

Recommendations to the Texas Education Agency: Generation 26 New Charter Application (2021)

October 22, 2020

INTRODUCTION

Texas Education Code Section 12.110 requires the Commissioner of Education to adopt an application form, application procedure, and criteria for granting a charter for an open-enrollment charter school.

The following organizations endorse recommendations to the Generation 26 Texas charter application for 2021 that are included in this document. These recommendations provide common sense, practical changes that the Texas Education Agency (TEA) could adopt to increase the efficiency of the process and save state dollars; improve overall transparency; provide additional information to better inform the charter approval process; and increase opportunities for local communities to have input into the process.

TEA made changes to the Generation 25 charter application based on recommendations made in 2019 that improved the process, notably posting notice of public meetings conducted by charter applicants, expanding the section on special populations, and providing advance notice for the capacity interviews and the Commissioner's awards.

The organizations that are signed on to this document request that TEA thoughtfully consider the new recommendations made for the Generation 26 charter application (2021). The recommendations include several that respond to the increasing number of new applications from out-of-state applicants that require a more thorough review of performance, record of compliance in other states, governance, and related party and affiliated organization transactions.

Of the 37 recommendations included in this document, key priorities include:

- Charter applicants should identify the specific zip code where the new charter campus will locate in order to more accurately demonstrate the need for a new charter school.
- Charter applicants should calculate the additional cost of the proposed charter to the state for consideration in the charter approval process.
- TEA should expand the criteria for approval of new charters to include the impact of the proposed charter on public schools and local communities.
- TEA should change the charter application process to a two-year cycle to accommodate the demands of the legislative session and to allow for more accurate budget projections based on approved charter enrollment.
- TEA should require additional information in the application that would better inform the agency, external reviewers, SBOE members, and the public, including related party and real estate transactions; professional development hours by proposed programs; more specific information about innovative programs; and management services agreements without redaction.

We appreciate your attention to these recommendations and welcome your questions.

October 22, 2020

The following 20 organizations endorse these recommendations for changes to the Generation 26 new charter application (2021):



RECOMMENDATIONS:

GENERATION 26 NEW CHARTER APPLICATION (2021)

As of October 13, 2020

A. IDENTIFY THE ZIP CODE WHERE NEW CHARTERS WILL BE LOCATED.

1. APPLICATION SHOULD REQUIRE APPLICANTS TO SPECIFY THE ZIP CODE WHERE CHARTER CAMPUSES WILL BE LOCATED.

Charter applicants should identify the five-digit postal **zip code where each new charter campus will be located**, so that the charter applicants can accurately describe the need for a new charter and affected public school districts can provide more accurate information to decision-makers about the impact of the proposed charter campus. The information regarding location should be transmitted as part of the required notice to school districts that will be preparing Statement of Impact forms.

It's critical to emphasize that charter applicants are scored on whether or not they have the "ability to serve the community" in the area where they choose to locate the charter and how they will identify and meet the needs and challenges of students in that community. Yet, a charter applicant cannot describe how they will meet the needs of students in the community without first identifying more specifically where the charter will be located. This is because the needs of students are dramatically different based on the specific geographic area where they live within a school district.

In addition, without a more specific site for the proposed charter, decision-makers cannot evaluate the need for a new charter or whether it is efficient to open the new school based on enrollment capacity at existing charter and district schools, whether the charter will locate in close proximity to existing schools, and whether the charter intends to located near "A" or "B" rated schools.

Current Practice: *The current application only requires applicants for new charter schools to list the county and the "general location" of each proposed charter campus if the physical address is unknown. This option to provide only a generic location for the proposed charter campus is insufficient to answer other questions included in the application regarding the "anticipated student population, students' anticipated educational needs, and non-academic challenges the school is likely to encounter", because student demographics and needs change dramatically depending on the specific geographic area where likely students live.*

If a charter applicant has done the market research and adequately assessed the need for a new school as required in the application, it should be able to pinpoint the zip code where the charter will be located rather than a generic location. In contrast, the Gathering Place charter applicant listed five zip codes where the new charter might locate in its 2019 application. This geographic area represented three different school districts which include very different student demographics, and a variety of neighborhoods separated by a major interstate highway.

Identifying such a large geographic area as the site for a new charter school does not provide enough information for the charter applicant to demonstrate whether there is even a need for a new charter school. Without identifying a more specific site, the charter can't identify existing schools, nor the

academic and non-academic needs of the prospective students, and whether the education program included in the charter application meets the needs of these students.

A specific zip code would provide some assurance of where the applicant's proposed new campus would locate and whether the applicant has the experience and capacity to meet the needs of the students who live in that geographic area.

B. CONSIDER THE ADDITIONAL COST TO THE STATE

2. TEA SHOULD CONSIDER THE ADDITIONAL COST OF NEW CHARTER SCHOOLS TO THE STATE IN THE APPLICATION PROCESS.

The additional cost to the state of charter school enrollment is information relevant to TEA, local school districts, and legislators who are involved in ensuring that state dollars for public education are spent efficiently.

