as it relates to State and Federal funding allocations. Guidance on PENSEC is located on the CDE's website.</p> <p>Subgrantees did not report any issues regarding receipt of Federal formula funds. One subgrantee visited reported that because of a reduction in CDE's Title I allotment for the 2011-12 school year, LEA and school allotments were reduced across the board.</p>
<p>Sources: http://www.cde.ca.gov/fg/aa/pa/papayschedule.asp; http://www.cde.ca.gov/fg/aa/pa/pensecinstr12.asp; 2012-2013 PCSGP funding profile; 2012 PCSGP grant competition announcement email; 2012-13 CCSSA conference PCGSCP listing; 2012-13 Nov 2012 CSDC PCSGP and Dissemination Slides; 2012 Charter Schools Funding Webpage index; 2011-12 PCSGP CCSA slides Feb 2012; 2012-13 Letter Announcing 2012 Competition; 2012-13 Consolidated Application; New charter school message; LTR to Field on Assessment CALPADs.</p>	

Promising Practice

- Significant Expansion Data System. The CDE has developed and uses the PENSEC data system to ensure that significantly expanding charter schools receive their commensurate share of Federal funds.

Rating and Justification: 3 – Grantee fully meets the indicator. The grantee uses a variety of mechanisms to inform various audiences of CSP and other Federal formula funding opportunities and to ensure that charter schools receive their commensurate share of Federal formula funds.

Recommendations: None.

Indicator 3.2: ALLOCATION OF CSP FUNDS. The proportion of grant funds reserved by the State for each activity does not exceed the allowable amount.

Observations: The 2009 monitoring report did not include this specific indicator. However, the State partially met a related indicator on set-asides for appropriate administrative expenses and fully met a related indicator on set-asides for dissemination subgrants.

Under the 2010 CSP grant, California proposed to implement several activities using administrative funds. These included funding several personnel positions in the CDE and the SBE as well as the external evaluation, awarding up to five charter development technical assistance contracts, and expanding the Brokers of Expertise best practices tool. At the time of the monitoring visit, the CDE

had not yet issued an RFA for its external evaluation. Additionally, it had not awarded (nor did it plan to award) the charter development technical assistance contracts. Neither of these delays was communicated to ED prior to the monitoring visit.

California also proposed to use \$5 million for dissemination subgrants in project years 3 and 4. At the time of the monitoring visit, the CSD had just released the first dissemination subgrant RFA. The current subgrant competition is expected to close in March 2013. Subgrant awards are expected to be made in spring 2013.

Though the State proposed to use grant funds to supplement the State-funded revolving loan fund, it has not. Subsequent to the grant award, the CDE determined, in consultation with ED, that it would not be feasible to combine CSP grant funds with the CDE's existing revolving loan fund because of differences in funding restrictions.

Table 3.2: ALLOCATION OF CSP FUNDS		
Limits on the allocation of CSP funds	Is this an area of concern?	Findings: How does the SEA grantee allocate the CSP grant funds in each category?
<p>Not more than 5% for administrative expenses associated with the program: Administrative funds were proposed to be used for:</p> <ul style="list-style-type: none"> • State operations and oversight - 12.2 FTE in the CDE and 1 FTE in the SBE; • Charter development technical assistance – up to 5 technical assistance contracts; • Expansion of Brokers of Expertise best practice dissemination tool; and • Program evaluation - contractor not identified in application. 	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<p>The State annually sets aside no more than 5% of grant funds for administrative expenses. For 2012-13, the grantee budgeted \$2,532,144 (or 5%) for administrative expenses. The majority of administrative costs are for personnel in the CSD and the SBE.</p> <p>At the time of the monitoring visit, the CDE was preparing to solicit bids for its external evaluation. It had yet to complete the expansion of the Brokers of Expertise dissemination tool as proposed.</p> <p>The CDE has not awarded charter development technical assistance contracts as proposed and did not inform ED of this change.</p>
<p>Not more than 10% to support allowable dissemination activities: CDE proposed to award dissemination subgrants from its 2010 grant. \$2.5 million was budgeted in each of project years 3 and 4 for dissemination subgrants.</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> NA	<p>The CDE intends to award \$5 million in dissemination subgrants in the remaining years of the grant. This amounts to approximately 2% of total anticipated grant award funds.</p>
<p>Not more than 10% for the establishment of a revolving loan fund: The CDE proposed to set aside no more than 10% of total grant funds for a revolving loan fund. \$5 million was budgeted in each of project years 1 and 2 for revolving loan funds.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> NA	<p>At the time of the monitoring visit, the State was not using CSP grant funds to support its revolving loan fund. The CDE determined, in consultation with ED, that because of distinct funding requirements it would be too difficult to administer the CDE's revolving loan fund with Federal funds intended for the same purpose.</p>

Priority for loans was to be given to new charter schools to cover startup costs. Conversion schools or recently renewed schools would not be eligible.		
Sources: 2010 Annual Performance Report; 2011 Annual Performance Report.		

Areas of Concern

- Incomplete implementation of administrative activities. The grantee has not funded two administrative activities – charter development technical assistance contracts and its external evaluation – as specified in its approved application to ED.

Rating and Justification: 2 – Grantee partially meets the indicator. While the grantee has remained within the appropriate thresholds for administrative and dissemination subgrant expenses, it has not implemented two key administrative activities included in the approved application.

Recommendations: The CDE is encouraged to communicate with ED its plans for using the administrative funds allocated under the grant to carry out the administrative tasks which thus far have not been undertaken (i.e., the program evaluation and technical assistance contracts), and/or to establish with ED adequate alternatives.

Indicator 3.3: ADMINISTRATION AND USE OF CSP FUNDS. The SEA administers the CSP funds and monitors subgrantee projects to ensure the proper disbursement, accounting for and use of Federal funds.

Observations: In the 2009 monitoring report, the State did not meet the conditions of this indicator. The previous monitoring team was concerned about the CDE’s cash management system and allowable, allocable, and reasonable uses of grant funds. Furthermore, the 2012 OIG audit report of OII’s oversight and monitoring of planning and implementation grants found that California did not adequately document the process for closing schools or for tracking closed charter school assets. At the time of the monitoring visit, the CDE was under special conditions for the grant which required ED approval for all payment requests under the grant.

The CDE requires all LEAs submitting a Consolidated Application to comply with 27 general assurances (http://www.cde.ca.gov/fg/fo_fm/general/assur2012.asp). Assurance #9 requires that LEAs will use fiscal control and fund accounting procedures that will ensure proper disbursement for State and Federal funds paid to that agency under each program. Typically submitted as a part of the Consolidated Application, these assurances are required for all recipients of State and Federal grants. Charter schools that are not direct funded would fall under the responsibility of the fiscal agent to ensure that the school was using appropriate fiscal controls and fund accounting procedures. Separately, the 2012-13 Planning and Implementation RFA requires an assurance that all audits of financial statements will be conducted in accordance with Government Auditing Standards and with policies, procedures, and guidelines established by EDGAR, Single Audit Act Amendments, and OMB Circular A-133.

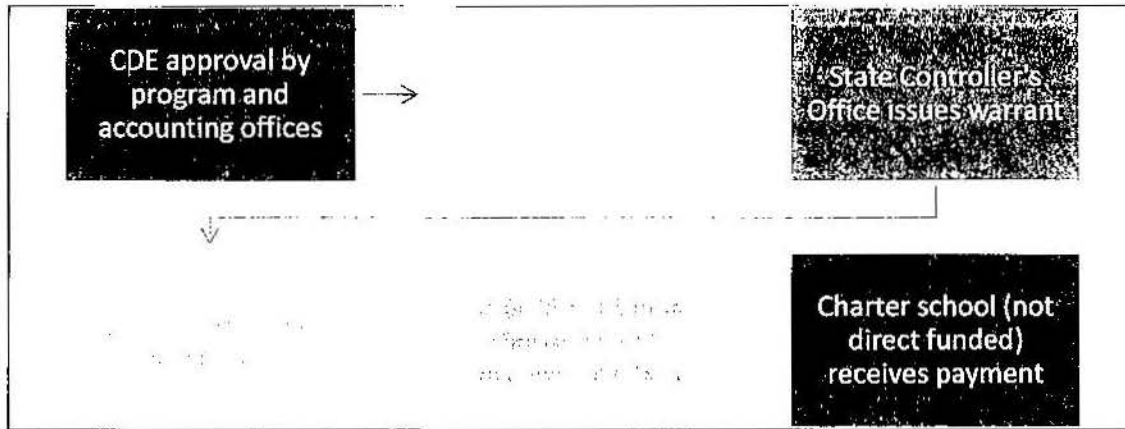
Flow of Subgrant Funds. As noted elsewhere in this report, charter schools can determine annually if they wish to be direct funded or indirect funded. Direct funded charter schools operate as their own fiscal agent and receive funds directly from the State. Indirect funded charter schools use the LEA as their fiscal agent and receive funds through the LEA.

