

MEETING NOTES

Advisory Commission on Charter Schools *An Advisory Body to the State Board of Education*

California State Library
914 Capitol Mall, Room 500
Sacramento, California

Wednesday, August 27, 2008

MEMBERS PRESENT

Rae Belisle, Chair
Vicki Barber
Carol Barkley*
Brian Bauer
Paul Cartas
Tom Conry
Beth Hunkapiller
Mark Kushner

MEMBERS ABSENT

Jesse Barajas

* Carol Barkley is the State Superintendent of Public Instruction's designee.

PRINCIPAL STAFF TO THE ADVISORY COMMISSION

Deborah Domitrovich, Consultant, CDE Charter Schools Division
Keith Edmonds, Consultant, CDE Charter Schools Division
Deborah Probst, Consultant, CDE Charter Schools Division
Greg Geeting, Retired Annuitant, CDE Charter Schools Division

Call to Order

Chair Belisle called the meeting to order at 10:36 a.m.

Announcement

Chair Belisle noted that microphones were not available except at the speaker's podium. Therefore, the audience will need to be particularly attentive to hear what is being said by members.

Flag Salute

Chair Belisle invited Mr. Bauer to lead the members, staff, and audience in the Pledge of Allegiance.

Introductions

Chair Belisle invited the members present to introduce themselves.

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Agenda Order

Chair Belisle indicated that she intended to follow the agenda as printed, but would be flexible if the need arose. She noted that Item 4 had been withdrawn.

Approval of Meeting Notes

Chair Belisle asked if there was a motion to approve the notes from the last ACCS meeting held on July 21, 2008.

ACTION: Ms. Barber moved that the notes of the meeting held on July 21, 2008, be approved as presented. Mr. Bauer seconded the motion, and it was approved by a vote of 5-0-3. Mr. Kushner did not vote because he did not attend the July 21 meeting. Mr. Conry and Ms. Hunkapiller had yet to arrive at today's meeting.

Public Comment

Chair Belisle invited comments from the public on matters not on the agenda. There were none.

ITEM 1: SB 740 Requests for Determination of Funding Rates

Chair Belisle invited Mr. Edmonds to present the CDE staff recommendations.

Options for Youth-Burbank Charter School #130

Mr. Edmonds provided background information regarding the school, followed by the CDE staff recommendation for a prospective 85 percent funding determination rate for five years, as requested by the organization. No speakers.

ACTION: Mr. Cartas moved that the ACCS recommend to the SBE that it:

- Approve prospectively an 85 percent funding determination rate for the school listed above for five years (2009-10, 2010-11, 2011-12, 2012-13, and 2013-14), subject to the conditions identified by CDE staff.
- Determine in this case that a rate greater than 70 percent is appropriate within the meaning of *Education Code* Section 47634.2(a)(4), because the recommended rate is consistent with the criteria specified in the regulations pertaining to funding determinations as contained in *California Code of Regulations*, Title 5, Section 11963 et seq.
- Determine that approval for a five-year period, as requested, is consistent with the requirements of *Education Code* Section 47612.5(d)(2), taking into account the information presented in its totality.

Mr. Bauer seconded the motion, and it was approved by unanimous vote of the members present.

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Opportunities for Learning-Santa Clarita..... #214

Mr. Edmonds provided background information regarding the school, followed by the CDE staff recommendation for a prospective 70 percent funding determination rate for five years, as requested by the organization. Mr. Conry inquired about the status of the resolution of the major audit involving OFY/OFL schools. Mr. Edmonds indicated that the appeal is still in progress, but might be completed this coming fall. If the appeal is resolved favorably to the state, Mr. Conry asked whether a substantial amount of funding would be returned. Mr. Edmonds indicated that he was unsure whether resolution of the appeal would directly affect funding, but he noted that the OFY/OFL funding determinations may need to be reopened. No speakers.

MOTION MADE AND SECONDED: Mr. Conry moved that the ACCS recommend to the SBE that it:

- Approve prospectively a 70 percent funding determination rate for the school listed above for two years (2009-10 and 2010-11), subject to the conditions identified by CDE staff.
- Determine in this case that the rate of 70 percent is consistent with *Education Code* Section 47634.2(a)(4) and with the criteria specified in the regulations pertaining to funding determinations as contained in *California Code of Regulations*, Title 5, Section 11963 et seq.
- Determine that approval for a two-year period, instead of the five-year period requested, is appropriate based upon review of the information presented in its totality.

Ms. Barber seconded the motion.

Mr. Edmonds indicated that approval for a five-year period is actually required by statute in this case. Mr. Conry indicated that he would amend his motion with Ms. Barber's concurrence, but that he wished the record to reflect that he as one member of the ACCS desired to reopen the OFY/OFL funding determinations depending on the outcome of the appeal. Ms. Barber asked for confirmation that the school had in fact met the statutory requirements for five-year approval, noting an ambiguity in the agenda materials. Mr. Edmonds confirmed that the school had indeed met the qualifications for the five-year duration.

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ACTION (BASED ON MODIFIED MOTION): Mr. Conry modified his motion to state that the ACCS recommends to the SBE that it:

- Approve prospectively a 70 percent funding determination rate for the school listed above for five years (2009-10, 2010-11, 2011-12, 2012-13, and 2013-14), subject to the conditions identified by CDE staff.
- Determine in this case that the rate of 70 percent is consistent with *Education Code* Section 47634.2(a)(4) and with the criteria specified in the regulations pertaining to funding determinations as contained in *California Code of Regulations*, Title 5, Section 11963 et seq.
- Determine that approval for a five-year period, as requested, is consistent with the requirements of *Education Code* Section 47612.5(d)(2), taking into account the information presented in its totality.

Ms. Barber acknowledged that she continued her second of the motion in the modified form, and the modified motion was approved by unanimous vote of the members present.

Opportunities for Learning-Baldwin Park #402

Mr. Edmonds presented the CDE staff recommendation for a prospective 70 percent funding determination rate for two years, but indicated the CDE staff would not object to a longer duration if such was the desire of the ACCS. No speakers.

