



**New Jersey State Legislature
Office of Legislative Services
Office of the State Auditor**

**Department of Education
Office of Charter Schools**

July 1, 2010 to February 29, 2012

**Stephen M. Eells
State Auditor**

LEGISLATIVE SERVICES COMMISSION

ASSEMBLYMAN
JOSEPH J. ROBERTS, JR.
Chairman

SENATOR
THOMAS H. KEAN, JR.
Vice-Chairman

SENATE

ANDREW R. CIESLA
RICHARD J. CODEY
NIA H. GILL
ROBERT M. GORDON
SEAN T. KEAN
JOSEPH M. KYRILLOS, JR.
LORETTA WEINBERG

GENERAL ASSEMBLY

PETER J. BIONDI
JON M. BRANNICK
JOHN J. BURZICHELLI
ALEX DECROCE
ALISON LITTELL MICHOSE
JOAN M. QUIGLEY
BONNIE WATSON COLEMAN



New Jersey State Legislature

OFFICE OF LEGISLATIVE SERVICES

OFFICE OF THE STATE AUDITOR
125 SOUTH WARREN STREET
PO BOX 067
TRENTON NJ 08625-0067

ALBERT PORRONI
Executive Director
(609) 292-4625

OFFICE OF THE STATE AUDITOR
(609) 847-3470
FAX (609) 633-0834

STEPHEN M. EELLS
State Auditor

THOMAS R. MISEROLL
Assistant State Auditor

JOHN J. TERMUNA
Assistant State Auditor

The Honorable Chris Christie
Governor of New Jersey

The Honorable Stephen M. Sweeney
President of the Senate

The Honorable Sheila Y. Oliver
Speaker of the General Assembly

Mr. Albert Porroni
Executive Director
Office of Legislative Services

Enclosed is our report on the audit of the Department of Education, Office of Charter Schools for the period of July 1, 2010 to February 29, 2012. If you would like a personal briefing, please call me at (609) 847-3470.

A handwritten signature in black ink, appearing to read "Stephen M. Eells".

Stephen M. Eells
State Auditor
May 24, 2012

Table of Contents

Scope.....	1
Objectives	1
Methodology	1
Conclusions.....	2
Findings and Recommendations	
Charter School Application Process	3
Charter School Monitoring	5
Appendix I	9
Auditee Response.....	10

Scope

We have completed an audit of the Department of Education, Office of Charter Schools for the period July 1, 2010 to February 29, 2012. Our audit included a review of the department's charter school October 15, 2010 application process, monitoring procedures, and aid calculations; and a review of individual charter schools for compliance with selected statutory requirements.

The Charter School Program Act of 1995 authorized the Commissioner of Education to establish a charter school program. A charter school is a public school that operates independently of the local school district's board of education under a charter granted by the Commissioner. The school is managed by a board of trustees with status as a public agent authorized by the State Board of Education to supervise and control the school.

A total of 73 charter schools were operating in 34 school districts during the 2010-2011 school year serving 23,410 students based on final enrollment. This included 55 schools that were located in special needs districts, known as SDA districts. Of the 80 charter schools currently operating in school year 2011-2012, 60 are located in SDA districts. As of February 29, 2012, there is the potential for an additional 30 schools to be granted a charter for school year 2012-2013. Of the 30 schools that may open in September 2012, 20 were approved in calendar years 2010 or 2011 and have been given planning year extensions. The remaining ten schools are scheduled to open without a planning year extension. State and local district funding provided to the charter schools totaled \$311.1 million and \$374.1 million in school years 2010-2011 and 2011-2012, respectively.

Objectives

The objectives of our audit were to determine whether charter school aid had been calculated in compliance with the School Funding Reform Act of 2008 (SFRA), whether the process utilized by the department to review and approve charter school applications and grant charter renewals was adequate, and whether department monitoring procedures are adequate and in compliance with existing law. Additionally, we reviewed individual charter schools for compliance with statutory provisions concerning employee certification and criminal history background check requirements. We also tested for resolution of the significant conditions noted in our prior report dated May 24, 2004 regarding monitoring, aid calculations, and average daily enrollment errors.

This audit was conducted pursuant to the State Auditor's responsibilities as set forth in Article VII, Section I, Paragraph 6 of the State Constitution and Title 52 of the New Jersey Statutes.

