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REVIEW OF THE SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT



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Introduction and Background

Audit Objectives

Members of the General Assembly asked the Legislative Audit Council (LAC) to conduct an audit of the S.C. Public Charter School District (District).

AUDIT OBJECTIVES

- Review South Carolina's state laws and regulations regarding charter schools to determine if the District's role could be better defined.
- Review the relationship between the District and its charter schools.
- Review the relationship between the District and the S.C. Department of Education (SCDE).
- Review the District's evaluations of charter schools.
- Review the District's administrative fee policy.

Scope and Methodology

The period of our review was generally 2015 through 2020, with consideration of earlier or more recent periods when relevant. To conduct this audit, we used a variety of sources, including:

- Interviews with the District employees, employees of other state agencies, the leadership of charter schools, and interested parties.
- State laws and regulations.
- The District's policies and procedures, including the School Performance Framework.
- The District's administrative fees and costs.
- Minutes from the District's board of trustees' meetings.
- External reviews of the District.
- Charter school contracts with the District.
- Email communications between the District and SCDE.
- The District's website.
- Information from the National Association of Charter School Authorizers and the National Alliance for Public Charter Schools.
- Information from charter school authorizers in South Carolina and in other states.

Criteria used to measure performance included state laws, agency policies, best practices, practices in other states, and industry guidance. We reviewed contracts with the charter schools, the School Performance Framework, administrative costs and related policies, and the District's website. Our findings are detailed in the report. Throughout the report, FY (fiscal year) or SY (school year) are used to represent the relevant time frame.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those generally accepted government auditing 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 the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

S.C. Code §2-15-50(b)(2) requires us to review the effectiveness of an agency to determine if it should be continued, revised, or eliminated. We did not conclude from this review that the S.C. Public Charter School District should be eliminated. However, our audit includes recommendations for improvement in several areas.

Impact of COVID-19 Pandemic

The audit was conducted during the global novel coronavirus (COVID-19) pandemic for which social distancing policies were implemented. Conducting virtual interviews and receiving documentation electronically allowed the audit to proceed without interruption. We were informed by a District staff member that the pandemic had a positive effect on charter school enrollment, with the District experiencing a slight increase.

Issue for Further Review

During our review, we identified an issue that may warrant more attention—the procurement and neutrality of the vendor that provides orientation training to charter school board members.

Specific issues in this area include whether SCDE—which is required by law to either directly provide this training or to indirectly provide this training through an association approved by the department—should adhere to the procurement code and obtain multiple bids from vendors interested in providing this training. If so, then additional consideration as to whether vendors that receive a sizeable percentage of their funding from SCDE, apart from funds for this training, are significantly independent from SCDE.

Time constraints, however, prevented us from auditing this issue in detail but is briefly discussed later in this chapter in the section *Charter School Board Training*.

Background

In 1996, the S.C. General Assembly passed legislation allowing public charter schools to operate in the state. A charter school is defined in S.C. Code §59-40-40(1) as:

...a public, nonreligious, nonhome-based, nonprofit corporation forming a school that operates by sponsorship of a public school district, the South Carolina Public Charter School District, or a public or independent institution of higher learning, but is accountable to the board of trustees, or in the case of technical colleges, the area commission, of the sponsor which grants its charter.

Charter schools can operate under the sponsorship of a state public school district, the District, or an institution of higher education. Charter schools are eligible to receive state and federal funding and are required to meet the same educational requirements as traditional public schools but have more freedom to determine how they operate. Some examples of the freedoms charter schools have are shown in Table 1.1.

**Table 1.1: Charter School
Freedoms**

EXAMPLES
Exemptions from state regulations for human resources and state travel.
May serve a single gender without regard to the gender makeup of the charter school.
Administered and governed by a governing body agreed to by the charter school applicant and the sponsor.
May exceed the minimum student attendance requirements that are applied to traditional public schools.
May hire noncertified teachers in a ratio up to 25% of the charter school's entire teacher staff. For a public school converted to a charter school, the ratio is 10%. However, core academic areas must be taught by a teacher certified in the appropriate area.
Hire or contract for, in its discretion, administrative staff, including a school leader, to oversee the daily operation of the school. At least one administrative staff member must be certified or experienced in school administration.
May enter into a contract with a school district or a private provider to provide transportation to the charter school students.

Charter schools are free to attend, and students may attend charter schools anywhere in the state, regardless of their school district of residence. However, out-of-district enrollment of charter schools is limited to 20% of the total enrollment of the charter school unless authorized by the charter school's sponsor.

In 2006, additional legislation was passed creating the District, who acts as both an authorizer, or sponsor, and local education agency (LEA) for the charter schools it sponsors. As an LEA, the District is responsible for special education and ensuring that schools abide by their obligations under local, state, and federal law. The District may not have a local tax base and may not receive local property taxes.

The District is responsible for monitoring its charter schools' academic and financial performance and has the power to revoke a school's charter. The charter is a contract between the authorizer and a charter school which stipulates the agreement between the two agencies. A charter is effective for ten years but may be revoked by the authorizer at any time if determined to be warranted for one of the permitted reasons listed in S.C. Code §59-40-110(C). An authorizer may also choose not to renew a charter upon expiration of the ten years. Additionally, charter schools are subject to automatic, permanent closure after three consecutive years of receiving the lowest performance level rating as defined by the federal accountability system.

Since its inception, the District has revoked the charters of eight schools as shown in Table 1.2.

Table 1.2: Charter School Revocations

CALENDAR YEAR	NUMBER OF REVOCATIONS
2012	1
2014	2
2016	1
2017	2
2018	1
2019	1
TOTAL	8

Source: S.C. Public Charter School District

The District began operating in 2008. The current superintendent at the District began in August 2020. The District's superintendent is supervised by a board of trustees, consisting of no more than nine members, who are appointed by the Governor, the Speaker of the House of Representatives, and the President of the Senate.

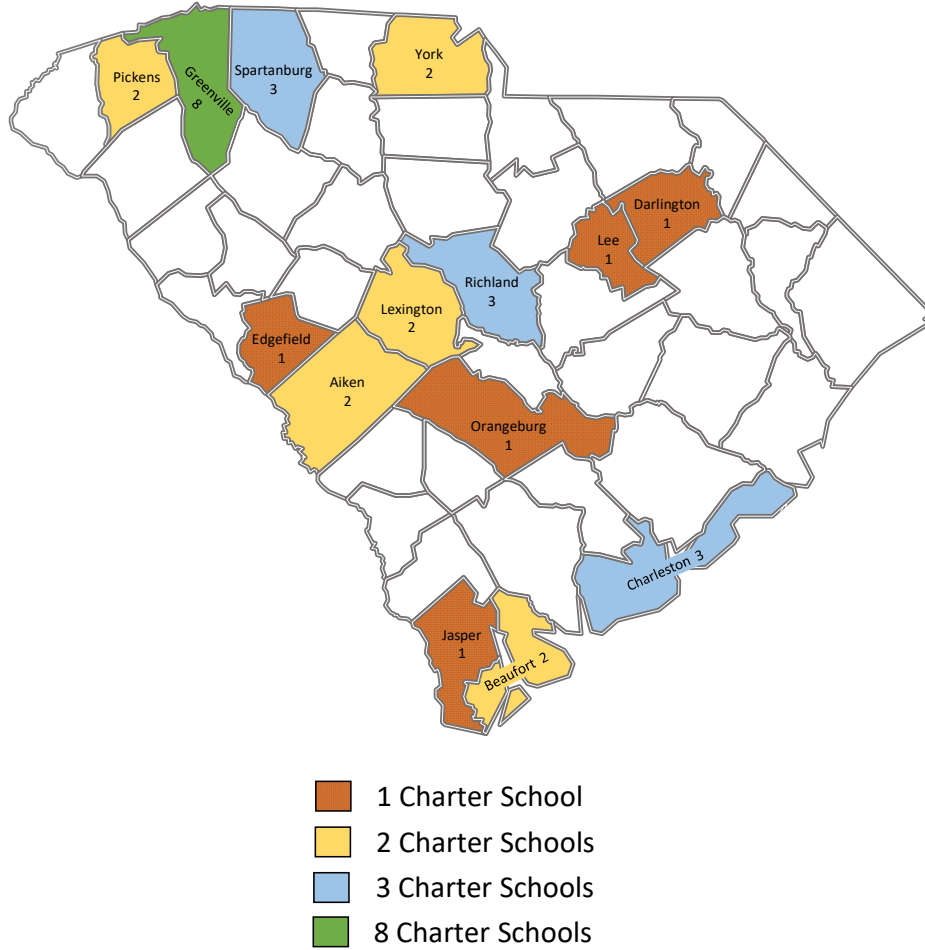
Each charter school is required to be governed by a board of directors, consisting of at least seven members who are residents of the state. The charter school bylaws must provide the manner of the selection process. Fifty percent of the members must have a background in K-12 education or in business. At least 50% are to be elected by the charter school employees and the parents or guardians of the charter school's enrolled students. When the board consists of an odd number of members, the extra member must have a background in K-12 education or in business.

As of 2020:

- 80 charter schools were operating in South Carolina.
- 33 charter schools were sponsored by the District, as shown in Map 1.3 and Appendix A.
- The District's schools served more than 20,000 students.

In 2017, the Charter Institute at Erskine (Erskine) became the first institution of higher education to register with SCDE as a charter school authorizer, and, since its inception, 14 charter schools have transferred or planned to transfer from the District to Erskine. The transferred charter schools represented 13,938 students, with 74% of them in virtual schools. Erskine is the only institution of higher education that has become an authorizer of charter schools in South Carolina. As of 2020, Erskine sponsored 22 charter schools.

Map 1.3: Location by County of the District's Schools in 2020 *



* Map does not include the District's one virtual charter school.

Authorizers/ Sponsors

An authorizer may be referred to as a sponsor and is the charter school's LEA. The charter school is a school within the LEA. It is the responsibility of the charter school sponsor to ensure that the enrolled students are served under the LEA obligations specified in applicable federal, state, and local law. A charter school must have an authorizer to be able to operate. Each charter school and its authorizer must enter into a contractual agreement.

Institutions of Higher Education

S.C. Code §59-40-40(4) specifies that only those public or independent institutions of higher education who register with the SCDE may serve as charter school sponsors. SCDE must maintain a listing of the registered institutions of higher education that sponsor charter schools.

Currently, there is only one institution of higher education sponsor of charter schools registered with SCDE—the Charter Institute at Erskine. SCDE has the listing posted on its website, as required by law. Therefore, there are three options for authorizers or sponsors of charter schools in the state—a traditional school district, the District, or Erskine.

Authorizers in Other States

The following section provides information on the types of authorizers, entities that hear appeals from denied charter applicants, and authorizer oversight requirements in Alabama, Florida, Georgia, North Carolina, South Carolina, and Tennessee.

Types of Authorizers

In the Southeast, there are as many organizational variations for charter school authorizers as there are states, including authorization by a local or state board of education, a charter commission, an institution of higher education, or special charter school district. Georgia's authorization entities are unique in that there is a two-step approval process for charters authorized by a local board—initial approval by the local board and secondary approval by the state education board.

Tennessee allows, as authorizers, local boards of education, a special charter school district for low-performing schools, and the Tennessee State Board of Education. However, the Tennessee State Board of Education is limited to being an authorizer for charter schools whose application is denied by a local board with at least one priority school—a school most in need of support and improvement—operated by the district.

Table 1.4 summarizes the variations in charter authorizing entities in the Southeast. According to the National Association of Charter School Authorizers (NACSA), multiple authorizers within a state appear to strengthen a charter school sector; this could be due to increased competition. Other than the existence of multiple authorizers, there does not appear to be a single best option.

Appellate Entities for Denied Charter Applications

There is some variation among the states in the appeals authority that is in place to review an authorizer's denial of a charter applicant. Generally, a charter applicant may appeal to a charter commission or state board of education. North Carolina is unique in that the state board of education is the only authorizer in the state and does not have an appellate entity which can overturn the board's decision. Table 1.4 summarizes the various appellate entities in the Southeast.

**Table 1.4: Charter School
Authorizing and Appellate Entities
in the Southeast**

STATE	AUTHORIZING ENTITIES	APPELLATE ENTITIES
ALABAMA	Local Education Board <i>or</i> Charter Commission	Charter Commission
FLORIDA	Local Education Board <i>or</i> Institutions of Higher Education	State Education Board
GEORGIA	Local Education Board* <i>or</i> State Education Board <i>or</i> Charter Commission	State Education Board**
NORTH CAROLINA	State Education Board	None
SOUTH CAROLINA	District <i>or</i> Institutions of Higher Education <i>or</i> Local Education Board	Administrative Law Court
TENNESSEE	Local Education Board <i>or</i> Charter Commission <i>or</i> Special Charter District <i>or</i> State Education Board***	Charter Commission

* Initial authorization of a charter school that is subsequently overseen by a local education board must be approved by the local board and then the state board of education.

** Commission-authorized charters only.

*** Until June 30, 2021.

Sources: Respective States' Codes of Law

Regular Evaluations of Authorizers

According to NACSA, when multiple authorizers exist in a state, regularly conducting evaluations of authorizers by a state entity is needed to ensure accountability. NACSA recommends that these evaluations include a review of an authorizer's practices and the performance of the charter schools it oversees. Furthermore, it recommends publicly providing this information. While NACSA does not recommend the frequency of these evaluations, it notes that some states conduct these annually.

In South Carolina, there is no statutory requirement that an entity must regularly oversee the District or the state's other authorizers (i.e., Erskine and various local boards of education). Statutes in Alabama, Georgia, and Tennessee, however, require authorizer evaluations on a regular basis, although regular is not defined. In Alabama and Tennessee, this is conducted by the state board of education and, in Georgia, by an independent party.

NACSA also recommends consequences for authorizers with bad practices and those with a high proportion of persistently low-performing schools, such as:

- Freezing ability to authorize new schools.
- Removing schools from authorizer authority.
- Terminating authorizer authority altogether.

Regular review of each of the state's charter school authorizers and consequences for those with bad practices and/or high proportions of poor-performing charter schools may provide greater confidence to the public, charter schools, and stakeholders that authorizers are held accountable.

Absorbing the District into SCDE

We considered the possibility of absorbing the District into SCDE. Representatives of the District stated absorption into SCDE would mean less support, a more distant relationship with the charter schools, and less autonomy of charter schools. SCDE stated it had not considered such a scenario and provided no further input.

The purpose of the charter school movement is to increase student achievement by expanding the supply of quality public schools and provide educational opportunities to all students to satisfy the unmet needs of students in the traditional school system. Not only are charter schools different from traditional public schools, but each charter school is different from one another. The workload for SCDE employees would most likely be increased if SCDE were to absorb the District. We did not find a compelling reason for the District to be absorbed into SCDE at this time.

Charter School Board Training

S.C. Code §59-40-155 requires the members of individual charter school boards of trustees to complete an orientation program in the powers, duties, and responsibilities of a board member, including topics relating to policy development, school finance, school law, and ethics. This training is required to be provided at no charge by SCDE or an association approved by SCDE.

The training of charter school board members by a neutral third party is an important component to upholding the principle of autonomy for charter schools. Although the interests of the charter schools and the District often coincide, the schools are independent of the District. They negotiate contracts with the District and, in some cases, have conflicting interests.

For example, we found an example of a school that had a conflicting opinion with the District regarding funding adjustments. By spotting an error made by the District regarding the adjustment, the school was able to protect its interests. The training of charter school boards by a neutral third party can help ensure that the charter schools' interests are protected in such situations by giving the schools the capability to spot such issues (see also *Issue for Further Review*).

Whistleblower Protections

We were asked to review whether District employees are protected under the state's whistleblower protections and found that they are protected. Per S.C. Code §8-27-20(A):

No public body may dismiss, suspend from employment, demote, or decrease the compensation of an employee of a public body because the employee files a report with an appropriate authority of wrongdoing.

Since S.C. Code §59-40-220(A) identifies the District as a public body, its employees are employees of a public body and, therefore, covered by the state's whistleblower protections in the event they make a report of wrongdoing.

