



# Examining California's charter school appeals process

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*We would also like to thank Terry Lutz for designing this report.*

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In 1992, California’s legislature passed a bill allowing for the creation of charter schools, which are publicly funded but privately managed. Almost three decades later, the state has the country’s largest charter school sector, with more than 1,300 charter schools serving around 10 percent of California’s student body, some 630,000 students.

One reason for this immense growth is the state’s charter appeals process, which has helped allow charter schools to rapidly increase in number in many local school districts. The California Charter Schools Act currently enables prospective charter school operators to appeal a local school district’s decision to deny a charter application. Operators first appeal to the local county board of education and then to the State Board of Education (SBE). If either grants the appeal, they become the charter school’s authorizer.

This report summarizes a number of instances when a charter school closed after being granted an appeal by a county board or the SBE. Its aim is to shed light on the students, families, educators, and school staff harmed by an appeals process that takes decision-making power away from local communities.

## A “relatively generous” appeals process

A 2018 Harvard University study that compared nationwide charter school authorization laws concluded that California’s process is “robust” and “relatively generous.”<sup>1</sup> While a vast majority of charter schools are authorized by districts, the appeals process is exercised frequently and often reverses local decisions made on already limited criteria. From 2003 to 2017, for example, the Santa Clara County Office of Education approved 17 of the 25 charter petitions it received on appeal from districts.<sup>2</sup> To date, the SBE has granted 71 percent of the petitions it’s received on appeal, many of which had been denied by both local and county school boards of education with serious academic, financial, and/or other concerns.<sup>3</sup>

In addition, current state law does not require county boards or the SBE to consider or review whether the local school board wrongfully denied a petition in deciding whether to grant it. Instead, it allows petitions to be considered as though they were being seen

<sup>1</sup> Kirsten Slungaard Mumma and Martin West, *Charter School Authorizing in California*, September 2018.

<sup>2</sup> Kirsten Slungaard Mumma and Martin West, *Charter School Authorizing in California*, September 2018

<sup>3</sup> Larry Buhl, “New Oversight Law Won’t Prevent Charter School Financial Difficulties,” *Capital & Main*, April 3, 2019.

for the first time, and for prospective charter school operators to include new information and address flaws that resulted in local denial on appeal.

This is not a typical “appeal,” and such “de novo” reviews by county boards and the SBE result in an excess of authority that circumvents local control and quality charter school authorizing. Appeals typically provide the right to review a decision by a superior tribunal to correct errors in the decision of a lower tribunal for which one party is dissatisfied. Appeals are generally not an opportunity for either party to correct errors or provide additional information not provided in the lower tribunal, or for the superior tribunal to make the decision in the first instance again. Decisions in which error is found are returned to the inferior tribunal and ordered corrected with direction on legal compliance. For example, both student expulsions and denial of transfer permits are appealed to the county office, but in both cases the county conducts a procedural review and then either upholds the district’s decision or orders correction of it. The county office does not become responsible for educating the student or opening a school for them.

## Impacts on students and families

Combined with state law that allows an increasing number of charter schools to open, California’s appeals process has led to numerous unintended consequences.

At the systemic level, unlimited charter school growth is draining precious funding from already-struggling public school districts. In the Public Interest documented this problem in the 2018 report, *Breaking Point: The Cost of Charter Schools for Public School Districts*. For example, charter schools cost San Diego Unified School District \$65.9 million during the 2016-17 school year, leading to cuts in core services for students, like counseling, libraries, and special education at the district’s traditional, neighborhood schools.<sup>4</sup>

At the individual school level, the appeals process has disrupted the education and lives of countless students, families, educators, and school staff. In some cases, the potential problems in a charter application identified by a local school district came to fruition after the operator was granted an appeal by a county board or the SBE.

For example, in February 2018, Sacramento’s Paramount Collegiate Academy charter school suddenly closed during the school year to initiate bankruptcy proceedings.

Both the San Juan Unified School District and Sacramento County Board of Education had warned of potential financial issues. The district board had unanimously denied the school’s charter application over concerns about finances, as well as access of special education and English language learners to core curriculum and student outcome measures. The county board had denied Paramount’s appeal due to the school’s financial and operational plan being “not realistic,” among other issues.<sup>5</sup>

<sup>4</sup> Gordon Lafer, *Breaking Point: The Cost of Charter Schools for Public School Districts*, May 2018.

<sup>5</sup> Sacramento County Board of Education, *Boarding Meeting Agenda*, February 17, 2015.

Despite these concerns by local officials, the SBE approved Paramount's appeal in an 8-1 vote, granting it a charter.<sup>6</sup> The California Department of Education (CDE) had recommended approval, concluding that, despite the denials at the local level, the school's "budgeted revenues, expenditures, and fund balances appear reasonable"<sup>7</sup>

From its opening, Paramount experienced "consistent financial distress," according to the SBE, which eventually concluded that its problems were "almost entirely attributable to the continued low pupil enrollment."<sup>8</sup>

On the day the school closed, its operator notified parents with a letter posted on the front door, citing "low enrollment, facility problems, and overall limited fiscal resources"<sup>9</sup> It also abruptly shut down the school's website and Facebook page, leaving the parents of 70 students scrambling for answers, according to FOX40.<sup>10</sup>

"If you're a parent and you lose your home, you're homeless. If a kid loses their school, it's the same thing," a parent said.<sup>11</sup>

It goes without saying that closing a school is disruptive to students. When charter schools close, many students return to neighborhood schools and struggle to catch up. Students who have been displaced from their school community are less likely to graduate. A 2013 study found that school closures in Chicago, Illinois, had contributed to the city's high rate of youth incarceration.<sup>12</sup>

School closures also exacerbate already existing inequality and systemic racism. Schools—either neighborhood or charter—serving a larger share of students of color and students from low-income families are more likely to be shut down than schools with fewer students of color and similar educational achievement.<sup>13</sup>

In California, 38 percent of charter schools authorized by the SBE between January 2002 and May 2018 are no longer open.<sup>14</sup> By contrast, the rate of failure of district-approved charter schools for the same period was 27 percent.<sup>15</sup>

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<sup>6</sup> California State Board of Education, *Final Meeting Minutes*, May 6-7, 2015.

<sup>7</sup> California State Board of Education, *May 15 Agenda*, May 15, 2015.

<sup>8</sup> California State Board of Education, *State Board of Education-Authorized Charter Schools in Fair or Poor Financial Condition*, August 2018.

<sup>9</sup> Pedro Rivera (PedroRiveraTV), "This is the letter left on the schools front door this morning. Founder Dawn Douglas saying in the letter it's for complex reasons including funding as to why the school was closing @FOX40," February 8, 2018, 8:49 AM.

<sup>10</sup> Pedro Rivera and Eric Rucker, "Local Charter School Abruptly Closes Its Doors in the Middle of the School Year; Parents Forced to Find New Schools," FOX40, February 8, 2018.

