

USE OF ACADEMIC PERFORMANCE
IN THE CHARTER SCHOOL RENEWAL PROCESS

LOUISIANA DEPARTMENT OF EDUCATION



PERFORMANCE AUDIT SERVICES
ISSUED OCTOBER 18, 2017

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

October 18, 2017

The Honorable John A. Alario, Jr.,
President of the Senate
The Honorable Taylor F. Barras,
Speaker of the House of Representatives

Dear Senator Alario and Representative Barras:

This report provides the results of our review of the Louisiana Department of Education's (LDE) use of academic performance in the renewal process for type 2, 4, and 5 charter schools. The report contains our findings, conclusions, and recommendations. Appendix A contains LDE's response to this report. I hope this report will benefit you in your legislative decision-making process.

We would like to express our appreciation to the management and staff of LDE for their assistance during this audit.

Sincerely,

Daryl G. Purpera, CPA, CFE
Legislative Auditor

DGP/aa

CHARTER SCHOOLS RENEWAL PROCESS

Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



Use of Academic Performance in the Charter School Renewal Process Louisiana Department of Education

October 2017

Audit Control # 40160009

Introduction

We evaluated the Louisiana Department of Education's (LDE) use of academic performance in the charter school renewal process. LDE's process for renewing charter schools is important because the department is responsible for making a recommendation to the Board of Elementary and Secondary Education (BESE) about whether it should approve each charter school's renewal application. This recommendation is based on a review of a school's operations, including student academic performance, school financial performance, and compliance with various charter school requirements. According to BESE's charter school regulations,¹ academic performance is considered the *primary indicator* of school quality and, as a result, should play a key role in whether a charter school is recommended for renewal.

BESE's charter school regulations require LDE to monitor the performance of type 2, 4, and 5 charter schools and conduct renewal reviews of these schools' charters. BESE is the authorizer for these three types of charter schools. From academic years 2011-12 through 2015-16, there were 121 type 2, 4, and 5 charter schools that operated for at least one year, serving approximately 48,300 students per year.

According to state law,² at the end of a school's charter term, BESE may renew the charter school after a thorough review. A charter school can be renewed for terms ranging from three to 10 years and cannot continue operating if not renewed. School Performance Scores (SPS) and their corresponding letter grades are used to determine the minimum length of a charter school's renewal term. A

charter school that meets expectations in other performance areas is eligible to have extra years added to the length of its charter term, as shown in Exhibit 1.

Exhibit 1 Potential Charter Renewal Terms		
SPS Letter Grade	Minimum Renewal Term	Maximum Renewal Term
A	6 years	10 years
B	5 years	7 years
C	4 years	6 years
D	3 years	3 years
F	Non-renewal	3 years

Source: Prepared by legislative auditor's staff using information from LDE.

¹ Bulletin 126, §1501(C)

² Louisiana Revised Statute (R.S.) 17:3992(A)(1)

Between academic years 2011-12 and 2015-16, 64³ charter schools were up for renewal, and BESE renewed 58 of these schools at least once. Three schools were not renewed because of low SPS letter grades, and the three others were not renewed for various other reasons, such as the school transferring to the local school district's jurisdiction. Exhibit 2 shows the total number of schools renewed by letter grade.

Exhibit 2 Schools Renewed by Letter Grade* Academic Years 2011-2012 to 2015-16	
Letter Grade	Schools Renewed
A	3
B	9
C	27
D	17
F	2
Total	58
*As of each schools' most recent renewal. Source: Prepared by legislative auditor's staff using SPS data.	

Having appropriate and comprehensive recommendation criteria in the charter school renewal process is important because, according to Bulletin 126, §1101(A), charter schools are given a greater amount of autonomy and independence than traditional public schools in exchange for heightened levels of accountability. Our review of LDE's charter school renewal process primarily included evaluating whether the process considered the following criteria:

- **R.S. 17:3992(A)(2)(a)**, which requires that a charter school only be renewed if it can demonstrate, using standardized test scores, improvement in the academic performance of its students over the term of the charter school's existence.
- **La. Admin. Code title 28, pt. CXXXIX (Bulletin 126), §1501**, which establishes that a charter school must demonstrate, *at a minimum*, improvement in the academic performance of students over the term of the charter school's existence in order to be renewed.

Our audit objective was:

To evaluate LDE's use of academic performance in the renewal process for charter schools authorized by BESE.

The following pages summarize our results, Appendix A contains LDE's response to this report, and Appendix B details our scope and methodology.

³ This is the number of schools that were up for renewal at least once during academic years 2011-12 through 2015-16.

Objective: To evaluate LDE’s use of academic performance in the renewal process for charter schools authorized by BESE.