Recommendations

1. The General Assembly should amend state law to require an independent or state entity to regularly review the practices and performance of each charter school authorizer in the state.
2. The entity that the General Assembly assigns to conduct regular evaluations of each of the state's authorizers should ensure that there are consequences for authorizers with bad practices and/or a high proportion of poor performing schools.
3. The entity that the General Assembly assigns to conduct regular evaluations of each of the state's authorizers should publicly provide these evaluations.

Accountability

In this chapter, we report on the accountability measures the S.C. Public Charter School District (District) applies to its schools.

WHAT WE EXAMINED

- The School Performance Framework (SPF).
- Intervention protocols for schools that do not meet performance ratings.
- Charter school demographic composition.
- School closure procedures, including circumstances relating to the closure of Quest Leadership Academy.
- Charter school contracts.

WHAT WE FOUND

- The District's school accountability system is not properly documented and has been inconsistent both over time and between schools.
- The District has not consistently communicated in a formal way with charter schools regarding their accountability status.
- State law intended to close persistently underperforming charter schools lacks clarity and has been ineffective.
- The District does not adequately enforce statutory requirements regarding the student demographics of charter schools.

School Accountability

We found that the District's accountability procedures are inconsistent over time, not properly documented, and are inconsistent with industry recommendations. We also found that state law intended to close consistently underperforming schools is an ineffective method of holding schools accountable.

School Accountability Process

According to S.C. Code §59-40-110(C), charter school authorizers must revoke or not renew a school's charter if it finds that the charter school:

- Committed a material violation of the conditions, standards, performance expectations, or procedures provided for in the charter application or charter school contract, or both.
- Failed to meet the academic performance standards and expectations as defined in the charter application or charter school contract, or both.
- Failed to maintain its books and records according to generally accepted accounting principles or failed to create an appropriate system of internal control, or both.
- Violated any provision of law from which the charter school was not specifically exempted.

S.C. Code §59-40-110(A) requires charter school authorizers to annually evaluate the above conditions, and S.C. Code §59-40-55(B) requires authorizers to, among other things, notify schools of perceived problems and provide reasonable opportunities for the schools to remedy those problems (unless circumstances warrant revocation), take corrective actions or exercise sanctions in response to school deficiencies, and determine whether each charter contract merits renewal, nonrenewal, or revocation. In addition, S.C. Code §59-40-60 requires performance expectations for charter schools to be included in charter school applications and contracts between the District and charter schools.

The District created the SPF to “define high standards for its schools’ performance,” standards “by which all District charter schools will be evaluated, informing both [District] and school officials about school performance and sustainability.” The District created the SPF based on recommendations from the National Association of Charter School Authorizers (NACSA) and feedback from stakeholders. The District’s Core Performance System (CPS) describes the accountability process, including monitoring and intervention procedures. The District annually produces performance profiles of each school that evaluate their academic, financial, and organizational performance. Schools are also required to submit annual reports to the District in which, among other things, they report their progress toward meeting their charter goals.

School Performance Framework and Performance Profiles

We found that the District's annual school performance profiles have changed since SY 15-16, have been inconsistent between schools, and are not adequately documented. The performance profiles have also deviated from the District's SPF. Furthermore, the District's SPF documentation has not been updated since 2018, and the CPS has not been updated since 2016.

Performance profiles for SY 16-17 featured more information than the SY 15-16 profiles, including subgroup performance data, academic improvement ratings, comparisons to resident district schools, performance on state science and social science exams, and calculated overall academic ratings. For SY 16-17, schools were not given overall accountability ratings on performance profiles and multiple academic factors, such as subgroup performance, trend data, and comparisons to nearby schools, were not included in calculations of overall academic ratings. SY 17-18 performance profiles did give schools accountability ratings and included trend data and school comparison in calculations.

School performance profiles for SY 18-19 featured significant changes from the previous two years, featuring fewer performance metrics and no overall ratings for the academic, financial, and organizational sections. SY 18-19 performance profiles did not contain subgroup performance data, college or workforce readiness statistics, five-year graduation rates, or calculated overall academic ratings. NACSA states that authorizers should calculate overall academic ratings on performance profiles with which to evaluate the performance of schools.

Since SY 15-16, performance profiles have not contained any data on primary school grades (i.e., K-2). One SY 16-17 performance profile stated that primary grade data would be reported in SY 18-19, but this did not occur. One school leader complained that since the majority of the school's students were in primary grades, they felt the school was being unfairly judged on the performance of a minority of its students. A District employee stated that the District uses primary grade data during discussions with schools and that they still plan on including primary grade data on future school performance profiles.

In a 2020 report, the S.C. Office of the Inspector General (OIG) identified "inconsistencies in the type of academic progress and trend data included in the SPF" and found that the SPF "changed from year to year." The OIG found that on SY 17-18 school performance profiles, 6 schools' profiles did not include trend ratings for four-year graduation rates and 11 schools' profiles did not include trend ratings for ACT composite scores.

Accountability criteria for charter schools that are inconsistent over time undermine the clarity and predictability of performance expectations. If circumstances necessitate changes to these criteria, updated documentation and District policy will ensure the expectations for schools' performance are clear. In its initial response to our audit, the District stated that it was in the process of revising its accountability system when the COVID-19 pandemic began and that as a result it lacked adequate data to utilize for accountability purposes.

Intervention Protocol

NACSA recommendations state that “authorizers should establish general conditions for material violations that could trigger intervention.” However, District policy may be *too* general to serve as a useful guide for schools. The District’s CPS outlines the intervention process as well as the specific steps that will be applied if a school falls into a category below “good standing.” For example, schools that fall below “good standing” are required to take corrective actions and may be subject to sanctions and/or additional monitoring. However, the CPS only generally describes the circumstances in which a school will enter a lower status. For example, it states that a school can enter “caution” status if the District “receives a verified complaint, such as a significant concern reported by a parent that is investigated or if oversight generates questions or concerns,” and that a school can enter “breach” status if “it fails to correct a Notice of Caution in a timely manner or due to a critical issue related to performance and accountability.”

Current and former District employees stated that the determination to intervene is made on a case-by-case basis. Furthermore, the OIG determined that “the SPF was only indirectly related to the Board’s decisions in its determination that the charter of a school would be revoked.”

The CPS states that schools who receive a “does not meet” or “falls far below” rating in any performance category may be subject to caps on enrollment or grade level growth, and that recommendations for charter renewal will only be made for schools who are in “good standing” and do not have any overall “does not meet” or “falls far below” ratings in any performance category. However, according to a District employee, the District has not implemented any caps on schools, nor has it recommended nonrenewal for any schools. Furthermore, the District did not give overall ratings on SY 18-19 performance profiles.

In contrast, the Charter Institute at Erskine (Erskine) uses Table 2.1 to hold schools accountable.

Table 2.1: Charter Institute at Erskine Accountability Intervention Procedures

STATE COMPARISON	DISTRICT COMPARISON	SCHOOL-SPECIFIC GOALS	SCHOOL STATUS
Bottom 20% of S.C. Schools or Does Not Meet Expectations	Underperforms	Does Not Meet	Intervention towards Probation
Bottom 20% of S.C. Schools or Does Not Meet Expectations	Significantly Underperforms	Does Not Meet	Academic Emergency towards Revocation

Source: Charter Institute at Erskine

Communication Between the District and Charter Schools

The District has not consistently communicated with charter schools in a formal manner regarding unsatisfactory performance. NACSA recommendations state that charter school authorizers “must communicate [their] concerns [to schools] in a formal way that clearly states what the authorizer deems as unsatisfactory.” According to NACSA, this is critical because it “allows for transparent communication of expectations” and “allows the authorizer to maintain a historical record of performance to help inform its accountability decisions.” However, since 2017, the District has largely relied on informal means of communication, such as email or verbal conversations.

A representative of the District stated that communications with schools vary in formality depending on the nature and severity of the infraction, and that the notification process only becomes formalized as part of an existing monitoring process, like the SPF, or when noncompliance is repeated, uncorrected, and/or poses an imminent threat to the health and safety of students. However, the District did not provide any formal letters from 2018 through April 2021 informing schools of their academic, financial, and/or organizational performance as measured on school performance profiles. The District did, however, provide a 2018 letter informing a school that it would undergo revocation review, and a 2019 letter informing a school that its charter would be reviewed. A reliance on informal communication decreases the likelihood of schools being consistently provided with timely information regarding their accountability status and limits the District’s ability to maintain full and accurate records of a school’s historical performance.

Automatic School Closure

A state statute meant to automatically close persistently underperforming charter schools lacks clarity, does not reflect the current state education accountability system, and has been an ineffective accountability mechanism. S.C. Code §59-40-110(E) states that beginning with SY 13-14, charter schools shall “automatically and permanently close” if they receive “the lowest performance level rating as defined by the federal accountability system for three consecutive years.” However, since 2013, there have not been three consecutive school years wherein South Carolina schools have received federal accountability ratings.

From SY 14-15 through SY 16-17, the South Carolina accountability system was suspended by state law while the system was being reworked, and because of this, schools did not receive state accountability scores. Schools received accountability scores for SY 17-18 and SY 18-19, but they did not in SY 19-20. This is because in March 2020, the S.C. Department of Education (SCDE) was granted a waiver from federal accountability requirements due to widespread school closures resulting from the COVID-19 pandemic. These disruptions have so far rendered S.C. Code §59-40-110(E) moot.

S.C. Code §59-40-110(E) also lacks clarity and does not reflect the current state accountability system. Schools receive state accountability ratings for each school level (e.g., elementary, middle, or high) they offer, and many District schools offer multiple school levels. However, this fact is not addressed in S.C. Code §59-40-110(E). This statute implies that if a school receives the lowest state accountability rating for *any* school level three years in a row, it must be automatically closed, even if it consists of multiple grade levels. Since 2018, most contracts between the District and charter schools have contained the following language:

[T]he School and Sponsor agree that the ‘lowest performance level rating’ for a given year shall be defined to mean that all grade ranges taught elementary, middle and/or high school must receive the lowest performance level rating in order for the School to be permanently closed pursuant to 59-40-110(E).

This standard for automatic closure may be unfair to schools that offer only a single school level. Additional clarity in S.C. Code §59-40-110(E) could ensure that it remains effective during periods of change or disruption to the state accountability system and provide a more meaningful standard for closure.

Charter School Demographic Composition

The S.C. Charter Schools Act states that “it is not the intent of the General Assembly to create a segregated school system but to continue to promote educational improvement and excellence in South Carolina.” To ensure this, the General Assembly included a provision stating that “under no circumstances may a charter school enrollment differ from the racial composition of the school district by more than ten percent.” However, a circuit court ruled that this provision was an unconstitutional violation of equal protection.

In response, the General Assembly passed revisions to the S.C. Charter Schools Act. S.C. Code §59-40-50(B)(7) currently requires that the racial composition of a charter school’s enrollment be within 20% of “that of the local school district in which the charter school is located or that of the targeted student population of the local school district that the charter school proposes to serve.”

Furthermore, S.C. Code §59-40-70(D) states that if:

...the racial composition of an applicant's or charter school’s enrollment differs from the enrollment of the local school district in which the charter school is to be located or the targeted student population of the local school district by more than twenty percent, despite its best efforts, the board of trustees or area commission from which the applicant is seeking sponsorship shall consider the applicant’s or the charter school's recruitment efforts and racial composition of the applicant pool in determining whether the applicant or charter school is operating in a nondiscriminatory manner.... A finding by the board of trustees or area commission that the applicant is not operating in a racially discriminatory manner justifies approval of the charter without regard to the racial percentage requirement if the application is acceptable in all other aspects.

In 2003, the S.C. Supreme Court determined that the revised language of the statute exempts charter schools from the 20% requirement if they are not operating in a racially discriminatory manner.

Since SY 16-17, the District has included an accountability metric on school performance profiles indicating whether schools meet the statutory 20% enrollment requirement. However, the District has given many schools positive ratings on this metric even if they did not meet that standard. For SY 17-18, if requested by a school, the District instead compared the school's student population to a weighted average of the populations of the school districts in which the students reside. If the school did not fall within 20% of this weighted average, then the District reviewed the school's policies and procedures.

If the District did not find any discriminatory practices, then the school would receive a positive rating with a note explaining that "while the school did not meet the 20% legal requirement in racial composition, a review of policies and procedures found no discriminatory practices." Since SY 18-19, the District has performed this supplemental analysis without schools needing to request it. This weighted calculation was not mentioned on any SPF documentation or school profiles reviewed during this audit.

Some schools were given positive ratings for the racial composition metric because they met different standards. For SY 17-18, a school was given a positive rating because it was "within 9.9 points of the high school community [it] serve[s]," and another school was given a positive rating because "a review of school specific enrollment data indicates the school is within 20% of average enrollment." For SY 18-19, two schools were given positive ratings despite exceeding the 20% threshold because they were both less than one percentage point over. There are no notes on these schools' performance profiles explaining these circumstances.

Erskine also has an accountability metric for whether a school meets the statutory 20% standard, as well as two other related metrics.

- If the school is not meeting the 20% requirement for racial composition, has the school developed and executed a robust plan to meet the requirement?
- Is the minority group(s) at a school that is not meeting the racial composition performing better than that of the local school district?

While the District cannot require schools to have a certain demographic composition, it can require them to create and execute a plan to achieve the 20% threshold, and it should not settle for simply an absence of explicit discrimination. Although Erskine is a separate authorizer with different focuses than the District, adopting additional accountability metrics like Erskine's would help fulfill the General Assembly's intent when passing the S.C. Charter Schools Act.

District School Closure Policies and Procedures

State law regarding the closure procedure of charter schools may cause confusion. S.C. Code §59-40-110(F) states that “at least sixty days before not renewing or terminating a charter school, the sponsor shall notify in writing the charter school’s governing body of the proposed action.”

In three Administrative Law Court (ALC) cases challenging closure decisions, the appellants argued that the District did not notify them at least 60 days prior to the final closure decision. However, the ALC ruled in all three cases that this interpretation of the law was incorrect, and that the statute requires notification at least 60 days prior to the date the closure takes effect, which in each case was following the end of the school year. Additional clarity in the law may eliminate this confusion.

S.C. Code §59-40-110(K) states that charter school authorizers must develop a school closure protocol to “ensure timely notification to parents, orderly transition of students and student records to new schools, and proper disposition of school funds, property, and net assets.” The District does have a school closure policy that lists tasks that must be performed and delegates responsibilities.

Although the District’s closure policy states that “all notification and initial steps... should be completed within 30 days,” it does not include completion times for steps related to finance, records, governance, or operations. The District also creates worksheets to guide the closure process and provide information to, and collaborate with, the parties involved in a school’s closure, but it does not maintain records stating when every step has been completed.

Recommendations

4. The S.C. Public Charter School District should ensure that the documentation of its School Performance Framework and Core Performance System are up-to-date.
5. The General Assembly should amend S.C. Code §59-40-110(E) to accurately reflect the state accountability system and clarify the level of academic performance at which charter schools must automatically be closed.
6. The S.C. Public Charter School District should formally communicate in writing its concerns to schools regarding academic, financial, and/or organizational performance.
7. The S.C. Public Charter School District should establish a written policy stating what forms of communication with schools are appropriate for different circumstances.
8. The S.C. Public Charter School District should require schools to enact plans to meet the 20% statutory racial composition requirement if they are found to not meet it.
9. The General Assembly should amend state law to clarify the timeline for notifying schools of a proposed closure.

Charter School Transfers

We reviewed transfers of charter schools from the District to Erskine. We found that state law and regulations lack clarity and do not effectively prevent underperforming charter schools from transferring authorizers to avoid accountability, also known as “authorizer shopping.” As a result, in 2017 several underperforming schools transferred from the District to Erskine over the objections of the District’s board of trustees. Although an ad hoc committee of the S.C. House of Representatives released a report of proposed changes to the S.C. Charter Schools Act, these proposed changes might not effectively prevent authorizer shopping.

Authorizer Shopping

According to the NACSA, “authorizer shopping” occurs when an underperforming charter school “attempts to transfer to a new authorizer to avoid accountability measures,” such as school closure. This phenomenon presents a serious challenge to accountability efforts and overall charter school quality. To prevent authorizer shopping, NACSA recommends states explicitly regulate school transfers and closures in the following ways.

