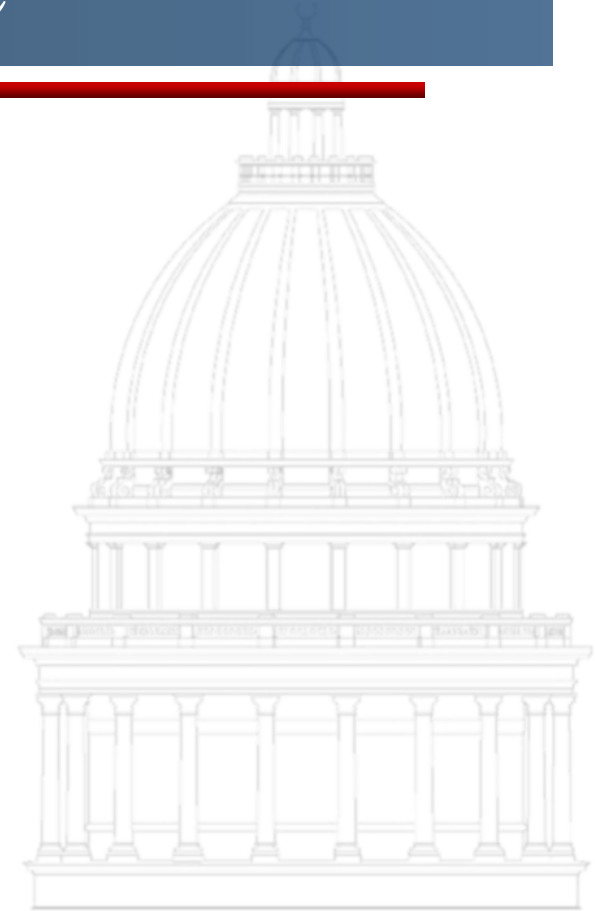
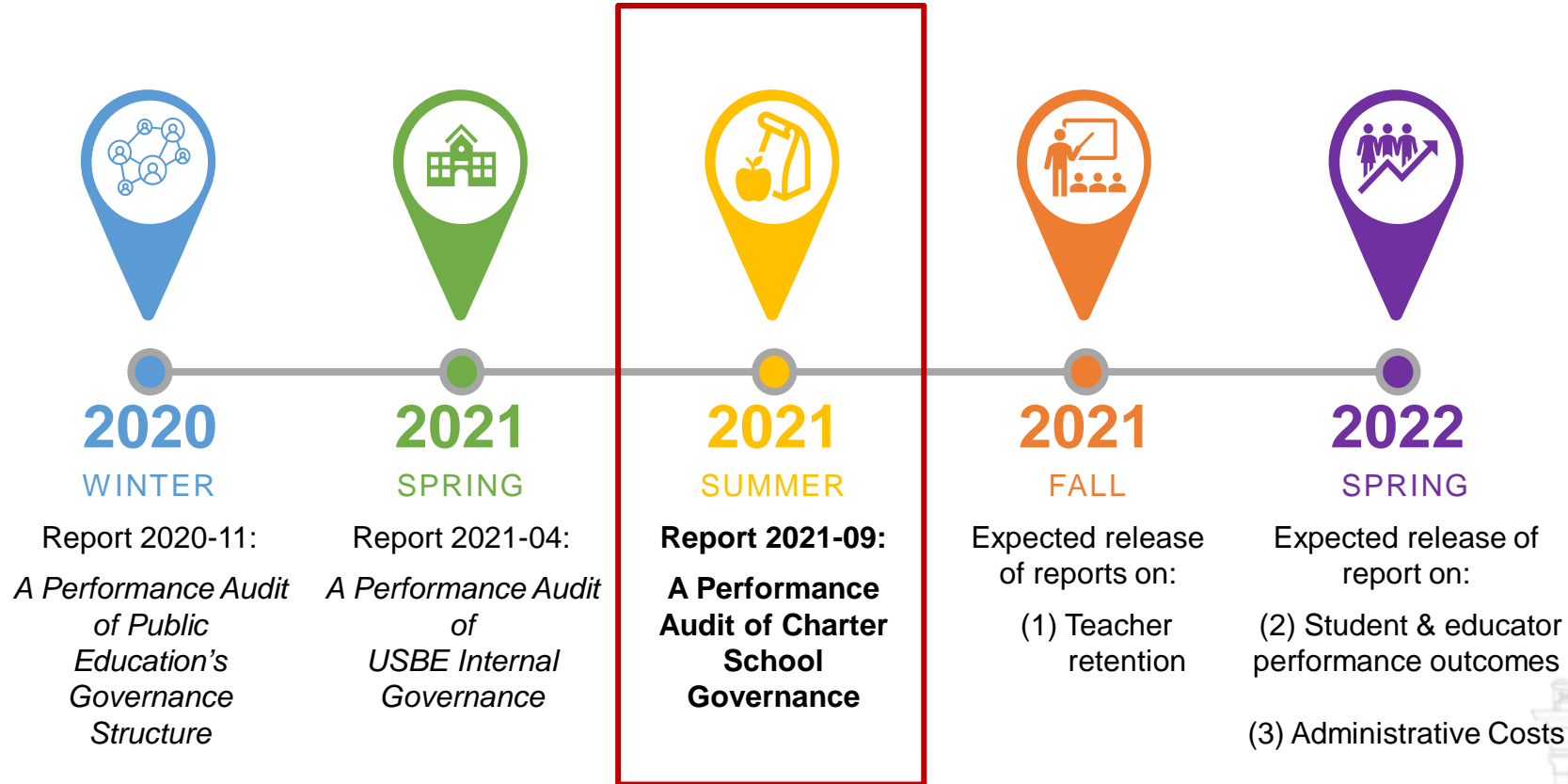

Performance Audit of Utah's Charter School Governance Structure

Utah Legislative Auditor General
Report to the Education Interim Committee
November 17, 2021