Charter schools receive an average of about \$1,150 more per student from the Foundation School Program than what the same student would have cost in their home school. This is because all charters – regardless of size – receive the average of the small-to-mid-size allotment even though this allotment is intended to help small districts with 5,000 and fewer students address costs related to economies of scale.

In 2018, the Legislative Budget Board estimated that the state would have saved \$882 million over the 2018-2019 biennium had charters been paid the same per student as the districts where they have the highest enrollment (based on pre-HB 3 funding). The five charter applicants awarded by the Commissioner and subsequently approved by the State Board of Education in 2020 will cost the state an additional estimated \$49 million over ten years.

This additional cost to the state should be factored into the new charter application approval process, and information about the additional cost should be available to the public and to legislators prior to the TEA capacity interviews for selected charter applicants. To ensure that stakeholders are better informed, we recommend that charter applicants include enrollment estimates by year (number and percentage) in their application for each district included in their proposed geographic boundary from which the charter applicant likely would draw students. This information would ensure that charters provide a more accurate definition about the need for the charter by district and more specific details about student recruitment efforts. It would also allow affected school districts to submit a more informed Statement of Impact form. This district enrollment data would provide the necessary detail TEA needs to calculate an estimate of the additional cost to the state for each charter applicant, using both the charter applicant's enrollment projections by district as well as the methodology TEA uses to calculate the charter/district funding differential under Tex. Educ. Code Sec. 48.252

Current Practice: *Charter schools provide enrollment projections by year and by grade, but are not required to provide projections by district. In addition, TEA is not required to calculate or provide information to stakeholders about the additional cost of new charter enrollment to the state, nor is the additional cost considered in the approval process.*

C. EXPAND THE CRITERIA FOR CHARTER APPROVAL TO INCLUDE LOCAL IMPACT

3. THE COMMISSIONER SHOULD CONSIDER THE LOCAL IMPACT OF CHARTER EXPANSION IN THE APPROVAL PROCESS FOR NEW CHARTERS, INCLUDING:

- **Impact on affected public school districts from Statement of Impact forms;**
- **Parent concerns;**
- **Charter saturation;**
- **Proximity of the new charter to existing district public schools; and**
- **“A” OR “B” state rating of districts and nearby schools.**

The Commissioner should consider the following factors in his approval of new charter applications: the impact of charter schools on public school districts including finances, academics, and programs from the Statement of Impact forms submitted by public school districts; the concerns of parents about a new charter campus; the proximity of a new charter school to existing district and charter schools including those rated “A” or “B”; and the existing saturation of charter schools within the geographic area.

The Commissioner should publish a public report in advance of charter capacity interviews that summarizes this data for the charter applicants that have been selected to participate in the TEA interviews. This information would inform all stakeholders and provide data about how state dollars are being used. It would provide the Commissioner with more comprehensive information about the impact of his decision and advise legislators about budget commitments.

Current practice: *Public school districts have an opportunity to submit a “Statement of Impact” form to TEA that describes the impact of a new charter school on district finances, academics, and programs. However, there is no evidence that this information is formally considered in the Commissioner’s charter approval, nor is local impact included in the criteria used by the external reviewers to score charter applications. The same is true of concerns expressed by parents who contact the Commissioner to ask questions and express concerns about a new charter application that is targeting their neighborhood, even when charters open within only 2 – 3 miles of existing neighborhood schools, including schools that are rated “A” or “B” and have capacity to serve additional students.*

Absent any formal place in the selection process to consider local impact and parent concerns, it is important that these facts become available to the public so that they better understand the stakes involved in charter expansion.

D. CHANGE THE SCHEDULE FOR NEW CHARTER APPLICATIONS

4. CHANGE NEW CHARTER APPLICATION PROCESS TO A TWO-YEAR CYCLE.

TEA should change the charter application process to a two-year cycle so that applications are accepted every two years instead of annually. Most importantly, this change would allow TEA to make more accurate budget projections for the biennium based on actual approved charter enrollment. Currently, new charter applications in odd years are evaluated during the legislative session and are not approved until after the legislature has adjourned. New charter applications in even years are approved right before a legislative session after appropriations requests are due. In addition, this more consolidated schedule would accommodate the demands placed on TEA staff during the legislative session. Finally, a two-year cycle would allow TEA to build in the 18-month advance notice that school districts have

requested between the time that a charter receives final approval from the State Board of Education and the opening date of the charter. With the new 2020 schedule, advance notice to public school districts has been reduced from 14 months to only 11 months.

Current practice: *The new charter application process requires significant time and effort year-round from TEA staff. Once the State Board of Education makes its final charter approvals in September, staff must begin the cycle again immediately with briefings for new applicants in anticipation of a January application submission date. TEA Staff is especially challenged during the years that the Texas legislature is in session when TEA staff are required to respond to legislative requests and provide testimony.*

E. ADD NECESSARY DATA POINTS TO THE APPLICATION

5. APPLICATION SHOULD REQUIRE APPLICANTS TO LIST ALL NEARBY EXISTING SCHOOLS – BOTH CHARTERS AND DISTRICT PUBLIC SCHOOLS.

According to 19 TAC 100.1015 (b)(1)(B)(iv), charter applicants must provide “a brief analysis of the competition in the area(s) for the same students and the methods that the proposed school will use to recruit and retain students.”

