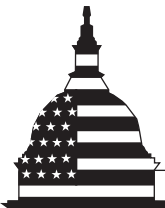


March 2011

DISTRICT OF
COLUMBIA
CHARTER SCHOOLS

Criteria for Awarding
School Buildings to
Charter Schools
Needs Additional
Transparency



G A O

Accountability * Integrity * Reliability

Why GAO Did This Study

Almost 40 percent of all public school students in the District of Columbia (D.C. or District) were enrolled in charter schools in the 2010-11 school year. The D.C. School Reform Act established the Public Charter School Board (PCSB) for the purpose of authorizing and overseeing charter schools.

Congress required GAO to conduct a management evaluation of PCSB. GAO addresses the following: (1) the mechanisms in place to review the performance and operations of PCSB, (2) the procedures and processes PCSB has in place to oversee and monitor the operations of D.C. charter schools, and (3) the resources available to charter schools for their operations and facilities. GAO interviewed officials from D.C. agencies and 7 charter schools and reviewed oversight procedures for PCSB and charter schools. GAO also reviewed the processes for providing resources to charter schools and analyzed data on these resources.

What GAO Recommends

GAO recommends that the Mayor of the District of Columbia direct the Department of Real Estate Services to disclose all factors considered in reviewing charter school offers for former D.C. school buildings and make available to schools, in writing, the reasons the offers were rejected. The District agreed with our recommendations and noted that the Department of Real Estate Services has already taken steps to improve the process for awarding former D.C. school buildings to charter schools.

View [GAO-11-263](#) or key components. For more information, contact George A. Scott at (202) 512-7215 or scottg@gao.gov.

DISTRICT OF COLUMBIA CHARTER SCHOOLS

Criteria for Awarding School Buildings to Charter Schools Needs Additional Transparency

What GAO Found

Although the Mayor appoints members to the board, PCSB has operated outside of the control of the Mayor and the Chancellor of traditional D.C. public schools; however, several agencies review PCSB's performance and operations. The D.C. Council holds annual hearings to examine PCSB's organization, personnel, budget, programs, policies, contracting, and procurement. The Office of the Chief Financial Officer oversees PCSB's budget development, operations, and financial reporting and reviews PCSB's monthly financial reports and year-end audits. Other offices monitor compliance with applicable laws and may conduct investigations or audits of PCSB when issues arise.

PCSB launched its new performance accountability system to oversee the District's charter schools in school year 2009-2010. However, in October 2010, just weeks before the results were to be released, PCSB decided to withhold the results from the public due to concerns about data accuracy and plans to use the data collected to further test and develop the system. The new system, called the Performance Management Framework (PMF), is designed to assess charter schools using common measures for academic performance, compliance with applicable laws, and financial management, among other things. As it implements the new system for the 2010-2011 school year, PCSB is currently collaborating with charter schools to develop and revise the system, and has more recently begun providing more detailed information to charter schools about how it will revise the system.

D.C. charter schools may receive funding from local, federal, and private sources for their operations and facilities and also have access to other District resources, including former D.C. school buildings; however, the criteria for awarding former school buildings to charter schools could be more transparent. The primary source of support for charter schools is local per-pupil funding, which is allocated to charter schools on the same basis as all public schools in the District. Charter schools also receive a per-pupil allotment from the District for facilities. In addition to local funds, charter schools are eligible to receive federal formula funding, federal discretionary grants, and private funding, such as foundation grants and commercial loans to purchase or renovate school buildings. To date, charter schools lease or will lease about half of the former D.C. school buildings that have been made available pursuant to a provision in D.C. law that provides charter schools with a right of first offer for these buildings. However, we found that the District does not include in its requests for offers all factors it may consider, such as economic development or other goals of the Mayor, when determining whether to accept or reject an offer. In addition, the District does not sufficiently document the basis for rejecting offers. Charter school officials and advocates expressed concern about the transparency and fairness in how the District makes decisions regarding former D.C. school buildings.

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Abbreviations

BOE	Board of Education
D.C.	District of Columbia
DCPS	District of Columbia Public Schools
DMPED	Deputy Mayor for Planning and Economic Development
DRES	Department of Real Estate Services
ESEA	Elementary and Secondary Education Act of 1965
IDEA	Individuals with Disabilities Education Act
LEA	local educational agency
OAG	Office of the Attorney General
OCFO	Office of the Chief Financial Officer
OSSE	Office of the State Superintendent for Education
PCSB	Public Charter School Board
PMF	Performance Management Framework
PreK	Prekindergarten
RFO	Request for Offers

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Accountability * Integrity * Reliability

**United States Government Accountability Office
Washington, D.C. 20548**

March 9, 2011

The Honorable Richard J. Durbin
Chairman
The Honorable Jerry Moran
Ranking Member
Subcommittee on Financial Services
and General Government
Committee on Appropriations
United States Senate

The Honorable Jo Ann Emerson
Chairwoman
The Honorable José E. Serrano
Ranking Member
Subcommittee on Financial Services
and General Government
Committee on Appropriations
House of Representatives

When the school doors opened in the District of Columbia (the District or D.C.) in school year 2010-2011, almost 40 percent of all public school students were enrolled in charter schools. As of the 2009-2010 school year, the District had the second highest percentage of students enrolled in charter schools among large cities nationwide. Moreover, charter school enrollment in the District has doubled in the past 6 years, reaching over 29,000 students in 52 schools on 93 campuses. The Public Charter School Board (PCSB) authorizes and oversees charter schools in the District.

The District of Columbia Appropriations Act, 2005 requires GAO to conduct biennial management evaluations of D.C.'s charter school authorizing boards; PCSB is currently the only charter school authorizer. In this report we address the following: (1) the mechanisms in place to review the performance and operations of PCSB, (2) the procedures and processes PCSB has in place to oversee and monitor the operations of D.C. charter schools, and (3) the resources available to charter schools for their operations and facilities.

To perform this work, we interviewed agency officials and officials from selected charter schools; reviewed agency documents and relevant D.C. and federal laws and regulations; and collected data on local charter school funding for operations. To determine what mechanisms are in place

to review PCSB's performance and operations, we interviewed staff of the D.C. Council and District officials in the Office of the Deputy Mayor for Education, Office of the State Superintendent for Education, Office of the Attorney General, Office of Campaign Finance, Office of the Inspector General, Office of the Auditor, and Office of the Chief Financial Officer. In addition, we reviewed relevant laws regarding PCSB reporting and accountability and examined reports related to PCSB's compliance with D.C. laws. To determine the procedures and processes PCSB has in place to oversee and monitor the operations of D.C. charter schools, we reviewed PCSB's overall approach for monitoring charter schools' operations, including financial management, compliance with charters and applicable laws and regulations, and academic performance. More specifically, we reviewed PCSB's recently implemented accountability system—called the Performance Management Framework—to determine how PCSB implements its risk-based approach to monitoring charter schools. We obtained additional information on PCSB's oversight process through visits with charter school officials in 7 schools—representing approximately 13 percent of charter school students and 13 percent of charter schools in the District in school year 2009-2010. We selected charter schools to provide variation in each of several characteristics, including location, academic and nonacademic performance, years in operation, and type of facility (such as commercial space and former D.C. school buildings).¹ Our selected schools were not representative of all charter schools, but provided some insight on how they operate. We also conducted interviews with officials at charter school advocacy and support organizations, including the D.C. Association of Chartered Public Schools and Friends of Choice in Urban Schools, known as FOCUS. To determine the resources available to charter schools for their operations and facilities, we interviewed PCSB officials and District officials at the Office of the State Superintendent for Education, and the Office of the Chief Financial Officer. We also interviewed D.C. charter school support organizations and selected charter schools. We also collected data on local per-pupil funding for operations for charter schools and traditional public schools from the Office of the Chief Financial Officer.² In addition, we

¹We interviewed officials from Elsie Whitlow Stokes Community Freedom Public Charter School, Hope Community Public Charter School, Hospitality Public Charter School, Knowledge is Power Program D.C., known as KIPP D.C., Public Charter School, Maya Angelou Public Charter School, Washington Latin Public Charter School, and Young America Works Public Charter School.

²We limited our data collection to local operational funds allocated on a per-pupil basis. Local operational funds are charter schools' primary source of funding.

collected enrollment data for charter schools and traditional public schools from the Office of the Chief Financial Officer and enrollment audit reports provided to the Office of the State Superintendent of Education. To assess the reliability of these data, we interviewed knowledgeable officials to learn about the sources of data and steps taken to ensure the completeness and accuracy of the data. For several of the data elements used in this report, we were able to check the data we received from agency officials against published sources; this was done in all cases where published sources were available. We determined these data to be reliable for the purpose of describing local operational funds allocated to D.C. charter schools and traditional public schools. We also identified other sources of funding for charter schools, including funding from federal and private sources. In addition, we collected data, interviewed District and charter school officials, and reviewed relevant laws and regulations regarding other, nonmonetary resources available to charter schools for their operations and facilities, including use of former D.C. school facilities, local city services, and personnel such as school police officers and school nurses.

We conducted this performance audit from December 2009 to March 2011 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

Charter schools are public schools established under contracts that grant them greater levels of autonomy from certain state and local laws and regulations in exchange for agreeing to meet certain student performance goals. D.C. charter schools must comply with select laws, including those pertaining to special education, civil rights, and health and safety conditions. In addition, charter schools are accountable for their educational and financial performance, including the testing requirements under the Elementary and Secondary Education Act of 1965, as amended (ESEA).

A wide range of individuals or groups, including parents, educators, nonprofit organizations, and universities, may apply to create a charter school. Charter schools in the District are nonprofit organizations and, like other nonprofits, are governed by a board of trustees. The board of trustees, which is initially selected by the school founders, oversees

compliance with laws, financial management, contracts with external parties, and other school policies. School board trustees are also responsible for identifying existing and potential risks facing the charter school and taking steps to reduce or eliminate these risks.