Methodology

Our audit was conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States.

In preparation for our testing, we studied legislation, the administrative code, and policies of the department. Provisions that we considered significant were documented and compliance with those requirements was verified by interview, observation, and through our audit tests. We also read the budget messages, reviewed financial trends, and interviewed department personnel to obtain an understanding of the programs and internal controls.

A nonstatistical sampling approach was used. Our samples of school aid calculations were designed to provide conclusions about the validity of transactions, as well as internal control and compliance attributes. Transactions were judgmentally selected for testing.

To ascertain the status of findings included in our prior report, we identified corrective action taken by the department and performed tests to determine if the corrective action was effective.

Conclusions

We found that the aid distributed to charter schools was calculated in compliance with the SFRA. We also determined that the process utilized by the department to review and approve initial applications and grant charter renewals was inadequate. In addition, we found that mandated monitoring procedures, which include annual assessments of charter school performance and enrollments, are not being completed. Specific policies and procedures that provide a basis for decision making and help with the identification of successful or failing schools need to be developed immediately. We also found that the significant issues noted in our prior report regarding aid calculations and average daily enrollment errors have been resolved. The monitoring issue concerning employee certification requirements and criminal history background checks has been updated and restated in the current report.

Charter School Application Process

The process used to review and evaluate charter school applications should be improved and documented.

Pursuant to N.J.A.C. 6A:11-2.1, an eligible applicant for a charter school must submit a completed application to the Commissioner of Education by March 31st for which they will receive a decision regarding approval or denial by September 30th. Applicants may also elect to apply early by submitting their applications by October 15th to receive a decision by January 15th. In all cases, the final granting of the charter by the commissioner shall be effective upon the submission of all required documentation by June 30th and approval by the department by July 15th.

The New Jersey Charter School application consists of a program and operations plan (program plan) and a financial plan. A separate scoring rubric is utilized to evaluate each plan. The program plan is reviewed by three individuals consisting of two department employees and one external reviewer, and the financial plan is reviewed by one department employee. Each reviewer provides an initial score and a revised score if the application moves on to the addenda phase, where applicants supply additional information or answer specific questions about their application. Other factors, which include an interview with the school founders to determine how thorough their knowledge and understanding of the application is, are also considered in determining whether an application is approved or denied. However, the overall process lacks transparency as to how much weight is given to each of the evaluation criteria.

For the October 15, 2010 application cycle, 23 of 48 applications received by the department were initially approved. Seven of the 23 approved applicants were granted a charter effective for school year 2011-2012, while 14 were given a planning year extension since more time was needed to develop various components of their school. One school that was initially approved withdrew their application, while another was subsequently denied. Our review noted deficiencies, including a lack of formal written guidelines, within the process utilized by the department to review and approve applications. As a result, there is inadequate assurance that the process is being performed consistently and results in only qualified applicants being approved. Specifically, our review of the approval process for the October 15, 2010 application cycle noted the following issues.

- Formal policies and procedures that establish reviewer eligibility and qualification requirements and that explain the selection process have not been established. This is of particular importance for the selection of external reviewers. In addition, current and former staff members of the Office of Charter Schools stated that adequate training was not provided to the reviewers for this cycle. In prior application cycles, reviewers received technical assistance training that consisted of a 36 slide power-point presentation that was approximately four hours in duration. However, for the October 15, 2010 application cycle, the training was limited to 30 minutes and only included a 6 slide power-point presentation.

- Application program plan reviews were not complete and consistent. Revised scores, subsequent to addenda, were not provided by all three reviewers in most cases and no scores were provided for one approved application. In addition, two reviewers provided written comments that stated the same application should not move forward but it was still approved. This application was given a planning year extension, but it may be in violation of current charter school law as indicated by one of the reviewers. The school aims to serve students with severe autism, but a charter school is not permitted to discriminate in its admission policies or practices.
- Maximum scores an applicant could have received on the financial and program parts of their application were 60 points and 64 points, respectively. However, we found no association between the total score an application received and its approval. Revised financial plan scores, subsequent to addenda, for the 23 approved applications ranged from 23 to 51 and the average initial program plan score for each of the 23 applications ranged from 36 to 58. We noted several instances where both program and financial plan scores for a denied application were higher than an approved application, including one that outscored ten approved applications. As previously mentioned, other evaluation criteria are considered, but there is a lack of transparency as to the degree these other factors have on the overall decision making process.
- As part of the financial plan review, available funding is compared to projected first year costs to ensure the school is financially viable. Our review noted that a budget deficit was projected for 7 of the 23 approved schools.
- There are no formal policies or procedures that establish criteria for granting planning year extensions.