<sup>11</sup> Pedro Rivera and Eric Rucker, "Local Charter School Abruptly Closes Its Doors in the Middle of the School Year; Parents Forced to Find New Schools," FOX40, February 8, 2018.

<sup>12</sup> Robert Scott and Miguel Saucedo, "Mass Incarceration, the School-to-Prison Pipeline, and the Struggle Over 'Secure Communities' in Illinois," *Journal of Educational Controversy*, Vol. 7 : No. 1 , Article 7, 2013.

<sup>13</sup> Matt Barnum, "Schools with more students of color are more likely to be shut down — and three other things to know about a big new study," Chalkbeat, August 24, 2017.

<sup>14</sup> Based on publicly available California State Board of Education data.

<sup>15</sup> Larry Buhl, "New Oversight Law Won't Prevent Charter School Financial Difficulties," Capital & Main, April 3, 2019.

# Livermore Valley Charter School

## Livermore, California



In November 2004, after both the Livermore Valley Joint Unified School District and Alameda County Office of Education denied the Tri-Valley Learning Corporation's petition to open Livermore Valley Charter, the State Board of Education (SBE) granted the prospective operator a charter.<sup>16</sup>

According to the Livermore Valley Joint Unified School District, the SBE's decision "was a divisive event for the Livermore community."<sup>17</sup>

In 2014, the district board decided to grant a renewal petition for Livermore Valley Charter and another of Tri-Valley's SBE-authorized schools, taking the schools back from the SBE "in the hopes of healing the divisiveness that occurred within the community when the charter schools were initially formed." Board members felt they could provide a more collaborative relationship with the school and be more responsive to its families and students compared to the SBE a two-hour drive away in Sacramento.<sup>18</sup>

Almost immediately, issues began to surface. During the 2015-2016 and 2016-2017 school years, the district issued 22 Notices of Concern or Notices of Violation to Tri-Valley related to both schools.<sup>19</sup> In the district's view, Tri-Valley's leaders had set up shell corporations through which to funnel public education funds, failed to pay its debts to vendors and employees, and more. In response to one of the notices, Tri-Valley responded, "Any legal, contractual, or any other issue with third parties ... should be of no concern to the Livermore Valley Joint Unified School District."

In 2017, an audit by the state's Fiscal Crisis & Management Assistance Team (FCMAT) exposed an entrenched culture of self-dealing that had presumably been allowed for years.<sup>20</sup> Auditors found that Tri-Valley had failed to disclose numerous conflict-of-interest

<sup>16</sup> California State Board of Education, Final Minutes, November 9-10, 2004.

<sup>17</sup> In the Public Interest, "Livermore Superintendent Kelly Bowers speaks about Tri-Valley Learning Corporation's charter schools," July 24, 2018.

<sup>18</sup> Livermore Valley Joint Unified School District, "Dr. Kelly Bowers, Superintendent, Livermore Valley Joint Unified School District Before the Assembly Education Committee, July 19, 2017," July 19, 2017.

<sup>19</sup> Livermore Valley Joint Unified School District, "Dr. Kelly Bowers, Superintendent, Livermore Valley Joint Unified School District Before the Assembly Education Committee, July 19, 2017," July 19, 2017.

<sup>20</sup> California School Information Services Fiscal Crisis and Management Assistance Team, *Extraordinary Audit: Tri-Valley Learning Corporation*, June 8, 2017.

relationships and misappropriated public funds, including tax-exempt public bonds totaling over \$67 million. According to auditors, internal controls were “so weak” that Tri-Valley’s former CEO, Bill Batchelor, was able to divert \$2.7 million in public funds without any supporting documents over a span of five years.

According to public records, Tri-Valley used public facilities funding to rent school space in Stockton at three and one-half times market rate from a real estate company with business ties to Batchelor.<sup>21</sup> Much of these inflated rates were directly paid by the state under the Charter School Facility Grant Program, through which any charter school is eligible to have the public reimburse up to 75 percent of its rental cost with no requirement that schools be charged a fair market rent.

In 2016, Tri-Valley received an additional \$25 million in public conduit bond financing to open a high school that again seemed designed to enrich the operator’s officers and associates.<sup>22</sup> The building and land that the high school occupied was formerly owned by an LLC that, according to district documents, was headed by Batchelor.<sup>23</sup> Thus, as district officials explained, “it...appears...that Mr. Batchelor set up an arrangement whereby he used Tri-Valley Learning Corporation...to receive school bonds; he used [the LLC] to purchase the property and building; he then sold the building...and thus receives the benefit of the school bond revenue.”<sup>24</sup>

Students and parents bore the brunt of this culture of self-dealing. Just as school began in 2016, two of Tri-Valley’s schools announced teacher layoffs to pay down debt, prompting hundreds of students to flood nearby public schools.<sup>25</sup> In June 2017, Tri-Valley filed for bankruptcy and abruptly closed its schools for good, displacing some 1,500 students.<sup>26</sup>

“Essentially two once thriving schools were hijacked by a charter management corporation intent on private gain and profits on the backs of our kids under the guise of public education,” said Livermore Valley Joint Unified School District Superintendent Kelly Bowers at a state oversight hearing in July 2016.<sup>27</sup>

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<sup>21</sup> Although only the elementary school is located at the property—while the middle school rents facilities elsewhere—both schools have signed a twenty-year lease obligating them to pay above-market rents to this landlord. New Jerusalem School District, *Notice of Violation, Acacia Middle School*, October 5, 2016.

<sup>22</sup> California Statewide Community Development Authority, *Educational Facilities Revenue Bonds (Independence Support, LLC Project)*, May 5, 2015.

<sup>23</sup> New Jerusalem School District, *Notice of Violation, Acacia Middle School, October 5, 2016*, states that “Mr. Batchelor is also the managing member of Goldstone United Investments, the limited liability company that initially purchased the 2090 Independence Facilities.”

<sup>24</sup> Tri-Valley’s LLC bought the high school building and signed a long-term lease on the land beneath and surrounding it, both paid with bond funds. New Jerusalem School District, *Notice of Violation, Acacia Middle School*, October 5, 2016.

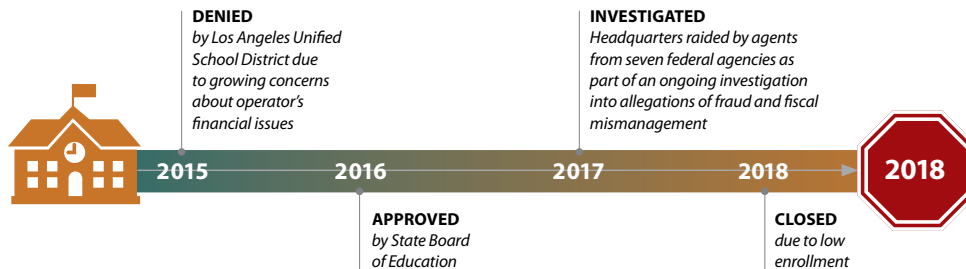
<sup>25</sup> “TVLC Debt Hit \$3.5 Million; Teachers Have Been Laid Off,” *The Independent*, September 15, 2016.