Charters to operate a school are authorized by various bodies, and may include local school districts, municipal governments, or special chartering boards. In 1996, Congress passed the District of Columbia School Reform Act of 1995 (School Reform Act),³ creating PCSB as a chartering authority.⁴ PCSB was established with the purpose of approving, overseeing, renewing, and revoking charters. After granting charters to schools, PCSB is responsible for monitoring charter schools' academic achievement, operations, and compliance with applicable laws. While the Mayor and Chancellor of the District of Columbia Public Schools (DCPS) oversee traditional public schools, PCSB is responsible for holding the District's charter schools accountable for academic results and compliance with applicable laws.

PCSB is comprised of seven unpaid board members with expertise relevant to charter school operation and approximately 25 employees who implement the board's policies and oversee charter schools. Under D.C. law, the seven-member board is appointed by the Mayor, and members of PCSB may serve up to two 4-year terms.⁵ To support its operations, PCSB receives local funds through the annual D.C. Appropriations Act. PCSB also receives administrative fees from charter schools based on the number of students enrolled as well as revenue from grants. PCSB's

³Pub. L. No. 104-134, Title II, 110 Stat. 1321 (1996).

⁴The School Reform Act also designated the D.C. Board of Education (BOE) as a chartering authority. However, in 2007, the D.C. Council passed the Public Education Reform Amendment Act of 2007 (D.C. Law 17-9, D.C. Code Ann. § 38-171 et seq.). This law transferred oversight responsibility for charter schools previously authorized by the BOE to PCSB, making PCSB the sole charter school authorizer in the District. The 2007 Act also placed D.C. public schools under the governance of the Mayor, moved the state education functions into a new state superintendent's office (Office of the State Superintendent of Education (OSSE)), established a separate public education facilities office, and created the D.C. Department of Education headed by the Deputy Mayor for Education. Moreover, the 2007 Act eliminated the BOE and created a new State Board of Education which is responsible for advising the State Superintendent of Education on educational matters, including state academic standards, policies, and regulations for traditional public schools, as well as charter schools.

⁵D.C. Code §§ 38-1802.14(a)(2) and (5). Prior to D.C. Law 18-223, enacted in September 2010, the Mayor selected from a list of candidates presented to the Mayor by the U.S. Department of Education.

largest expenditures are for its personnel and program-related costs, such as technology upgrades and charter school reviews that are conducted, in part, by consultants (see table 1).

Table 1: PCSB Revenue and Costs, Fiscal Years 2007-2010

	2007	2008	2009	2010 ^a
Revenue				
Local funds	\$1,225,000	\$1,718,630	\$1,660,277	\$1,556,139
Administrative fees from schools	1,053,806	1,487,882	1,828,073	1,956,946
Other revenue	68,925	157,213	1,622,694	2,401,057 ^b
Total revenue	\$2,347,731	\$3,363,725	\$5,111,043	\$5,914,143
Costs				
Personnel costs	\$1,053,929	\$1,677,888	\$1,907,490	\$2,240,267
Program-related costs	556,320	1,412,047	2,485,517	2,516,616
Facilities-related costs	255,150	307,166	355,422	367,432
Other costs	193,332	255,402	293,249	425,595
Total costs	\$2,058,731	\$3,652,503^c	\$3,874,854	\$5,549,911

Source: PCSB Annual Reports and Data.

^aAs of January 2011, PCSB had not finalized its 2010 financial analyses. According to an agency official, PCSB will finalize these analyses during the first quarter of calendar year 2011.

^b“Other revenue” includes local, state, federal, and private grants as well as sponsorship income. The projected increase in other revenue in 2010 includes the release of previously restricted private grant funds.

^cIn 2008 when total costs exceeded total revenue, PCSB covered the shortfall using previously accumulated net assets, according to a PCSB official.

The D.C. School Reform Act allows PCSB to grant up to 10 charters per year. Each charter remains in force for 15 years, and may be renewed for an unlimited number of times. PCSB is required to review each charter at least once every 5 years to determine whether the charter should be revoked.⁶ Each year PCSB is required to submit an annual report to the Mayor, the District of Columbia Council, the U.S. Secretary of Education, the appropriate congressional committees, and others that includes information on charter renewals, revocations, and other actions related to public charter schools.

⁶PCSB may revoke a charter for fiscal mismanagement, if the school has committed a violation of applicable laws or the terms of its charter, or if the school has failed to meet the student academic achievement goals in its charter.

A total of 76 charter schools have opened in the District since BOE and PCSB began chartering schools in 1996 and 1997, respectively.⁷ However, between 1998 and 2010, 24 charter schools closed, many for fiscal mismanagement discovered through PCSB monitoring. As of the 2010-11 school year, 52 charter schools across 93 campuses are in operation, serving over 29,000 students at all education levels, including early childhood and adult education. Charter schools in the District represent varied instructional and academic models. For example, some schools have a particular curricular emphasis, such as math and science, art, or foreign language, while other charter schools focus on specific populations, such as students with learning disabilities, students who have dropped out or are at risk of doing so, youth who have been involved in the criminal justice system, and adults. In addition, one charter school is a college preparatory boarding school. See appendix I for more information on D.C. charter school characteristics.

Unlike traditional public schools, which are generally part of a larger local educational agency (LEA), or school district, each D.C. charter school operates as its own LEA for most purposes.⁸ As a result, charter schools are responsible for a wide range of functions associated with being a local school district, such as applying for certain federal grants and acquiring and maintaining facilities. Charter schools may operate in a variety of facilities, such as surplus D.C. school buildings, shared spaces with other schools, and converted commercial buildings, including warehouses. However, public charter schools in D.C.—like charter schools across the nation—face challenges in acquiring facilities and funding facilities-related projects. GAO has previously reported that charter schools consistently encountered problems obtaining cost-effective and appropriate facilities.⁹ The District provides various forms of assistance to charter schools for facilities, including preference in leasing or purchasing former D.C. school buildings. The District prefers to lease rather than sell these buildings to charter schools so that they remain assets to D.C. residents.

⁷In 2010, PCSB conditionally approved four new public charter schools. These schools must address certain conditions before they can be granted a charter to open in the fall of 2011.

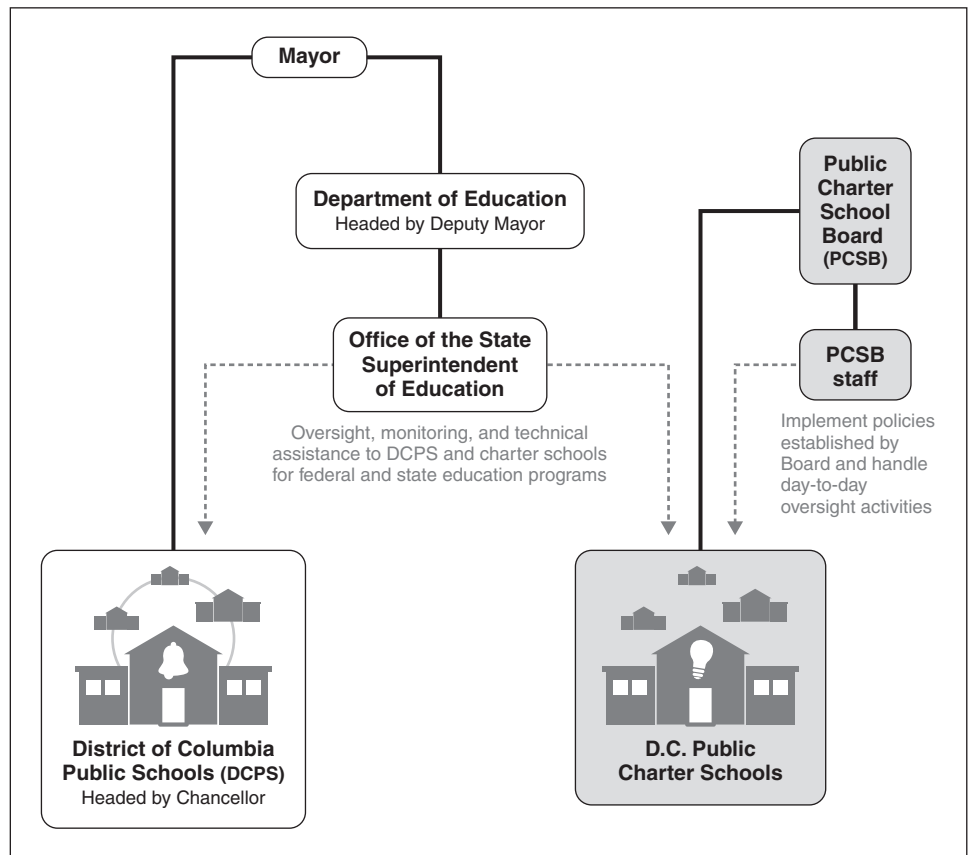
⁸Generally, an LEA is defined as any public authority legally constituted within a state for either administrative control or direction of public elementary schools or secondary schools in a city, county, township, school district, or other political subdivision of a state.

⁹GAO, *Charter Schools: New Charter Schools Across the Country and in the District of Columbia Face Similar Start-Up Challenges*, [GAO-03-899](#) (Washington, D.C.: Sept. 3, 2003).

Although PCSB Operates as an Independent Agency, It Is Subject to Performance Hearings and Financial Oversight

While the Mayor appoints members to the board, PCSB functions as an independent agency within D.C. government. As such, it operates outside of the policies and direction of the Mayor, and operates outside of DCPS and the Chancellor’s purview (see figure 1). While PCSB functions as an independent agency, PCSB and the Office of the Deputy Mayor for Education coordinate on issues of mutual concern.

