

Fact Sheet: Improvements to State Department of Education Oversight of Charter Schools

On July 9, 2014, Governor Dannel Malloy directed the Connecticut State Department of Education to conduct a review of existing rules and practices related to the state's oversight of charter schools, and to present recommendations for improving these policies.

The goal of the Department's policy review is to provide Connecticut's taxpayers, educators, and thousands of charter school families with greater confidence that charter schools will operate according to high standards of educational excellence, organizational governance, accountability, and transparency.

The Department's recommendations are organized into three categories:

1. Improved Governance and Operations: Improve charter school boards of directors' supervision of charter schools by requiring background checks for all board members and employees, the adoption of board policies for preventing conflicts of interest and nepotism, trainings for board members, and other practices designed to foster effective, responsible governance.
2. Clear Expectations for Student Performance and Equity: Strengthen and clarify charter schools' responsibility to produce strong student outcomes and to enroll representative student bodies, in keeping with the foundational premise of the operation of charter schools: increased autonomy in exchange for heightened accountability.
3. Greater Public Transparency: Ensure that charter schools and charter management organizations adhere to important rules governing public meetings and public information.

Background: Charter Schools in Connecticut

Charter schools are one type of tuition-free public school model available to Connecticut students, in addition to magnet schools, vocational-agricultural schools, career-oriented technical high schools, endowed academies, and traditional public schools. Since Connecticut's charter school law was first enacted in 1996, charter schools have been one part of Connecticut's approach to closing the achievement gap. Thousands of Connecticut families, predominantly in urban areas, have entrusted their children's education and care to charter schools.

Charter schools are authorized, overseen, and funded by the state, rather than a local or regional school district. The term "charter school" refers to the state-issued governing document, or charter, that grants a non-profit board of directors the conditional authority to operate the school. Student enrollment is determined via admissions lottery conducted at each school; students who are not selected are placed on wait lists.

In exchange for greater autonomy, charter schools are subject to heightened accountability. All charter schools operate on a strictly provisional basis, subject to continuous review and re-authorization by the State Board of Education every two to five years. The State Board examines a charter school's record of improving student achievement, support in the community, adherence to laws and regulations, and other factors before deciding whether to renew a school. Charter schools that do not meet the State Board of Education's standards are given shortened renewal periods, placed on probation, or closed.

In the 2012 legislative session, Governor Malloy and the Connecticut General Assembly enacted new legislation related to charter schools. The amendments incorporate an assessment of strategies and

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efforts to attract, enroll, and retain high needs students (including students in poverty, special education students, and English language learners) into charter school opening and renewal decisions. Applicants for new charter schools whose primary purpose is serving high needs student populations, and applicants with highly credible strategies to attract high needs students, are given preference by the State Board of Education. The legislation also required the creation of schools focused on serving English language learner students, and restricted the locations of new charters only to low-performing school districts.

Compared with their counterparts in nearby states, Connecticut families have access to relatively few charter school options. In 2013-14, there were 18 state charter schools in operation in Connecticut serving approximately 7,100 students, representing 1.3% of public school students. (In 2014-15, the number of schools is slated to grow to 22.) By contrast, charter schools served the following percentages of students in adjacent states in 2013-14:

| State | Number of charter schools | Percentage of students in charter schools | Number of students in charter schools |
|---------------|---------------------------|---|---------------------------------------|
| Connecticut | 18 | 1.3% | 7,131 |
| Massachusetts | 81 | 3.3% | 31,380 |
| New York | 233 | 3.0% | 77,354 |
| Rhode Island | 19 | 3.6% | 6,215 |

Recommendation 1: Improved Charter School Governance and Operations

Charter school boards of directors, like boards of education for traditional school districts, have a responsibility to serve their students and the public well. These boards govern the operations of their schools, receive and expend public funds on behalf of their students, hold staff accountable for student results, and serve as the local education agencies for purposes of most federal and state education laws.

Charter school boards are also given significant freedom to decide how to fulfill their responsibilities. This freedom empowers the schools with necessary programmatic flexibility to create innovative and diverse educational settings for students, and to pilot innovative practices on behalf of the rest of the state. In exchange, charter school boards of directors are subject to strict accountability measures and high standards of board governance and operations. Boards are expected to comply with all the laws and regulations applicable to non-profit organizations, and to exercise fiduciary responsibility and oversight. If the board fails to exercise effective leadership or to comply with applicable laws and regulations, the board may be placed on probation, the charter may not be renewed, or the school may be closed.

While charter school boards are already subject to significant accountability and fiduciary responsibilities, the Department's review has identified specific ways to improve charter school governance and operations:

- **Require background checks of charter school board members and staff, as well as charter school management organization (CMO) staff.** While background checks had previously been required for certified and licensed personnel, on June 30th, the Department extended this requirement to all employees and CMO staff members. In addition, the requirement will be applied to charter school board members, and to contractors if the nature of the contractor's

work entails close proximity to students. Background checks must include, at minimum, a state and national criminal record check, fingerprinting, and a record check of the Department of Children and Families Child Abuse and Neglect Registry. All offers of employment must be conditional upon the background check's completion, and its receipt and review by the school. Charter school boards must keep all records of background checks on file and available for random audit by the Department.

