



SACRAMENTO CITY UNIFIED SCHOOL DISTRICT BOARD OF EDUCATION

Agenda Item# 10.1

Meeting Date: September 19, 2024

Subject: **Determination Hearing for Charter Renewal for St. HOPE Public School 7**

- ☐ Information Item Only
- ☐ Approval on Consent Agenda
- ☐ Conference (for discussion only)
- ☐ Conference/First Reading (Action Anticipated: _____)
- ☐ Conference/Action
- ☒ Action
- ☒ Public Hearing

Division: Deputy Superintendent's Office

Recommendation: Based on St. HOPE Public School 7's (PS7) status in the California Department of Education's middle-performing renewal level, a comprehensive review of the charter renewal petition, an evaluation of its program over the most recent charter term, and response to the District's Notice of Alleged Fiscal and Governance Violations and Reasonable Opportunity to Cure (Notice to Cure) pursuant to E.C. section 47607(e), the District's review team has concluded that the renewal petition, coupled with the corrective action plan submitted in response to the Notice to Cure, **collectively meet the minimum legal standards under the Education Code to qualify for approval for the requested five-year term, beginning July 1, 2025, through June 30, 2030.**

If the District's Board takes action to approve the renewal petition, District staff will oversee PS7's full satisfaction of the corrective actions described in the plan and any other conditions or oversight items that the Board may direct.

Background/Rationale: On June 28, 2024, PS7 submitted a petition to renew its charter. It is requesting to renew the term of its charter, which expires on June 30, 2025. On August 8, 2024, the District held an initial public hearing to consider the level of support for the petition from the district's teachers, other employees, and parents/guardians. The governing board of the school district shall either grant or deny the renewal of the charter within 90 days of receipt of the petition. At the hearing in which the governing board votes on the renewal of the charter, the charter petitioners

must be provided with equal time and procedures as district staff to address the board on the proposed recommendation and findings on the petition.

District staff, in collaboration with an external review team, reviewed the submitted petition, artifacts from the PS7's most recent charter term, and publicly-available student outcome data. District staff also reviewed PS7's corrective action plan submitted in response to the District's Notice to Cure. Findings from that process were compiled into the Staff Renewal Report, which was posted on the district's website on September 4, 2024. The Staff Renewal Report (attached) also includes an overview of the legal guidance on the criteria for renewal.

Education Code sets out specific procedures that must be followed as part of the petition review process. One of these procedures is for District staff to propose written factual findings concerning the petition, which could support either a reauthorization or a denial of the charter. This were done in the form of the Staff Renewal Report. They are based on staff's evaluation, and the Board is not required to adopt the findings in that report in whole or in part. If there are specific findings of fact that the Board desires to make concerning the petition, which may include findings supporting a denial, that is its prerogative and such action is consistent with the statutory language of The Charter Schools Act.

Ultimately, the Board is the decisionmaker on whether to approve, conditionally approve, or deny the charter. The attached sample resolutions are designed to provide the Board with draft language around which to formalize that decision.

Financial Considerations: Review of the fiscal portions of the petition did not reveal any fiscal concerns that would likely result in a change of financial position for either the charter or the district.

LCAP Goal(s): Goal 2: Improving Academic Outcomes

Documents Attached:

1. Sample Resolution Language for Board Consideration
2. Exhibit A: Notice to Cure, dated July 26, 2024
3. Exhibit B: Response and Corrective Action Plan, dated August 26, 2024
4. Exhibit C: Staff Renewal Report, posted September 4, 2024

Estimated Time of Presentation: 15 minutes (Charter School must be allotted equal time to district staff)

Submitted by: Mary Hardin Young, Deputy Superintendent
Amanda Goldman, Director, Innovative Schools

Approved by: Lisa Allen, Superintendent



Sample Resolutions

St. HOPE Public School 7

September 19, 2024

The following are sample resolutions that the board may use in their decision on the renewal of the charter. Where sections have been left blank, the board should include additional findings from the Staff Renewal Report to support the resolution.

They include:

1. An approval resolution, which references the charter school's agreement/affirmation to negotiate and enter into an MOU;
2. A conditional approval resolution, which requires the Board to articulate specific conditions that will need to be met by the charter school before it is effectively reauthorized; and
3. A denial resolution, which requires the Board to provide written factual findings supporting one or more legal grounds for denial, all of which are described in the resolution's recitals.

All three sample resolutions mention 3 attached exhibits. All of which follow at the end of this document.

- Exhibit A: Notice to Cure, dated July 26, 2024
- Exhibit B: Response and Corrective Action Plan, dated August 26, 2024
- Exhibit C: Staff Renewal Report posted September 4, 2024

**RESOLUTION OF THE BOARD OF EDUCATION
OF THE SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Resolution No. 3439**

**Resolution to Approve the Renewal Petition for
St. HOPE Public School 7**

WHEREAS, the approval of charter schools is governed by the Charter Schools Act of 1992, as subsequently amended, codified in Education Code section 47600 *et seq.*, and the implementing regulations of Title 5 of the California Code of Regulations (5 C.C.R. § 11960 *et seq.*);

WHEREAS, on June 28, 2024, the Sacramento City Unified School District (“District”) received the petition (“Renewal Petition”) for St. HOPE Public School 7 (“Charter School”).

WHEREAS, on July 26, 2024, the District issued a Notice of Alleged Fiscal and Governance Violations and Reasonable Opportunity to Cure (“Notice to Cure”) to St. Hope Public Schools (“SHPS”), as the operator of the Charter School, due to concerns regarding the Charter School’s fiscal and governance practices, which needed to be remedied, refuted, or include a corrective action plan on or before August 26, 2024, a copy of which is attached hereto as **Exhibit A** and incorporated herein by reference;

WHEREAS, a public hearing on the Renewal Petition was held on August 8, 2024, at which time the District’s Board of Education (“Board”) considered the level of support for the Renewal Petition by teachers employed by the District, other employees of the District, and parents/guardians.

WHEREAS, on August 26, 2024, SHPS, on behalf of the Charter School, submitted its written response to the Notice to Cure (“Response”), a copy of which (excluding exhibits due to size) is attached hereto as **Exhibit B** and incorporated herein by reference, which included a corrective action plan to address the fiscal and governance concerns addressed in the Notice to Cure.

WHEREAS, the Board published District’s *Staff Renewal Report* on September 4, 2024, which includes staff’s proposed findings of fact based on its evaluation of the Renewal Petition, information from the Charter School’s last charter term, available student outcome data, and SHPS’s Response and corrective action plan;

WHEREAS, the Board has convened on September 19, 2024, to consider whether to grant or deny the Renewal Petition;

WHEREAS, renewals of charters are governed by the standards and criteria set forth in Education Code sections 47605, 47607, and 47607.2;

WHEREAS, the consideration of a renewal petition requires the District to (1) determine whether the charter school meets applicable eligibility requirements using the new accountability criteria under the law and reflected in the California School Dashboard, and (2) evaluate whether the renewal petition meets the standards and criteria set forth in Education Code section 47605;

WHEREAS, Education Code section 47607 describes a three-tiered system that categorizes a charter school as a high-performing, middle-performing, or low-performing charter school. The designation of a charter school in a particular tier determines the level of review that the chartering authority must conduct to evaluate whether the charter school is eligible for renewal of its charter;

WHEREAS, for charter schools designated as middle-performing, the District must evaluate the following: (1) the charter school's performance on the state and local indicators on the California School Dashboard, both on a schoolwide basis and for all student subgroups served by the charter school, giving greater weight to the charter school's performance on measurements of academic performance, and (2) clear and convincing evidence, as demonstrated by verified data, which shows that the charter school has either (a) achieved measurable increases in student academic achievement, as defined by at least one year's progress for each year in school, or (b) strong post-secondary outcomes (e.g., college enrollment, persistence, and completion rates equal to similar peers). If a charter school satisfies such criteria, the Board may grant a renewal term of five years;

WHEREAS, the governing board of a school district shall not deny a petition unless it makes written factual findings specific to the particular petition, setting forth specific facts to support one or more of the following findings:

1. The charter school presents an unsound educational program for the students to be enrolled in the charter school.
2. The petitioners are demonstrably unlikely to successfully implement the program set forth in the petition.
3. The petition does not contain the number of signatures required by subdivision (a) of Education Code section 47605. (*The signature requirement is not applicable to a renewal petition.*)
4. The petition does not contain an affirmation of each of the required conditions.
5. The petition does not contain reasonably comprehensive descriptions of all required elements.
6. The petition does not contain a declaration of whether or not the charter school shall be deemed the exclusive public school employer of the employees of the charter school for purposes of the Educational Employment Relations Act.

7. The charter school is demonstrably unlikely to serve the interests of the entire community in which the school is proposing to locate. *(This finding is not applicable to a renewal petition.)*
8. The school district is not positioned to absorb the fiscal impact of the proposed charter school. *(This finding is not applicable to a renewal petition.)*

WHEREAS, the governing board of a school district may deny renewal of a charter school in the middle-performing tier only upon making the following specific written findings:

1. The school has failed to make sufficient progress toward meeting standards that provide a benefit to the school's students; and
2. Closure of the school is in the students' best interests; and
3. The decision provided greater weight to performance on "measurements of academic performance"—the test-based indicators in English-Language Arts and mathematics, the English Learner Progress Indicator, and the Career and College Indicator.

WHEREAS the Charter School is designated as a "middle-performing" charter school by the California Department of Education.

WHEREAS, the District has reviewed, evaluated, and considered the academic performance data provided by the Charter School as part of its Renewal Petition; and

WHEREAS, in considering the academic performance of the Charter School's students, the District has determined that the Charter School has met the applicable criteria to be eligible for renewal, a summary of which is included in the *Staff Renewal Report* published on September 4, 2024, which is attached hereto as **Exhibit C** and incorporated herein by reference.

NOW, THEREFORE BE IT RESOLVED, that the Board of Education of the Sacramento City Unified School District does resolve, determine, and order the following:

1. The foregoing recitals are hereby adopted as true and correct.
2. The Board has considered the Renewal Petition of the Charter School, including its academics, finances, operations, and other components, in addition to the criteria for renewal set out in the Education Code.
3. The Board has considered the Response to the Notice to Cure, including the proposed corrective action plan to address the identified fiscal and governance concerns.
4. The Board has considered, and approves of, the admissions preferences described in the Renewal Petition.

5. The Board hereby approves the Renewal Petition for a five-year term, beginning on July 1, 2025 and ending on June 30, 2030, subject to the findings of fact set forth in the *Staff Renewal Report* published on September 4, 2024, and included in Exhibit C to this Resolution.
6. Consistent with the affirmation contained in the Charter School's Renewal Petition on page 186, the Board directs District staff and the Charter School to negotiate a memorandum of understanding addressing the respective rights and obligations of the parties consistent with the authorizer-charter relationship, which shall be approved by the respective governing boards of the parties prior to the commencement of the Charter School's renewal term on July 1, 2025.
7. The Superintendent or her designee is authorized and directed to take such action as may be reasonably necessary to effectuate the purpose and intent of this Resolution.

PASSED AND ADOPTED by the Board of Education on September 19, 2024, at a duly noticed meeting by the following vote:

AYES: _____ NOES: _____ ABSENT: _____ ABSTAIN: _____

Lisa Allen, Superintendent

Lavinia Phillips, Board President

**RESOLUTION OF THE BOARD OF EDUCATION
OF THE SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Resolution No. 3439**

**Resolution to Conditionally Approve the Renewal Petition for
St. HOPE Public School 7**

WHEREAS, the approval of charter schools is governed by the Charter Schools Act of 1992, as subsequently amended, codified in Education Code section 47600 *et seq.*, and the implementing regulations of Title 5 of the California Code of Regulations (5 C.C.R. § 11960 *et seq.*);

WHEREAS, on June 28, 2024, the Sacramento City Unified School District (“District”) received the petition (“Renewal Petition”) for St. HOPE Public School 7 (“Charter School”).

WHEREAS, on July 26, 2024, the District issued a Notice of Alleged Fiscal and Governance Violations and Reasonable Opportunity to Cure (“Notice to Cure”) to St. Hope Public Schools (“SHPS”), as the operator of the Charter School, due to concerns regarding the Charter School’s fiscal and governance practices, which needed to be remedied, refuted, or include a corrective action plan on or before August 26, 2024, a copy of which is attached hereto as **Exhibit A** and incorporated herein by reference;

WHEREAS, a public hearing on the Renewal Petition was held on August 8, 2024, at which time the District’s Board of Education (“Board”) considered the level of support for the Renewal Petition by teachers employed by the District, other employees of the District, and parents/guardians;

WHEREAS, on August 26, 2024, SHPS, on behalf of the Charter School, submitted its written response to the Notice to Cure (“Response”), a copy of which (excluding exhibits due to size) is attached hereto as **Exhibit B** and incorporated herein by reference, which included a corrective action plan to address the fiscal and governance concerns addressed in the Notice to Cure.

WHEREAS, the Board published District’s *Staff Renewal Report* on September 4, 2024, which includes staff’s proposed findings of fact based on its evaluation of the Renewal Petition, information from the Charter School’s last charter term, available student outcome data, and SHPS’s Response and corrective action plan.

WHEREAS, the Board has convened on September 19, 2024, to consider whether to grant or deny the Renewal Petition.

WHEREAS, renewals of charters are governed by the standards and criteria set forth in Education Code sections 47605, 47607, and 47607.2;

WHEREAS, the consideration of a renewal petition requires the District to (1) determine whether the charter school meets applicable eligibility requirements using the new accountability criteria under the law and reflected in the California School Dashboard, and (2) evaluate whether the renewal petition meets the standards and criteria set forth in Education Code section 47605;

WHEREAS, Education Code section 47607 describes a three-tiered system that categorizes a charter school as a high-performing, middle-performing, or low-performing charter school. The designation of a charter school in a particular tier determines the level of review that the chartering authority must conduct to evaluate whether the charter school is eligible for renewal of its charter;

WHEREAS, for charter schools designated as middle-performing, the District must evaluate the following: (1) the charter school's performance on the state and local indicators on the California School Dashboard, both on a schoolwide basis and for all student subgroups served by the charter school, giving greater weight to the charter school's performance on measurements of academic performance, and (2) clear and convincing evidence, as demonstrated by verified data, which shows that the charter school has either (a) achieved measurable increases in student academic achievement, as defined by at least one year's progress for each year in school, or (b) strong post-secondary outcomes (e.g., college enrollment, persistence, and completion rates equal to similar peers). If a charter school satisfies such criteria, the Board may grant a renewal term of five years;

WHEREAS, the governing board of a school district shall not deny a petition unless it makes written factual findings specific to the particular petition, setting forth specific facts to support one or more of the following findings:

1. The charter school presents an unsound educational program for the students to be enrolled in the charter school.
2. The petitioners are demonstrably unlikely to successfully implement the program set forth in the petition.
3. The petition does not contain the number of signatures required by subdivision (a) of Education Code section 47605. (*The signature requirement is not applicable to a renewal petition.*)
4. The petition does not contain an affirmation of each of the required conditions.
5. The petition does not contain reasonably comprehensive descriptions of all required elements.
6. The petition does not contain a declaration of whether or not the charter school shall be deemed the exclusive public school employer of the employees of the charter school for purposes of the Educational Employment Relations Act.

7. The charter school is demonstrably unlikely to serve the interests of the entire community in which the school is proposing to locate. *(This finding is not applicable to a renewal petition.)*
8. The school district is not positioned to absorb the fiscal impact of the proposed charter school. *(This finding is not applicable to a renewal petition.)*

WHEREAS, the governing board of a school district may deny renewal of a charter school in the middle-performing tier only upon making the following specific written findings:

1. The school has failed to make sufficient progress toward meeting standards that provide a benefit to the school's students; and
2. Closure of the school is in the students' best interests; and
3. The decision provided greater weight to performance on "measurements of academic performance"—the test-based indicators in English-Language Arts and mathematics, the English Learner Progress Indicator, and the Career and College Indicator.

WHEREAS, the Charter School is designated as a "middle-performing" charter school by the California Department of Education;

WHEREAS, the District has reviewed, evaluated, and considered the academic performance data provided by the Charter School as part of its Renewal Petition;

WHEREAS, in considering the academic performance of the Charter School's students, the District has determined that the Charter School has met the applicable criteria to be eligible for renewal, a summary of which is included in the *Staff Renewal Report* published on September 4, 2024, which is attached hereto as **Exhibit C** and incorporated herein by reference; and

WHEREAS, the District has also reviewed the Renewal Petition and, although the District had identified certain concerns and issues, which are noted in the *Staff Renewal Report*, the District believes that such matters can be effectively addressed as part of the charter oversight and monitoring process.

NOW, THEREFORE BE IT RESOLVED, that the Board of Education of the Sacramento City Unified School District does resolve, determine, and order the following:

1. The foregoing recitals are hereby adopted as true and correct.
2. The Board has considered the Renewal Petition of the Charter School, including its academics, finances, operations, and other components, in addition to the criteria for renewal set out in the Education Code.