Figure 1: D.C. Public Schools Governance Structure



Source: GAO analysis of D.C. government structure.

The School Reform Act, which created PCSB, outlines the operations of PCSB and grants the board the power to appoint, terminate, and fix the

pay of its executive director and other staff who carry out the daily operations of PCSB. The appointed seven-member board developed by-laws that established its operational procedures, including how appointed board members will be removed. The by-laws also include a reference to the board's rules on gifts and conflicts of interest, which board members must follow. In addition, the appointed board members establish policies and procedures for evaluating the financial management, governance, and performance of charter schools. PCSB staff implement the policies set by the board and handle the day-to-day charter school oversight activities. According to PCSB, its staff comply with all applicable D.C. laws and regulations, including those related to procurement, ethics, and employment.

While several agencies may conduct activities to review the performance and operations of PCSB, the most regular and comprehensive activities are conducted by the D.C. Council and Office of the Chief Financial Officer (OCFO) (see figure 2). Similar to hearings the D.C. Council conducts for other District agencies, boards, and commissions, its Committee of the Whole holds annual performance hearings for PCSB to examine its expenditures and performance.¹⁰ In preparation for these hearings, the Committee generally requests information from PCSB on the following:

- agency organization;
- personnel;
- budget, including approved budget and actual spending;
- programs and policies, including information on all policy initiatives, studies PCSB prepared or contracted for, and a description of the activities taken to meet key performance indicators;¹¹
- ongoing or completed investigations or audits of PCSB or any of its employees, and actions taken to address all recommendations identified

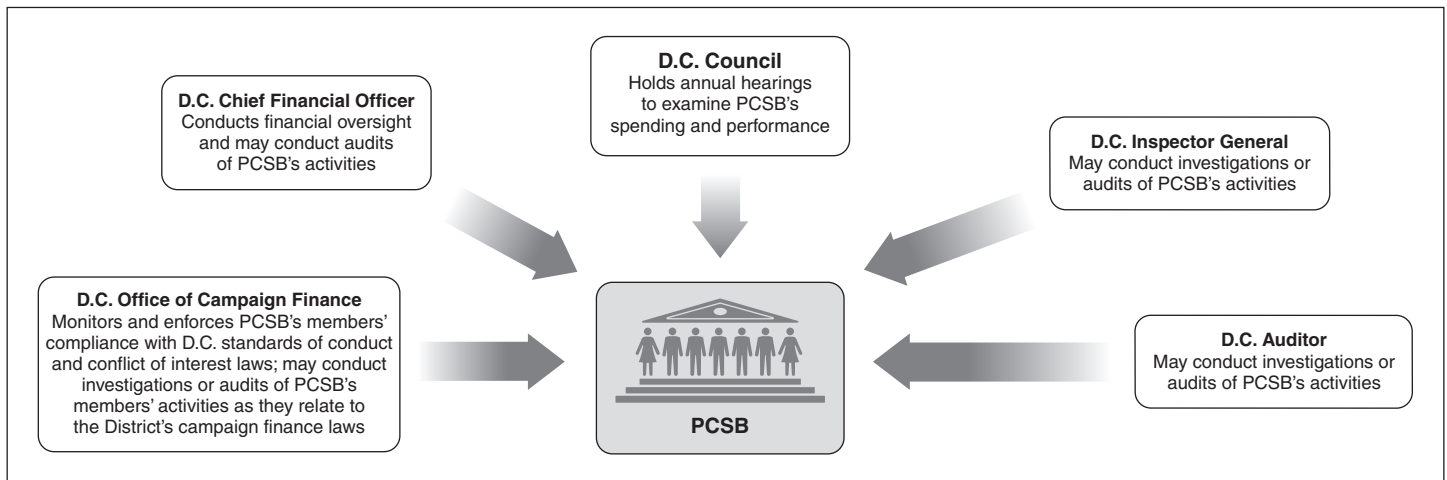
¹⁰In general, the D.C. Council approves the D.C. government's annual budget and conducts oversight of the performance of District agencies, boards, and commissions. The D.C. Council's Committee of the Whole is charged with responsibility for all matters related to public education, including public charter schools.

¹¹According to agency officials, PCSB is required to submit performance plans twice each year to the D.C. Office of the City Administrator that outlines its annual performance objectives and key indicators.

during the previous 3 years by the D.C. Office of the Inspector General or Auditor; and

- contracting and procurement.

Figure 2: D.C. Offices with Responsibilities for Reviewing the Operations of PCSB



Source: GAO rendition based on review of agency documents and interviews with agency officials.

Note: Some of these offices also have responsibilities related to charter schools in the District. The Office of the Chief Financial Officer distributes local funds to charter schools and may conduct financial audits upon referral from individuals or agency officials. The Inspector General and Auditor may investigate potential fraud and abuse in charter schools upon referral from individuals or agency officials.

In addition, OCFO oversees PCSB's financial management.¹² According to OCFO and PCSB, OCFO's oversight of PCSB includes reviewing budget estimates and proposals, reviewing financial processes, and overseeing cash management and procurement activities. OCFO manages PCSB's accounts payable, ensures procurement activities are administered according to approved PCSB financial policies, and provides monthly reports to the PCSB executive director and board members on financial activities and budget variance. OCFO also oversees and coordinates PCSB's fiscal year-end process which includes ensuring the accurate and timely closing of books for auditing purposes. In addition to the oversight by OCFO, the School Reform Act requires PCSB to provide for an audit of

¹²All District agencies, whether subordinate to or independent of the Mayor, are subject to financial oversight of OCFO.

its financial statements by an independent certified public accountant and forward the findings and recommendations of these audits to the Mayor, Council, and OCFO of the District.¹³ According to an OCFO official, OCFO may also conduct audits of PCSB.

Other agencies may conduct audits or investigations when issues arise. The D.C. Office of Campaign Finance monitors appointed PCSB members' submission of annual financial disclosure statements, has the authority to investigate conflict of interest violations, and may impose fines and refer cases to the United States Attorney for the District of Columbia. In 2009, the Office of Campaign Finance conducted investigations of allegations of conflicts of interest in response to concerns raised in local news reports and concluded that the appointed PCSB members under investigation did not violate conflict of interest laws. The District of Columbia Office of the Attorney General (OAG) conducted a similar conflict of interest inquiry regarding one of the same board members. OAG did not find any violations, but made recommendations that the board strengthen its ethics standards and formal policies which have largely been implemented. These include recusal, financial disclosure, gift rules, and participation in regular ethics training. PCSB has participated in ethics training but has not yet established formal policies for implementing such training on a regular basis. The D.C. Inspector General and the D.C. Auditor may also conduct investigations or audits of PCSB.

PCSB Implemented a New Accountability System to Monitor Charter Schools

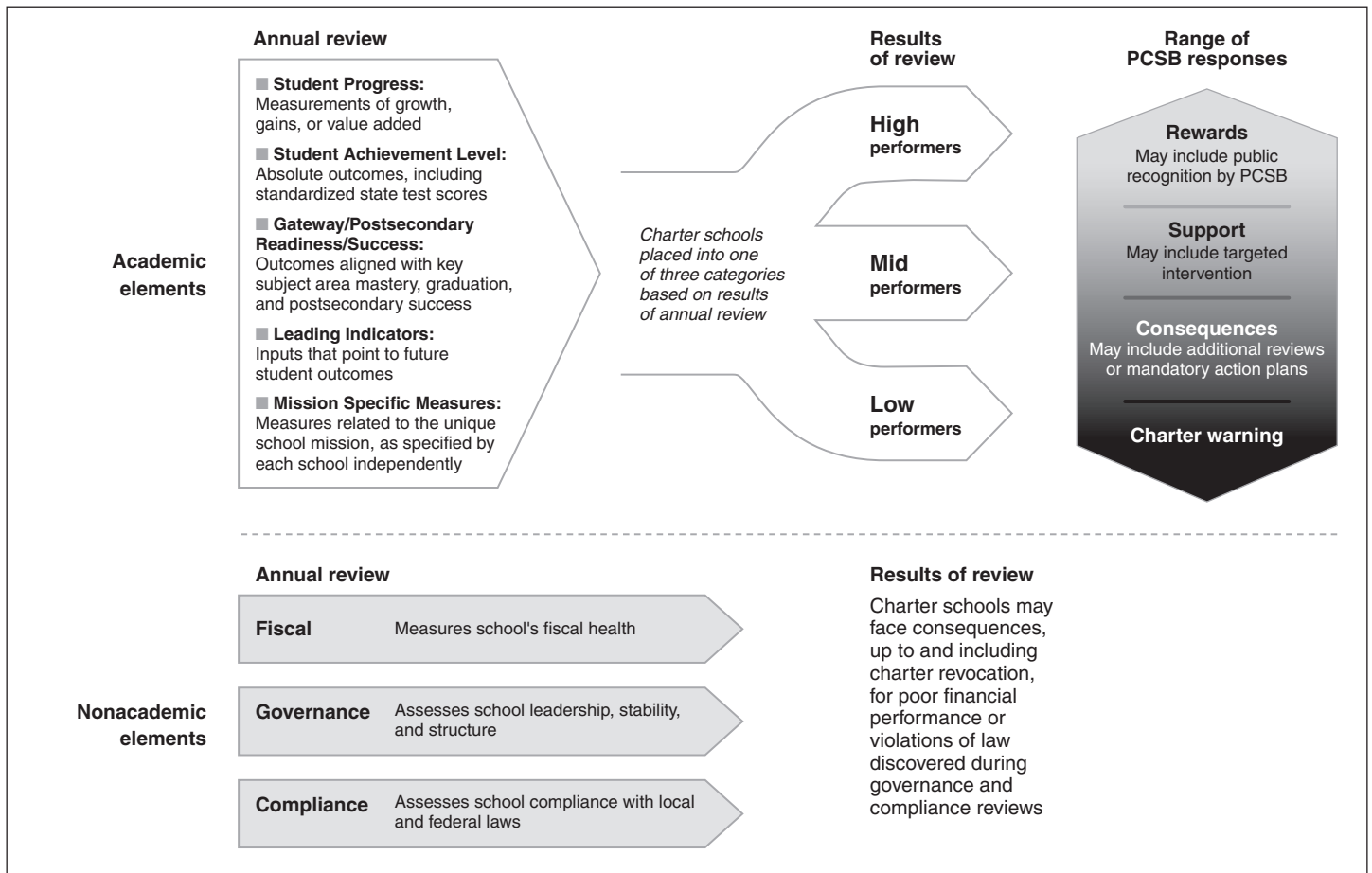
PCSB's New Accountability System Is Currently Undergoing Revision