Audit Background

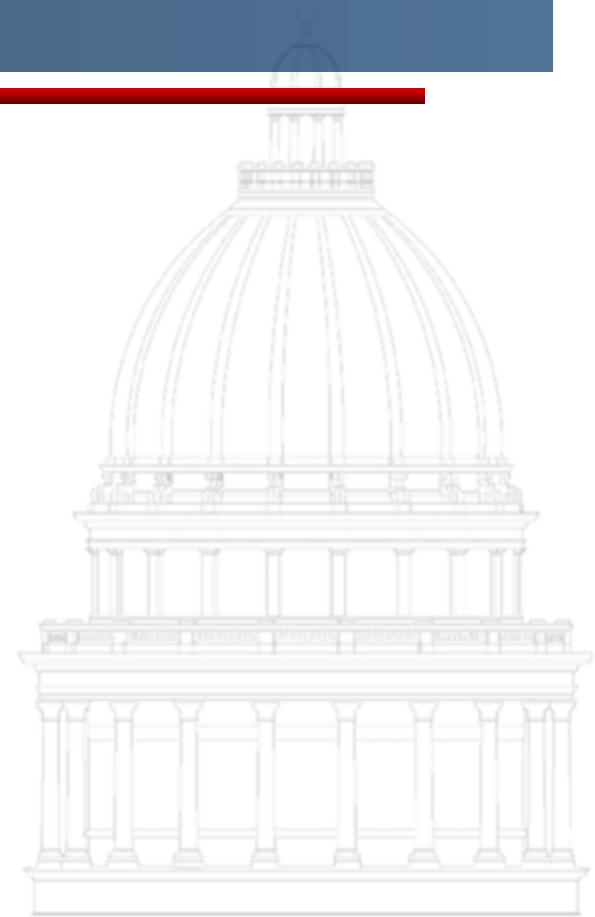


FOR MORE INFORMATION

See Ch. I, page 11

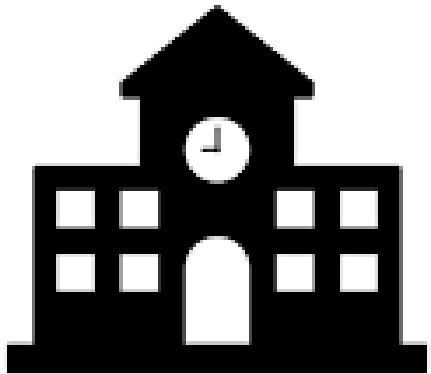
Chapter I

Introduction



The Legislature Established the State Charter School Board to Authorize Charter Schools

Early Charter School History



1998

Charter school pilot program. USBE was the sole authorizer of 8 charter schools.

2001

Permanent charter school program. USBE could authorize 4 additional charter schools. Local districts could authorize or convert charter schools without limit.

2004

Creation of the State Charter School Board (SCSB) to be the primary authorizer of charter schools.

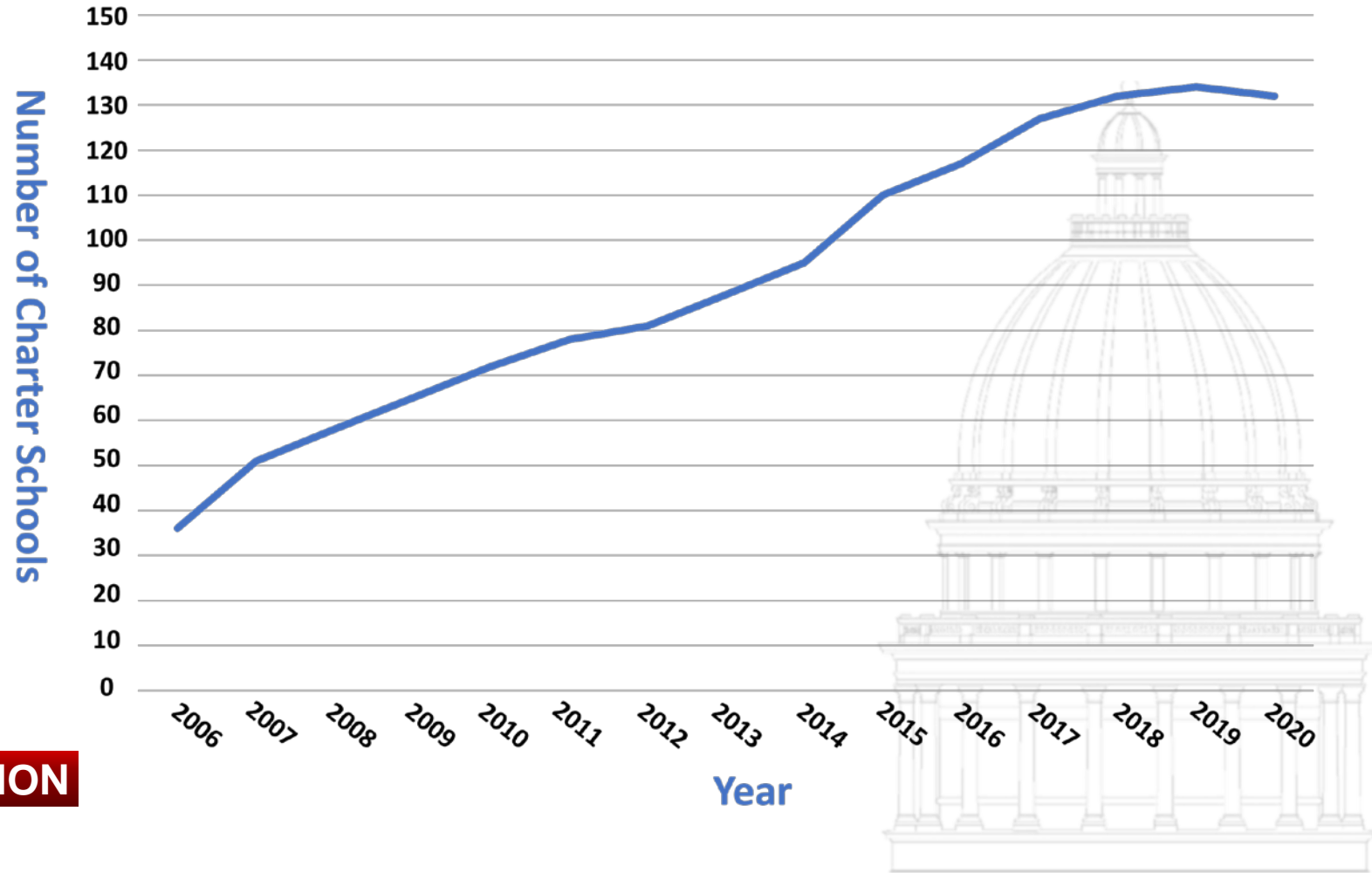
FOR MORE INFORMATION

See Ch. I, pages 4-5

Charter Schools Have Increased Significantly Since the Introduction of the SCSB

Charter schools have increased from 36 in 2006 to 135 in 2021.

The SCSB is the authorizer of 123 of the 135.



FOR MORE INFORMATION

See Ch. I, page 6

Higher Education Institutions Became An Authorizer of Charter Schools in 2010

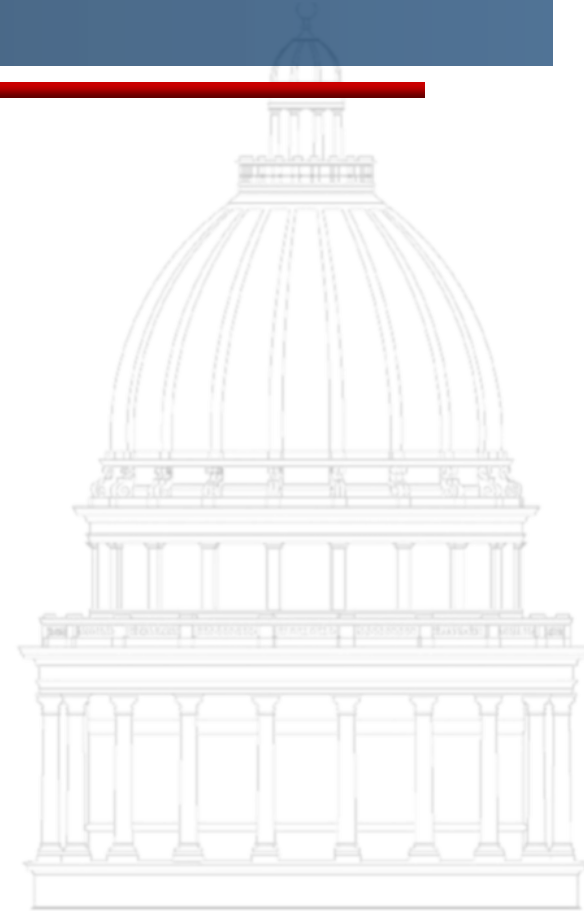
Utah Authorizer	Number of Schools (2020)	Total Charter School Student Enrollment (2020-21)
The State Charter School Board (SCSB)	123	76,026
Local School Districts	10	2,818
Higher Education Institutions	2	223
TOTAL	135	79,067