ACTION: Ms. Barber moved that the ACCS recommend to the SBE that it:

- Approve prospectively a 70 percent funding determination rate for the school listed above for two years (2009-10 and 2010-11), subject to the conditions identified by CDE staff.
- Determine in this case that the rate of 70 percent is consistent with *Education Code* Section 47634.2(a)(4) and with the criteria specified in the regulations pertaining to funding determinations as contained in *California Code of Regulations*, Title 5, Section 11963 et seq.
- Determine that approval for a two-year period, instead of the five-year period requested, is advisable based upon review of the information presented in its totality.

Mr. Bauer seconded the motion, and it was approved by unanimous vote of the members present.

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Options for Youth-Victor Valley Charter School..... #013
Options for Youth-Upland Charter School..... #105

Mr. Edmonds presented the CDE staff recommendation for a prospective 85 percent funding determination rate for two years for each of these schools. The recommended rate is as requested by the organization, but the recommended duration is less than requested. No speakers.

ACTION: Mr. Cartas moved that the ACCS recommend to the SBE that it:

- Approve prospectively an 85 percent funding determination rate for each of the schools listed above for two years (2009-10 and 2010-11), subject to the conditions identified by CDE staff.
- Determine in each case that a rate greater than 70 percent is appropriate within the meaning of *Education Code* Section 47634.2(a)(4), because the recommended rate is consistent with the criteria specified in the regulations pertaining to funding determinations as contained in *California Code of Regulations*, Title 5, Section 11963 et seq.
- Determine in each case that approval for a two-year period, instead of the longer period requested, is advisable based upon review of the information presented in its totality.

Mr. Bauer seconded the motion, and it was approved by unanimous vote of the members present.

Opportunities for Learning-Baldwin Park II #874

Mr. Edmonds presented the CDE staff recommendation for a prospective 85 percent funding determination rate for two years for this school. The recommended rate is as requested by the organization, but the recommended duration is for fewer years than requested. No speakers.

ACTION: Mr. Cartas moved that the ACCS recommend to the SBE that it:

- Approve prospectively an 85 percent funding determination rate for the school listed above for two years (2009-10 and 2010-11), subject to the conditions identified by CDE staff.
- Determine in this case that a rate greater than 70 percent is appropriate within the meaning of *Education Code* Section 47634.2(a)(4), because the recommended rate is consistent with the criteria specified in the regulations pertaining to funding determinations as contained in *California Code of Regulations*, Title 5, Section 11963 et seq.

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- Determine in this case that approval for a two-year period, instead of the five-year period requested, is advisable based upon review of the information presented in its totality.

Mr. Bauer seconded the motion, and it was approved by unanimous vote of the members present.

ITEM 2: Appeal of Denial of Charter Petition: Ronald Reagan Charter School

Ms. Domitrovich presented background information regarding the charter petition. She noted that, as a conversion charter school located in a unified school district, the school is subject to the provisions of SB 319 (Chapter 355, Statutes of 2005) under which the school's general-purpose funding level is established. Based upon the provisions of SB 319, the Lake Elsinore Unified School District had certified an amount of \$3,522 per ADA for the school, which is well below the charter schools general-purpose block grant rates that average about \$5,700 per ADA in grades K-8. The proposed school's budget was developed based upon the block grant rates.

Ms. Domitrovich indicated that there are a number of items that are causes for concern with this charter petition, although the general-purpose funding rate is primary among them. The proposed school is not a fiscally viable entity. It would run deficits in all five years of its first term. As a consequence, the petitioners are demonstrably unlikely to be successful. Neither the CDE nor the SBE has authority to modify the general-purpose funding rate.

If the ACCS were to recommend approval of the petition, CDE staff would recommend inclusion of the conditions that are customarily placed on SBE-chartered schools. In addition, the CDE staff analysis notes a number of concerns with respect to specific elements within the petition. CDE staff would recommend that the school be limited to K-5, and return subsequently with a charter revision to add the middle grades. Ms. Domitrovich commented that the founding group appeared to have lots of curriculum expertise, but that the group did not appear to have sufficient expertise in the areas of administration and operations. She noted that instruction is intended to be largely based on "constructivist" principles. In that way, the school is similar to Aim High. Specifically, NCTM standards are mentioned. There is a "great philosophical divide" on the issue of NCTM standards, and ultimately the Aim High petitioners agreed to take the references to NCTM standards out of their charter. The school's proposed "pupil outcomes" are weak, and the governance sections raise issues (e.g., only a quarterly board meeting). The proposed "educational extension" program is unclear.

Ms. Domitrovich reviewed the reasons cited for denial of the petition at the district and county levels. She noted that representatives of the petitioners and of the district and county were present.

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Chair Belisle indicated that 20 minutes each would be provided for proponents and opponents to make their respective presentations, beginning with the proponents (who could reserve a portion of their time for rebuttal if they wished to do so).

Richard Shepler, a teacher at the school, made the primary presentation on behalf of the petitioners. He focused principally on the general-purpose funding rate certified by the district pursuant to SB 319. He noted that the rate is "way below" the district's revenue limit and the charter schools general-purpose block grant. The rate is over \$2,000 less per student than the district's revenue limit. The figure must be erroneous. The district did not respond to the petitioners' request to indicate how the figure was determined. The charter school is not viable at this funding rate. The petitioners believe it was the district's goal to make the school financially "not viable" so that the petition could be denied.

As for the CDE staff comments and recommendations, Mr. Shepler indicated that he believed "we can accommodate them." He commented that the petitioners welcomed the challenge at the organizational level, and had consistently desired to work collaboratively with a chartering authority. He noted that the petitioners had already responded to some of the CDE staff concerns. The petitioners have engaged professional assistance in the areas of finance and administration. He also addressed the issues of SELPA participation, governance, and educational program. He indicated that, despite allegations to the contrary, the charter effort was not a reaction to "a single personnel decision." He noted some particular issues related to professional development in constructivist pedagogy. He also noted that some teachers who had participated in the conversion charter effort had been replaced.