To improve oversight of charter schools, PCSB launched a new accountability system—called the Performance Management Framework (PMF)—to capture school performance information for the 2009-2010 school year (see figure 3 for the current version of the PMF). However, in October 2010, about 2 weeks before the PMF results were to be released,

¹³D.C. Code Ann. § 38-1802.14(f) (2010). The School Reform Act is silent on the frequency of these audits. However, audits have been conducted annually since 1997 by Kendall, Prebola, and Jones Certified Public Accountants.

the board voted to withhold the results from the public, citing concerns about the accuracy of the school-level data collected. For example, some elementary, middle, and high schools had data accuracy issues with the re-enrollment and demographic numbers, and high schools were inconsistently reporting graduation rates. In addition to withholding the results to resolve data accuracy issues, PCSB later communicated that it also wanted to thoroughly review components of the PMF to ensure their analyses were accurate and fair. PCSB decided to use the data collected for the 2009-2010 school year to further develop and test the new system, while it continues implementing the system. Results from the current 2010-2011 school year are expected to be released in fall 2011. As it revises the new system, PCSB is working collaboratively with charter school leaders. For more information on the PMF measures and components that are under development or review, see appendix II.

Figure 3: Overview of PMF



Source: GAO analysis of PCSB information.

Note: The graphic illustrates the version of the PMF as of December 2010. The PMF is currently undergoing revisions.

According to PCSB officials, the PMF is designed to allow PCSB to assess and compare all schools using common academic measures, target more intense reviews to schools that are not performing well relative to other schools, and use technology to streamline document submission and review. The PMF is based on a common set of five academic indicators, as well as nonacademic measures to evaluate school performance, as shown in figure 3. Weights are assigned to each academic measure and these academic measures are then combined to yield a final PMF score for each school. This final score determines the level of additional support or oversight a school receives from PCSB.

The PMF is also designed to assess schools' nonacademic performance in finance, governance, and compliance with ESEA and other applicable laws. Nonacademic reviews are to be conducted annually. According to PCSB officials, although a school's PMF score does not include nonacademic indicators, charter schools may face consequences, including charter revocation, for poor financial performance or violations of law discovered during governance and compliance reviews. To conduct various academic and nonacademic reviews, PCSB uses internal staff, consultants, and a recently established audit management unit that will analyze and monitor schools' financial statements and audits.

In addition, the PMF will be supported by a new electronic system to streamline the review process and enable PCSB and charter schools to exchange and share documents more efficiently. For example, under the PMF, schools will submit academic performance data, annual reports, and financial statements electronically for review. This review will allow PCSB to identify potential issues and schools needing additional help or more thorough, in-depth review. According to PCSB, the new electronic system is expected to make the process of sending, receiving, filing, tracking, and reviewing electronic versions of reporting requirements under the PMF more efficient for PCSB and charter school operators.

PCSB Has Recently Communicated to Charter Schools Its Plans for Implementing the Revised PMF for the 2010-2011 School Year

Although charter schools initially received limited information about PCSB's plans for implementing the revised system, PCSB has more recently taken steps to keep charter schools informed. In January 2011—about 3 months after PCSB decided to withhold initial PMF results—PCSB provided information to charter schools about when it would revise and implement components of the PMF and its timeline for soliciting feedback. PCSB also provided charter schools with its timeline for collecting and validating data, as well as information on how it would resolve data accuracy issues, including developing data collection templates. PCSB plans to solicit feedback from charter schools on the revised PMF model for elementary, middle, and high schools in April 2011, and plans to hold these schools accountable under the PMF for the 2010-2011 school year, with results released to the public in November 2011. For adult and early childhood schools, PCSB expects to implement the PMF for the 2012-2013 school year. Moving forward, PCSB plans to provide updates to charter schools on its progress in revising the PMF in weekly e-mail messages.

Charter Schools Receive Funding and Other Resources for Their Operations and Facilities

D.C. Charter Schools May Receive Local, Federal, and Private Funding for Their Operations and Facilities

D.C. charter schools may receive funding for their operations and facilities from a range of sources. Like traditional public schools in the District, the primary source of funding for charter schools is local appropriations, which is allocated on the basis of a per-pupil formula that takes several factors into consideration. As shown in table 2, the amount charter schools and DCPS receive per pupil varies based on grade level, ranging from \$6,578 for adult students to \$11,752 for preschool students in school year 2009-2010.¹⁴ Schools also receive add-on amounts to account for differences in the cost of educating certain student populations, such as special education and limited English proficient students.¹⁵ For example, schools that served kindergarten students who require more than 24 hours per week of special education services received a total of \$36,220 per pupil for such students in school year 2009-2010. In addition, to help cover the cost of charter school facilities, most of which are commercial buildings around the city, charter schools receive a local per-pupil facilities allowance. For the 2009-2010 school year, the facilities allowance was \$2,800 per pupil for nonresidential students and \$8,395 per pupil for schools that provide residential room and board.¹⁶

¹⁴The per-pupil allocation for general education can increase or decrease from the foundation amount (base cost) of \$8,770 based on the weights assigned to grade levels or student type. For example, kindergarten is assigned a weight of 1.30 and has a per-pupil allocation of \$11,401.

¹⁵Other add-on categories are summer school and residential room and board.

¹⁶The facilities allowance for charter schools is the average per-pupil allowance of DCPS's approved capital budget for the most recent 5 years. In response to concerns about the adequacy of the facilities allowance, a working group reviewed facilities expenditures of charter schools. The working group recommended an approach that would establish a minimum facilities allowance of \$3,000 per student and use a new method for calculating the 5-year average of DCPS's per-pupil facilities funding.

Table 2: Local Funding by Grade Level, Special Education Add-on, and Limited English Proficient Add-on for Charter Schools and DCPS, 2009-2010

Grade level/student type	Per-pupil amount for all schools	Charter schools		DCPS	
		Projected enrollment	Audited enrollment	Projected enrollment	Audited enrollment
Preschool	\$11,752	1,422	1,423	1,619	1,758
Prekindergarten	11,401	2,176	2,184	2,745	2,938
Kindergarten	11,401	1,913	1,913	3,334	3,273
Grades 1-3	8,770	4,750	4,757	10,597	10,125
Grades 4-5	8,770	3,014	3,016	6,301	6,320
Grades 6-8	9,033	6,179	6,184	6,958	4,805
Grades 9-12	10,173	5,472	5,865	11,683	11,567
Alternative student ^a	10,261	445	447	1,701	93
Special Education school ^b	10,261	225	Data not provided	598	567
Adult student ^c	6,578	1,911	2,093	0	982
Total	—	27,507	28,107	45,536	42,428
Special Education add-on ^d					
8 hours or less of special education services	4,560	738	738	1,349	1,443
9-16 hours of special education services	6,928	1,073	1,074	2,460	2,195
17-24 hours of special education services	13,681	449	451	914	559
More than 24 hours of special education services	24,819	559	560	1,822	1,551
Total	—	2,819	2,823	6,545	5,748
Limited English proficient add-on	3,947	1,933	Data not provided	4,508	Data not provided

Source: OCFO data and OSSE audit reports.

^aAlternative students receive specialized instruction as a result of being under court supervision, suspended, chronically truant, or expelled from a traditional school or public charter school in the District.

^bSpecial education schools are schools that exclusively serve special education students who require after-hours instruction, extended school year services, or residential room and board.

^cAdult students receive below college-level instruction as a result of lacking basic educational skills; a certificate of graduation from a secondary school; or the ability to speak, read, write, or understand English.

^dUnder D.C. law, there are four levels for the special education add-on. The levels are defined by the number of hours per week of specialized services a student needs.

Although local funding for operations for both charter schools and traditional schools is determined based on the same formula, charter schools receive funding based on actual, or audited, enrollment while DCPS receives funds based on projected enrollment. Charter schools receive four payments during the fiscal year, which are reconciled based on audited enrollment figures. For example, if a charter school's audited enrollment is higher or lower than projected, subsequent payments will be increased or decreased accordingly. DCPS receives spending authority at the beginning of the fiscal year based on enrollment projections, and it is not adjusted based on audited enrollment, according to District officials.¹⁷

Charter schools may also receive federal and private funding for their operations and facilities. Like all public schools in D.C., charter schools are eligible to receive federal formula grants through various programs under ESEA and the Individuals with Disabilities Education Act (IDEA). Because charter schools in the District are considered individual LEAs, they may also be eligible to compete for federal discretionary grants from agencies, such as the Department of Education, the Department of Health and Human Services, and the Department of Justice.¹⁸ Furthermore, between fiscal years 2004 and 2010, Congress appropriated over \$104 million directly to the District to fund programs intended to expand public charter schools.¹⁹ Some of the programs for which federal payments were used included facilities financing for charter schools through which the District awarded more than 80 grants and loans to help charter schools

¹⁷D.C. law established a commission to study and report on revisions to the local per-pupil funding formula with regard to improving equity, adequacy, affordability, and transparency. In addition to studying and reporting on the local funding formula, the commission will also study and report on the kind, amount, and impact of payments and transfers from D.C.'s general fund to DCPS and charter schools, as well as in-kind services provided to DCPS and charter schools. Beginning in fiscal year 2012, services provided by District of Columbia government agencies to public schools shall be provided on an equal basis to the District of Columbia Public Schools and public charter schools. (D.C. Law 18-223, § 4061 (2010)).