For application cycles subsequent to October 15, 2010, the Office of Charter Schools switched from a scoring rubric to an evaluation rubric to rate the application program plan. Within each section, the reviewer now determines whether an applicant's response to specific questions meets, approaches, or does not meet the standard. For the March 31, 2011 application cycle, only 4 of 58 applications received by the department were approved. This represents a significant decrease in comparison to the previous cycle when 23 of 48 applications were initially approved. However, specific guidelines that define the requirements an applicant must meet for approval have still not been formally developed.

Recommendation

We recommend the Office of Charter Schools develop and implement a comprehensive written policy for the review of charter school applications. Procedures covered by the policy should include reviewer eligibility and qualification requirements, as well as their selection process. Procedures should also cover training requirements for reviewers and establish specific guidelines and instructions on how applications are to be reviewed and rated to assure

consistency and completeness. Applicant approval and planning year requirements (minimum scores for example) should be transparent to support decision making and help reduce complaints and potential litigation from denied applicants.



Charter School Monitoring

The DOE should perform annual assessments as required and monitor schools for compliance with statutory requirements.

Pursuant to N.J.S.A. 18A:36A-16, the commissioner is required to annually assess whether each charter school is meeting the goals of its charter, and shall conduct a comprehensive review prior to granting a renewal of the charter. N.J.A.C. 6A:11-2.2(c) further requires the commissioner to annually assess the student composition of a charter school and the effect that the loss of students may have on the district where the charter school is located. Statutory provisions also require all prospective charter school employees to submit to a criminal history background check and all classroom teachers, principals, and professional support staff employed by the board of trustees to obtain the appropriate New Jersey certification in accordance with N.J.A.C. 6A:9-5.1. Our review noted the following issues.

Annual Assessments

Annual assessments that determine whether a charter school is meeting the goals of its charter are not being completed as required. The board of trustees of a charter school is required to submit an annual report that describes how the school's goals and objectives are being achieved. However, formal policies and procedures that would provide for the verification of this information and that would identify performance benchmarks to evaluate against have not been established. As a result, the department cannot be assured that reported performance outcomes are actually being achieved and that schools are operating as intended.

Annual assessments regarding the student composition of a charter school and the effect enrollment declines may have on the district are also not being completed. Statutory provisions require charter schools to submit data for the assessment, but the department has not established any formal policies or procedures detailing how to evaluate the information. As a result, inefficiencies regarding school building use by the district where the charter school is located may go undetected and possible cost savings through consolidation could go unrealized. In addition, charter school enrollments may not be in compliance with N.J.S.A. 18A:36A-8, which requires preference be given to students who reside in the school district in which the charter school is located and a random selection process be utilized when enrollment applications exceed the spaces available.

Charter Renewal

A charter is initially granted by the commissioner for a four-year period and may be renewed for a five-year period. In accordance with N.J.A.C. 6A:11-2.3, the commissioner shall grant or deny the renewal of a charter upon a comprehensive review of the school. The review shall include an evaluation of the school's renewal application and annual reports, student performance on the Statewide Assessment Program, and annual assessments of the charter school's student composition by the department; monitoring of the charter school by the commissioner or designee; and a structured interview with various charter school representatives, including a member of the board of trustees and the lead person of the school. Since the comprehensive review to determine possible charter renewal is undertaken once every five years, adequate periodic monitoring procedures are necessary to assure schools remain financially viable, are operating as intended, and are meeting the goals, objectives, and mission of their charter. Currently, monitoring procedures are inadequate and cannot provide this assurance since the required annual assessments are not being completed and information contained in the annual reports is not verified as previously mentioned. Failure to perform these procedures weakens the renewal process. Specifically, our review of the process utilized by the department to evaluate 15 schools whose charters required renewal beginning in school year 2011-2012 noted the following issues.