Eddie Esquivel, a parent and founding member, described the efforts of parents to work collaboratively with school officials. When those efforts were turned away, a committee was formed to pursue a conversion charter. She described the signature-gathering effort and the letters of intent. As a group, she indicated, "we are looking for a choice for parents and for the community." She acknowledged that the school had implemented a "limited constructivist philosophy" this year, but noted that "it has been a struggle."

Mr. Shepler described what the founding group is after. He commented on a colleague's particular effort to bring about higher achievement through the constructivist approach. He indicated that this approach would be particularly successful with mathematics, an area where the school's achievement has lagged. "We can achieve better," he commented, while noting the school's scores on core subjects. He mentioned a training session that had recently been held. The petitioners reserved the remainder of their allotted time (four minutes) for rebuttal.

The principal presentation in opposition to the charter petition was made by Darrin Watters, Assistant Superintendent for Business Services, Lake Elsinore Unified School

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District. He emphasized that the school, if chartered, would be insolvent. He explained that the district had contracted with School Services of California (Paul Goldfinger) to ensure that the SB 319 funding rate was properly calculated. "It is an accurate figure," he stated. He noted that analyzing the petitioners' anticipated cash flow against this revenue, the school would experience months of negative balances. He indicated that the "new budget" submitted by the petitioners had not come to his attention until today.

Alain Guevara, Director, Assessment and English Learner Services, Lake Elsinore Unified School District, discussed the district staff's concerns with the proposed educational program for certain subjects, including Algebra and English language development. For example, there is no evidence of a means for regularly assessing the progress of English learners. He noted that the school has been experiencing a serious "gap closure" program, and that the number of English learners at the school will double in 2008-09. The petitioners "have no plan in place," he commented. Assessment is not clearly articulated, and the pacing of instruction is unclear. The staff development plan is inadequate. There is no way of showing progress. Mr. Guevara also noted that the "constructivist model" is still being pursued to some extent at the school, but that the educational program overall "had to become more aligned to state standards." In summary, he concluded, "it is not clear what students will receive at this school" if the charter is approved.

Davina Harden, attorney representing the Lake Elsinore Unified School District, indicated that the "fiscal issue is very significant," but that the district's concerns "go far beyond" finances alone. She indicated that the petition suffered from a serious "lack of detail" and that there was "insufficient expertise" among the founders. "The charter is unsound," she said, "and it can't be successfully implemented." The petitioners have not included an adequate plan to educate the students, particularly in grades six through eight. She acknowledged that the petitioners "met a few of the assurances," but failed to meet the bulk of the requirements in Charter Schools Act. Moreover, the changes needed in the petition are so extensive that, if made, the document would be in effect a new petition and, thus, inappropriate to approve on appeal. She indicated that the petitioners had been given extensive and substantive comments, but that they did not use them to make revisions. She went on to discuss the time line of parent involvement and actions in the charter's development. She urged the ACCS to recommend that the petitioners' appeal for chartering by the State Board of Education be denied.

Rollin Edmunds, Director, Division of Administration and Business Services, Riverside County Office of Education (RCOE), indicated concurrence with the findings in the CDE staff report. RCOE staff found very similar issues as did staff of the district and the CDE. He noted that RCOE staff "independently verified" the dollars spent at the school site last year and the calculation performed to determine the SB 319 funding rate. He indicated that the petitioners "would have a serious financial problem" if they endeavored to operate the school with that level of revenue. Moreover, RCOE staff had

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serious concerns about the lack of specificity regarding special education, English learners, the plan to share the facility with the Lake Elsinore Unified School District, and the “budget holes.” The petitioners are not likely to succeed. They simply “don’t have the wherewithal,” he concluded.

Mr. Shepler commented, in rebuttal, that the petitioners agree that “we can’t make it on \$3,522.” The irony, he said, is that “we could work things out if we could sit down with the district.” He expressed every confidence that the petitioners could resolve relatively quickly the issues presented in the CDE staff report.

Chair Belisle commented that the petition presents “serious issues.” She suggested that the ACCS entertain public testimony from those not associated with proponents or opponents before deliberating on the matter. Ms. Barber indicated that first she had several questions for the RCOE representative.

Ms. Barber asked for the RCOE’s “interpretation” of the statute and how the SB 319 calculation was performed. Mr. Edmunds described RCOE’s understanding of Education Code Section 47660 and described how they went about determining the amount. He also noted that RCOE staff accepted (and did not change) other aspects of the petitioners’ budget in their review. Ms. Barber asked specifically if RCOE had verified the \$3,522 per ADA amount that had been determined by the district. Mr. Edmunds acknowledged that the RCOE had come up with a somewhat higher figure of \$3,999 per ADA. He indicated that the amount was determined by taking all expenditures coded to the school site and divided by the number of students reported to have been served at the site.

Ms. Hunkapiller inquired as to whether the figure established by the RCOE was “comparable” to other elementary schools in the county. Mr. Edmunds indicated that he had not done a thorough analysis, but noted that typically middle and high schools do cost more to operate than elementary schools. Mr. Kushner inquired whether the school would have qualified for the block grant rate if the petitioners had not chosen to pursue the conversion route. It was acknowledged that a start-up school would qualify for the block grant rate, but it would not necessarily have access to the facility. Chair Belisle commented that “we aren’t going to resolve the funding issue here,” but noted that a workgroup had been established to address the SB 319 funding rate. She then invited public comments from those not associated with either the proponents or opponents.

Jean Hatch, Redding School for the Arts, described the difficult situation she had confronted in establishing two schools. Her background was as a teacher, not an administrator. She noted that the “declining enrollment” situation in many areas of the state made it all the more difficult for charter petitioners to be successful at the local level. “Charters are not popular now,” she commented. She expressed particular concern about the district’s and the county’s citation of the “level of detail” as a principal

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reason for denial. "Adding a thousand pages," she said, doesn't necessarily make the school any better. If that level of detail is what is desired, however, then districts need to tell petitioners ahead of time, not simply cite "lack of detail" as a generic reason for denial.