As a part of the current subgrant application award process, the CSD reviews subgrant application budgets after the narrative content of the subgrant has been reviewed by the peer reviewers and the applicant has received a signed charter agreement from an authorizer. At this time, CSD staff review subgrant budgets to ensure that expenses appropriately align with the application.

PCSGP grant funding requests must go through several State and county offices before being released to the individual school. According to the CDE's Funding Handbook, grant funds are only disbursed to subgrantees after a signed Grant Award Notification has been signed and returned to the CDE. Once the signed GAN has been received, it is incumbent upon the program office (i.e., the CSD) to submit a Request for Payment (AO-401) to the Accounting Office. The Request for Payment must include a list of every subgrantee (by county), the subgrant award numbers, the amount for each subgrantee, and the total amount to be paid to the county. Within five days of receiving an AO-401 from the CSD, the Accounting Office sends the payment schedule to the State Controller's Office. The Controller typically issues a warrant to the county treasury office 10 to 14 calendar days later. Next the county treasurer receives the warrants and notifies the county superintendent of funds received. The county superintendent then determines the deposit information for proper crediting to LEA accounts. (See the chart below outlining the flow of funds from ED to the charter schools.) Because of the multiple steps in the process, it is possible for grant funds to "sit" at one or more State or county offices for a period of time after being initially drawn down from G5.

The State does not use electronic funds transfer system for this or any other funding source, though it is in the process of revamping its accounting, budgeting, and procurement systems to allow for this functionality. CDE is slated to have this revised system by 2016.

Diagram of PCSGP Cash Flow from G5 to Subgrantees



Fiscal Control and Fund Accounting Procedures. Specific attributes of the CDE’s fiscal control and fund accounting procedures and the CSD’s efforts to ensure proper disbursement of grant funds are discussed in the table below. All of the components of 34 CFR 80.20 are included in Appendix F of the 2012-2013 Planning and Implementation RFA. Where available, additional related guidance (beyond what is in Appendix F) has been noted below. Though the CSD has provided for each of the following EDGAR regulations in writing in at least one document, it was unclear in many instances whether the CSD or other CDE staff could ensure that subgrantees indeed were following the required fiscal control and fund accounting procedures. Many of these areas would likely be included in subgrantee monitoring; however, as noted in Indicator 2.5 the CSD had not sufficiently rolled out its subgrantee monitoring system at the time of the monitoring visit.

Table 3.3.a: FISCAL CONTROL AND FUND ACCOUNTING PROCEDURES		
EDGAR Regulations	Is this an area of concern?	Findings: How does the grantee ensure proper fiscal control and funding accounting and comply with Federal requirements in each area?
34 CFR 80.20 Standards for financial management systems.		
(1) Financial reporting	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	The 2012-2013 Planning and Implementation RFA notes that the CSD requires quarterly and year-end expenditure reporting of all subgrantees. Quarterly Benchmark Reports include line item updates on expenditures. An annual budget of projected expenditures is also required to be submitted for each year of funding. Subgrantees are also required to conduct an annual A-133 audit.
(2) Accounting records	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Appendix F in the 2012-2013 Planning and Implementation RFA states that subgrantees must meet Federal standards for accounting records, including maintaining records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets,

		<p>liabilities, outlays or expenditures, and income.</p> <p>For several of the subgrantees, the monitoring team observed that the grant award notification did not adequately distinguish between subgrant funds that were awarded from two separate CSP grants (i.e., the subgrantee was awarded planning funds out of the previous CSP grant and implementation funds out of the current CSP grant). For example, the GAN for DaVinci Charter Academy shows that the subgrantee received an additional \$62,500 in August 2010 (amending an existing grant of \$387,500). The GAN does not clearly identify that the \$387,500 came from one CSP grant award and the \$62,500 is from a second CSP grant award. This causes the appearance of co-mingling of grant funds.</p>
(3) <i>Internal control</i>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<p>Appendix F in the 2012-2013 Planning and Implementation RFA states that subgrantees must maintain effective control and accountability must be maintained for all grant and subgrant cash, real and personal property, and other assets. Grantees and subgrantees must adequately safeguard all such property and must assure that it is used solely for authorized purposes.</p>
(4) <i>Budget control</i>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<p>Expenses outlined on the Quarterly Benchmark Reports (QBRs) are individually reviewed by CSD grant consultants. The 2010-2015 PCSGP QBR Desktop Review Manual states that the CSD grant consultant reviewing each QBR must verify that each expense is allowable, that supporting documentation has been uploaded, that expenses occur within the allowable timeframe, and that the expenses and supporting documentation align.</p>
(5) <i>Allowable cost</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<p>The 2012-2013 Planning and Implementation RFA and the Dissemination RFA include minimal guidance on use of funds and include links to current ED non-regulatory guidance and relevant OMB circulars. The RFA does not explicitly include Federal statutory language around allowable uses of grant funds. The CDE no longer publishes a list of allowable activities or uses of grant funds as it did under the previous grant.</p>
(6) <i>Source documentation</i>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<p>Subgrantees are required to upload source documentation for each expenditure reported in the QBR. For personnel costs, subgrantees must submit a completed and signed Personnel Activity Report for each related personnel expense. For non-personnel related costs, the QBR includes a column to indicate the type of source documentation (e.g., purchase order, invoice) that has been submitted.</p>
(7) <i>Cash management</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<p>The CDE notes in several different PCSGP-related documents (e.g., Funding Handbook, CDE website, 2012-13 Planning and Implementation RFA) that subgrantees are expected to maintain procedures that minimize the time elapsing between transfer of funds and disbursement and financial management systems that meet OMB standards for internal controls. Furthermore, the Handbook states that the program unit (i.e., the CSD) is responsible for ensuring that grantees do not</p>

		<p>accrue Federal funds in excess of immediate needs.</p> <p>However, the State's processes for releasing funds to subgrantees are not dependent on the timing of subgrantee's expenditures and thus do not ensure that the time elapsed between receipt and use of grant funds is minimized or that subgrantees do not accrue Federal funds in excess of immediate needs. California's Cash Management Improvement Act dictates how PCSGP funds are released to subgrantees. The 2012-2013 Planning and Implementation RFA states that the CDE will issue payments to subgrantees in five increments:</p> <ol style="list-style-type: none"> 1) 22.5% of annual allocation plus all expenses already incurred after CDE has received a signed GAN from the subgrantees; 2) Subsequent payments are made on a quarterly basis in the amounts equal to 22.5% of annual allocation, plus expenses already incurred to date upon verification of quarterly reports. 3) 10% will be withheld until approval of final year-end expenditure report.
<p>34 CFR 80.36 Procurement standards, including competitive bidding and contracting</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	<p>The 2012-13 Planning and Implementation subgrant application requires applicants to sign an assurance acknowledging that Federal regulations require grant recipients to establish written standards pursuant to resolution of conflicts that arise from procurements. The application also notes that procurements not negotiated in accordance with Federal regulations will be disallowed. Subgrantees are required to keep a signed copy of their general assurances on hand for auditing purposes.</p> <p>Appendix D in the 2012-2013 Planning and Implementation RFA also includes all related EDGAR regulations regarding procurement standards.</p> <p>The monitoring team did not identify any specific procurement, bidding, or contracting issues at any of the subgrantees monitored.</p>
<p>34 CFR 75.525 Conflict of interest</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	<p>The 2012-13 Planning and Implementation subgrant application requires applicants to sign an assurance acknowledging that Federal regulations require grant recipients to establish written standards pursuant to conflict of interest.</p> <p>No conflicts of interest were observed at the subgrantees monitored.</p>
<p>34 CFR 80.32(e) Disposition of assets</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	<p>Appendix E in the 2012-2013 Planning and Implementation RFA states that when original or replacement equipment acquired under a grant or subgrant is no longer needed for the original project or program or for other activities currently or previously supported by a Federal agency, disposition of</p>

	<p>the equipment will be made as follows:</p> <ol style="list-style-type: none"> 1. Items of equipment with a current per-unit fair market value of less than \$5,000 may be retained, sold, or otherwise disposed of with no further obligation to the awarding agency. 2. Items of equipment with a current per unit fair market value in excess of \$5,000 may be retained or sold and the awarding agency shall have a right to an amount calculated by multiplying the current market value or proceeds from sale by the awarding agency's share of the equipment. 3. In cases where a grantee or subgrantee fails to take appropriate disposition actions, the awarding agency may direct the grantee or subgrantee to take excess and disposition actions. <p>No issues regarding the disposition of assets were identified while on site, though the monitoring team notes it did not visit any subgrantees that had closed or had otherwise had to dispose of assets purchased with subgrant funds.</p>
<p>Sources: Quarterly Expenditure Reports; 2012-2013 RFA; 2012-13 Blank Application; 2012-2013 Dissemination Subgrant RFA; 2010-2015 PCSGP QBR Review Desktop Manual; Quarterly Report 2 (RFAID 5091); Funding Handbook; Interestearnedenc; RFA Kaplan Academy; DaVinci GAN.</p>	

California's 2010 CSP application requested a waiver to allow planning and implementation subgrant funds to cover personnel salaries in the first operational year of a school. EID approved this waiver, in part, to permit CDE to allow subgrantees to use *implementation* funds to cover personnel costs in the short term. This waiver was granted contingent upon the following:

- State and local funds allocated for personnel purposes are not immediately available;
- Subgrantees must cease using CSP funds to cover personnel costs at the end of the first operational year or as soon as sufficient State and local funds allocated for that purpose are available (whichever is sooner); and
- Subgrantees must repay to the CSP subgrant the full amount of implementation funds used for personnel costs on or before the date that the charter school receives State or local funds for the second operational year. (See Appendix 3: *California Oct 2010 waiver letter.*)

EID also clarified that some personnel costs are already allowable under the grant, including those in the planning year associated with designing the educational program as well as those related to initial implementation of the charter school.