FOR MORE INFORMATION

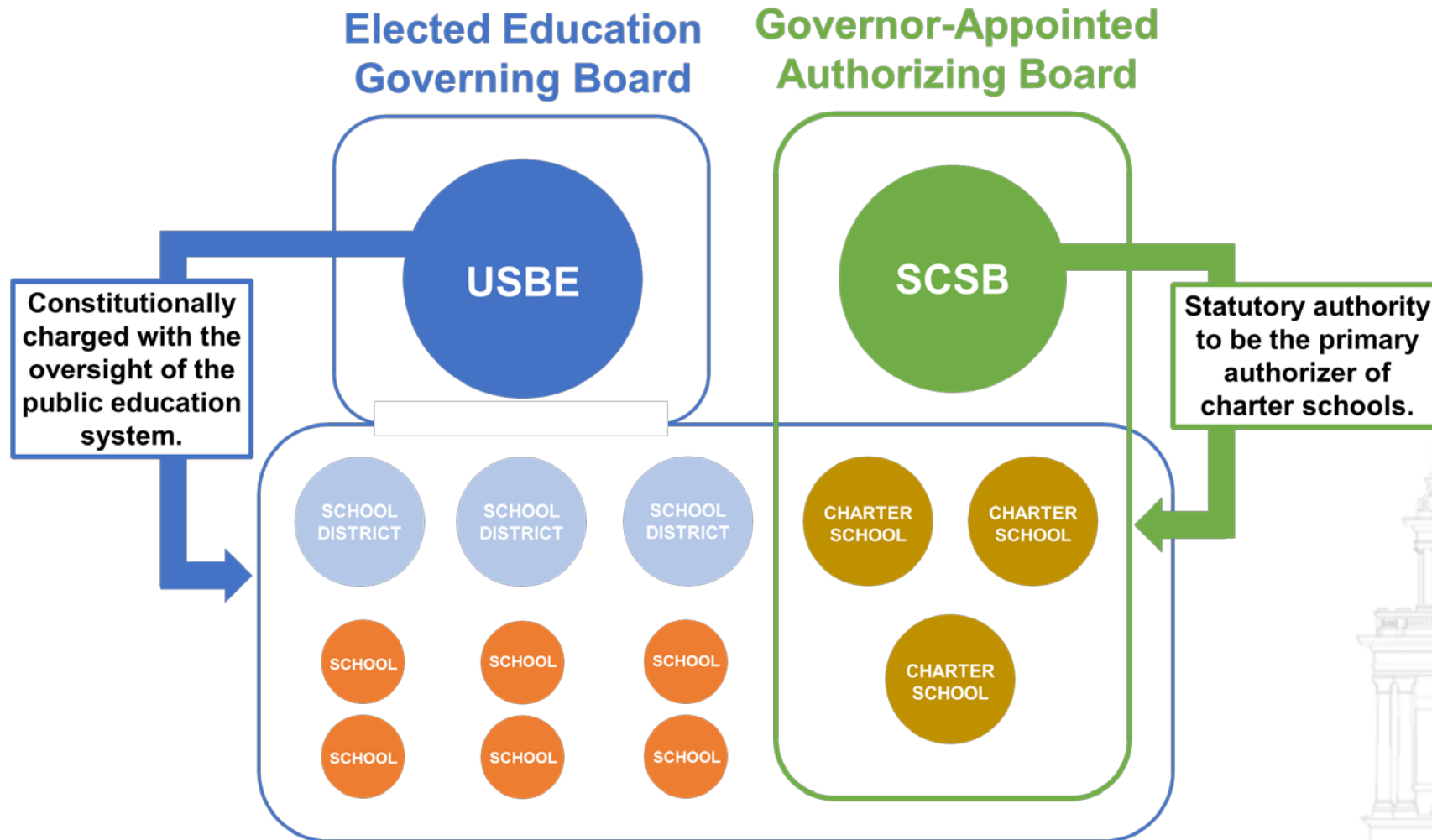
See Ch. I, page 6-7

Chapter II

Governance Roles Are Unclear Between Two State-Level Education Boards

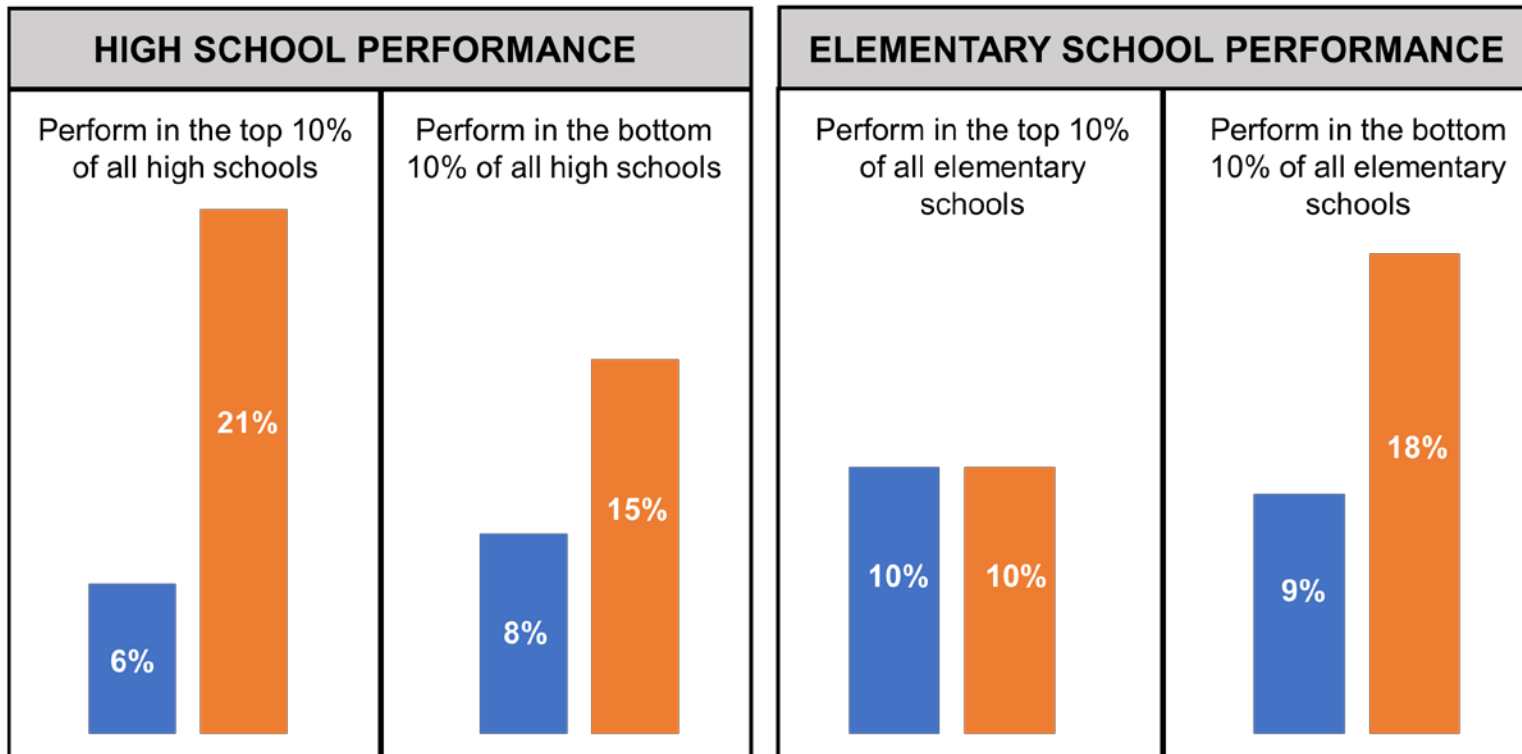


Charter School Oversight is Unclear Due to Two State Boards and One Public Education System



A Lack of Defined Oversight Roles Has Resulted in Inconsistent Performance

DISTRICT SCHOOLS – BLUE
CHARTER SCHOOL – ORANGE



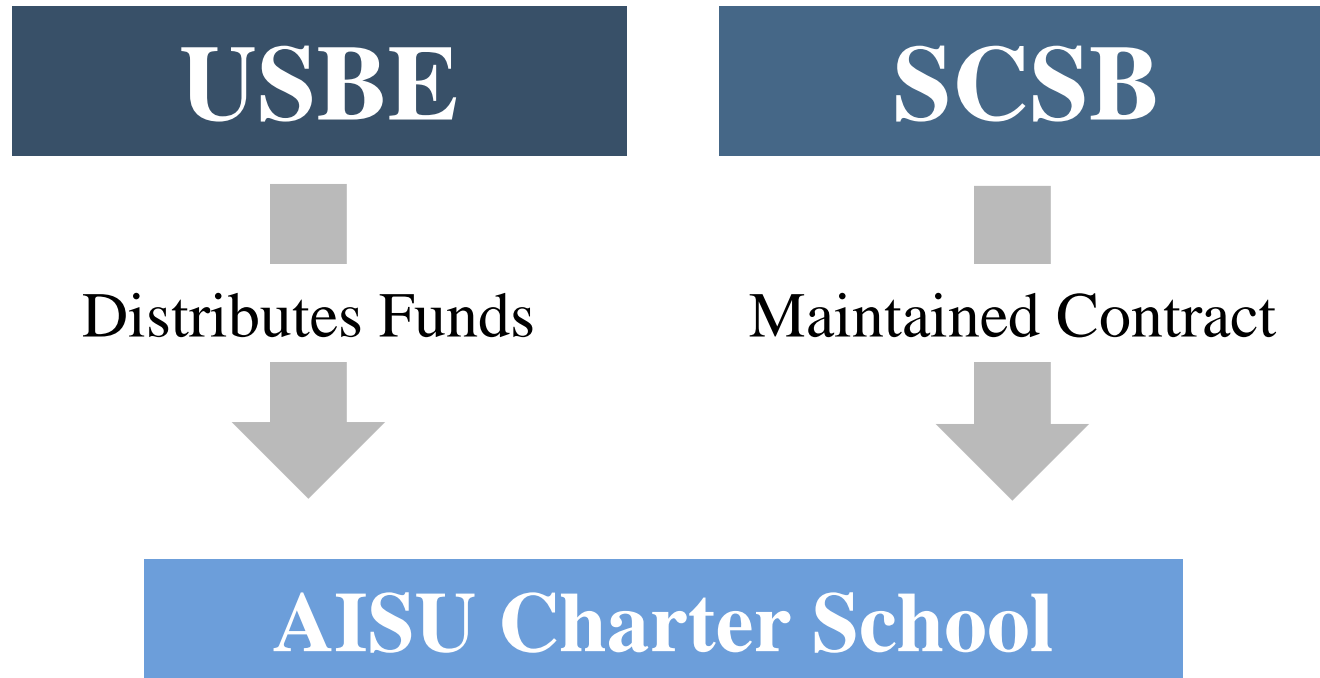
USBE data shows that charter school performance is inconsistent.

Charter schools appear to operate more on the borders of performance.

FOR MORE INFORMATION

See Ch. II, page 20

Slow Action Was Taken on Mismanaged Funding for Some Charter Schools



TIMELINE

- The SCSB was aware of financial concerns with AISU as early as June 2017.
- USBE informed the SCSB of restricted fund misuse in the summer 2018.
- The school voted to close in May 2019.