Eric Premack, Charter Schools Development Center, indicated that the petitioners are not clients of CSDC, but commented that there are important policy issues to be considered here. SB 319 was a "clever attempt" by unified school districts to keep funding for charters low. The bill is "very screwed up technically." It went through many sets of amendments in the process of approval. He described his understanding of how bill was intended to work. He indicated that the only way the district and county could get figures as low as those cited is by excluding support costs. "Something doesn't smell good here," he indicated. Moreover, he commented that the district-certified amount applies only if the district approves the school. If the district denies the charter petition, as is the case here, the district-certified amount is not relevant. He urged the ACCS to recommend approval of the charter.

Colin Miller, California Charter Schools Association, echoed Ms. Hatch's concern about "level of detail" being a key reason for denial. He indicated that the petitioners had "done a lot of work" to improve the educational program. CCSA has been working closely with school. They are "a very committed team." Charter schools are intended to foster innovation and choice, and this charter school would achieve those objectives for this community. In regard to the funding issue, he noted that CCSA had been unable to get any detail from the district as to how the figure was calculated. Being that the figure is \$2,000 per pupil below the district's revenue limit, there is "cause for great concern" as to its accuracy.

Lisa Corr, Spector, Middleton, Young & Minney, echoed what others had said about the district-certified SB 319 funding rate being suspect given its substantial variation from the district's revenue limit and the charter schools general-purpose block grant. The district simply could not have operated the school in the preceding year with that amount of funding. The number must not have included centralized services.

Chair Belisle invited SBE Chief Counsel Donna Neville to comment. Chair Belisle expressed her concern about a charter school being "saddled throughout the process" by an artificially low SB 319 funding rate. If denied solely on the basis of funding, she expressed her worry that the appeal scheme established in statute would effectively "be nullified." Ms. Neville commented that a central question is whether someone other than the district can determine the SB 319 funding rate, and, in regard to that question, she indicated that she was not certain. In addition, Ms. Neville commented that the statute clearly suggests that at least some centralized support costs need to be included in the funding rate certified by the district.

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Ms. Barber commented that, from her perspective, there are two key issues: funding and jurisdiction. She indicated that she saw no direct evidence that the district-certified general-purpose funding rate is wrong, although on its face it does appear to be low. Moreover, she noted that “everyone agrees” the school is not financially viable at the district-certified funding rate. That leads to the second issue, which is whether the SBE has jurisdiction to change the funding rate. If the SBE cannot change the funding rate, then there is no reason to go into the other areas of concern about the charter, which in the case of this petition are significant.

Chair Belisle commented that the ACCS does not have an answer to Ms. Barber’s second issue, so the group will have to proceed without it. She indicated that she did not like the idea of proceeding based exclusively on the fiscal insufficiency created by the district-certified general-purpose funding rate, as to do so may place the school at an inappropriate disadvantage.

Ms. Barber inquired whether direct and indirect support expenditures were included. While indicating that he was not completely conversant with the details for calculation, Mr. Watters acknowledged that the district-certified funding rate did not include centralized services. He also indicated that the district would concur with the RCOE figure, which was calculated at a later point in time and, thus, reflected amounts closer to the year’s total expenditures made at the school site. Chair Belisle expressed her dismay that the district’s representatives did not have more detail as to the funding rate calculation. She recommended strongly that they have more detailed information by the time of the SBE meeting.

Ms. Barber sought more funding detail, including the district’s revenue limit, which was reported to be approximately \$6,000 per ADA. She noted that, even given the RCOE estimate of about \$4,000 per ADA, there remains a serious “viability problem.” Chair Belisle inquired as to what funding rate would minimally be necessary to make the school viable. Mr. Watters indicated that the district had not approached the issue in that way, but rather had accepted the petitioners’ estimates of what they needed on the expenditure side of the equation. There was additional discussion about the differences between the district and county SB 319 funding rate estimates, the district’s revenue limit, and the charter schools general-purpose block grant. The school would separately receive the charter schools categorical block grant of about \$500 per ADA.

Ms. Hunkapiller indicated that most of the presentations had focused on the budget. She indicated that she was not sure of the school’s “expenditure pattern over the past several years,” e.g., indirect costs, professional development, and the like. She inquired whether limitation to grades K-5 was one of the CDE’s recommendations if the petition were to be approved. Ms. Domitrovich indicated that was correct. Ms. Hunkapiller commented that the element of measureable outcomes was another major issue in her view. She inquired how far the ACCS and SBE could go in modifying a charter. She

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also inquired as to whether it might be appropriate to delay consideration of this charter appeal while the question of authority to modify the SB 319 funding rate is addressed. She indicated her personal preference to see the CDE be able to “work with this charter and help the petitioners.”

Ms. Barkley indicated that “good authorizing practice is to have give-and-take.” She also commented that much can be covered in an MOU that does not necessarily have to be in the charter itself. She noted that what happened at the local level vis-à-vis calculation of the SB 319 funding rate is not entirely clear. She also noted that CDE staff had found a number of key issues beyond financing and that the issues are listed in staff analysis.

Ms. Barber indicated that she did not see “a very tight charter here” in the critical areas of educational program and measurement of pupil outcomes. She indicated that some of the more technical aspects of the charter were not as troubling to her, but that having to modify a charter to address essential programmatic matters is beyond what should be allowed. This charter petition does not adequately address what the school’s expectations are and how people will be held accountable. “That’s what we should be seeing,” she commented, indicating that she doubted the petition meets the criteria for approval even setting aside the financial considerations.

Mr. Bauer inquired as to how many teachers had “signed on.” Mr. Shepler indicated that there had been 23 teachers at the site and that 21 had supported the effort, but that some had retired or taken other teaching positions. There was further discussion of the numbers. It was noted that the district’s bargaining units for certificated and classified employees had opposed the conversion charter. Barbara Wilson, a teacher at the school and the school’s union representative, indicated that she “understood” the bargaining units’ opposition. However, she commented, the teachers on site felt that they had had “zero cooperation” from the district, and that pursuing a conversion charter was their only alternative. Mr. Bauer noted that he is Executive Director of a conversion charter school that is unionized. Mr. Conry had some further follow-up questions on the number of teachers supporting the conversion charter.