- The review process primarily consisted of a one-day, pre-announced site visit completed by team members from several offices within the department including the Office of Charter Schools, Office of District Schools, and the applicable county office. Advance preparation for the site visits consisted primarily of reading the original charter, annual reports, and the renewal application. Upon completion of the site visit, a summary report was prepared for each school. Formal procedures, however, that clarify who can participate on the review team, areas of responsibility, areas to review, and established evaluation criteria for determining approval or denial have not been documented.

The Office of District Schools completed an independent review and concluded that the overall renewal process is not rigorous enough and one day is not sufficient for a comprehensive site visit review. They specifically stated that more time is necessary to review curriculum implementation, lesson planning, and student achievement.

- We reviewed the site visit summary reports for each of the 14 schools that had their charters renewed in school year 2011-2012 for evidence that student performance in the statewide assessment program was evaluated. We could not substantiate whether site visit renewal procedures for 8 of the 14 schools included a review of student performance.

As illustrated in Appendix I, we compared charter school third grade results on the 2010 New Jersey Assessment of Skills and Knowledge (NJASK) to third grade scores in the district where the charter school is located. We found that the percentage of students that achieve scores at the proficient or advanced proficient levels in 13 of 40 schools underperformed their home district by 10 percentage points or more in one or both of the

tested areas. This includes one school that underperformed by more than 40 percentage points in both test areas. We recognize that this is only one test period and may not be indicative of the trends or progress a charter school is making. However, the results may indicate a need for current action or closer monitoring in the following year(s). Formal procedures that establish review criteria with respect to NJASK scores should be established to identify both successful schools and ineffective schools that may require assistance or that should be closed for performance deficiencies.

Subsequent to our review, the Office of Charter Schools began developing formal guidelines for the renewal process. The reviewer guidelines, which cover renewal applications and site visits, will be used to evaluate charters requiring renewal in school year 2012-2013 and thereafter.

Criminal History Background Checks

We examined employee personnel files at five charter schools and department records for evidence that all employees who regularly come into contact with pupils had undergone a criminal history background check in accordance with N.J.S.A. 18A:6-7.1. Approval letters issued by the department's Criminal History Review Unit are only valid in the district that employs the applicant and a new letter is required whenever an applicant changes districts. This requirement is necessary to assure individuals who have been permanently disqualified for employment as a result of an arrest or conviction do not utilize a previously issued letter to obtain employment in another district. Our review included 309 employees and we found that 7 had not undergone a background check. In addition, 27 employees did not have an approval letter for the district that employed them. The department's Criminal History Review Unit has been notified of all 34 exceptions so corrective action can be initiated, if warranted. Our review also found that individuals performing contracted services at one school we visited had not undergone a background check as required.

Employee Certification

We reviewed department records and employee files at five charter schools to determine if employees had the proper New Jersey certification for their job title. A provisional or standard certificate is required, in order to be employed in a school district. A certificate of eligibility or certificate of eligibility with advanced standing only authorizes an individual to seek and accept employment. Our review included 238 employees and we found that 13 were not properly certified. This included two school nurses and a health coordinator who did not have any department certification. We also found substitutes with expired certifications, classes being taught by teachers who had not acquired a provisional or standard certificate, and a vice principal who was not certified.

Recommendation

We recommend the Office of Charter Schools perform all annual assessments as required by law. We further recommend that the office continue to develop and implement a comprehensive written policy for the renewal of charter schools. Procedures covered by the policy should include specific guidelines and instructions on how information contained in annual reports and renewal applications is to be reviewed and verified. Procedures should further explain how to evaluate overall school performance on the NJASK. Procedures should also clarify staff member participation on site visits and areas of responsibility, and the specific requirements or benchmarks schools must meet for renewal. The department should also actively monitor charter schools to ensure staff and contractors have complied with statewide criminal history background check requirements and applicable employees have complied with certification requirements.

»»<<<

Appendix I

Grade 3 New Jersey Assessment of Skills and Knowledge (NJ ASK) – Spring 2010

* The NJ ASK measures student achievement in the areas required by NJ's Core Curriculum Content Standards.

* The scores represent the percentage of students that scored at the proficient or advanced proficient level.

* Charter School scores that were lower than their home district scores by ten percentage points or more are shaded.