To fulfill this requirement, charter applicants should list each existing charter and district school that is within a five-mile radius of each of the proposed charter school(s). Applicants should also provide grade levels for each existing school, current enrollment, enrollment capacity, and the most recent TEA accountability ratings for each school and affected school districts, so that existing enrollment capacity, student performance of nearby schools and districts, and the saturation of charter schools are considered in the charter approval process. The application should require a map that shows the zip code where each new charter campus will be located and the charter and district schools that are within a five-mile radius of this site.

Current process: *The current application does not request a list of existing charter and district schools that are near a proposed new charter school. The only campus information specifically requested is the total number of charter and district schools in the entire district. As a result, stakeholders and TEA do not have sufficient information to determine the existing enrollment capacity in charter and district schools in close proximity to the proposed charter school or to evaluate the saturation of charters schools within the targeted geographic area*

Example: *In 2019, Royal Public Schools only referenced low-performing schools that were in the general location of their proposed charter school. In fact, several of those schools were not low-performing according to TEA data. In addition, there were a number of schools near the proposed Royal location that met standards on all state tests but Royal did not reference these schools in their application.*

6. APPLICATION SHOULD COMPARE PROJECTED STUDENT DEMOGRAPHIC DATA TO NEARBY DISTRICT SCHOOLS (NOT TO DISTRICT AVERAGES).

Charter applicants should provide projected student demographic data for each proposed charter campus and compare this data to the student demographics for existing district campuses that are within five miles of the proposed charter location and serve a similar grade level. In addition, the

demographic data should be expanded to include projections of discipline placements and student mobility.

Current practice: *The charter applicant is required to provide projected demographic data for only one proposed charter campus even if the charter applicant is requesting multiple campuses. This lack of information for each proposed campus was an issue in the discussion of one Generation 24 charter applicant.*

In addition, applicants are required to submit demographic data that compares the charter's projected student demographics to the average data for the "occupied" and contiguous districts – not to nearby district campuses. A comparison to the demographics of nearby campuses would provide a more accurate picture of whether the proposed charter plans to enroll students who are representative of the neighborhood that the application says it intends to serve.

We would urge that this campus-to-campus student demographic comparison information be part of the information transmitted by the applicant to districts filling out Statement of Impact forms. We also request that this information is included in TEA's external scoring criteria for approval of the application that it is part of the legally enforceable charter in the event the charter is awarded.

Example: *The projected student demographics in the Generation 24 application for Royal Public Schools were similar to the occupied and contiguous district demographics, a comparison required in the application. However, Royal's projections were called into question because they did not represent the actual percentage of ELL students in the geographic area that they intended to serve. Royal projected it would serve 25% English Language Learners, while the percentage of English Language Learners at nearby district schools was up to 93%.*

F. INCREASE PUBLIC ACCESS TO CRITICAL INFORMATION IN THE APPLICATION

7. PROHIBIT COPYRIGHT OF DOCUMENTS REQUIRED IN THE CHARTER APPLICATION.

TEA should not allow a charter applicant or its attorney to copyright any document that is required in the application, and the charter applicant must waive copyright to allow public access and distribution as part of the application. Copyrighting required documents such as the management services agreement or the Code of Ethics makes critical information essentially unavailable for public review. TAC 100.0015(b)(3)(H) states that "The charter applicant must provide a final copy of any management contract, if applicable, that will be entered into by the charter holder that will provide any management services, including the monetary amount that will be paid to the management company for providing school services."

Current practice: *Attorneys for two out-of-state charter applicants (Doral and Rocketship) copyrighted the management services agreement in the Generation 25 charter application, and Doral's attorneys also copyrighted the Code of Ethics and Conflict of Interest Policy. A public information request is required for access to these documents, but the time for review is limited and does not allow for a thorough and complete review of these lengthy documents. In addition, the visual inspection that is allowed via zoom prohibits making copies of key sections that require further review.*

8. DO NOT REDACT IRS FORM 990.

Charter applicants are required to submit the most recently filed IRS Form 990 as an attachment to the application. Form 990's are public documents, and as such, should not be redacted from the charter application. Form 990's provide important information about the finances and governance structure of the charter nonprofit organization that should be available to the public. Although Form 990's are published electronically, there is usually a lag time of up to two years before the most current Form 990 is actually available, so the forms submitted in the application are not easily accessible from other sources.

Current practice: *IRS Form 990 are routinely redacted from the charter application without explanation.*

G. FINANCIAL ACCOUNTABILITY

9. THE CHARTER SCHOOL CFO SHOULD BE AN EMPLOYEE OF AND ACCOUNTABLE TO THE TEXAS CHARTER SCHOOL, NOT THE CHARTER MANAGEMENT ORGANIZATION (CMO).

TEA should require that the CFO or key financial officer of the charter school should be an employee of the charter school, not the CMO, reporting to the Superintendent and the charter Board. This is critical to ensure that all financial reporting is conducted by an employee accountable to the Texas charter board and subject to public review.

