

APPENDIX

Charter School Oversight & Accountability

July 2015

New Jersey Department of Education
Office of Charter Schools

New Jersey Charter Schools Overview

Mission

- The New Jersey Department of Education's (NJDOE) mission is to ensure that all students, regardless of zip code, graduate high school ready for college and career.

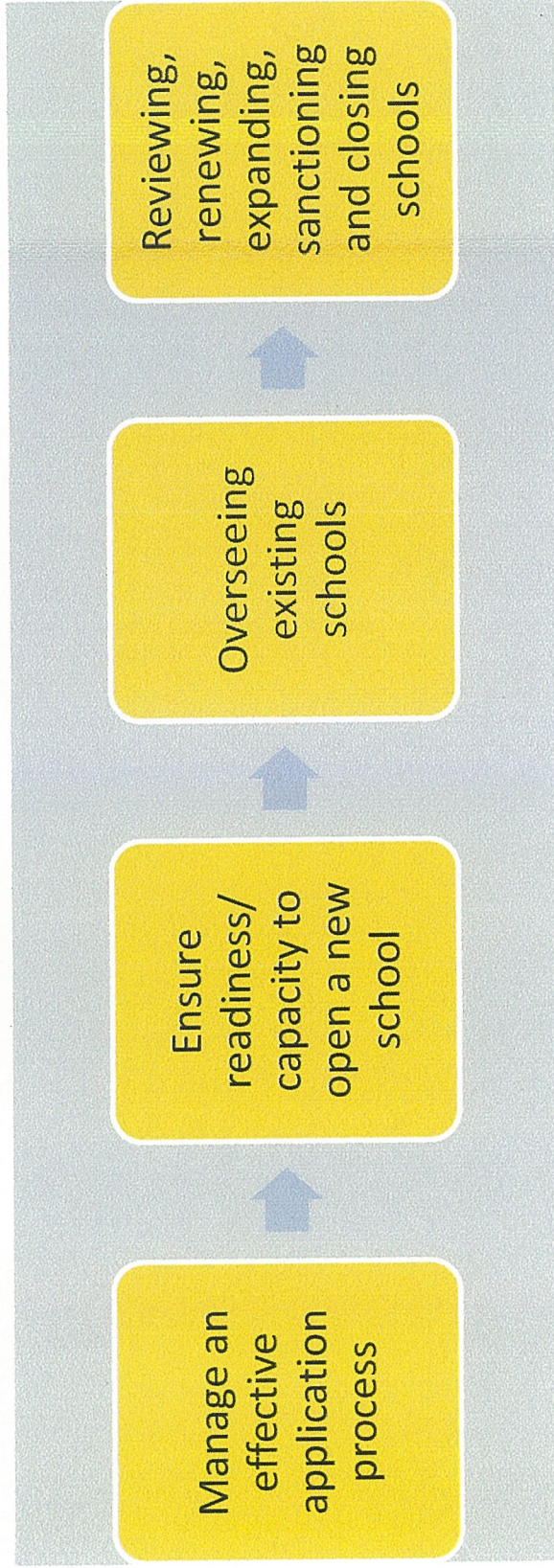
Authorizer Overview

- NJDOE is the state education agency and sole authorizer of charter schools in New Jersey.
- The Commissioner of Education has final authority in the approval, opening, monitoring and renewal of charters in New Jersey.

Charter School Information

- As of September 2015, there will be 89 charter schools serving over 40,000 students in the state.
- Charter schools are predominantly located in urban areas such as Newark, Jersey City, Camden and Trenton.
- Over the last 3 years, 15 charter schools have opened and 11 charter schools have been closed; 28 schools have been placed on probation

Core Functions



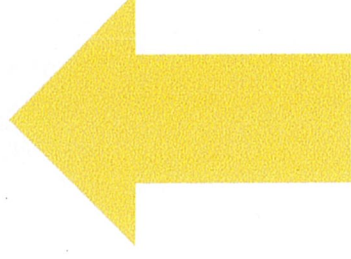
Performance Framework

The performance framework provides a consistent definition of school success, from application through renewal, that is aligned with DOE goals for all schools.