Mr. Bauer indicated that, as to the issue of further specificity in some areas of the petition, he did not see that as an insurmountable problem. He expressed empathy with the problems the petitioners had faced in developing their charter. “Not a lot of direction was given,” he commented. Ideally these are matters that should be addressed prior to approval. It is the responsibility of the district to point out deficiencies in a charter petition, but it was disappointing in this case that the district could not provide more evidence of how it had arrived at the SB 319 funding rate. For the gap to be \$2,000 per ADA lacks credibility.

Mr. Conry inquired whether the petitioners had “an alternative revenue figure.” Mr. Shepler indicated that they did not, but that for budget-building purposes they had used

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charter schools general-purpose block grant because it is based on the statewide average. Mr. Conry indicated that he had “a variety of issues” with the charter petition. Funding is a key issue, and nothing demonstrates that the funding rate that has been established is wrong. The school cannot be operated successfully at this funding rate. He indicated that he would be “willing to look at different information,” but that nothing was available at this time. He expressed concern that CDE staff “found the charter deficient in so many areas.” Even setting aside financial viability, the charter would have to be significantly revised. Moreover, there is serious question as to whether this school would have the minimal level of local support necessary to be successful. That appears unlikely.

Mr. Kushner indicated that he was “on the fence on this one.” Endeavoring to “clear through the smoke,” he expressed agreement with others that it is very disappointing the district could not provide more detail as to the calculation of the funding rate. He noted that the \$400 difference from district to the county (with which the district now appeared to be in agreement) “resolved about half the deficit.” He indicated that the petitioners’ motives “aren’t an issue with me.” He also indicated that it appeared to him the charter petition did incorporate a means for measuring pupil achievement. He commented that “the big issue is the educational program.” He noted that it was both “faint praise and damnation” that the district found the charter not to be proposing much different. Educational quality at this school definitely needs improvement. He indicated that he was not as disturbed by the financial issue as by the quality issue. The SBE wants “gold standard” charters, and this one is “not as solid as I would like the SBE to have.”

Mr. Cartas commented that the funding rate issue needs to be pursued further by legal counsel. He noted that the ACCS had been told the funding rate did not include district administration costs. Those should be included. Many of the other issues raised with regard to this charter petition are relatively minor. However, the educational program is a major problem. The curriculum appears very weak. It is not clear what children will be doing at this school. That part is really bothersome. The charter does not reconcile state standards and instructional materials with the educational philosophy the petitioners wish to pursue.

Chair Belisle also sought to “clear the smoke” with regard to this charter petition. She indicated that the funding issue has been thoroughly discussed. Regulations are in development with respect to establishing SB 319 funding rates. The working group continues to meet on that topic. However, funding alone “would not have swayed me” to recommend denial of this petition. Setting funding aside, she commented, the question is “whether this is a charter that we could go to the mat on.” She indicated that she found the educational program material in the charter “weak,” citing several examples. She noted that when one is “working outside the box,” specificity is a necessity. A charter needs to “tell me how it’s going to work,” and this charter does not do that. She

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touched on other topics, including achievement gap closure, apparent lack of a good understanding of benchmarks, and the issue of mobile students being able to transfer readily from this school to other area schools. She, too, indicated that she was not interested in petitioners' motives, but the lack of a "dynamite description" of what would be provided is troubling. "I just don't see a really great charter here," she concluded.

Although indicating that she was prepared to recommend denial based upon the weakness in the educational program, Chair Belisle acknowledged that her assessment of the ACCS discussion was that others might wish to recommend approval. She noted that a motion to recommend approval of the charter could be conditioned upon the funding issue being resolved. If SBE does not conclude that it has the discretion to modify the SB 319 funding rate or use some other funding rate, then the SBE would probably be compelled to deny the charter.

Ms. Barkley inquired as to whether the district would be willing to "relook" at the funding issue. Mr. Watters indicated that the district did not believe indirect costs were appropriately part of the funding rate calculation. Mr. Edmunds provided some additional information on the allocation of costs to the site level. He pointed out that there are a number of budget issues with regard to this charter and, if further work were to be done, he suggested that the work really needed to encompass "both the revenue and expenditure sides." Mr. Kushner indicated that he felt strongly that indirect costs were intended to be included in the funding rate, otherwise conversion charters would have been placed at a serious and unreasonable financial disadvantage, which was not the intent of the Legislature.

Chair Belisle reiterated that the ACCS cannot resolve the problems with SB 319. The question is whether this charter is worthy of approval setting aside the financial issue. If it is, then the ACCS could recommend conditional approval.

MOTION DIES FOR LACK OF SECOND: Ms. Hunkapiller moved that the ACCS recommend to the State Board of Education that it approve on appeal the Ronald Reagan Charter School petition, conditioned upon a resolution of the SB 319 funding rate issue. The motion died for lack of a second.

Chair Belisle suggested that a more detailed motion might be helpful that would include resolution of the issues raised in the CDE staff review.

MOTION MADE AND SECONDED: Ms. Hunkapiller moved that the ACCS recommend to the State Board of Education that it approve on appeal the Ronald Reagan Charter School petition, subject to the resolution of the issues raised in the CDE staff analysis, including specifically the issue of financial viability, and with the inclusion of the conditions recommended by CDE staff. Ms. Barkley

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seconded the motion for purposes of discussion, noting the statutory statement of legislative intent that establishment of charter schools should be encouraged.

Ms. Barber indicated that she was opposed to the motion because “this is a weak petition on curriculum” and is “devoid of the kind of thoughtfulness” that a petition coming up to the SBE level should have. For example, hearing that the petitioners had just recently engaged experts with financial expertise is telling. That type of developmental effort “should have been done way in the past.” She concluded that she was “not willing to say this is a well-thought-out charter.”

Mr. Bauer inquired about similar situations the ACCS may have confronted in the past, and specifically whether a similar condition had been suggested before. He asked whether the ACCS would be willing to support other charter petitions in similar circumstances in the future.

