



Charter Schools & Fiscal Issues

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CIFR and IDC in collaboration
with the NCSI Fiscal Support Team



Regulations



34 CFR §300.209

- Children with disabilities attending public charter schools and their parents retain all rights.
- Generally, charter schools may be LEAs or public schools of an LEA.
- An LEA must provide *services or funds* to its charter schools in the same manner as to the LEA's other schools.

Charter Schools Funding



Charter school funding encompasses the interplay of three laws:

- State charter school law
- IDEA and Regulations
- Charter Schools Expansion Act and Regulations

Discussion



- Variation Among States
- SEA Roles and Issues
- Nationwide Assessment of Charter and Education Management Organizations
- IDEA Allocations to Charter School LEAs

Variation Among States



- 42 State charter laws = 42 different configurations
- State charter schools offices: in SEA or outside of SEA
- Authorizers: State boards of education; State charter boards; IHEs; local boards of education
- Charter LEAs, schools of LEA; multiple options

Variation Among States (continued)



- State charter law specifics re: special education
- LEAs for purposes of special education/provision of FAPE
- # of charter schools
- # of charter schools from year to year: open/close
- Political climate

SEA Roles & Issues



- IDEA General Supervision requirements 34 CFR §300.149
- Data needs from internal and other sources
- Authorizer responsibilities/State law
- Contractual specifics authorizer ~ charter school re: special education

SEA Roles & Issues (continued)



- Charter school LEA capacity to implement IDEA requirements
- SEA capacity ~ charter schools
- IDEA LEA allocation complexities
- Establishing eligibility
- “Significantly expanding” definition and implications

Significant Expansion of Enrollment



means a substantial increase in the number of students attending a charter school due to a significant event that is unlikely to occur on a regular basis, such as the addition of one or more grades or educational programs in major curriculum areas

34 CFR 76.787

Significant Expansion of Enrollment (continued)



The term also includes any other expansion of enrollment that the SEA determines to be significant.

34 CFR 76.787

The State defines “significant expansion” for covered Federal programs (not only IDEA).

Notice



In order to receive funds, at least 120 days prior, a charter school must notify the State or LEA of the date the charter school is scheduled to open or to significantly expand its enrollment.

34 CFR 76.788

Exchange of Information



Once a charter school has opened or significantly expanded its enrollment, the charter school must provide actual enrollment and eligibility data to the SEA or LEA at a time the SEA or LEA may reasonably require...

34 CFR 76.788(b)(2)

Exchange of Information (continued)



An SEA or LEA is not required to provide funds to a charter school until the charter school provides the SEA or LEA with the required actual enrollment and eligibility data.

34 CFR 76.788(b)(3)

More About SEA Roles & Issues



- Audits
- Understanding of charter school management relationships: for-profit, not-for-profit, independent
- Risk assessments
- Monitoring
- IDEA General Supervision requirements 34 CFR §300.149

Nationwide Assessment of Charter and Education Management Organizations (CMOs)



ED OIG report issued September 2016: Charter school relationships with CMOs pose a significant risk to Department program objectives.

Nationwide Assessment of Charter and Education Management Organizations Final Audit Report:

<https://osep.grads360.org/#communities/pdc/documents/12855>

Concerns



- Internal control weaknesses related to charter school relationships with CMOs
- Conflicts of interest, related-party transactions, insufficient segregation of duties
- Inadequate assessment of risk to federal funds
- Level of accountability over Federal funds
- Performance risk related to compliance with Federal requirements

CMOs (continued)



Finding: Charter school relationships with CMOs pose a significant risk to Department program objectives

Formula grant programs: Title I and IDEA

Recommendations

ED oversight group

Guidance to SEAs re: monitoring, risk assessment and mitigation procedures related to charter school relationships with CMOs

Recommendations



- Modify program monitoring protocols for Title I and IDEA to assist grantees (SEAs) in meeting their monitoring and oversight responsibilities with respect to CMOs.
- Work with external partners/interest groups to develop risk assessments that take into account charter school relationships with CMOs.
- Revise A-133 Compliance Supplement

Formula Grant Programs



Title I and IDEA

California, Florida, Michigan, New York, Pennsylvania, Texas

ED will collect more information on charter school affiliations with management organizations: Does the non-profit charter school board maintain, directly administer, or supervise the administration of its subgrant? Or has the board relinquished control to the CMO?

OSEP Actions



- Participant in ED oversight group
- Denver fiscal forum
- Inviting SEAs to let us know concerns related to IDEA funds and CMOs
- Beginning dialogue with States: how to consider levels of risk re: CMO relationships

OSEP Actions (continued)



- Updating A-133 Compliance Supplement to address SEA's and LEA's internal controls as it relates to CMOs. Then, in turn, working with SEAs to ensure audit resolution and timely correction procedures are adequately addressed as part of subrecipient monitoring responsibilities.
- Use our network of Parent Centers and other TA centers to help make families and broader disability community aware of these issues.

IDEA Allocations to Charter School LEAs



This can get tricky...

- New LEAs → base payment adjustments
- Adjustments are for affected LEAs only; i.e. do not reallocate among all LEAs
- If LEA received base payment of zero in first year of operation → which LEA(s) would have been responsible are affected LEAs
- Unlike new “traditional” LEAs, new charter LEAs should be getting allocations during first year EDGAR 34 CFR §76.791-76.793
- SIGNIFICANTLY EXPANDING: your State’s definition as applied to EDGAR rules

Communication

- SEA charter school office/liaison/POC
- Non-SEA charter commission, agency, etc.
- Charter school LEAs
- ESAs as applicable

Communication (continued)



- Authorizers
- Charter school membership organizations
- Other SEA offices: Title programs / “covered” programs
- OSEP State lead, charter school lead, and fiscal implementation team

Procedures



- What are your procedures?
- How do you know when charter school LEAs open or significantly expand?
- Establishing eligibility: what are your timelines?
- For new or significantly expanding: actual enrollment data for current year (rather than from a prior year) How do you get/know this data?

Resources



- IDEA Regs, Dear Colleague Letters, Guidance
- GRADS 360 Fiscal Resources: <https://osep.grads360.org/#program/fiscal>
- GRADS 360: IDEA Funds and Charter Schools: <https://osep.grads360.org/#program/idea-funds-and-charter-schools>

Resources (continued)



- EDGAR regs 34 CFR Part 76, Subpart H
- Charter School Expansion Act Guidance: How Does a State or LEA Allocate Funds to Charter Schools That Are Opening For the First Time or Significantly Expanding Their Enrollment? (at GRADS 360 link for IDEA Funds and Charter Schools)
- IDEA Funds and Charter Schools:
<https://osep.grads360.org/#program/idea-funds-and-charter-schools>
- Email: IDEAcharterschools@ed.gov

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