- Limiting the conditions for school transfers, such as requiring approval from a third party (such as SCDE) or prohibiting or imposing conditions on the transfer of chronically underperforming schools.
- Making closure the default action for chronically underperforming schools and ensuring that schools closed for low performance remain closed and cannot be reopened under a new authorizer.
- Designating an entity to handle exceptions.

NACSA also suggests that communication and collaboration between charter authorizers can reduce authorizer shopping.

Transfers from the District

The Charter Institute at Erskine was established as a statewide authorizer of charter schools in 2017. That year, nine District schools requested to transfer to Erskine, four of which were denied by the District’s board of trustees. All four of these schools had consistently poor academic performance and were, according to the District board, “trending toward revocation or non-renewal.” The District board explicitly stated that these schools were engaging in “authorizer shopping by attempting to transfer to a new sponsor to negotiate new accountability terms while avoiding the consequences of failing to meet [their] obligations to the District, [their] students and South Carolina taxpayers.”

According to state law, a charter school can terminate its contract with one authorizer and apply to transfer its remaining time to another “if all parties under contract with the charter school agree to the dissolution.” According to a representative of the District, the schools intended to transfer to Erskine regardless of what the District’s board decided. The District entered mediation with these schools and signed memoranda of agreement with them dictating the process by which they would end their relationships with the District.

In August 2020, the District and Erskine signed a joint memorandum of agreement in which they agreed to suspend all school transfers for three years. However, this is only a temporary measure and does not guarantee authorizer shopping will not happen in the future. More entities may apply to become statewide charter authorizers in the future, and more authorizers raise the risk of authorizer shopping.

Lack of Legal Clarity

State law and regulations have not been updated to account for the presence of multiple statewide charter school authorizers. In 2019, the Administrative Law Court (ALC) heard the case of *Compass Collegiate Academy, Inc. v. Charleston County School District*. Compass Collegiate Academy (CCA) filed an application with the Charleston County School District (CCSD) to open a public charter school but was denied by CCSD's board. CCA appealed this denial to the ALC, but only after its application had been approved by the District. At issue in this case was whether CCA's appeal was rendered moot by the District subsequently approving its application.

The ALC determined that the S.C. Charter Schools Act does not address the possibility of applications to multiple authorizers at once and that the intent of the General Assembly was that "during any application period, only one application would be submitted to one potential sponsor for each charter school." However, SCDE had interpreted the S.C. Charter Schools Act to allow for the submission of applications to multiple potential authorizers. Despite this, the ALC found that SCDE had failed to issue regulations addressing the submission of multiple applications, creating uncertainty and rendering SCDE's interpretation of the S.C. Charter Schools Act and its own regulations "arbitrary, capricious, and manifestly contrary to the statute."

In January 2021, the District and Erskine superintendents signed a joint policy stating that if a prospective charter school submits applications to both authorizers during the same application cycle, then both of those applications will be considered improperly submitted and denied. However, statutory and regulatory clarity is still necessary to avoid future confusion.

Proposed Revisions to S.C. Charter Schools Act

In January 2020, the S.C. House of Representatives Ad Hoc Committee on Charter Schools released a report of recommended changes to the S.C. Charter Schools Act. However, these proposed revisions may still not effectively prevent authorizer shopping.

The committee report proposed adding certain requirements and restrictions on school transfers, such as:

- “A charter school seeking to transfer to another sponsor must obtain approval from the receiving sponsor prior to termination of contract with current sponsor.”
- “A school may execute a transfer between sponsors no more than once during a five year period.”
- “Charter schools receiving the lowest performance level rating as defined by the federal accountability system are not eligible to transfer to a new sponsor until a higher rating is awarded.”

However, the report also proposed removing language stating that a charter school must receive approval from all parties under contract with the charter school before terminating its contract. S.C. Code §59-40-115(A), as revised by the committee, would read:

A charter school may terminate its contract with a sponsor before the ten-year term of [contract].
A charter school that terminates its contract with a sponsor directly may seek application for the length of time remaining on its original contract from another sponsor.

This means that schools would not need to follow the process of “transferring” to another authorizer but could instead simply unilaterally terminate its contract with its present authorizer and immediately seek a new contract with a different authorizer. If the S.C. Charter Schools Act is to effectively prevent authorizer shopping, legislation that prevents schools that close from immediately reopening under a new authorizer might be necessary.

Recommendations

10. The General Assembly should amend state law to clarify whether charter schools can apply to multiple authorizers at the same time.
11. Unless the General Assembly amends state law to forbid charter schools from applying to multiple authorizers at one time, the S.C. Department of Education should recommend that the State Board of Education promulgate regulations clarifying the process of submitting applications to multiple charter school authorizers at the same time.
12. The General Assembly should amend state law to prevent schools that are closed by their authorizer from immediately reopening under a new authorizer.
13. The General Assembly should amend state law to prevent schools who voluntarily terminate their charters with an authorizer from immediately seeking a new charter with another authorizer.

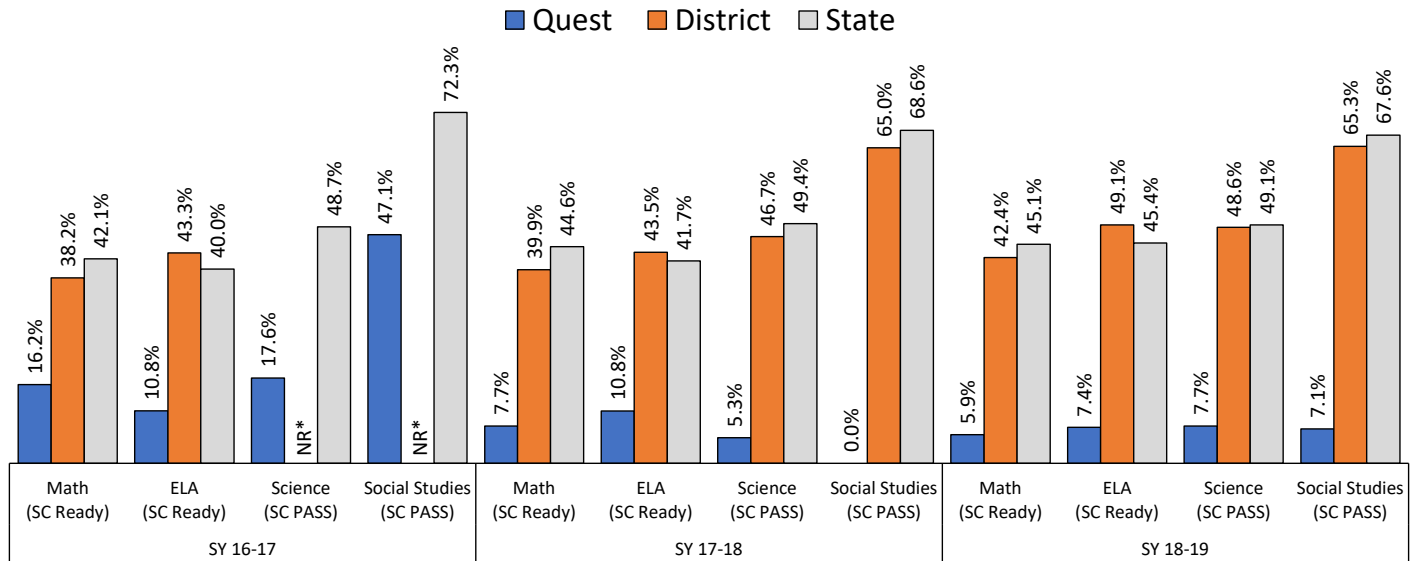
Closure of Quest Leadership Academy

We reviewed the 2019 closure of Quest Leadership Academy pursuant to interest from the audit requestors and found that the District's justification appears adequate.

Quest was a District charter school located in Greenville, South Carolina, that operated from 2014–2019. At the time of its closure, Quest served approximately 240 students between 4K and 5th grade. Its primary objective was to serve an at-risk student population and provide “wraparound” services, such as free unrestricted transportation for all students, free 4K and student meals, and afterschool and summer programming.

Generally, over the three-year period leading up to its closure, Quest's standardized test scores, compared to other elementary schools with students in the same grades, were ranked the lowest or among the lowest each year. Chart 2.2 shows the percentage of Quest students who met or exceeded expectations in state standardized testing compared to students in the District and the state for Math, English Language Arts (ELA), Science, and Social Studies for SY 16-17 through SY 18-19.

**Chart 2.2: Standardized Test Scores for Quest Leadership Academy, the District, and State
SY 16-17 – SY 18-19**



* In SY 16-17, the District's scores for SC PASS Science and Social Studies were not reported.

Source: S.C. Department of Education Report Cards, SY 16-17 – SY 18-19

According to District staff, Quest provided no plan to the District to address its academic performance aside from identifying a consultant and hiring a school leader to address these issues but who then left for other employment.

In the past, Quest's substandard performance and subsequent closure has been compared to another school's substandard performance that remained open. This school, however, served middle and high school students while Quest served elementary school students, and, as such, the academics of these schools are not likely, if at all, comparable. It should also be noted that while Quest's students were primarily at-risk, non-white, and in poverty, Quest was specifically organized to serve this population, as stated in its charter, but did not meet its goals.

Charter School Contracts

We found that the District's charter school contract documents do not contain language required by state regulations and, in one instance, contains language that may contradict state law. Furthermore, we found that state regulations regarding charter schools are internally inconsistent. These issues may cause confusion regarding the standards by which charter schools are to be held accountable.

Charter Contract Regulations

S.C. Reg. 43-601(VII)(B)(2) states that "charter schools must provide evidence of improved student academic achievement for all groups of students described in Section 1111(b)(2)(C)(v) of the [Elementary and Secondary Education Act (ESEA)]." Section 1111(b)(2)(C)(v) of the ESEA mentions the following groups.

- All public elementary school and secondary school students.
- Economically-disadvantaged students.
- Students from major racial and ethnic groups.
- Students with disabilities.
- Students with limited English proficiency.

S.C. Reg. 43-601(VII)(B)(2) also states that charter school authorizers:

...must use increases in student academic achievement for all groups of students described in Section 1111(b)(2)(C)(v) of the ESEA as the most important factor when determining to renew or revoke a school's charter. Each authorizer and charter school must enter into a contractual agreement stating that student performance of all students described in Section 1111(b)(2)(C)(v) of the ESEA is the most important factor when determining to renew or revoke a school's charter.

We reviewed the contracts between the District and all charter schools currently under its purview, as well as schools that have yet to open, totaling 42 schools. None of these contract documents explicitly contain the language required by S.C. Reg. 43-601(VII)(B)(2). All contracts between charter schools and the District contain provisions stating that the schools' charters are incorporated in the contracts by reference, and many charters of the District's currently operating, or soon-to-open, schools contain the language of S.C. Reg. 43-601(VII)(B)(2). This may technically fulfill the regulatory requirement, but including this language explicitly in contract documents may help clarify the expectations of charter schools.

We found one contract document between the District and a school that was formerly under its purview that did contain this language, but that contract limited the statement to just when the school is “receiving federal charter school funds for planning or implementation.” The charter school contract template created by the SCDE does explicitly contain the language required by S.C. Reg. 43-601(VII)(B)(2).

S.C. Reg. 43-601(VII)(B)(2) is also inconsistent because it states that both student academic achievement and *increases* in academic achievement are to be the most important factors when determining to revoke or not renew a school’s charter. Without clarity in this regulation, charter schools may not be evaluated consistently.

We also found one contract document that contained the following language:

The Sponsor shall not revoke the School’s charter after its first year of operation solely or primarily on the basis of academic performance.

A representative of the District stated that this language was requested by the school and the District did not object because schools are given at least two years of operation before being considered for closure. However, the wording of this sentence may limit the District’s ability to hold the school accountable for substandard academic performance at any point after the school’s first year of operation. It may conflict with state law, which states that charter schools “must” be closed if they fail to meet the “academic performance standards and expectations as defined in the charter application or charter school contract, or both.”

Recommendations

14. The S.C. Department of Education should recommend that the State Board of Education promulgate regulations clarifying what the most important factor should be when determining to revoke or not renew school charters.
15. The S.C. Public Charter School District should ensure that its contracts with charter schools comply with S.C. Reg. 43-601(VII)(B)(2).
16. The S.C. Public Charter School District should ensure that its contracts with charter schools do not limit its power to hold charter schools accountable for unsatisfactory academic performance.

Charter School Boards Composition and Qualifications

State Law

The District does not regularly monitor its charter schools' board member composition and qualifications, for which there are specific requirements in state law. By not monitoring for this information, there is less assurance that the District's charter school boards are compliant with state law and charter school students are adequately represented.

S.C. Code §59-40-50(B)(9) requires charter schools to establish a board of directors according to certain criteria regarding the composition and qualifications of its members. It also requires select provisions of this law to be included in each charter school's bylaws. Table 2.3 outlines the statutory requirements for charter school boards and, of those, the provisions that are required to be included in each school board's bylaws.

Table 2.3: Statutory Requirements

	STATUTORY REQUIREMENT	ADDITIONAL BYLAW REQUIREMENT
COMPOSITION	Seven or more members	Number specified
	Serve two-year term, with additional terms allowed	N/A
COMPOSITION & ELECTION REQUIREMENTS	50% with K-12 or business background	Requirement itself Manner of selection
	Boards with odd-numbered membership: extra member with K-12 or business background	N/A
ELECTION REQUIREMENTS	≥50% of members elected by parents and employees	Percentage specified Manner of selection
	One vote per child enrolled	N/A
	Choice of membership to occur every two years	N/A

Source: S.C. Code of Laws

Furthermore, S.C. Code §59-40-55(B)(4) requires the District to monitor the legal compliance of its charter schools. Such monitoring would include charter school compliance with board composition and qualifications.

District Monitoring of Charter School Boards

The District does not know where vacancies exist among its charter school boards. According to agency staff, the District collects *only* the board chair and vice chair information, for contact purposes, from each charter school's website on an annual basis; the District provided this information for SY 19-20 and SY 20-21 but not for earlier years, as requested.

The District provided reviews that it conducted of its charter schools' websites for monthly postings of board agendas and minutes. These reviews also included a notes section that contained additional information, including whether board members were listed on the website.

Since state law, however, does not fix the number of charter school board members, it is unclear whether the composition of each board, which may vary from school to school, was reviewed for each school for vacancies. Also, the review did not state that members' qualifications were assessed. We asked whether the District monitors for charter school board vacancies, and agency staff stated they were currently conducting an audit of them.

By not monitoring its charter schools' boards, the District is not fulfilling its statutory requirement. Furthermore, this lack of oversight results in less assurance that its schools' boards are providing an adequately representative voice for their students.

Review of Charter School Bylaws

The District has not ensured that its schools' bylaws regarding board composition and qualifications are compliant with state law. We reviewed a judgmental sample of bylaws from five charter schools and found that the specifics required in state law to be included in charter schools' bylaws were not. Specifically, we found:

- 3 did not state an exact number of board members.
- 4 did not include the 50% education and business professional member requirement; pursuant to the S.C. Charter Schools Act was referenced instead.
- None provided the manner of selection for education and business professionals.
- 4 did not state that the odd-numbered board member would be an educational or business professional.
- All did not specify the percentage of members that parents and employees would elect; of those, 3 implied all, 1 stated pursuant to the S.C. Charter Schools Act, and 1 made no reference altogether.

By not ensuring the governance articles in its charter schools' bylaws include the provisions that are required in state law, the District has hindered its ability to adequately monitor them for legal compliance.

Recommendations

17. The S.C. Public Charter School District should monitor its charter schools for compliance with all the board governance requirements in S.C. Code §59-40-50(B)(9).
18. The S.C. Public Charter School District should ensure its charter schools' bylaws include the governance requirements in S.C. Code §59-40-50(B)(9).

Support Functions

In this chapter, we reviewed the ways in which the S.C. Public Charter School District (District) supports its charter schools.

WHAT WE EXAMINED

- Laws relating to the District's support functions.
- Interviewed school leaders regarding their relationship with the District.
- The District's relationship with the S.C. Department of Education (SCDE).

WHAT WE FOUND

- The District provides adequate support for academic- and finance-related areas. However, there is a need for additional support for newer, less experienced leaders and support in non-academic areas (resource guides for curriculum vendors, lunch programs, and purchasing facilities).
- The District does not have a policy for communications with SCDE.
- The District has not submitted accurate, timely data to SCDE.
- The District did not provide updated employment and contact information to SCDE.