Ms. Barkley commented that, upon reflection, she was persuaded that the changes that would be needed in this charter are too extensive to be addressed in an appeal setting.

Mr. Kushner indicated that the technical issues could be addressed, but that the substantive issues were too overwhelming. Chair Belisle echoed that thought, indicating that this would definitely be the “broadest change” contemplated, other than perhaps the Academy of Culture and Technology. Ms. Barber indicated that if the petitioners pursue the charter again, they could do so as a start-up charter and, thus, avoid the SB 319 funding rate issue. The timing puts commencement of this charter off to 2009-10 (at the earliest) anyway.

MOTION FAILS: Chair Belisle noted that the consensus appeared to be against the motion on the floor, but that she wished to resolve it so that another motion could be considered. She called for a vote on the motion made by Ms. Hunkapiller and seconded by Ms. Barkley. The motion failed by a vote of 0-8.

Chair Belisle indicated that it was unusual for the chair to make a motion but that she would do so in this instance.

MOTION MADE AND SECONDED: Chair Belisle moved that the ACCS recommend to the State Board of Education that it accept the CDE staff recommendation (i.e., deny the appeal for chartering of the Ronald Reagan Charter School for the reasons set forth in the CDE staff analysis), except for the issue of the general-purpose funding rate determination pursuant to SB 319, an issue which has yet to be settled. Ms. Barber seconded the motion.

At this point, Chair Belisle commented that the petitioners had the option of withdrawing the charter and reevaluating the situation. Mr. Cartas indicated that he was more comfortable if the funding issue were to be left out of consideration altogether. Mr.

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Conry asked if the ACCS could have “a simple up or down vote” on the charter petition. Chair Belisle indicated that a new main motion would be out of order at present because her motion was on the floor. However, in deference to Mr. Conry, she indicated that she would withdraw her motion.

MOTION WITHDRAWN: Chair Belisle withdrew her motion that the ACCS recommend to the State Board of Education that it accept the CDE staff recommendation (i.e., deny the appeal for chartering of the Ronald Reagan Charter School petition for the reasons set forth in the CDE staff analysis), except for the issue of the general-purpose funding rate determination pursuant to SB 319, an issue which has yet to be settled. Ms. Barber withdrew her second.

MOTION DIES FOR LACK OF SECOND: Mr. Conry moved that the ACCS recommend to the State Board of Education that it deny the appeal for chartering of the Ronald Reagan Charter School. The motion died for lack of a second.

Chair Belisle asked if there was another motion anyone wished to make.

MOTION MADE AND SECONDED: Ms. Barber moved that the ACCS recommend to the State Board of Education that it deny the appeal for chartering of the Ronald Reagan Charter School for the reasons set forth in the CDE staff analysis. Ms. Hunkapiller seconded the motion.

Chair Belisle indicated that she could not support the motion because of the legal conclusions embodied in the CDE staff analysis. She reiterated that discussion of the legal situation was still in progress and that it is premature to determine how that will come out. Chair Belisle indicated that she could support the motion if amended to exclude the discussion and reasoning set forth in the CDE staff analysis related to the SB 319 funding rate. Ms. Barber indicated that she would be willing to accept the amendment to her motion, but Mr. Conry indicated that he opposed the amendment. Therefore, Chair Belisle formally moved to amend the main motion currently on the floor. Mr. Shepler was invited to address the proposed amendment; he reiterated that the major problem the petitioners had faced throughout the consideration of the charter was the unwillingness of district or county staff to engage in a dialogue.

MOTION TO AMEND APPROVED: Chair Belisle moved to amend Ms. Barber’s motion (that the ACCS recommend to the State Board of Education that it deny the appeal for chartering of the Ronald Reagan Charter School for the reasons set forth in the CDE staff analysis) to exclude the discussion and reasoning set forth in the CDE staff analysis related to the SB 319 funding rate. Ms. Barber seconded the motion to amend, and it was approved by a vote of 7-1. Mr. Conry voted against the motion.

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The motion to amend being successful, Chair Belisle called for the vote on the amended main motion.

ACTION (APPROVAL OF AMENDED MAIN MOTION): Chair Belisle restated the amended main motion (made by Ms. Barber and seconded by Ms. Hunkapiller) that the ACCS recommend to the State Board of Education that it deny the appeal for chartering of the Ronald Reagan Charter School for the reasons set forth in the CDE staff analysis, excluding the discussion and reasoning set forth in the CDE staff analysis related to the SB 319 funding rate. The amended main motion was approved by unanimous vote of the members present.

Lunch Break

Chair Belisle called for the lunch break at 1:20 p.m. She reconvened the meeting at 2:05 p.m.

ITEM 6: Future ACCS Meeting Schedule

Chair Belisle indicated that the remaining items might involve lengthy discussion and that, therefore, she wanted to take up the future meeting schedule at this time.

Joanna Knieriem of the Charter Schools Division staff presented possible dates and locations for future ACCS meetings. Chair Belisle led a discussion of the possibilities, and the following dates were determined by group consensus.

- October 31, 2008 (for the January 2009 SBE meeting)
- December 1, 2008 (for the March 2009 SBE meeting)
- February 3, 2009 (for the May 2009 SBE meeting)
- April 1, 2009 (for the July 2009 SBE meeting)
- June 17, 2009 (for the September 2009 SBE meeting)
- August 25, 2009 (for the November 2009 SBE meeting)
- October 21, 2009 (for the January 2010 SBE meeting)
- December 9, 2009 (for the March 2010 SBE meeting)

ITEM 3: Appeal of Denial of Charter Petition: QUED Charter School

Mr. Edmonds presented background information regarding this charter petition and the CDE staff recommendation that the petition be recommended for approval with conditions. The petitioners intend to commence operations in fall 2009. The petition is “well crafted,” presenting more detail than is often seen in charters on appeal. The school is based on a “business model” with students taking “personal responsibility” for their efforts and accomplishments. The school will feature the “Baldrige model” with an emphasis on continuous quality improvement. [Malcolm Baldrige, for whom the model is named, served as U.S. Secretary of Commerce under President Ronald Reagan.] The

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school replicates the Emerson Parkside Academy, which has been quite successful. Mr. Edmonds indicated that the petitioners had worked with Compton Unified School District to improve and revise the charter, but that it had been “consistently denied” and that it had also been denied by the Los Angeles County Board of Education.