3. The Board has considered the Response to the Notice to Cure, including the proposed corrective action plan to address the identified fiscal and governance concerns.
4. The Board has considered, and approves of, the admissions preferences described in the Renewal Petition.
5. The Board hereby approves the Renewal Petition for a five-year term, beginning on July 1, 2025, and ending on June 30, 2030, subject to the findings of fact set forth in the *Staff Renewal Report* published on September 4, 2024, and included in Exhibit C to this Resolution, and also subject to full satisfaction of the following conditions which must be met by the Charter School no later than the corresponding deadlines specified below.
 - a. District staff and the Charter School shall negotiate a memorandum of understanding addressing the respective rights and obligations of the parties consistent with the authorizer-charter relationship, which shall be approved by the respective governing boards of the parties prior to the commencement of the Charter School's renewal term on July 1, 2025.
 - b. [insert additional condition]
 - c. [insert additional condition, if applicable]
 - d. [insert additional condition, if applicable]
6. The Superintendent or her designee shall have authority to determine whether the conditions specified above have been effectively met by the Charter School.
7. The Superintendent or her designee is authorized and directed to take all other such actions as may be reasonably necessary to effectuate the purpose and intent of this Resolution.

PASSED AND ADOPTED by the Board of Education on September 19, 2024, at a duly noticed meeting by the following vote:

AYES: _____ NOES: _____ ABSENT: _____ ABSTAIN: _____

Lisa Allen, Superintendent

Lavinia Phillips, Board President

**RESOLUTION OF THE BOARD OF EDUCATION
OF THE SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Resolution No. 3439**

**Resolution to Deny the Renewal Petition for
St. HOPE Public School 7**

WHEREAS, the approval of charter schools is governed by the Charter Schools Act of 1992, as subsequently amended, codified in Education Code section 47600 *et seq.*, and the implementing regulations of Title 5 of the California Code of Regulations (5 C.C.R. § 11960 *et seq.*);

WHEREAS, on June 28, 2024, the Sacramento City Unified School District (“District”) received the petition (“Renewal Petition”) for St. HOPE Public School 7 (“Charter School”).

WHEREAS, on July 26, 2024, the District issued a Notice of Alleged Fiscal and Governance Violations and Reasonable Opportunity to Cure (“Notice to Cure”) to St. Hope Public Schools (“SHPS”), as the operator of the Charter School, due to concerns regarding the Charter School’s fiscal and governance practices, which needed to be remedied, refuted, or include a corrective action plan on or before August 26, 2024, a copy of which is attached hereto as **Exhibit A** and incorporated herein by reference;

WHEREAS, a public hearing on the Renewal Petition was held on August 8, 2024, at which time the District’s Board of Education (“Board”) considered the level of support for the Renewal Petition by teachers employed by the District, other employees of the District, and parents/guardians;

WHEREAS, on August 26, 2024, SHPS, on behalf of the Charter School, submitted its written response to the Notice to Cure (“Response”), a copy of which (excluding exhibits due to size) is attached hereto as **Exhibit B** and incorporated herein by reference, which included a corrective action plan to address the fiscal and governance concerns addressed in the Notice to Cure;

WHEREAS, the Board published District’s *Staff Renewal Report* on September 4, 2024, which includes staff’s proposed findings of fact based on its evaluation of the Renewal Petition, information from the Charter School’s last charter term, available student outcome data, and SHPS’s Response and corrective action plan;

WHEREAS, the Board has convened on September 19, 2024, to consider whether to grant or deny the Renewal Petition;

WHEREAS, renewals of charters are governed by the standards and criteria set forth in Education Code sections 47605, 47607, and 47607.2;

WHEREAS, the consideration of a renewal petition requires the District to (1) determine whether the charter school meets applicable eligibility requirements using the new accountability criteria under the law and reflected in the California School Dashboard, and (2) evaluate whether the renewal petition meets the standards and criteria set forth in Education Code section 47605;

WHEREAS, Education Code section 47607 describes a three-tiered system that categorizes a charter school as a high-performing, middle-performing, or low-performing charter school. The designation of a charter school in a particular tier determines the level of review that the chartering authority must conduct to evaluate whether the charter school is eligible for renewal of its charter;

WHEREAS, for charter schools designated as middle-performing, the District must evaluate the following: (1) the charter school's performance on the state and local indicators on the California School Dashboard, both on a schoolwide basis and for all student subgroups served by the charter school, giving greater weight to the charter school's performance on measurements of academic performance, and (2) clear and convincing evidence, as demonstrated by verified data, which shows that the charter school has either (a) achieved measurable increases in student academic achievement, as defined by at least one year's progress for each year in school, or (b) strong post-secondary outcomes (e.g., college enrollment, persistence, and completion rates equal to similar peers). If a charter school satisfies such criteria, the Board may grant a renewal term of five years;

WHEREAS, the governing board of a school district shall not deny a petition unless it makes written factual findings specific to the particular petition, setting forth specific facts to support one or more of the following findings:

1. The charter school presents an unsound educational program for the students to be enrolled in the charter school.
2. The petitioners are demonstrably unlikely to successfully implement the program set forth in the petition.
3. The petition does not contain the number of signatures required by subdivision (a) of Education Code section 47605. (*The signature requirement is not applicable to a renewal petition.*)
4. The petition does not contain an affirmation of each of the required conditions.
5. The petition does not contain reasonably comprehensive descriptions of all required elements.
6. The petition does not contain a declaration of whether or not the charter school shall be deemed the exclusive public school employer of the employees of the charter school for purposes of the Educational Employment Relations Act.

7. The charter school is demonstrably unlikely to serve the interests of the entire community in which the school is proposing to locate. *(This finding is not applicable to a renewal petition.)*
8. The school district is not positioned to absorb the fiscal impact of the proposed charter school. *(This finding is not applicable to a renewal petition.)*

WHEREAS, the governing board of a school district may deny renewal of a charter school in the middle-performing tier only upon making the following specific written findings:

1. The school has failed to make sufficient progress toward meeting standards that provide a benefit to the school's students; and
2. Closure of the school is in the students' best interests; and
3. The decision provided greater weight to performance on "measurements of academic performance"—the test-based indicators in English-Language Arts and mathematics, the English Learner Progress Indicator, and the Career and College Indicator.

WHEREAS, the Charter School is designated as a "middle-performing" charter school by the California Department of Education;

WHEREAS, the District has reviewed, evaluated, and considered the academic performance data provided by the Charter School as part of its Renewal Petition; and

WHEREAS, in considering the academic performance of the Charter School's students, in addition to information from the Charter School's most recent charter term and the content of the Renewal Petition, the District has determined that the Charter School does not meet the applicable criteria to be eligible for renewal due to certain deficiencies and concerns, as described in the *Staff Renewal Report* published on September 4, 2024, which is attached hereto as **Exhibit C** and incorporated herein by reference, and the findings of fact described below.

NOW, THEREFORE BE IT RESOLVED, that the Board of Education of the Sacramento City Unified School District does resolve, determine, and order the following:

1. The foregoing recitals are hereby adopted as true and correct.
2. The Board has considered the Renewal Petition of the Charter School, including its academics, finances, operations, and other components, in addition to the criteria for renewal set out in the Education Code.
3. The Board has considered the Response to the Notice to Cure, including the proposed corrective action plan to address the identified fiscal and governance concerns.
4. The Board has considered the admissions preferences described in the Renewal Petition.

5. The Board has determined that specific findings of fact support one or more legal grounds to deny the Renewal Petition. These findings include the following:
 - a. [Describe finding of fact and corresponding legal ground for denial.]
 - b. [Describe finding of fact and corresponding legal ground for denial.]
 - c. [Describe finding of fact and corresponding legal ground for denial.]
6. Based on the findings of fact articulated above, the Board hereby denies the Renewal Petition for the Charter School.
7. The Superintendent or her designee is authorized and directed to take such action as may be reasonably necessary to effectuate the purpose and intent of this Resolution.

PASSED AND ADOPTED by the Board of Education on September 19, 2024, at a duly noticed meeting by the following vote:

AYES: _____ NOES: _____ ABSENT: _____ ABSTAIN: _____

Lisa Allen, Superintendent

Lavinia Phillips, Board President



BOARD OF EDUCATION

July 26, 2024

Lavinia Grace Phillips
President
Trustee Area 7

Jasjit Singh
Vice President
Trustee Area 2

Chinua Rhodes
2nd Vice President
Trustee Area 5

Tara Jeane
Trustee Area 1

Christina Pritchett
Trustee Area 3

Jamee Villa
Trustee Area 4

Taylor Kayatta
Trustee Area 6

Justine Chueh-Griffith
Student Board Member

Via U.S. Mail and E-Mail:

Lisa Ruda, Superintendent
Members of the Board of Directors
St. Hope Public Schools
2315 34th Street
Sacramento, CA 95817

Re: Notice of Alleged Fiscal and Governance Violations and Reasonable Opportunity to Cure Pursuant to Education Code section 47607(e)

Dear Superintendent Ruda and Members of the Board of Directors:

This letter serves as the Sacramento City Unified School District's ("District") Notice of Alleged Fiscal and Governance Violations and Reasonable Opportunity to Cure ("Notice") to St. Hope Public Schools ("SHPS"), which operates St. Hope Public School 7 ("PS7") and Sacramento Charter High School ("SCHS"), pursuant to Education Code section 47607(e).

SHPS and the District have been partners in serving the students of Sacramento for over two decades. Though recently that partnership has become strained, it is the sincere hope of all parties involved in sending this Notice, that we can work together to craft a path forward. It is the shared interest of both the District and SHPS to ensure that students are provided opportunities to learn, grow and reach their greatness so that they may graduate with the greatest number of postsecondary choices from the widest array of options. The fiscal management and governance areas discussed in this Notice are both foundational and critical to this goal. Therefore, the District, as the authorizer responsible for the oversight of PS7 and SCHS, must be reasonably assured of the strength of those foundations.

On June 28, 2024, SHPS submitted a petition to renew the PS7 and SCHS charters for a term of five years ("Renewal Petitions"). Section 47607(e) provides that a chartering authority may deny the renewal of a charter school upon a finding that the school is demonstrably unlikely to successfully implement the program set forth in the petition due to substantial fiscal or governance factors after the chartering authority has provided at least 30 days' notice to the charter school of the alleged violation(s) and provided the charter school with a reasonable opportunity to cure the violation(s), including a corrective action plan proposed by the charter school. Given the intertwined nature of the shared operations, leadership and governance of PS7 and SCHS, we have provided this Notice, which is equally applicable to both charter schools, to SHPS.

Pursuant to Education Code section 47607(e), the District shall give SHPS a reasonable period of time to remedy or refute the fiscal and governance violations¹ described in this Notice. The District has determined that the violations identified below need to be remedied, refuted or meaningfully addressed in a plan of action on or before **Monday, August 26, 2024, at 5:00 p.m.**

I. CONTEXT OF NOTICE AND INVESTIGATION

In the spring of the 2023-24 school year, several concerns were raised about SHPS. Some of these concerns arose during the District's annual oversight process, others were shared with the District by California Teacher Association ("CTA") staff representing PS7 and SCHS educators, and others were brought by parents and teachers (former and current) of PS7 and SCHS. The District takes all concerns regarding the charter schools it authorizes seriously; however, at the same time, it recognizes that not all areas of a charter school's operations fall within its purview as an authorizer. As such, the District focused its investigation on the concerns falling within the scope of its oversight responsibilities, as well as those impacting the renewal of PS7's and SCHS's charters.

On May 10, 2024, the District notified SHPS of its intention to perform an investigation of these concerns. To ensure the investigation was implemented as objectively, independently and quickly as possible due to the anticipated submission of PS7's and SCHS's renewal petitions, the District contracted with Christy White Accountancy Corporation ("CW") to review items related to SHPS's governance and fiscal practices. The District's legal counsel, F3 Law, was also tasked to review the governance concerns, as well as other non-fiscal issues spanning the curriculum and instruction, special education, student discipline and chronic absenteeism, declining enrollment, employee complaints and other areas raised as concerns. A summary of the investigations is attached to this Notice.

It is important to note that this Notice pertains only to alleged fiscal and governance violations, including related staffing concerns. All other issues that were raised (and subsequently reviewed or investigated by F3 Law and District staff) shall be addressed, if substantiated, as part of the renewal process or pursuant to the District's oversight and monitoring of PS7 and SCHS during the remainder of their respective charter terms and any renewal terms.

On May 30, 2024, District staff requested a series of documents and other information from SHPS for purposes of the investigation. On June 20, 2024, SHPS provided an initial set of responsive records. SHPS provided additional records and clarification of those records in the subsequent weeks. CW and F3 Law completed their respective reviews on July 17, 2024.

There are two other entities described in this Notice: St. Hope Academy ("SHA") and St. Hope Development Center ("SHDC"). SHA was founded in July 1989 as an after-school program, but SHA now provides back-office services to SHPS. SHDC is described as a community and economic development organization under GuideStar and has the stated mission of fostering "the betterment of the community through real estate development and an increased quality of life through job training and employment opportunities." SHDC contracts with SHPS to provide property management and information technology services.

¹ The term "violation" in this Notice is used in alignment with the statutory language of Education Code section 47607(e).

II. ALLEGED FISCAL/GOVERNANCE VIOLATIONS

This section contains a description of the three areas identified by the District as alleged fiscal/governance violations. To add transparency and clarity, the District has summarized what it believes to be relevant law or charter provisions, the alleged violation with supporting detail, and encouraged corrective options. The District hopes that SHPS will consider this information supportive.

A. Non-GAAP Accounting Practices

Relevant Law/Charter Provisions

Charter schools – just like public school districts – are entrusted with the responsibility of managing public taxpayer funds in a fiscally-responsible and legally-compliant manner. Specifically, charter schools are required to meet generally accepted accounting principles (“GAAP”) and prudently oversee their finances. Failure to do so can result in the non-renewal or revocation of the charter school’s charter. (See Education Code sections 47605(c)(2) and 47607(f)(3).) The District, as the chartering authority, therefore, has an affirmative obligation to monitor the fiscal condition of the charter school to verify, at a minimum, that the charter school is meeting its financial reporting obligations under Education Code sections 47604.33 and 47605(m) and is engaging in GAAP-compliant practices.

Page 65 of PS7’s current charter states unequivocally that “the books and records of the Charter School will be kept in accordance with generally accepted accounting procedures, and as required by applicable law and the audit will employ generally accepted accounting procedures.” PS7 also affirms that it will resolve audit exceptions and deficiencies with its auditor, and “PS7, through SHPS Home Office Staff, will resolve any outstanding issues prior to the completion of the auditor’s final report. SHPS is confident this relationship with the district will be maintained and resolve any audit exceptions and deficiencies, if they so arise, to the satisfaction of the District.”

SCHS includes these same affirmations in its charter under Element I: Financial Audit. (See SCHS Charter, page 78.)

Alleged Violations

The District has significant concerns about SHPS keeping and providing adequate and accurate financial reports. SHPS contracts with SHA for its back-office services, which include budget preparation, fiscal and audit support. The most recent independent financial audits of SHPS reported a material weakness in its financial reporting internal controls for at least two years (i.e., the auditor’s 2021-22 and 2022-23 reported findings). According to the auditor, the books were not kept on a GAAP-compliant basis. The auditor made numerous adjustments, effectively closing the books that should have been closed by SHA. In addition, bank reconciliations were not being performed in a timely manner or properly reviewed, and SHA had difficulty locating records for the auditor, thus creating a need for an extension of the audit report due date. These concerns are reflected on page 12 in CW’s Agreed Upon Procedures Report (“CW Report”), which is enclosed with this Notice.

A material weakness is the most serious of internal control deficiencies. According to CW, it is defined as “a deficiency such that there is a reasonable possibility that a material misstatement of the School’s financial statements will not be prevented, or detected and corrected, on a timely basis.” GAAP accounting is expected of a back-office provider and is an integral part of any basic service.

It appears that SHA was keeping a basic checking account record, but not full financials. In addition, CW identified issues with the timely review of bank statements and locating accounting records. Given these deficiencies, CW concluded that the quality of the accounting and financial reporting services provided by SHA appears inferior to industry norms (See CW Report page 12).

Both the PS7 and SCHS charters affirmatively state that the organizational model of each charter school “represents fiscal conservatism and allocation of resources towards the Charter School’s mission.” (See PS7 Charter, page 46; SCHS Charter, page 59.) The CW Report, however, casts serious doubt on SHPS’s ability to prudently manage the public funds it has been entrusted for the operation of PS7 and SCHS based on its current structure and contract with SHA for back-office services. The failure to follow GAAP procedures, implementation of unsound fiscal practices, and lack of internal controls call into question whether PS7 and SCHS can meet their financial obligations in a sound and legally compliant manner, consistent with the law and their respective charters. The District further questions whether the charter schools’ use of SHA as a back-office service provider, including the employment of a CFO with a probationary status on his accountancy license, is a prudent choice given the deficiencies identified above and in the CW Report. The District expects SHPS to thoughtfully and carefully consider whether SHA possesses the requisite background, knowledge and expertise in education finance to carry out these critically important functions.

In light of these concerns, the District would hope to see PS7 and SCHS develop a corrective action plan that includes specific, measurable and focused actions to address the fiscal irregularities, lack of internal controls and lack of GAAP-compliant procedures based on the concerns articulated in this Notice and the enclosed CW Report. A plan of this nature would engender confidence in SHPS’s ability to successfully implement the charter school programs.