¹⁸We previously reported that few charter schools nationwide apply for federal discretionary grants, despite being potentially eligible. See GAO, *Charter Schools: Education Could Do More to Assist Charter Schools with Applying for Discretionary Grants*, GAO-11-89 (Washington, D.C.: Dec. 4, 2010).

¹⁹We previously issued a report on federal payments to DCPS and charter schools. We reported that Congress appropriated \$84.6 million between fiscal years 2004 and 2009 and an additional \$20 million in fiscal year 2010 to expand public charter schools. See GAO, *District of Columbia Public Education: Agencies Have Enhanced Internal Controls Over Federal Payments for School Improvement, but More Consistent Monitoring Needed*, GAO-11-16 (Washington, D.C.: Nov. 18, 2010).

build, improve, lease, or purchase facilities. In addition, charter schools may engage in fundraising activities and accept grants and gifts from corporations, foundations, and other organizations, as long as the gift is not subject to any condition contrary to law or their charters. For example, some of the charter schools we visited held yearly fundraisers and received annual gifts from corporations. Charter schools may also generate income by charging tuition and fees for students who live outside of the District or renting out property. In addition, charter schools may take out private loans to secure their facilities.

D.C. Charter Schools Have Access to Nonfinancial Resources

D.C. charter schools may receive local personnel and services from the District. Officials at some of the schools we visited told us they have been able to obtain school police officers, nurses, crossing guards, and other city services. In addition, 14 of 52 charter schools elected to use DCPS as their LEA for special education services.²⁰ For these schools, DCPS is responsible for special education evaluations, placements, litigation, and other services, according to school officials. However, charter schools that serve as their own LEA for special education services are responsible for carrying out these functions. All charter schools, including those that use DCPS as the LEA, are responsible for providing direct special education services, such as specialized instruction or staff.

Charter schools may also lease former D.C. public school buildings through a provision in D.C. law, enacted in late 2004, which provides a “right of first offer” to charter schools for school buildings DCPS determines it no longer needs.²¹ This allows charter schools to submit proposals for these buildings to the District before other entities, such as private development firms. As shown in figure 4, DCPS transfers buildings it no longer needs to the D.C. Department of Real Estate Services (DRES)—an agency under the purview of the Mayor—which is responsible for the District’s real estate portfolio management, among other duties. The District then determines whether there is another governmental need for the building before making it available to charter

²⁰When applying for their charters, schools must decide whether to be considered as an LEA for purposes of IDEA, Part B and Section 504 of the Rehabilitation Act of 1973. DCPS serves as the LEA for charter schools that do not elect this option.

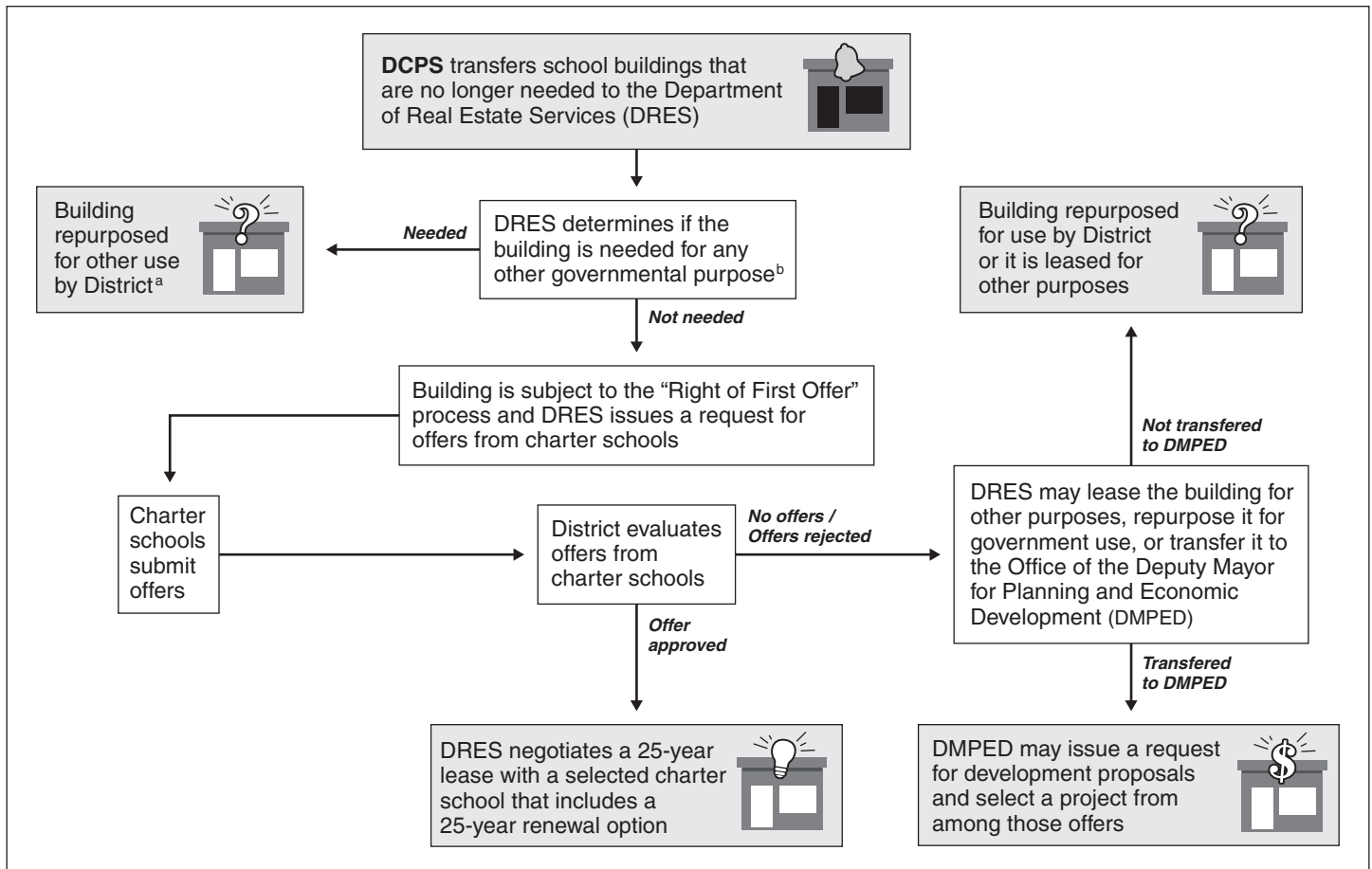
²¹D.C. Code Ann. § 38-1802.09 (2010).

schools under the “right of first offer” preference.²² Some former D.C. school buildings have been used as homeless shelters, space for local agencies, and additional space for DCPS during school renovations, among other uses. If DRES determines there is no governmental need for the building, DRES may issue a Request for Offers (RFO) from charter schools.²³

²²Responding to a request by the Mayor’s office for an interpretation of the statutory provision providing a right of first offer to charter schools, the D.C. Attorney General stated that the Mayor has the authority to prioritize noneducation-related governmental uses for former public school buildings by other D.C. government agencies.

²³Currently, charter schools may also enter into short-term leases or colocation agreements for underutilized space in buildings in DCPS’ inventory that have not been transferred to DRES. According to DRES, D.C. law allows leases of less than 25 years for colocation agreements.

Figure 4: Process for Making Former D.C. School Facilities Available to Charter Schools



Source: GAO rendition based on interviews with agency officials and analysis of DRES information.

^aThe District leased some of these buildings to charter schools.

^bAccording to DRES officials, after the right of first offer provision went into effect, DRES determined if any buildings were subject to a pre-existing lease or resolution of the D.C. Council. Former D.C. school buildings that were under an existing lease or resolution of the D.C. Council were exempt from the right of first offer provision and were not considered for other governmental use by the District.

As of December 2010, 52 former D.C. school buildings have been transferred from DCPS to DRES and charter schools occupy or will occupy 18 of these buildings (see figure 5). Twenty-five of the 52 buildings transferred to DRES have been made available for first offers from charter schools. The remaining 27 buildings were exempt from the right of first