We found that while LDE has some standards for determining whether a charter school should be recommended for renewal, it has not developed specific guidelines that address the primary academic requirement for charter school renewal, as required by state law. State law⁴ requires that “no charter shall be renewed unless the charter renewal applicant can demonstrate, using standardized test scores, improvement in the academic performance of pupils over the term of the charter school’s existence.” BESE’s current regulations⁵ restate the statute but do not define how LDE should determine whether a charter school has demonstrated “improvement in the academic performance of its students” when recommending a charter school for renewal. LDE’s renewal policies, as described in the Charter School Performance Compact (CSPC), also lack criteria for determining whether charter schools have demonstrated, through standardized test scores, improvement in the academic performance of students over the term of the charter school’s existence.

An objective of the CSPC is to provide charter school operators and boards with clear expectations for accountability. The CSPC must also provide clear standards and comprehensive information to guide charter extension and renewal determinations. According to LDE, it considers all relevant data⁶ to determine if a charter school has demonstrated improvement in the academic performance of students over the term of a charter school’s existence. However, a lack of specific guidelines in this area presents a risk that LDE’s oversight process may not be consistent and predictable as required by the CSPC and that LDE will recommend schools for renewal that do not meet the guidelines of state law.

LDE currently uses a school’s SPS as the primary academic performance indicator for renewal decisions rather than determining whether the school demonstrated, using standardized test scores, improvement in its academic performance of students, as required by state law. When determining whether to recommend a charter for renewal, LDE relies primarily on each school’s SPS and corresponding letter grade, which is intended to reflect school quality. While standardized test scores are a component of all SPSs, only elementary schools have SPSs that are composed of standardized test scores alone. As a result, improvement in the SPS of a middle or high school does not necessarily indicate an improvement in the standardized test scores of the school’s students. This is because other factors such as graduation rates and credit accumulation (i.e., credits earned through the end of students’ ninth-grade year) are also included in a school’s SPS and may obscure the changes in a school’s test scores over time.

⁴ R.S. 17:3992(A)(2)(a)

⁵ Bulletin 126 §1501(B)

⁶ According to LDE, the data it reviews can include, but is not limited to assessment index, school performance scores, letter grades or star ratings, proficiency rates, ACT average composite score and/or percent of students scoring 18 or above, value-added model results, progress points, and percentage of students exceeding growth expectations.

For example, Joseph S. Clark High School had a pre-assessment index of 36.9 but had a renewal year assessment index of 30.8.⁷ The assessment index is lower than the school’s pre-assessment index, meaning that student test scores worsened over time. However, in its renewal year, Joseph S. Clark School had an overall SPS that earned it a “D” letter grade due to the inclusion of other criteria into its score such as graduation rates and the strength of diploma index. Subsequently, it was renewed for a three-year term despite test scores that fell over the course of its existence. Exhibit 3 summarizes all factors included in determining a school’s SPS.

The pre-assessment index is based on the standardized test scores (i.e., LEAP, End of Course, and ACT exams) of students enrolled in the charter school from the year immediately preceding the creation of the new charter school.

The assessment index is based on the standardized test scores (i.e., LEAP, End of Course, and ACT exams) of students attending that charter school.

Exhibit 3 School Performance Score (SPS) Factors	
Elementary Schools	SPS is entirely composed of standardized test scores.
Middle Schools	SPS is 95% composed of standardized test scores. The remaining 5% is based on credits earned through the end of students’ ninth-grade year.
High Schools	SPS is 50% composed of standardized test scores. An additional 25% is based on the cohort graduation rate, and the final 25% is determined by the strength of diploma index (which rewards achievements like Advanced Placement and International Baccalaureate exam credit).
Source: Prepared by legislative auditor’s staff using information in Bulletin 111.	

Although nothing in state law prohibits LDE from using additional renewal criteria when considering charter renewals, state law⁸ does require that a school demonstrate improvement in standardized test scores, at a minimum, in order to be renewed.

We found that LDE follows state renewal regulations regarding required standardized test score improvement for non-alternative, turnaround⁹ charter schools that scored an “F” in the renewal year of its first charter term or a “D” or “F” in subsequent charter terms. Specifically, turnaround schools must show an average of five or more points of assessment index growth per year in order to be renewed. This growth is measured from the school’s pre-assessment index to its assessment index in its final year before renewal. However, only one of the 19 type 2 and 5 charter schools that opened and was up for renewal between academic years 2011-12 and 2015-16 was a turnaround school that met these criteria. Outside of assessment index growth for this limited number of schools, LDE has not developed any procedures detailing how to determine improvement in academic performance using standardized test scores or what criteria and measures should be used.

⁷ Composite of K-8 Index, EOC Index, and ACT Index.