B. Employment of Qualified/Credentialed Educators

Relevant Law/Charter Provisions

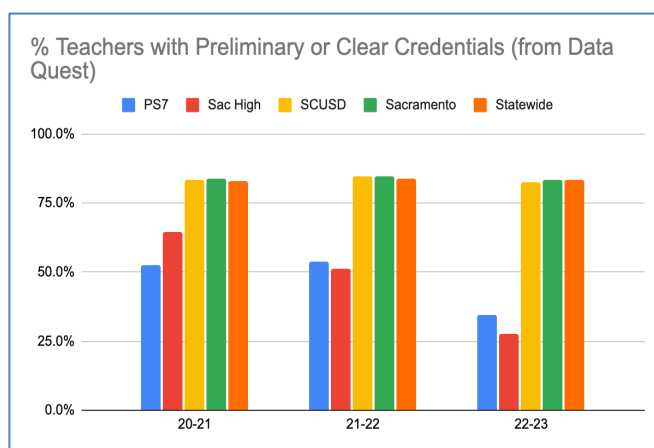
Education Code section 47605(1) provides that “teachers in charter schools shall hold the Commission on Teacher Credentialing certificate, permit, or other document required for the teacher’s certificated assignment” and such documents shall be maintained on file at the charter school. A charter school’s governing board may use local assignment options authorized in statute and regulations for the purpose of legally assigning certificated teachers in the same manner as a governing board of a school district. A charter school “shall have the authority to request an emergency permit or a waiver from the Commission on Teacher Credentialing for individuals in the same manner as a school district.” In addition, by July 1, 2020, all teachers in charter schools shall obtain a certificate of clearance and satisfy the requirements for professional fitness pursuant to Education Code sections 44339, 44340 and 44341.

PS7 makes assurances in its charter that it “shall meet all requirements for employment set forth in applicable provisions of law, including, but not limited to credentials, as necessary.” PS7 further promises to “ensure that teachers in the Charter School hold a Commission on Teacher Credentialing certificate, permit or other document equivalent to that which a teacher in other public schools are required to hold.” (See PS7 Charter, pages 6 and 50.) With respect to the provision of special education and related services, PS7 states that it will utilize experienced and certified special education staff to ensure it meets the unique needs and learning styles of its students, or it “may also provide related services by hiring credentialed or licensed providers through private agencies or independent contractors.” (See PS7 Charter, pages 22 and 37.)

These assurances are also included in SCHS’s charter. (See SCHS Charter, pages 5, 6, 37, 63.)

Alleged Violations

Both charters for PS7 and SCHS, as well as the submitted renewal petitions, include language that SHPS will verify teacher credentials as part of the hiring process, make efforts to minimize the use of emergency credentials through recruitment and retention efforts, and implement credential agreements to ensure staff are working towards the appropriate credential. Despite these assurances, however, both the number and decreasing trend of teachers with a “regular” credential (specifically preliminary and clear credentials) create significant concerns for the District. This is shown in the chart below.



Based on public data (available for school years 2020-23), the percentage of staff at PS7 with “Ineffective” (i.e., sub-permit, Provisional Intern Permit (PIP), Short Term Staff Permit (STSP), or no credential) status was 8.8% in 2020-21, 19.8% in 2021-22 and 48% in 2022-23. At SCHS, those percentages were 6.4% in 2020-21, 14.4% in 2021-22 and 63% in 2022-23. SHPS leadership has been forthcoming in acknowledging that the change of leadership at the start of the 2022-23 school year left the organization with an unprecedented number of vacant positions. This change in leadership may account for the teacher vacancies that school year; however, it does not account for the rates in prior years.

As 2023-24 data is not yet available for public access, District legal counsel reviewed staff lists provided by SHPS against information in the Commission for Teacher Credentialing’s (“CTC”) publicly accessible database. With respect to PS7, only 3 out of 29 teachers listed (10.3%), including special education staff, could be verified as possessing clear teaching credentials. All other teachers held only preliminary or provisional credentials, or sub-permits. In addition, 16 of

the 25 teachers on staff at PS7 (64%) were serving under waivers or permits that expired at the end of June/beginning of July or will expire as of September 1, 2024 – all of which are not renewable. For SCHS, not one of the 19 teachers listed, including special education staff, could be verified on the CTC public lookup as possessing clear teaching credentials (0%). All the listed SCHS teachers held only preliminary, provisional or sub credentials.

There are also discrepancies between the staff lists that SHPS provided for review and the data reported by the state in the California Department of Education’s (“CDE”) DataQuest database. For example, in 2022-23, DataQuest shows PS7 as having 23.1 teaching FTE (i.e., full-time equivalent); however, the credential information provided by SHPS lists 16 teaching staff, and the master schedule suggests at least 26 teaching staff. Also in 2022-23, DataQuest shows SCHS as having 10.0 teaching FTE, while staff lists from SHPS suggest that there were anywhere between 6 and 13 teachers.

For special education, SHPS provided a staff list that identified 15 staff members providing specialized academic instruction (“SAI”) services to students enrolled in both PS7 and SCHS. Based on that review, 2 of those individuals had valid special education teaching credentials, 2 could not be found on the CTC public lookup, 7 had been serving under 30-day emergency sub-permits, and 3 were working under non-renewable STSPs. For those who only possessed a substitute teaching permit, they would have been permitted to substitute teach for no more than 20 days for any one teacher during the school year. Consequently, given these restrictions, it is unclear how PS7 and SCHS were able to appropriately staff their special education classrooms and programs, unless there were additional and unidentified substitute teachers and/or staff who provided instruction at other times during the school year.

While there may be a plausible explanation for these findings, taken collectively, they underscore the District’s concerns regarding whether SHPS can successfully implement the respective programs of PS7 and SCHS with regard to staff qualifications and the accurate reporting of data to the authorizer and state agencies. This is critical to ensure students enrolled in PS7 and SCHS receive a high-quality education as promised in the respective charters, and as mandated by the law. Employing and retaining qualified teaching staff is critical to fostering a sound educational program for students and essential to improving student outcomes.

The District understands that SHPS has recently removed human resource functions from its services agreements with SHA and brought these functions back to SHPS, but it remains unclear as to specifically how this change will resolve these staffing issues. Therefore, the District would hope to see SHPS develop a comprehensive corrective action plan detailing the manner in which it will remedy the staffing, credentialing and vacancy issues above.

C. Potential Conflict(s) of Interest Under Government Code Section 1090 and Political Reform Act of 1974 (Government Code sections 81000 *et seq.*)

Relevant Law/Charter Provisions

The District has concerns regarding SHPS’s governance structure and fiscal practices, which appear to violate conflict of interest rules applicable to charter schools, including Government Code sections 1090 *et seq.* (“Section 1090”) and the Political Reform Act of 1974 (Government Code sections 81000 *et seq.*) (“PRA”).

Education Code sections 47604.1(b)(3) and (4) provide that a charter school and an entity managing a charter school are subject to the requirements of Section 1090 and the PRA. Section 1090 strictly prohibits officers, employees and other members of a local agency from making any contract in their official capacity in which they are financially interested. Importantly, the “making” of a contract is not limited to the technical signing of a contract. Rather, it can also include participation in negotiations, discussions, reasoning or planning regarding the contract. (*Stigall v. City of Taft*, 58 Cal.2d 565, 569 (1962).) Similarly, the PRA prohibits public officials from using their official position to influence decisions in which they have a personal financial interest. This is significantly more broad than Section 1090 because it prohibits not only the “making of a contract” but also *any participation in or influence on any governmental decision*. (See 2 C.C.R. § 18700.)

One of the overarching purposes of the conflict of interest rules is to prevent self-dealing and ensure that every public officer “be guided solely by the public interest, rather than by personal interest when dealing with contracts in an official capacity.” (*Thomson v. Call* (1985) 38 Cal.3d 633, 650; 101 Ops.Cal.Atty.Gen. 92.)

California courts have construed the term “financially interested” broadly and have professed that Section 1090 “cannot be interpreted in a restricted and technical manner.” (See *People v. Honig* (1996) 48 Cal.App.4th 289, 315; *Stigall v. City of Taft* (1962) 58 Cal.2d 565, 569.) Section 1090 is “concerned with *any* interest, other than perhaps a remote or minimal interest, which would prevent public officials from exercising absolute loyalty and undivided allegiance to the entity they serve.” (*Finnegan v. Schrader* (2001) Cal.App.4th 572, 579.) Further, Section 1090 is intended “to remove or limit the possibility of any personal influence, either directly, or indirectly, which might bear on an official’s decision.” (*Stigall*, 58 Cal.2d at 569.) The defining characteristic of a financial interest for Section 1090 is “whether it has the potential to divide an official’s loyalties and compromise the undivided representation of the public interest.” (*Eden Twp. Healthcare Dist. v. Sutter Health* (2011) 202 Cal.App.4th 208, 211.)

Similarly, under the PRA, an official must not have a disqualifying financial interest in an entity. A disqualifying financial interest occurs where the government decision will have a reasonably foreseeable material financial effect on the official or that individual’s family, which is distinguishable from the effect on the public generally. (See 2 C.C.R. §18701.) Whether a decision is material depends on the type of interest involved. For instance, a government decision will have a material effect on a business if the business is explicitly involved in the governmental decision, if the business offers to sell a product or service to the agency, or bids/enters a contract with the agency. (2 C.C.R. §18702.1.) To that end, an official may not make, participate in, or influence a governmental decision in which the official has a disqualifying interest. (2 C.C.R. §18704.) Importantly, this rule does not require a financial benefit directly to the official. Rather, the focus is on whether there is a material financial effect on the entity in which the official has an interest.

Alleged Violation: Financial Interest Among SHPS, SHA, and SHDC / Potential Gift of Public Funds

Though SHPS has maintained that SHPS, SHA and SHDC are independent entities, findings from CW’s and F3 Law’s investigations, in addition to the findings of SHPS’s own audit firm, speak to the fiscal interrelatedness of the three entities. Financial documents were not provided by SHA or SHDC. However, CW located public records which showed that SHPS’s payments to

SHA and SHDC for back office and other services amounted to between 51-66% of combined revenue to these entities between 2019-2023. Based on this information, CW concluded that the level of activity between the organizations could cloud the decisions and diminish transparency and market competition for services (See CW Report, page 9).

As part of its review, CW analyzed the 2023-24 service agreements and the recently approved 2024-25 consultant agreements between SHPS and SHA/SHDC using market data to determine if the costs reflected in these agreements appeared to be above, at, or below industry costs for similar services. CW also reviewed publicly accessible financial records for all three entities dating back to 2019-20. SHPS, however, was not able to provide formulas, time accounting or other documentation supporting how the rates for these services were calculated.

Overall, the total costs charged by SHA and SHDC under the respective service agreements between SHPS and SHA/SHDC have declined in recent years as SHPS has shifted more services in house. However, when considering that the costs for services still represent approximately 60% of combined revenue, this suggests that SHA/SHDC maintain a significant financial reliance on the agreements with SHPS.

In the recently approved 2024-25 consultant agreements for services between SHPS and SHA/SHDC, there are three broad categories of services. Specifically, SHA has contracted to provide back-office financial services to SHS at a cost of \$300,000. Additionally, SHDC has contracted to provide facilities management and information technology at a cost of \$575,000. Neither of these amounts seems unreasonable based on the scope of work delineated in the agreements – assuming such services are provided in a manner consistent with such scope. The third category of services includes community engagement, internships and community service, parent education and management of the student store. These non-back-office services total \$610,000 annually, representing two-thirds of the total back-office costs charged by SHA to SHPS.

As reflected in the CW Report, CW conducted a “What-If” analysis which evaluated the range of costs that back-office providers in the private sector charge, as well as a comparative analysis of the general administrative costs of small similarly sized school districts. Based on that analysis, CW concluded that the total package of fees charged by SHA/SHDC for services appear above market, even up to \$1.1M higher.

During a joint meeting with representatives from CW, SHPS and the District, SHPS Superintendent Ruda stated that there are the additional “community service” type activities that SHA provides to the students and parents of SHPS. However, these services are not included in the Local Control and Accountability Plans (“LCAPs”) for PS7 or SCHS and, therefore, are not directly tied to measurable student outcomes in a transparent way. This is particularly concerning if public funds were used for charitable or other activities not related to a public education purpose. No matter how worthy the cause, such expenditures could constitute an impermissible gift of public funds in violation of Article XVI, Section 6, of the California Constitution.

Lastly, CW found that the overall costs of SHA/SHDC employee salaries, benefits and other expenses seem reasonable when reviewing the Form 990s. Nevertheless, CW recommended that SHA/SHDC use more formula-driven methods to allocate costs between SHPS and SHA/SHDC,

and to justify the service charges and their nexus to PS7's and SCHS's educational programs and student outcomes (See CW Report, page 21).

The fiscal dependence of SHA/SHDC on SHPS raises concerns about the ability of SHPS to make objective and market-based decisions regarding an array of essential services critical to the operation of a charter school. The District will address this point further in the following section.

Alleged Violation: Interrelated Roles Within SHPS, SHA, and SHDC

The analysis completed by CW, as reflected in the CW Report, showed several individuals holding interrelated roles within SHPS, SHA/SHDC. At the start of the 2022-23 school year, Cassandra Jennings became the Board Chair of the SHPS Board of Directors. Mrs. Jennings also holds the role of CEO for both SHA and SHDC. As CEO of SHA/SHDC, Mrs. Jennings signed the service agreements between SHPS and SHA/SHDC, though the minutes of SHPS's Board of Directors reflect that she recused herself from the vote. As Board Chair for SHPS, Mrs. Jennings is responsible for leading the Board through review of financial statements being prepared by the agency and staff she oversees in her role as CEO. Given that SHPS is a significant source of revenue for SHA/SHDC, coupled with the concerns described above regarding SHA/SHDC's failure to follow GAAP, these interrelated roles appear to constitute an impermissible financial conflict of interest.

In addition, Kevin Hiestand appears to be a former or current governing board member of the St. Hope Endowment (a fourth entity). The Law Offices of Fred and Kevin Hiestand is listed as a tenant of the SHA-owned property at 3418 3rd Avenue ("the Huey P. Newton House"). Mr. Hiestand has served as legal counsel to SHPS on some matters, which included investigating staff allegations of other staff providing alcohol to students. While the redacted records of the investigation provided for review suggest a reasonable and thorough investigation of the matter was performed, leading to a determination that the allegations were unfounded, it is a further example of the interrelatedness between and among the multiple SHPS entities.

At the very least, Mrs. Jennings' and Mr. Hiestand's personal financial interests have the potential to create divided loyalties between SHPS and the other SHPS-connected entities that are directly compensated by SHPS for the services they provide. Taken in conjunction with the fiscal reliance of SHA/SHDC on SHPS described above, the potential for conflict of interest is heightened. The district still finds this structure to be concerning and vulnerable to financial abuse by those managing and serving in leadership positions within the various entities.

SHPS has expressed that its current contractual arrangements with SHA and SHDC are beneficial to PS7 and SCHS because of the unique set of services provided by SHA/SHDC to effectuate charter school operations. While acknowledging SHPS autonomy to seek out services to serve students, the District hopes to see SHPS identify specific actions it will take to unwind, clarify or resolve the interrelatedness of the SHPS-connected entities, any financial interests held by officers/board members, and the holding of incompatible offices (e.g., resignation from position or Board role, establishment of time-accounting records for services provided, etc.).

III. OPPORTUNITY TO CURE

As detailed above, the District has serious concerns regarding the governance, fiscal and operational aspects of PS7's and SCHS's charter schools. The District hopes that SHPS will take the issues raised in this Notice seriously and make a concerted and thoughtful effort to address those concerns in a meaningful way. To that end, SHPS shall have a reasonable opportunity to remedy or refute the above-described violations/concerns. Please provide a detailed, written response to the District addressing each of the identified violations/concerns by no later than **Monday, August 26, 2024, at 5:00 p.m.** SHPS is encouraged to enclose a corrective action plan and supporting documentation evidencing any actions it has taken to address and/or to refute the violations. Please submit SHPS's response to the following:

Sacramento City Unified School District
Attn: Lisa Allen, Superintendent
5735 47th Avenue, Sacramento, CA 95824
Superintendent@scusd.edu

After the conclusion of the reasonable opportunity to remedy or refute the violations/concerns, the District will evaluate SHPS's response to the Notice and supporting evidence, if submitted. If SHPS does not successfully correct, establish a viable corrective action plan or otherwise refute the violations/concerns described herein, the District may use this information to support one or more denial findings that SHPS is demonstrably unlikely to successfully implement the program(s) set forth in the PS7 and SCHS Renewal Petitions.

To reiterate, it is the shared interest of both the District and SHPS to ensure that students are provided opportunities to learn, grow and reach their greatness so that they may graduate with the greatest number of postsecondary choices from the widest array of options. Fiscal management and governance, such as the areas described in this Notice, are foundational to this goal. The District is hopeful that this process will result in a collaborative opportunity to restore a strong foundation for serving students.

The District appreciates SHPS's immediate attention to this matter.

Sincerely,



Lisa Allen
Superintendent

cc: Board of Trustees, Sacramento City Unified School District

Enclosed:

- Final AUP Report completed by Christy White Accountancy Corporation and Supporting Documents/Exhibits
- Summary Report of Investigation prepared by SCUSD Staff



Certified Public Accountants serving
K-12 School Districts and Charter
Schools throughout California

July 17, 2024

Sacramento City Unified School District
5735 47th Ave.
Sacramento, CA 95824

Re: Agreed-Upon Procedures over St. Hope Public Schools, on behalf of Sacramento City Unified School District

Christy White, Inc. (CW) has performed the agreed-upon procedures enumerated below for Sacramento City Unified School District (SCUSD). The agreed-upon procedures were to be performed solely to assist you in **reviewing the administrative structure and reasonableness of Back-Office Services (Charter Management) costs charged by St. Hope Academy (SHA) and St. Hope Development Corporation (SHDC) for services provided to St. Hope Public Schools (SHPS)**. SHPS operates two charter schools, St. HOPE Public School 7 and Sacramento Charter High School. SCUSD has sponsoring agency oversight responsibilities for both charters.