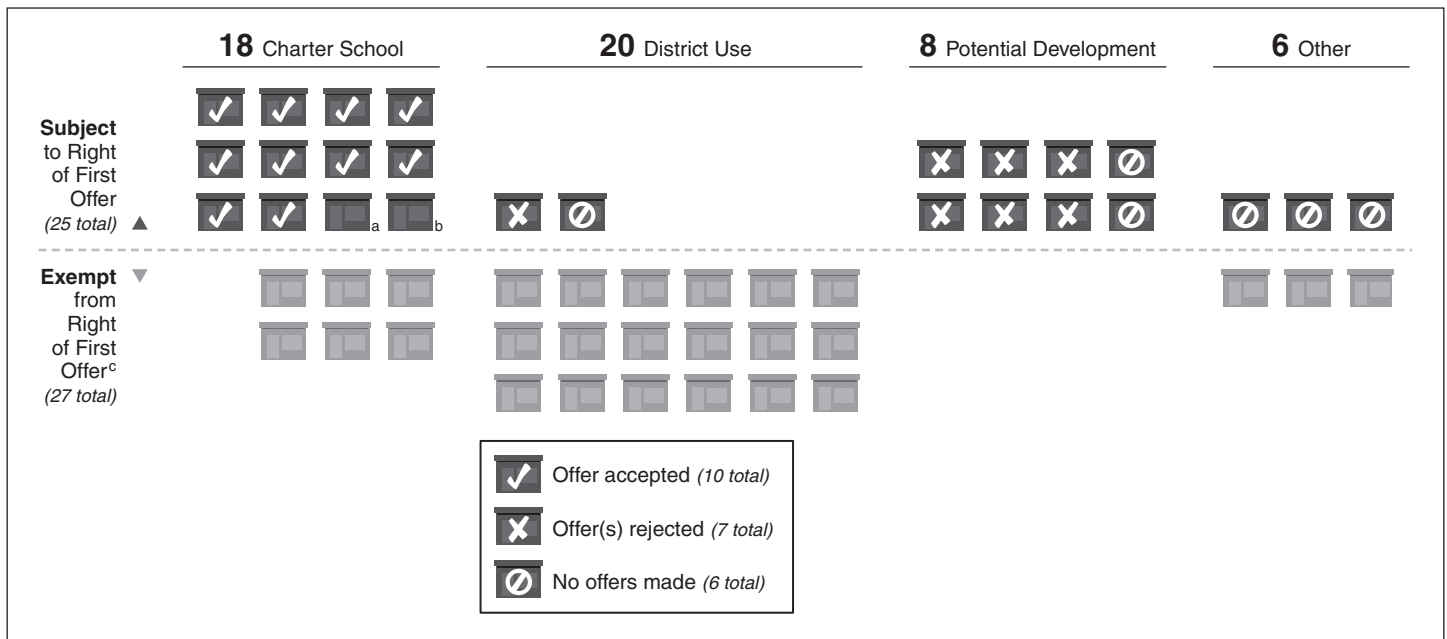
offer provision due to a pre-existing lease, resolution of the D.C. Council, or governmental use by the District.²⁴ To date, charter schools have submitted offers for 17 of the 25 buildings made available under the right of first offer provision, and offers have been accepted for 10 of these buildings. For accepted charter school offers, the property is appraised and a lease is negotiated and, if required, executed with approval from the D.C. Council. If no charter school submits an offer or the offers are rejected, DRES may use the building for other governmental purposes or lease the building for other purposes, such as use by a nonprofit entity, according to agency officials. DRES may also transfer buildings to the Office of the Deputy Mayor for Planning and Economic Development (DMPED) if there is potential use for economic development, according to DRES officials. DMPED will then issue another solicitation for offers and proposals from private developers or other entities.²⁵ Some former school buildings that were transferred to DMPED were awarded to development corporations for residential and retail projects.²⁶

²⁴Three of the buildings that were exempt from the right of first offer provision due to District use are leased to charter schools through the District's Charter School Incubator Initiative—a public-private partnership that secures and finances facilities for new public charter schools.

²⁵Charter schools or charter school organizations may, and do, submit proposals in response to DMPED's solicitation. As of December 2010, one charter school has been awarded a former D.C. school building through this process.

²⁶Although all 52 former D.C. school buildings have a current or planned use, 15 of the buildings were vacant as of December 2010.

Figure 5: Current or Planned Use of 52 Former School Buildings, as of December 2010



Source: GAO analysis of DRES information.

^aDRES did not receive offers on this building in response to the right of first offer solicitation. However, the building was awarded to a charter school in response to a solicitation for proposals from DMPED.

^bAccording to DRES, the building was occupied by a charter school that had an agreement with DCPS for part of the building. DRES determined that the existing charter school tenant qualified as a charter school occupying all or substantially all of the facility and was entitled to a right of first offer before other charter schools.

^cBuildings may have been exempt from the right of first offer provision due to a pre-existing lease, resolution of the D.C. Council, or governmental need by the District.

The Basis for the District’s Decisions to Reject Charter School Offers for Former D.C. School Buildings Is Unclear

For the offers that are rejected, we found that the RFO does not detail all of the factors the District may consider in deciding whether to award a school building to a charter school and that the basis for the District’s decision to reject a charter school’s offer is not always sufficiently documented. Specifically, the RFO states that the selection panel, which is comprised of officials from DRES and the Office of the Deputy Mayor for Education, will evaluate offers in the context of six evaluation criteria: (1) educational vision, (2) project vision, (3) capability of respondent to execute its vision, (4) past experience with similar project(s), (5) financial feasibility, and (6) best interest of the District. Although the RFO criterion “best interest of the District” is rather broad and could conceivably

encompass other factors the District may consider in evaluating offers, the only additional information provided for this criterion in the RFO pertains to whether the offer requires a District subsidy and maximizes community involvement. However, the D.C. rule regarding disposition of former school property states that the long- or short-term community development; economic development; cultural, financial, or other goals of the Mayor or the District may be also considered by the selection panel when deciding whether to accept or decline charter school offers.²⁷ Only by looking at the D.C. rule would an offeror know that these additional factors may be considered. Because the RFO does not clearly indicate that additional factors beyond the stated criteria can affect whether a proposal is accepted, potential offerors may not have a clear understanding of the criteria that will be used to evaluate their offers. While District officials felt that the criteria listed in the RFO were inclusive of all factors that may be considered, some charter school officials and advocates we spoke with expressed a lack of understanding and confidence in the fairness and transparency of how the District made decisions to accept and reject offers.

We also found that the selection panel does not always sufficiently document the reasons for recommending that a particular charter school's offer be rejected. After consensus is reached on a charter school's offer, the selection panel provides a memorandum documenting its recommendation for accepting a charter school's offer to the Director of DRES and Deputy Mayor for Education. According to District officials, the Director of DRES and the Deputy Mayor for Education then make a recommendation to the Mayor, who ultimately decides whether an offer is accepted. For rejected offers, however, the selection panel does not always document its recommendation, and although DRES notifies the charter schools of its decision in writing, it does not include the reasons that offers were rejected. While DRES officials told us that charter schools may request a briefing to understand why their offers were rejected, the rejection letter does not state that charter schools have this option. Because DRES does not always document its recommendations for rejecting charter school offers and the notification letter does not include the reasons offers were rejected, charter schools may lack information that could help them better understand the process and develop future offers.

²⁷55 D.C. Reg. 12177 (2008). Although this emergency rule has expired, DRES told us they still follow this rule and are in the process of making it permanent.

Conclusions

In the District, charter schools, which enroll nearly 40 percent of all public school children in the city, offer parents more educational choice. These schools offer varied approaches to instruction and some target specific subpopulations of students. Charter schools in the District, and in general, were designed to operate with more autonomy and flexibility than traditional schools, but like all schools, are accountable for ensuring that every student receives a quality public education. PCSB has oversight over all 52 charter schools, and its new PMF has the potential to be a valuable tool for overseeing and monitoring charter schools. The PMF also has the potential to provide more information to parents, school leaders, and other stakeholders about the relative and collective performance of charter schools across a range of indicators. As such, it is important that PCSB take the necessary steps to ensure that its PMF is designed and implemented well. PCSB plans to collaborate with charter schools to develop and revise the system, and has more recently begun providing more detailed information to charter schools about its plans for implementing the revised system for the 2010-2011 school year. We believe that ongoing collaboration and communication such as this is vital to the successful implementation of the PMF.

The District faces tough trade-offs in how it uses its resources. Former D.C. school buildings may be attractive locations for a range of city uses, including charter school facilities. The growing charter school population in the District makes appropriate, affordable space to educate students a critical resource to the success of individual charter schools and the District's charter school movement as a whole. Therefore, it is also important that criteria used to determine whether a charter school receives a former D.C. school building are as transparent as possible and that the basis for the District's decision is clear and sufficiently documented. Additional clarity and transparency regarding how the District decides to use former D.C. school buildings may increase charter schools' understanding of the process and may help to avoid the appearance of a lack of fairness among charter school officials and advocates.

Recommendation for Executive Action

To ensure that the criteria for evaluating offers from charter schools to use surplus D.C. school buildings are clear and the reasons for denial of offers are communicated, we recommend that the Mayor of the District of Columbia direct DRES to take the following two actions:

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- ensure the RFO on former D.C. school buildings clearly indicates all factors that may be considered by the selection panel, and
 - inform charter schools, in writing, of the reasons their offers were rejected or of the opportunity to request a briefing to obtain such information.

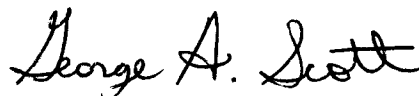
Agency Comments and Our Evaluation

We provided a draft of this report to PCSB, the D.C. Mayor's Office, and the U.S. Department of Education. PCSB and the Mayor's Office provided written comments, which are reproduced in appendixes III and IV, respectively. The U.S. Department of Education did not have comments on the report. We also received technical comments from various offices cited in the report, including DRES, D.C. Office of the Attorney General, and the D.C. Council, which we incorporated throughout the report where appropriate.

In its letter, PCSB stated that it has redoubled its efforts to work with nationally recognized experts in school accountability systems as it further validates certain elements of its new accountability system. The District agreed with our recommendations and stated that DRES has begun taking steps to improve the process for awarding former D.C. school buildings to charter schools and will continue to identify ways to improve the selection process.

We are sending copies of this report to PCSB, the D.C. Mayor's Office, U.S. Department of Education, and appropriate congressional committees. In addition, the report will be available at no charge on GAO's Web site at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-7215 or scottg@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs can be found on the last page of this report. GAO staff who made major contributions to this report are listed in appendix V.