<sup>26</sup> Anna Phillips, “How a couple worked charter school regulations to make millions,” *Los Angeles Times*, March 27, 2019.

<sup>27</sup> Livermore Valley Joint Unified School District, “Dr. Kelly Bowers, Superintendent, Livermore Valley Joint Unified School District Before the Assembly Education Committee, July 19, 2017,” July 19, 2017.

# Celerity Rolas Charter School

Los Angeles, California



In 2007, Celerity Education Group opened two schools authorized by the Los Angeles Unified School District (LAUSD). Within a year, LAUSD's Charter Schools Division began investigating questions about Celerity and its affiliate companies, according to LASchool Report.<sup>28</sup> The district noted concerns about the operator encouraging parents to volunteer at least three hours a month, as such a requirement is prohibited by state law, and recommended more outreach to parents in both English and Spanish.

According to the Los Angeles Times, LAUSD initially “took a gentle approach to the charter group’s unorthodox practices,” sending notices “urging the organization to institute tighter financial controls.”<sup>29</sup>

The Times reported that, by 2015, LAUSD had growing concerns about Celerity’s financial issues and chose to deny its applications for two new schools, including Celerity Rolas.<sup>30</sup> Celerity then appealed to the Los Angeles County Office of Education, which did not act within 60 days, allowing the operator to then appeal to the State Board of Education (SBE).

In November 2016, the SBE approved Celerity’s two new schools. According to the Los Angeles Times, “Most state board members brushed aside questions about the group’s operations and did not dwell on the fact that it was under investigation by [LAUSD’s] inspector general. They endorsed Celerity’s expansion, citing its academic record and comparatively high test scores.”<sup>31</sup>

A 2017 Los Angeles Times investigation alleged that Celerity’s founder used the charter school chain’s credit card to purchase expensive meals, high-end salon visits, limousine trips, and luxury hotel stays with no evidence of paying the money back. Expenses included nearly \$1,700 on meals at restaurants in one month in 2013 alone. Meanwhile, some Celerity teachers reported feeling forced to lean on students to fundraise for basic school supplies.

<sup>28</sup> Mike Szymanski, “What’s the behind the federal raids on Celerity?” *LA School Report*, February 22, 2017.

<sup>29</sup> Anna Phillips and Adam Elmahrek, “Inside Celerity charter school network, questionable spending and potential conflicts of interest abound,” *Los Angeles Times*, March 6, 2017.

<sup>30</sup> Anna Phillips and Adam Elmahrek, “Inside Celerity charter school network, questionable spending and potential conflicts of interest abound,” *Los Angeles Times*, March 6, 2017.

<sup>31</sup> Anna Phillips, “California’s State Board of Education votes to close 2 Celerity charter schools,” *Los Angeles Times*, May 11, 2017.



In early 2017, agents from seven federal agencies raided the chain's headquarters as part of an ongoing investigation into allegations of fraud and fiscal mismanagement.

In July 2018, less than a month before the start of the school year, Celerity decided to close Celerity Rolas because it had been unable to attract enough students to justify the costs of keeping it open.<sup>32</sup> According to the Los Angeles Times, several hundred students were forced to find a new school with little time, as many of the deadlines for enrollment lotteries at charter schools had passed.<sup>33</sup>

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## Synergy Education Project Pittsburg, California



In 2012, the Synergy Education Project opened a charter school in Pittsburg, California, after winning an appeal from the State Board of Education (SBE).<sup>34</sup>

A year earlier, the school had been denied by both the Pittsburg Unified School District and the Contra Costa County Board of Education.<sup>35</sup> The county board questioned claims by Synergy's operator that they would be receiving a \$180,000 loan from the state's Charter School Revolving Loan Program, noting that charter schools granted this loan the year before received only \$100,000 each.<sup>36</sup> They also were concerned that the school's plans did not account for the costs of special education and the needs of English-language learners.

In January 2015, the county board's concerns appeared to have been warranted, as the SBE revoked the school's charter due to a pattern of deficit spending.<sup>37</sup> "The assumptions used by [Synergy Education Project] to build its budget and multiyear plan are not reasonable," the board concluded.<sup>38</sup>

<sup>32</sup> Celerity Rolas Charter School, "Rolas Closure Information," July 2018.

<sup>33</sup> Anna Phillips, "As fiscal problems mount, Celerity charter network closes a school," *Los Angeles Times*, July 25, 2018.

<sup>34</sup> Sean Maher, "Pittsburg charter high school pilot approved by state after local rejection," *East Bay Times*, December 1, 2011.

<sup>35</sup> Advisory Commission on Charter Schools, "ACCS Meeting Notes for September 28, 2011," September 28, 2011.

<sup>36</sup> Advisory Commission on Charter Schools, "ACCS Meeting Notes for September 28, 2011," September 28, 2011.

<sup>37</sup> California State Board of Education, *Final Minutes*, January 13-14, 2016.

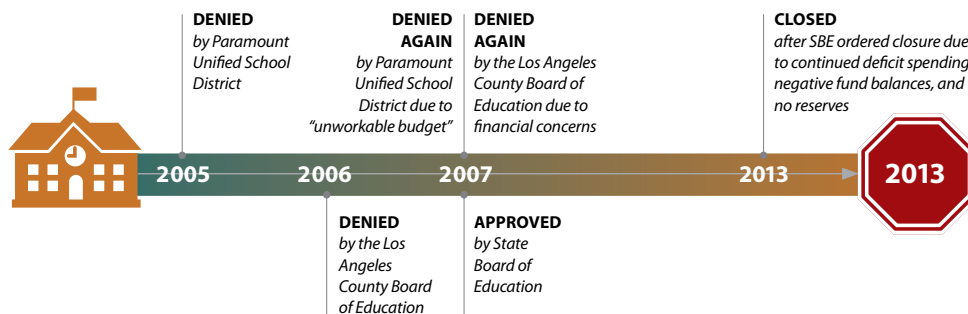
<sup>38</sup> Sam Richards, "Money troubles force closure of Pittsburg's SEP charter school," *East Bay Times*, February 5, 2016.

The school closed a week later, leaving its approximately 150 remaining students left to find new schools, according to the East Bay Times.<sup>39</sup>

“That was devastating, that was heartbreaking,” said a grandmother after learning that her granddaughter’s school was closing.<sup>40</sup> “Why would they open the school for two months [at the beginning of the school year] and then just close it? It doesn’t make sense. It’s leaving everybody a little bit hopeless.”