The agreed-upon procedures engagement was conducted in accordance with the attestation standards established by the American Institute of Public Accountants and the Association of Certified Fraud Examiners. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

Agreed Upon Procedures (AUP) Results

About the Data: CW requested organizational and accounting records for all St. Hope affiliated organizations (as listed at St. Hope.org website) from Supt. Lisa Ruda of SHPS. We were provided with the requested organization documents for SHPS but not for the back-office and management services of SHA, nor the facilities/procurement and information technology arm that is SHDC. CW was able to find data from publicly available documents, and combined with the data provided by the district was able to complete the AUP analyses that follows.

Publicly available data included the most recently published Form 990 for the 2022-23 fiscal year (and prior years), the California Secretary of State's Office, the California Department of Education, audit reports for SHPS, and the organizations' website.

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Agreed Upon Procedures (AUP) Results, Cont'd

Executive Summary: Based on the agreed-upon procedures performed in this report, below is a summarization of the key results:

1. **AUP#1 Governance, Inter-Related Roles:** There are inter-related roles that individuals hold amongst the four St. Hope organizations, most notable is Cassandra Jennings as the CEO of SHA, SHDC, the St. Hope Endowment and at the same time Board Chair of SHPS. SHA does not have obvious board control over SHPS, but CEO Jennings likely has a role developing the back-office Agreements for Services and chairs the SHPS board. She recused herself on the back-office services agreement vote but signed the contracts. The fact that over 50% of SHA's revenues and 100% of SHDC's revenues (in 2022-23) are from these agreements might create conflicts of interest and lack of marketplace competition for similar services.
2. **AUP#1 Governance, Board Minutes:** There may be an Education Code Section 35145 violation because SHPS had no minutes of meetings posted for the 2023-24 fiscal year (as of July 13, 2024, per SHPS website), and minutes were not included with the posted agenda.
3. **AUP#1 Governance, SHDC's Community Development Mission:** SHDC's mission is "the betterment of the community through real estate development and an increased quality of life through job training and employment opportunities." The mission does not mention charter schools or K-12 education, and over 100% of the SHDC operating expenses in 2022-23 were charged back to SHPS ostensibly for IT services, facilities management and procurement (per the 2023-24 SHDC contract.)
4. **AUP#2 Financial Reporting/Audits:** The most recent independent audit of SHPS reported a material weakness in financial reporting internal controls for at least two years (the auditor's 2022-23 finding and prior year finding). According to the auditor, the books were not kept on a Generally Accepted Accounting Principle (GAAP) compliant basis. The auditor made numerous adjustments, effectively closing the books that should have been closed by SHA. In addition, bank reconciliations were not being done in a timely manner or reviewed, and SHA had difficulty locating records for the auditor, creating a need for an extended audit report due date.

A back-office provider is at its core an accounting and finance operation and to not be able to prepare GAAP compliant financial statements, prepare timely bank reconciliations and locate accounting records is a major deficiency. This is especially true when compounded by the appearance of above market back-office fees found in AUP#4. CW observes that the SHPS could competitively bid out these accounting services to private sector back-office providers with an objective of finding significant cost savings and improved service quality.

5. **AUP#3 Tests of SHPS' Direct Charged Payroll Expenses:** We found two employees paid on warrants for stipend activities and not through payroll. Also, one former employee is now an independent contractor but appears to be doing similar work as done as an employee. These instances could result in a payroll tax issue for the SHPS organization.

Agreed Upon Procedures (AUP) Results, Cont'd

Executive Summary, Cont'd:

6. **AUP#3 Tests of SHPS' Direct Charges Vendor Expenses:** We found two vendors on retainers for services that, in our experience, are not frequently needed and would not warrant a retainer relationship by charter schools. The retainers were:
 - a. One was for a public relations firm for \$5,000 per month or \$60,000 per year.
 - b. The second was a photography and videography firm for \$6,000 per month or \$72,000 per year. This firm then charges \$100 per hour beyond the retainer, so the retainer of \$6,000 a month implies that 60 hours of work is done, on average, per month for 12 months. This is a lot of photography and videography for SHPS with less than 900 students.
7. **AUP#4 Justification of Back-Office and Management Services Charges:** There was no detailed justification provided to CW's request to SHA/SHDC for the \$1.8M in the service agreements charged to SHPS in 2022-23. The service charges are significant to SHA/SHDC's revenue stream. SHA/SHDC has charged varying amounts annually, during the first Covid year of 2019-20 SHPS funded 66% of their total revenue, and today it's 51%. Agreements for the new fiscal year, 2024-25, were just approved and had more details as to what categories of services would be provided and for how much. But the new agreements still lacked specificity on estimated hours of service, how performance would be measured and a "right to audit clause" which would be typical for a major service contract such as this. Also, SHPS did not get quotes for the contracts' sizeable non-fiscal services to test the marketplace cost of the services or assess the educational value.
8. **AUP#4 Market Comparison of Back-office and Management Services Charges:** CW compared market value of back-office service costs to a "What If" analysis for reasonableness, to other charter back-off providers and to small similarly sized school districts. In all analyses, the results showed the above market charges, even as high as \$1M. And SHDC charged SHPS more operational costs (111%) than reported in 2022-23 (per the Form 990), which indicates a lack of formulas to justify the costs and possibly poor inter-agency accounting. It appears that the \$1.8M charged by both SHA and SHDC may be helping to subsidize the non-charter school community development activities of these organizations. In response, Supt. Ruda pointed out these community activities do provide educational content and value.
9. **AUP#4 Nature of Contracted SHA Services:** In the newly executed 2024-25 Consultant Agreements for services between SHA/SHDC and SHPS, there are services being purchased by SHPS such as community engagement, internships and community service, parent education, and management of the student store. These non-back-office services totaled \$610K annually, 2/3rds of the total back-office costs charged by SHA to SHPS. The amounts, for the nature of the services, seem high for SHPS with less than 900 pupils. Demonstration of the past and future delivery on the contracts and the nexus to educational programs and outcomes are key. According to SCUSD's records these community services were not included in the Local Control and Accountability Plans (LCAP) for either of the SHPS charters, and therefore are not tied to measurable student outcomes.

**Agreed-Upon Procedures over St. Hope Public Schools,
on behalf of Sacramento City Unified School District**

Agreed Upon Procedures (AUP) Results, Cont'd

AUP #1: Document the organizational structures and relationships between St. Hope Academy (SHA), St. Hope Development Corporation (SHDC), and St. Hope Public Schools (SHPS).

- a. Obtain organizational documents and recent tax filings for all entities.
- b. Identify corporate officers, board members, and any overlapping roles between entities.
- c. Document the compensation of each entity's corporate officers and board members.
- d. Document the nature and amounts of transactions between the entities.

AUP #1 Results:

There are five affiliated organizations, as shown in the table below. The appendix includes supporting documentation.

Entity	St Hope Public Schools	St. Hope Academy	St. Hope Development Corp.	St. Hope Endowment	Stand Up for Sacramento Schools
EIN	01-0582508	68-0193050	68-0474831	94-3297342	27-1384265
Tax Status	501(c)(3)	501(c)(3)	501(c)(3)	501(c)(3)	501(c)(3)
Date Established	12/19/2001	7/12/1989	3/26/2001	3/26/1998	11/24/2009 (suspended)
Gross Revenues 2022 Form 990	\$ 13,605,349	\$ 2,482,107	\$ 514,629	\$ 104,611	\$ 98

St. Hope Public Schools (SHPS) is a California Nonprofit Public Benefit Corporation that operates two charter schools: St. HOPE Public School 7 and Sacramento Charter High School. Two district-owned facilities are used. The elementary school operates at 5201 Strawberry Lane, Sacramento, CA 95820, and the middle and high schools operate at 2315 34th St., Sacramento, CA 95817.

St. Hope Academy: SHA was founded by Kevin Johnson in July 1989 as an after-school program. The main office is located at 3033 Martin Luther King Jr Blvd, Sacramento, CA 95617. In reviewing the Form 990:

- ✓ SHA provides back-office services like a Charter Management Organization to SHPS. SHPS paid SHA a total of \$1.32M in FY22-23 according to tax-exempt organization Form 990 and the audit report. Back-office service fees account for about 43% of SHA's revenues. (Plus, SHDC received about \$500K in fees from SHPS for property management, IT, and purchasing services – this is 100% of SHDC's revenue.) Total revenue from SHPS for SHA/SHDC was 51%.
- ✓ The balance of SHA revenues is comprised of rents from business-leased properties, inventory sales, grants, contributions, and gifts. Management, community development, maintenance, and event planning activities (for example) for SHA's operations are likely to require significant staffing resources and volunteer coordination.
- ✓ SHA had a \$685,238 due from related parties' assets on its books as of June 30, 2023. However, there was no corresponding due to related parties' liability on either SHPS or SHDC's Form 990. Without more detail and inability to verify, the amount on SHA's Form 990 could be mischaracterized or not properly recorded on the related entity.

**Agreed-Upon Procedures over St. Hope Public Schools,
on behalf of Sacramento City Unified School District**

Agreed Upon Procedures (AUP) Results, Cont'd

AUP #1 Results, Cont'd

St. Hope Academy, cont'd:

Total wages of \$1,052,864 were reported by SHA on the 2021-22 Form 990, in which \$847,947 was for compensation of officers and directors and \$205,023 listed as "other salary." In 2022-23, key salaries were reduced to \$448K and all other salaries increased to \$503K. No board members reported receiving compensation.

The table below shows the key executive salaries reported for each year by name and position. SHA is charging back-office services amounting to \$1.3M according to Form 990, which would presumably include covering costs of certain salaries. The back-office fees cover 58% of SHA's total expenses of \$2.3M. Under AUP#4, CW analyzed further whether the allocation of cost is reasonable for the services provided to SHPS.

Reported Compensation of Key Executives in Fiscal Years 2021-22 and 2022-23

Names	Positions	SHA Salaries Reported on Form 990 in 2021-22	SHA Salaries Reported on Form 990 in 2022-23	Comments
Jacob Mossawir	CEO	\$ 324,908	\$ -	Mossawir stepped down in 2021-22, pay in 2021-22 was \$237,600 and in 2020 about \$250,000
Cassandra Jennings	CEO	90,107	191,074	21-22 was partial year moved from CPO to COO
Adrianne Hall	CPO/COO	124,442	139,718	position
Riley Hyeck	COO	109,429	-	position may have been eliminated
Theodore Reitermain	CFO	88,561	117,331	
Tiffany Fraizer	Recruitment (Independent Contractor)	110,500	none listed	activity maybe expensed under SHPS or under \$100K and not reportable
Total Key Executive Salaries		\$ 847,947	\$ 448,123	
Other Salaries		205,023	503,419	
Total Salaries (exc. Benefits and Payroll Taxes)		\$ 1,052,970	\$ 951,542	

Agreed Upon Procedures (AUP) Results, Cont'd

AUP #1 Results, Cont'd:

From the SHA website, there are six real property locations in addition to the main office and excluding the charter school facilities:

- ✓ **"40 Acres"** in Oak Park on Broadway and 35th St., Sacramento. Underground Books and The Guild Theater operate on the property, which offers special events and speaker series for the benefit of the Oak Park neighborhood. Year-round events appear to be held at the complex, which celebrates students, hosts teachers, provides block parties, hosts film festivals, and invites notable speakers.
 - Tenant space is leased out and is the home to Fixins Soul Kitchen, World Class Faders, and The Upper Rooms. (Note: SHDC is an investor in Fixins Restaurants.)
 - The bookstore appears to have had net sales of \$535K in 2022-23. The theater reported no income in 20-21 but may have resumed operations post-Covid.
- ✓ A separate property at 3418 3rd Ave., Sacramento, the **Huey P. Newton House** is leased out to tenants as office space to the Law Offices of Fred Hiestand and Kevin Hiestand, former and current board members, and Munay Accounting.
- ✓ SHA also operates the **St. Hope Business Complex** at 3428 Alhambra Blvd in Oak Park and rent space to the Asian Chamber of Commerce, City Year, and the Urban League.
- ✓ The **St. Hope Education Complex** was purchased by the SHDC and renovated. Teach for America and College Track occupy this building.
- ✓ **The Oak Park Victorian** was renovated by SHDC and is leased out. It is located at 3734 Broadway, Sacramento, CA.
- ✓ **The St. Hope Academy Building**, the original after-school center, is now occupied by the Triumph Center for Early Childhood Education. Located at 4104 MLK Jr. Blvd., Sacramento, CA.

Rents reported on the leased properties on the 22-23 Form 990 were \$259,177. This amount appears low compared to the number of properties seemingly leased to outside organizations but there is no data to support the collections, as the general ledger was not provided to CW, when requested.

Agreed Upon Procedures (AUP) Results, Cont'd

AUP #1 Results, Cont'd:

St. Hope Development Corporation (SHDC) is listed as a community and economic development organization under GuideStar. Its mission is "the betterment of the community through real estate development and an increased quality of life through job training and employment opportunities." **\$490K of its revenue (it appears nearly 100%) comes from SHPS charters, but charter schools are not mentioned as part of its mission.**

SHDC lists in 22-23 an \$8.9M building and land asset (with related accumulated depreciation of \$2.4M). There is a \$3.8M mortgage and \$5M in other liabilities described as federal income taxes. This could be New Market Credits, a loan forgiveness program and possibly related to the opening of a new business and education complex in 2018.

As of June 30, 2022, net assets were negative \$1.3M. There is an asset for "Fixins Investment" of \$300,300 plus "Tenant Incentives" of \$127,435. Fixins Sacramento is the founder Kevin Johnson's owned LLC, which operates soul food kitchen restaurants. There is also an outstanding loan of \$1.6M to Kevin Johnson, described as capital.

SHPS pays SHDC about \$500K annually for property management, procurement, and IT services; there is no other reported income source. In SHA, \$253,000 in rent was reported. CW knows from SHA's website that six properties plus the headquarters are operated in the community development area and are unrelated to the charter school properties. To charge all SHDC operating costs (ex. depreciation), to SHPS does not make sense. Some, perhaps even the majority, of the costs would be attributable to the community properties, many of which are under lease from tenants. (Note: no current financials were provided to CW for either SHA or SHDC, and the Form 990's were publicly available and used for this analysis.)

CW noticed in the 23-24 budget for SHPS that IT Services are budgeted as a separate line item for each school, which totals \$100K. SHPS said that their line-item was for specific infrastructure separate from SHDC IT services.

Governance Structure: The table on the following page has the most currently available list of key administrators and board members for each organization and identification of the inter-related organization roles.

Note on Data: The St. Hope website data does not provide board officer information but the Form 990s do provide information. St. Hope Endowment's information is from the filed Form 990 and the SHA website does not mention the endowment board.

**Agreed-Up Procedures over St. Hope Public Schools,
on behalf of Sacramento City Unified School District**

Agreed Upon Procedures (AUP) Results, Cont'd

AUP #1 Results, Cont'd

Governance Structure:

Current Key Administrators and Board Members	Title	Related Organization Roles
St. Hope Public Schools		
Lisa Ruda	Chief of Schools	
Elisha Ferguson	Director of Operations	
Cassandra Jennings	Board Chair	CEO SHA and SHDC, Board Chair SHPS
Janet Rice	Vice-Chairperson	
Dr. Stephanie Walton	Board Secretary	
Carolyn Veal-Hunter	Board Member	
Ronald West	Board Member	
Angelia Dickens	Board Member	
Dr. Ron Tom	Board Member	
Gladys Mitchell	Board Member	
Kathy McKim	Board Member	
St Hope Academy		
Cassandra Jennings	CEO	
Adrianne Hall	COO	On the board of SHDC
David Chavez	CFO	
Milutin Backovich	Board President	
Denise Merano	Board Secretary	
F. Frederick Brown	Board Member	
Jake Mossawir	Board Member	Former CEO SHA
Deborah C. Jackson	Board Member	
St. Hope Development Company		
Cassandra Jennings	CEO	
Sam Reed	Properties Manager	
Vijay Pegany	Director of IT	
F. Frederick Brown	Board President	
Brian Williams	Board - role not disclosed	
Jake Mossawir	Board - role not disclosed	Former CEO SHA
Adrianne Hall	Board - role not disclosed	COO of SHA
Stand up for Sacramento (suspended by SOS office)		
Adrianne Hall	Director	COO of SHA, Board SHDC
St. Hope Endowment		
Cassandra Jennings	CEO	CEO SHA, SHDC and SHPS Board Chair
Adrianne Hall	Secretary	COO of SHA, Board SHDC, Board/Director Stand Up
Fred Hiestand	Board President	(father of board member Kevin Hiestand, now deceased)
Kevin Hiestand	Board Member	Law office tenant of SHDC
Patricia Burke	Board Member	

Agreed Upon Procedures (AUP) Results, Cont'd

AUP #1 Results, Cont'd

Governance Structure, Cont'd:

In review of the governance, CW observed that:

- ✓ **Relationships Between the Entities:** Whether the entities are related depends on many factors and there could be differing standards and opinions. The Form 990's, Schedule R for SHA and SHDC do not list SHPS as a related entity, but the SHPS audited financial statements do. In one instance, Schedule R, there is no board control but in the other, GAAP financial statements, there are significant business transactions between SHA and SHDC to warrant related party disclosure. To elaborate:
 - SHPS's payments for back-office and other services to both SHA and SHDC amounted to 51% of combined revenue in 2022-23. And the CEO Cassandra Jennings is board chair of SHPS and CEO of SHA and SHDC.
 - * Note: SHDC lists \$514K in "rents" as the sole source of revenue and the agreement for services provided to SHPS is \$490,629. If the \$490K is not included in the "rent" number on Form 990, then it must be recorded under Contributions on SHA's books. Either way, the amounts are collected and significant to SHA/SHDC.
 - **While there might not be "legal" control, the level of activity between the organizations can cloud educational and financial decisions, diminish public transparency and market competition for services.**
 - In addition, on SHA's website they List "Our Schools" on the front page with descriptions and links to SHPS. From an outsiders' perspective, there is one central entity.
- ✓ **Posting of Board Minutes:** No board minutes for the 2023-24 fiscal year have been posted to SHPS' website as of June 12, 2024, only board agendas. While there might not be a Brown Act violation, ED Code Section 35145(a) below requires that minutes be taken and made available to the public. CW also noticed that SHPS only calendared three board meetings in 2023-24. By comparison there were 6 regular and 1 special board meeting in the 2022-23 fiscal year.
 - Education Code Section 35145
 - a) All meetings of the governing board of any school district shall be open to the public and shall be conducted in accordance with Chapter 9 (commencing with Section 54950) of Division 2 of Title 5 of the Government Code. All actions authorized or required by law of the governing board shall be taken at the meetings and shall be subject to the following requirements:
 - b) Minutes shall be taken at all of those meetings, recording all actions taken by the governing board. The minutes are public records and shall be available to the public.
 - c) An agenda shall be posted by the governing board, or its designee, in accordance with the requirements of Section 54954.2 of the Government Code. Any interested person may commence an action by mandamus or injunction pursuant to Section 54960.1 of the Government Code for the purpose of obtaining a judicial determination that any action taken by the governing board in violation of this subdivision or Section 35144 is null and void.
- ✓ **Turnover in Board Seats:** There has been a majority turnover in the SHPS board seats between the 2021-22 Form 990 reports and 2022-23, seven of the nine members. Cassandra Jennings the CEO of SHA and SHCD was added with the new members and became Chair in Year 1 of being on the board.