Current practice: *In a least two 2020 charter applications, Rocketship and Learn4Life, the CFO of the charter is an employee of the CMO and thus, accountable to an out-of-state organization and not to the state authorized charter school. While the CMO reports to the Texas Board, if it controls the financial information provided to the Board, and if the CFO is responsible only to the CMO, the ultimate accountability for public funds lies with an out-of-state organization and may or may not provide complete and accurate information to the Texas Board.*

There are two additional issues related to CFO accountability. First, if the CFO reports to the CMO, this relationship should be reported in Question 2 under the Legal Relationship as a potential conflict of interest. Second, there are serious questions about whether the CMO, an independent nonprofit or for-profit organization, is even subject to a public information request which is an essential accountability check and balance that helps to ensure public funds are not misused by making them subject to public review.

H. IMPROVE PUBLIC NOTICE

10. TEA SHOULD CONTINUE POSTING NOTICE OF THE PUBLIC MEETINGS ON THE TEA WEBSITE.

TEA took a major step forward by posting the charter applicant public meetings on the TEA website and should continue this practice going forward to ensure that the public has access to this information.

11. CHARTER APPLICANTS SHOULD PROVIDE 15 BUSINESS-DAY ADVANCE NOTICE FOR THE REQUIRED PUBLIC MEETINGS.

The charter application should require applicants to provide a 15-business day advance notice for the public meetings(s) that are required in the charter application. This notice should be made by email that is sent to following organizations and individuals to ensure that interested parties have adequate public notice: the Texas Education Agency for posting on the TEA website; all members of the State Board of Education (not just members that represent the geographic area where the charter is located); Superintendents and school board members of every district included in the charter's geographic boundary; legislators that represent any part of any district included in the charter's geographic boundary; and major print and electronic media in the areas where the charter will locate.

***Current practice:** Charter applicants were given verbal instructions at applicant briefings in 2020 to provide 10-day advance notice of the public meetings, but the advance notice was not required in the application or written instructions, and some applicants did not follow these guidelines. The only other requirement for public notice is ONE newspaper ad placed with a print publication of "general distribution" within the geographic boundary of the proposed charter school, which may include dozens of school districts across multiple counties. This limited notice makes it unlikely that interested parties will be informed about the opportunity to learn more about the proposed charter school.*

12. APPLICATION SHOULD GIVE SCHOOL DISTRICTS 18 MONTHS ADVANCE NOTICE BEFORE THE NEW CHARTER SCHOOL OPENS AND AFTER THE STATE BOARD OF EDUCATION HAS GIVEN ITS FINAL APPROVAL.

TEA should review the current timeline for approval of new charter applications to determine how to provide affected school districts with eighteen months advance notice before the opening of a new charter school campus *after* the State Board of Education has given its final approval. This advance notice is necessary in order to provide sufficient time for districts to make financial and staffing adjustments that result from the opening of the new charter school. It will likely require moving the application date back in order to accommodate this notice request.

***Current practice:** New charter schools approved through the application process in 2020 will open approximately eleven months after the State Board of Education gave its final approval of new charter schools in September 2020. Importantly, charter schools often do not secure a final location for the new campus until after the SBOE vote, which provides even less advance notice to districts. TEA moved the dates for the TEA charter capacity interviews to July this year which better coordinates the charter application process with the demands on TEA staff during the legislative session every other year. However, the date change shortened the advance notice given to school districts.*

13. CONTINUE CURRENT ADVANCE NOTICE FOR TEA CAPACITY INTERVIEWS AND SBOE MEETING AND REQUIRE NOTICE TO SUPERINTENDENTS IN AFFECTED DISTRICTS.

TEA's timeline for Generation 25 charter applications currently includes a one-month advance notice of the TEA interviews with charter applicants and about three weeks advance notice for the SBOE meeting in which the final approval of the charter award is decided. This advance notice is responsive to the recommendation made in 2019 and provides adequate time for the public and SBOE members to review charter applications. We additionally recommend that charter applicants provide advance notice via email to superintendents in the affected school districts to inform them that the charter has advanced to the capacity interview and to SBOE consideration once the Commissioner announces the awards.

Current practice: TEA provided adequate notice in 2020 for both the charter capacity interviews and the SBOE meeting in which the final approval of the charter award is decided. However, school districts are often not aware of these key dates because there they are not widely distributed or reported in the press.

14. EXPAND THE TEA LISTSERV FOR CHARTER SCHOOL INFORMATION TO INCLUDE ALL KEY DATES IN THE CHARTER APPLICATION PROCESS.

TEA allows the public to sign-up for updates on specific topics related to the agency, including charter schools. The updates should include all key dates, deadlines, and announcements related to the charter application process. For example, it should include references to the list of public meetings conducted by charter applicants and announce the availability of public access to the new charter application.

Current practice: Pushing more information out to districts and the public would provide additional transparency in the charter application process and inform the public about opportunities for public input and how to find additional information about the charter applicants.

I. PROVIDE ADDITIONAL INFORMATION TO SCHOOL DISTRICTS

15. ENSURE THAT DISTRICTS HAVE ACCESS TO THE ENTIRE CHARTER APPLICATION BEFORE THE DEADLINE TO SUBMIT STATEMENT OF IMPACT.

