

CHARTER SCHOOL ACCOUNTABILITY POSITION PAPER

ISSUE: There is a great deal of misunderstanding about charter schools. Many assume that they operate as a traditional public school system. They do receive public funding but operate independently of the established school system. Sometimes they are privately owned. They are not subject to the same standards of accountability that apply to public schools. There are conflicting views about how successful they have been at educating students. Arizona has more charter schools than any other state and President Trump has called for a \$168 million dollar expansion of charter schools. It is imperative to have adequate information to be able to determine effectiveness before expansion.

OUR POSITION: All publicly funded education institutions must be held to the same standards of accountability that apply to public schools. This accountability includes equity, financial reporting and transparency.

Governance: Public Schools are governed by an elected board. The board members are from the community in which the school operates. They hold regular meetings that are open to the public and are accountable to the community.

Charter schools are not held accountable to the community. They are approved by holding a joint charter with another entity and the Arizona State Board of Charter Schools. The other entity may be a for-profit corporation or a non-profit organization. Charter schools are accountable for upholding their contract.

Equity/Diversity: Public schools are required to accept all school age children who apply for enrollment. Charter schools may have a “target” area for enrollment and a cap on the number of students they enroll. Unlike public schools, charter schools are not required to provide special education services, nor do they offer transportation to and from school. The burden of providing school transportation is greater for lower income families, resulting in fewer children from such families being able to attend charter schools. The result is often a student body that doesn’t represent the diversity of socioeconomic income and ethnicity in Arizona.

Financial Reporting: Charter schools are required to submit an annual budget and an end of year financial report to the Arizona State Board of Charter Schools. They can also request waivers from financial regulations and procurement rules. These reports do not detail expenditures in any detail. Public schools report expenditures monthly at public board meetings.

One consequence of the lack of fiscal transparency and accountability of charter schools is that it is not possible to compare public and charter schools in many areas, but particularly in the area of administrative costs. The format for reporting costs is different for public schools. The definitions for reporting differ.

Charter schools are not required to report teacher and administrative staff expenses. Public schools separate these expenses in fiscal reporting. An audit of charter school expenditures in 2016 found that less than half of the 411 charter schools spent more

money in the classroom than on administrative costs. This audit also found that 220 of the 411 charter schools spent more on management and facilities costs combined than on classroom instruction.

Of course when for-profit entities are concerned, there is even more reason to be concerned with administrative costs.

SUMMARY: The philosophy of school choice continues to expand. Charter Schools are a popular option. The public and particularly parents need to be informed about the positives and negatives of each option as they make choices regarding the education of their children. This task becomes challenging when there are not uniform systems for collecting data.

Our recommendations include:

- Require charter schools to submit financial data to the Auditor General's Office where public schools also report;
- Charter management companies need to be transparent in reporting administrative and classroom instruction expenses;
- Develop a process to inform parents about how charter schools are governed.