⁸ La. Admin. Code title 28, pt. CXXXIX (Bulletin 126), §1501

⁹ A turnaround school is one in which an operator takes over an entire school that was labeled “F” in the previous school year, including all previous grade levels and all former students of the school. Turnaround schools receive a “T” letter grade for their first two years of operation.

Using the measure LDE uses to gauge improvement in standardized test scores for turnaround schools, we found that seven (39%) of the 18 charter schools that opened and were renewed between academic years 2011-12 and 2015-16¹⁰ did not demonstrate improvement in students' standardized test scores. Therefore, there is a risk that LDE is renewing schools that may not have demonstrated improvement in the academic performance of its students, which is required for a school to be renewed. To evaluate the risk associated with LDE's lack of specific guidelines, we determined whether the schools renewed showed improvement in standardized test scores.¹¹ Of the 18 schools that opened and were renewed during our scope, seven (39%) did not show improvement in academic performance using standardized test scores alone, and LDE recommended that BESE renew these seven schools. Exhibit 4 summarizes the change in test scores for these schools.

Exhibit 4 Renewed Schools that Did Not Demonstrate Improvement in Student Test Scores Academic Years 2011-12 and 2015-16 <i>(As Measured Using a Composite of the K-8 Assessment Index, EOC Assessment Index, and ACT Assessment Index)</i>						
School	Year Opened	Renewal Year	First Year Test Scores or Pre-Assessment Index*	Renewal Year Assessment Index	Change	Length of Renewal
1. Louisiana Virtual Charter Academy	2011	2015	79.4	59.69	-19.71	3
2. Langston Hughes Academy Charter School	2012	2016	70.47	59.24	-11.53	3
3. Lake Charles Charter Academy	2011	2015	73	65.91	-7.09	6
4. Joseph Clark High School	2011	2015	36.9	30.77	-6.13	3
5. Southwest Louisiana Charter Academy	2012	2016	71.9	66.01	-6.11	5
6. Crescent Leadership Academy	2012	2016	15.03	9.82	-5.48	3
7. ReNEW Accelerated High School (City Park)	2011	2015	10.62	9.69	-1.7	3
*Pre-assessment indices are not available for all schools. For schools without pre-assessment indices, first-year test score indices were used instead. Source: Prepared by legislative auditor's staff using data from LDE.						

Without specific and comprehensive guidelines for renewing charter schools, there is a risk that LDE's oversight process will be inconsistent and unpredictable and that it will recommend schools for renewal that do not meet the guidelines of state law. This may result in substandard schools being allowed to continue to educate students. According to an audit by the Massachusetts' Office of the State Auditor, "inconsistency in charter renewal decisions can cause multiple problems: charter schools may not clearly understand expectations, schools may be missing the opportunity to receive important feedback, parents may be misinformed about

¹⁰ We only reviewed schools that opened and had a renewal during our five-year scope because the law states that the standardized test score improvement is required over the "term of the charter school's existence."

¹¹ Our methodology is summarized in Appendix B.

schools' performance, and children may receive substandard academic programs.”¹² According to LDE, it is in the process of developing a methodology for this purpose.

Recommendation 1: LDE should work with BESE to develop specific rules and regulations that define what constitutes improvement in the academic performance of its students over the term of the charter school's existence, using standardized test scores as an independent metric.

Recommendation 2: LDE should ensure that all charter schools recommended for renewal demonstrate, using standardized test scores, improvement in the academic performance of its students over the term of its existence.

Summary of Management's Response: LDE agrees with these recommendations and states BESE and LDE have used academic improvement of students on standardized test scores as a basis for renewing charter school contracts since the creation of charter schools in Louisiana. See Appendix A for LDE's full response.

¹² [The Department of Elementary and Secondary Education's Oversight of Charter Schools, December 2014](#)

APPENDIX A: MANAGEMENT'S RESPONSE



LOUISIANA DEPARTMENT OF EDUCATION

October 11, 2017

Hon. Daryl G. Purpera
Louisiana Legislative Auditor
1600 North Third Street
Baton Rouge, LA 70804

Re: Charter School Renewal Process Report

Dear Mr. Purpera:

The Louisiana Department of Education (Department) appreciates the opportunity to submit an official response to the Louisiana Legislative Auditor (LLA) report on the charter school renewal process. As always, your staff completed their research diligently and arrived at thoughtful findings. The Department acknowledges receipt of the report and would like to offer one clarification regarding its recommendations.

The report asserts that the Board of Elementary and Secondary Education (BESE) and the Department of Education should incorporate into charter school oversight policies a greater reflection of the following provision of Louisiana R.S. 17:3992(A)(2)(a): "No charter shall be renewed unless the charter renewal applicant can demonstrate, using standardized test scores, improvement in the academic performance of pupils over the term of the charter school's existence."