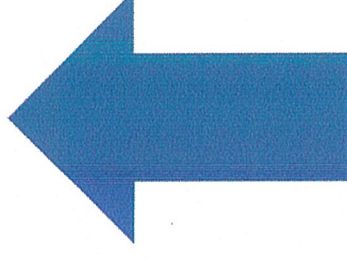


What is the Performance Framework?

- 3-part document (academic, fiscal, organizational) that sets forth expectations of performance and compliance.
- Established in the charter agreement and in current regulations.
- Basis for school evaluation, monitoring, and intervention that informs the NJDOE's high-stakes decision making.



Autonomy



Accountability

Performance Framework Guiding Questions

Academic	Financial	Organizational
Is the school's academic program a success?	Is the school financially viable?	Is the school equitable and organizationally sound?

Academic Framework Indicators

Student
Achievement
(Absolute)

Comparative
Performance

Student
Progress Over
Time (Growth)

State and
Federal
Accountability

Post-Secondary
Readiness

Mission-
Specific Goals

Organizational Framework Indicators

Education
Program

Equity

School Culture

Governance

Facilities

Financial
Management

Reporting &
Compliance



Financial Framework Indicators and Measures

Long Term - Sustainability Indicators

- Debt to Asset Ratio
- Total Margin
- Cash Flow
- Debt Service to Coverage Ratio

Near Term Indicators

- Current Ratio
- Unrestricted Days Cash On Hand
- Enrollment Variance
- Default on Loans

Oversight and Monitoring

- State Assessment Data
- NJSMART
- Compliance through Epicenter
- Annual Report
- Annual Independent Audit
- Budget Review
- Site Visit Monitoring
- Renewal

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Renewal Process

- Provides an opportunity for schools to present clear and compelling evidence regarding the school is meeting the goals of its charter and providing a high-quality education to students.
- Renewal Application
- Site Visit
 - ✓ Interviews with board, administration, teachers, students, parents
 - ✓ Document review
 - ✓ Classroom visits



**TESTIMONY OF NICOLE D. COLE, ESQ., PRESIDENT & CEO
NEW JERSEY CHARTER SCHOOLS ASSOCIATION**

**INNOVATIVE PRACTICES SUBCOMMITTEE
JOINT COMMITTEE ON THE PUBLIC SCHOOLS**

**JULY 20, 2015
RE: QSAC**

Good morning Chairman Wolfe and members of the Innovative Practices Subcommittee of the Joint Committee on the Public Schools. My name is Nicole Cole and I am the President & CEO of the NJ Charter Schools Association (NJCSA).

I appreciate the opportunity to appear before you today on behalf of the 87 public charter schools in New Jersey, the 40,000 students attending those schools and the 25,000+ households that are currently sitting on waiting lists for public charter schools across the State of New Jersey.

New Jersey's public charter schools are subject to rigorous oversight and accountability. The greatest measure of that is the threat of closure if they fail to meet the high standards set before them. QSAC, in many ways, represents a lower level of accountability than current accountability measures in place for public charter schools. Stated simply, charter schools provide more reporting and documentation than any public school structure in New Jersey with an emphasis on improving student outcomes, operations, and fiscal responsibility.

Every New Jersey public charter school must sign a charter agreement with the DOE that binds the public charter school and the DOE to the Charter School Performance Framework, as well as any additional promises or deliverables made in each individual charter agreement. If our schools fail to live up to this agreement they can be closed – the ultimate level of accountability.

The DOE's Charter School Performance Framework sets very high standards for student outcomes which includes a focus on curriculum, planning, organizational capacity, and financial stability. Such standards do not exist within QSAC.

In addition to the performance framework and the charter agreement, New Jersey public charter schools must also submit annual reports to the DOE that collect all pertinent data about their performance and operations. These yearly reports must demonstrate the public charter school's effectiveness, as well as the school's compliance with the DOE's performance framework and the charter agreement for that school.