* NJASK Grade 3 State Averages: Language Arts = 59.7 / Math = 78.1

Language Arts

Math

Charter School	District	Renewal Year	Charter	District	Charter	District
Adelaide L. Sanford	Newark	2011-2012	47	37.9	51	55.9
Bergen Arts and Sciences	Garfield	2011-2012	75.5	58.4	89.6	79.8
Elysian of Hoboken	Hoboken	2011-2012	78.2	50.3	93.7	67.8
Jersey City Community	Jersey City	2011-2012	35.2	43.3	76	64.3
Leap Academy University	Camden	2011-2012	26.7	17	58.4	36.8
Learning Community	Jersey City	2011-2012	61	43.3	86.5	64.3
Princeton	Princeton	2011-2012	80	77.1	97.8	92.6
Robert Treat Academy	Newark	2011-2012	74	37.9	94	55.9
Soaring Heights	Jersey City	2011-2012	65.2	43.3	91.3	64.3
Trenton Community	Trenton	2011-2012	39.1	27.5	50	40.9
Community CS of Paterson	Paterson	2012-2013	24.5	31.2	43	53.1
East Orange Community	East Orange	2012-2013	33.3	55.5	53.1	73.3
Englewood on the Palisades	Englewood	2012-2013	75.7	52.4	78.8	57.2
Greater Brunswick	New Brunswick	2012-2013	30	24.2	30	51
Hoboken	Hoboken	2012-2013	81.8	50.3	100	67.8
International CS of Trenton	Trenton	2012-2013	44.4	27.5	66.6	40.9
Jersey City Golden Door	Jersey City	2012-2013	39.1	43.3	68.1	64.3
Pleasantech Academy	Pleasantville	2012-2013	36	40.9	43.7	67.5
Red Bank	Red Bank	2012-2013	85	29.2	95	43.7
Teaneck Community	Teaneck	2012-2013	70.6	62.5	73.6	76.5
Liberty Academy	Jersey City	2013-2014	24.1	43.3	41.3	64.3
Maria L. Varisco-Rogers	Newark	2013-2014	33.3	37.9	57.4	55.9
Marion P. Thomas	Newark	2013-2014	52.4	37.9	54.7	55.9
New Horizons Community	Newark	2013-2014	34.1	37.9	57.3	55.9
Newark Educators Comm.	Newark	2013-2014	28	37.9	38	55.9
Oceanside	Atlantic City	2013-2014	26.3	43.9	23.7	61.5
Pace CS of Hamilton	Hamilton twp.	2013-2014	48.1	58.1	88.9	73.5
Ridge and Valley	Blairstown	2013-2014	15.4	59.1	30.8	72.7
Village	Trenton	2013-2014	35.9	27.5	48.7	40.9
D.U.E. Season	Camden	2014-2015	25.5	17	35.7	36.8
Environment Community	Camden	2014-2015	47.7	17	40.9	36.8
Galloway Community	Galloway	2014-2015	37	51.6	44.4	79.6
Gray	Newark	2014-2015	68.6	37.9	71.4	55.9
Queen City Academy	Plainfield	2014-2015	75	27.8	77.8	44.9
Schomburg	Jersey City	2014-2015	12.5	43.3	30	64.3
Union County Teams	Plainfield	2014-2015	63.2	27.8	94.7	44.9
Central Jersey Arts	Plainfield	2015-2016	25.6	27.8	23.3	44.9
Hope Academy	Asbury Park	2015-2016	30	16.6	44.5	35.3
Lady Liberty Academy	Newark	2015-2016	26.5	37.9	48.9	55.9
University Heights	Newark	2015-2016	50	37.9	77.5	55.9



State of New Jersey

DEPARTMENT OF EDUCATION

PO Box 500

TRENTON, NJ 08625-0500

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

CHRISTOPHER D. CERF
Acting Commissioner

May 21, 2012

Mr. Stephen M. Eells, State Auditor
Office of Legislative Services
Office of the State Auditor
125 South Warren Street
P.O. Box 067
Trenton, NJ 08625-0067

Dear Mr. Eells:

SUBJECT: Response to OLS Audit Report of the Department of Education, Office of Charter Schools

The New Jersey Department of Education (DOE) has received and reviewed the Office of Legislative Services (OLS) Audit Report of the Department of Education, Office of Charter Schools for the period July 1, 2010 to February 29, 2012. The auditors' findings and recommendations, along with our responses are as follows:

Finding Number 1

Charter School Application Process - The process used to review and evaluate charter school applications should be improved and documented.