George A. Scott
Director, Education, Workforce,
and Income Security Issues

Appendix I: D.C. Charter School Characteristics

Table 3: Characteristics of D.C. Charter Schools Open as of September 2010

Public charter school	Mission, curriculum, ^a or target population	Education levels ^b	Year opened	Enrollment ^c	Made adequate yearly progress (AYP) ^d	Type of building(s) ^e
Achievement Preparatory Academy	College-preparatory with focus on literacy intervention, remediation, and acceleration	4-6	2008	99	Yes	District of Columbia Public Schools (DCPS) colocation
Apple Tree Early Learning	Focus on literacy skills	Preschool-Prekindergarten (PreK)	2005	180	N/A	Commercial; DCPS collaboration
Arts & Technology Academy	Arts and humanities education, technology education	Preschool-6	1999	606	No	DCPS surplus
Booker T. Washington	Career-focused school with emphasis on building trades	9-12	1999	346	No	Commercial
Bridges	Individualized education for children with and without special needs	Preschool-PreK	2005	85	N/A	Commercial
Capital City	Project-based curriculum	PreK-10	2000	425	No	Commercial
Carlos Rosario International	Adult education	Age 16-Adult	1998	1659	N/A	City government
Center City	School culture embodies compassion, integrity, discipline, and accountability	PreK-8	2008	1212	No	Commercial
Cesar Chavez Public Charter High School	Public policy focus	6-12	1998	1383	No	Commercial
Community Academy	Community-centered learning model	Preschool-8	1997	1579	No	Commercial; DCPS surplus; city government
D.C. Bilingual	Bilingual education	Preschool-5	2004	354	No	Commercial
D.C. Preparatory Academy	College preparatory	Preschool-8	2003	845	Yes	Commercial; DCPS colocation
E.L. Haynes	Math and science focus	PreK-7	2004	460	No	Commercial
Eagle Academy	Individual focus, active learning model	Preschool-1	2003	441	N/A	Commercial

**Appendix I: D.C. Charter School
Characteristics**

Public charter school	Mission, curriculum,^a or target population	Education levels^b	Year opened	Enrollment^c	Made adequate yearly progress (AYP)^d	Type of building(s)^e
Early Childhood Academy	Literacy, numeracy, and cognitive and social skills emphasized	Preschool-3	2005	225	No	Commercial
Education Strengthens Families	Culturally sensitive family literacy model	Age 0-3, adults	2006	226	N/A	Commercial
Elsie Whitlow Stokes	Bilingual education	PreK-6	1998	326	No	Commercial
Excel Academy	All girls' school, high school and college-preparatory	Preschool-1	2008	209	N/A	Commercial
Friendship	Curriculum that emphasizes basic learning using technology	Preschool-12	1998	3666	No	DCPS surplus; Commercial
Hope Community	Broad-based cultural knowledge and character education	PreK-8	2005	662	No	Commercial
Hospitality	College preparatory school with emphasis on hospitality industry	9-12	1999	174	No	DCPS colocation
Howard Road Academy	Arts and humanities education	PreK-8	2001	933	No	Commercial
Howard University Middle School of Mathematics and Science	Math and science focus	6-8	2005	285	No	Commercial
Hyde Leadership Academy	College preparatory, character education, and service learning	K-12	1999	741	No	DCPS surplus
Ideal Academy	Math, science, and technology focused program	Preschool-11	1999	385	No	Commercial; DCPS surplus
Imagine Southeast	Single-sex instructional model that emphasizes academics, character development, community involvement, and student leadership	PreK-4	2008	321	No	Commercial
Integrated Design and Electronic Academy	Career-focused school; junior ROTC program	7-12	1998	468	No	DCPS surplus

**Appendix I: D.C. Charter School
Characteristics**

Public charter school	Mission, curriculum,^a or target population	Education levels^b	Year opened	Enrollment^c	Made adequate yearly progress (AYP)^d	Type of building(s)^e
Knowledge is Power Program D.C., known as KIPP D.C.	College preparatory with extended day and year	PreK-1, 5-9	2001	1586	No	DCPS surplus; DCPS collaboration
Latin American Montessori Bilingual	Bilingual education	Preschool-5	2003	172	No	DCPS surplus
Latin American Youth Center Youth Build	Career-focused school emphasizing vocational training, employability skill building, and community service	GED Program	2005	98	N/A	Commercial
Mary McLeod Bethune	Features foreign languages and the arts	PreK-8	2004	265	Yes	Commercial; DCPS colocation
Maya Angelou	Adjudicated and at-risk youth	6-12	1998	554	No	Commercial; DCPS colocation; DCPS collaboration
Meridian	Features frequent testing and student portfolios	Preschool-8	1999	515	No	Commercial
National Collegiate Preparatory	International studies-themed college preparatory high school	9	2009	84	N/A	DCPS surplus
Next Step/El Proximo Paso	Dropout prevention or remediation	GED Program	1998	110	N/A	Commercial
Nia Community	Comprehensive educational services that are student-centered	PreK-6	2006	202	No	Commercial
Options	Alternative learning environment for underachieving students using project-based approach	6-11	1996	319	No	DCPS surplus
Paul	Converted public school focused on general academic skills and character education	6-9	2000	667	No	DCPS conversion
Potomac Lighthouse	Arts focus	PreK-7	2005	269	No	Commercial
Roots	Instructional emphasis on African heritage and culture	PreK-8	1999	108	No	Commercial

**Appendix I: D.C. Charter School
Characteristics**

Public charter school	Mission, curriculum,^a or target population	Education levels^b	Year opened	Enrollment^c	Made adequate yearly progress (AYP)^d	Type of building(s)^e
School for Arts in Learning (SAIL)	Arts focus for students with learning disabilities	Kindergarten-8	1998	166	No	Commercial
The School for Educational Evolution and Development of Washington, known as the SEED School of Washington	Boarding school	6-12	1998	337	No	Commercial
Septima Clark	All-boys college preparatory program	Preschool-3	2006	133	N/A	DCPS colocation
St. Coletta Special Education	Serves students with cognitive disabilities and their families	Ages 3-22	2006	225	Yes	Commercial
Thea Bowman	Preparatory environment that responds to the academic, physical, social, and emotional changes taking place in each child	5-7	2008	94	No	Commercial
Thurgood Marshall Academy	Law-related focus	9-12	2001	389	No	DCPS surplus
Tree of Life	Emphasizes literacy skills for students performing below grade level	PreK-8	2000	266	No	Commercial
Two Rivers	Project-based curriculum	Preschool-8	2004	415	No	Commercial
Washington Latin	Classical education	5-10	2006	432	No	Commercial
Washington Math, Science & Technology	Math and science focus; ROTC program	9-12	1998	368	No	Commercial
Washington Yu Ying	Combines Chinese language immersion with an inquiry-based curricula	PreK-2	2008	198	N/A	Commercial
William E. Doar, Jr. Public Charter School for the Performing Arts	Performing arts focus	Preschool-12	2004	644	Yes	Commercial

Source: GAO analysis of charter school information and PCSB documents.

**Appendix I: D.C. Charter School
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^aAn individual school's curriculum may combine elements from several sources; for the schools shown, the table highlights one or more aspects of the curriculum.

^bReflects grade levels served in during the 2009-2010 school year. Individual schools' charters may allow schools to gradually add grades over time.

^cReflects actual enrollment as of 2009-10.

^dReflects schools' AYP status for 2010. Under ESEA, states are required to establish performance goals and hold their schools accountable for students' performance by determining whether or not schools have made AYP. The Act requires states to set challenging academic content and achievement standards in reading or language arts, mathematics, and science, and determine whether school districts and schools make AYP toward meeting these standards. To determine AYP, the District uses student test scores on the statewide exam in grades 3 through 8 and 10. "N/A" is listed for schools that did not serve the tested grades at the time of the statewide exam or whose sample size was too small to calculate AYP.

^eIndividual charter schools may operate in several locations. The building types are for school year 2008-2009, except for National Collegiate Prep which opened in 2009. We were unable to obtain current building information for all charter schools in the District.

**Appendix I: D.C. Charter School
Characteristics**

Table 4: D.C. Charter Schools Closed as of September 2010

School	Year opened	Year closed	Reason for revocation or relinquish of charter
Academia Bilingue de la Comunidad	2005	2009	Relinquished due to low enrollment leading to financial insolvency
Academy for Learning Through the Arts	2005	2010	Voluntarily relinquished charter
Associates for Renewal in Education	1998	2003	Voluntarily relinquished charter due to issues surrounding effectiveness of special education program
Barbara Jordan	2002	2009	Relinquished due to low enrollment leading to financial insolvency
Children's Studio	1997	2010	Voluntarily relinquished charter
City Collegiate	2006	2010	Relinquished due to low enrollment
City Lights	2005	2009	Relinquished due to financial and management deficiencies
Hope Academy	2007	2007	Relinquished due to low enrollment and subsequent financial deficiencies
Jos-Arz	2000	2005	Voluntarily surrendered charter after 5-year review resulted in a 180-day probationary period
Kamit	2000	2010	Revoked for academic reasons
Marcus Garvey	1996	1998	Revoked due to management deficiencies
Meld Evenstart	2007	2009	Revoked for academic, governance, and financial reasons
New School for Enterprise and Development	2000	2006	Revoked due to failure to meet academic and governance standards upon its 5-year review
New Vistas	1999	2001	Revoked due to financial and management deficiencies
Richard Milburn	1998	2002	Revoked due to financial and management deficiencies
Sasha Bruce	2001	2006	Revoked due to financial and management deficiencies
SouthEast Academy	1999	2005	Revoked due to failure to meet academic and governance standards upon its 5-year review
Techworld	1998	2002	Revoked due to financial and management deficiencies
Tri Community	2002	2008	Voluntarily relinquished charter after Public Charter School Board (PCSB) initiated revocation process due to academic and governance deficiencies
Village Learning Center	1998	2004	Revoked due to financial and management deficiencies
Washington Academy	2005	2008	Relinquished due to financial and management deficiencies
World	1998	2002	Revoked due to financial and management deficiencies
Young America Works	2004	2010	Revoked due to financial, academic, and management deficiencies
Young Technocrats	1998	1999	Revoked due to financial and management deficiencies

Source: PCSB documents.