I want to make clear that every charter school in New Jersey must sign a binding agreement with the DOE that lays out expectations and requirements related to student outcomes, curriculum, planning, organizational capacity, and financial stability. And every year, every charter school must submit an annual report detailing compliance with those requirements. If a charter school does not meet its requirements, it can be shut down and many have been.

New Jersey public charter schools also go through a very thorough and exhaustive charter renewal process—initially after four (4) years and then every five (5) years. In addition to documenting every important aspect of the school's academic, organizational, and financial performance, each public charter school must also undergo site visits from the NJDOE as part of the renewal process. In some cases, DOE staff visit every single classroom, interview teachers, parents, trustees, students, and examine records in the business office.

Finally, New Jersey public charter schools undergo annual financial audits using an Audit Program that is virtually identical to traditional public school district audits and is among the most rigorous such audits in the country.

As an association representing New Jersey's public charter school community, we believe that forcing public charter schools to add QSAC does nothing to improve transparency or accountability or most importantly, student outcomes. New Jersey public charter schools are already far more accountable than any traditional public school and far more exposed to real consequences for any failures.

I invite each of you to visit multiple charter schools and meet with the staff to learn more about the extensive review and oversight systems currently in place before you make any decisions.

We appreciate the opportunity and would be happy to answer any questions members of the committee may have.

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**TESTIMONY OF DONNA MEDEA
EDUCATION DIRECTOR
GREATER BRUNSWICK CHARTER SCHOOL**

**INNOVATIVE PRACTICES SUBCOMMITTEE
JOINT COMMITTEE ON THE PUBLIC SCHOOLS**

**JULY 20, 2015
QSAC**

Good morning Chairman Wolfe and members of the Innovative Practices Subcommittee of the Joint Committee on Public Schools.

My name is Donna Medea and I am the Education Director at the Greater Brunswick Charter School in New Brunswick, which will be celebrating its 18th year this September. I've also served as the Superintendent of Alpha Public School, Warren County, NJ.

I have seen school accountability systems from both the district and charter perspective, and I believe it is necessary and proper that charters maintain their existing system of accountability, separate from QSAC.

Charters must meet a higher standard of accountability, and must do so on an annual basis in a way that is aligned with their distinctive missions and the high standards set by the state. We, in the charter community are always mindful of the high stakes and profound consequences of failing to measure up. The possibility of closure weighs heavily on charter leaders. No district superintendent has that worry. The mandatory renewal of public charter schools every five years is unheard of in the world of district public education; the accountability system for charters takes this into account, allowing for the accumulation of data and evidence over the course of the charter term that then informs the renewal process.

Charter school performance standards are both comprehensive and demanding. They cover student outcomes, equity and access to the school, organizational capacity, and financial management. They are also potentially tailored to the specific themes and missions of schools, holding them accountable for the promises made in the charter application. Greater Brunswick, with its focus on individualized instruction, community involvement, and English language acquisition for our predominantly low-income Latino community is held accountable for serving those students in ways that meet their specific needs.

In addition to the Performance Framework, the Charter Agreement between GBCS and the New Jersey Department of Education is a contract that effectively binds the charter school both to the Performance Framework and the school's promises to its community. This minimizes any ambiguity about what defines success.

The last thing charter schools need is more regulatory overhead. We already must fulfill virtually all the same regulatory requirements as our district peers, and we must do so with fewer resources. The NJ Department of Education has done a good job in recent years of improving the entire charter school authorization and renewal process, while raising the bar for charter school performance, equitable access, and financial stewardship. Any changes to the system of charter school accountability should come through the robust process already administered by the Office of Charter Schools and not through QSAC.

I invite each of you to visit Greater Brunswick and to meet with our staff and families to learn more about the school's culture of accountability and the processes already in place to ensure we achieve high standards.

Thank you for the opportunity to speak. I would be happy to answer any questions members of the committee may have.

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New Jersey School Boards Association

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Joint Committee on the Public Schools

Testimony – Evaluation Process of Charter Schools

Monday, July 20, 2015

The New Jersey School Boards Association (NJSBA), a federation of 581 local boards of education and 81 charter school associate members, provides training, advocacy and support to advance public education and promote the achievement of all students through effective governance.