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## Doris Topsy-Elvord Academy (formerly Micro-Enterprise Charter Academy) Long Beach, California



In 2007, the State Board of Education (SBE) approved the opening of Micro-Enterprise Charter Academy after the school was denied twice by both the Paramount Unified School District and the Los Angeles County Board of Education.<sup>41</sup>

The district board had denied the school’s petition due to what they saw as an “unworkable budget” and other concerns, including that too much funding would be devoted to administration.<sup>42</sup>

The Los Angeles County Board of Education had denied the petition citing issues with the school’s financial plan, among other concerns. “The financial plan does not adequately insure [sic] fiscal viability,” they wrote.<sup>43</sup>

In May 2012, the SBE issued a Notice of Violation to the school, which had changed its name to Doris Topsy-Elvord Academy, due to fiscal mismanagement.<sup>44</sup> The school’s executive director and site principal were being paid approximately 17 percent of the

<sup>39</sup> Sam Richards, “Money troubles force closure of Pittsburg’s SEP charter school,” *East Bay Times*, February 5, 2016.

<sup>40</sup> Vince Cestone, “Parents outraged as Pittsburg charter school set to close,” *KRON 4*, October 28, 2015.

<sup>41</sup> California State Board of Education, *July 2012 Agenda*, July 2012.

<sup>42</sup> California State Board of Education, *September 2007 Agenda*, September 2007.

<sup>43</sup> California State Board of Education, *September 2007 Agenda*, September 2007.

<sup>44</sup> California State Board of Education, *July 2012 Agenda*, July 2012.

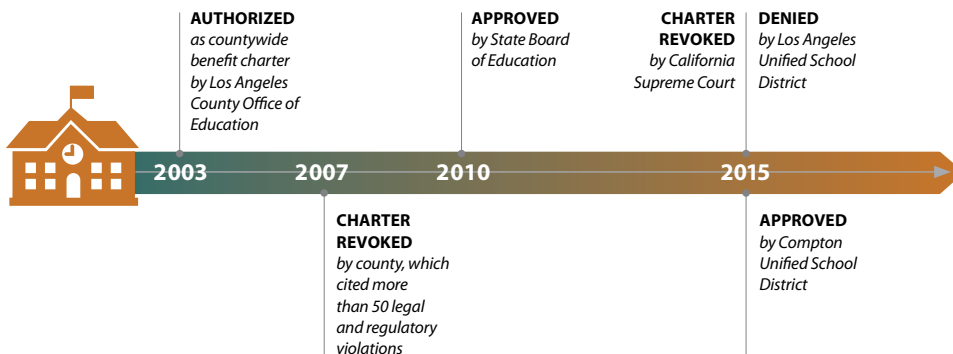
school's budgeted revenues to oversee a student population fewer than 100. The board required documentation from the school's operator to "refute, remedy, or propose to remedy" the violations and issued a Corrective Action Plan.

In early 2013, the California Department of Education sent a letter to Doris Topsy-Elvord Academy's operator requesting that the school begin closure procedures and to cease operation at the end of June due to continued deficit spending, negative fund balances, and no reserves.<sup>45</sup> The school closed at the end of the 2012–13 school year.<sup>46</sup>

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## Today's Fresh Start Charter

### Los Angeles, California



In 2003, the Los Angeles County Office of Education approved a petition to open Today's Fresh Start Charter as a countywide benefit charter. The school was operated by Jeanette Parker, one half of a Los Angeles real estate and business power couple.

For the next 16 years, Parker and her husband, Clark Parker, jumped from authorizer to authorizer while pocketing millions in taxpayer money, according to a 2019 *Los Angeles Times* investigation.<sup>47</sup> The *Times* reported that financial records show the Parkers' multiple schools have paid more than \$800,000 annually to rent buildings the couple owns, while the schools have contracted out services to the Parkers' nonprofits and companies and paid Clark Parker generous consulting fees, all with taxpayer money.

"As soon as we approved them, we started getting signs they weren't really operating in the best interests of students and teachers," Darline Robles, who was superintendent of the Los Angeles County Office of Education when it authorized Today's Fresh Start, told the *Times*.

<sup>45</sup> California Department of Education, *Financial Condition of State Board of Education-Authorized Charter Schools*, April 12, 2013.

<sup>46</sup> California Department of Education, *State Board of Education-Authorized Charter Schools: Charter Schools Annual Report*, October 17, 2013.

<sup>47</sup> Anna Phillips, "How a couple worked charter school regulations to make millions," *Los Angeles Times*, March 27, 2019.

In June 2007, the county advised Today's Fresh Start that it planned to investigate concerns raised about the school, including compliance with state testing procedures and potential "personal enrichment" by board members.<sup>48</sup>

After a lengthy investigation and debate, the county board revoked the school's charter in December 2007, citing more than 50 legal and regulatory violations.<sup>49</sup>

The Parkers sued the county to try to get its decision overturned and appealed to the State Board of Education (SBE), which unanimously approved their appeal in 2010, keeping the school open.<sup>50</sup> According to the *Times*, "Recordings of state board meetings show there was little discussion of the L.A. County Board of Education's findings of self-dealing, regulatory violations, and testing irregularities."<sup>51</sup>

The *Times* continued: "Several months after the state board voted to renew Today's Fresh Start's charter, a teacher contacted county and state education officials. 'I would like to report on a school in Los Angeles that is run poorly and is a danger to their students,' wrote Andrew Goudy on the first of nine pages that detailed problems including cracks in classroom walls, broken air-conditioning and heating systems, and cafeteria food served spoiled or undercooked. He had, he wrote, maybe one textbook for every three students. A state employee emailed back, promising to address his concerns. It's unclear if anyone did."<sup>52</sup>

According to the *Times*, in 2015, the California Supreme Court upheld the county board's revocation, ruling that Today's Fresh Start could no longer operate the school under SBE oversight.<sup>53</sup>

The Parkers then submitted a petition to the Los Angeles Unified School District to keep the school open. The district board denied the petition, citing nepotism, accounting discrepancies, misreporting enrollment, building safety, and other legal concerns.<sup>54</sup> According to the *Times*, "After five years under state oversight, [the Parkers] were still using public money to rent buildings they owned."<sup>55</sup>

However, the Compton Unified School District approved the Parkers' petition, keeping their South Los Angeles school open.<sup>56</sup> In December 2017, the district approved another renewal of the school's charter, allowing it to remain open until at least 2023.<sup>57</sup>

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<sup>48</sup> The Supreme Court of California, *Today's Fresh Start, Inc., v. Los Angeles County of Education et. al.*, July 11, 2013.

<sup>49</sup> The Supreme Court of California, *Today's Fresh Start, Inc., v. Los Angeles County of Education et. al.*, July 11, 2013.

<sup>50</sup> The Supreme Court of California, *Today's Fresh Start, Inc., v. Los Angeles County of Education et. al.*, July 11, 2013.

<sup>51</sup> Anna Phillips, "How a couple worked charter school regulations to make millions," *Los Angeles Times*, March 27, 2019.

<sup>52</sup> Anna Phillips, "How a couple worked charter school regulations to make millions," *Los Angeles Times*, March 27, 2019.

<sup>53</sup> Anna Phillips, "How a couple worked charter school regulations to make millions," *Los Angeles Times*, March 27, 2019.