**Agreed-Upon Procedures over St. Hope Public Schools,
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Agreed Upon Procedures (AUP) Results, Cont'd

AUP #1 Results, Cont'd:

Administrative Structure: The following administrative positions are on the website for all organizations. CW indicated the assumed role (in whole or part) that such a position would play within SHPS.

Key Executives	Titles	Website Assignment	Assumed Role with SHPS*
Cassandra Jennings	Chief Executive Officer	SHA	Governance None Likely: Manages Economic Development and the theater/bookstore operations
Adrianne Hall	Chief Operations Officer	SHA	HR services
Johanna Harris	Human Resources	SHA	IT support
Vijay Pegany	IT Director	SHDC	IT support
Raul Barrios	IT Manager	SHDC	Facilities Support
Sam Reed	Properties Manager	SHDC	Back-office Accounting
Dru Burks	Guild Manager/Esther's Park Manager	SHA/SHDC	Back-office Accounting
Ricardo Alcauter-Perez	Accounting Specialist	SHA/SHDC	Back-office Accounting
David Chavez	Chief Financial Officer	SHA/SHDC	Back-office Accounting
Lakhvir Singh	Senior Accountant Financial Statements and Audits	SHA/SHDC	Back-office Accounting None Likely: Community Events
Brandy Dean	Special Projects Coordinator	SHA/SHDC	School Administrator
Lisa Ruda	Chief of Schools	SHPS	School Administrator
Elisha Parsons	Director of Operations	SHPS	School Administrator
Christina Williams-James	High School Site Lead	SHPS	School Administrator
Kristen Meyer	Middle School Site Lead	SHPS	School Administrator
Lesley Ezero	Elementary Site Lead	SHPS	School Administrator
Sarah Trapp	Special Education Director	SHPS	School Administrator
Sheeana Cahill	Elementary Instructional Coach	SHPS	School Administrator
Ken Powell	Dean of Students	SHPS	School Administrator
Jade Locke	Exec. Asst. and Special Projects Coordinator	SHPS	School Administrator

Source: SHA website

Agreed Upon Procedures (AUP) Results, Cont'd

AUP #1 Results, Cont'd:

Significant inter-related roles include:

- Cassandra Jennings, the current SHA and SHDC CEO (replacing J. Mossawir) is also the Board Chair of SHPS charters.
- Jake Mossawir (also known as Jacob Mossawir) is the former CEO of SHA and SHDC and now is on their board of directors. He was also listed as CEO of St. Hope Endowment when he was CEO of SHA.
- Adrienne Hall has multiple roles as Chief Operating Officer of SHA, and a board member of SHDC, the SH Endowment and Stand-up Sacramento (now listed as suspended by the Secretary of State's office).

SHPS bylaws are included in the exhibits. No other corporate documentation was provided for this study by SHPS, SHA or SPDC.

Agreed Upon Procedures (AUP) Results, Cont'd

AUP #2: Obtain the administrative services agreement between SHA and SHDC, the prior independent auditor's report and the backup general ledger detail of costs charged to the SHPS charters for general and administrative costs.

AUP #2 Results: SHPS provided a general ledger detail, but not SHA and SHDC. Testing of expenses is done in AUP#3. An administrative Statement of Work agreement between SHPS and SHA and SHDC was provided and the independent auditors' report. Copies are included in the attachment and are summarized here:

Service Agreements between SHPS and SHA and SHDC: The 2023-24 SHA/SHPS agreement calls for SHA to provide budget, fiscal, audit support, governance support, HR services, grant reporting, community relations and limited food service contract support. The agreement for SHDC is for facilities management, procurement and information technology services. See AUP#4 for additional work performed.

At the June 22, 2023, SHPS board meeting, the board chairperson Cassandra Jennings (who is also the SHA and SHDC CEO) had signed the statement of work contracts between SHA and SHDC and SHPS. Jennings did abstain from the vote that approved the contracts.

Independent Auditors' Report: CW was provided with the 2022-23 audit report of SHPS, dated March 4, 2024. No audit reports were provided for the SHA/SHDC organizations.

- ✓ The auditor had a **material weakness audit finding** for at least the last two audit years (2021-22 and 2022-23), stating that the books were not being kept on a Generally Accepted Accounting Principles (GAAP) basis, revenue was not recognized on a GAAP basis and bank statements were not reconciled timely with proper review.
- ✓ A material weakness is the most serious of internal control deficiencies. It is defined as "a deficiency such that there is a reasonable possibility that a material misstatement of the School's financial statements will not be prevented, or detected and corrected, on a timely basis." From our experience as auditors, material internal control weaknesses increase the risk of fraud, as well.
- ✓ The auditor made numerous audit adjustments that were needed to create full-accrual GAAP-compliant financial statements. The number of audit adjustments is exceptionally high, based on our experience as auditors.
- ✓ The audit release due date was extended beyond Dec. 15, 2023, due to complications in completing the audit. The Interim SHA CFO Sandra Moorman said in the extension request: "We are requesting additional time to locate specific documents..." CW notes that this was an audit of the recently closed fiscal year; all accounting records should have been organized and available for audit.

GAAP accounting is expected of a back-office provider and part of any basic service. It appears that SHA was keeping a basic checking account record but not full financials. And there were issues with timely review of bank statements and locating accounting records. Given this, **the quality of the accounting and financial reporting services provided by SHA appears inferior to industry norms, plus SHPS paid premium rates** (see AUP#4).

Agreed Upon Procedures (AUP) Results, Cont'd

AUP #3: Through sampling, obtain reasonable assurance that the administrative services costs are supported by documentation and reasonable internal controls exist, testing:

- a) Schedules for the cost of services are based on actual monthly postings charged to SHPS.
- b) Non-personnel charges are supported by actual invoices, purchase orders, and shipping documentation, as applicable.
- c) Personnel charges are supported by employment records and payroll records.
- d) Use of independent contractors is documented by approved contracts and tax documentation, and the fees appear reasonable within the charter school industry.

AUP #3 Results: SHPS is invoiced for back-office services according to the agreements described in AUP#2. CW asked for any formulas, time accounting or other reasonable and documented basis for the back-office services fees and was not provided with any justification to support the charges.

- ✓ **SHA and SHDC are not independent of SHPS in any practical way** since a majority of each organization's revenues come from SHPS and there are long-standing interorganizational relationships. To justify the back-office services fees charged, provide public transparency and accountability, and be efficient with educational dollars, it would be best practice that justification be done to establish the necessity and reasonableness of fees to be charged to SHPS each fiscal year.

Testing of SHPS Expenses: CW pulled payment check disbursement samples (two months selected to test) and requested the invoice and contracts for the following checks. We were looking to see if payments were supported by invoices, purchase orders and contracts where applicable.

- ✓ KP Public Affairs \$5,000 paid 2/7/24
- ✓ James Scheible, \$28,000 paid 8/8/23
- ✓ Nicole Michalik, paid \$7,220 2/1/24
- ✓ Nicole Michalik, paid \$9,722.50 8/2/24
- ✓ Kevin Hiestand, paid \$4,000 8/2/24
- ✓ Bains, Kirandeep, paid \$3,165.42 8/2/24
- ✓ Arrows Digital Media, paid \$6,000 8/2/23
- ✓ Fantasia Hilliard, paid \$925 8/2/23
- ✓ Renaissance Learning, paid \$6,000 8/2/23
- ✓ Lisa Ruda, paid \$1,602.1 8/25/23
- ✓ Tessa Kelly, Paid \$2,478.49 8/15/23
- ✓ James Smith, paid \$2,720 2/1/24
- ✓ Jordan Graves, paid \$4,000 2/7/24
- ✓ Nnamdi LeBlanc, paid \$3,000 2/7/24
- ✓ Champs 4 Life, paid \$30,000 2/12/24

Expense testing results: The SHPS was able to provide the invoices and contracts. But some of the services might be atypical for a charter school with under 900 students. For example, public affairs monthly retainer of \$5,000 or \$60K annually. A digital media company hired at \$6,000 per month, also on retainer for \$72K annually. And SHPS contracted out for after-school programs to Champs 4 Life for \$286K for 131 days of operation, or \$2,183 per day. While it is common for charter schools to contract out for after-school programs, the costs appear high for the size of the SHPS charters.

Agreed Upon Procedures (AUP) Results, Cont'd

AUP #3 Results, Cont'd:

Expense testing results, cont'd:

Employee vs Independent Contractor Concerns: We found a few examples in our sample tests where either former employees or current employees were paid as independent contractors instead of employees. SHPS might be out of compliance and at risk for payroll tax and penalty assessments by the IRS or State Franchise Tax Board. For example:

- ✓ Vendor Nicole Michalik is a former employee, the Chief Operating Officer of SHPS, leaving in 2014 to become an independent consultant and was paid for services at about .5 of a would-be FTE position in 23-24, based on the two months tested. Ms. Michalik's former job at SHPS mirrors her current business, and yet she was made an independent contractor. And its not evident that she offers services to other organizations.
- ✓ We noted in our test of accounts payable checks that Jordan Graves and Nnamdi LeBlanc are employees of SHPS and were paid stipends of \$4,000 and \$3,000 each in Feb. 2024 through a commercial warrant and not payroll.

All payments to employees should run through payroll and not accounts payable. And careful consideration of the IRS rules on employee vs independent contractor should be considered by the organization.

Payroll Review: CW reviewed two payroll registers for the months of Aug. 2023 and Feb. 2024. Nothing stood out as unusual in total monthly pay. The pay seemed reasonable for the following individuals selected and their position with SHPS:

- ✓ Lisa Ruda, monthly salary \$10,000 – Supt.
- ✓ Betty Jo Anzaldua, monthly salary \$2,558.73 – Special Education
- ✓ Sydney Burgess, monthly salary \$3,125 – Exec. Assistant
- ✓ William Davis, monthly salary \$2,400 – HS Administrator
- ✓ Jordan Graves, monthly salary \$3,140 – Substitute

Agreed Upon Procedures (AUP) Results, Cont'd

AUP #4: Using market data, determine whether SHPS's costs of services reflected in the administrative services agreement, and billed to SHPS, appear to be above, at, or below average industry costs for similar services provided within the charter school industry.

AUP #4 Results: Total expenses SHA reported on Form 990 for fiscal year 22-23 was \$2,296,614, and the total expenses for SHDC, excluding depreciation, was \$443,631. The table below compares these expenses to the back-office services and SHDC costs charged to SHPS (source: 22-23 audit report). SHA allocated 58% of expenses, and SHDC charged 111%, in other words, more costs than incurred to SHPS. Note that SHA and SHDC also own and lease office space in a number of properties, organizes community events, operates a bookstore and theater, and offers speaker series. As such, there would be significant non-charter costs associated with these operations.

Percentage of SHA and SHDC Expenses Allocated to SHPS

Description of Expenses	2022-23 Costs Allocated to SHPS (source: Audit Report, Footnote 10)	Total SHA and SHDC Expenses, exc. Depreciation (Source: Forms 990)	% of Expenses Allocated to SHPS
SHA: CMO Fees - financial, business, HR and board support	\$ 1,321,104	\$ 2,296,614	58%
SHDC - IT, facilities, procurement and property management	490,629	\$ 443,631	111%
	\$ 1,811,733	\$ 2,740,245	

Below is a prior trend schedule of charges by SHA/SHDC to SHPS. Note that the fees were higher in the early years as compared to 2022-23. At the same time, SHPS enrollment has declined by about 11% over this same period.

Trend in the Percentage of SHA/SHDC's Revenues and Expenses Charge to SHPS

	2019-20	2020-21	2021-22	2022-23
Total Fees Charged to SHPS	\$ 2,329,776	\$ 2,329,776	\$ 1,811,733	\$ 1,811,733
Total SHA and SHDC Revenues	\$ 3,539,663	\$ 4,165,769	\$ 2,996,736	\$ 3,558,335
Fees as a % of Revenues	66%	56%	60%	51%
Total SHA and SHDC Expenses	\$ 4,020,101	\$ 3,915,932	\$ 3,104,866	\$ 2,999,510
Fees as a % of Expenses	58%	59%	58%	60%

Agreed Upon Procedures (AUP) Results, Cont'd

AUP #4 Results, Cont'd:

Agreement for Services Contracts with SHA/SHDC and SHPS

For the 2023-24 year, CW was provided with the 2023-24 agreements which listed services to be provided and a grand total of costs. CW was not provided with SHA/SHDC financials nor any justification for the total cost amounts. For example, what positions were included, how much of their time was spent on the charter schools as opposed to community activities, and how the cost broke down by service area. While this might not be expected of an arms-length vendor, SHPS did not shop the prices for reasonableness and the relationship between the organizations does not appear at arms-length. Specifically, because all organizations are operated publicly under the St.Hope.org website, the inter-related roles and the significance of the SHPS revenues to SHA and SHDC's budgets.

For the 2024-25 year, SHA/SHDC and SHPS just approved new agreements for services, included in the attachments, that are more detailed than previous contracts. In a meeting with Lisa Ruda, Supt. of SHPS, they shopped for the first time at other back-office providers to obtain comparable fees. But the fiscal portion of the agreement is only 1/3rd of the total SHA services to be paid.

In the newly executed 2024-25 Consultant Agreements for services between SHA/SHDC and SHPS, there are services being purchased by SHPS such as community engagement, internships and community service, parent education, and management of the student store. These non-back-office services totaled \$610K annually, 2/3rds of the total back-office costs charged by SHA to SHPS. While these types of costs might be spent by other charter schools, the amounts seem high for SHPS with less than 900 pupils. Demonstrating good delivery results on the contracts, the nexus to educational programs and educational outcomes would be a good practice for the SHPS.

The What If To help evaluate what is reasonable for back-office services and maintenance/procurement/IT costs billed by SHA and SHDC, CW did a "what if" based on positions within the SHA/SHDC organizations and looked at other charters and small school districts for their costs of similar services.

On the next page, CW uses broad assumptions based on available data, CW's industry expertise and researching the nature of the SHA and SHDC work.

In the 2024-25 service agreements, there were amounts charged for "community activities" that are described as having an educational benefit to students and parents. The market and educational values of these relationships were not evaluated nor included by CW in the analysis. These added services could be educational priorities which justify associated costs but, in our experience, these are not typical costs of charter schools.