FOR MORE INFORMATION

See Ch. II, page 21

The Legislature Clarified Some Powers, but Governance Between the Two Boards is Still Vague

2019 CHARTER TASK FORCE

Recommended all LEAs, including charter schools, use the same accounting standards.



Recommended that new charter schools be placed on an initial probation period.



Considered proposals to resolve overlap and provide clarity between USBE and SCSB.



2020 GENERAL SESSION

Addressed in H.B. 242

Addressed in H.B. 242

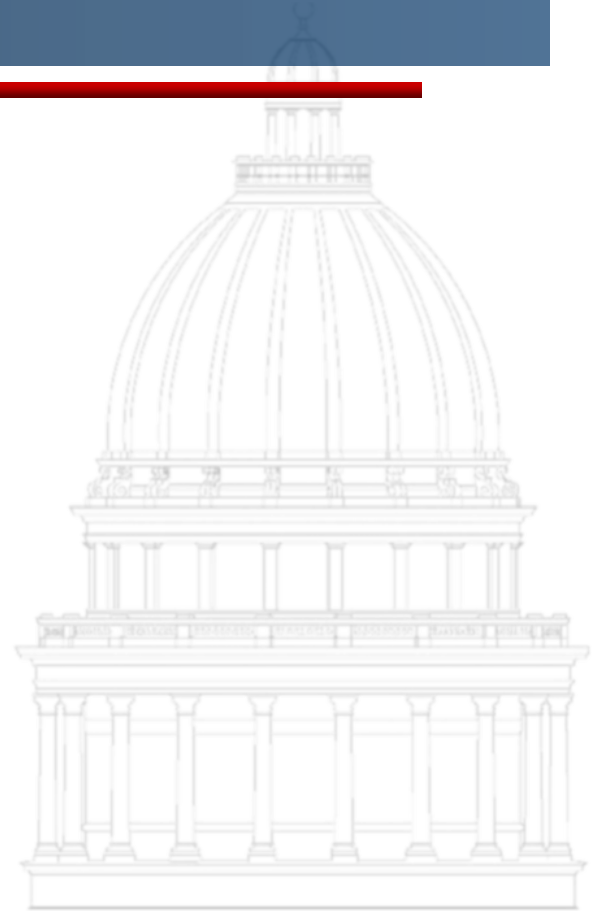
Not addressed because the task force did not provide a recommendation

FOR MORE INFORMATION

See Ch. II, page 23

Chapter III

The Charter School State-Level Governance Structure Is a Policy Decision for the Legislature



Three Options are Presented for Policymakers' Consideration to Improve Charter School Accountability

Option 1:
Designate the
SCSB as a hybrid
LEA in statute and
provide specific
authority.