The current law in New Jersey requires charter schools to provide annual performance, financial, and operational data to the local board of education, the county superintendent of schools, and the commissioner of education. The law also requires that these reports be made available to the parents or guardians of enrolled students. State rules require the commissioner of education to prescribe the format of these reports, which must include evidence of how the school is achieving the mission, goals, and objectives of its charter as measured against the performance framework, as well as evidence of financial compliance using generally accepted accounting principles.

Based in part on the annual performance reports prepared by charter schools, the New Jersey Department of Education annually assesses whether each charter school is meeting its goals.

New Jersey law also empowers the commissioner of education to place a charter school on probationary status for an appropriate time period to allow implementation of a remedial plan upon a finding that the school is not operating in compliance with its charter, applicable statutes, or regulations.

In 2012, the New Jersey School Boards Association Delegate Assembly approved a report from an ad hoc committee, representing both traditional public schools and charter schools. The final report included a policy calling for the application of the same ethics and accountability standards to both charter schools and traditional public school districts.

NJSBA has supported choice within the public schools, including magnet schools, charter schools and inter-districts school choice. In line with its mission to promote student achievement, our Association believes that the current law may not provide a sufficient accountability process and that the state should regularly monitor charter schools' progress toward their established goals, objectives and standards. This process should include a comprehensive school visitation and evaluation.

TESTIMONY TO THE JOINT COMMITTEE ON PUBLIC SCHOOLS

Presented on behalf of Save Our Schools NJ by Susan Cauldwell, July 20, 2015

Thank you for convening today's discussion on charter school accountability and transparency and for the opportunity to testify on behalf of Save Our Schools NJ.

Save Our Schools NJ is an all-volunteer organization whose 29,000 members believe that every child should have access to a high quality public education. I am a volunteer with Save Our Schools NJ and the Executive Director of Save Our Schools NJ Community Organizing, a 501c3 nonprofit created by Save Our Schools NJ volunteers to support parent organizing across the state.

Save Our Schools NJ supports comparable accountability and transparency for all publicly-funded schools. In this time of tight revenues and flat school funding, it is more important than ever to ensure that all publicly-funded schools are educating our students effectively and efficiently. Unfortunately, New Jersey charter schools are not being held to the same standards as New Jersey's district public schools.

District public schools are evaluated using the QSAC Performance Framework while Charter Schools are evaluated using the Charter Performance Framework. QSAC was created by the NJDOE based on the needs of New Jersey students. The Charter Performance Framework was created for the NJDOE by the National Alliance of Charter School Authorizers, a national charter advocacy organization, and does not reflect New Jersey curriculum or standards.

There are numerous other differences between QSAC and the Charter School Performance Framework, including the number and type of indicators; the requirements to show compliance; and the scoring. This makes comparisons problematic and raises the question of why district public schools and charter schools are evaluated differently by the State?

The number and type of indicators

QSAC reviews occur every three years and encompass the following five areas: instruction and program; fiscal management; governance; personnel; and operations. By contrast, the Charter Performance Framework is conducted annually and encompasses just three areas: academic performance; financial performance; and organizational performance.

The components of the areas evaluated also differ for charter and district public schools. For example, for Instruction and Program, QSAC requires school districts to demonstrate that they "use a monitoring process to continually improve curriculum implementation for each NJCCCS and CCSS area." Similarly, QSAC requires school districts to ensure that the curriculum specifies

the content to be mastered for each grade; includes benchmarks and interim assessments; and is horizontally and vertically articulated across grades and content areas.

No such requirements exist in the Charter Performance Framework. In fact, the NJDOE does not even look at curriculum for charter schools. Instead, the evaluation of charter school academic performance is based solely on student test scores.

There is no justification for the State not to monitor the curriculum utilized by charter schools. All students deserve a rich and varied curriculum that emphasizes inquiry based cooperative learning and this should be one of the criteria for evaluating any publicly-funded school.

Melissa Katz, who student taught at an elementary charter school during the past academic year, testified at a State Board of Education hearing that the school's instructional focus was on tested subjects (ELA and math) and that no curriculum existed for science or social studies.¹ She also reported that the math and ELA curriculum were tightly scripted and consisted mostly of worksheets.