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Agreed Upon Procedures (AUP) Results, Cont'd

AUP #4 Results, Cont'd:

"What If" Allocation of SHA Back-Office Costs with SHPS

Expenditure Description	SHA Expenses Reported on Form 990 in 2022-23	SHPS Allocation %	Dollars Allocated	SHA Allocation %	Dollars Allocated	Assumptions & Comments
Key Executives (22-23 Form 990)						
Cassandra Jennings, CEO	191,074	20%	38,215	80%	152,859	SHPS has a Supt. and site level administrators Manages the economic development, theater and book store
Adrienne Hall, CPO	139,718	10%	13,972	90%	125,746	
Theodore Reitermain, CFO	117,331	70%	82,132	30%	35,199	more time on SHPS
Total Key Executive Salaries	\$ 448,123		\$ 134,318		\$ 313,805	
Other Salaries	\$ 503,419	60%	302,051	40%	201,368	split between back-office accountants, HR and community projects
Benefits	74,972	50%	37,486	50%	37,486	
Payroll tax	72,665	50%	36,333	50%	36,333	
Grants assistance	6,704	0%	-	100%	6,704	SHA has grant income
Legal	1,228	0%	-	100%	1,228	SHA legal
Accounting	36,544	50%	18,272	50%	18,272	not defined
Investment management fees	3,513	0%	-	100%	3,513	SHA costs
Other	385,790	0%	-	100%	385,790	not defined - SHA assumed separate direct charged
Advertising and promotion	113,744	0%	-	100%	113,744	SHPS
Occupancy	197,714	0%	-	100%	197,714	not defined
Travel	32,711	20%	6,542	80%	26,169	mostly SHA
Interest	51,703	0%	-	100%	51,703	SHA home office
Depreciation	120,961	0%	-	100%	120,961	SHA home office
Insurance	46,799	0%	-	100%	46,799	This is a direct charge cost category to SHPS
Books and Supplies	90,515	30%	27,155	70%	63,361	mostly SHA
Misc. Expenses	47,709	0%	-	100%	47,709	not defined
Communications	21,158	0%	-	100%	21,158	SHPS
Other Service Fees	13,531	0%	-	100%	13,531	not defined - SHA
All Other	27,111	0%	-	100%	27,111	not defined - SHA
Total Reported Expenditures	\$ 2,296,614		\$ 562,157		\$ 1,734,457	
Total "What If" Allocation to SHPS			\$ 562,157			
Back-Office Costs Charged			1,297,104			
Excess Charges over What If			\$ 734,947			

**Agreed-Upon Procedures over St. Hope Public Schools,
on behalf of Sacramento City Unified School District**

Agreed Upon Procedures (AUP) Results, Cont'd

AUP #4 Results, Cont'd:

"What If" Allocation of SHDC Costs with SHPS

Name	SHDC Expenses Reported on Form 990 in 2022-23	SHPS Allocation %	Dollars Allocated	SHA Allocation %	Dollars Allocated	Comments
Other Salaries (IT and Facilities Management)	\$ 338,616	50%	\$ 169,308.00	50%	\$ 169,308.00	SHA has community properties to manage, and an assumed role in school properties (IT services direct charged to SHPS)
Benefits	48,820	50%	24,410	50%	24,410	
Payroll tax	25,013	50%	12,507	50%	12,507	
Accounting	163	0%	-	100%	163	
Office Expense	80	50%	40	50%	40	
Insurance	26,687	0%	-	100%	26,687	separate direct charge SHPS
Janitorial	4,060	0%	-	100%	4,060	separate direct charge SHPS
Payroll Fees	154	50%	77	50%	77	
Travel	38	50%	-	100%	38	
Depreciation	259,265	0%	-	100%	259,265	non-charter properties
	<u>\$ 702,896</u>		<u>\$ 206,342</u>		<u>\$ 496,555</u>	
Total "What If" Allocation to SHPS			\$ 206,342			
Development Corp. Costs Charged			514,629			
Excess Charges over What If			\$ 308,288			

What If Key Assumptions: Most salary costs in SHA and SHDC organizations are for management-level positions. The salaries do not look unreasonable for the type of position. But the charter school sites have their own Superintendent and educational leaders.

SHA provides back-office services primarily in finance, budget, accounting and HR. As SHPS has a Superintendent and site-level administrators there would be less governance and management time spent by SHA on the charter proportionate to time spent on community development activities. SHPS is directly charged for items like insurance, maintenance, advertising, information technology, communications, space rental/lease expense, utilities, operations and custodians, travel and conferences and dues/memberships. None of SHA's costs in these categories would be a part of back-office services.

For SHDC, CW allowed for procurement services, IT services and facilities planning. But SHDC charges 100% of their operating costs to SHPS. It would be reasonable that at a minimum 50% of their time is spent on community development which is in their mission statement.

The What If is an estimation as no formulas or time accountings were provided to CW to support the back-office and SHDC charges. But even with the estimation it appears that excess charges are being charged against SHPS, especially when evaluated with the following additional analyses on known back-office provider fees and comparisons to a small school district, analyzed later in this report.

Agreed Upon Procedures (AUP) Results, Cont'd

AUP #4 Results, Cont'd:

What-If Results: CW found about \$735K in back-office excess charges and \$308K in development corporation charges, for a total of \$1.1M. But there could be community activities that benefit the students outside of the regular classroom and are being charged by SHA/SHDC. These have been described in the new 2024-25 services agreements.

At the same time, the individual salaries, benefits and other expenses in all the St. Hope corporations do not look unreasonable. One conclusion might be that SHPS is subsidizing the community development project costs with the higher-than-expected back-office and development corp. service fees.

Had SHA and SHDC kept contemporaneous time records on the proportional cost spent between the organizations, they would be able to justify the allocated costs to SHPS.

Comparisons to Other Back-Office Providers

CW compared the management fees (excluding facilities, purchasing and IT) to other back-office providers. SHPS is spending between \$1M and \$647K over back-office provider. And this does not include the SHDC charges for IT, purchasing and facilities management. The difference is being attributed to community activities that benefit students and parents, as delineated in the newly approved 2024-25 service agreements.

Comparison of Fiscal Services Costs to Back-Office Providers

SHPS Cost of Shared Fiscal Services (per 22-23 audit)	\$	1,321,104
Total Revenues SHPS	\$	16,855,571
Percentage of Revenues		7.8%
Range of Costs for Fiscal Services		1.5-4% of revenues
4% of SHPS Revenues	\$	674,223
3% of SHPS Revenues	\$	505,667
2% of SHPS Revenues	\$	337,111
1.5% of SHPS Revenues	\$	252,834

**Agreed-Upon Procedures over St. Hope Public Schools,
on behalf of Sacramento City Unified School District**

Agreed Upon Procedures (AUP) Results, Cont'd

AUP #4 Results, Cont'd:

Comparisons of SHPS to a Small Like-Size School District*

In the comparison below to similar size small school districts on functional expenses, SHPS is spending \$563K more on general administrative services, compared to the average similar sized school district. And this excess is conservatively small since there are direct charges for clerical staff in SHPS's budget and additional SHDC costs charged for some IT and purchasing. It is of interest that the fiscal amounts for the two reporting school districts were about 1.5% of average revenues (on the low but reasonable range that back-office providers charge, see prior page).

* Note: comparisons to charter schools are not available due to the lack of detailed reporting to the State. But a small school district operates like a charter school.

* Comparative Schools	Enrollment	ADA	General Fund Revenues	General Admin** (7200)	Fiscal Only, if Reported Separately
Modoc JUSD	889	750	\$ 16,848,582	\$ 756,288	
Upper Lake USD	1,056	822	21,697,566	1,099,398	
Lassen HSD	922	780	14,737,397	726,823	154,845
Sutter HSD	832	744	12,851,931	497,824	
Santa Ynez HSD	881	805	17,899,039	709,558	338,311
Averages	916	780	\$ 16,806,903.0	\$ 757,978	\$ 246,578
SHA Back Office Costs	872	812	\$ 16,855,571.0	\$ 1,321,104	
Excess Costs of Back Office Compared to the Average for General Administration				\$ 563,126	

* Source: Ed Data Partnership, 22-23 Data

** Includes fiscal , HR, attendance reporting, purchasing, warehousing and district office clerical staff

Agreed Upon Procedures (AUP) Results, Cont'd

AUP #4 Results, Cont'd:

Overall Back-Office Services Fee Conclusion: Based on the What-If analysis, the range of costs private sector back-office providers charge and the comparison of general administrative costs of small similar sized school districts, the back-office services fees charged by SHA appear above market, even up to \$1.1M higher. One reason put forth in a meeting with SHPS Supt. Ruda are the additional "community service" type activities that SHA is providing to the students and parents of SHPS. However, according to SCUSD's records these services were not included in the Local Control and Accountability Plans (LCAP) for either of the SHPS charters, and therefore are not tied to measurable student outcomes.

But overall costs of individual SHA and SHDC salaries, benefits and other expenses seem reasonable when looking at the Form 990 reporting. One conclusion might be that the community development activities of SHA are subsidized by the charter revenue. We would recommend that SHA/SHDC consider using more formula-driven methods to allocate costs between SHPS and SHA/SHDC, and to justify the agreement for service charges. SHPS might save costs by contracting with an outside back-office provider and shopping the market for other services SHA/SHDC provide.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on whether losses have occurred as identified by a forensic loss investigation. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the SCUSD's management and the governing board and should not be used by anyone other than these specified parties unless authorized by those parties.



Christy White Brook, CPA, CFE
President
Christy White, Inc.
San Diego, California



Staff Summary of Investigative Findings
Re: St. Hope Public Schools
May-July 2024

Abbreviations:

CW = Christy White Accountancy Corporation

F3 = Fagen, Friedman & Fulfrost Law

PS7 = Public School 7 (TK-8 Charter under the umbrella of SHPS)

SCHS = Sacramento Charter High School (9-12 Charter under the umbrella of SHPS)

SCUSD = Sacramento City Unified School District = “the District”

SHA = St. Hope Academy

SHDC = St. Hope Development Corporation

SHPS = St. Hope Public Schools

Menu of Suggested Actions

No Action = Expressed allegations were not substantiated by the investigative process or SHPS was found to be compliant with applicable law or charter provision.

Out of Purview = Areas that are allowed within the autonomy of the charter school and under their current petition. Not in the purview of the authorizer to address.

Notice = Raises significant fiscal or governance concerns and will be included in a formal Notice to Cure

Address at Renewal = May be considered as part of the renewal process but does not fall under fiscal or governance concerns

Monitor with Oversight = Can be addressed through the ongoing and regular annual oversight process

Student and Staff Safety

Allegation	Records Requested	Records Received/ Reviewed	Findings	Suggested Action
SHPS is not adequately ensure the safety of students and staff.	<ul style="list-style-type: none"> - School Safety Plans for PS7 and SCHS (23-24) - Evidence of Board Review of Safety Plans - Copy of Procedures for addressing threats on campus - Evidence of Training of Staff 	Requested records were received and reviewed.	<p>Not substantiated.</p> <p>SHPS was found to be in compliance with most requirements for School Safety Plans and staff training</p>	<p><u>No Action</u></p> <p>Staff will monitor all charter school safety plans through regular oversight.</p>

Educational Program / Serving All Students Who Wish to Attend

Allegation	Records Requested	Records Received/ Reviewed	Findings	Suggested Action
SHPS is not adequately investing in instructional materials to successfully implement its proposed education program.	<ul style="list-style-type: none"> - Evidence of curriculum provided to teachers aligned to language in charter - Evidence of textbook or instructional materials for all core subject areas - Documentation of steps taken by school leadership and/or staff to address declines in academic performance 	Requested records were received and reviewed.	<p>Not substantiated within authorizer purview.</p> <p>SHPS was found to be in compliance with the language in their charter and has no record of Williams Act violations.</p>	<p><u>Monitor with Oversight Out of Purview</u></p> <p>SHPS has the autonomy to make their own curriculum decisions so long as those decisions meet Williams Act standards and language in the approved charter.</p>
SHPS is not adequately implementing a program for students with disabilities.	<ul style="list-style-type: none"> - List of staff members assigned to provide Specialized Academic Instruction) SAI to students with disabilities - Random selection of 3 IEPs and service logs for review 	Requested records were received and reviewed.	<p>Substantiated</p> <p>SHPS was found to be out of compliance with regard to Special Education Staffing.</p> <p>Inconclusive</p> <p>Staff was not able to determine whether SHPS is in compliance regarding IEPs based on submitted records.</p>	<p><u>Notice.</u></p> <p>The SPED staffing issue is significant enough to rise to the level of formal Notice provided to SHPS on July 26th, 2024.</p> <p><u>Monitor with Oversight / Address at Renewal</u></p>

Educational Program / Serving All Students Who Wish to Attend continued

Allegation	Records Requested	Records Received/ Reviewed	Findings	Suggested Action
SHPS is not taking steps to ensure that disproportionate discipline does not limit equitable access to education programs.	<ul style="list-style-type: none"> - Documentation of steps taken by school leadership and/or staff to address high suspension or chronic absenteeism - Data on total number of suspensions and expulsion and chronic absenteeism for each significant subgroup, including African American, Hispanic/Latino, and students with disabilities 	<p>Requested records were received and reviewed.</p> <p>Staff cross-referenced records with public data.</p> <p>Staff also reviewed language about suspension and chronic absenteeism in charter petition.</p>	<p>Inconclusive</p> <p>SHPS suspension percentages have been consistently 8-15 percentage points higher than the District since 2017. Rates for African American, Students with Disabilities, Hispanic Students, and Socio-economically Disadvantaged students are disproportionately high. However, it is not clear what actions have or are being taken to address this.</p>	<p><u>Monitor with Oversight/ Address at Renewal</u></p> <p>It would be reasonable to request that SHPS provided a detailed action plan to address this data.</p>

Teacher Credentialling and Human Resources

Allegation	Records Requested	Records Received/ Reviewed	Findings	Suggested Action
SHPS employs a high number of under qualified or not appropriately credentialed teaching staff.	<ul style="list-style-type: none"> - Staff Lists for both PS7/SCHS - Number of staff with clear, out of field, internal, or incomplete credentials - Staff employee handbook and copies of any SHPS involving recruitment, retention, evaluation, and discipline 	<p>Requested records were received and reviewed.</p> <p>Information available in CTC public search, Data Quest was also reviewed</p>	<p>Substantiated</p> <p>SHPS was found to have a high percentage of teachers with “Ineffective” credential status.</p>	<p><u>Notice.</u></p> <p>This issue is significant enough to rise to the level of formal Notice provided to SHPS on July 26th, 2024.</p>
SHPS is engaging in other Human Resource matters that rise to level of district intervention.	<ul style="list-style-type: none"> - Copies of employee complaints - Written report(s) following the completion of any investigations related to allegations of staff throwing parties with alcohol and students present or subsequent retaliation or harassment 	<p>Redacted and non-confidential records were received and reviewed.</p>	<p>Not substantiated within authorizer purview.</p>	<p><u>No Action / Out of Purview</u></p> <p>Employee disputes and complaint procedures are an internal charter school matter unless allegations are of a serious nature that amount to discrimination, safety/welfare issues, etc.</p>

Fiscal / Conflict of Interest / Governance

Area / Question	Records Requested	Records Received/ Reviewed	Findings	Suggested Action
SHPS is not compliant with Governance expectations under the Ralph M. Brown Act.	<ul style="list-style-type: none"> - Agenda and Meeting Minutes from March 7, 2024, Board Meeting - Evidence of Timely and Prominent Posting of Board Meeting Agenda 	The requested records were provided. Additional Board Meeting documents were reviewed on the SHPS website.	Not Substantiated	<u>Monitor with Oversight</u> This is part of the District's annual oversight and will be reviewed on an ongoing basis.
SHPS is not maintaining financial records that meet generally acceptable accounting standards.	Substantiated See Report from Christy White Accountancy Corporation where this issue is reviewed in depth.			<u>Notice.</u> This issue is significant enough to rise to the level of formal notice. Details were included in Notice provided to SHPS on July 26 th , 2024.
There is a conflict of interest and/or high degree of interrelatedness between SHPS, SHA, and SHDC.	Substantiated See Report from Christy White Accountancy Corporation where this issue is reviewed in depth.			<u>Notice.</u> This issue is significant enough to rise to the level of formal notice. Details were included in Notice provided to SHPS on July 26 th , 2024.

EXHIBIT B

Lisa Marie Ruda
Superintendent

Attachments Available At:
<https://drive.google.com/file/d/1EjUUyrFU10sIlEDVjYInNI6GG8ELSyAx/view?usp=sharing>

August 26, 2024

Superintendent Lisa Allen
Sacramento Unified School District
5735 47th Avenue
Sacramento, CA 95824

Re: Response to July 26, 2024 Notice to Cure and Corrective Action Plans

Dear Superintendent Allen:

It is with much pride that St. HOPE Public Schools (“SHPS”) submits this response and three accompanying action plans to the Sacramento City Unified School District (“SCUSD” or the “District”) in response to its Notice to Cure dated July 26, 2024. I believe the word “pride” is fitting, because the response reflects the best of who we are at SHPS as an organization: we have taken the concerns expressed by the SCUSD to heart, we have reflected, and as a team, we have worked tirelessly to chart a path forward to build deeper public trust, create greater transparency in our processes, and drive excellence in all aspects of our operations. That is what continuous improvement is all about at SHPS: never being content with the status quo, always striving to do and be our best, so we can continue to help scholars do and be their best.

We completely agree with the sentiment expressed in SCUSD’s notice “that it is the shared interest of both the SCUSD and SHPS to ensure that students are provided opportunities to learn, grow and reach their greatness so that they may graduate with the greatest number of postsecondary choices from the widest array of options.” (p. 10.)

We are proud – and we truly hope SCUSD is proud – of the transitional kindergarten-to-college pathway that SHPS has built with SCUSD over the past 20 years. But we know that we cannot rest on our achievements, as detailed extensively in our charter renewal petitions. We know SHPS is entrusted with public funds and the responsibility of operating public schools, and SHPS must prove it is a responsible and worthy steward in its operations. We know we have been a good steward in using the public funding provided to public schools to achieve above-average results. In addition, we also understand what we see through our own eyes may not be fully understood and appreciated by those looking at SHPS from the outside.

In some respects, the process over the past four months has been redeeming to SHPS, as the original list of concerns (which originated externally from SCUSD) shrunk considerably from an extensive list to just the three core areas requiring a response to the Notice to Cure. In other respects, the process has been frustrating and disappointing. We read the Notice to Cure as identifying “concerns” and lapses in some areas, but do not read it as alleging any actual

violations of any laws or regulations, nor identifying any misuse of public funds. We believe all of SCUSD’s concerns could have been discussed and addressed in the course of normal authorizer oversight over the past several years and we hope our partnership going forward will include any issues being addressed as they arise.