Ensure that affected public school districts have electronic access to the entire charter application including the Financial Plan Workbook and all addendums (including the full CMO Addendum) at least three weeks before the due date of the Statement of Impact so that they have all the information needed and sufficient time to prepare a thoughtful and thorough Statement of Impact for TEA.

Current practice: Districts currently have insufficient information available about the proposed charter to prepare a thoughtful and thorough statement of impact in time to meet the TEA deadline. Districts only receive the statement of impact form and the charter application coversheet from charter applicants. TEA does not make the full charter application available until after the agency conducts an initial review and certain information is redacted, which may not allow adequate time before the deadline to submit the Statement of Impact form to TEA.

16. EXPAND INFORMATION INCLUDED IN THE APPLICATION COVER SHEET.

Expand the information included in the application cover sheet in order to highlight key information for stakeholders and ensure that they are aware of important elements in the charter application. For example:

- Include a check-off box that states whether the charter applicant will exclude students for discipline problems from enrollment and the extent to which they will apply this exclusion. In addition, indicate the page number within the application where the discipline exclusion is described in more detail.
- Include a list of each member of the charter Board of Directors (in addition to the resumes provided as an attachment).
- Include the total marketing budget by year and a total for start-up year through year five.

Current practice: *Critical information is often difficult to find in the 800+ page charter application. For example, in the interviews with Generation 24 charter applicants (2019), many applicants did not even know that their application included a section stating that they would exclude students with discipline history. TEA previously included a list of the charter Board members in the Cover Sheet which was useful information.*

17. NOTIFY DISTRICTS AND THE PUBLIC WHEN PERMANENT CHARTER SITE IS APPROVED.

Ensure that TEA notifies districts in which the new charter campuses are located once a permanent site is secured, as promised on the Statement of Impact form. Post all permanent sites on the TEA website within ten business days after charters notify TEA.

Current practice: *Charter schools are required to notify TEA within 10 working days after the final location is secured for all new charter campuses approved through the application process, including campuses that open after Year 1. This information should be available to the public.*

J. PROVIDE ADDITIONAL INFORMATION IN THE APPLICATION TO INCREASE TRANSPARENCY FOR ALL STAKEHOLDERS

CMOs and Experienced Operators

18. INCLUDE IRS FORM 990'S FOR CMOs AND EXPERIENCED OPERATORS.

The CMO Addendum should request the most recent IRS Form 990 for the CMO, and the charter application should request the most recent IRS Form 990 for experienced operators. These documents include important current information about the finances and governance of these organizations and should be accessible to the public for review.

Current practice: *Neither the charter application nor the CMO Addendum requests copies of these documents, even though some charter applicants have provided the CMO 990 Form.*

19. ADD MORE COMPLETE INFORMATION TO THE CMO ADDENDUM REGARDING RELATED PARTIES AND AFFILIATED ORGANIZATIONS.

The CMO Addendum has several gaps in the information provided by charter applicants that is critical in order to fully disclose any related party or affiliated organization connections with potential vendors or contractors. While some information is referenced throughout the application under different sections, it is very difficult to piece together a complete understanding of these financial relationships. In addition, the applicant should explain the implications of these related/affiliated entity relationships.

For example, in the Legal Relationships Section - Question 3, CMO's are required to disclose related entities that are "affiliated or owned in whole or in part by the CMO", but they should also be required to disclose any entities with board members selected by the CMO, or organizations that select CMO Board members, and whether the CMO is the sole member or controlling entity of any entity, and whether the entity is a supporting organization of the CMO or a CMO related or affiliated entity.

Current practice: *While TEA requires charter applicants to disclose related parties and affiliated entities, in practice, important relationships have not been disclosed in this section and relationships have not*

been specifically identified. For example, Rocketship discloses that Launchpad Development will likely be involved in real estate transactions in Question 6, but it does not disclose that Launchpad is a supporting organization of Rocketship Education in Question 3 – an important disclosure necessary to more fully understand the implications of any transactions with Launchpad.

20. ADD INFORMATION TO THE CMO ADDENDUM ABOUT SPECIFIC REPORTING RELATIONSHIPS.

On Question 5 in the Legal Relationships section, charter applicants should be required to list each specific staff position that will report to the CMO.

Current practice: *While the CMO Addendum requires the charter applicant to disclose which school employees will report to the CMO, in practice, applicants are allowed to provide a generic answer to this question that does not provide a clear understanding of the full authority of the CMO in the operations of the charter. For example, in in Question 5 of this section, Rocketship eludes a direct answer to the role that employees who report to the CMO will play in the actually running the Texas charter. Instead of listing the titles of these employees in this question, it refers to another attachment, and then indicates that the Texas charter Superintendent will manage “school level” employees. This implies a level of responsibility for the Texas Superintendent that requires in-depth research to understand that in fact, most of the critical roles for the Texas charter will be the responsibility of employees that report to the CMO, not to the Texas Superintendent.*

21. INCLUDE ADDITIONAL INFORMATION ABOUT THE PERFORMANCE OF THE CMO.

Additional information should be requested in the Performance Evaluation section of the CMO Addendum that includes the names of any schools related to the CMO that have closed over the last five years, any schools that have changed names over the last five years, and a summary of the findings of any external audits that have been conducted by a third party over the last five years. Working links to key documents related to this information should be provided or documents attached if links are unavailable. This information is necessary to more fully evaluate the performance of the CMO.