<sup>54</sup> Los Angeles County Office of Education, *Revocation letter for Today's Fresh Start Charter School*, December 13, 2007.

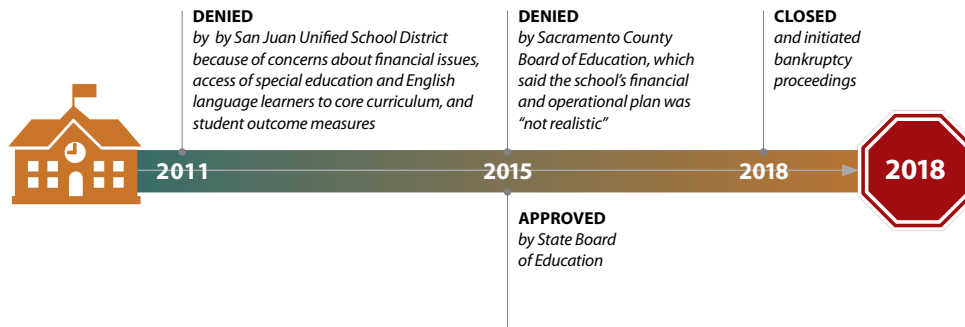
<sup>55</sup> Anna Phillips, "How a couple worked charter school regulations to make millions," *Los Angeles Times*, March 27, 2019.

<sup>56</sup> Anna Phillips, "How a couple worked charter school regulations to make millions," *Los Angeles Times*, March 27, 2019.

<sup>57</sup> Compton Unified School District, *Regular Meeting of the Board of Trustees*, December 20, 2017.

# Paramount Collegiate Academy

## Sacramento, California



In February 2018, during the school year, Sacramento's Paramount Collegiate Academy charter school abruptly closed to initiate bankruptcy proceedings. According to *The Sacramento Bee*, Paramount's operator sent a letter to parents notifying them they were closing the school that same day.<sup>58</sup>

The San Juan Unified School District board had seen the school's potential financial issues coming in November 2014 when it voted to unanimously deny the school's operator a charter.<sup>59</sup> They had concerns about financial issues, access of special education and English language learners to core curriculum, and student outcome measures.<sup>60</sup> The district's charter review team reported that it "had to send 55 clarifying questions, which indicates that the petition, across the board, had a number of areas that lacked sufficient detail to assure that the program would be successfully implemented."

Then, in February 2015, the Sacramento County Board of Education denied Paramount's appeal, concluding that the school's financial and operational plan was "not realistic," among other issues.<sup>61</sup>

However, in May 2015, the State Board of Education (SBE) approved Paramount's appeal in an 8–1 vote, granting it a charter.<sup>62</sup> The California Department of Education (CDE) had recommended approval, concluding that, despite the denials at the local level, the school's "budgeted revenues, expenditures, and fund balances appear reasonable."<sup>63</sup>

From its opening, Paramount experienced "consistent financial distress," according to the SBE, which concluded that its problems were "almost entirely attributable to the continued low pupil enrollment."<sup>64</sup>

<sup>58</sup> Diana Lambert, "Charter school closure leaves parents scrambling for alternatives," *The Sacramento Bee*, February 8, 2018.

<sup>59</sup> San Juan Unified School District, *Board of Education Minutes*, November 18, 2014.

<sup>60</sup> San Juan Unified School District, *Board of Education Minutes*, November 18, 2014.

<sup>61</sup> Sacramento County Board of Education, *Appeal of San Juan Unified School District's Denial of the Paramount Collegiate Academy Charter School Petition*, February 17, 2015.

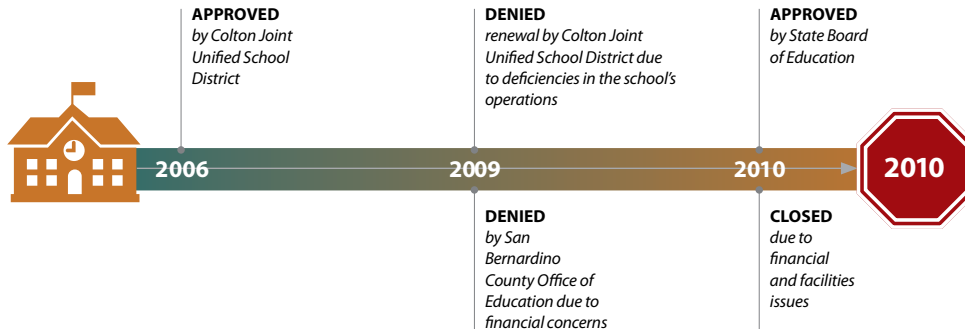
<sup>62</sup> California State Board of Education, *Final Meeting Minutes*, May 6-7, 2015.

<sup>63</sup> California State Board of Education, *May 15 Agenda*, May 15, 2015.

<sup>64</sup> California State Board of Education, *State Board of Education-Authorized Charter Schools in Fair or Poor Financial Condition*, August 2018.

# Nova Meridian Academy

## Colton, California



In July 2006, the Colton Joint Unified School District approved a charter school petition for Nova Meridian Academy with a two-year term.<sup>65</sup>

Three years later, the district decided to deny a renewal petition due to deficiencies in the school's operations, including a consistent failure to meet enrollment projections and poor retention of students.<sup>66</sup>

Nova Meridian's operator then appealed to the San Bernardino County Office of Education but was denied in part because it had not adequately responded to recent financial and operational audit findings.<sup>67</sup>

After the operator appealed to the SBE, the state board could not come to a final conclusion at its September 2009 meeting due to a lack of majority votes to approve or deny the renewal petition, despite its Advisory Commission on Charter Schools recommending approval.<sup>68</sup> In May 2010, the state board voted to approve Nova Meridian Academy's charter through 2015.<sup>69</sup>

According to CDE data, the school closed its doors in 2010.<sup>70</sup> A 2011 report by the pro-charter school Center for Education Reform chalked the closure up to "financial and facilities issues."<sup>71</sup>

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<sup>65</sup> Colton Joint Unified School District, *Board of Education Regular Meeting and Public Hearing*, May 28, 2009.

<sup>66</sup> Colton Joint Unified School District, *Board of Education Regular Meeting and Public Hearing*, May 28, 2009.

<sup>67</sup> California State Board of Education, *Regular Board Meeting*, March 10-11, 2010.

<sup>68</sup> California State Board of Education, *Regular Board Meeting*, March 10-11, 2010.