Unfortunately, the process, and the loose use of the term “violation” as interchangeable with “concerns” and “questions” has led to deep public misunderstanding and has created a false impression that serious wrongdoing had been established when it has not. This is perhaps best demonstrated by irresponsible press coverage that has reported on the Notice to Cure as though it established “violations” of the law or misuse of funds, which it did not. And so, in our responses, we must correct the record and provide missing context and facts to make up for damage that has been done – and we have done just that. But, we also own the reality that perception matters, appearance matters, that we must look inward, and we must set SHPS on a course of action that paves the way to secure the trust of SCUSD staff, each SCUSD Board Member, our employees, our families, and the public at large.

Behind this cover letter, we have enclosed three corrective action plans corresponding to the three areas of concern in the Notice to Cure, as well as underlying background and context regarding SHPS’ operations as relevant to our response. We summarize the actions detailed in the individual plans below:

Summary of SHPS’ Action Plans by Area of Concern

Action Plan	Area of Concern	Summary of Action Plan
#1	<p>Concerns Related to St. HOPE Academy (“SHA”) as a back-office service provider to SHPS</p> <p>See pp. SHPS_0008-SHPS_0315</p>	<ul style="list-style-type: none"> • For each back-office service area performed by SHA, SHPS will launch a public request for proposal (RFP) process in the 2024-25 school year to select vendors for the 2025-26 school year. Vendor selection will be based on objective scoring measures to be developed in a public process. • SHPS plans to retain CliftonLarsonAllen (CLA), SHPS’ current external auditor, or another firm if they are unavailable, to review the matters raised by Christy White and determine if the conditions exist as of the 2024-25 school year and whether a corrective action plan has been implemented. If the conditions exist and sufficient progress has not been made to remedy the conditions, SHA will be ineligible to be a vendor for SHPS for these services for 2025-26. • SHPS will require SHA to submit detailed monthly invoices which reflect the hours worked by SHA staff to SHPS for back-office services in 2024-2025. • SHA will immediately retain additional staff to ensure that financial reporting accounting is GAAP-compliant and is aligned with industry norms

		<p>and SHA staff receive sufficient training. SHA will also retain a third-party school finance expert to support its back-office services team. SHA's current CFO has disengaged from serving SHPS and/or managing or supervising anyone at SHA who provides back-office services to SHPS.</p> <ul style="list-style-type: none"> • SHPS and SHA will develop performance standards and deadlines to more effectively monitor SHA performance. The performance standards and deadlines will include the following: financial reconciliations, grant reporting, budget to actual reporting and audit support. • SHPS offers to convene quarterly meetings with SCUSD to review progress with respect to this corrective action plan.
#2	<p>Credentialing Concerns</p> <p>See pp. SHPS_0316 to SHPS_0780</p>	<ul style="list-style-type: none"> • SHPS has and will continue to verify teacher credentials as part of the hiring process. • SHPS will continue to make efforts to minimize the use of emergency credentials. • SHPS has and will continue to implement and monitor credential agreements to ensure staff are working towards appropriate credentials. • SHPS confirms and submits supporting documents to verify that certificated assignments in the 2024-25 school year are held by an employee authorized, or who will be authorized upon approval of the submissions pending with the California Commission on Teacher Credentialing ("CTC") for the assignment under Education Code Section 47605(l). • SHPS offers to meet quarterly with SCUSD to review credentialing status for SHPS teachers to ensure SCUSD has current and accurate data that may not be available to SCUSD. • SHPS will continue to work with its teachers and SCTA to identify ways to further support teachers who need to secure their preliminary or clear credentials.
#3	<p>Conflict of Interest Concerns</p> <p>See pp. SHPS_0781 to SHPS_1071</p>	<ul style="list-style-type: none"> • Ms. Jennings will resign from SHPS Board effective September 30, 2024 and after SCUSD approves SHPS' requested charter renewals, notwithstanding that Government Code Section 1091 authorizes her continued service. The next regular SHPS Board of Directors meeting is September 12, 2024 at which

		<p>time, the Board can appoint a new Chairperson and plan appropriately for the transition.</p> <ul style="list-style-type: none"> • SHPS will amend its bylaws to preclude any officer, director, or employee of a vendor or intended vendor from serving on SHPS' Board. • SHPS will ensure that any legal matters involving SHA, SHDC or the St. HOPE Endowment are addressed by outside legal counsel and not by Kevin Heistand. SHPS' Superintendent shall be responsible for directing legal services accordingly. • SHPS will issue public RFP for back-office services and impose contractual terms that ensure increased vendor accountability. Please see SHPS' response in Action Plan #1 which provides a detailed outline of the forthcoming RFP process. • SHPS has updated its 2024-25 LCAPs to reflect how the funds to SHA tie to student outcomes.
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In the same spirit of self-reflection, and because context matters, SHPS believes it is important to review the actions that led SCUSD to launch this unprecedented investigation on the eve of charter renewal. As we have shared, SHPS notified SCUSD well over a year ago that it would submit its charter petitions in June 2025 so as to preserve our right to appeal in the event SCUSD denies our petition request. Immediately after we were notified of SCUSD's investigation, SHPS submitted a public records request to SCUSD asking for production of all "concerns" that SCUSD had received or that SCUSD would be reviewing as part of this investigation as well as any other concerns brought to anyone at SCUSD - the Superintendent, charter school office and/or SCUSD Board members from July 1, 2022 to present.¹ L. Ruda letter to L. Allen dated May 13, 2024.

¹ "Your correspondence notes that these concerns have been raised in the oversight process, CTA correspondence, and correspondence of parents and teachers. For SHPS to most effectively and thoroughly respond to these concerns, as well as to prepare any necessary documentation, please consider this communication a request for the production of all of those written concerns received by District Board members and/or District staff and any responses the District Board members and/or District staff have made to those concerns (i.e., letters, emails, text messages, etc.). Although your letter does not state a date upon which these concerns had first been raised, for purposes of this request for public records, we would ask that all concerns that form the basis of the District's May 10th letter, including those provided by CTA staff (or SCTA), as well as those provided by any other member of the public, from July 1, 2022 to present be provided to SHPS forthwith. In addition, please provide all records of the District's annual oversight process from the 2022-23 and 2023-24 school years." SCUSD's PRA acknowledgement of SHPS Records Request dated May 17, 2024.

In response to SHPS’s request, SCUSD provided the following chart of 5 “complaints” it had received over the past two years.

#	Date	Complainant	Concern
1	9/20/23	Info removed	Complainant emailed the Superintendent's office with a concern about concerning social media posts by Sac High students
2	9/27/23	Name removed	Parent was served a withdrawal of consent and had questions about the duration of that, how long it would be pertinent, and if law enforcement was involved in the process
3	10/25/23	Brittoni Ward, Cydney Hampton and John Borsos	Complaint was brought to the district by John Borsos of SCTA as a representative of the St. Hope teacher. The concerns were that St. Hope staff had overheard concerns of other staff members throwing parties, with alcohol, where students were present. The St. Hope teacher lodged the complaint with the St. Hope administration
4	9/19/23	Name removed	Parent called the superintendent's office in an attempt to reach the superintendent of St. Hope.
5	4/17/24	Name removed	Parent left a message with the superintendent's office on 4/16 Parent was concerned about several issues regarding 10th grade student D.M. at Sac High. Concerns with the teacher were addressed in a meeting with the teacher. Other concerns about discipline practice, inability to access the principal, non-permanent teachers

SCUSD identified only five “complaints” it received regarding SHPS. Of those five complaints, one complaint was from a member of the public who was upset about a social media post *possibly* made by a teenage Sac High student (#1), another “complaint” was from an adult who SHPS banned from campus as a result of a serious physical altercation after 8th grade promotion with another adult (neither a staff member or affiliated with SHPS) (#2), one complaint was resolved (#5) as stated in the notes, and another was from the Sacramento City Teachers Association (SCTA) representing a former SHPS staff member who was “at war” with SHPS (#3). In fact, SHPS notified SCUSD that they had commenced a third-party investigation regarding concerns from the former staff member when they were also brought to SHPS. Office of Innovative Schools Complaint Log from June 2023 to May 15, 2024.

Annually, SHPS pays nearly \$110,000 to SCUSD for “charter oversight” of Sac High and PS7. SCUSD’s charter or innovative schools office has grown to at least three full-time staff members plus an external audit firm as well as legal counsel. We, particularly I, have been incredibly transparent and responsive to SCUSD’s charter school office. SCUSD’s annual oversight report for both PS7 and Sac High state that SHPS meets the standard when SCUSD, as the authorizer, requests additional information. SCUSD’s PS7 Annual Oversight Report, p. 17-18; SCUSD’s Sac High Annual Oversight Report, p. 18-19. To now see public records from the oversight office which question our cooperation and work is both disappointing and contrary to the interactions we have had for two years since I joined SHPS. Amanda Goldman email to Christy

White dated June 3, 2024 (“Sadly, I am not confident that [SHPS] will be responsive.”).² The above listed “complaints” are issues that should be addressed and resolved between a charter school and authorizer as part of the normal day-to-day oversight.

Needless to say, I was disappointed to learn that SCTA was listed as the source of the three concerns that were ultimately included in your Notice of Cure to SHPS (credentialing, conflict of interest with Ms. Jennings’ role and back-office services provided by SHA). Talking Points Requested by Lisa Allen, Tuesday 4/30, for conversation with Dave Gordon. The written concerns SCTA presented to SCUSD included the “PERB” time-stamp, meaning SCTA had already availed itself to the legal body charged with adjudicating employer-union concerns by the time it reached out to you.

As our charter authorizer, we believe SCUSD should have raised these concerns long before our charter petitions were filed. SCUSD, particularly the charter school office, was fully aware Ms. Jennings was the SHPS Board Chair and SHA CEO/Executive Director from countless interactions regarding the Sacramento High School and PS7 Elementary campuses, or should have been aware from the regular, monthly submissions SHPS is required to provide to that office.

As we move forward, I want to reiterate that our objective in offering this response is to **fully** address SCUSD’s concerns through thoughtful explanations and meaningful, significant, and concrete actions. We are seeking to meet SCUSD all of the way – not halfway or through half measures – with the hope that SCUSD will affirm what is operationally sensible and reasonable from SHPS’ perspective.

We believe that with these responses, there can be no justification for denial of SHPS’ charter renewal petitions on the basis that our charter schools are “demonstrably unlikely to successfully implement the program set forth in the petition due to **substantial** fiscal or governance factors” within the meaning of Education Code Section 47607(e). The **concerns** that SCUSD has raised simply do not rise to “**substantial** fiscal or governance factors” and certainly do not indicate that SHPS is “**demonstrably unlikely** to successfully implement the program.” Notwithstanding the lack of evidence or support of “**substantial** fiscal or governance factors from the Christy White report or otherwise, we believe our corrective action plan in response to SCUSD’s concerns is robust, and there are no circumstances or evidence that would allow a finding that “[t]he corrective action proposed by the charter school has been unsuccessful” or that “[t]he violations are sufficiently severe and pervasive as to render a corrective action plan unviable” – the findings that are legally required to deny SHPS’ charter petition if “**substantial** fiscal or governance factors” were present. Amanda Goldman email to Christy White dated May 13, 2024.

If SCUSD has **any** questions or concerns, we ask that SCUSD let us know before SCUSD finalizes its staff findings on SHPS’ renewal petitions. If there is something that SCUSD is expecting and needs from SHPS in order for SHPS to receive SCUSD’s vote of confidence, we

² We were also very surprised to see in response to SHPS’ public records request that correspondence between SCUSD and Christy White regarding Christy White’s engagement was withheld on the basis of attorney-client privileged. As a vendor retained to prepare an independent investigation, we cannot conceive of how any conversations with a non-agent could have been protected by the attorney-client privilege.

want to know what that is now so that we can do everything to earn that vote. We trust, based on SHPS and SCUSD's more than two decades of partnership, this is not an exercise in which SHPS must "guess correctly" as to what will be satisfactory to SCUSD. We view this response as the next step towards ensuring a successful charter renewal term for our two charter schools. We are excited for the future in partnership with SCUSD, for all of the good that we believe will come from this process and the actions SHPS is pursuing in the interest of continuous improvement.

Thank you for your careful consideration of our submission. We stand ready to work with SCUSD staff and the SCUSD Board and ensure that every question is answered and every concern is allayed. I am fully available over the coming days and weeks to meet with any SCUSD staff member or Board member.

Sincerely,

Lisa Marie Ruda

Lisa Ruda

Cc: Amanda Goldman, Director, Innovative Schools
Members of the SCUSD Board of Education
Cassandra H.B. Jennings, Chairperson SHPS Board of Directors



Action Plan #1

Addressing Concerns Regarding Alleged Fiscal/Governance Violations

SHPS Action Plan #1
Addressing Concerns Regarding the
Alleged Fiscal/Governance Violations

In this document, SHPS describes the specific plans it intends to implement in response to the concerns SCUSD has raised regarding SHPS contracting with SHA to provide back office services¹. SCUSD has asked SHPS to “thoughtfully and carefully consider whether SHA possesses the requisite background knowledge and expertise in education finance to carry out [back-office] functions.” L. Allen letter to L. Ruda dated July 26, 2024, p. 4. SHPS has carefully considered this question and will take significant, meaningful operational changes to increase SCUSD and the public’s confidence in SHPS’ back-office services, including its financial reporting, as described below. More specifically, SHPS commits to the following actions, which are further detailed below:

1. For each back-office service area performed by SHA, SHPS will launch a public request for proposal (RFP) process in the 2024-25 school year to select vendors for the 2025-26 school year. Vendor selection will be based on objective scoring measures to be developed in a public process.
2. SHPS plans to retain CliftonLarsonAllen (CLA), SHPS’ current external auditor, or another firm if they are unavailable, to review the matters raised by Christy White and determine if the conditions exist as of the 2024-25 school year and whether a corrective action plan has been implemented. If the conditions exist and sufficient progress has not been made to remedy the conditions, SHA will be ineligible to be a vendor for SHPS for these services for 2025-26.
3. SHPS will require SHA to submit detailed monthly invoices which reflect the hours worked by SHA staff to SHPS for back-office services in 2024-2025.
4. SHA will immediately retain additional staff to ensure that financial reporting accounting is GAAP-compliant and is aligned with industry norms and SHA staff receive sufficient training. SHA will also retain a third-party school finance expert to support its back-office services team. SHA’s current CFO has disengaged from serving SHPS and/or managing or supervising anyone at SHA who provides back-office services to SHPS.
5. SHPS and SHA will develop performance standards and deadlines to more effectively monitor SHA performance. The performance standards and deadlines will include the

¹ Back-office services include budgeting, accounts payable, payroll, audit support and grant reporting.

following: financial reconciliations, grant reporting, budget to actual reporting and audit support.

6. SHPS offers to convene quarterly meetings with SCUSD to review progress with respect to this corrective action plan.

Background and Context

SHPS' Work With SHA

SHPS has contracted with SHA to provide back-office services since 2018. Annually, the Board of Directors ("BOD") of SHPS considers and approves the back-office services contract at a public board meeting. The most recent contract for 2024-25 was approved on June 27, 2024. During the public meeting, and before the BOD moved to approve the contract, the SHPS Superintendent made a presentation which delineated the scope of services, the fees proposed and comparable fees from other back-office service providers, which SHPS had contacted prior to proposing the back-office service contract with SHA for 2024-25. A copy of that public presentation as well as the meeting agenda, minutes and memorandum to the BOD in advance of the meeting is attached. These documents were also provided to Christy White during a meeting with SHPS on July 11, 2024. L. Rosenberg email to Christy White dated 07_11_2024; Meeting Minutes and Agenda (presentation linked in agenda) from Regular BOD Meeting held on June 27, 2024; SHPS BOD Memorandum Regarding SHA & SHDC.

As part of the 2024-25 contract review, SHPS contacted outside vendors who provide back-office services to charter schools. The Superintendent discussed the same with the SCUSD Director of Innovation who proposed some vendors for SHPS to contact to identify market costs. Costs for back-office services for SHA were then aligned with those charged by other vendors to ensure the fee SHPS paid to SHA market rates was reasonable. The fee ultimately proposed for SHPS for 2024-25 was at least \$30,000 less than the next lowest priced vendor contacted by SHPS. See SHPS BOD Presentation dated June 27, 2024 linked within Meeting Minutes from June 27, 2024 SHPS BOD Meeting.

No third-party vendor contacted by SHPS as part of this pre-contract review provided comparable services (non-back-office services such as summer programming or even facilities and information technology support) like SHPS receives from SHA or St. HOPE Development Company ("SHDC"). In addition, no vendor felt a transition of the traditional back-office financial services prior to January 1, 2025, was prudent if SHPS was interested in a change in vendor. Vendors stated a transition prior to that time, while possible if absolutely necessary, would be difficult, rushed, and not ideal. All vendors expressed a strong preference for working with SHPS to build the annual budget for the year in which they would assume back-office functions. In other words, SHPS' 2024-25 budget, which went into effect on July 1, 2024, was already being developed at

the time bids were being solicited. Vendors preferred to work with SHPS in the spring of 2025 to develop the budget and then provide back-office services when that budget was in place on July 1, 2025 for the 2025-26 school year.

Changes to 2024-25 Scope of SHPS' Work with SHA

SHPS also changed the scope of work included in the SHA 2024-25 contract to increase student outcomes and improve school culture by filling in gaps in programming, such as the areas of parent engagement, student community service and internship opportunities, that SHPS cannot fill with its existing staff or expertise. St. HOPE Public Schools is rooted in our five pillars, one of which is the “power to lead” and, as a result, we strongly believe community service helps our scholars develop a strong sense of civic responsibility and establish the foundation for a lifetime of meaningful community involvement. Over the course of their time at Sacramento Charter High School (“Sac High”), scholars are expected to complete 110 hours of community service. Each year, students must complete a set number of hours. By their junior and senior years, Sac High scholars must annually complete 40 hours of community service.