Subgrantees report subgrant budget expenditures according to broad California accounting codes. Each QBR breaks out personnel costs and other additional expenditures for the given reporting period. As described earlier, each expenditure listed on the QBR must be verified by the CSD consultant in order to be processed and subgrantees are required to submit source documentation

for each expenditure. (In some instances, the QBRs provided appeared to be incomplete because some expenditures were not identified as reviewed and verified.) The QBRs also include a budget narrative for each accounting code which allows subgrantees to provide additional description for each broad category of expenditures.

Due to the sheer number of subgrantees currently funded under California's 2010 CSP grant, the information in the table below is limited to the subgrantees that the monitoring team visited or the sample Quarterly Benchmark Reports (QBRs) provided by the CSD during the monitoring visit. The majority of the QBRs provided were for the implementation phase of funding. Only two of the QBRs provided were for the planning phase.

Table 3.3.b: USE OF GRANT FUNDS How did the grantee propose to use the grant funds in the approved budget?	Is this an area of concern?	Findings: How did the grantee use the grant funds?
Post-award planning and design of the educational program		
Refinement of the desired educational program and of the methods for measuring progress toward those results	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Two subgrantees used planning funds for personnel needed in preparation for the opening of school. This included positions like a charter director, site manager, and curriculum specialist.
Professional development of teachers and other staff who will work in the charter school	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> NA	There was no evidence from the QBRs provided that subgrantees used planning funds for teacher professional development.
Other: Potentially unallowable costs	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	There were several instances where at least two subgrantees used planning funds for food-related costs, including teacher recruitment lunches and student "treats". Additionally, there were instances where at least two subgrantees used a substantial portion of planning funds to purchase instructional materials and computer equipment (allowable as implementation costs but not planning costs). Lastly, for two subgrantees operated by the same developer, there were numerous planning costs (related to instructional materials) that were listed as split between the two school sites.
Initial implementation of the charter school		
Informing the community about the school	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	A very small portion of implementation funds were used for marketing or recruitment activities. Only two subgrantees had expenditures related to these efforts and those expenditures were relatively small.
Acquiring necessary equipment and educational materials and supplies	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Implementation funds were regularly assigned to equipment and material costs. This included

		textbooks, instructional materials, science kits, classroom libraries, and other general supplies. It also included technology purchases such as student laptops or computers, laptop carts, iPads, Smartboards, projectors, document readers, and related software.
Acquiring or developing curriculum materials	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	A fairly significant portion of implementation expenditures was spent on teacher and administrator professional development. This included professional development provided over the summer (prior to opening) as well as initial professional development to develop curriculum or instructional approaches.
Other initial operational costs that cannot be met from State or local sources	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	There was a variety of relatively minor implementation costs that could be categorized as other implementation costs. These included charter director activities prior to opening; governance board recruitment and training; fiscal management training and consulting; and implementation of the PCSGP-required external evaluation.
Other: Personnel costs otherwise not covered by delays in State or local funding (must be reimbursed to grant after State or local funds are available).	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> NA	There was no evidence in the QBRs provided that subgrantees used implementation funds for general personnel costs. The majority of implementation-related personnel costs were for teacher professional development, curriculum development/refinement, or substitute release time.
Other: Potentially unallowable costs	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	The QBRs provided included several potentially unallowable costs such as legal services and fees, insurance payments, and State charter association membership dues. There was also one instance of a subgrantee billing (from implementation funds) for IT services that occurred during the planning period.
Dissemination activities		
Assisting other individuals with the planning and start-up of one or more new public schools	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> NA	Dissemination subgrants had not been awarded at the time of the monitoring visit.
Developing partnerships with other public schools	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> NA	Dissemination subgrants had not been awarded at the time of the monitoring visit.
Developing curriculum materials, assessments, and other materials that promote increased student achievement	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> NA	Dissemination subgrants had not been awarded at the time of the monitoring visit.
Conducting evaluations and developing materials that document the successful practices	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> NA	Dissemination subgrants had not been awarded at the time of the monitoring visit.
Sources: QBRs from High Tech Elementary, High Tech Middle, Celerity Sirius, Rocketship, Spring Creek, Kaplan Academy.		

Areas of Concern

- Potential co-mingling of grant funds. Grant award documents for multiple subgrantees did not adequately distinguish subgrant funds that had been awarded from two separate CSP grants. (See Indicator 1.5 for additional details.)
- Allowable costs. The CDE provides minimal guidance in the RFA and related technical assistance webinars on allowable costs. Additionally, there is evidence of a variety of subgrantee expenditures that were reimbursed that may not be allowable.
- Cash management system. The CDE releases planning and program design and implementation subgrant funds on a quarterly basis and cannot ensure that systems are in place to minimize the amount of time elapsed between transfer of funds from ED, disbursement from CDE, and usage at the school site.

Rating and Justification: 1 – Grantee does not meet the indicator. The grantee could not ensure that all CSP grant funds were properly disbursed and accounted for.

Recommendations: The grantee must strengthen its fiscal control and fund accounting procedures relating to the CSP funds – beyond requiring various assurances of subgrantees – to ensure that subgrant funds are administered and used in ways that are compliant with all Federal regulations.

Indicator 3.4: LEA DEDUCTIONS. The State ensures that the LEA does not deduct funds for administrative expenses or fees unless the eligible applicant enters voluntarily into an administrative services arrangement with the relevant LEA.

Observations: In the 2009 monitoring report, the State partially met this indicator. The previous monitoring team was concerned that while the State provided related guidance to subgrantees on the requirement that administrative expenses or fees could only be deducted if they were voluntary and mutually agreed upon, it could not ensure that this practice did not occur.

Charter schools elect their status annually as direct funded or indirect funded. For direct funded charter schools, PCSGP grant funds go directly from the county treasurer to the school. The LEA does not have the ability to access these funds. However, subgrant funds for indirect funded charter schools are funneled through the LEA (operating as the fiscal agent). When reviewing subgrant budgets, the CSD looks for any indirect costs. In instances where a subgrant budget includes indirect costs, the CSD instructs the subgrantee to remove these costs from the subgrant budget.

The CSD was unaware of any issues on this matter; however, unlike in the past monitoring, the CSD did not provide evidence of guidance or technical assistance to subgrantees or LEAs on this matter. A review of the 2012-13 RFA and related guidance, as well as the charter school status election survey form, did not identify any mention of administrative fees withdrawn from subgrants and the requirement that any such fees be voluntary and mutually agreed upon between the charter school and the LEA.

Table 3.4: LEA DEDUCTIONS		
SEA efforts to ensure LEA deductions are appropriate	Is this an area of concern?	Findings: What actions does the SEA take in each of these areas to ensure any LEA deductions are appropriate?
<p>Efforts to inform LEAs and subgrantees regarding the LEA's ability to deduct administrative expenses or fees: As stated in California's approved grant application, charter schools annually elect to be direct or locally funded. Direct funded charter schools receive all funds directly from the State. Locally funded charter schools receive funds through the LEA.</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<p>Charter schools annually elect to be either direct funded or to use their local LEA as a fiscal agent. The CSD keeps track of these annual elections via an annual charter survey that it administers. Direct funded charter schools receive all funding directly from the State via the relevant county treasurer.</p> <p>Neither the RFA nor related guidance includes information about an LEA's ability to deduct administrative expenses or fees (or the requirement for such an arrangement to be voluntary and mutually agreed upon). Indirect fees present in subgrant budgets are removed during the budget review process.</p> <p>However, the CSD does not provide guidance to LEAs about administrative expenses related to the CSP subgrant.</p>
<p>Efforts to ensure any deductions are mutually agreed upon and voluntary: Grant application did not specify.</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<p>Neither the RFA nor related guidance includes information about an LEA's ability to deduct administrative expenses or fees (or the requirement for such an arrangement to be voluntary and mutually agreed upon). Nor does the CSD provide guidance to LEAs about administrative fees pulled from PCSGP grants.</p> <p>During site visits the monitoring team discussed fees being paid to LEAs and did not find any schools reporting fees other than Special Education encroachment as outlined in SELPA/CHELPA MOUs and fees on State funding as allowed under California State law.</p>
<p>Efforts to identify and resolve concerns related to LEA deductions from grant funds: Grant application did not specify.</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<p>The CDE had not been informed of any instances where an LEA had deducted funds from a CSP subgrant. Subgrantees did not report concerns or issues on this matter.</p>
<p>Sources: 2012-13 Blank PCSGP RFA; 2012-13 Guidance Provided to Subgrant Applicants 1; 2012-13 Guidance Provided to Subgrant Applicants 2; Annual Charter School Status Election Survey Form.</p>		

Areas of Concern

- Informing subgrantees and LEAs about administrative fees. Under the current grant, the CDE has not informed subgrantees or LEAs of requirements that administrative fees deducted from CSP subgrants be voluntary or mutually agreed upon.