Such violations of our state's core curriculum standards should be detected and stopped by the state's evaluation framework. However, since charter schools are not evaluated on their curriculum, there is no way to determine how widespread these practices are.

Requirement to show compliance

QSAC requires district public schools "to verify that instruction for all students is based on the curriculum and includes instructional strategies that meet individual student's needs, including IEPs. All students includes students with disabilities, English Language Learners, Gifted and Talented students, and students in alternative ed." QSAC says districts can prove compliance with this standard through lesson plans and technology plans, classroom visits, program descriptions, and assessment data, among other items.

In contrast, the Charter Performance Framework asks if "students in subgroups are making adequate growth based on the school's median SGP." SGP (Student Growth Percentile) measure changes in students standardized test scores relative to other students in the state with similar historical test results.²

The NJDOE should be examining the curriculum and teaching methods in charter schools rather than looking only at test scores outcomes. Relying solely on student test scores to evaluate performance excludes important information about the way students are educated. Using standardized test scores as the

¹ Melissa Katz, June 3, 2015 testimony at State Board of Education Meeting, Trenton, NJ

² <http://www.nj.gov/education/AchieveNJ/teacher/percentile.shtml>

only measure of success for schools and students also reinforces the economic, racial and other biases of standardized tests and encourages charter schools to focus on test preparation versus providing a comprehensive learning environment. Finally, focusing exclusively on test scores rewards charter schools that have few students with special needs, students who are English Language Learners, and students living in poverty as, on average, those students have lower standardized test scores.

Scoring

School districts and charter schools are scored differently in their evaluations. QSAC assigns scores to each indicator based on how well a school district complies, then the scores for each of the five sections are added together and used to determine whether school districts meet the 80% benchmark in each section in order to be "certified" by the Commissioner and the State BOE. This provides a transparent means of identifying strengths, weakness and areas in need of improvement.

In contrast, for many of the indicators in the Charter Performance Framework, charter schools are evaluated with a yes or no response indicating whether they met the standard. Numerical scores are not assigned and it appears that the DOE makes a judgment call as to whether a charter school meets expectations. This gives the NJDOE significantly greater discretion and risks more bias being injected into the charter school performance review process. This method also does not identify a charter school's strengths, weaknesses or areas in need of improvement, which is important information for charter school parents, charter school administrators, and New Jersey taxpayers. Charter schools and local district schools should be evaluated via the same scoring framework, which includes a range of possible scores for each indicator.

There also is a difference in the transparency of charter and district scoring. QSAC results are reviewed and approved by the State BOE at their regular monthly meetings. The same is not true for charter schools. For maximum public transparency, the results of annual charter school performance evaluations should be put on State BOE meeting agendas for review and discussion.

These are only a few examples of the differences in the way that local district schools and charter schools are evaluated by the State DOE. These differences undermine the transparency and accountability of our publicly-funded K-12 education system.

The NJDOE has often said that the ultimate accountability measure for charter schools is that they can be closed for failing to perform. We strongly disagree with this approach. Publicly-funded schools are not like a fast food restaurant,

which can be opened and closed with minimal disruption to the surrounding community.

We do not believe that publicly-funded schools should ever be forcibly closed. The academic literature is clear that the price of doing so is just too great, both in terms of disruption to students, their families, and their broader communities, and in terms of taxpayer dollars wasted.

Rather than opening and closing publicly-funded schools at whim, we would like to see a more thoughtful, and community-based process of opening charter schools and of holding all publicly-funded schools to the same high standards of accountability, transparency and performance. All publicly-funded schools also should receive the support that they need to provide students with a high quality education.

In conclusion, Save Our Schools NJ strongly supports charter and district public schools being held to the same high standards of accountability and transparency.

1. New Jersey parents and taxpayers deserve to know how well our publicly-funded schools are educating our students. Evaluations should include both quantitative and qualitative measures.
2. Detailed and comparable information on the performance of all publicly-funded schools allows for innovative practices to be identified and shared and for challenges to be addressed.
3. Rigorous accountability and transparency does not limit a school's ability to innovate. It does ensure that both New Jersey students and taxpayers are well-served by our publicly-funded schools.