In our discussions with school leaders, we found interest in having the District provide more opportunities for collaboration among its member schools. School leaders also expressed concerns about accountability measures, including those that address schools serving at-risk populations and school focus areas.

Legal Identity, Requirements, and Compliance

The District is identified in state law as a local education agency (LEA), which is similar to a school board/district. However, state law outlines responsibilities for school districts—employing teachers, providing school buildings, and controlling the educational interest of the school district among others—that, at times, conflict with the autonomy granted to charter schools under the S.C. Charter Schools Act. In general, the District is compliant with the requirements in the S.C. Charter Schools Act, although areas of noncompliance are noted in other sections of this report.

Federal Law

S.C. Code §59-40-40(4) identifies the District’s board of trustees as a charter school’s sponsor and, consequently, its LEA. While state law and regulation do not define LEA, the federal Elementary and Secondary Education Act (ESEA), which was most recently reauthorized in 2015 as the Every Student Succeeds Act (ESSA), defines it in 20 U.S.C. §7801(30)(A) as:

...a public board of education or other public authority legally constituted within a State for either administrative control or direction of, or to perform a service function for, public elementary schools or secondary schools in a city, county, township, school district, or other political subdivision of a State, or of or for a combination of school districts or counties that is recognized in a State as an administrative agency for its public elementary schools or secondary schools.

Based on this definition, the District may be considered a board of education or school district.

State Law

Despite its designation as an LEA—board of education/school district—it is unclear whether the District’s statutory responsibilities include those of a traditional school district or are limited to those of the S.C. Charter Schools Act. The following outlines the statutory requirements of traditional school districts as well as those of the District, as stated in the S.C. Charter Schools Act.

Traditional School District Responsibilities

S.C. Code §59-19-10 *et seq.* outlines the responsibilities of an education board, including the following for schools located within its district.

- Provide and manage school property.
- Employ certified teachers and discharge, as necessary.
- Promulgate rules and regulations outlining scholastic and conduct standards that must be met by all students.
- Control the educational interest.
- Establish an annual calendar.

The S.C. Charter Schools Act, however, does not require the District to perform any of these functions, likely to allow for the flexibility authorized to charter schools to educate in innovative ways.

District Responsibilities

S.C. Code §59-40-55 lists the responsibilities of the District and other state charter school sponsors, which are the following:

§59-40-55(A)

Adopt, authorize, and implement national industry standards of quality charter schools.

§59-40-55(B)

Approve and/or decline charter school applications per statutory requirements.

- Negotiate and execute sound contracts with approved charter schools.
- Monitor charter school performance as well as legal and fiscal compliance through data collection and analysis to support ongoing evaluation against the charter school's contract.
- Conduct or require charter school oversight to ensure its statutory and contractual requirements are met without inhibiting charter school autonomy.
- Collect charter school annual reports and submit them to the SCDE.
- Notify charter schools of perceived performance or legal compliance issues and provide reasonable opportunity for remedy unless issues warrant revocation and revocation time frames apply.
- Issue corrective actions or sanctions to address deficiencies in charter school performance or legal compliance.
- Determine whether charter schools merit renewal, nonrenewal, or revocation.
- Provide parents and the public information about its charter schools to the same extent and means as the school district in which the charter school is located.
- Permanently close any charter school at the conclusion of the school year after receiving, for three consecutive years, the lowest performance rating as defined by the federal accountability system in accordance with statutory process.

§59-40-55 (C)

Retain up to 2% of total state appropriations to meet its statutory obligations as a sponsor.

Statutory Compliance

In general, the District is compliant with its statutory requirements, although exceptions and improvements are noted in other sections of this report. The following sections address the three primary areas of the District's statutory requirements and its compliance in those areas.

§59-40-55 (A)

According to District staff, the District's board has adopted the authorizing standards of the National Association of Charter School Authorizers (NACSA). However, the District has not noted the adoption of these standards or publicized them on its website. Publication of this information on its website would provide transparency regarding the authorizing standards it is required to adopt pursuant to the law.

§59-40-55 (B)

Under this section of the law, there are several subsections addressing how the District is to approve or deny a charter school applicant, both initially and for renewal. While the District approves and denies applications, exceptions and improvements are noted in other areas of this report (see sections *Website Inadequacies*, *School Accountability*, and *Charter Contracts*).

§59-40-55 (C)

The District is compliant with the requirement of retaining up to 2% of state funds. This topic is discussed in greater detail under the section titled *No Administrative Fee Policy*.

Recommendations

19. The General Assembly should amend state law to clarify whether the S.C. Public Charter School District is responsible for adhering to the requirements in S.C. Code §59-19-10 *et seq.*, and, if so, specify which provisions apply.
20. The S.C. Public Charter School District should publish, on its website, the national industry standards for charter authorizers that are adopted by its board as well as acknowledgement of the adoption of these standards.

Adequacy of Support Services

We were asked to review whether the District provides adequate support to its charter schools in the context of its designation as an LEA. We found that state law does not require the District to provide support, but nonetheless it does so primarily in areas that are subject to federal mandates.

We found that the District's charter school leaders, in general, believe the support provided by the District is adequate. However, several believe the District could provide additional support for newer schools and less experienced leaders. Additionally, several stated they would benefit from the District's support in areas unrelated to compliance, such as curriculum resource guides.

State Law and Agency Practice

S.C. Code §59-40-40(4) designates the District as an LEA for each of the charter schools it authorizes. An LEA is tantamount to a school board/district, which provide support services to the schools within its district. S.C. Code §59-40-50, however, outlines responsibilities for the District, which do not include the requirement to provide support.

The District, however, does provide support services to its charter schools, specifically in areas where the District measures compliance (i.e., federal programs and finance). Support is typically provided by subject matter and may be district-wide or school-specific. Generally, district-wide support is provided via weekly and monthly communications, including emails and webinars while school-specific support is provided, as needed, via phone and email. The degree of school-specific support varies by subject matter and each charter school's needs. For example, the District's special education directors provide tiered support.

SUPPORT LEVEL	REQUIREMENT	SUPPORT TYPE
Low	Few to No Issues	Communication as Needed
Medium	Some Issues	Monthly Calls
High	Compliance/ Performance Issues	Weekly Calls

Charter Schools' Assessment of District Support

According to the District's charter schools, in general, the support provided is adequate particularly for special education and other federal programs. Several note that support has improved in recent years, which may be a result of new leadership.

With regard to improvement, several charter schools expressed that they would like the District to provide support for topics not related to academics or compliance. Suggestions included:

- Resource guides, such as a list of curriculum vendors.
- Student nutrition/school lunch information.
- Purchasing facilities.

Additionally, several expressed the need for more support for charter schools in the inception phase and for charter school leaders without charter school experience. Several commented on difficulties with PowerSchool®, the state's education data system, but also noted that the District's recent outsourcing of PowerSchool® management has improved support.

It is important to note that providing this additional support will likely require additional personnel which, in turn, would cost additional funding.

Recommendation

21. The S.C. Public Charter School District should evaluate the noncompliance-related and/or nonacademic-related support needs of its charter schools and, if financially feasible, provide support in these areas.

Interviews with School Leaders

In order to examine issues in our audit request, we attempted to contact leadership from all of the schools in the District. We ultimately spoke with leaders representing 21 of the 33 schools in the District. The leaders with whom we spoke consisted primarily of principals, executive directors, and heads of schools.

The leaders with whom we spoke represent a wide diversity of schools. They represent schools with different focus areas, grade levels, locations, student populations, and teaching methods. Some of the leaders with whom we spoke represented schools that have existed for several years and other schools opened much more recently.

Interview Methodology

In our discussions with school leaders, we asked the same set of questions in order to ensure consistency. Those questions primarily dealt with issues relating to the schools' relationship with the District, the support provided by the District to the schools, positive and negative aspects of the District, communications with the District, and accountability measures. These questions were designed to be open-ended in order to promote broad discussions of the District, and we sometimes asked follow-up questions in order to clarify responses from the schools.

Summary of Discussions

After conducting 21 interviews of school leaders, we identified common themes among the leadership. Although some leaders were positive in their feedback on the District and some were less positive, there were certain responses that frequently recurred during our interviews. Those common themes are discussed below.

Communication with the Schools

The leadership of 18 schools expressed satisfaction with communication between their schools and the District. Several leaders stated that the District provides timely, helpful responses to their questions. Several of the school leaders stated that they usually get "same day" responses when they ask the District for information.

One of the leaders stated that the District's communications with the schools used to be "highly problematic," but that it has gotten better in the last several months. Another leader stated that the District is now very responsive, but that it was not always the case.

Guidance for Schools

Leaders representing 10 schools expressed interest in having more guidance. Some of those leaders expressed interest for more guidance for schools that are just starting out and others called for more guidance in general. Specifically, the leaders mentioned that several functions that all charter schools must fulfill were difficult to navigate and that guidance from the District, such as manuals and lists, would alleviate the process.

Among the areas that leaders expressed interest in extra guidance were:

- Resources explaining the procurement of books.
- Resources discussing the implementation of food services programs.
- More information on facility financing and development.
- General information on finance.

One leader noted that, when their school was starting up, it felt like the school had to “reinvent the wheel” in order to fulfill several basic functions. One leader claimed that more guidance would be helpful on certain issues as opposed to simply being referred to a regulation. These leaders noted assistance on the ground floor level could help newer schools with less experienced leadership get off to more productive starts. As one leader noted:

The District might say, ‘go do this.’ What would be more helpful is if they say, ‘go do this, and here are some vendors you can use to help you do it.’

Some leaders noted that, since charter schools often undertake responsibilities that are not undertaken by a traditional school district, school administrators, who do not have experience with charter schools, sometimes need more guidance. One leader noted that help from the District in connecting with potential funding sources would be beneficial.

One leader noted that he/she agrees that the District should not get too involved in setting the curriculum for the schools, but guidance for common functions for all schools would be helpful. Although one of the goals of charter schools is to provide more autonomy to charter schools than traditional public schools, basic “how to” guides on various basic school functions that all schools must undertake may help reduce unnecessary confusion.

Although several leaders expressed interest in having more guidance in certain areas, some leaders noted that, when questions arise, the District is helpful in its responses.

Collaboration Among Schools

Five school leaders expressed interest in having more collaboration among schools in the District. Some leaders stated that conferences with other leaders in the District were useful in years past but acknowledged that COVID-19 prevented such conferences from happening in SY 20-21. However, leaders stated that, going forward, more opportunities for the District's schools to collaborate could help break a "silo mentality" and allow for the sharing of good ideas among the member schools. One leader specifically mentioned PowerSchool© as an area in which the pooling of knowledge among schools in the District could be beneficial. The District has provided opportunities for collaboration, and the schools mentioned above are interested in more such opportunities going forward.

Remaining in the District

From our discussions with school leaders, we found that none of the schools appear to have immediate plans to leave the District. Four leaders expressed possible interest in leaving the District at some point, but not in the near future. Two leaders expressed the view that the new memorandum of agreement between the Charter Institute at Erskine and the District was a positive development.

Thoughts on New District Leadership

A new superintendent was hired in August 2020. Leaders representing 12 schools expressed satisfaction with the new leadership. It should be noted that we did not specifically ask about satisfaction with the new leadership, so the schools that did not express satisfaction with the new leadership are not necessarily dissatisfied with the new leadership. One school leader noted that the new District leadership has improved in that it is less "sink or swim" than in the past. However, it was acknowledged that the nature of the District discourages "hand holding" the schools.

Accountability Measures

Most of the leaders believed that the accountability measures employed by the District are fair. However, eight leaders expressed concerns. One leader noted that, if a school has a large number of at-risk students pursuant to its charter, it will be difficult to gauge that school as compared to schools that do not have such provisions in their charters.

Another leader noted that certain schools have specific focuses (such as STEM, art, or foreign language immersion), but expressed concern about whether those areas get recognized properly in the School Performance Framework (SPF). One leader mentioned that the accountability measures were not entirely clear despite several years of involvement. A few leaders speculated that the reputation of a school may impact its treatment regarding accountability.

There was concern expressed on S.C. Ready Scores, which assess students in grades 3–8. Those students are not accounted for regarding S.C. Ready but they are graded like they are. One leader disagreed with the previous policy of withholding 1% of the 2% fees for underperforming schools because the underperforming schools historically require more finances.

However, other school leaders expressed positive views on the measures. For example, one leader stated the District's measures were superior to other measures since they take into account growth and improvement. In their response to our preliminary draft, the District stated that it held meetings with three alternative education campuses in late 2019 and early 2020 in order to develop an alternative framework or criteria for schools serving high numbers of at-risk students.

PowerSchool©

As noted earlier in this report, PowerSchool© is a program used by the S.C. Department of Education for inputting data. The leaders of six schools expressed frustration with the use of PowerSchool©, and some stated that it was a longstanding issue in the District. However, a new company has been hired by the District to provide support to the schools for PowerSchool©, and several leaders mentioned that this new partnership has been helpful. One leader, in expressing satisfaction in recent developments regarding PowerSchool©, also mentioned the possible benefits of having schools collaborate on PowerSchool©.

Turnover

The leaders of five schools expressed concern over staff turnover at the District. Finance, in particular, was an area that leaders pointed to as having high turnover. One leader noted problems with receiving reimbursements due to slow processing on the part of the finance department at the District. However, that leader noted being impressed with the current finance department staff and believe its operations are improving.

Other Feedback

Other issues mentioned by school leaders in our interviews include the following.

- The flexibility allowed by the District was a helpful feature.
- Satisfaction with the District’s handling of the COVID-19 pandemic. One leader stated that, when COVID-19 first impacted the schools, the District’s point person on COVID-19 was “brilliant” at providing the schools with the information they needed.
- Interest in having the District to do more to promote the achievements of its member schools.
- Publication of job postings of District positions when they come open.

Feedback from Erskine School Leaders

We contacted leaders who represented schools that left the District for the Charter Institute at Erskine. We asked them for the reasons why their schools left the District and what differences exist between the District and Erskine. Four schools responded to our request. All of those schools had left the District prior to the current leadership. Of those schools, three of them cited enhanced support for virtual schools from Erskine as a reason for leaving the District. Three of the schools claimed that they believed they were treated unfairly by the District, while one of the schools did not state that they were treated unfairly. All four of the Erskine school leaders we interviewed stated that Erskine focused more on school support than the District. It should be noted that these responses solely represent the opinions of the responding school officials.

Recommendations

22. The S.C. Public Charter School District should examine opportunities for more collaboration between schools in the S.C. Public Charter School District.
23. The S.C. Public Charter School District should examine concerns of school leaders regarding accountability measures, including considerations of at-risk student populations, recognition of school focus areas, and effective communication regarding the measures.

Relationship with SCDE

We reviewed email communication between the District and SCDE from the judgmentally sampled period of January 2020 through March 2020 and found:

- SCDE
 - Usually responded in a timely manner (within two business days).
 - Was open to requests for meetings or phone calls.
 - Provided policy changes and surveys.
 - Provided training notifications and materials.
- The District
 - Failed to meet deadlines and/or submit data.
 - Consulted with SCDE regarding questions from charter schools.
- Poor communication between the District and SCDE sometimes led to confusion about deadlines and policies.
- There were issues with the functionality of PowerSchool®, SCDE's student information system.

Our review of emails indicates that SCDE usually responded to questions from the District within two business days, accepted requests for meetings or phone calls, and provided pertinent information, such as policy updates, training notifications and materials. Some of the emails the District sent to SCDE were questions the District had received directly from its charter schools. The emails indicated that the District was late in submitting required data to SCDE, had submitted inaccurate data, and had not sent updated contact information to SCDE. For example:

- The District had two charter schools that were subgrantees but had not complied with the agreement to submit claims at least quarterly.
- Regarding data, the District had inaccurately included two students in a child count that were not allowable, an error at the federal level. Ultimately, one student was reevaluated and declared eligible, but one student had to be removed from the child count. The District was penalized for inaccuracy on the submission.
- There were several emails indicating SCDE was unaware of employee turnover at the District, having sent emails to which the District responded the recipient was no longer an employee.