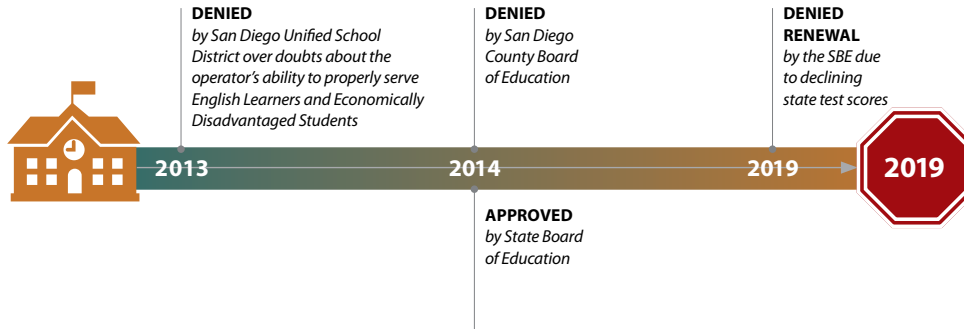
<sup>69</sup> California State Board of Education, *Regular Board Meeting*, March 10-11, 2010.

<sup>70</sup> California Department of Education, *California School Directory*, Accessed June 15, 2019.

<sup>71</sup> The Center for Education Reform, *The State of Charter Schools*, December 2011.

# Thrive Public Schools

## San Diego, California



Thrive Public Schools opened in the fall of 2014, after its charter was denied by the San Diego Unified School District and the San Diego County Board of Education, and then unanimously approved by the State Board of Education (SBE) on appeal.

In 2019, the SBE declined to renew Thrive's charters, citing declining state test scores.<sup>72</sup> That meant that an earlier denial by the San Diego Unified School District in November 2018 would stand.<sup>73</sup>

In between, Thrive racked up private and publicly subsidized funding at a rapid rate.<sup>74</sup> Yet student academic performance lagged behind nearby neighborhood schools serving similar student populations, declining every year since the school opened.<sup>75,76</sup>

When the San Diego Unified School District denied Thrive's petition in November 2013, the board raised doubts about the operator's ability to properly serve English Learners and Economically Disadvantaged Students.<sup>77</sup> The San Diego County Board of Education echoed these concerns when they denied the operator's appeal in March 2014.<sup>78</sup>

After the SBE initially approved the school, it granted two material revisions, which allowed Thrive to expand to almost 1,000 students.<sup>79</sup>

In 2017, after only three years in operation, Thrive was awarded more than \$12 million dollars in New Market Tax Credits from Civic San Diego and another entity to build a new facility.<sup>80</sup> In late 2018, after evidence of continuously declining academic outcomes was already clear, the operator was granted a \$475,000 expansion grant by the California Department of Education.<sup>81</sup>

<sup>72</sup> Advisory Commission on Charter Schools, *Meeting Notice*, February 5, 2019.

<sup>73</sup> San Diego Unified School District, *Board Minutes*, November 13, 2018.

<sup>74</sup> Gary Warth, "Collaborative effort bringing school to Linda Vista," *The San Diego Union-Tribune*, September 1, 2017.

<sup>75</sup> California Assessment of Student Performance and Progress (CAASPP) results.

<sup>76</sup> Student Population Data from California School Dashboard.

<sup>77</sup> In the Public Interest, *Thrive Public Schools, a case study*, April 2019.

<sup>78</sup> In the Public Interest, *Thrive Public Schools, a case study*, April 2019.

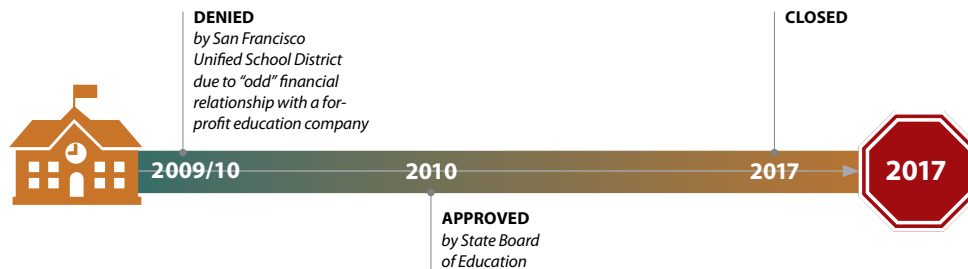
<sup>79</sup> In the Public Interest, *Thrive Public Schools, a case study*, April 2019.

<sup>80</sup> In the Public Interest, *Thrive Public Schools, a case study*, April 2019.

<sup>81</sup> In the Public Interest, *Thrive Public Schools, a case study*, April 2019.

# San Francisco Flex Academy

## San Francisco, California



In May 2010, the State Board of Education (SBE) approved San Francisco Flex Academy's charter on appeal from the San Francisco Unified School District.<sup>82</sup> According to the *San Francisco Examiner*, the district had denied the school's charter due to its "odd" financial relationship with a for-profit education company, K12 Inc.<sup>83</sup>

In May 2016, the SBE issued a notice of violation to San Francisco Flex Academy's operator, citing its failure to manage finances, to focus on academics, and to hold public meetings or publicly post agendas and minutes.<sup>84</sup> The state board gave the school until mid-July to make corrective actions—otherwise, it would be forced to revoke the school's charter.<sup>85</sup>

A year earlier, the state board had renewed the school's charter.<sup>86</sup> In June 2016, San Francisco Flex Academy's leaders preempted the SBE's ultimate decision and voted to rescind its charter and close their doors voluntarily.<sup>87</sup>

The decision came weeks after the *San Jose Mercury News* published a scathing two-part investigative series on K12 Inc., the company behind a profitable but low-performing network of online schools and brick-and-mortar schools like San Francisco Flex Academy, which combine online and regular instruction.<sup>88</sup> K12 Inc. had reaped tens of millions of dollars annually in state funding while graduating fewer than half of its high school students.

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<sup>82</sup> California State Board of Education, *Final Minutes*, May 5-7, 2015.

<sup>83</sup> Michael Barber, "Flex Academy's finances scrutinized," *San Francisco Examiner*, June 28, 2016.

<sup>84</sup> California State Board of Education, *Notice of Violation Pursuant to California Education Code Section 47607(d)*, May 11, 2016.

<sup>85</sup> California State Board of Education, *Notice of Violation Pursuant to California Education Code Section 47607(d)*, May 11, 2016.

<sup>86</sup> Advisory Commission on Charter Schools, *Meeting Notes*, February 10, 2015.

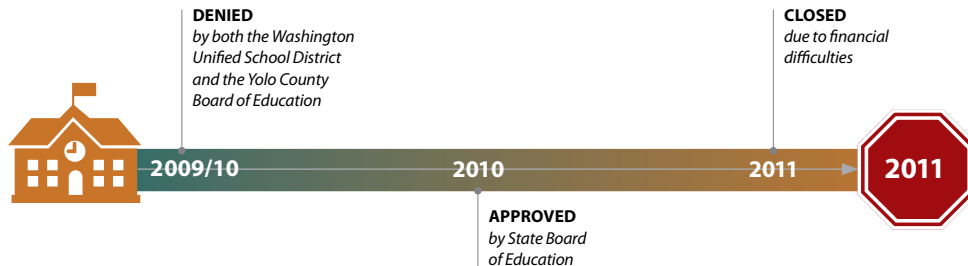
<sup>87</sup> California Department of Education, "Charter School Closures Fiscal Year 2015-16," October 18, 2016.