Option 2:
Establish the SCSB
as an independent
entity without ties
to USBE.

Option 3:
Define the SCSB
as a state agency
under USBE's
supervision.

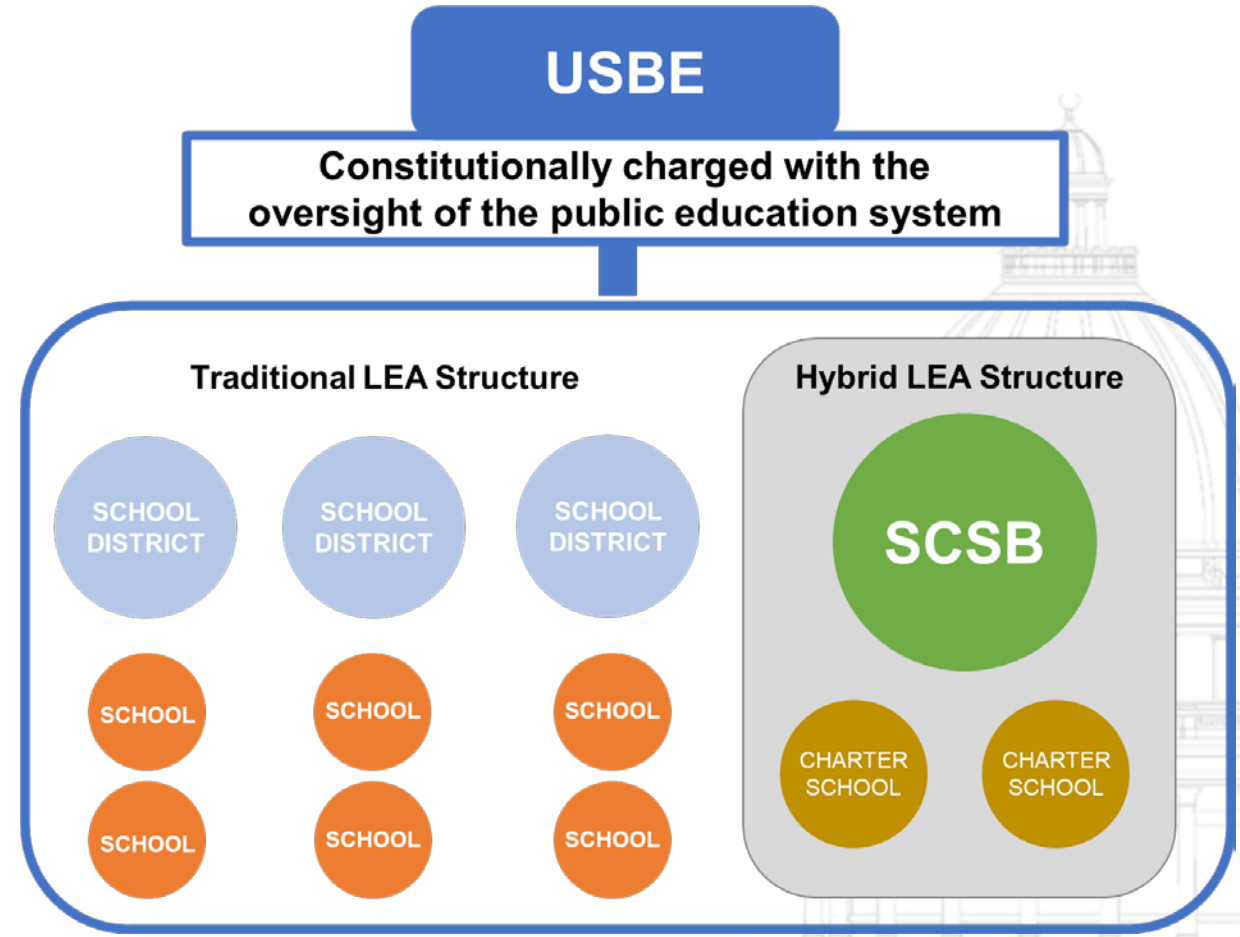
FOR MORE INFORMATION

See Ch. III, page 27

Option 1: Establishing the SCSB as a hybrid LEA Could Improve Charter School Oversight

This option could:

- Establish the SCSB like a district.
- Allow the SCSB to distribute funding to charter schools and hold them accountable.
- Allow USBE to maintain constitutional authority over public education.