Recommendation

We recommend the Office of Charter Schools develop and implement a comprehensive written policy for the review of charter school applications. Procedures covered by the policy should include reviewer eligibility and qualification requirements, as well as their selection process. Procedures should also cover training requirements for reviewers and establish specific guidelines and instructions on how applications are to be reviewed and rated to assure consistency and completeness. Applicant approval and planning year requirements (minimum scores for example) should be transparent to support decision making and help reduce complaints and potential litigation from denied applicants.

NJDOE Response

Because this report looks at a charter application round nearly 18 months ago, both its findings and recommendations are out of date. Though the Department had a high-quality review process aligned to national best practices at that time, the Office of Charter Schools has worked tirelessly over the past 18 months to develop, grow, and expand its processes and procedures to ensure that the Department is building a high-quality network of charter schools based on the fundamental bedrock of accountability for performance.

In the time that has passed since the observation period in this report, the Office of Charter Schools has successfully acted on a strong reform vision with precision, focus, and strategic decision-making. With 27,000 charter school students and an additional 20,000 students on waiting lists in New Jersey, and communities calling for more high-quality public school options, it was necessary to update and standardize the charter application process to ensure high-quality operators were opening schools that would best serve New Jersey students. Acting Commissioner Chris Cerf has transformed the Office of Charter Schools and the way in which charter schools are approved, renewed and evaluated in the state.

Before outlining the specific upgrades to the charter application process, it is important to note that since January 2011, there has been an overall shift in the way charter schools are evaluated in New Jersey. Most importantly, the application and renewal process has become outcome-based rather than compliance driven. With clearer evaluation metrics and updated standards, individual schools are now held accountable for student achievement. These changes will establish the DOE as a national leader in charter school authorizing and ensure more NJ students have access to a high-quality public education.

Since OLS last reviewed our charter approval process in October, 2010, we have improved the quality of the charter application process in the following ways:

- **Establishing a reviewer selection process that meets national standards.** All external reviewers are now vetted and certified by the National Association of Charter School Authorizers (NACSA). In addition, internal reviewers, who are representatives from the Office of Charter Schools and other divisions within the Department, continue to receive support and development in national best practices of charter application evaluation.
- **Improving reviewer training.** The reviewer training has now developed to the point where it is three times as long, much more in-depth, detailed and rigorous than during the October 2010 charter application process. In addition, experienced external reviewers are trained by NACSA and have participated in multiple charter application reviews across the country on an annual basis. With this experience and training, reviewers are more qualified and well-versed in best practices from a national and statewide perspective.
- **Increasing reviewer collaboration.** The Office of Charter Schools has added a step to the review process to increase reviewer collaboration, thoroughness and consistency.

After individual reviewers assess each application based on a standardized rubric, the team leader aggregates the individual reviews. The entire team of reviewers meets to collectively evaluate the application and come to a collaborative decision about recommended next steps.

- **Setting clear expectations for applicants with updated criteria and evaluation rubric.** Updated charter applications include the criteria upon which applications are to be reviewed and rated. This standardizes and clarifies the evaluation and application process. The development and implementation of the Performance Frameworks, which will inform application, annual review, renewal and monitoring processes, will ensure transparent, outcome driven, consistent and rigorous charter school assessment and accountability.
- **Creating a database to catalog and easily review public input and comment.** Public input is critical to the success of public charter schools. In October 2011, the Office of Charter Schools created a database to catalog all public comment to better evaluate these comments in the charter approval process.
- **Formalizing the applicant capacity interview.** The “capacity interview,” designed to assess the ability of the founding team to turn an application into a high-quality school, has been critical to the application review process, but needed to be formalized and structured. The Department has created a capacity interview rubric which ensures all applicants are evaluated by an identical rubric during interviews. In addition, all reviewers now undergo annual interview training to learn how best to conduct this portion of the evaluation process to produce consistent and balanced results.
- **Ensuring reviewer consistency.** Once a team of reviewers is assigned to a specific charter application, they remain the primary evaluators of that charter until it is denied or receives initial approval. With the same team assessing the initial application, requesting additional information for the addenda, and conducting the applicant interview, the evaluation process is consistent and collaborative. This ensures that the individuals most familiar with a charter school are the ones making an informed decision about the future of the proposed school.