- Ensuring deductions are voluntary and mutually agreed upon. The State is unable to demonstrate that it ensures that any deductions of administrative fees from CSP subgrants are voluntarily and mutually agreed upon.

Rating and Justification: 2 – Grantee partially meets the indicator. While the monitoring team did not uncover specific instances of violations in this area, the grantee did not provide evidence of guidance to subgrantees and is also unable to ensure that LEAs are aware of and abiding by requirements that any administrative fees deducted from the CSP subgrant be voluntary and mutually agreed upon.

Recommendations: The grantee needs to inform and monitor charter schools and LEAs regarding restrictions and permissible circumstances for deductions of administrative fees from CSP subgrants.

Indicator 3.5: TRANSFER OF STUDENT RECORDS. The SEA ensures that a student’s records and, if applicable, individualized education program accompany the student’s transfer to or from a charter school in accordance with Federal and State law.

Observations: In the 2009 monitoring report, the State partially met the conditions of this indicator. The previous monitoring team was concerned that while the State had statutory requirements regarding the transfer of student records, it could not demonstrate that it ensured student records were appropriately transferred to or from charter schools.

As of January 1, 2013, California Education Code 49068 requires that student records be transferred within 10 school days of a request. (Previously, the Education Code did not stipulate a time period.) Additionally, charter schools that elect to report their own performance data (independent from the LEA) have access to and are required to use CALPADS to keep track of pupil data. CALPADS includes program information for each student but is not equivalent to a student’s permanent record or cumulative file.

Subgrantees visited reported common issues transferring student records (e.g., LEAs withholding permanent records or cumulative files until student fees were paid). However, subgrantees noted that these issues were not exclusive to charter schools and that traditional public schools experienced them as well.

Table 3.5: TRANSFER OF STUDENT RECORDS		
SEA efforts to ensure timely transfer of student records	Is this an area of concern?	Findings: What actions does the SEA take in each of these areas to ensure that student records accompany the student’s transfer to or from a charter school?
Efforts to inform LEAs and charter schools about their responsibilities to transfer student records, including IEPs: Grant	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Since 2010, all charter schools that have elected to report their own data and LEAs are required to use CALPADS to maintain and report student pupil data. CALPADS includes

<p>application did not specify.</p>		<p>program information for each student such as participation in Gifted and Talented Education or Free and Reduced Priced Meals. CALPADS also provides pupil enrollment history. However, CALPADS data is not equivalent to a student's permanent record or cumulative file.</p> <p>As of January 1, 2013, Education Code 49068 requires schools to transfer permanent records within 10 school days of when a request is received. The monitoring team did not see evidence of any communication from CSD to charter schools specific to the enactment of this law.</p>
<p>Efforts to ensure student records, including IEPs, are transferred according to State laws and guidelines: Grant application did not specify.</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	<p>Quarterly Benchmark Reports require subgrantees to describe, under Prompt 4, any occurrences of records transfer and the timeframe and method of the transfer. QBRs are reviewed as part of the desk monitoring. Staff interviewed by the monitoring team reported that they had never seen problems reported on a subgrantee's QBR.</p> <p>Subgrantees visited reported that at times it was difficult to collect student records. Staff at one site described that if records were not received after several requests they would drive over to the other school and personally retrieve them, waiting in the office as long as it took. However, respondents felt that any difficulties with records transfer were not specific to charter schools and indicated handling them on their own rather than reporting them on the QBR.</p>
<p>Efforts to intervene in transfer of student records, including IEPs, when records are not received: Grant application did not specify.</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	<p>The CSD was unaware of any issues charter schools have had transferring student records and, thus, has not gotten involved in records transfer matters between charter schools and LEAs.</p>
<p>Sources: <i>Records Transfer and CALPADS; Records Transfer and QBR; Records Transfer and State law narrative.</i></p>		

Rating and Justification: 3 – Grantee fully meets the indicator. State Education Code regarding records transfers has recently been strengthened and the CSD regularly collects information from subgrantees about records transfer occurrences. Neither the CSD nor subgrantees reported significant issues in this area.

Recommendations: None.

Indicator 3.6: RECORDKEEPING. All financial and programmatic records, supporting documents, statistical records, and other records of grantees and subgrantees related to the CSP grant funds are maintained and retained for grant monitoring and audit purposes.

Observations: In the 2009 monitoring, the State fully met the conditions of this indicator.

At the time of the 2013 monitoring visit, the CSD had the following documents related to the CSP grant: 2010 CSP grant application; grant award notifications; information on G5 balances; correspondence with ED program officer; the 2009 California CSP monitoring report; 2010 and

2011 annual performance reports submitted to ED; current non-regulatory guidance; and the final performance report for the 2007 grant. The CSD file also included a variety of implementation-related documents such as the RFA versions used under the 2010 grant, information on the dissemination subgrant, waiver requests from subgrantees, reviews of applicant appeals, and subgrant application external reviews from the first two years of the grant. However, the monitoring team observed that requested information was often in the possession of multiple staff members who maintained files with partial information, such that some documentation was not immediately available.

The CSD's subgrantee files included the following documents: PCSGP application screening checklist; subgrant applications with original signatures; peer reviewer scores and comments; and correspondence between the subgrantee and the CDE. Desk monitoring instruments were kept electronically or as hard copy.

Table 3.6: RECORD KEEPING EDGAR regulations require grantees to maintain:	Is this an area of concern?	Findings: How does the grantee maintain and retain its grant records?
Recordkeeping system and practices	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<p>The CDE grant file included all necessary documents. However, data were often held in the files of numerous staff members and particularly relevant correspondence was not readily available to the monitoring team.</p> <p>Subgrantee files included applications, notes from peer reviewers, QBRs, Comprehensive Phase Reports and Administrative Reports. Files are electronic as well as hard copy.</p>
Records retention policy and practices	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<p>The CSD retains records according to State and Federal requirements.</p> <p>The 2012-13 subgrant application requires applicants to sign an assurance that they will retain auditable records for five years following the grant closing date.</p>
Sources: 2012-13 Blank PCSGP RFA; CSD CSP 2010 Grant File; electronic and paper subgrant files at CSD and at subgrantee sites.		

Areas of Concern

- Recordkeeping Systems and Practices. The monitoring team observed that program data were often held in the files of numerous staff members who maintained files with partial information, such that some documentation necessary for monitoring was not immediately available.

Rating and Justification: 2 – Grantee partially meets the indicator. CDE grant and subgrantee files appeared to be complete and the CDE has records retention policies; however, CSD's systems appeared to make it difficult to retrieve promptly key information necessary for monitoring.

Recommendations: The grantee must take the necessary steps to improve its recordkeeping system and practices such that all CSP records are readily available for grant monitoring and audit purposes.

VI. LIST OF DOCUMENTS REVIEWED

California Department of Education Request for Applications Public Charter Schools Grant Program 2012-13 Planning and Implementation Grants, Revised October 9, 2012

California Department of Education Request for Applications Public Charter Schools Grant Program 2012-13 Dissemination Sub-Grants

2012-13 Letter Announcing 2012 Competition

Subgrant applications from all schools visited by the monitoring team

Subgrant applications from Arts in Action, Capitol Collegiate Academy, Ivy Tech Wildflower Open Classroom K-8 Charter School, Valley Life Charter School, Almond Acres Charter Academy, Intellectual Virtues Academy, Golden Lakes Charter School, Magnolia Science Academy, River Islands Technology Academy, Alpha Middle School (two RFAs), Magnolia Science Academy Santa Clara, Coleman Tech, Oxford Preparatory, Silver Oak High School South Orange

California 2010-2011 Annual Performance Report

California 2011-2012 Annual Performance Report

PCSGP Sub-grantees by Region

PCSGP Region Map

Grants by Region

Annual Information Survey

Public Charter Schools Grant Program Implementation Grant Status Report

Quarterly Report 2 (RF/AID 5091)

Quarterly Expenditure Reports

QBRs from High Tech Elementary, High Tech Middle, Celerity Sirius, Rocketship, Spring Creek, Kaplan Academy

Annual Comprehensive Phase Report

2010-2015 PCSGP QBR Desktop Manual

PCSGP Site Monitoring High Level Timeline – 2012-13 Implementation Year

Charter Schools Development Center Conference Presentation on Public Charter Schools Grant Program and Dissemination Sub-Grant PowerPoint