Other examples of communication issues between SCDE and the District include confusion about SCDE's deadlines for a funding report and student engagement surveys. For the student engagement survey, SCDE originally required filing extensions to be requested by the schools, but ultimately decided to extend the deadline by a week for all schools, a decision which caused confusion. Also, SCDE was late with its release of the 2020-21 Activity Coding System for the School Information System manual, a delay which led to frustration in the school districts. Communication issues, such as confusion with deadlines and delayed release of information, may contribute to ineffectiveness.

Based on the emails we reviewed, there was supportive communication between SCDE and the District with no significant ongoing issues. However, the emails we reviewed represent only a snapshot in time. We were informed by the District staff that SCDE does not consider that the District has 33 charter schools and that a more coordinated effort with SCDE with a constant dialog would be most helpful. District staff also mentioned that SCDE seemed to hold charter schools to a different standard than traditional public schools. The District's response to the preliminary draft report indicates there are communication issues with SCDE, particularly the "Charter Office or the Office of School Facilities," and that "lack of timely, effective responses from the Charter Office is the genesis of problems on a repeated basis."

Our review of the emails and our interviews with District staff indicate there were problems with the functionality of PowerSchool©, SCDE's student information system. PowerSchool© is a web-based student information platform used for managing instruction, learning, grading, attendance, assessment, analytics, state reporting, special education, and student registration.

SCDE stated it provides guidance, support, and resources to the District as it does to other LEAs. Both SCDE and the District stated the relationship between the agencies has improved in recent months under the new leadership at the District. However, the District would like to see more improvement. Achieving and maintaining good communication is paramount to a strong relationship.

Recommendations

24. The S.C. Public Charter School District and the S.C. Department of Education should develop and implement written policies for communication between the two agencies.
25. The S.C. Public Charter School District should ensure it is submitting accurate data to the S.C. Department of Education and meeting the deadlines for submission.
26. The S.C. Public Charter School District should keep the S.C. Department of Education informed about employee turnover and provide current contact information for the appropriate employee in each area.

Administrative Fees, Administrative Costs, and Website Review

In this chapter, we report on certain miscellaneous issues with the S.C. Public Charter School District (District.)

WHAT WE EXAMINED

- Administrative fee policy.
- Administrative costs.
- Issues with the website.

WHAT WE FOUND

- The District does not have an administrative fee policy, limiting transparency regarding the percentage charged, the state funds to which the fee applies, and any exceptions to the fee.
- The District has not publicized its operating costs (District costs) since FY 14-15.
- The District has not publicized its administrative costs (District and its schools), as required by law.
- The District's website has functionality issues, including:
 - Lack of information.
 - Difficult navigation.
 - Inaccurate information.
 - Broken hyperlinks.
- There is no provision in state law for institutions of higher education authorizers to retain an administrative fee.

No Administrative Fee Policy

The District does not have a policy regarding the administrative fee it charges its charter schools. Rather the agency employs a practice that fits within the guidelines in state law—retention of up to 2% of state appropriations. Without such a policy, however, the exact percentage charged, the state funds to which the charge applies, and any exceptions to the charge is unclear.

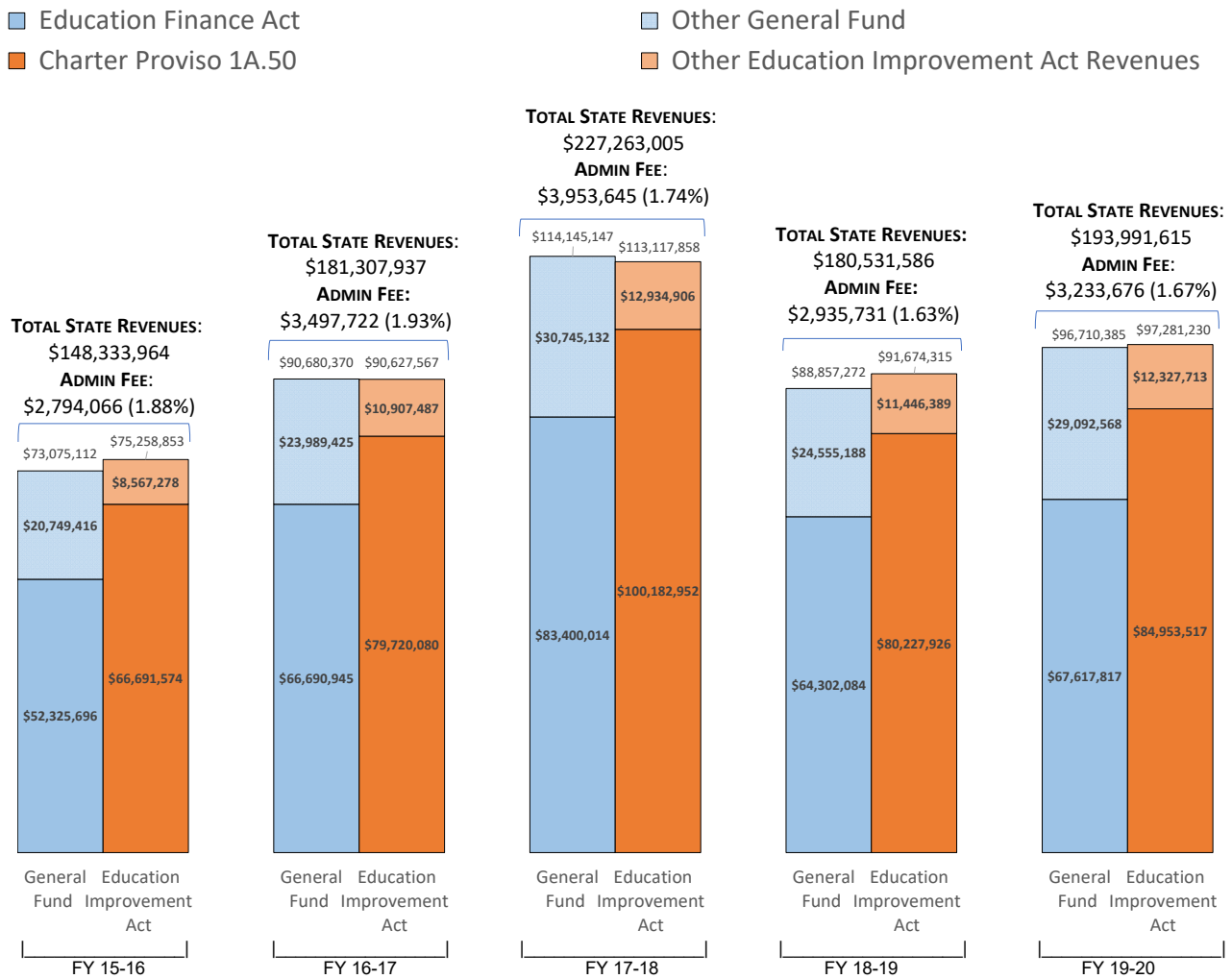
State Law

S.C. Code §59-40-55(C) states that the District may retain up to 2% of the total state appropriation for each charter school it authorizes to cover the costs for overseeing its charter schools. While statute provides parameters for the District's administrative fee, it also provides flexibility regarding the percentage charged—less than or equal to 2%—as well as to which state appropriations the District chooses to apply the fee.

Agency Practice

Currently, the District applies a 2% administrative fee to each charter school's funding from the Education Finance Act (EFA), select programs funded by the Education Improvement Act (EIA), and charter school proviso funding. The EFA provides school districts with the base student funding on which they operate, the EIA provides additional funding to school districts in several different program areas for which they qualify, and the charter school proviso funding provides a supplement, from the EIA, to base student funding for the District since it does not receive local funding like traditional schools. Chart 4.1 shows the District's total state revenues including the EFA, EIA, and charter school proviso funding, and the total retained administrative fee for FY 15-16 through FY 19-20.

**Chart 4.1: District's Total State Revenue and Administrative Fee
FY 15-16 through FY 19-20**



Source: S.C. Public Charter School District

Administrative Fee and State Appropriations

In recent years, the District has applied the administrative fee to various EIA programs, or categories. The most recent adjustment was implemented in FY 20-21. Table 4.2 shows which EIA funding categories the administrative fee was applied to for FY 15-16 through FY 20-21.

**Table 4.2: Education Improvement Act Funding Categories and Administrative Fee
FY 15-16 – FY 20-21**

EIA FUNDING CATEGORIES	FISCAL YEAR					
	15-16	16-17	17-18	18-19	19-20	20-21
Professional Development	●	●	●			
Technology Professional Development	●	●		●		
Adoption List of Formative Assessment	●					
Career and Technology Education (CATE) Equipment	●					
Refurbishment of Science Kits	●		●			
Reading Coaches	●					
Students At Risk of Failure	●	●	●	●	●	●
Early Childhood Programs	●	●			●	●
Teacher Salary Supplement	●	●	●	●	●	●
Fringe Employer Contributions	●	●	●	●	●	●
Reading	●	●	●			
Special Education Maintenance of Effort	●					
Work-Based Learning Activities	●					
Education & Economic Development Act (EEDA) Supplies & Materials	●	●	●	●		●
Aid to Districts	●	●	●	●	●	
TOTAL	15	9	8	6	5	5

Note: See Appendix B for details on the EIA funding categories listed above.

Source: S.C. Public Charter School District

According to agency officials, the current EIA programs to which the fee is applied were chosen because they did not include direct funding to charter school employees. The District, however, did not provide a clear explanation as to why the teacher salary supplement, which goes directly to employees, was included.

Reduced Fee

In FY 17-18 and FY 18-19, the District implemented a reduced administrative fee charge of 1% for charter schools that were regarded as “good standing” schools, as defined in the agency’s performance rating system. “Good standing” was the District’s highest rating and defined as less intensive monitoring, fewer site visits, and an automatic replication and expansion recommendation; later versions of the rating system referred to this status as “distinction.” According to an agency official, schools in this standing required less administrative assistance from the District and, therefore, deserved a lower fee rate. Also, at the time, the District had a surplus and could afford to retain less in fees. Table 4.3 shows, by fiscal year, the schools that qualified for the reduced fee.

Table 4.3: Charter Schools That Qualified for Reduced Administrative Fee, FY 17-18 and FY 18-19

FY 17-18	FY 18-19
Bridges Preparatory School East Point Academy GREEN Charter School Palmetto Scholars Academy Royal Live Oaks Academy Spartanburg Preparatory School York Preparatory Academy Youth Leadership Academy	Brashier Middle College Charter High School GREEN Charter School Greenville Technical Charter High School Greer Middle College Charter High School Palmetto Scholars Academy York Preparatory Academy Youth Leadership Academy
8	7

Source: S.C. Public Charter School District

According to an agency official, the reduced fee was presented to and approved by the agency’s board in November 2016. The minutes for this board meeting, however, are not recorded in enough detail to show the staff’s recommendation and the board’s approval of this fee change.

Conclusion

The District does not have a policy regarding the administrative fee it charges its charter schools for support and oversight. Without such a policy, the District has operated without transparency regarding the state funds it retains to provide these administrative functions.

This lack of transparency may result in equity and accountability concerns. As previously stated, the District has varied the amount of the fee, but the only documentation provided by the District of this change was an email to schools to which the reduced fee applied. As such, there is less assurance that the reduced fee was granted equitably to schools that meet the agency's criteria, as the qualifying criteria has not been documented in policy.

Furthermore, the absence of an administrative fee policy reduces accountability for changes made to this fee. The FY 20-21 change to which state appropriations the District's fee applied was determined exclusively by the District's finance staff. While this decision and its decision makers are not necessarily an issue, it is unclear whether the District's superintendent and/or board, both of which are ultimately responsible for finance-related decisions, agree with a process that excludes their consultation or approval. An administrative fee policy would clarify the authority of the finance department or other entity to make such a decision.

Recommendation

27. The S.C. Public Charter School District should develop and implement a policy regarding the administrative fee it charges to its charter schools including the fee amount, the state funding to which the fee applies, and those authorized to amend the policy.

Administrative Fee Comparison

The S.C. Charter Schools Act allows the District to retain an administrative fee of up to 2% of state appropriations. This is neither the lowest nor highest percentage allowed among South Carolina's Southeastern counterparts. Furthermore, adequate funding for administrative costs is estimated at 3%.

During our review, we found that the S.C. Charter Schools Act defines the term "sponsor" to include the District and institutions of higher education. However, it does not permit institutions of higher education to retain a fee for administrative purposes.

Authorizer Administrative Fees in Other States

Charter school authorizers generally receive funding in one of three ways:

- Fees retained by an authorizer (administrative fee).
- Allocations from a parent company (such as a university).
- State or local appropriations.

According to the National Alliance for Public Charter Schools (Alliance), there is no single formula for authorizer funding that is the best option for every state. For authorizer funding garnered through retained administrative fees, the Alliance notes that 3% of charter school per-pupil funding is generally adequate. In South Carolina, state law caps the District's fee at 2% of state appropriations. District officials did not respond to the adequacy of its current funding but stated additional funds would be needed for support services as they increase the number of schools and students in their portfolio; for SY 21-22, the District anticipates an additional 6 new schools, totaling 1,200 new students.

Southeastern states, in general, use administrative fees as part of their authorizer funding schemes. However, there are variations in the percentage retained, depending on authorizer type, and the source of funds to which the fee applies. Table 4.4 summarizes the variations among the Southeastern states.

Table 4.4: Authorizer Administrative Fee Comparison Among the Southeastern States

	AUTHORIZER	FUNDING TYPE	AMOUNT		LIMITS			
ALABAMA	LOCAL BOARDS	STATE	1–3 SCHOOLS	UP TO 3%	PER SCHOOL			
			4–5 SCHOOLS	UP TO 2%				
			6–10 SCHOOLS	UP TO 1%				
	CHARTER COMMISSION	STATE LAW DOES NOT SPECIFY						
FLORIDA	LOCAL BOARDS	STATE AND LOCAL	CHARTER SCHOOLS AS DEFINED IN STATE LAW	UP TO 5%	PER STUDENT ≤ 250 STUDENTS PER SCHOOL			
			CHARTER SCHOOLS MEETING CONDITIONS*		PER STUDENT ≤ 500 STUDENTS PER SCHOOL			
			VIRTUAL CHARTER SCHOOLS		PER STUDENT ≤ 250 STUDENTS PER SCHOOL			
			HIGH-PERFORMING CHARTER SCHOOLS	UP TO 2%	PER STUDENT ≤ 250 STUDENTS PER SCHOOL			
GEORGIA	STATE BOARD	STATE AND LOCAL	UP TO 3%**		PER SCHOOL			
	LOCAL BOARDS							
	CHARTER COMMISSION							
NORTH CAROLINA	STATE BOARD	APPLICANT	\$500–\$1,000 PER INITIAL AND RENEWAL APPLICANTS		PER SCHOOL***			
SOUTH CAROLINA	DISTRICT	STATE ****	UP TO 2%		PER SCHOOL			
	INSTITUTIONS OF HIGHER EDUCATION	STATE LAW DOES NOT SPECIFY						
	LOCAL BOARDS							
TENNESSEE	LOCAL BOARDS	STATE AND LOCAL	UP TO 3%		PER SCHOOL			
	CHARTER COMMISSION							
	SPECIAL CHARTER DISTRICT					LESSER OF 3%/STUDENT OR \$35,000/SCHOOL		PER SCHOOL

* Conditions include that all schools are located in the same county, total enrollment exceeds the total enrollment of at least one school district in the state, has the same governing board for all its schools, and does not contract with a for-profit provider for management of school operations.

** In FY 19-20, the state's charter commission voluntarily reduced the administrative fee to 2% for existing schools and 1% for new schools.

*** Applies to "applicants," both initial and renewal.

**** Additional state funds are appropriated in an effort to account for the lack of local funds.

Source: Respective states' laws

In the original 1996 version of the S.C. Charter Schools Act, local education boards were the sole, original entities defined as sponsors, and there was no provision for them to retain an administrative fee. Effective in 2006, the District was added to the definition of charter school sponsor, and a special provision was added to allow just the District to retain an administrative fee. In 2012, institutions of higher education were also added to the definition of a sponsor, but the provision regarding the administrative fee was not amended to include these entities.

There is no other provision in state law to fund the administrative duties that are outlined in the S.C. Charter Schools Act for institutions of higher education. Currently, the Charter Institute at Erskine (Erskine), the state's only institution of higher education authorizer, retains a 2% fee.