Mr. Edmonds commented that the SELPA issue would need to be addressed, but that is common among charters presented to the SBE on appeal. The petition reflects “sound educational practice.” Some revisions are needed, but they are relatively minor. The petitioners are likely to successfully implement the educational program. The school will have approximately 316 students in grades K-6. The signatures are acceptable. The petition should be modified to specify that preference is extended to pupils of the district. The educational program is clearly standards-based. The modifications recommended by CDE staff are “quite manageable.”

Chair Belisle inquired whether CDE staff communicates with chartering authorities. Sometimes the stated reasons for denial appear quite “off,” as is the case here. Based on the written reasons for denial, the district and county appear to have misunderstood the law. She asked if CDE staff could “push out the information,” so that chartering authorities can prepare more “sophisticated analyses.” Ms. Barkley took the opportunity to announce that she had recently reorganized the Charter Schools Division to have an office that will focus on support for chartering authorities and that Ms. Domitrovich will spearhead the effort. Chair Belisle indicated that the new office will provide a means to help chartering authorities understand how critical issues, such as collective bargaining and transportation, impact charter schools. Ms. Hunkapiller mentioned that the use of church facilities was another area where some chartering authorities lack understanding of the flexibility that charter schools have.

Mr. Edmonds noted that representatives of Compton Unified School District and the Los Angeles County Office of Education had been notified of today’s meeting and informed of the CDE staff recommendation.

Tom Harkenrider, QUED Board President, introduced himself and commented on the various “states of change” that can be confronted. He indicated that the founding group for this school had “made great strides” and that the school would offer an important choice for students in Compton.

Glenn Noreen, lead petitioner, provided the principal presentation in support of the charter appeal. He described the proposed school, reiterating that it will largely replicate the successful Emerson Parkside model. Students will take ownership of learning. The quality concepts pioneered by Edward Deming will be featured. Mr. Noreen’s detailed presentation covered a variety of topics, including the Baldrige model and the Baldrige award, the concept of continuous improvement, total quality management, students’ assessment of their own learning, classroom results, Chugach School District, world

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class student systems, a “clean-slate” environment, and the reinventing schools coalition. “QUED makes sense for the community,” he concluded.

Mr. Noreen introduced Joan Faqir, a new QUED Board member, who is also Executive Director of the Center for Advanced Learning, a Baldrige-based charter school that opened last fall. Ms. Faqir addressed her visit to Emerson Parkside and her experience implementing the Baldrige program. There is a remarkable “change in attitude.” This educational program model “ties it all together” for students.

Mr. Noreen also introduced Rev. Charles Patrick, who was also present in support of the charter petition and favored the expansion of public school choice in Compton.

Chair Belisle asked if there was any public comment on the appeal. There was none.

Mr. Kushner inquired as to who would actually be the school principal. Mr. Noreen indicated that the QUED governing board is currently negotiating with a very experienced individual who is quite interested in taking the position.

Mr. Bauer commented on the comparatively low achievement of the public schools in Compton, noting the vital importance of expanded choice for parents and students.

Mr. Conry noted that the school planned to locate on a church property and inquired where the classrooms would specifically be located on that property. Mr. Noreen responded that two sites were under consideration. One is currently in service as a preschool. The church property may or may not be where the school actually locates.

Chair Belisle indicated that she was “satisfied with the petition,” provided the changes proposed by CDE staff are incorporated.

ACTION: Mr. Kushner moved that the ACCS recommend to the State Board of Education that it approve the appeal for chartering of the QUED Charter School, subject to the incorporation of the changes recommended by CDE staff, and subject to the conditions recommended by CDE staff. Mr. Bauer seconded the motion, and it was approved by unanimous vote of the members present.

ITEM 5: California High School Dropout Data

Chair Belisle indicated that there had been a desire expressed to explore “the competing pressures” in regard to the reporting of dropout data. She suggested that a workgroup might need to be formed on the issue. She expressed appreciation to Keric Ashley, Director of the CDE’s Data Management Division, who had graciously agreed to provide some background information.

Mr. Ashley distributed information in writing, and proceeded to discuss the state’s newly released dropout statistics. He noted that CALPADS (California Longitudinal Pupil

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Achievement Data System) had been developed as a comprehensive data management system to replace over time a patchwork of previous data collection systems. He described the systems being phased out. He noted that CALPADS is dependent on statewide student identifiers (SSIDs), and explained how SSIDs are initiated, follow students among local educational agencies, and (as necessary) are resolved depending on what is known about a student's status. He provided a specific example. He commented that the state is in a transitional phase for several years. The so-called "derived" dropout rate will be going away as CALPADS acquires a full four years of history on current students. He showed how, even in the transitional period, data reporting had already been improved. He explained how "reenrolled dropouts" are defined, as well as "lost transfers."

Mr. Bauer inquired more deeply into the issue of reenrolled dropouts and lost transfers. Chair Belisle inquired about the potential for "duplicate students" (i.e., the same student with different SSIDs). Mr. Ashley explained the steps taken both to prevent assignment of duplicate SSIDs and to resolve duplicate SSIDs if they have been issued. Mr. Bauer inquired about the transfer of student records. Mr. Ashley explained that once accurate data get into the system, the transfer of records will be essentially immediate. There are still approximately two years of development and implementation work to be done on CALPADS. Mr. Bauer expressed concern about "lost transfers" in this interim period and the negative implications the data have for charter schools. Mr. Ashley commented that any system change involves certain problems, but that CALPADS would ultimately be very accurate, and that the numbers we currently have (even in this interim period) are much more accurate than we have ever had before.