<sup>88</sup> Jessica Calefati, "California Virtual Academies: Is online charter school network cashing in on failure?" *The Mercury News*, April 16, 2016.



# California College, Career & Technical Education Center

West Sacramento, California



In May 2010, the State Board of Education (SBE) unanimously approved a charter for California College, Career & Technical Education Center after the school had been denied by both the Washington Unified School District and the Yolo County Board of Education.<sup>89</sup>

According to the Sacramento Bee, the school closed at the beginning of the following school year due to financial difficulties, leaving approximately 180 ninth- and 10th-graders scrambling to find new schools.<sup>90</sup>

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# New Spirit Charter Academy

Fresno, California



In March 2011, the Fresno Unified School District denied a charter for a new school, the New Spirit Charter Academy. The district's charter review team declared that the petition

<sup>89</sup> California State Board of Education, *Final Minutes*, May 5-7, 2015.

<sup>90</sup> Diana Lambert, "Parents push for West Sacramento charter schools," *The Sacramento Bee*, August 28, 2015.

did not include “reasonably comprehensive descriptions” for five of the 16 elements required by the state’s charter law.

However, in June 2011, the Fresno County Board of Education approved the school’s charter on appeal for a four-year term.<sup>91</sup>

In May 2016, the county board voted unanimously not to renew New Spirit’s charter.<sup>92</sup> According to a study by the League of Women Voters of Fresno, the board based its decision on low academic performance.<sup>93</sup> According to the California Department of Education, the school’s operator decided not to appeal the decision.<sup>94</sup>

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## Selma Learning Academy

*Selma, California*



In August 2006, the Selma Learning Academy opened after being authorized by the Fresno County Office of Education on appeal from the Selma Unified School District.

According to The Selma Enterprise, the district had had concerns with the school’s application, including that it stated that students “who fail to demonstrate adequate and appropriate progress toward the student standards, as determined by the professional judgment of the certificated staff assigned to that student, will be subject to an expulsion hearing.”<sup>95</sup>

“I don’t want this school to become a private school funded by public dollars,” the district’s superintendent said during a September 2004 meeting.<sup>96</sup>

<sup>91</sup> Fresno County Board of Education, *Minutes*, March 5, 2012.

<sup>92</sup> Fresno County Board of Education, *Minutes*, March 17, 2016.

<sup>93</sup> The League of Women Voters of Fresno, *Charter Schools in Fresno*, October 2018.

<sup>94</sup> Celerity Schools, *Appeal Supporting Documentation*, February 17, 2017.

<sup>95</sup> Terry Kibler, “Decision time nears as charter school debate continues,” *The Selma Enterprise*, October 12, 2004.

<sup>96</sup> Terry Kibler, “Decision time nears as charter school debate continues,” *The Selma Enterprise*, October 12, 2004.

The Fresno County Office of Education approved the school to open, despite concerns about its plan to provide special education services.<sup>9798</sup>

In October 2006, Selma Learning Academy's operator closed the school two months into the school year because it was unable to attract enough students to reach its desired enrollment of 150.<sup>99100</sup>

...

## Westchester Secondary Charter *Los Angeles, California*



In June 2012, the Los Angeles Unified School District unanimously denied a petition for Westchester Secondary Charter School.<sup>101</sup>

That same month, the Los Angeles County Board of Education approved the new school on appeal, despite concerns about its proposed special education program, student outcome measures, and plan to reflect the student demographics of the Los Angeles Unified School District.<sup>102</sup>

Then in the summer of 2017, the school closed after the Los Angeles County Board of Education voted not to renew its charter, impacting around 220 students spread among grades 6-12.<sup>103,104</sup>

According to *The Argonaut*, the county board cited "an unsound educational program, " a high rate of teacher attrition (31.8%), governance and open meetings law violations, and parent allegations of bullying and sexual assault, among issues.<sup>105</sup>

<sup>97</sup> Fresno County Board of Education, *Minutes*, February 17, 2005.

<sup>98</sup> Fresno County Board of Education, *Minutes*, February 20, 2005.

<sup>99</sup> Fresno County Board of Education, *Minutes*, October 19, 2006.

<sup>100</sup> "New Learning Academy reaches target of 150 students," *The Selma Enterprise*, August 30, 2006.

<sup>101</sup> Board of Education of the City of Los Angeles, *Regular Meeting Stamped Order of Business*, June 5, 2012.

<sup>102</sup> Los Angeles County Board of Education, *Minutes*, June 12, 2012.

<sup>103</sup> Anna Phillips, "After battling for space, Westchester Secondary Charter School will close," *Los Angeles Times*, April 7, 2017.

<sup>104</sup> Los Angeles County Board of Education, *Minutes*, April 4, 2017.

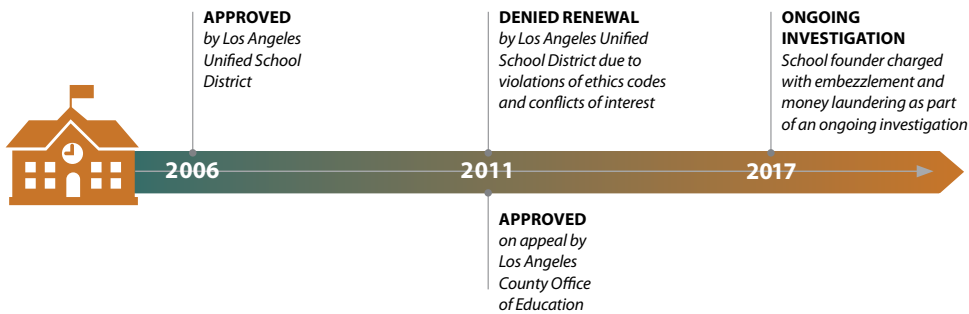
<sup>105</sup> Gary Walker, "Final Bell Rings for Westchester Secondary," *The Argonaut*, April 12, 2017.

The *Los Angeles Times* reported that the school had moved twice in less than four years. First, the school had settled in a church that was sold, then another church that later was deemed unsuitable, and then finally it shared the campus of a neighborhood school.<sup>106</sup>

...

## Wisdom Academy for Young Scientists

*Los Angeles, California*



In 2014, Los Angeles's Wisdom Academy for Young Scientists (WAYS) had its charter revoked after a state audit found that administrators funneled millions in public funds to the school's founder and former director, her relatives, and close associates.<sup>107</sup>

According to California's Fiscal Crisis and Management Assistance Team (FCMAT), the charter school's board failed to provide proper oversight, giving the school's founder, Kendra Okonkwo, along with others unrestricted access to assets and authority to enter into several business arrangements for personal gain without board approval.<sup>108</sup> FCMAT found that approximately \$2.6 million in payments were made to Okonkwo, her family members, and close associates, including \$1 million in rent to Okonkwo's holding company and \$228,665 in severance, unused vacation, and a vehicle lease despite a lack of documents.