Recommendation

-
28. The General Assembly should consider amending S.C. Code §59-40-55(C) to include institutions of higher education.
-

Operating Costs Not Publicized

The District does not publicize its operating costs, as required by state law. Operating costs are expenses that are not directly tied to a specific function, but are necessary expenses related to the organization, as a whole, including salaries and rent. By not publicizing its operating costs, the agency has limited transparency regarding its use of public funds.

Operating Costs

S.C. Freedom of Information Act, under S.C. Code §30-4-50(A)(6), requires the revenues and expenditures of public or other funds by public bodies to be made public. This would include the District's operating costs.

Operating costs include expenses such as salaries and benefits, rent, utilities, and office supplies, among others. They are typically fixed (a set amount), with limited ability to reduce them, although some may change based on usage, such as electricity. An organization will always incur operating costs as a necessary part of its operations.

The District does not publicize its operating costs on its website. Agency officials stated that the District's operating costs are presented to its board during its regular meetings. However, for FY 15-16 through FY 19-20, this information is not recorded in or attached to its minutes, except for FY 18-19. Officials stated that they were not opposed to publicizing this information. Table 4.5 shows the District's FY 15-16 through FY 19-20 operating costs.

Publicizing the District's operating costs, specifically via its website, would provide increased transparency to the agency's use of public funds.

**Table 4.5: District's
Operating Costs
FY 15-16 – FY 19-20**

	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20
FEDERAL					
Salaries	\$489,994	\$255,887	\$209,695	\$216,681	\$179,204
Benefits	\$153,909	\$66,318	\$62,051	\$63,563	\$77,194
Purchased Services*	\$122,575	\$110,683	\$223,502	\$59,586	\$8,841
Supplies**	\$19,470	\$3,317	-	\$908	-
Other****	\$319	\$749	-	-	-
STATE					
Salaries	\$1,197,347	\$1,227,985	\$1,454,574	\$1,565,203	\$1,512,131
Benefits	\$369,654	\$390,837	\$523,550	\$622,039	\$557,730
Rental Costs (Purchased Services*)	\$164,171	\$223,888	\$223,594	\$222,688	\$222,117
Other Purchased Services*	\$585,878	\$789,806	\$1,076,686	\$996,205	\$957,201
Supplies**	\$60,668	\$96,113	\$111,621	\$77,070	\$51,018
Equipment***	\$85,138	\$68,444	\$69,987	\$68,444	\$52,954
Other****	\$36,824	\$42,631	\$44,846	\$37,718	\$26,247
GRAND TOTAL	\$3,285,947	\$3,276,657	\$4,000,107	\$3,930,104	\$3,644,636

* Purchased services include travel, legal services, and phones charges.

** Supplies includes office and training items.

*** Equipment includes IT equipment.

**** Other includes dues and fees.

Source: S.C. Public Charter School District

Administrative Cost Reports

While the District does not publicize its operating costs, it previously posted its administrative cost report on its website, as required by proviso. However, the District has not posted its administrative cost reports after FY 14-15. The information in the cost report represents a combined total of the District's and its charter schools' administrative costs. Furthermore, the categories used in the administrative cost report are not comparable to operating expense categories such as salary, rent, utilities, and supplies. The District's administrative costs for FY 15-16 through FY 18-19 totaled \$124,594,127 as shown by each fiscal year in Table 4.6. The District has not had expenses for internal auditing services since FY 11-12.

Table 4.6: District Administrative Costs FY 15-16 – FY 18-19

DESCRIPTION	FY 15-16	FY 16-17	FY 17-18	FY 18-19
Supervision of Special Programs	\$660,146	\$1,448,275	\$1,979,903	\$1,332,141
Board of Education	\$2,816,065	\$3,310,093	\$4,446,052	\$2,345,128
Office of Superintendent	\$1,900,079	\$2,272,000	\$2,192,209	\$684,448
Fiscal Services	\$2,039,222	\$3,165,082	\$3,453,600	\$3,222,603
Operation and Maintenance of Plant	\$18,054,914	\$14,798,682	\$18,375,339	\$12,504,726
Internal Services	-	\$312	\$1,010	-
Internal Auditing Services	-	-	-	-
Information Services	\$558,037	\$644,722	\$769,951	\$590,450
Staff Services	\$571,388	\$627,936	\$748,392	\$360,924
Technology and Data Processing Services	\$4,296,206	\$5,110,772	\$6,484,509	\$2,828,811
TOTAL	\$30,896,057	\$31,377,874	\$38,450,965	\$23,869,231

Source: S.C. Public Charter School District

Recommendations

29. The S.C. Public Charter School District should publicize its operating costs, including salaries, benefits, rent, utilities, and supplies, among other categories, on its website, as required by law.
30. The S.C. Public Charter School District should publicize its administrative cost report on its website, as required by proviso.

Website Inadequacies

We reviewed the website for the District to determine the adequacy of its content and found:

- Legally required information was not posted on the website.
- The organizational chart showing the District's structure was not posted.
- The employee listing was not current.
- The board of trustees' minutes were not adequately detailed.
- There were problems with the functionality and design of the website.
- The annual report each charter school is required to send to its charter authorizer was not posted.

Whistleblower Information Not Provided

S.C. Code §8-27-60 states:

Each public body must make a summary of this chapter available on the public body's Internet website. The summary must include an explanation of the process required to report wrongdoing, an explanation of what constitutes wrongdoing, and a description of the protections available to an employee who reports wrongdoing.

We did not find whistleblower information on the District's website, which is required by state law. By not posting whistleblower information to its website, the District's employees and school leaders may not realize they are covered by the whistleblower protection laws in the event wrongdoing is discovered and subsequently reported.

Legal Requirements Not Met

Transaction Registers

Per proviso, school districts must post transaction registers to their websites and update them at least monthly. Transaction registers are similar to check registers, listing the check number, check amount, date, and payor. However, the District's transaction register also shows the check run number for the data processing of the payment. Our review of the District's website in December 2020 showed the most recent transaction register posted was for March 2020. The proviso also requires the transaction register show a detailed description of the expenditure, but transaction registers posted to the District's website did not contain adequately detailed descriptions of its expenditures. By not posting current transaction registers and not providing adequately detailed descriptions of its expenditures, the District is out of compliance with the proviso and lacks financial transparency.

Sex Offender Registry

Per S.C. Code §23-3-535(F)(1)(b), each school district must post the sex offender registry hyperlink to its website. However, a hyperlink to the registry was not found on the District's website. By not posting the registry hyperlink, the District is not in compliance with state law and is not providing a useful resource to parents and other caretakers of children.

Organizational Structure

The District's website did not provide adequate information for the user to see the organizational structure of the District or to contact the correct employee. No organizational chart, which shows the structure of the organization, was posted to its website. Also, the employee listing under the "Meet Our Team" option contained the name of a former employee three months after the person passed away. Outdated contact information is not helpful to parents, charter schools, and other stakeholders and may cause delays in them obtaining information.

Board Meetings, Minutes, and Bylaws

Meetings

Although the District posts the meetings of its board of trustees on its website, the minutes for every meeting were not posted. When posted, the minutes were not uniformly or adequately detailed. Attachments referenced in the minutes were not consistently attached and viewable to the reader. Sometimes the attachments were posted with the agenda. However, there are separate hyperlinks for the agenda and the minutes on the website; a user may not realize where to find the attachment, documented as being attached to the minutes. An agenda is used to inform the attendees and the public of what will be discussed in a meeting and is not the proper place to attach documents discussed in the actual meeting. The District used the same template for agendas and board minutes, which could be confusing when trying to follow the minutes.

Minutes

Additionally, the minutes were not always accurate due to missing or incorrect information. For example, a District employee told us the board agreed to invest a fund balance into schools and approved a sliding scale for the administrative fee for “schools of distinction” in the November 2016 meeting, but we found the board minutes did not provide that information. There were instances when the District failed to change the heading from “Agenda” to “Minutes,” inaccurately reflecting the content of the document. Board minutes are a record of what takes place at a public meeting and should accurately provide the details discussed, the documentation reviewed, and the decisions made by the board. Someone who did not attend the meeting should be able to easily understand what took place at the board meeting by reading the minutes.

Bylaws

The bylaws for the board of trustees are not posted on the District’s website. By posting the bylaws, the general public, schools, and their boards and staff would have the ability to ensure proper procedures are followed at board meetings.

User-Friendliness

Navigation

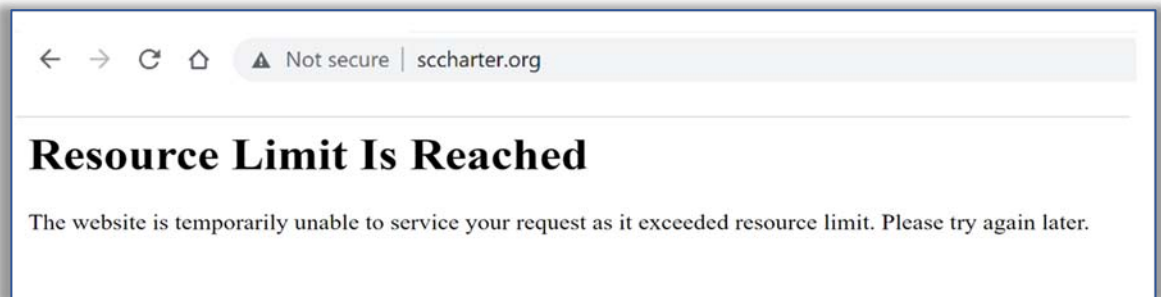
The District’s website is not user-friendly because it requires the user to click multiple times to view certain information. For example, when researching the District’s charter schools from its website, once a user clicks on an arrow to expand and show information in one category such as “Where We’re Located,” the information under the previous category “How We’re Innovative” is no longer visible. There are several categories where this is the case.

FAQ

The section for frequently asked questions, “District FAQ,” is the same—once a user clicks the arrow to expand and view the answer to a second question, the answer to the question previously expanded is no longer visible. There may be times when a user would like to print or save material from the website and it would be most helpful to see, for example, all of the answers to FAQs at the same time.

Resource Limitations

During our frequent use of the District’s website for our review, we noted information could be unusually slow to load and that the website could not be accessed at times, as indicated by an error message stating the resource limit had been exceeded.



No Search Bar





The District’s website does not have a search bar—an area for a user to enter search criteria to easily find specific information on the website. The District’s website would be a better resource for parents, students, charter schools, and other stakeholders if it was user-friendly and information was easily accessible.

Hyperlinks

Hyperlinks to charter school information on the District’s website did not function properly and were not consistently listed for each charter school, as shown in Table 4.7. Also indicated in the table, all 33 charter school listings (100%) had some type of issue with the user being able to view current, accurate data on the District’s website. Performance data for some charter schools was not current and the option to view performance data was not available for all the District’s charter schools. The federal Every Student Succeeds Act (ESSA) requires local education agencies post information on each assessment required by the state. In one instance, a video titled “What are South Carolina Public Charter Schools” was no longer available to view. When hyperlinks do not function, information is not available to the user. If hyperlinks are not listed for all charter schools, it is more difficult for a user to check the accountability measures.

Table 4.7: Issues with “Choose A School” on the District’s Website



ISSUE	SCHOOLS	PERCENT
No option for “View Charter” and no option for viewing general information.	6	18%
Link for “View Charter” did not function properly as no page was found.	18	55%
 This sccharter-public.sharepoint.com page can't be found		
Link for “View Charter” was missing.	7	21%
		
No options for “Visit Website” and “View Charter”	1	3%
Links for “Visit Website” and “View Charter” did not function.	1	3%
 		
TOTAL	33	100%

Note: The website was reviewed for “Choose A School” from late December 2020 through early January 2021.

Source: LAC analysis of the S.C. Public Charter School District's website.

Annual Reports

S.C. Code §59-40-140(H) states:

...A charter school shall report at least annually to its sponsor and the sponsor shall compile those reports into a single document which must be submitted to the department. The Department of Education shall develop a template to be used by the charter schools for this annual report.

The annual reports from each of the District’s charter schools are not posted on the District’s website. It would be a helpful resource to have the individual and combined reports posted on the District’s website, making the reports readily available to the public.

Recommendations

31. The S.C. Public Charter School District should post whistleblower information on its website as required by state law.
32. The S.C. Public Charter School District should post monthly transaction registers with detailed expenditures on its website.
33. The S.C. Public Charter School District should post a hyperlink to the sex offender registry on its website as required by state law.
34. The S.C. Public Charter School District should post its organizational chart on its website and update it when necessary.
35. The S.C. Public Charter School District should update its employee listing as employment changes are made.
36. The S.C. Public Charter School District should post adequately detailed minutes, with all referenced documents attached, on its website for all board of trustee meetings.
37. The S.C. Public Charter School District should consider using a distinct form, unrelated to the format of board minutes, for listing the agenda of upcoming board of trustee meetings.
38. The S.C. Public Charter School District should post the bylaws for its board of trustees on its website.
39. The S.C. Public Charter School District should make its website more user-friendly by making information visible once it has been expanded and by requiring fewer clicks by a user.
40. The S.C. Public Charter School District should determine the reason for its website exceeding its resource limit and resolve the issue as soon as possible.
41. The S.C. Public Charter School District should add a search bar to its website.
42. The S.C. Public Charter School District should ensure its website's hyperlinks are active and updated.
43. The S.C. Public Charter School District should ensure its website has hyperlinks to current performance data for all of its charter schools.
44. The S.C. Public Charter School District should post the annual reports from its charter schools on its website.

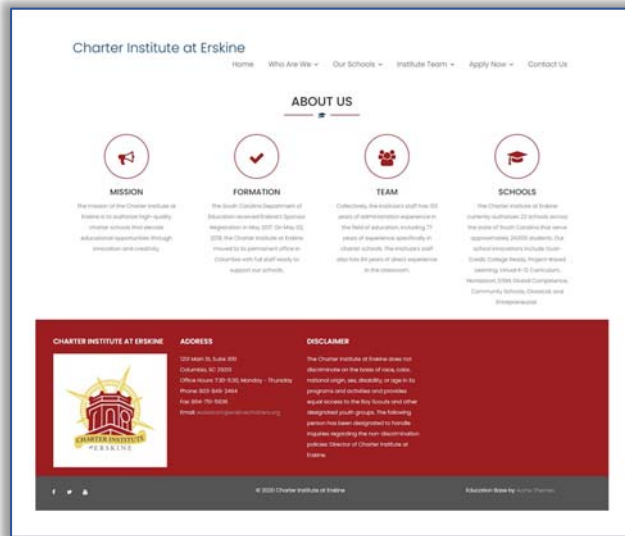
Website Comparisons

In addition to reviewing the District's website, we also reviewed the website for Erskine, the only institution of higher education that sponsors charter schools in South Carolina. Additionally, we reviewed websites of charter school authorizers in other Southeastern states. We compared the information available on the District's website to the information available on the websites of other authorizers.

Charter Institute at Erskine

The website for Erskine had more resources available to users than the District's website.

Table 4.8: Charter Institute at Erskine's Resources



WEBSITE RESOURCES AVAILABLE
Erskine's organizational chart.
Erskine's bylaws.
A listing of holidays.
Charter applications for each of its charter schools.
Direct reporting by charter schools of COVID-19 cases.
Details about its Leadership Development Program.
Notification of a new mentorship program to begin in 2020-2021.
Hyperlinks for Destiny Textbook Manager, a textbook inventory tracking system for schools.
The memorandum of agreement between the District and Erskine reflecting a commitment by the two authorizers to work together to prioritize positive outcomes for students and families.
Reporting protocol for school concerns, including notification that all phone calls and emails would be recorded internally, whether made by parents, students, or community members, with the outcome to be documented.
Institute Insights, the weekly email Erskine sends to its charter schools listing data submission information and deadlines, announcements for upcoming training opportunities, and other general information. The information includes a departmental contact person.

Also, Erskine’s website required fewer clicks for the user to obtain information, making it more user-friendly. However, like the District’s website, there was no search bar to make finding information easier. Users of Erskine’s website, as well as users of the District’s website, may include its staff, parents, students, existing charter schools, those interested in starting a charter school, and other community members. The District could improve communication by having more informative, helpful resources available to its users on its website.