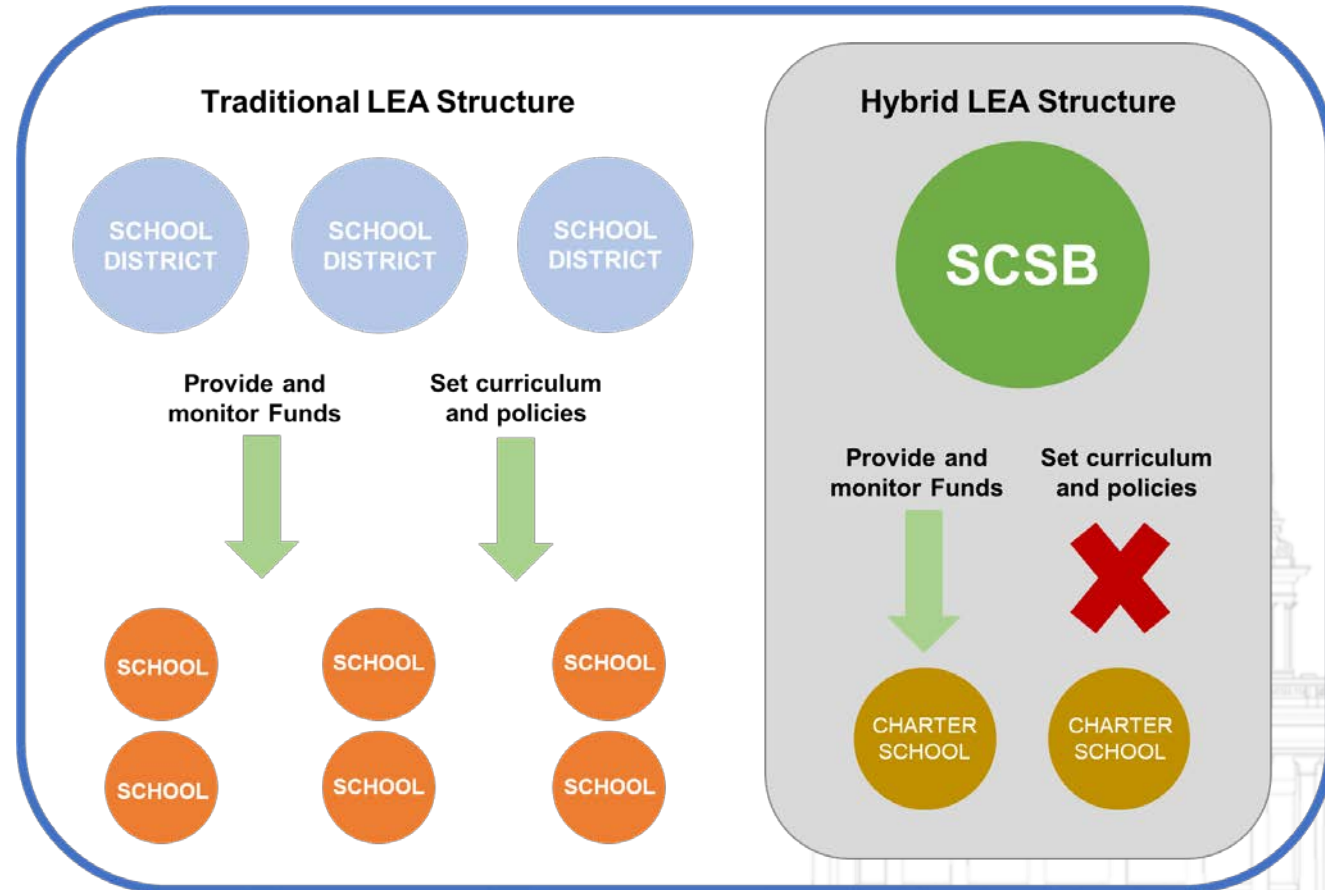
FOR MORE INFORMATION

See Ch. III, pages 29-32

The SCSB Would Likely Need to Be Structured as a Different Type of LEA than Local Districts

A hybrid SCSB LEA could distribute and monitor funding but allow individual schools to set their own curriculum and policies.

This would allow charter schools to maintain autonomy over their unique missions and goals.



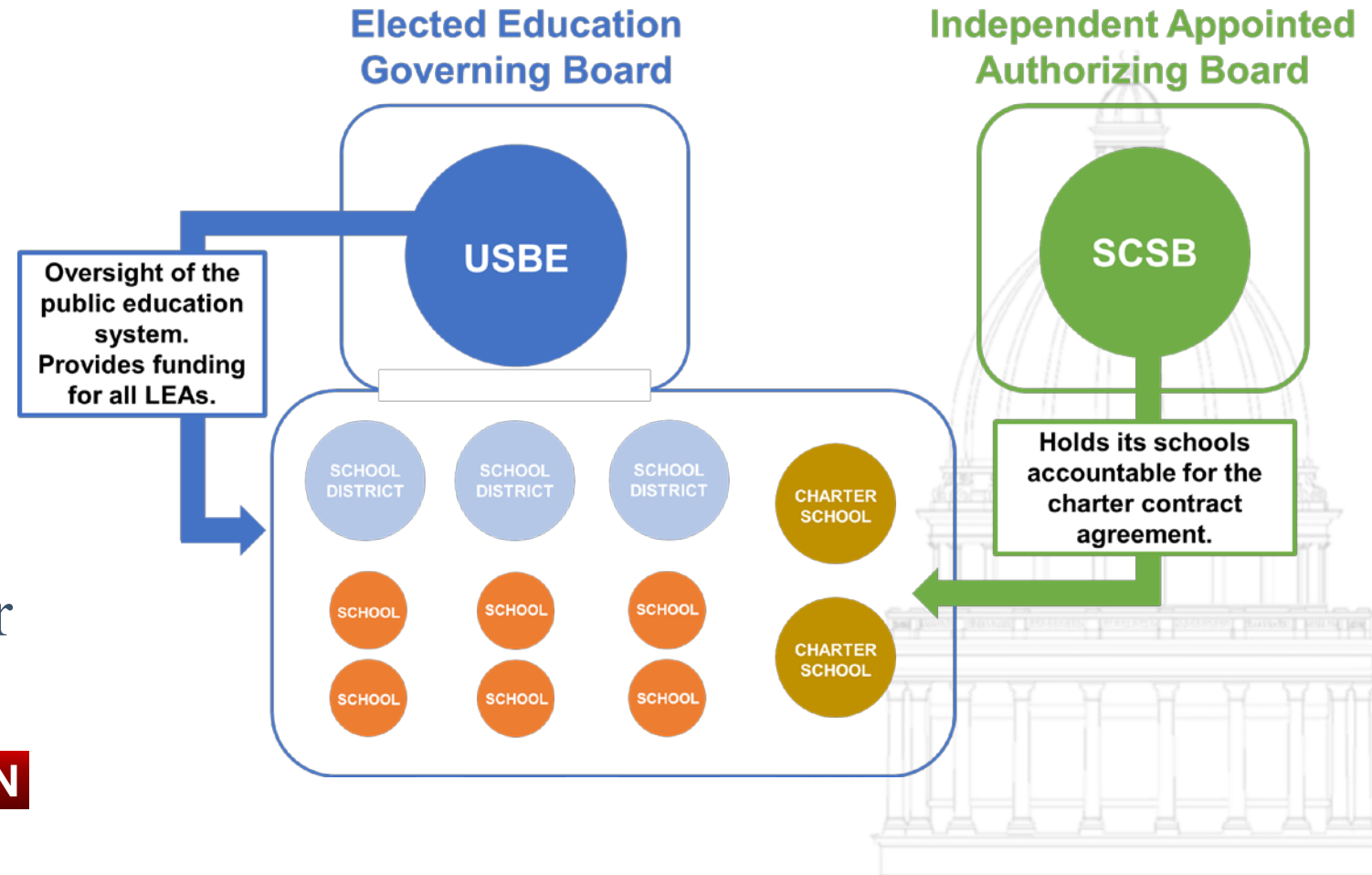
FOR MORE INFORMATION

See Ch. III, page 31-32

Option 2: Establish the SCSB as an Independent Entity by Removing Connections to USBE

This option could:

- Allow SCSB to focus on its unique mission to authorize charter schools with less ambiguity between the two boards.
- Allow the SCSB to hold its schools accountable to charter agreements.