Ms. Barber expressed appreciation to Mr. Ashley for working with county offices of education in reconciling data. She expressed strong support for the ultimate objective of improving accuracy and expediting the transfer of records. She commented that finding an SSID in the system is "a major challenge in some cases." She also posed some specific questions regarding the phase-in period, as well as the issue of "non-graduates" and the related federal rules. Mr. Ashley indicated that the federal government puts a premium on the four-year graduation rate, and does not recognize graduates who take five or six years. Chair Belisle indicated that the federal government's data rules did not "harm" California students who take five or six years to graduate. There was also discussion of out-of-state transfers, ASAM schools, and implementation of the Steinberg legislation that will increase the number of fifth- and sixth-year high school graduates.

Mr. Kushner inquired about sources of incorrect data. Mr. Ashley indicated that with implementation of any new system, reporting will improve with time. He emphasized that it is important for all those responsible for data input to "keep up as the year goes along." He also mentioned specific funding for data management. Mr. Kushner inquired about the process for submission of corrected data. Mr. Ashley provided an example of correction within the process of issuing SSIDs. Ms. Barber commented that some

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parents are reluctant to participate in processes that they see as intrusive or that potentially could lead to undesirable consequences.

Mr. Kushner inquired whether schools get dropout information in advance from CALPADS and can work to correct problems. Mr. Ashley indicated that schools were provided information in advance of the public release of the latest dropout data.

Mr. Bauer inquired about the date by which information needs to be in the system. Mr. Ashley indicated that the CBEDS "information day" is still the critical day (i.e., the first Wednesday in October).

Chair Belisle invited public comments. Eric Premack (CSDC) thanked Mr. Ashley for his presentation. He indicated that the four-year derived rate has serious problems, primarily because of the fixed denominator. It greatly inflates the dropout rate. As far as the numerator is concerned, there is a real problem in dealing with mobile (transient) students. He noted that there are "cautions" about the data, but they tend to be "buried in footnotes." He suggested that the cautions be listed first. He supported the idea mentioned by Chair Belisle of establishing a workgroup to look at the specific issues affecting charter schools. With charter school data being rolled up into district data, charter schools that serve transient students tend to "hurt the district." Ms. Barber noted that non-charter alternative schools present similar issues. "This is not only a charter school issue," she commented.

Buzz Breedlove, Director of John Muir Charter School, also thanked Mr. Ashley for a most informative presentation. He provided some specific background regarding John Muir, which serves an at-risk population. The school's derived dropout rate would be 147 percent, but wisely CDE chose not to include that rate on its Web site. He pointed out how dropout numbers could be misused and convey false pictures. He showed alternative ways of displaying data. He also described the job training and conservation-related work performed by John Muir students. He commented that CAHSEE was "a big boost" for this type of school. The primary question students ask is no longer "how many credits will this course give me," but "how will this course help me pass the CAHSEE." He provided a very comprehensive discussion and display of data. He encouraged the Data Management Division to make some further changes on its Web site display.

Kerry Mazzoni, representing OFY/OFL, noted that accurate data on dropouts is very important, given the public focus on the dropout issue. She noted that OFY/OFL schools cater to "high risk" students, giving those students a solid opportunity to complete their high school educations. The current dropout statistics "do not accurately account for the entry of students during the year," she commented. She provided an example of how the statistics could be misleading. She indicated that inaccurate data are a problem for chartering authorities. She also mentioned the issue of students who enroll in a charter school but reside in another district's geographic territory. She encouraged the ACCS

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and SBE to “create a more accurate methodology.” She noted that “peak enrollment” for many schools occurs at P1, but for OFY/OFL schools P1 tends to be the lowest enrollment. She commented that systemic “incentives to do well on dropout numbers” do not necessarily lead to actions that are in students’ best interests academically. She argued that a charter school’s dropout data should be reported separately from the school’s chartering authority, if the school is “independent.” She said that OFY/OFL schools “want to be accountable, not dealing with negative press that’s inaccurate.” She expressed appreciation for the ACCS’ interest in this issue.

Skip Hansen, Senior Vice President, Desert Sands Charter Concept Schools, commented on the particularly transient student population served by the school and how the current dropout rate calculation disadvantages the schools. Moreover, he commented, the ACCS is increasingly looking at “other factors” in funding determination rate decisions, and the schools’ apparently high dropout rate could have negative consequences in that context. He stressed that the schools play an “important role” in the lives of their students, and described the schools’ goals.

Hank Jannace, Director of Pupil Services, Burbank Unified School District, urged the ACCS to do what it could to “get this calculation straightened out.” He indicated that it is very difficult to explain a high dropout rate to a board of education. “The calculation is detrimental to us,” he commented. Everyone inquires why the district’s dropout rate is so high, and the impact of the OFY/OFL school on the dropout rate is great. He said that he often stresses the district’s high attendance rate of 96 percent, one of the highest among urban districts. But the attendance rate is “a non-seller” when juxtaposed with the dropout rate. He encouraged the ACCS to “take this to the next level.”

Chair Belisle concluded that this is a complicated issue. It is important to “beware of dumping” when designing a dropout calculation, but “dropout recovery” is different and a very legitimate purpose. She inquired whether any ACCS members had a particular interest in pursuing this issue. Mr. Ashley concluded by noting that the numbers posted on the Dataquest Web site are not designed to favor (or disfavor) any particular constituency. Charter school dropout numbers roll up to the district, because that is intuitive. In terms of the accountability system, dropouts are treated differently. He acknowledged that the fall enrollment forms a fixed denominator and “that is a problem.” However, it is a transitional problem and the data will be more accurate by 2010. Chair Belisle wrapped up by indicating that ACCS members interested in pursuing this matter further should make their interest known to Ms. Barkley. She again expressed appreciation to Mr. Ashley.

Adjournment

Noting that the meeting had gone longer than expected (but that all business items had been covered), and noting that the meeting room had apparently been committed to another party for the late afternoon, Chair Belisle adjourned the meeting at 4:19 p.m.

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The next meeting will be held on Friday, October 31, 2008, at the CDE Building, 1430 N Street, Room 1101, Sacramento.