The evaluation process concludes with the formalized and structured Preparedness Review, which results in the final charter school approval as outlined in law. The Preparedness Review ensures that each applicant has completed all the necessary requirements to begin school operations. Charter school applicants that have successfully completed the application and interview process, but that do not meet all requirements in the final approval review, are granted a Planning Year. This year is integral to many of New Jersey’s most successful charter schools, as it enables them to fully prepare to serve students with a high-quality education from day one. As of May, 2012, the Department has promulgated new regulations to formalize the Planning Year.

In addition to improving charter application and renewal procedures, sweeping changes have taken place across the Office of Charter Schools in the last year and a half. The first step was to double the number of staff in the office since October, 2010. By replacing previous staff with charter experts and providing in-depth training and professional development, the Office of Charter Schools was poised to meet the charge of increasing the number of high-quality school options. With the right staff in place, the Department then entered into an agreement with the National Association of Charter School Authorizers (NACSA) to continuously revise and improve its work as an authorizer aligned to national best practices.

The Office of Charter Schools is currently working to meet the following strategic initiatives:

- 1. Build a Pipeline of High-Quality Schools**
- 2. Create Professional Learning Communities**
- 3. Improve Authorizer Oversight Practices and Become a Nationally-Recognized Authorizer**

The newly revamped Office of Charter Schools is better equipped to successfully balance the day-to-day operations of the office, while at the same time maintaining a commitment to the overall vision of increasing the number of high-quality charter school seats. This has set the path for New Jersey to become a national leader in the charter school movement. The Office of Charter Schools is now able to showcase strong New Jersey charter school standards, practice fair and transparent oversight, ensure compliance, enforce accountability, promulgate innovative school models and best practices, and demonstrate quality authorizing.

The promise of charter schools is that they will offer parents another high-quality public school alternative, especially for children whose needs are not being successfully met elsewhere. Every bit as “public” as traditional schools managed by local districts, charter public schools are tuition free, open to all, and committed to providing equal access to quality education to any child who wishes to attend. (If oversubscribed, admission is determined by lottery.) To accomplish this mission, charter schools are granted additional autonomy to innovate. In exchange, the Department of Education must set a high bar for accountability and ensure that these schools are fulfilling their promise of improving student achievement and serving all students.

Finding Number 2

Charter School Monitoring - The DOE should perform annual assessments as required and monitor schools for compliance with statutory requirements.

Recommendation

We recommend the Office of Charter Schools perform all annual assessments as required by law. We further recommend that the office continue to develop and implement a comprehensive

written policy for the renewal of charter schools. Procedures covered by the policy should include specific guidelines and instructions on how information contained in annual reports and renewal applications is to be reviewed and verified. Procedures should further explain how to evaluate overall school performance on the NJASK. Procedures should also clarify staff member participation on site visits and areas of responsibility, and the specific requirements or benchmarks schools must meet for renewal. The Department should also actively monitor charter schools to ensure staff and contractors have complied with statewide criminal history background check requirements and applicable employees have complied with certification requirements.

NJDOE Response

Each year, the Office of Charter Schools monitors the educational program and fiscal solvency of all New Jersey charter schools. Charter schools submit an annual report in accordance with N.J.A.C. 6A:11-2.2. In 2012, the annual report was revamped to provide for an objective and consistent evaluation of charters schools against high-quality performance standards. Rather than a subjective, narrative response, the new annual report solicits responses focused on outcomes. In addition, the Office of Charter Schools annually and upon revenue and enrollment variances, reviews each school's budget summary. The budget summary includes three parts: a budget narrative, a budget summary and a cash flow schedule. Each school's audit is also annually reviewed.

In the past year, the Office of Charter Schools has built academic assessment tools and conducted numerous analyses on the academic performance of all New Jersey charter schools. These analyses include the following absolute, comparative and growth metrics, at school level, by grade and by subgroup:

- Proficiency rates on state-wide assessments
- Mean scale score on state-wide assessments
- School-wide growth over time on state-wide assessments
- Comparisons to the state average
- Comparisons to the charter school's host district
- Comparison to demographically similar charter and traditional schools
- Graduation/drop-out rate
- Student retention rate
- Student progress as measured using student growth percentiles (when data is available)

These assessment tools have provided the Department with a thorough understanding of our high and low-performing charter schools and have guided decision-making and oversight policy of the Office of Charter Schools.