Other States

While reviewing websites for authorizers and state law in other states, we found areas that may be beneficial for South Carolina to incorporate in its charter school laws.

FLORIDA

Florida offers targeted training and support for authorizers based on the manual *Florida Principles and Standards of Quality Charter School Authorizing*.

Florida’s plans for a recent five-year grant award include providing at least five new trainings for charter school authorizers during each year of the project and holding a two-day annual summit in Florida to include a “boot camp” for the district staff of new charter authorizers.

GEORGIA

Georgia requires new charter school board members to complete 15 hours of governance training each year; returning board members must complete 9 hours.

Georgia requires each charter school to submit an annual governance training plan for its board members to the State Board of Education (SBOE) within three months of the charter school’s approval by SBOE. Each charter school must disclose its progress in the annual report to the SBOE and failure to comply may result in probation status or termination of the charter.

Georgia Department of Education publishes a manual, *Guidance for Charter Authorizers, Financing, Management, and Governance Training*, which is accessible on its website.

NORTH CAROLINA

North Carolina has a Charter Schools Advisory Board that works to ensure high-quality charter schools. The advisory board makes recommendations to the SBOE on charter school rules, such as timelines, standards, and criteria for acceptance and approval of applications, monitoring of charter schools, and grounds for revocation of charters.

TENNESSEE

The Tennessee Department of Education posts charter school closure guidance, including best practices, on its website. The resources include a sample charter school closure action plan adapted from the National Association of Charter School Authorizers (NACSA). The plan details the actions, timelines, and the owner of the action.

Additional resources include an explanation of the Model Charter School Performance Framework, which is based on three areas:

- Academic performance and school culture.
- Financial performance.
- Organizational performance.

In our review of other states, we found some states have specific hours of required annual training for all charter school board members. Having a requirement for a specific number of annual training hours for all board members may be helpful to the District's board of trustees by allowing them to stay informed of current issues within the charter school movement.

Recommendations

-
45. The S.C. Public Charter School District should make more resources available on its website, including applications for its charter schools, for more transparency and to adequately inform its users.
 46. The S.C. Public Charter School District should consider establishing a specific number of required annual training hours for all members of its board of trustees.

Charter Schools in the S.C. Public Charter School District

SCHOOL NAME	CITY	COUNTY	GRADES SERVED
UPSTATE (16)			
East Link Academy	Greenville	Greenville	PK-4
Fox Creek High School	North Augusta	Aiken	9-12
GREEN Greenville	Greenville	Greenville	K-12
GREEN Spartanburg	Spartanburg	Spartanburg	K4-7
Greenville Technical Charter High School	Greenville	Greenville	9-12
Greer Middle College	Taylors	Greenville	9-12
High Point Academy Spartanburg	Spartanburg	Spartanburg	K-12
LEAD Charter School*	Greenville	Greenville	K-8
Lakes & Bridges Charter School	Easley	Pickens	1-5
Legacy Early College	Greenville	Greenville	K-12
Meyer Center	Greenville	Greenville	PK-2
Next High School	Greenville	Greenville	9-10
Riverwalk Academy	Rock Hill	York	K-12
Spartanburg Preparatory School	Spartanburg	Spartanburg	K-8
York Preparatory Academy	Rock Hill	York	K-12
Youth Leadership Academy	Pickens	Pickens	6-8
PEE DEE (2)			
Butler Academy	Hartsville	Darlington	K-5
Pee Dee Math, Science & Tech. Academy	Bishopville	Lee	K-9
LOWCOUNTRY (6)			
Bridges Preparatory School	Beaufort	Beaufort	K-12
Cape Romain Environmental Education Charter School	McClellanville	Charleston	K4-8
Charleston Advancement Academy**	Charleston	Charleston	9-12
Lowcountry Montessori School	Beaufort	Beaufort	1-12
Palmetto Scholars Academy	North Charleston	Charleston	6-12
Polaris Tech	Ridgeland	Jasper	6-10
MIDLANDS (8)			
Bettis Preparatory Leadership Academy	Trenton	Edgefield	K-5
East Point Academy	West Columbia	Lexington	4K-8
Felton Laboratory School	Orangeburg	Orangeburg	K-8
GREEN of the Midlands***	Irmo	Richland	K-7
Midlands Arts Conservatory	Columbia	Richland	6-7
Midlands Middle College	West Columbia	Lexington	11-12
Tall Pines STEM Academy	Aiken	Aiken	5-8
Renaissance Collegiate Academy	Columbia	Richland	K-8
VIRTUAL (1)			
SC Whitmore School	N/A Virtual Only	N/A Virtual Only	9-12

* Also known as LEAD Academy.

** Also known as Charleston Acceleration Academy.

*** Also known as GREEN Charter School of the Midlands.

Sources: S.C. Public Charter School District website and S.C. school report cards.

Education Improvement Act

Revenues Funding Categories

PROFESSIONAL DEVELOPMENT	Revenue appropriate to provide professional development for certified instructional and instructional leadership personnel in grades K–12 across all content areas, including teaching in and through the arts.
TECHNOLOGY PROFESSIONAL DEVELOPMENT	Funds used to provide teachers with professional development specifically related to Teacher Training for Technology to be allocated based on a per-pupil amount using the prior year's 135 average daily membership.
ADOPTION LIST OF FORMATIVE ASSESSMENTS	Revenue allocated to purchase products on the Statewide Adoption List of Formative Assessments. Allocated funds may also be used to pay for any supplementary materials that accompany these assessments including, but not limited to, professional development materials, training, score reports, scoring services, etc.
CAREER AND TECHNOLOGY EDUCATION EQUIPMENT (CATE)	Revenue allocated on a competitive basis for the purchase of equipment to be used for training in the areas of high technology, high labor demand, small business management, and new and emerging industries.
REFURBISHMENT OF SCIENCE KITS	Revenue provided to reimburse school districts for costs related to refurbish science kits listed on the state-adopted textbook inventory for grades K–8.
READING COACHES	Revenue appropriated to provide salaries and benefits for eligible school-level reading coaches through the Read to Succeed Act.
STUDENTS AT RISK OF SCHOOL FAILURE	Revenue allocated for instruction and instructional support for students classified as at academic risk (includes alternative school, parenting/family literacy, and remedial adult education programs).
EARLY CHILDHOOD PROGRAMS (4K PROGRAMS SERVING FOUR-YEAR-OLD CHILDREN)	Revenue for the development and implementation of at least one-half day child development program for children of age four who have been identified as having “predicted readiness deficiencies” and considered to have the greatest risk of failing in school.
TEACHER SALARY INCREASE	Revenue provided to school districts to fund teacher salary increases required to maintain the southeastern average teacher salary based on the adjusted state minimum salary schedule index.

TEACHER SALARY FRINGE
(EMPLOYER CONTRIBUTIONS)

Revenue allocated to school districts to defray the costs of additional employee benefits resulting from the Education Improvement Act requirement for teacher salary increases.

READING

Revenues provided to help teachers teach reading at all levels and across all content areas by developing a knowledge base they need to make informed and effective curricular and instructional decisions about reading and readers.

AID TO DISTRICTS—
MAINTENANCE OF EFFORT

Funds provided for special education and related services for students with disabilities under the Individuals with Disabilities Education Act.

WORK-BASED LEARNING

Revenue allocated to school districts for continued education reform through the Tech Prep Initiative. Funds are used to provide integrated educational programs and work-based learning to prepare students for the highly competitive global workforce of the 21st Century.

EDUCATION & ECONOMIC
DEVELOPMENT ACT (EEDA)
SUPPLIES & MATERIALS

Funds are to provide students in grades 6–12 with career interest inventories/assessments and career information, subscriptions, and resources to assist them in becoming more informed about and prepared for the career(s) in which they have expressed interest. These funds can also be used to provide guidance personnel (school counselors and/or career specialists) professional development opportunities related to career development.

AID TO DISTRICTS

Funding to support programs implemented in South Carolina school districts, similar to those of the Education Finance Act.

Agency Comments

These agencies were provided all or portions of our report for their review. The S.C. Department of Education chose not to provide a response for publication in our report.

S.C. PUBLIC CHARTER SCHOOL DISTRICT

S.C. DEPARTMENT OF EDUCATION

SCPCSD OVERVIEW



S.C. is the only state requiring authorizer to:

- Approve every application meeting minimum criteria
- Support, monitor, and oversee all operations
- Sanction and Close schools
- Consider transfers at any time

AND

- Defend decisions in court

More choice and quality choice:

- 2006 – District created
- 2008 – first schools - ~ 2000 students in 5 schools
- 2011-2014 - rated at-risk on state report card
- 2015 – CPS and SPF implemented
- Currently serves 16,000 students attending 33 schools
- Now meets or exceeds state averages in most performance categories

SCPCSD ADDRESSES UNIQUE NEEDS OF SC CHARTER SCHOOLS

ACCOUNTABILITY PROCESSES

- Agree with all recommendations
- Customized to meet unique charter goals of each school and SC's unique charter system
- Modifies national industry standards to address South Carolina's unique needs
- Documented in Core Performance System, School Performance Frameworks, and annual school feedback process
- Full implementation and documentation of SPF system paused due to feedback from stakeholders, House Ad Hoc Committee and Covid-19
- Board compliance monitored through contractual requirements and annual report; needs to be more robust

SCPCSD ADDRESSES UNIQUE NEEDS OF SC CHARTER SCHOOLS



FINANCE/WEBSITE

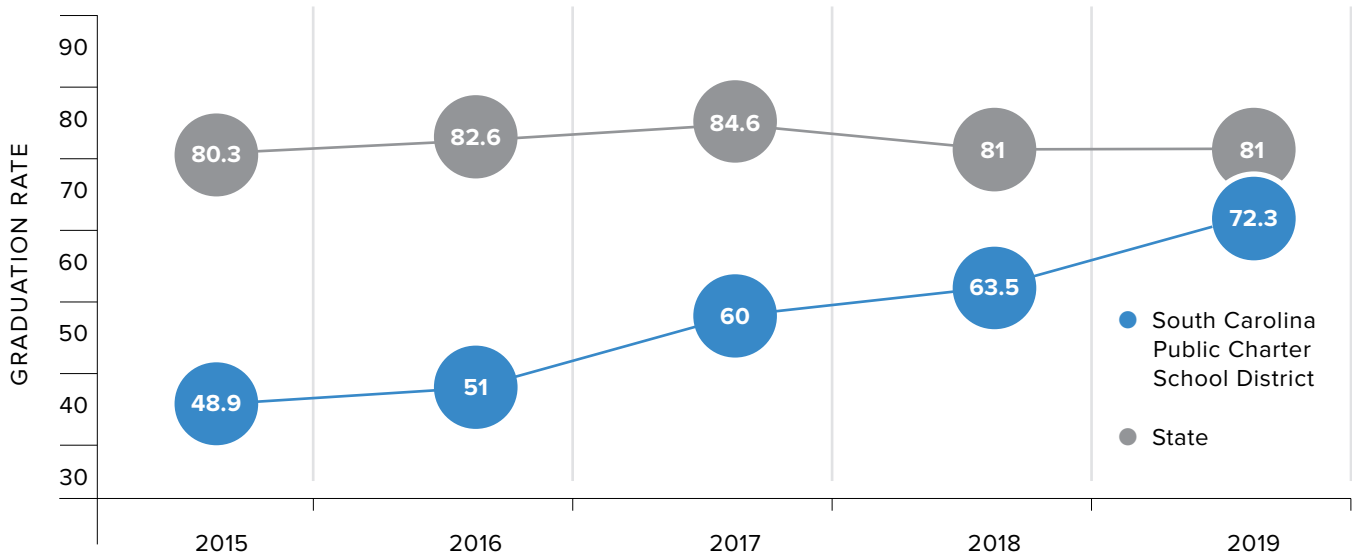
- Agree with all recommended actions
- Administrative Fee Policy implemented
- Administrative cost reporting posted
- RFP awarded to completely overhaul website

SUPPORT

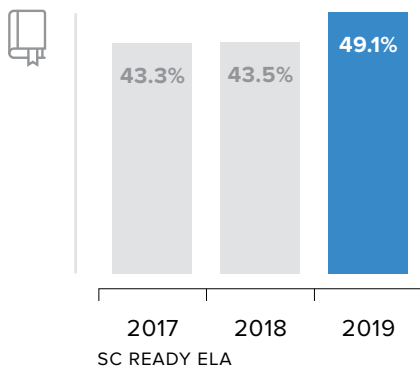
- Agree with all recommended actions
- Requirements unclear
- Must strike balance between varying and sometimes conflicting needs and feedback
- Overall good communication with SCDE
- SCDE Charter Office mission misaligned with District and Statute



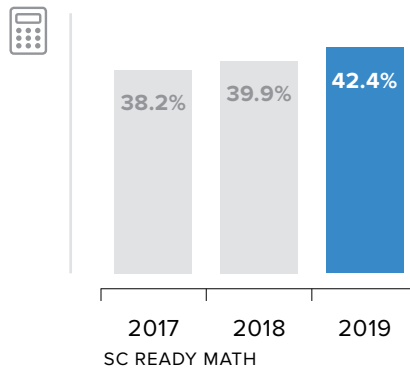
SCPCSD SCHOOLS FASTEST IMPROVING IN SOUTH CAROLINA OVER LAST FIVE YEARS



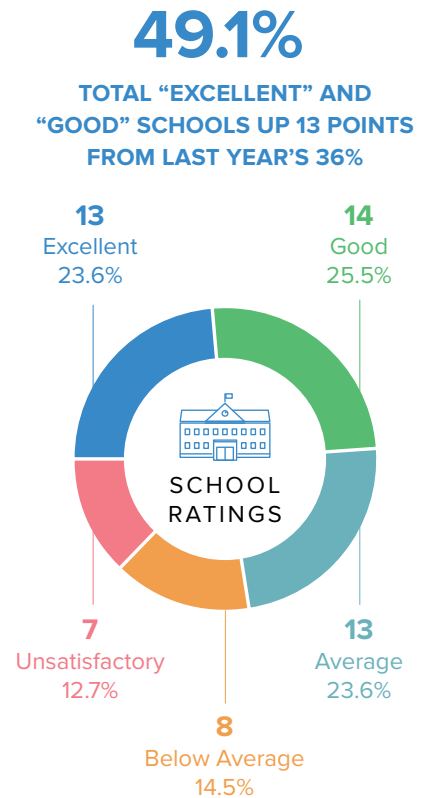
3-YEAR GAINS IN ELA



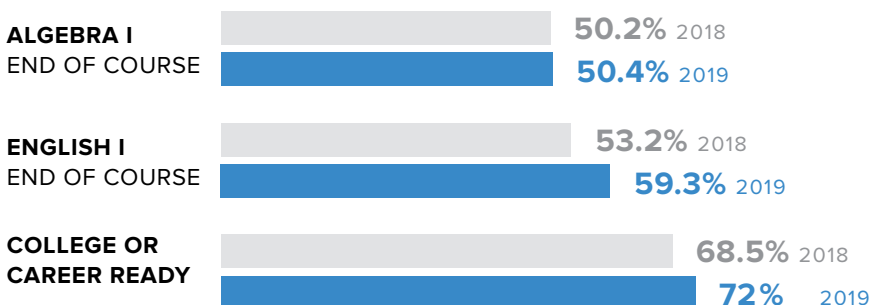
3-YEAR GAINS IN MATH



SCHOOL RATINGS



HIGH SCHOOL IMPROVEMENT



SCPCSD

SUPERINTENDENT'S DASHBOARD

6/25/21

District Portfolio				Charter Authorizing			
Schools	2020	2021	2022	Application Cycle	2019	2020	2021
New	2	1	6	SY Opening	2020-21	2021-22	2022-23
Existing	33	32	33	Letters of Intent	25	27	28
Total	35	33	39	Applications	8	14 (4 were Replications)	4
Enrollment	Of Color	Poverty	SWD	Approvals	2	7 (3 were Replications)	0
15,327	7,131	7,704	1,744	COVID School Operating Status (6/23/21)			
2021 General Fund Beginning Balance				1			
4,007,404				0			
General Fund Budget				1			
Revenue	Budget	Revenue	Balance	0			
Total	3,187,694	2,632,210	555,484	Virtual School Model			
Expenditures	Budget	Expenses	Balance	Virtual			
Total	3,008,814	2,668,560	340,254	Virtual School Model			
FY 2021 General Fund MTD Budget to Actual Expenditures							% Drawdowns of Federal Awards
SCPCSD Employees							15 (100% Gen Fund)
8 (100% Federal)							3 (Avg. Split 40% Gen Fund/60% Federal)
Total=26							
2019 Report Card School Ratings				Legislative Tracker			
(Current Schools 2021 - Excludes 3 Transfers & 1 School Closure)				(Green=SCPCSD Supports/Red=Opposed)			
Excellent	11	23.4%	S544-Open Enrollment-In Senate Education Committee-2/11-SCPCSD is Neutral				
Good	13	27.7%	S202-Update OIG Definitions-Senate 2nd Reading 3/25-SCPCSD Supports				
Average	12	25.5%	H4100-Budget Bill-Ratified-6/21-SCPCSD Supports				
Below Average	5	10.6%					
Unsatisfactory	6	12.8%					
Team & School Highlights							
MTSS state reporting was submitted to SCDE. This reporting was evidence for all kindergarten and first grade students being administered a universal screener in literacy three times for the 20-21 school year as required by legislation.							
Wendy has completed her Restorative Justice training and is now qualified to be an RJ trainer and consultant.							
6/21/21-Emily and Taylor held office hours for school leaders.							
6/24/21-Finance conducted their "Penny Patrol" training covering the new Model School District Code (procurement policy) and the Fiscal Year 2022 budget.							
Laura Simmons has accepted a position in Anderson School District 4 as the Director of Special Services. We wish her the best in her new role. Thank you for five years of service, Lural							
6/24/20-The Authorizing Team visited the Liberty STEAM School.							
The District Team is moving swiftly to pack up the office and begin transitioning to the new facility. The goal is to have things packed up by mid-July.							