Current practice: *Information about school closures, name changes, and third-party audits are not required in the application. Yet, this information provides a window into the operations of the organization that may not be revealed in other documents such as the annual financial statement.*

22. REQUEST INFORMATION REGARDING EXPERIENCED OPERATORS IF THE CHARTER IS NOT CONTRACTING WITH A CMO.

If the charter applicant is an “experienced” operator but is not contracting with a CMO to provide key goods and services (and will not complete the CMO Addendum), information should be provided that is similar to the information included in the CMO Addendum, such as:

- Any names used by the experienced operator and charter schools over the last five years.
- Any financial rating received by the experienced operator over the last five years from each state where the charter operates.
- Information about any related party or affiliated organization that will contract with the experienced operator.

- A listing of any charter application submitted by the operator under the current or previous name of the operator that has been denied by a charter authorizer, with the name of the school, the name of the authorizer, the denial date, and a link to the authorizer’s decision document and the charter application (note: the Performance Portfolio requires a list of schools that have been terminated by an authorizer but does not include schools denied);
- A link to the state websites that provide accountability ratings, financial ratings, student demographics, and/or school report cards.
- Any third-party reports or external audits related to the charter operator or any schools managed by the operator that have been conducted over the last five years.
- Minutes from the Board of Director’s meetings from the last two years if the minutes are not posted on the experienced operator’s website.

Current Practice: *The application requires an “experienced” operator to complete several additional attachments but the additional information listed here would better inform TEA, external reviewers, and the public.*

Related Parties and Affiliated Organizations

23. PROVIDE INFORMATION ABOUT PAYMENTS TO RELATED PARTIES AND AFFILIATED ORGANIZATIONS.

Require additional information in the budget narrative that describes any payments to the CMO, related party, or affiliated organization for any fees, services, or goods including but not limited to curriculum materials, licensing fees, or intellectual property; uniforms; facility leases or other real estate fees; professional development; consulting expenses; membership dues; use of trademark; or any fees that that must be paid by parents. Include the name, address, and key contact for each entity; the scope of work to be provided; a description of the relationship between the charter school and the entity; the annual payment to the entity for the start-up year to year 5; and whether the cost is a percent of total state funds, a set fee for service, a per student cost, or another financial arrangement

Current practice: *The application provides limited information about fees and payments to affiliated organizations and related parties and the value that is received for that payment. While the management services agreement may include a description of services included in the CMO fee, other expenses that may be paid to the CMO or another affiliated organization outside of the agreement are not identified – such as for instructional materials; real estate transactions; uniforms; etc. For example, Rocketship includes a cost of \$448 per student for textbook/workbooks but it is not clear whether any of this is paid to the CMO for instructional materials developed internally by Rocketship.*

24. REQUIRE MORE INFORMATION APOUT CONTRACTED SERVICES.

Include more categories and/or descriptions for **each** contracted service in the Financial Plan Workbook in order to provide more detail about how funds will be spent by program area or function and to clarify how the contracted services align with program expenses.

Current practice: *The Financial Plan Worksheet requests contracted services broken out by some categories such as legal, audit and special education but allows the use of the category “custom contract service” category without identifying the purpose of these contracted services even in the “description of*

assumption” section of the budget spreadsheet or in the budget narrative. As a result, it can be difficult to tie contracted services to a program or a specific function.

Real Estate Transactions

25. PROVIDE ADDITIONAL INFORMATION ABOUT REAL ESTATE TRANSACTIONS.

Expand the information provided regarding the specific charter support/development organization(s) that will provide the charter applicant with financing of school facilities or is being considered, including: the address of the parent organization plus the address of any Texas affiliate; key contact information; and typical financing arrangements for the organization based on agreements with other charter networks.

In addition, the charter applicant should disclose whether the real estate is to be purchased or leased with funds received by the charter holder under TEC Section 12.106 and commit to disclose the final project cost for the facility, the annual lease payments; and the final purchase price if the charter schools purchases the facility from the financing entity.

The charter applicant should include the following specific information about the practices and likely terms of any potential real estate transaction based on past transactions conducted by the proposed entity:

- What specific legal entity will own the facility;
- Projected interest rates;
- Buyback/purchase provisions including whether any purchase of the facilities guarantees project cost plus an additional percentage;
- Credits that will be provided against the cost purchase price for rent paid to the financing organization if there is a buyback;
- Terms of the lease including automatic escalating annual lease payment;
- Use of competitive bids for construction;
- Information about preferred construction companies that are associated with the entity financing the charter facility construction; and

Current practice: *The current application does not require the applicant to provide detailed information about the development organization sufficient to determine whether the terms of any financing agreement will ensure the best use of taxpayer dollars and reveal any potential conflict of interest. Serious conflicts of interest were discovered in prior charter applications only through extensive research about the development organization.*

Public Meetings and Open Records

26. ENSURE THAT RELEVANT INFORMATION IS COLLECTED ABOUT THE PUBLIC MEETINGS.

Require that the public meeting conducted as part of the charter application process is organized solely by the charter applicant and is not part of a larger community event (Note: charter applicants often participate in other community outreach events but should not include these events as the required public meeting).