BESE and the Department have used academic improvement of students on standardized test scores as a basis for renewing charter school contracts since the creation of charter schools in Louisiana. In fact, at its October 17 and 18 meetings, BESE will consider changes to the calculation of the school performance score that will increase the essential standard for performance to "mastery" on such assessments and will include a measurement of annual academic growth made by each student. While we appreciate the suggestion that BESE explicitly address the language of the statute in its charter school policies, Louisiana has a clear and unambiguous history of using students' improvement on standardized test scores to determine whether to renew charter schools.

Sincerely,

A handwritten signature in blue ink that reads "John White".

John White
State Superintendent

Louisiana Believes.

A.1

Louisiana Legislative Auditor
Performance Audit Services

Checklist for Audit Recommendations

Agency: Louisiana Department of Education (LDE)

Audit Title: Use of Academic Performance in the Charter School Renewal Process

Audit Report Number: 40160009

Instructions to Audited Agency: Please fill in the information below for each finding and recommendation. A summary of your response for each recommendation will be included in the body of the report. The entire text of your response will be included as an appendix to the audit report.

Finding 1: We found that while the Louisiana Department of Education (LDE) has some standards for determining whether a charter school should be recommended for renewal, it has not developed specific guidelines that address the primary academic requirement for charter school renewal, as required by state law.
<i>Recommendation 1: LDE should work with BESE to develop specific rules and regulations that define what constitutes improvement in the academic performance of its students over the term of the charter school's existence, using standardized test scores as an independent metric.</i>
Does Agency Agree with Finding? Agree <input checked="" type="checkbox"/> Disagree <input type="checkbox"/>
Agency Contact Responsible for Finding:
Name/Title: [REDACTED]
Address: [REDACTED]
City, State, Zip: [REDACTED]
Phone Number: [REDACTED]
Email: [REDACTED]

Finding 2: Using the measure LDE uses to gauge improvement in standardized test scores for turnaround schools, we found that seven (37%) of the 19 charter schools that opened and were renewed between academic years 2011-12 and 2015-16 did not demonstrate improvement in overall standardized test scores.

Recommendation 2: LDE should ensure that all charter schools recommended for renewal demonstrate improvement in the academic performance of its students using standardized test scores over the term of its existence.

Does Agency Agree with Finding? Agree Disagree

Agency Contact Responsible for Finding:

Name/Title:	[REDACTED]
Address:	[REDACTED]
City, State, Zip:	[REDACTED]
Phone Number:	[REDACTED]
Email:	[REDACTED]

APPENDIX B: SCOPE AND METHODOLOGY

We conducted this performance audit under the provisions of Title 24 of the Louisiana Revised Statutes of 1950, as amended. Our audit evaluated LDE's renewal review process for charter schools. It focused on type 2, 4, and 5 charter school renewals and academic years 2011-12 through 2015-16. Our audit objective was:

To evaluate LDE's use of academic performance in the renewal process for charter schools authorized by BESE.

We conducted this performance audit in accordance with generally accepted *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide reasonable basis for our findings and conclusions based on our audit objective. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. To answer our objective, we reviewed internal controls relevant to the audit objective and performed the following audit steps:

- Researched Louisiana Revised Statutes and Administrative Code (including Bulletin 126) for laws and regulations regarding LDE's responsibilities for renewing charter schools.
- Interviewed LDE staff to determine LDE's renewal process for type 2, 4, and 5 charter schools.
- Evaluated LDE's renewal process for the type 2, 4, and 5 charter schools that opened and were renewed during academic years 2011-12 through 2015-16.
- Obtained charter school operating and renewal history data from LDE.
- Downloaded SPS data from LDE's website.
- Downloaded renewal documents from BESE's website.
- Determined the SPS letter grades in the renewal year for each school renewed between academic years 2011-12 and 2015-16.
- Using accountability data obtained from LDE, ACT score information from LDE's website, and LDE's Assessment Index methodology detailed in Bulletin 111, determined whether schools improved their students' test scores between the first year of their charter term and the final year before their renewal process began for academic years 2011-12 through 2015-16. We used, as a model, the methodology used by LDE when determining whether non-alternative turnaround schools that score an "F" in their renewal year for their initial term or a "D" or

“F” in subsequent terms can be renewed. Accordingly, we compared their Pre-Assessment Index (calculated by LDE) with their renewal year Assessment Index (a composite of K-8, EOC, and ACT index; calculated by LLA using data received from LDE). If Pre-Assessment Indexes were not available, we used the school’s first-year Assessment Index.