The Department has also developed a new renewal process focused predominantly on whether the charter school has demonstrated academic achievement for its students. We have also greatly increased the transparency of this process by providing all applicants clear criteria by which they will be evaluated. A copy of the new renewal application can be found at the link below.

<http://www.state.nj.us/education/chartsch/app/renewal/>

In order to strengthen and bolster the charter renewal process, the Department developed a new charter school renewal application in July 2011, new guidelines and criteria in September 2011, and new site visit documentation in October 2011. The updated application is streamlined and includes criteria upon which applications will be reviewed and rated. Site visit documentation includes an overview of the renewal process, sample schedule, classroom visit rubrics, interview forms for key stakeholders, and documentation review checklists. As the Department continues to refine and implement accountability measures, as in the Performance Frameworks (outlined below), all rubrics, forms, and evaluations will identify consistent outcome criteria and standards.

Recognizing the need for more reviewers and expertise, beginning in October 2011, the Office of Charter Schools enlisted staff from across the Department to become active participants in the charter renewal process. All renewal process participants are required to undergo renewal training, which includes step-by-step guidelines for how to review renewal applications and the quality criteria by which applications are scored. In this training, each reviewer is given information on the academic performance of the schools they are to review, as well as training on the purpose, process, and expectations for the site visit. They are provided ample time to review the documentation of overall school performance before contributing to the final decision about the future of the school.

In order to provide more information about school progress during the renewal process, the Department now partners with many county offices and works closely with the Office of Licensure and Credentials to ensure compliance with all applicable statute and code requirements. Increased outreach to the county offices has resulted in more dialogue with county office staff about compliance, accountability and governance issues. With this support, criminal history background checks and staff certification checks are verified and completed.

In further efforts to streamline and improve the charter renewal process, reporting tools have been overhauled to align with new Performance Frameworks that will be introduced by the Office of Charter Schools in July 2012. The Performance Frameworks have three parts-academic, fiscal and organizational. The Frameworks are closely aligned with New Jersey's larger accountability system. They will be used in renewal and other high stakes decision and to establish a common set of expectations for discussing charter accountability from application through renewal.

The Frameworks contain only outcome measures, focusing on whether or not a school is providing a high-quality education to all students. The Frameworks will play a critical role in

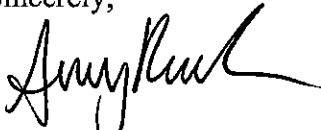
evaluating overall school performance and will clearly define the set of expectations a school must meet in order to be deemed high quality. This is the first time that the Office of Charter Schools has set individual performance targets and metrics to define a high-quality school based on measurable objectives.

The Administration has demonstrated its commitment to maintaining a strong level of accountability for results in both charter and district schools. Since Acting Commissioner Cerf took office in January 2011, five charter schools have closed, or are slated for closure, for reasons ranging from low student performance and growth, operational deficiencies, and fiscal viability. In total, Acting Commissioner Cerf has placed thirteen schools on probation or corrective action for academic, fiscal, operational and compliance issues, demonstrating a commitment to ongoing, yearly monitoring and accountability for results. While student achievement outcomes remain the single most important factor in evaluating charter school performance, the Office of Charter Schools continues to assess a school's viability and sustainability based on a thorough evaluation of the school.

Charter schools serve a critical need in New Jersey not only by providing high-quality options for students where they otherwise do not exist, but also by serving as laboratories of innovation. We are committed to supporting the expansion of high-quality charter schools that serve unmet needs across the state. In return, we will require charter schools to demonstrate continuous academic achievement and a commitment to equal access.

We trust that these responses satisfy the concerns raised in the audit report. Should you have any questions or need further information, please contact me at 609-633-6681.

Sincerely,



Amy Ruck, Acting Director
Office of Charter Schools

Sincerely,



David Hespe
Chief of Staff

DH/RJC/AR/CP/doc response- Charter Schools Audit

c: Acting Commissioner Cerf

Justin Barra

Yut'se Thomas

Amy Ruck