<http://www.cde.ca.gov/fg/aa/pa/papayschedule.asp>

<http://www.cde.ca.gov/fg/aa/pa/pensecinstr12.asp>

2012-2013 PCSGP funding profile

2012-13 CCSSA conference PCGSCP listing

2012 Charter Schools Funding Webpage index

2012-13 Nov 2012 CSDC PCSGP and Dissemination Slides

2011-12 PCSGP CCSA slides Feb 2012

2012-13 Consolidated Application

New charter school message

LTR to Field on Assessment CALPADs

Funding Handbook

Interestearnedenc

2012-13 Guidance Provided to Subgrant Applicants 1

2012-13 Guidance Provided to Subgrant Applicants 2

Annual Charter School Status Election Survey Form

Records Transfer and CALPADS

Records Transfer and QBR

Records Transfer and State Law Narrative

CSD CSP 2010 Grant File

Electronic and paper subgrant files at CSD and at subgrantee sites

CCSA Accountability Story 2013

CCSA Portrait of the Movement Report, February 2012

DaVinci GAN

VII. APPENDICES

Appendix 1: CCSA Accountability Story 2013

Appendix 2: CCSA Portrait of the Movement Report, February 2012

Appendix 3: California October 2010 Waiver Letter

Appendix 4: FY 11 PCSP Reviewers Cohort 1 and FY 12 PCSP Reviewers Cohort 3

Appendix 5: California Waiver memo (College-Ready Academy High School #13) dated May 12, 2012 and California waiver letter (three schools) dated May 23, 2011

Appendix 6: Enactment of Senate Bill 1290

Appendix 7: California Charter Schools Draft Monitoring Report – Grantee Review

▲ Action Item Documents - Recommendation A02-L0002/2/1

Action Item - A02-L0002/2/1/1

Document Name	Staff	Comments	Upload Date	Date of Document	Options
OIG Report Call Script - California.doc	Erin Pfeltz	Call script documenting kick-off of corrective action plan with CA.	09/05/14 02:56 PM	01/23/13	N/A
Arizona OIG Audit Post-Call Document (3).doc	Erin Pfeltz	Agenda for corrective action plan kick-off call with AZ.	09/05/14 02:59 PM	02/20/13	N/A
OIG Report Call Script - Florida.doc	Erin Pfeltz	Kick-off call for corrective action plan for FL.	09/05/14 03:00 PM	01/24/13	N/A

Action Item - A02-L0002/2/1/2

Document Name	Staff	Comments	Upload Date	Date of Document	Options
CA CSP Monitoring Report September 2013VS.pdf	Erin Pfeltz	Final CA monitoring report.	09/05/14 03:02 PM	09/30/13	N/A

Action Item - A02-L0002/2/1/3

Document Name	Staff	Comments	Upload Date	Date of Document	Options
2013 SEA APR Review Template.doc	Erin Pfeltz	2013 SEA APR review template.	09/05/14 03:04 PM	08/27/13	N/A

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SEA Annual Performance Review

Objectives: Substantial Progress towards Meeting Goals and Objectives

Grantee Monitoring and Check-In

PR Award Number:

Grantee:

Date Reviewed:

Entity Risk Review

Date Report Received:

Relevant findings, if any, and steps to be taken:

Did the grantee have an A-133 audit? If so, what was the date of the audit and what were the findings?

- Are there any findings related to grants management?
 - If yes, have we followed up on how it will not affect CSP funds?
- Are there any findings related to the CSP?
 - If yes, how have they been (or how will they be) resolved? What is the grantee doing to avoid in the future?

OII Risk Review

Date Evaluated:

Please summarize any Yellow or Red findings:

APR Elements	Response	Elements for Follow-Up
COVER SHEET		
Is the cover sheet complete and accurate?		
Will later performance data be submitted? --If so, when will it be available?		
Has the signed cover sheet been submitted?		
EXECUTIVE SUMMARY		
Was an updated summary included?		
PROJECT STATUS CHART SECTION A (Objectives and Measures)		
The current number of charter schools operating in the State. {This should represent the number of charter schools opened with current CSP grant funds} (GPRA)		
Percent of fourth-and-eighth grade Charter School students current performance on State Examinations in <u>Math</u> (GPRA)		
Percent of fourth-and-eighth grade Charter School students current performance on State Examinations in <u>Reading</u> (GPRA)		
Additional students served/number of seats created (if included)		

Were all of the grantee's CSP Application Objectives and Measures included?		
Were all grantee measures met? If not, which?		
Has the grantee provided a plan to meet any unmet measures?		
Has the grantee provided responses to all of their performance measures from <i>last year</i> ?	Yes: ____ No: ____	Date submitted: _____
Has all available data been provided by <u>July 12, 2013</u> ?	Yes: ____ No: ____	<u>Program Officer Signature:</u> _____ <u>Date:</u> _____
Is an explanation provided for data not yet available?	Yes: ____ No: ____	<u>Expected date to receive Data:</u> _____
PROJECT STATUS CHART SECTION B (Budget)		
G5 Balance (as of May 3, 2013)		
Is detailed information provided on expended funds?		
Is there a reconciliation of expended funds and the May 3, 2013 G5 balance?		
Is detailed information provided on anticipated fund expenditures for the remainder of the budget period?		
Are there any questionable, or unallowable, costs requiring follow-up?		
<ul style="list-style-type: none"> • Are administrative costs within 5%? If they are not, does the grantee indicate how they will be 		

<p>brought within 5% of the total grant award?</p> <ul style="list-style-type: none"> • Are dissemination sub-grants no more than 10%? 		
<p>Is Information provided on Obligated Funds? (Data Collection Forms)</p>		
<p>Are any carryover funds anticipated?</p> <ul style="list-style-type: none"> • Unobligated • Obligated • Forward Funding 		<p>Amount: _____</p> <p>Amount: _____</p> <p>Amount: _____</p>
<p>Did the grantee indicate any changes to the budget for the current or upcoming year?</p>		
<p>Is the grantee asking for a <u>Supplement</u> or asking for a <u>lesser amount of Continuation Funding</u> than slated to receive according to their GAN?</p>		
<p>Are matching funds provided, if applicable?</p>		
<p>Is the indirect cost rate still valid (if applicable)? Did SEA provide documentation?</p>	<p>-----</p>	

PROJECT STATUS CHART SECTION C (Additional Information)

Did the grantee provide an update on their pipeline of schools to open?		
---	--	--

(Enter chart of subgrantee funding, if necessary)

(Enter chart showing planned pipeline – either from the application or based on subsequent cuts)

(Enter actual pipeline data from the APR)

Charter Schools approved/opened during the current budget period?

Charter school projections for the upcoming year?

Any noted extenuating circumstances?

(Enter proposed cuts and rationale)

ADDITIONAL INFORMATION PROVIDED BY GRANTEE	
Topic	Highlights and/or Actions needed
Evaluation:	
Competitive Priorities:	
[insert additional topics as needed]	

Monitoring Indicator Updates	
Topics	Was an update on their monitoring activities noted? ___ Yes ___ No
Sub-grantee Monitoring Closure	
Authorizer Monitoring	
Implementation/Evidence	
OIG Corrective Action updates (when applicable)	
Issue	<i>Please note anything that should be updated in their corrective actions.</i>
Other:	

€ All necessary and available information provided by July 12, 2013 has been reviewed and captured in this form.

Program Officer Signature: _____

Date Completed: _____

▲ Action Item Documents - Recommendation A02-L0002/2/2

Action Item - A02-L0002/2/2

Document Name	Staff	Comments	Upload Date	Date of Document	Options
April 23 - SEA PD agenda FINAL.doc	Erin Pfeltz	SEA PD Meeting Agenda, including agenda item for a workshop on subgrantee monitoring and closure policies.	09/25/14 08:44 AM	04/23/13	N/A
Emerging Issues Slides.ppt	Erin Pfeltz	Presentation from 2013 SEA PD Meeting, including slides covering authorizer monitoring.	09/25/14 08:45 AM	04/23/13	N/A
Disposition.docx	Erin Pfeltz	Subgrantee monitoring and closure workshop materials: disposition.	09/25/14 08:49 AM	04/23/13	N/A
Monitoring and Tracking.docx	Erin Pfeltz	Subgrantee monitoring and closure workshop materials: monitoring and tracking.	09/25/14 08:50 AM	04/23/13	N/A
Performance Assessment.docx	Erin Pfeltz	Subgrantee monitoring and closure workshop: performance assessment.	09/25/14 08:51 AM	04/23/13	N/A
CSP and Application Fidelity.docx	Erin Pfeltz	Subgrantee monitoring and closure workshop: applicaton fidelity.	09/25/14 08:52 AM	04/23/13	N/A
Administrative and Fiscal Responsibilities.docx	Erin Pfeltz	Subgrantee monitoring and closure workshop: fiscal responsibility.	09/25/14 08:53 AM	04/23/13	N/A