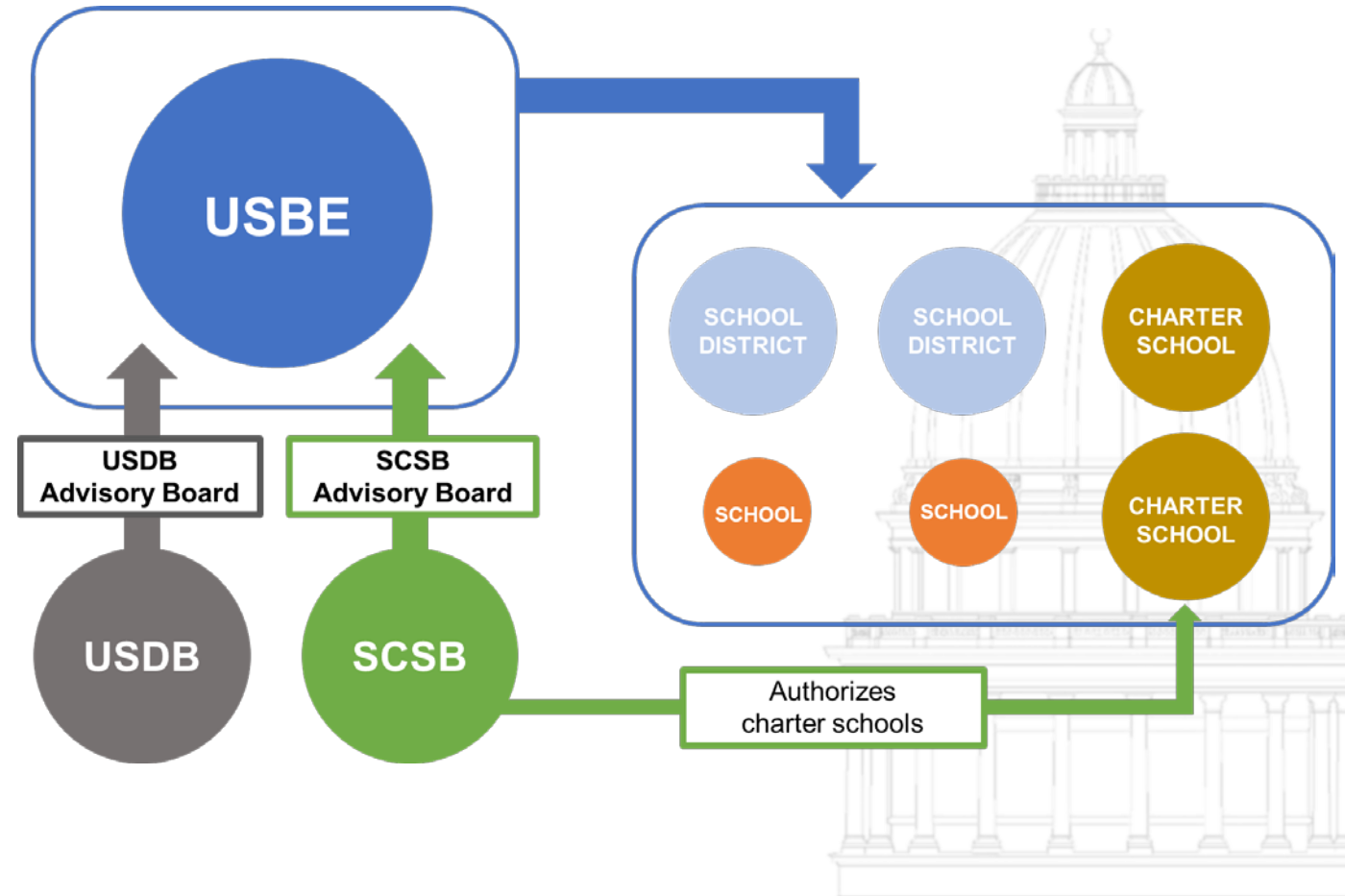
FOR MORE INFORMATION

See Ch. III, pages 34-35

Option 3: Establish the SCSB as a State Agency Under the Supervision of USBE

This option could:

- Place the SCSB under the supervision of USBE as a type of advisory board.
- Allow the SCSB some internal independence, but ultimately be accountable to USBE as the state governing board.