On behalf of Save Our Schools NJ, thank you for conducting this examination and for allowing us to testify.

**JOINT COMMITTEE ON PUBLIC SCHOOLS HEARING ON QSAC/CHARTER SCHOOLS
ADDENDUM TO TESTIMONY FROM SAVE OUR SCHOOLS NJ
July 20, 2015**

Charter School Funding Data Is Not Publicly Available in a User-Friendly, Comprehensive, Timely, or Consistent Form

User-Friendly and Comprehensive

There is no charter equivalent of the User Friendly Budget Summaries, which show the revenues, expenditures, and detailed salary and benefits information for each district employee whose “annual base salary exceeds \$75,000, and who is not a member of a collective bargaining unit.”

The NJDOE does not make charter aid summaries publicly available. The Aid Summaries show the amount of funding each charter school receives from each feeder school district. In contrast, district aid summaries showing how much each districts received in state aid are readily available on the NJDOE web site.

The only public sources of data on charter school funding are the Comprehensive Annual Financial Reports (CAFR), which both districts and charter schools must submit to the NJDOE. However, the lengthy and technical CAFRs are not user friendly. The CAFRs also do not include salary information for individual charter school administrators, which the User Friendly Budgets Summaries provide for district employees. The CAFRs also do not include information about how much revenue individual districts transfer to individual charter schools. Charter revenue data is only presented in aggregate, as are district transfer amounts.

Timely

Districts must publish the User Friendly Budgets by the spring before the relevant academic year. However, CAFR's are only available in the fall of the subsequent academic year. In other words, the 2014-15 User Friendly Budget is available in the spring of 2014 while the 2014-15 CAFR is available in the fall of 2015.

Consistent

The User Friendly Budget Summaries were created to enable comparisons of school district revenues and expenses in a consistent manner. Without a comparable report for charter schools, taxpayers are forced to wade through the lengthy individual CAFR reports for almost a hundred charter schools, to try and compare the limited charter revenue information that they provide.

**TESTIMONY BEFORE THE JOINT COMMITTEE ON THE PUBLIC
SCHOOLS
INNOVATIVE PRACTICES SUBCOMMITTEE
BY SEAN W. HADLEY, ESQ.
ASSOCIATE DIRECTOR, NJEA GOVERNMENT RELATIONS
Monday, July 20, 2015**

Chairman David Wolfe and Vice Chair Linda Greenstein, thank you for the opportunity to testify before the Innovative Practices Subcommittee on the issue of charter school reporting. My name is Sean Hadley, NJEA Associate Director of Government Relations, and with me is Jaime Valente, a teacher and NJEA local president at Teaneck Community Charter School.

Before discussing the issue of reporting, let me begin by emphasizing that NJEA supported the original charter school law in 1995 and we continue to believe in the importance of high quality, public charter schools as one component of an innovative public education system.

Of course, a lot has changed with charter schools over the last two decades and, as we cross the law's 20th anniversary, we should take stock of where the law works and where we need improvements.

As the subcommittee considers its charge, public reporting will quickly emerge as an area needing improvement. Charter schools are *public* schools accepting public monies and, as such, should have strong reporting requirements.

Unfortunately, current requirements are insufficient. Strong reporting has components of relevance, specificity, and accountability. Right now, charter school reporting has little.

Out of these components, "relevance" is most critical because of the nature of the charter school law's original mission. In the findings and declarations of the original Charter School Program Act (N.J.S.A. 18A:36A-2, adopted 1995), the state created the charter

school program to “promot[e] comprehensive educational reform by providing a mechanism for the implementation of a variety of educational approaches which may not be available in the traditional public school classroom.” Charter schools were to be a place for innovation—where novel education methods could be tried and tested to support and improve other public schools.

However, to know what works, we have to ask the right questions. Right now, we’re not. Rather than relying on limited measures, such as standardized test scores, we need to measure access, equity, and accountability. We can’t measure these qualities without an effective measuring tool.