Superintendent:

Chris G. Neeley, MPA

Board of Directors:

John Payne, *Chairman*
Cyndi Mosteller, *Vice Chairman*
Randy Page, *Secretary*
Kathleen Bounds
Jonathan Butcher
Kip D. Miller
Teresa Pope, Ph.D.

June 30, 2021

Mr. K. Earle Powell, Director
Legislative Audit Council
1331 Elmwood Drive, Suite 315
Columbia, South Carolina 29201

Dear Mr. Powell:

I have received the draft audit dated June 17, 2021, and have had the opportunity to review it. On behalf of the SCPCSD, I would like to thank you and your staff for the time dedicated to the audit. Each of the Legislative Audit Council (LAC) staff members we interacted with was professional, knowledgeable, and conscientious.

The LAC review process was timely and instructional for the District, which began its regularly scheduled Strategic Planning before the LAC Review. The Review identifies areas where the District needs to improve and where the District needs to seek clarification in the law. The District has already taken steps to address many of these areas and is committed to addressing each of the areas identified in the Review fully. The District also welcomes the opportunity to work with policy makers to achieve clarity and certainty in the law.

The District agrees with the recommendations by the LAC in all important respects. As noted in the Review, the District is unique in many ways as a creature of state statute and a local education agency (LEA). In fact, the District and perhaps other statewide authorizers may be the only LEAs in the State over which the LAC has jurisdiction. The District therefore appreciates the opportunity to append the following comments to the Review to provide some additional context to the findings as it relates to the District's history and organizational standing in South Carolina.

Authorizers/Sponsors

With respect to Table 1.2 on page 5 regarding revocation of charters, the District notes that three of the eight revocations were not contested or resulted from District agreement to allow a school to close voluntarily. After approving more than fifty charter applications during its fifteen-year existence, the District has revoked only five charters after a school requested a formal hearing. In each of those instances, the District's decision was either not challenged in the courts or upheld by the courts.

On page 7, the Review states “Erskine is the only institution of higher education that has become an authorizer of charter schools in South Carolina.” Even though the SCDE has not updated the list of authorizers on its website to include Limestone, the District has been informed through multiple sources that Limestone College registered as an authorizer within the last two months. Further, the Planning & Implementation Grant (P&I Grant) submitted by the SCDE and approved by the United States Department of Education (USDOE) notes that the Department intends to support Coastal Carolina as an authorizer. The District does not object to Limestone, Coastal or any other eligible university serving as an authorizer. The District has worked cooperatively and effectively with the Charter Institute at Erskine (Institute) over the past year to agree upon “rules of the road” to operate in a competitive atmosphere and collaborate in many areas. For example, as noted in the Review, the only laws, regulations, rules, policies, or processes in place right now for addressing applications submitted to multiple authorizers at the same time is a voluntary agreement by the District and Institute. A similar agreement between the District and Institute has brought order to the transfer process. However, the existence of additional statewide authorizers will make it very difficult and inefficient for the authorizers to continue addressing these procedural matters based purely on voluntary agreements.

Page 7 of the Review discusses authorizers in other states. This discussion reveals the unique nature of the District, and slightly more context shows. The Review does not reference any other state, and the District is not aware of any other state, that requires a statewide authorizer to approve every charter application meeting minimum criterion, serve as the LEA to the charter schools, provide support/training to the charter schools, monitor/oversee compliance by virtually every aspect of the charter school’s operations and determine whether to revoke/renew the charter, all subject to immediate review by the court system. The most similar statewide authorizer is Colorado’s Charter School Institute (CSI), which is 15 years old with 42 schools and approximately 18,000 students. The District finds that it is a useful comparator in evaluating the operational outcomes of South Carolina’s statewide sponsors. CSI is allocated 3% of revenue for authorizing operations but operates on just above 2%. Like the District, CSI has contracted and expanded due to new approvals, transfers, and closures, all while growing opportunities and improving quality. For example, over 75% of CSI schools met Colorado’s highest academic rating level based on the last available data after a slow start. Similarly, after being at-risk for three consecutive years six years ago, the District now has more than 50% of schools meeting or exceeding state standards and its graduation rate exceeds the state average. The success of CSI and the prior improvements by the SCPCSD show the South Carolina model for state authorizers works and can work better with implementation of recommendations made by LAC.

Page 9 of the Review recognizes that South Carolina law does not have a statutory requirement for any entity to regularly oversee the District. However, the SCDE regularly exercises oversight authority over the District both under state and federal law. For example, the SCDE audits the District’s federal program compliance on the same schedule as other school districts. Similarly, the SCDE has provided oversight and required the District to comply with SCDE requirements for contents of the charter application and requires the District to participate in the SCDE Statewide Program on District Fiscal Practices and Budgetary Conditions. The SCDE also issues a state report card to the District just like all other school districts. Therefore, the SCDE oversees the District to the same extent it oversees local districts, with some obvious modifications to account for the practical differences in programmatic and funding aspects. Moreover, the Legislature appoints or approves the District Board of Trustees and is entirely responsible for funding the District. The District welcomes oversight of sponsors and welcomes oversight of sponsors tailored

specifically to the authorizing task if that oversight is not more burdensome or unfairly targeted at statewide sponsors than traditional Districts. From the District's perspective, the SCDE's oversight of the District is duplicative and sometimes conflicting or contradictory to the oversight offered by the Executive Branch and Legislature, which appoint the District Board of Trustees and determine funding for the District.

Page 10 addresses charter school board training. The District agrees a truly neutral party should provide advanced board training. However, sponsors are capable of and should be permitted to provide board training on minimum compliance at no charge. The opportunity to provide training beyond compliance for charter school boards should be competitive, and the decision for the qualified provider should be made by the school based on its needs at the time. It is imperative that charter school board training come from qualified providers with a mission aligned to the purpose of the Charter School Act, which requires improvement in student educational performance concurrently with increasing choice.

ACCOUNTABILITY

Beginning on page 13, the Review states that the District's accountability procedures are inconsistent over time, not properly documented and inconsistent with industry standards. However, this was not always the case. The District's accountability procedures are documented in the Core Performance System (CPS) and School Performance Framework (SPF). On April 29, 2014, at the request of the SCPCSD, the National Association of Charter School Authorizers (NACSA) provided a written review of the District's framework. Notably, the assessment states "the SCPCSD's performance framework is well aligned with NACSA's *Principles & Standards* and *Core Performance Framework and Guidance*....in sum, the new accountability system promises to be thorough and rigorous." In fact, the District's SPF for each year through 2016-2017 carries NACSA's Create Commons license reflecting NACSA's participation in and approval of the framework. However, as noted in the Review, a few schools sought to transfer from the District in 2017. A central complaint set forth in the written feedback by the school seeking to transfer was the SPF contained criteria that was not included in the charter goals for individual schools and was not expressly required by statute. The District disagreed with the school positions on this matter but attempted to remove objectionable criteria at the request of multiple stakeholders, including requests by legislators to find a resolution to the conflict. In addition, the District permitted schools to include customized goals consistent with the charter. This futile attempt at compromise led to changes in the SPF that removed some criteria specifically recommended by NACSA but not required explicitly in the Charter Act. The District was attempting to revise the accountability system yet again when COVID-19 caused state summative testing for 2019-2020 to be cancelled. As a result, the District was only able to offer limited feedback on academic performance and in 2020-2021, like all school districts, is in the process of resetting its evaluation process during its return to school process.

The Review identifies a chart used on Table 2.1 on Page 17 as a proposed exemplar to hold schools accountable. While the chart is useful to summarize interventions based on summative testing results, it is of limited utility. For example, it does not include many of the very industry standards identified by LAC as missing from the District's SPF. The complexities of academic data make the determination of whether a school is in the bottom 20% unclear and subject to debate. This was litigated extensively in the Quest closure proceedings. In addition to summative data, the District evaluates over 12 categories in the Academic, Financial and Student/Family Rights areas using three-year trend data to determine the overall performance of its charter schools in all applicable categories. The District agrees its accountability processes and

categories need to be updated following the legal disputes with the transfer schools and COVID-19. However, tools like Table 2.1 are only one small piece of a much broader evaluation. The District will incorporate tools like this into its revised processes.

On page 19, the Review states that the District has not communicated with charter schools in a formal manner regarding unsatisfactory performance. For clarity, the District has provided annual letters summarizing school performance each year, including notations of noncompliance. This year, it provided the performance feedback through its Epicenter communication tool. Otherwise, the District's process is to provide informal notice and an opportunity to cure areas of nonconformity prior to sending formal notice. This was a change from the CPS Intervention Ladder based on feedback from charter schools and other stakeholders in 2017 requesting the District proceed with formal notification only after informal contact did not resolve the issue. The District appreciates and agrees with the LAC comment regarding the need for formal correspondence to keep full records on a school's performance, and the District is evaluating systems to formally notice issues of noncompliance without offending stakeholders. The District further agrees this process should be memorialized in policy.

On page 20, the Review addresses the District's efforts to monitor school compliance with the 20% racial composition requirement for charter schools. Previously, the District has been advised by the SCDE that the District could base the 20% calculation on (1) the population of the school district where the charter school is located or (2) the targeted student population of the local school district that the charter school proposes to serve. Further, Section 59-40-70(D) provides that a charter school can comply with the 20% requirement by using its "best efforts." The District believes, and continues to believe, that the best way to determine whether a school is using best efforts is to evaluate all the available data to determine whether the demographics in the school, in fact, represent the community the school serves. Where the District finds the school meets the objective criteria or the best-efforts criteria, it finds the school in compliance. If a school is not in compliance, the District requires the school to submit a plan to achieve compliance. The District believes this satisfies the LAC recommendation in principle, but agrees this policy needs to be formalized and documented consistently.

On page 23 - 24, the Review addresses transfers and authorizer shopping as well as the lack of legal clarity in the Charter Act related to multiple authorizers. As noted previously, Limestone College has registered to serve as an authorizer. The MOU between the District and Institute will not apply to schools seeking to transfer to Limestone, and collaboration between more and more authorizers will be more and more difficult to rely upon as a means to regulate the charter sector. It is imperative the Legislature and/or State Board of Education address the laws or regulations for transferring to avoid underperforming schools seeking transfers as in the past.

Page 30 of the Review speaks to District monitoring and oversight of the 33 independent charter school boards it monitors. Each charter school board operates on different bylaws based on the South Carolina Nonprofit Corporations Act. Elections are held at different times of year and on different cycles. Board members can resign without notice, and new board members can be appointed in their place on an interim basis under many school bylaws. Due to the everchanging nature of school boards, the District monitors compliance by the school boards in multiple ways. First, the SCDE requires that charter schools report board composition in each school's annual report. Second, each school's contract requires the school to report any change in board composition to the District. Third, each school's contract requires the school

to provide notice to the District of each board meeting. The District has attempted to monitor for board compliance but has not successfully enforced the contractual requirements for it to do so on a consistent basis. Staff is engaged in a project to improve school board performance overall and is addressing the need to obtain timely information from boards for the District to fulfill its oversight functions as part of this process.

SUPPORT

The summaries of interviews with school leaders on pages 39 - 43 reflect the variety of feedback from school leaders received by the District. The feedback is sometimes conflicting, but it is always useful. For example, just in the last two weeks, the District received a request from one school leader to schedule another School Leader meeting and a complaint from another school leader that the District required school leaders to attend too many meetings. However, even though this feedback is conflicting, the District must have the feedback in order to strike the right balance of meetings, communications, supports, and the like. District leadership expresses its sincere desire for school leaders to continually communicate feedback through direct communications such as in-person meetings, email, virtual meetings, trainings, and surveys.

Page 44 lists three different examples of the District submitting late or inaccurate data to the SCDE. While technically true, the late or inaccurate data referred to in two of the bullet points were information that the District merely passes on from schools. No communication failure occurred, just isolated instances of two or three schools providing inaccurate or late information. The third bullet point related to SCDE claims that it was unaware of employee changes at the District. However, the District entered all employee change information in the SCDE's system for reporting employee change, as it had been instructed to do. The SCDE already has a policy in place for this kind of communication, and the District will comply with it along with any other policies for communication implemented with the SCDE.

On page 45, the Review notes that the District identified communication issues with the Charter Office and the Office of School Facilities. The District would like to clarify that communication from other offices within the SCDE is generally helpful and timely. In addition, the District also recognizes the Office of School Facilities is overwhelmed with requests at certain times of the year, which impacts its ability to respond in a timely manner on some occasions. The primary concern is with the Charter Office. This is because the Charter Office priorities do not seem aligned with the District's. The P&I grant that seems to drive most operations within the Charter Office is developed by the SCDE without input from the statewide authorizers, the Legislature or other charter stakeholders. The requirements of the grant, as written, appear to over-incentivize unplanned growth and under-incentivize needed academic achievement. The Charter Office appears to prioritize projects, responses, and policy initiatives that support the federal P&I grant objectives instead of South Carolina objectives for charter schools. As a result, communication from the Charter Office to the District is poor and, at times, seems adversarial. Further, the Charter Act provides that the SCDE "shall provide guidance on compliance to both sponsors and applicants" regarding the application process. However, the Charter Office has failed to do this. By way of one example, the Charter Office simply did not answer the District's request this year for guidance regarding whether applicants could submit to multiple authorizers or what the process should be if multiple submissions were allowed. The District looks forward to working with the Department to address this important issue.

FINANCE / WEBSITE

Chapter 4 of the Review discuss the need for an Administrative Fee policy and website improvements. The Administrative Fee policy has been memorialized in writing and the Administrative Cost Reporting is now available on the web site. The web site itself is undergoing a complete overhaul. An RFP was issued, and a vendor has been awarded the contract. The District is committed to having a well-functioning and compliant web site.

In closing, I am proud to have been selected as SCPCSD Superintendent last year. I very much appreciate your professional consideration of SCPCSD staff time while completing your process during COVID, and I also appreciate your patience with me as I learned some of the District's historical information along with you. As the District nears completion of its strategic planning process, we look forward to a new school year in 2021-2022. I am excited for the future of the District and charter schools in South Carolina. The recommendations in your report will only help us to improve and to better serve students; and we are especially appreciative of the time and effort you and your staff invested in completing this Review in a professional and thorough manner during COVID. Thank you!

Sincerely,

A handwritten signature in black ink, appearing to read "C. Neeley".

Chris Neeley, MPA
Superintendent



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