Appendix II: Description of Academic and Nonacademic Components of the Performance Management Framework as of December 2010

Table 5: Description/Status of Academic Components of the Performance Management Framework

PMF component	Standard schools			Nonstandard schools		
	Elementary	Middle	High	Early Childhood	Adult	Special Education
Student Progress Measurements of growth, gains, or value added	Using state test scores, predicts whether a student will score at the proficient or advanced level in the future	Using state test scores, predicts whether a student will score at the proficient or advanced level in the future	<i>Under development for the 2009-2010 school year and will be included in the 2010-2011 school year</i>	<i>Under development and will be piloted in 2011-2012 school year</i>	<i>Under development and will be piloted in 2011-2012 school year</i>	<i>Under development and will be piloted in 2011-2012 school year</i>
Student achievement level Absolute outcomes, including standardized state test scores	Percentage of students who scored proficient or advanced on state test scores	Percentage of students who scored proficient or advanced on state test score	Percentage of students who scored proficient or advanced on the state test and advanced placement tests	<i>Under development and will be piloted in 2011-2012 school year</i>	<i>Under development and will be piloted in 2011-2012 school year</i>	<i>Under development and will be piloted in 2011-2012 school year</i>
Gateway/postsecondary readiness/success Outcomes aligned with key subject area mastery, graduation, and postsecondary success	Percentage of third graders who scored proficient on reading portion of the state test or an alternative assessment	Percentage of eighth graders who scored proficient on math portion of the state test or an alternative assessment	Graduation rates, PSAT and SAT performance, and college acceptance rates	<i>Under development and will be piloted in 2011-2012 school year</i>	<i>Under development and will be piloted in 2011-2012 school year</i>	<i>Under development and will be piloted in 2011-2012 school year</i>
Leading indicators Inputs that point to future student outcomes	Attendance and re-enrollment	Attendance and re-enrollment	Attendance, re-enrollment, and ninth grade credits	<i>Under development and will be piloted in 2011-2012 school year</i>	<i>Under development and will be piloted in 2011-2012 school year</i>	<i>Under development and will be piloted in 2011-2012 school year</i>
Mission-specific measures Measures related to the unique school mission, specified by each school independently	<i>Under development in 2010-2011 school year and will be piloted in 2011-2012 school year</i>	<i>Under development in 2010-2011 school year and will be piloted in 2011-2012 school year</i>	<i>Under development in 2010-2011 school year and will be piloted in 2011-2012 school year</i>	<i>Under development and will be piloted in 2011-2012 school year</i>	<i>Under development and will be piloted in 2011-2012 school year</i>	<i>Under development and will be piloted in 2011-2012 school year</i>

Source: GAO analysis of PCSB documents.

**Appendix II: Description of Academic and
Nonacademic Components of the Performance
Management Framework as of December 2010**

Table 6: Description/Status of Nonacademic Components of the Performance Management Framework

PMF component	Description
Finance Measures schools' fiscal health	Review of audited and unaudited financial reports, budgets, and financial analyses
Governance Assesses school leadership, stability, and structure	Review of board minutes, annual reports, and other documents <i>Under review by Public Charter School Board (PCSB)</i>
Compliance Assesses compliance with local and federal laws	Review of operational certificates and licenses, student and teacher handbooks, and other documents related to compliance with local and federal laws, including the School Reform Act and the Elementary and Secondary Education Act <i>Under review by PCSB</i>

Source: GAO analysis of PCSB documents.

Appendix III: Comments from Public Charter School Board



February 15, 2011

Mr. George A. Scott
Director
Education, Workforce, and Income
Security Issues
U. S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Scott:

Thank you for the opportunity to review the February 2011 draft report, "DC Charter Schools: Criteria for Awarding School Buildings to Charter Schools Needs Additional Transparency" (GAO -11-263). I am pleased to respond on behalf of the DC Public Charter School Board (PCSB).

The District of Columbia is today one of the most dynamic charter school venues in the country. The PCSB contributes to the sector's success through a rigorous application review process and effective monitoring and oversight. Included in the PCSB's oversight function is the responsibility of making decisions about closing poor performing charter schools. Poor performance in the academic, financial or legal compliance context can lead to revocation of a school's charter, resulting in closure. Therefore, we see the need for the report to clarify that school closures resulting from fiscal mismanagement have been the direct result of PCSB's diligent monitoring of the charter schools' performance.

In addition, we note that public charter schools occupy a central position in education reform in the Nation's Capital, and access to viable and well-suited school facilities remains essential to their mission of providing a high-quality public education for every child.

The PCSB continues to work with the Office of the State Superintendent of Education, the District of Columbia Public Schools, and Mayor Vincent Gray's administration to close achievement gaps and raise academic performance. This critical mission must include maintaining a commitment to funding equity for all children, optimizing the use of educational data to guide instruction toward individual children's strengths and weaknesses, and working together to make the District a top destination for the highest-quality teachers and school administrators.

As was explained in the District of Columbia's federal Race to the Top Phase II Application, which was awarded last year, "Under the PCSB's new Performance Management Framework, all DC public charter schools are now evaluated using common academic and non-academic measures and then ranked based on school outcomes. Such data help position the PCSB for swift intervention in underperforming schools."

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**Appendix III: Comments from Public Charter
School Board**

When PCSB voted last October to delay full implementation of the PMF, this step was taken with the ultimate goal of optimizing its effectiveness. Since then, we have redoubled our efforts to work with nationally-recognized experts in school accountability systems, seeking further validation for certain elements of the framework while also reconsidering some design elements, like the Framework's approach to measuring student growth. It is a top board priority to continue to consult with the District's charter school leaders, including the leaders of some of the nation's highest-performing charter schools, as we incorporate their own expert guidance into this important process.

Sincerely,



Brian W. Jones
Chair

Appendix IV: Comments from the District of Columbia Mayor's Office



VINCENT C. GRAY
MAYOR

February 25, 2011

Mr. George Scott
Director, Education Workforce and Income Security
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Scott:

Thank you for the opportunity to respond to the Government Accountability Office's draft report, "DC Charter Schools: Criteria for Awarding School Buildings to Charter Schools Needs Additional Transparency," dated February 2011 (GAO-11-263).

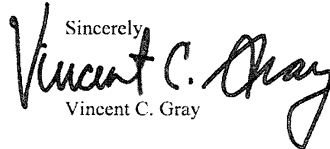
In general, the District government concurs with the two (2) recommendations for executive action, found on page 24 of the draft report.

Specifically, I have instructed the Deputy Mayor for Education and the Department of Real Estate Services (DRES) to ensure that Requests for Offers (RFO) clearly indicate all factors that may be considered by the selection panel. In addition, as noted in the draft report, the emergency rules have expired and DRES is currently developing permanent rules for introduction and adoption.

The Administration will also ensure that charter schools are notified, in writing, of their opportunity to request a debriefing to discuss why their offers were rejected. Further, DRES has already taken steps to improve the selection panel's documentation of its basis for rejection or acceptance of offers received from charter schools and will continue to identify ways to further improve the selection process. Improvements have included a more detailed memorandum documenting the selection panel's recommendation which closely follows the criteria listed in the RFO and provides a detailed evaluation of the proposal for each criterion.

Again, thank you for the opportunity to review the draft report. If you have any questions please feel free to contact us.

Sincerely,


Vincent C. Gray

Appendix V: GAO Contact and Staff Acknowledgments

GAO Contact

George Scott, 202-512-7215 or scottg@gao.gov

Staff Acknowledgments

Sherri Doughty, Assistant Director; Charlene J. Lindsay, Analyst-in-Charge; Raun Lazier, Vernetta Shaw, Brian Egger, Vida Awumey, James Bennett, Nora Boretti, Russell Burnett, Susannah Compton, Sheila McCoy, Sara Pelton, and James Rebbe also made significant contributions to this report.

Related GAO Products

Charter Schools: Education Could Do More to Assist Charter Schools with Applying for Discretionary Grants. [GAO-11-89](#). Washington, D.C.: December 7, 2010.

District of Columbia Public Education: Agencies Have Enhanced Internal Controls Over Federal Payments for School Improvement, But More Consistent Monitoring Needed. [GAO-11-16](#). Washington, D.C.: November 18, 2010.

District of Columbia Public Schools: Important Steps Taken to Continue Reform Efforts, But Enhanced Planning Could Improve Implementation and Sustainability. [GAO-09-619](#). Washington, D.C.: June 26, 2009.

D.C. Charter Schools: Strengthening Monitoring and Process When Schools Close Could Improve Accountability and Ease Student Transitions. [GAO-06-73](#). Washington, D.C.: November 17, 2005.

Charter Schools: Oversight Practices in the District of Columbia. [GAO-05-490](#). Washington, D.C.: May 19, 2005.

Charter Schools: To Enhance Education's Monitoring and Research, More Charter School-Level Data Are Needed. [GAO-05-5](#). Washington, D.C.: January 12, 2005.

No Child Left Behind Act: Education Needs to Provide Additional Technical Assistance and Conduct Implementation Studies for School Choice Provision. [GAO-05-7](#). Washington, D.C.: December 10, 2004.

District of Columbia: FY 2003 Performance Report Shows Continued Improvements. [GAO-04-940R](#). Washington, D.C.: July 7, 2004.

Charter Schools: New Charter Schools Across the Country and in the District of Columbia Face Similar Start-Up Challenges. [GAO-03-899](#). Washington, D.C.: September 3, 2003.

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Charter Schools: Federal Funding Available but Barriers Exist. [GAO/HEHS-98-84](#). Washington, D.C.: April 30, 1998.

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