- **Mandate that charter school boards and CMOs adopt and adhere to anti-nepotism and conflict of interest policies.** State law currently provides that no member or employee of the charter school board may have a personal or financial interest in any asset, real or personal, of the school. State regulations also provide important guidance restricting transactions between related parties. Though many charter schools already have specific conflict of interest policies in place that are consistent with these laws and regulations, the Department will now make the adoption of such policies an explicit requirement. All charter school boards and CMOs will be required to adopt and adhere to written anti-nepotism and conflict of interest policies. Charter school boards must keep these written policies and signed disclosure statements on file and available for random audit by the Department. For applicants for new charters, these requirements will be part of the initial application process.
- **Require all charter school board members to attend trainings on board responsibilities and best practices in charter school governance.** Given the responsibility given to charter school boards, it is critical for board members to be trained and well-versed in best practices for effective board governance and operations. The Department will require trainings at least once per renewal cycle. Board members failing to complete their training obligations will be ineligible to remain on the board. These trainings will focus on principles of board oversight; recruitment, screening, and hiring practices; financial management; and other key areas. It is anticipated that trainings will be made available by the Connecticut Association of Boards of Education and potentially from other providers.
- **Develop clearer rules governing the fees charged by charter management organizations.** The Department will develop guidelines regarding the calculation of allowable fees charged by CMOs to charter schools for management services. Adherence to these guidelines will be ascertained upon charter approval and any subsequent renewals.
- **Require annual reporting by charter schools in key areas.** Each year, charter schools submit to the Department an annual report documenting, among other areas, board membership; efforts to attract, enroll, and retain high-needs students; key financial information; and identified best educational practices. Moving forward, the Department will use its annual report process to monitor compliance with areas including health and safety requirements; operations and governance issues, including completed background checks and conflicts of interest checks; charter school-CMO agreements; and the presence of compliant educator evaluation and professional support systems. Additionally, the Department will expand its practice of sending teams to visit charter schools in order to confirm or supplement information provided in the reports, and to collect other information related to school performance.
- **Strengthen the Department's role in the annual random audit process.** By statute, one state charter school is selected at random for an audit by a state-selected audit firm each year. To date, the selected school has hired and supervised the firm. Going forward, the Department's

Office of Internal Audit will lead the process by hiring the audit firm, serving as the firm's point of contact, developing the audit procedures, and monitoring the audit's timing, execution, and reporting.

- **Expand the Department's charter school office to enable more effective oversight.** The Department has only one staff member devoted full-time to the supervision of Connecticut's 18 charter schools – considerably fewer than other states. The Department will explore ways to expand its charter school staffing level.

Recommendation 2: Clear Expectations for Student Performance and Equity

Connecticut State Board of Education decisions on whether to open, renew, expand, or close charter schools have always been based upon an analysis of results and compliance with state law. However, the link between outcomes and state accountability can be strengthened and made more explicit – so that charter schools have clear guidance as to the results the state expects of them, and so the Department has a clear system, based in substantial part on student performance, to inform decisions for charter renewals, seat allocations, and closures.

- **Require that charter documents set explicit expectations for student outcomes and school operations.** Charters will include specific, ambitious, and measurable goals for student achievement – placing the school on notice about the State Board of Education's expectations for results. For schools whose mission is recruiting and serving special populations (such as over-age, under-credited students), these goals will be formulated to be appropriate for the student population at the school. The Department will set clear criteria for schools to become eligible for renewal, expansion, probation, or closure. The renewal process will also give credit to charter schools that follow identified best practices – such as forging strong partnerships with host districts to facilitate the sharing of proven educational approaches.
- **Establish clear expectations for the recruitment of vulnerable student populations.** The Department will continue to assess charter schools' compliance with the 2012 statutory requirement that charter schools attract, enroll, and retain students with a history of low academic performance, students with a history of behavioral difficulties, special education students, and English language learners. An accounting of student attrition will be required. The Department will also study ways to assist charter schools in improving their recruitment of high-needs students.
- **Develop clearer criteria for awarding new charters and allow for planning years.** The Department will continue its recent emphasis on giving preference to applicants for new charter schools with proven track records of improving student achievement and closing the achievement gap. The Department will explore ways to fund small grants to successful charter applicants that opt to dedicate the first year after receiving a charter to planning for opening in the following school year.
- **Convene a workgroup to examine ways to improve special education services delivery.** Under federal and Connecticut law, the responsibility for serving special education students in charter schools is shared between the charter school (which bears responsibility for meeting each student's needs as identified in the Individualized Education Program) and the host district (which is the local education agency for purposes of the allocation of federal resources). The

Department will establish and lead a workgroup to study this issue; the workgroup will consider best practices in forging special education partnerships among charter schools, districts, and RESCs.

Recommendation 3: Greater Public Transparency

Charter schools and their boards of directors are currently subject to all the requirements of the Freedom of Information Act (FOIA), including the disclosure of public records and the convening of public board meetings. In addition, under existing law, any entity that is deemed to be the functional equivalent of a public agency, or that enters into a contract with a public agency for the performance of a governmental function, must disclose records under FOIA. The Department's review has identified two specific ways to ensure greater public transparency.

- **Require the incorporation of language in CMO-charter school contracts related to FOIA.** Going forward, the Department will require that CMO-charter school agreements include language stating that CMOs performing functions that render the CMO the functional equivalent of a public agency are subject to the FOIA. In addition, all CMO-charter school agreements in excess of \$2.5 million must include language specifying that documents related to the performance of the contract are subject to the FOIA, pursuant to Section 1-218 of the Connecticut General Statutes.
- **Monitor compliance with open public meetings rules.** Charter schools are already required to post public notice and agendas of board meetings, make these meetings open and accessible to the public, and to post meeting minutes. Through random and periodic reviews as well as other measures, the Department will take steps to ensure that charter schools are posting these materials to their websites, following best practices for compliance with these rules, and convening meetings on a regular basis.