- Ensure that charter applicants report the number of attendees at each public meeting held as part of the charter school process, rather than aggregated numbers for all the meetings conducted.
- Require a sign-in sheet for attendees that includes categories that identify the attendees so that actual interest in the charter can be evaluated. Attendees should check off where they are: interested parent; related party to a charter Board member; staff member; application team member; interested community member; or a monitor of the event only. At some charter public meetings, about one-third of the participants attended only to monitor the event, not in support of the charter.
- Include a copy of all materials that were distributed at each of the required public meetings in the charter application, including questions or surveys that were completed by participants.

Current practice: *Although the application requests the number of participants at each public meeting, some charters have not provided this specific information. In addition, there is no way to determine the number of attendees that are affiliated with the applicant or charter board members. Finally, some applicants have started reporting their participation in a large community event as the “public” meeting required in the application process, even though the community event is not even related to public education.*

27. PROVIDE RELEVANT INFORMATION ABOUT MEETINGS OF THE BOARD OF DIRECTORS.

The charter application should provide information about meetings of the board of directors of the charter should the application be approved, including: general meeting dates (monthly, quarterly, etc.); times (during the day; after-work); location (which city if multiple locations); and the distance of these proposed meeting sites from the location of each proposed charter school.

Current practice: *Charter schools may locate new schools in multiple districts or counties, and hold Board meetings in an entirely different location, making it extremely difficult for parents or the public to attend the meeting, especially if board meetings are not scheduled in the evenings.*

28. COMPLY WITH OPEN RECORDS.

Indicate in the application whether the new charter applicant will comply with the open records provisions in the statute that are applicable to school districts.

Financial Accountability

29. CONTINUE TO POST THE FINANCIAL PLAN WORKBOOK.

Continue to post the entire Financial Plan Workbook on the TEA website for each new charter application at the same time that the charter application narrative is posted.

Current practice: *Notably, TEA posted the entire Financial Plan Workbook with the application for Generation 25 which was appreciated and very helpful.*

K. CURRICULUM AND INSTRUCTION

30. PROVIDE DETAILED INFORMATION ABOUT PROFESSIONAL DEVELOPMENT AND CONSULTING SERVICES BY PROGRAM.

Charter applicants should provide additional information about the planning and implementation process for each program it proposes to implement, including the consulting services that will be utilized and the professional development provided for teachers.

As a tool to help charters create a realistic program plan, and to ensure that each program has allotted adequate professional development, the charter applicants should provide the following information:

- The name of the internal staff position who will be responsible for planning each program during the start-up year, implementation, and assessment of each program and their specific experience implementing this specific program;
- List any consultant by name or organization that will be involved, the services they will provide, the length of their contract; and a projected cost (see contracted services);
- Describe how each program will be phased in over time;
- Project likely problems or “pinch points” that should be anticipated based on the experience of other districts;
- Describe how the programs are interdependent and project possible time conflicts for training, reporting, etc.;
- Provide a chart showing the hours and general dates of professional development for teachers that will be provided **specific** to each program before the school opens and during the school year for year 1 through year 5.
- Indicate the cost for each of these activities and where the cost if included in the Financial Plan Worksheet.

Current practice: *Too often charter applicants propose an ambitious agenda that includes multiple new programs that they intend to implement when the charter school opens without allowing for sufficient time that is essential for planning, teacher/staff training, implementation, and assessment and without any understanding of how the multiple programs are interdependent. A common mistake is to propose too many new programs for teachers to learn without understanding the time demands, reporting requirements, conflicting assessment tools, and professional development time that each program requires. In addition, charter applicants often “wing it” on their own by simply buying a curriculum but failing to invest in trained professionals who have experience with implementing programs effectively and anticipating challenges.*

For example, *in 2020, Royal Public Schools proposed 12 major educational models including: STEM, blended learning, project-based learning, social emotional learning, block schedule, the Deming Cycle, plus more – each requiring extensive planning time and professional development. Yet, the information about professional development in the application was generic without any breakout of how teachers would be prepared for each of these many programs or how training would be on-going. The CEO stated that he would be involved with planning and development of all these programs, and there was no funding for consulting services in the budget. In addition, Royal talked about the innovation of integrating social emotional learning into STEM subjects, while experts from Austin ISD had testified just the year before that STEM subjects were the most challenging subjects for SEL and that after nine years of successful implementation, they were just initiating this phase of their SEL program.*

31. EXPAND DESCRIPTION OF INNOVATIVE PRACTICES AND PROGRAMS.

While the legislature listed the encouragement of “different and innovative learning methods” as one of the five primary purposes when it authorized the creation of charter schools, and Education Code Section 2.110 (d)(3)(B) states that the Commissioner must include criteria related to encouraging innovative programs in the charter application approval process, there is no one section in the charter application that requires a thorough and thoughtful description of how the charter will be truly innovative and how that innovation is distinguished from similar programs already in operation at nearby schools.