Los Angeles Unified School District officials had been aware of WAYS's financial issues since approving the school to open in 2006. The district's board chose not to renew the school's charter in 2011, citing violations of ethics codes and conflicts of interest.<sup>109</sup> Yet, that same year, the Los Angeles County Office of Education allowed the school to continue operating.

In May 2017, Okonkwo was charged with embezzlement and money laundering as part of an ongoing investigation.<sup>110</sup>

<sup>106</sup>Anna Phillips, "After battling for space, Westchester Secondary Charter School will close," *Los Angeles Times*, April 7, 2017.

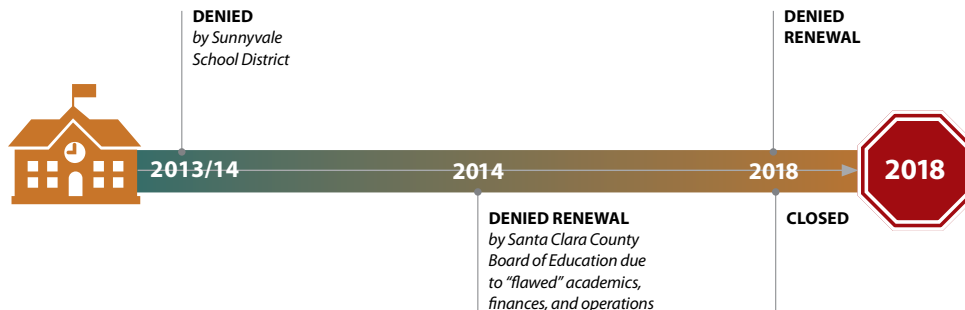
<sup>107</sup>Los Angeles County Office of Education, "Wisdom Academy for Young Scientists Information and Resources," Accessed June 15, 2019.

<sup>108</sup>California School Information Services Fiscal Crisis and Management Assistance Team, *Wisdom Academy for Young Scientists: Extraordinary Audit*, March 19, 2014.

<sup>109</sup>Los Angeles Unified School District, *Denial for Renewal for the Charter WAYS*, March 1, 2011.

<sup>110</sup>James Queally, "South L.A. charter school founder charged with embezzlement, money laundering," *Los Angeles Times*, May 18, 2017.

## Spark Charter Sunnyvale, California



In October 2014, the Santa Clara County Board of Education approved the opening of Spark Charter School on appeal from the Sunnyvale School District.<sup>111</sup>

According to *The Mercury News*, the school ran into controversy a few weeks after opening when a lunchtime aide was arrested for allegedly molesting an 8-year old student.<sup>112</sup> The school then had to close and reopen after the county education office validated it had complied with state law regarding background checks and TB clearances for employees.<sup>113</sup>

In January 2018, the Santa Clara County Board of Education denied renewal to Spark, citing "flawed" academics, finances, and operations.<sup>114</sup> According to *The Mercury News*, the board highlighted that Spark's state test results dipped the second year and math scores fell below the Sunnyvale School District's average.<sup>115</sup> The board also claimed that Spark's English Learner Program was inadequate and the school wasn't financially stable because it either understated or overstated its average daily attendance.

When the school closed in June 2018, 253 students were left searching for other options.<sup>116</sup>

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<sup>111</sup>Santa Clara County Board of Education, *Resolution Denying the Renewal of the Charter for Spark Charter School*, January 17, 2018.

<sup>112</sup>Victoria Kezra, "Santa Clara County education board rejects Spark Charter's renewal request," *The Mercury News*, February 1, 2018.

<sup>113</sup>Victoria Kezra, "Santa Clara County education board rejects Spark Charter's renewal request," *The Mercury News*, February 1, 2018.

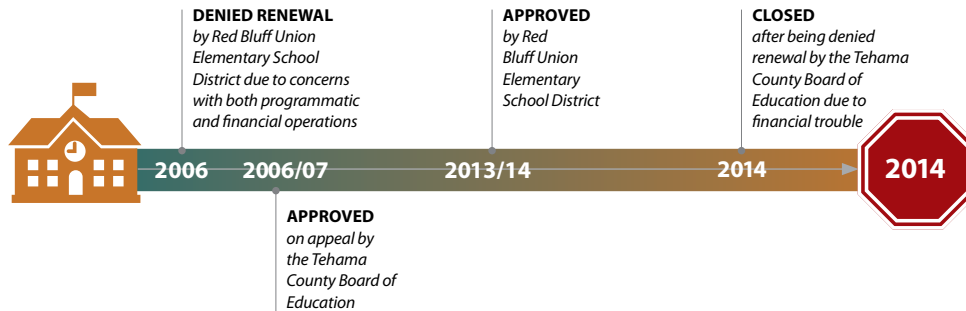
<sup>114</sup>Santa Clara County Board of Education, *Resolution Denying the Renewal of the Charter for Spark Charter School*, January 17, 2018.

<sup>115</sup>Victoria Kezra, "Santa Clara County education board rejects Spark Charter's renewal request," *The Mercury News*, February 1, 2018.

<sup>116</sup>Victoria Kezra, "Santa Clara County education board rejects Spark Charter's renewal request," *The Mercury News*, February 1, 2018.

# Sacramento River Discovery Charter

## Red Bluff, California



In 2001, Sacramento River Discovery Charter opened under by the Red Bluff Union Elementary School District. According to a subsequent audit by the state’s Fiscal and Crisis Management Assistance Team (FCMAT), the school held classes in temporary locations for its first several years in conditions that “were less than adequate.”<sup>117</sup>

In February 2006, the district denied renewal for the school, citing issues with 28 areas of both programmatic and financial operations.<sup>118</sup>

Because it expected an appeal from the school’s operator, the Tehama County Board of Education requested an audit from FCMAT, which found that the school faced “serious, long-term financial difficulties.”<sup>119</sup> However, the county board approved Sacramento River Discovery Charter’s appeal, allowing the school to open.

In April 2014, the Tehama County Board of Education voted to deny the school’s charter renewal.<sup>120</sup> The county’s Deputy Superintendent stated that the board had provided resources to work with the school on math and language arts but had not seen any progress. The school was also in financial trouble, hoping to secure a loan from a local bank to stay afloat.

Later that year, the school closed for good.<sup>121</sup>

<sup>117</sup>California School Information Services Fiscal Crisis and Management Assistance Team, *Sacramento River Discovery Charter School: Extraordinary Audit*, April 7, 2016.

<sup>118</sup>California School Information Services Fiscal Crisis and Management Assistance Team, *Sacramento River Discovery Charter School: Extraordinary Audit*, April 7, 2016.

<sup>119</sup>California School Information Services Fiscal Crisis and Management Assistance Team, *Sacramento River Discovery Charter School: Extraordinary Audit*, April 7, 2016.

<sup>120</sup>Tehama County Board of Education, *Meeting Minutes*, April 16, 2014.

<sup>121</sup>Sacramento River Discovery Charter School Facebook post, October 13, 2014.