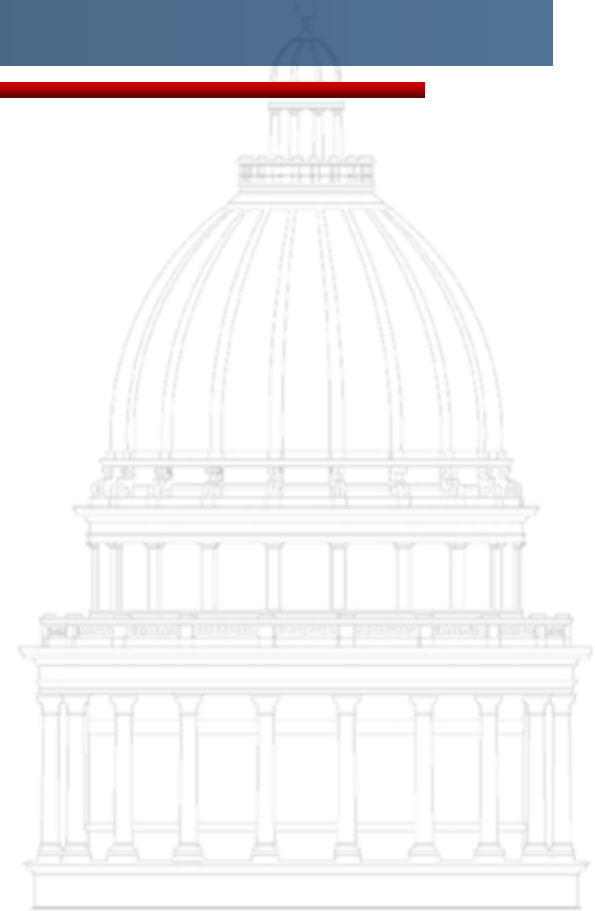


FOR MORE INFORMATION

See Ch. III, pages 36-37

Chapter IV

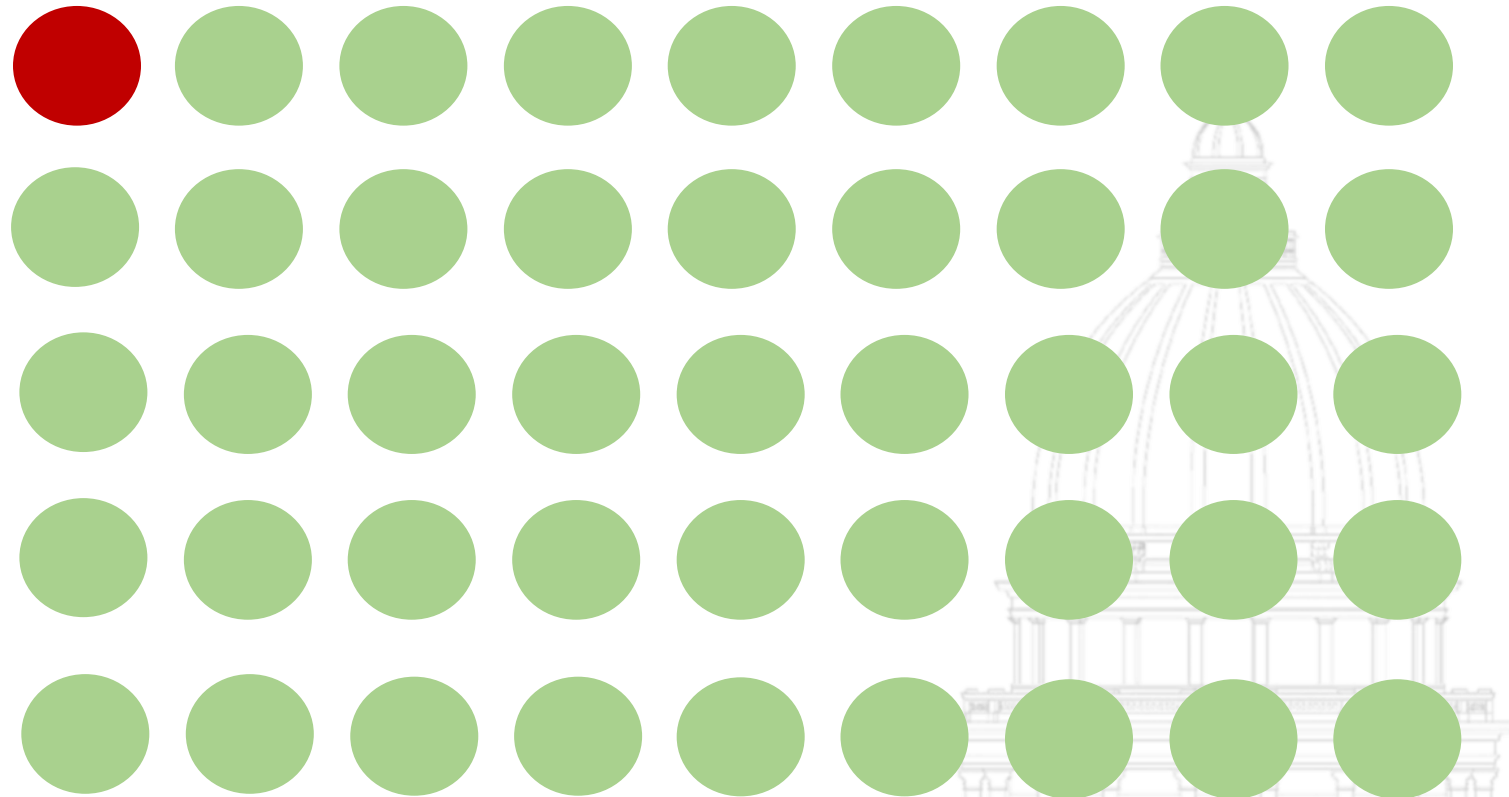
Utah Charter School Authorizers Maintain Different Standards for Schools



A Formal Renewal Policy Should Be Considered in Utah Law

Utah is the only state that does not have a charter renewal policy in state statute.

A renewal process is when a charter school must reapply and renew its charter agreement with the authorizer at specified times in state law.








FOR MORE INFORMATION

See Ch. IV, page 42

Five Nearby States Require Charter School Renewal

Five nearby states have a charter school renewal policy in state law for charter schools.

Each state had different timeframes for when charter contracts should be renewed with authorizers.

	ARIZONA: An initial charter agreement is effective for 15 years and may be renewed for successive 20-year periods.
	COLORADO: An initial charter agreement is effective for 4 years and it may be renewed for successive periods as adopted by the individual authorizers.
	IDAHO: An initial charter agreement is effective for 5 years and may be renewed for successive 5-year terms.
	NEW MEXICO: A charter can be renewed for successive periods of 5 years.
	NEVADA: A school can have an initial charter agreement for 6 years and may be renewed for a term on not less than 3 years or more than 10 years
	UTAH: No renewal process. <i>*H.B. 242 (2020) allows a 3-year initial charter agreement for new schools. This does not impact currently operating charter schools.</i>

FOR MORE INFORMATION

See Ch. IV, page 47

Charter School Authorizers Maintain Different Oversight Standards

Administrative Rule R277-553-2 (4)

“An authorizer shall conduct and document a comprehensive review of governing board performance and review the charter agreement at least once every five years.”

SCSB

123 schools. Conducts 5-year reviews. Reports they are often reactive.

Local Districts

10 schools. Most do not conduct 5-year reviews. Many felt it was unnecessary.

Higher Education

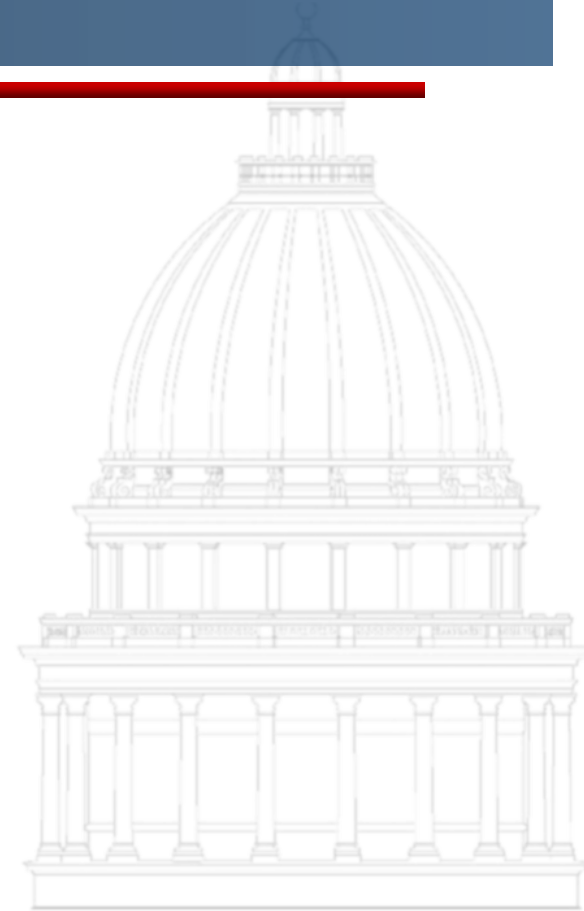
2 schools. Do not conduct 5-year reviews. They felt it was unnecessary.

FOR MORE INFORMATION

See Ch. IV, page 48

Chapter V

Local Governing Boards of Charter Schools Lack Uniform Standards



Lack of Standards for Local Boards Can Contribute to Weak Charter School Accountability

School	Board Member Size	Expertise Requirements for Board Members
Charter A	3-11	Local business community, parents, local school districts, and university representatives
Charter B	5-7	Familiar with curriculum
Charter C	5-9	“... qualities, qualifications, and diversity determined by the board.”
Charter D	5-9	18 years old
Charter E	3-9	Experienced charter leaders, JROTC instructors, military personnel
Charter F	5-7	None

FOR MORE INFORMATION

See Ch. V, page 56

Specific Training for Charter Governing Boards Is Not Required

Local charter school governing boards are volunteer members with limited training on their specific board duties.

Finance

Legal Matters

Effective Governance

Required training could mitigate risks by preparing local boards to remedy problems earlier than the authorizer

FOR MORE INFORMATION

See Ch. V, page 58

Performance Audit of Utah's Charter School Governance Structure

Utah Legislative Auditor General
Report to the Education Interim Committee
November 17, 2021