And our measurements are ineffective. One need only go to the NJ Department of Education website to see the differences in reporting and disclosure between traditional public schools and charter schools.

The differences are numerous, but let me give you a few examples. Charter schools do not report their data under the “user friendly” budget system adopted in law to provide transparency for school districts. This means some basic information is not easily accessible. Information such as salaries and tax forms are unavailable.

Charter schools also do not have to disaggregate data on enrollments and staff by schools, like traditional public schools, so we cannot see how their separate buildings may function or whether they enroll different students.

Ultimately, this comes down to having different standards of accountability and transparency for charters. If we want relevant data on our public schools, both traditional and charter, then we need uniformity in the reporting of staff, enrollment, and fiscal data.

And we get this uniformity in the second component of a strong reporting system—specificity. One of the key differences between charter schools and traditional public schools is the detail in reporting requirements.

NJ QSAC reporting—required of all other public school districts but not charter schools—are often quite specific, with required confirmations of compliance with particular regulatory sections (e.g., district has a specific nepotism policy; administrator contracts are submitted to Executive County Superintendent for review and approval, etc.). In contrast, charter school reports have general or open-ended questions (e.g., is school complying with governance requirements? Describe how the school engages families and encourages involvement, etc.).

If we are asking one set of questions for one group of schools and a different set of questions for another, we get no meaningful results. We need specificity in charter school reporting requirements that mirror that of QSAC to draw comparative information about school performance.

And this brings me to my final component of a strong reporting system—accountability. For this, we can draw another comparison with QSAC reporting. Traditional public school districts are scored under QSAC and there are consequences for failing to meet particular numerical or percentage benchmarks.

In contrast, Charter School Annual Reports and Performance Framework Reports are reviewed, but without objective criteria for “pass/fail” or intervention, and there is no public monthly reporting of charter school improvement or intervention actions.

Accountability to taxpayers and to the state for charter school performance and fiscal management is critical. A 2014 study by the Annenberg Institute at Brown University reviewed nationwide trends in accountability and found problems with current charter school requirements. According to the report,

The semi-independent charter school model, first applied in 1991, aimed to look outside traditional school district structures and develop innovative strategies that could be applied at scale across all public schools.....But over the last two decades, those who envision charters as competing with and ultimately replacing traditional public schools have become some of the most dominant voices in the policy debate over the reform. Chartering has become an industry, and in many cases, rapid expansion has replaced innovation and excellence as goals.

The Annenberg report points out that, as charter schools have expanded rapidly across the country, lax oversight has harmed taxpayers and communities. A May 2014 report by the Center for Popular Democracy documented over \$100 million in waste, fraud and abuse in 17 areas alone. The report concludes that closing loopholes, stronger regulation and vigorous oversight is essential to prevent waste and to allow the best qualities of chartering to flourish.

In New Jersey, our charter school oversight has not kept up with the changing times. While most charter operators are working hard to meet the needs of students, a lack of effective oversight means too many students are at risk.

Making charter school reporting more relevant, specific, and accountable by directly applying QSAC would require some additional considerations—although the principles of QSAC are on the right path. One item for consideration is whether QSAC would work for charter schools because it is a district-wide measurement—all the data is aggregated into one report.

With this consideration in mind, if QSAC is ultimately not the right place for charter schools, we are certain that the measurements and monitoring should be similar if not the same to make the data meaningful.

Strong standards, oversight, and transparency will benefit both charter schools and traditional schools and ensure trust in our public education system. Traditional districts and charter schools should work in common purpose to build a unified and cohesive system that provides equitable educational options.

Strong reporting is a critical step, but not the only one. In this 20th year of the law's drafting, NJEA is calling for a hard look at the lessons learned and next steps. As this process occurs, there should be a moratorium on the approval of new charter schools so we can pause and review. To do that effectively, we need meaningful data.

With the importance and timeliness of this issue, it is with great appreciation to the Innovative Practices Subcommittee for taking this charge and examining the many ways of improving our public education system.

Thank you again for the opportunity to testify.