Action Item - A02-L0002/2/3

Document Name	Staff	Comments	Upload Date	Date of Document	Options
Authorizer Monitoring Plans - submit by September 30 2013.msg	Erin Pfeltz	Email requesting all SEA grantees to submit authorizer monitoring plans by September 30, 2013.	09/25/14 08:37 AM	09/06/13	N/A
US Department of Education Charter Schools Program -- SEA Authorizer Monitoring Plans.msg	Erin Pfeltz	Email sent to all SEA grantees requesting submission of authorizer monitoring plans by September 30, 2013.	09/25/14 08:39 AM	09/06/13	N/A
CSP Subgrantee Monitoring and Closure Procedures.msg	Erin Pfeltz	Email to all SEA directors requesting subgrantee and closure monitoring plans by January 15, 2013.	09/25/14 08:40 AM	12/03/12	N/A

Action Item - A02-L0002/2/4

Document Name	Staff	Comments	Upload Date	Date of Document	Options
Revised SEA Monitoring Handbook 010213.pdf	Erin Pfeltz	SEA monitoring handbook for 2013 monitoring, showing review of SEA practices for monitoring subgrantees and charter authorizers.	09/25/14 08:56 AM	01/02/13	N/A
CA CSP Monitoring Report September 2013.pdf	Erin Pfeltz	CA monitoring report, finalized 9/30/2013.	09/25/14 08:58 AM	09/30/13	N/A

Action Item - A02-L0002/2/2/5

Document Name	Staff	Comments	Upload Date	Date of Document	Options
Revised SEA NPP 103014.docx	Erin Pfeltz	Draft SEA NPP includes a selection criterion "Oversight of Authorized Public Chartering Agencies" that will make the quality of the plan to monitor, evaluate, assist, and hold accountable authorizers part of the competition. The Selection Criterion "Project Design" covers subgrantee monitoring.	10/30/14 02:25 PM	10/30/14	N/A



2013 Meeting of Project Directors
State Education Agency Grants – Charter Schools Program

DRAFT

Tuesday, April 23, 2013

U.S. Department of Education

LBJ Auditorium

400 Maryland Ave, SW

Washington, DC 20202

- 7:15am – 8:30am **Registration Open**
- 7:30am – 8:30am **Brown Bag Round Table: *Bring your breakfast and ask CSP Staff (OPTIONAL)***
- Stefan Huh, Director, CSP, U.S. Department of Ed
 - Erin Pfeltz, Program Manager, CSP, U.S. Department of Ed
 - Leslie Hankerson, Program Officer, CSP, U.S. Department of Ed
 - Kathryn Meeley, Program Officer, CSP, U.S. Department of Ed
- 8:30am – 9:00 a.m. **ED Leadership Welcome**
Jim Shelton, Assistant Deputy Secretary, OII, U.S. Department of Ed
- 9:00am – 9:30am **CSP Staff and Grantee Introductions**
- 9:30am – 10:30a.m **Overview of the Federal Charter Schools Program**
Stefan Huh, Director, CSP, U.S. Department of Ed
- 10:30am – 10:40am ***Break***
- 10:40am -- 12:00pm **Charter Schools Program: Emerging Issues**
Stefan Huh, Erin Pfeltz, Kate Meeley, Adam Miller, Margaret McMurray
- A New Competition
 - The Office of Inspector General
 - Dissemination: Statewide and through subgranting
 - Measuring Performance
- 12:00pm – 1:00pm ***Lunch (on own)***
- 1:00pm – 2:00pm **Education Reform: *Charter Schools as Drivers of Innovation and Reform in States & Districts***
- 2:00–2:30 p.m. **Supporting Students with Disabilities in the Charter School Arena**
John DiPaolo, Deputy Assistant Secretary for Policy, Office of Civil Rights
Ruth Ryder, Deputy Director, Office of Special Education Programs
- 2:30 – 3:15pm **CSP Monitoring: *Lessons learned, best practices, expectations and corrective action plans.***
- WestEd

**Expanding High-Quality Charter Schools:
Policies and Practices to Strengthen the Sector**
ACCOUNTABILITY SUMMIT

- CSP Staff

3:15–3:30 p.m.

Break

3:30pm – 5:15pm

Workshop: *Subgrantee Monitoring and Closure Policies*

5:15–5:30 p.m.

Wrap Up Q&A

Charter Schools Program:
Emerging Issues

A New Competition

- Next SEA Grant Competition: FY2015
 - Anticipate 40 eligible applicants (assuming no NCEs)
 - Previous Notice Inviting Applicants: FY 2011
- What should the Department take into consideration as they plan the next competition?
- What could be improved or eliminated to strengthen this competition and its purpose?

Office of Inspector General 2012 Audit Report

- Released in September 2012
- Webinar held in December available at

- Key findings and recommendations:
 - Subgrantee Monitoring Practices
 - Closure Policies
 - Authorizer Monitoring

Office of Inspector General: Authorizer Monitoring

- If there are no provisions within State law that require or preclude the monitoring of authorizers by an SEA, what efforts could be made to meet the authorizer monitoring requirements?
- What hinders a state from effectively monitoring the authorizers in their State to meet both monitoring protocol and appropriations language around authorizing?
- Given the OIG report, what additional focuses should the Department take to improve our administration and support of this grant program?

Office of Inspector General: Authorizer Monitoring

- If there are no provisions within State law that require or preclude the monitoring of authorizers by an SEA, what efforts could be made to meet the authorizer monitoring requirement?
- What barriers exist that would hinder an SEA from effectively monitoring the authorizers in their State to meet both the monitoring protocol (based on the selection criteria included in the grant application) and appropriations language around authorizing?

Office of Inspector General

EP3

- Given the OIG report, what additional focuses should the department take to improve our administration and support of this grant program?

Is this still related specifically to authorizer monitoring? if so, could we add something more specific? If not, let's take away the second line of the heading.

(I moved this to a second slide just for spacing issues, but realized it might be a slightly different question as well).

Dissemination: Statewide and through subgranting

Dissemination Application Requirement ^{EP1}

Describe how the SEA will disseminate best or promising practices of charter schools to each LEA in the State

Dissemination Subgrants

You might want to format this differently - but since it sounds like a lot of grantees forgot about this entirely, I thought it might make sense to provide the frame for the next two questions.

Dissemination: Statewide and through Subgranting

- What is the anticipated impact of your Dissemination projects, both statewide and through subgranting?
- What is the most significant barrier to achieving impact?
- What can the Department do to help you in your dissemination efforts?

Measuring Performance

- What are the major issues you face currently with project measures?
- Are there any kind of project measures that the Department should standardize?
- What are the largest barriers now with regard to reporting your GPRA and project measures?
- How can the Department help?

DISPOSITION

<u>Topic Area</u>	<u>Highlighted Practices</u>
Does the SEA have procedures for how to dispose of Federal assets?	<p>MI: Windup and Dissolution procedures, Detailed closure procedures guide complete with steps, actions, responsible party, and status</p> <p>MI: PSA Openings/Status Changes, Closure Procedures Checklist.</p> <p>WI, p.1-3: The SEA contacts closing charter schools by sending them a letter with procedures for the disposition of Federal assets.</p> <p>LA, p.1, 24: The SEA provides the school with a checklist which includes information on procedures for disposition of Federal assets.</p> <p>GA, pp.6-7: The SEA provides the closing school with a checklist of tasks to accomplish in the closure process, including the distribution of all assets.</p> <p>OH, pp.3-8: The SEA provides the closing school and its authorizer with a checklist of what must be done during the closure process, including the disposition of Federal assets.</p>
Does the SEA have a process for the disposition, including timelines and responsibilities?	<p>NY, Closing Procedures Guide and Checklist of NYS Charter Schools Authorized by the Board of Regents, pp. 6-21: The closing school checklist includes people responsible and timelines for the creation of a disposition plan and for the disposition of assets.</p> <p>FL, p.1: The SEA uses a detailed timeline and process for reaching out and disseminating information to closing schools.</p>
Does the SEA collect documentation on how and where assets were disposed?	<p>MI: Windup and Dissolution procedures, Collection of receipts documenting disposal of assets</p> <p>CO, Memo, pp. 2-3: Final Grant Report after closure with high level of detail on assets and their disposition</p> <p>NM, p. 114: A final inventory of assets with their end location is submitted to the SEA.</p>
Does the SEA have procedures to resolve monitoring findings?	<p>CO, pp. 1-8: The state has defined steps to resolve monitor findings and ensure the integrity of CSP funds.</p> <p>NY, p. 6: Corrective action plans are detailed and include responsible parties and timelines.</p> <p>FL, Monitoring protocol, pp.5-6: Corrective actions noted on the monitoring rubric must be addressed within a specified time period (14 days), unless otherwise noted.</p> <p>GA, p.2: The SEA's Grants Coordinator monitors implementation of corrective actions identified pursuant to site visits.</p>