Although innovation is referenced seven times in TEA’s Instructions and Guidance, there should be a section in the application that focuses specifically on innovation. This section should ask charter applicants to describe the innovations; inform whether the innovation is currently available at schools within five miles of the proposed charter location; provide evidence-based research that show the expected outcomes; list anticipated challenges and how they will address them; describe staff responsible for planning and implementation; provide the experience of staff in actually implementing the innovative program from start to finish; a calendar for implementation; list any experienced consultants that will be hired with details about their contract; describe the professional development planned through year 5; and indicate how the budget will support each of these items. This level of detail will provide charters with the opportunity to demonstrate that is has provided a thoughtful and thorough proposal for innovation that can be implemented effectively for the benefit of students. It will also provide evidence that the charter is meeting the standard established by the Texas Legislature to provide “innovative learning methods”.

Current practice: *Charters often propose implementation of “innovative” programs that are already available in nearby neighborhood schools. For example, in 2019, Royal Public Schools described social emotional learning as an “innovative” program to be implemented at its proposed charter located in Austin ISD. However, Austin ISD had been successfully implementing SEL for nine years.*

In addition, charter applicants often do not provide evidence-based research that show the expected outcomes of a specific program or list the possible challenges that they will address in planning and implementation. As a result, charters often provide a laundry list of new programs without a detailed description of the curriculum, the budget to support the program, or a realistic implementation schedule.

32. EXPAND DESCRIPTION OF HOW CURRICULUM WILL BE ALIGNED WITH TEKS.

Many questions were asked during the capacity interviews and the SBOE meeting about how charter applicants will align curriculum to TEKS. While charter applicants provide some information about TEKS, it is referenced in different places and is not thoroughly explained in one section of the application. This section should answer questions such as:

- Is the curriculum or instructional material proposed by the applicant used in another state(s)? If so, which states?
- Is the curriculum or instructional material proposed by the applicant Common Core?
- Is the proposed curriculum and/or instructional materials specifically aligned to TEKS?
- Are the proposed instructional materials approved by the State Board of Education?

- What charter staff position will be responsible for aligning the curriculum to TEKS?
- What is the experience of this staff person with TEKS and with aligning a curriculum to TEKS?
- If outside consultants or universities have been involved in aligning TEKS, provide the name of the firm or the university personnel.

33. DESCRIBE ADDITIONAL GRADUATION REQUIREMENTS.

The charter applicant should describe any additional graduation requirements that will be implemented by the charter school, including admission to a four-year college. Describe how any new graduation requirement will accommodate students with special needs/dyslexia, English Language Learners, and students who choose to enter the military or a trade or to attend a two-year community college

Current practice: *While the application includes a description of the graduation requirements, it does not require information about how any new requirements will accommodate English Language Learners or students who prefer to enter the military or enroll in a two-year community college.*

L. REVISIONS TO THE FORMAT

34. ADD THE CMO ADDENDUM TO THE TABLE OF CONTENTS AND CHECKLIST.

Please make the CMO Addendum easier to locate in the application by adding it to the list of attachments in the Table of Contents and on the Charter Applicant Checklist with page numbers. Also add the page number to Question 2 (CMO) on the Applicant Cover Sheet.

Current practice: Some charter applicants add the CMO Addendum to these pages (EX: Brillante) and some do not (EX: Rocketship).

35. PROVIDE MORE SPECIFIC QUESTIONS THAT ARE ANSWERED INDIVIDUALLY BY CHARTER APPLICANTS, NOT JUST REFERENCED IN A NARRATIVE.

Provide answers in the narrative sections by individual question to make the document easier to read and information easier to locate and to ensure that applicants respond thoroughly and intentionally to each specific question.

Current practice: *Responses in the application are generally a long, single-spaced narrative by section. The responses may incorporate answers to many of the questions outlined in a particular section, but specific answers are hard to track, difficult to follow, and often repetitive. Simply asking for responses by question would make answers easier to track for both the applicants and reviewers.*

36. PROVIDE A SUMMARY OF DEFICIENCIES AND COMPLIANCE VIOLATIONS.

Require a summary chart of deficiencies and compliance violations reported in the Performance Evaluation section of the CMO Addendum and add relevant documents from the authority involved in the incidents. This would make it easier for TEA, external reviewers, and the public to understand any relevant concerns and to have access to the original documents – not just the charter applicant account of the violation.

Current practice: *It's hard to track this section and a chart at the beginning would provide helpful*

summary information. In addition, the description of a deficiency provided by the charter applicant is sometimes not consistent with the letter provided by the authority or agency that has issued the deficiency. As a result, access to the original documents would be helpful to verify the report in the application.

37. ENSURE THAT APPLICANTS PROVIDE A RESUME NOT A BRIEF BIOGRAPHY.

TEA has asked charter applicants to provide a full resume in the application attachments for each charter Board member, application team member, and the CEO/Superintendent/Executive Director that includes the complete information with dates.

Current practice: *Most charter applicants complied with this request, but Doral Academy provided only biographies that did not include key information such as employment dates and complete employment history. In addition, Doral did not provide biographies for each Board member.*