Monitoring and Tracking

<u>Topic Area</u>	<u>Highlighted Practices</u>
Qualified monitors?	
Internal and External Monitors?	MA, Charter School Accountability Guide, pp. 7-8: Site visit teams include SEA Charter School Office staff as well as external experts from the community.
Collect and Retain Documentation?	
Track Closed charter Schools?	<p>MI: Master document that includes closures maintained and shared publicly.</p> <p>TX, p. 1: State has a system for tracking the status of each charter school in the State.</p> <p>NY, Oversight and Monitoring of the Charter Schools Program's Planning and Implementation Grants to Meet Grant Goals and Objectives, p. 9: The State maintains a database of closed schools and makes that information publicly available on the internet.</p>
Procedures to identify which closed schools received CSP funds?	FL, p.1: A CSP Grant Tracking System that will identify subgrantees who are closing.
Have a process to contact closed schools to provide procedures for disposition of Federal assets, where applicable?	<p>MI: PSA Openings/Status Changes, Closure Procedures Checklist.</p> <p>WI, p.1-3: The SEA contacts closing charter schools by sending them a letter with procedures for the disposition of Federal assets.</p> <p>LA, p.1, 24: The SEA provides the school with a checklist which includes information on procedures for disposition of Federal assets.</p> <p>NY, Closing Procedures Guide and Checklist of NYS Charter Schools Authorized by the Board of Regents, p. 16: The SEA provides closing schools with a checklist for the closure process, which includes addressing the disposition of Federal assets.</p> <p>FL, p.1: The SEA uses a detailed timeline and process for reaching out and disseminating information to closing schools.</p> <p>GA, pp.6-7: The SEA provides the closing school with a checklist of tasks to accomplish in the closure process, including the distribution of all assets.</p> <p>OH, pp.3-8: The SEA provides the closing school and its authorizer with a checklist of what must be done during the closure process, including the disposition of Federal assets.</p>

Monitoring and Tracking

<p>Does the SEA have a standard monitoring process for all grantees?</p> <p>Process should cover:</p> <ul style="list-style-type: none">• Programmatic/performance review• Fiscal review	<p>CO, pp.1-8: The State has a multi-part plan and schedule for subgrantee monitoring and uses multiple monitoring methods.</p> <p>DC: CSP Handbook Monitoring Guidance_Revised Jan 13, pp. 3-4, OSEE's program of monitoring is regular and uses several methods.</p>
<p>Does the SEA plan to monitor every subgrantee?</p>	<p>DC, CSP Handbook Monitoring Guidance p. 4, OSSE requires that all subgrantees not scheduled for an on-site monitoring visit participate in a desktop monitoring review.</p> <p>FL, Monitoring Protocol, pp.1-4: Subgrantees are selected for on-site monitoring using a series of risk-based factors. The SEA is in the process of developing a formal risk-assessment tool. Every subgrantee receives regular desk monitoring. 50 percent of subgrantees receive on-site monitoring as well.</p>

Performance Assessment

<u>Topic Area</u>	<u>Highlighted Practices</u>
Quality Authorizing Practices	<p>MN, CSP site monitoring results communication, p. 2. CSP Subgrantee Site Monitoring Protocol, pp. 1-14: The monitoring protocol is comprehensive and based on CSP statute, regulations, and non-regulatory guidance.</p> <p>SC, p. 1-5: The SEA has a thorough monitoring protocol that covers areas defined by the SEA as well as additional areas defined in WestEd's monitoring, and includes guiding questions and prompts for evidence and follow-up action.</p>
Flexibility and Autonomy	<p>MN, CSP site monitoring results communication, p. 2. CSP Subgrantee Site Monitoring Protocol, pp. 1-14: The monitoring protocol is comprehensive and based on CSP statute, regulations, and non-regulatory guidance.</p> <p>SC, p. 1-5: The SEA has a thorough monitoring protocol that covers areas defined by the SEA as well as additional areas defined in WestEd's monitoring, and includes guiding questions and prompts for evidence and follow-up action.</p>
Monitors Achievement of Application Objectives	<p>MN, CSP site monitoring results communication, p. 2. CSP Subgrantee Site Monitoring Protocol, pp. 1-14: The monitoring protocol is comprehensive and based on CSP statute, regulations, and non-regulatory guidance.</p> <p>SC, p. 1-5: The SEA has a thorough monitoring protocol that covers areas defined by the SEA as well as additional areas defined in WestEd's monitoring, and includes guiding questions and prompts for evidence and follow-up action.</p>

CSP and Application Fidelity

<u>Topic Area</u>	<u>Highlighted Practices</u>
Definition of a charter school	<p>MN, CSP site monitoring results communication, p. 2. CSP Subgrantee Site Monitoring Protocol, pp. 1-14: The monitoring protocol is comprehensive and based on CSP statute, regulations, and non-regulatory guidance.</p> <p>SC, p. 1-5: The SEA has a thorough monitoring protocol that covers areas defined by the SEA as well as additional areas defined in WestEd's monitoring, and includes guiding questions and prompts for evidence and follow-up action.</p>
Fidelity to Educational Program	<p>MN, CSP site monitoring results communication, p. 2. CSP Subgrantee Site Monitoring Protocol, pp. 1-14: The monitoring protocol is comprehensive and based on CSP statute, regulations, and non-regulatory guidance.</p> <p>SC, p. 1-5: The SEA has a thorough monitoring protocol that covers areas defined by the SEA as well as additional areas defined in WestEd's monitoring, and includes guiding questions and prompts for evidence and follow-up action.</p>
Fidelity to Management Plan	<p>MN, CSP site monitoring results communication, p. 2. CSP Subgrantee Site Monitoring Protocol, pp. 1-14: The monitoring protocol is comprehensive and based on CSP statute, regulations, and non-regulatory guidance.</p> <p>SC, p. 1-5: The SEA has a thorough monitoring protocol that covers areas defined by the SEA as well as additional areas defined in WestEd's monitoring, and includes guiding questions and prompts for evidence and follow-up action.</p>
Informing students in the community	<p>MN, CSP site monitoring results communication, p. 2. CSP Subgrantee Site Monitoring Protocol, pp. 1-14: The monitoring protocol is comprehensive and based on CSP statute, regulations, and non-regulatory guidance.</p> <p>SC, p. 1-5: The SEA has a thorough monitoring protocol that covers areas defined by the SEA as well as additional areas defined in WestEd's monitoring, and includes guiding questions and prompts for evidence and follow-up action.</p>
Parent and community involvement	<p>MN, CSP site monitoring results communication, p. 2. CSP Subgrantee Site Monitoring Protocol, pp. 1-14: The monitoring protocol is comprehensive and based on CSP statute, regulations, and non-regulatory guidance.</p> <p>SC, p. 1-5: The SEA has a thorough monitoring protocol that covers areas defined by the SEA as well as additional areas defined in WestEd's monitoring, and includes guiding questions and prompts for evidence and follow-up action.</p>
Dissemination activities (when applicable)	<p>MN, CSP site monitoring results communication, p. 2. CSP Subgrantee Site Monitoring Protocol, pp. 1-14: The monitoring protocol is comprehensive and based on CSP statute, regulations, and non-regulatory guidance.</p> <p>SC, p. 1-5: The SEA has a thorough monitoring protocol that covers areas defined by the SEA as well as additional areas defined in WestEd's monitoring, and includes guiding questions and prompts for evidence and follow-up action.</p>

Administrative and Fiscal Responsibilities

<u>Topic Area</u>	<u>Highlighted Practices</u>
Monitor how Grant Funds are Used	<p>MN, CSP site monitoring results communication, p. 2. CSP Subgrantee Site Monitoring Protocol, pp. 1-14: The monitoring protocol is comprehensive and based on CSP statute, regulations, and non-regulatory guidance.</p> <p>SC, p. 1-5: The SEA has a thorough monitoring protocol that covers areas defined by the SEA as well as additional areas defined in WestEd's monitoring, and includes guiding questions and prompts for evidence and follow-up action.</p>
Displays Fiscal Control and Fund Accounting Procedures	<p>MN, CSP site monitoring results communication, p. 2. CSP Subgrantee Site Monitoring Protocol, pp. 1-14: The monitoring protocol is comprehensive and based on CSP statute, regulations, and non-regulatory guidance.</p> <p>SC, p. 1-5: The SEA has a thorough monitoring protocol that covers areas defined by the SEA as well as additional areas defined in WestEd's monitoring, and includes guiding questions and prompts for evidence and follow-up action.</p>
Planned Recordkeeping	<p>MN, CSP site monitoring results communication, p. 2. CSP Subgrantee Site Monitoring Protocol, pp. 1-14: The monitoring protocol is comprehensive and based on CSP statute, regulations, and non-regulatory guidance.</p> <p>SC, p. 1-5: The SEA has a thorough monitoring protocol that covers areas defined by the SEA as well as additional areas defined in WestEd's monitoring, and includes guiding questions and prompts for evidence and follow-up action.</p>

▲ Action Item Documents - Recommendation A02-L0002/2/2

Action Item - A02-L0002/2/2

Document Name	Staff	Comments	Upload Date	Date of Document	Options
April 23 - SEA PD agenda FINAL.doc	Erin Pfeltz	SEA PD Meeting Agenda, including agenda item for a workshop on subgrantee monitoring and closure policies.	09/25/14 08:44 AM	04/23/13	N/A
Emerging Issues Slides.ppt	Erin Pfeltz	Presentation from 2013 SEA PD Meeting, including slides covering authorizer monitoring.	09/25/14 08:45 AM	04/23/13	N/A
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Action Item - A02-L0002/2/3

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Action Item - A02-L0002/2/4

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Action Item - A02-L0002/2/2/5

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Galiatsos, Ann Margaret

From: Meeley, Kathryn
Sent: Friday, September 06, 2013 4:26 PM
To: Julie Russell; adam.miller@fldoe.org; Louis Erste; Laghetto, Joanna; Eitrem, Mark (MDE); cindy.murphy@state.mn.us; Tenney, Roberta; matt.craig@doe.state.nj.us; Susan DuFour; Courtney Paulding; Heather.Mauze@tea.state.tx.us; margaret.mcmurray@dpi.wi.gov
Cc: Pfeltz, Erin; Huh, Stefan
Subject: Authorizer Monitoring Plans - submit by September 30, 2013
Importance: High

SEA Directors,

One of our required steps in responding to last year's ED OIG report is to collect and review authorizer monitoring plans (Recommendation 2.2). A plan for monitoring and providing technical assistance to authorizers was included in the CSP application in 2010 and 2011 (selection criterion V, in the 2010 and 2011 competition), but we wanted to capture any changes that have occurred since the time of application as well, including those that might have resulted from a monitoring corrective action plan or changes to state law and policies. If no changes have occurred, simply include the plan described in the CSP application

In addition, we'd like to make this as interactive a technical assistance process as possible. Therefore, we're going to ask you to post your authorizing monitoring and technical assistance plan to the SEA Exchange (<http://www.charterschoolcenter.org/user>), so that they are available to all project directors. Please submit your plan by September 30, 2013.

If you need any assistance accessing the SEA Exchange, have any questions about the submissions, or need additional guidance in compiling, please contact your program officer. We will be looking to provide feedback and guidance as we move into FY 2014, but we can definitely help with anything in the meantime as well.

Kathryn Meeley
Office of Innovation and Improvement
US Department of Education
400 Maryland Avenue, SW; LBJ - 4W259
Washington, DC 20202
(202) 401-2266
Kathryn.Meeley@ed.gov

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Galiatsos, Ann Margaret

From: Hankerson, Leslie
Sent: Wednesday, September 11, 2013 1:33 PM
To: Francis, Mark; Mary Perry (ADE); Morgan, Gretchen; Fuller, Faida (OSSE) (faida.fuller@dc.gov); Brian.Darrow@LA.GOV; Curt.fuchs@dese.mo.gov; Callahan, Kelly, PED (Kelly.Callahan2@state.nm.us); Gibbs-Brown, Jesulon (JGBrown@ed.sc.gov); Rich.Haglund@tn.gov; Jeff Barber (jbarber@doe.in.gov)
Cc: Huh, Stefan; Pfeltz, Erin
Subject: US Department of Education: Charter Schools Program -- SEA Authorizer Monitoring Plans

Hello CSP Directors,

One of our required steps in responding to last year's ED OIG report is to collect and review authorizer monitoring plans (Recommendation 2.2). A plan for monitoring and providing technical assistance to authorizers was included in the CSP application in 2010 and 2011 (Selection Criterion V, in the 2010 and 2011 competition), but we wanted to capture any changes that have occurred since the time of the application as well, including those that might have resulted from a monitoring corrective action plan or changes to state law and policies. If no changes have occurred, simply include the plan described in the CSP application.

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If you need any assistance accessing the SEA Exchange, have any questions about the submissions, or need additional guidance in compiling, please contact your program officer. We will be looking to provide feedback and guidance as we move into FY 2014, but we can definitely help with anything in the meantime as well.

Thank you and have a great day!

Leslie Hankerson
Charter Schools Program
US Department of Education

Galiatsos, Ann Margaret

From: Pfeltz, Erin
Sent: Monday, December 03, 2012 1:39 PM
Cc: Huh, Stefan; Meeley, Kathryn; Hankerson, Leslie (Leslie.Hankerson@ed.gov)
Subject: CSP Subgrantee Monitoring and Closure Procedures

SEA Directors,

One of our required steps in responding to the recently released IG report is to collect and review subgrantee monitoring plans (Recommendation 2.2), and the policies and procedures of SEA CSP offices related to charter school closures (Recommendation 3.1). We are requesting this information now, so that we have time to review it and use the information in planning PD meeting sessions; this will allow us to identify topics to cover during the meeting, to highlight models or best practices, and to make this a collaborative learning experience.

In addition, we'd like to make this as interactive a technical assistance process as possible. Therefore, we're going to ask you to post both your subgrantee monitoring plan and your closure policies to the SEA Exchange (<http://www.charterschoolcenter.org/user>), so that they are available to all project directors. Before the PD meeting in April, we'll ask you to choose 2-3 SEAs to provide peer evaluation.

By January 15, 2013, please post the following items to the SEA Exchange:

1. Subgrantee monitoring plans and protocols, or a description of subgrantee monitoring activities over the course of the grant project.
2. Charter school closure policies and procedures. What steps does the SEA take when a subgrantee closes? How does the SEA deal with unspent funds dispersed to closed schools? What policies does the SEA have regarding disposition of assets for closed schools?

If you need any assistance accessing the SEA Exchange, have any questions about the submissions, or need additional guidance in compiling these items, please contact your program officer. We plan to provide feedback and guidance on the plans during the PD meeting in April, but we can definitely help with anything in the meantime as well.

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▲ Action Item Documents - Recommendation A02-L0002/2/2

Action Item - A02-L0002/2/2

Document Name	Staff	Comments	Upload Date	Date of Document	Options
April 23 - SEA PD agenda FINAL.doc	Erin Pfeltz	SEA PD Meeting Agenda, including agenda item for a workshop on subgrantee monitoring and closure policies.	09/25/14 08:44 AM	04/23/13	N/A
Emerging Issues Slides.ppt	Erin Pfeltz	Presentation from 2013 SEA PD Meeting, including slides covering authorizer monitoring.	09/25/14 08:45 AM	04/23/13	N/A
Disposition.docx	Erin Pfeltz	Subgrantee monitoring and closure workshop materials: disposition.	09/25/14 08:49 AM	04/23/13	N/A
Monitoring and Tracking.docx	Erin Pfeltz	Subgrantee monitoring and closure workshop materials: monitoring and tracking.	09/25/14 08:50 AM	04/23/13	N/A
Performance Assessment.docx	Erin Pfeltz	Subgrantee monitoring and closure workshop: performance assessment.	09/25/14 08:51 AM	04/23/13	N/A
CSP and Application Fidelity.docx	Erin Pfeltz	Subgrantee monitoring and closure workshop: applicaton fidelity.	09/25/14 08:52 AM	04/23/13	N/A
Administrative and Fiscal Responsibilities.docx	Erin Pfeltz	Subgrantee monitoring and closure workshop: fiscal responsibility.	09/25/14 08:53 AM	04/23/13	N/A

Action Item - A02-L0002/2/3

Document Name	Staff	Comments	Upload Date	Date of Document	Options
Authorizer Monitoring Plans - submit by September 30 2013.msg	Erin Pfeltz	Email requesting all SEA grantees to submit authorizer monitoring plans by September 30, 2013.	09/25/14 08:37 AM	09/06/13	N/A
US Department of Education Charter Schools Program -- SEA Authorizer Monitoring Plans.msg	Erin Pfeltz	Email sent to all SEA grantees requesting submission of authorizer monitoring plans by September 30, 2013.	09/25/14 08:39 AM	09/06/13	N/A
CSP Subgrantee Monitoring and Closure Procedures.msg	Erin Pfeltz	Email to all SEA directors requesting subgrantee and closure monitoring plans by January 15, 2013.	09/25/14 08:40 AM	12/03/12	N/A

Action Item - A02-L0002/2/4

Document Name	Staff	Comments	Upload Date	Date of Document	Options
Revised SEA Monitoring Handbook 010213.pdf	Erin Pfeltz	SEA monitoring handbook for 2013 monitoring, showing review of SEA practices for monitoring subgrantees and charter authorizers.	09/25/14 08:56 AM	01/02/13	N/A
CA CSP Monitoring Report September 2013.pdf	Erin Pfeltz	CA monitoring report, finalized 9/30/2013.	09/25/14 08:58 AM	09/30/13	N/A

Action Item - A02-L0002/2/2/5

Document Name	Staff	Comments	Upload Date	Date of Document	Options
<u>Revised SEA NPP 103014.docx</u>	Erin Pfeltz	Draft SEA NPP includes a selection criterion "Oversight of Authorized Public Chartering Agencies" that will make the quality of the plan to monitor, evaluate, assist, and hold accountable authorizers part of the competition. The Selection Criterion "Project Design" covers subgrantee monitoring.	10/30/14 02:25 PM	10/30/14	N/A



Monitoring Handbook for SEA Grantees

2012-2013 Monitoring Cycle

Charter Schools Program Monitoring