Furthermore, the current charter petition for Sac High includes a graduate profile on pgs. 18-19. One element of this graduate profile is that students will “have participated in an internship with an external organization.”

The new scope of work for 2024-25 charged SHA with supporting SHPS by providing the following services:

- Securing internship opportunities (paid, unpaid, academic credit or non-credit) or chances to explore careers.
- Identifying onsite and off-site opportunities for Sac High students to fulfill their community service requirements as mandated through their advisory courses.

2024-25 Consultant Agreement with SHA, p. 6.

The Secretary of Education has unequivocally stated that Internships and work-based learning has “educational value” and that partnering with community based organizations is appropriate. (Guidance from U.S. Secretary of Education dated November 14, 2022, p. 6.) As noted by the Secretary,

“[T]he pandemic reduced the availability of work-based learning. These impacts have been more pronounced in certain industries, particularly those that have traditionally engaged a youth workforce, in addition to industries that support earn-and-learn educational models like Registered Apprenticeship. *Work-based learning is a proven strategy that reinforces academic instruction by giving students opportunities to apply knowledge and skills in real-world situations.* Work-based learning also helps young people to generate income,

establish future earning potential, and connect with professionals in the labor market. The US Department of Education has encouraged school districts to support new skill-building experiences like internships, cooperative education, pre-apprenticeships, and registered apprenticeship programs that are integrated within school-day instruction and other extended learning models that occur after school or over the summer months.”

Consistent with the Secretary’s direction, SHPS contracted with SHA to expose our scholars to various hands-on learning experiences outside the classroom. The Secretary encouraged school districts to “liaise with intermediary organizations that can help to connect communities, schools, employers, and students. Intermediaries could include, for example, entities that organize and convene employers, such as chambers of commerce; nonprofit organizations with established relationships with employers, such as organizations...” (Guidance from U.S. Secretary of Education dated November 14, 2022, p. 6.)

Chairperson Jennings’ Recusal from the SHA Contract Discussion and Vote

Please note that Cassandra Jennings, the SHA and SHDC CEO/Executive Director and the Chairperson of the SHPS Board of Directors (BOD), recused herself from the SHPS BOD discussion, presentation and vote relative to the 2024-25 contracts with SHA and SHDC, as she had done since Ms. Jennings was appointed SHPS Board Chairperson in July 2022. As noted in the minutes:

At 5:35 p.m., Ms. Jennings recused herself from the discussion and vote of the agenda items related to St. HOPE Academy (SHA) and St. HOPE Development Corporation (SHDC) due to her position as Executive Director for SHA and SHDC. Ms. Ruda proceeded to delineate how the proposed agreements were created and the goals SHPS with respect to both agreements. Ms. Ruda’s presentation included slides 9 through 16 of the linked presentation which was made during and available during the public meeting. Ms. Ruda highlighted the following: (1) SHPS continued reduced the SHA contract cost by \$211,104 in addition to the \$200,000 in savings realized with the 2023-24 contract, (2) The scope of facilities work performed by SHDC increases due to changes made by SCUSD which transfers additional responsibilities to SHPS effective July 1, 2024, and (3) the new contracts allow SHPS to benefit from the expertise of SHA particularly in the area of parent and community engagement where SHPS is deeply committed to improving and expanding relationships with SHPS scholar, their families and our larger Oak Park community. Ms. Ruda also underscored that SHA would be supporting SHPS by organizing SHPS’s Hispanic Heritage Month in September 2024 (like the programming created by SHA for Black History Month) and they would be providing opportunities for scholar internships and community service. Finally, Ms. Ruda advised that the scope of work and fee was set by SHPS and that Ms. Jennings neither advised or engaged with her relative to the scope of work and fee.

Meeting Minutes from Regular BOD Meeting held on June 27, 2024. After the BOD approval, I presented the contracts to Ms. Jennings for her review and signature in her capacity as the CEO/Executive Director of SHA and SHDC. Ms. Jennings executed the agreements as approved by the SHPS BOD without proposing or making any changes.

Commitment to Improve Back-Office Services

SHPS understands and acknowledges that SHPS' most recent audit identified a repeat finding related to revenue recognition and misclassification of expenditures, as well as a lapse in timely reconciliation of bank accounts in SHA's provision of back-office services to SHPS. SHPS is further aware, and disappointed, that the most recent audit was completed after the December 15th deadline.

SCUSD was also aware long before the current investigation was launched that the audit included this finding. As required by law, SHPS' annual independent audit is submitted annually to SCUSD after it is accepted by the SHPS BOD at a public meeting. Please see agendas and minutes from the March 7, 2024 SHPS BOD meeting (2022-23 audit approved) and the March 31, 2023 SHPS BOD meeting agenda and minutes (2021-22 audit approved).

In addition, SHPS sought, and SCUSD approved, SHPS's extension to submit its 2022-23 audit. See November 27, 2023 letter from Sandra Moorman (former CFO of SHA) to Janea Marking (SCUSD). The reasons for the requested extension, as documented by SHPS's auditors in a letter that was included with Ms. Moorman's request to Ms. Marking, were as follows:

We are writing this letter to request an extension of the School's June 30, 2023 audited financial report submission to March 31, 2024. The primary reason(s) are related to:

- *The shortage of client personnel, primarily responsible for the audit.*
- *New state and federal programs have significantly delayed the client in closing the accounting records for the year under audit.*

Letter from Lili Huang, CliftonLarsenAllen LLP, to The Authorizers of St. HOPE Public Schools dated November 6, 2023. SCUSD approved the extension request on December 6, 2023 and the SHPS BOD authorized Ms. Moorman to request the extension from SCUSD at a public meeting, which was based on the causes as attested to by SHPS' auditors in their letter dated November 6, 2023, which was submitted to SCUSD when the extension request was submitted.

Going Forward – SHPS' Action Plan

1. Implement a RFP Process for Back-Office Services

SHPS believes it is important to institute additional layers of fiscal accountability and secure immediate assurance in the current 2024-25 school year, and going forward, that SHPS' accounting processes, and those it contracts with to execute such processes, are compliant with all applicable laws, regulations, and standards. SHPS has developed the following action plan as a cure to SCUSD's concerns outlined in *Section II (A) Non-GAAP Accounting Practices of SCUSD's Notice to Cure*.

In order to create further arms-length distance between SHA and SHPS, increase transparency and trust, obtain the highest quality services at the best price, and create healthy competition, SHPS will launch a competitive bidding request for proposal process ("RFP") for back-office services within thirty (30) days of charter renewal. Back-office services would include budgeting, financial reporting, payroll, accounts payable, audit management and grant reporting.

Please note SHPS' decision to launch a competitive bid process for back-office services is *in addition* to the decision of Cassandra Jennings to resign her position as Chairperson and member of the Board of Directors of SHPS, which is discussed fully in SHPS' corrective action plan in response to Section II (C) *Potential Conflict(s) of Interest Under Government Code Section 1090 and Political Reform Act of 1974 (Government Code sections 81000 et seq.)*.

SHPS commits that the competitive bid process will include the following:

1. Service areas would be described in detail so as to allow each bidder to fully understand the operational requirements and bid accordingly.
2. Bidders may bid to provide one or multiple service areas, but in all cases, must provide individual pricing for each service area as part of any proposal.
3. The RFP will utilize standardized requirements for contract terms (e.g., insurance, indemnities, etc.) and standardized bid requirements (e.g., application form, narrative questions, request for resumes of key employees, compliance documents, right to audit).
4. SHPS will develop a scoring rubric that is designed to award the most points to any bid which represents the most relevant experience, expertise, capacity, reputation, at the best possible price. Relevant experience includes, but is not limited to, school or education finance, experience. Positive experience with other, non-SHPS charter schools or in the area of school finance will be weighed higher.

5. The RFP documents will be reviewed and approved by a subcommittee of three members of SHPS' board ("RFP Committee"). Consistent with changes to the SHPS BOD bylaws, which are discussed later in SHPS' Action Plan #3, "Addressing Concerns Regarding the Appearance of Conflict of Interests," the subcommittee will not include any SHA employees or employees of any other bidders.
6. The RFP committee will comply with the Brown Act. The draft RFP documents will be posted prominently on SHPS' website prior to a meeting of the RFP Committee at which time a public hearing will be held on the proposed RFP documents. SHPS will also share the posting with relevant non-profits in an effort to reach potential bidders.
7. Bids will be subject to a deadline of at least 45 days from posting, and bids, including proposed price, will be posted to SHPS' website upon the conclusion of the open bidding process.
8. SHPS will obtain a third-party pricing review/reasonableness review of all bids by an individual or firm with appropriate experience. The individual/firm must not be an existing vendor of SHA, SHDC or any other bidder. In addition, the individual/firm must not have any familial connection or business relationship to an officer, employee, or board member of SHA, SHDC or any other bidder.
9. The RFP Committee will score each of the bids received and make a recommendation to the SHPS' Board. Any recommendation from the RFP Committee to accept a particular bid or bid(s) that are not the highest scoring bid(s) or that are equal in points to other bid(s) must be accompanied by a written justification.

Once the preferred vendor is identified via the RFP process, SHPS and the vendor will negotiate and execute a contract for services. SHPS commits the proposed contract will include provisions requiring the vendor to submit invoices that include time-hour accounting. SHPS further commits that, in line with Christy White's recommendations, SHPS will propose the contract has a "right to audit" or review records clause.

As discussed in detail below, SHA may submit a bid for back-office services only if they have remedied or made conditions exist and sufficient progress to remedy the outstanding material weakness.

2. Engage Clifton Larson and Allen LLP (or another accounting firm) to Review the Allegations in the Christy White Report and SHA's Performance in the Current School Year

SHPS has initially engaged its auditors Clifton Larson and Allen LLP (“Clifton Larson”) to review the allegations made in the Christy White report. Clifton Larson is currently completing the SHPS audit for the period of July 1, 2023 through June 30, 2024. Clifton Larson has advised SHPS that it will complete this new engagement, at an additional cost to SHPS, on or before December 15, 2024, the date by which the FY2024 audit must be finalized. Due to its own internal controls and procedures, Clifton Larson was unable to complete the new engagement before SHPS submitted this corrective action plan.

SHPS is working to finalize an engagement letter for this additional work with Clifton Larson. In the event Clifton Larson is unable to complete this work or that this additional work will delay completion of the FY24 audit, which is due December 15, 2024, SHPS will engage another accounting firm to review the matters raised by Christy White and determine if the conditions exist as of the 2024-25 school year and whether a corrective action plan has been implemented. If the conditions exist and sufficient progress has not been made to remedy the conditions, SHA will be ineligible to be a vendor for SHPS for these services for 2025-26.

Immediately upon receiving the Christy White report, SHPS notified Clifton Larson of the report and provided them a copy of Superintendent Allen’s July 26, 2024 letter as well as the Christy White report. Beyond reviewing the allegations made in the Christy White report, SHPS has proposed the scope of Clifton Larson’s special engagement will include the following:

- Ensuring SHA has implemented its corrective action plan to address and resolve the material weakness identified in the FY2023 audit,
- Reviewing SHA’s current compliance with GAAP with respect to SHPS accounting records and processes; and
- Issuing a report documenting its findings.

In the event Clifton Larson finds that the conditions raised by Christy White continue to exist as of the current school year and sufficient progress has not been made to remedy the material weakness and improve the accuracy and timeliness of financial reconciliations after the last fiscal audit, SHA shall not be eligible for the award of the back-office services contract.

As noted, if Clifton Larson cannot complete the additional report SHPS will engage another accounting firm to execute the above scope of work.

3. Require SHA to Submit Detailed Monthly Invoices for 2024-2025

As SCUSD is aware, the Board of Directors of SHPS approved the current back-office service contract with SHA for 2024-2025 at a public board meeting on June 27, 2024. See Agenda and Minutes for June 27, 2024 SHPS BOD Meeting. Notwithstanding the fact that an agreement is in place until June 30, 2025, SHPS and SHA have taken steps to increase confidence in SHA's roles during the current contracting period by amending the existing contract to require SHA to submit to SHPS detailed invoices, identifying the services provided during the prior month, expenses incurred specific to serving SHPS, and the FTE allocation of SHA staff to supporting SHPS in line with Christy White's recommendations. L. Allen to L. Ruda dated July 26, 2024, p. 31.

On a quarterly basis, SHPS and SHA will reconcile the prior quarter's invoices to determine if the invoiced amounts match the monthly fees charged for that quarter. If the fees paid exceed the services provided, a reduction or adjustment in the next quarterly payment will be made pursuant to a refund procedure that SHPS and SHA will create.

4. Retain New, Experienced SHA Staff And Train Existing SHA Staff To Ensure Financial Reporting Accounting Is GAAP-Compliant And Is Aligned With Industry Norms.

SHPS concurs that additional background, knowledge and experience in school or education finance, and GAAP standards in particular, will be a prerequisite for SHA to provide high-quality back-office. SHPS and SHA acknowledge such experience and expertise increase public confidence in how public funds are managed, reported and spent.

To ensure the concerns raised by SCUSD are fully addressed, SHPS has requested, and SHA has agreed to add staff with the requisite nonprofit accounting and school/education finance experience. As of August 26, 2024, Rachel Menaugh, CPA serves as chief financial officer ("CFO"), directs and manages the SHA back-office team and provide the following services:

- Ensure financial reporting is GAAP compliant and at or above industry norms
- Implement time-hour accounting
- Implement and monitor internal controls
- Support the timely completion of the annual audit
- Complete monthly reconciliations and year-end close

Ms. Menaugh has nearly a decade of experience with respect to non-profit organizations and public school audits while working at established accounting firms. SHA will also retain a third-party school or education finance expert to oversee SHPS' back-office. As of the date of this response, SHA is in the process of identifying candidates to serve in this role.

In addition, all existing SHA staff who provide back-office services will be required to complete training by January 2025. Finally, SHA's CFO noted in SCUSD's Notice of Concern is no longer serving SHPS and/or managing or supervising anyone at SHA who provides back-office services to SHPS.

5. SHPS And SHA Will Develop Performance Standards And Deadlines To More Effectively Monitor And Assess SHA's Performance Of Back-Office Services.

SHPS and SHA will develop a comprehensive calendar and performance standards by which to monitor SHA's performance and the delivery of back-office services. Ms. Menaugh will be responsible for working with SHPS to set performance standards and deadlines in the following areas to ensure services provided by SHA are at or above the level provided by other back-office service providers or industry norms: (1) monthly financial reconciliations, (2) year-end close, (3) budget to actual reporting, and (4) audit support and management.

6. SHPS' Offer to Convene Quarterly Meetings with SCUSD to Review Financial Reporting

SHPS proposes to convene quarterly meetings with SCUSD to continue to monitor the above actions. Currently, SHPS provides financial reports to SCUSD every year as required by law. These reports are delivered approximately quarterly, and in some cases more frequently, according to the list below:

1. By July 1, a preliminary budget for the current fiscal year and an annual update.
2. By September 15, a final unaudited report for the full prior year.
3. By December 15, an interim financial report for the current fiscal year reflecting changes through October 31. Additionally, on December 15th, or by the required deadline, a copy of the Charter School's annual, independent financial audit report.
4. By March 15, a second interim financial report for the current fiscal year reflecting changes through January 31.

SHPS' regular submissions are memorialized and accepted by SCUSD. Confirmation of Document Tracking Services ("DTS") Submissions to SCUSD. Documents are submitted through SCUSD's online portal, DTS, pursuant to deadlines set by SCUSD.

In addition to providing SCUSD with the above, required reports, SHPS proposes to convene quarterly meetings with SCUSD to discuss and review spending and financial reporting at the same cadence at which the above reports are provided. The purpose of the meetings would be to review

progress with respect to this corrective action plan, discuss financial submissions (for instance, the First Interim Budget) to SCUSD and the California Department of Education, as well as progress updates on the above mentioned action items

Claims Included in the Christy White Report

While SHPS is committed to working towards solutions with SCUSD, SHPS respectfully must voice its disagreement with many of the conclusions and statements made in the Christy White report. Christy White Letter to SCUSD dated July 17, 2024 and attached to Superintendent Allen's July 26th letter to L. Ruda. The Christy White report has been inappropriately described as an "audit." Moreover, significant portions of the Christy White report are based on incorrect, incomplete or ignored information making the work of very limited value. The Christy White report further offers much speculation, damning criticism and general opinions (without citation to authoritative sources), but no indication of any wrongdoing or any indication that SHPS expenditures are not prudent or not in the interests of students. Apart from one 45-minute meeting that was requested by SHPS, Christy White has not talked with any representatives from SHPS, SHA, SHDC and/or their respective auditors, nor has it visited any SHPS school before drawing conclusions. The Christy White report is far from the independent, objective review that SCUSD promised. SCUSD has acknowledged that "SHPS has received a clean audit report." A. Goldman email to C. White dated May 14, 2024. By presenting the Christy White report as an audit and the above weaknesses, the Christy White report unfairly maligns the credibility and public confidence in SHPS and SHA,² and SHPS respectfully objects to, and challenges it.

1. The Christy White Report is Not an Audit

Like all California charter schools and local education agencies, SHPS is audited annually in accordance with auditing standards generally accepted in the United States of America, the standards set forth in Government Auditing Standards issued by the Comptroller General of the United States, and the provisions of California Code of Regulations (CCR), Title 5, Education, Section 19810, et seq.

SCUSD has acknowledged that "SHPS has received a clean audit report." A. Goldman email to C. White dated May 14, 2024. Generally Accepted Accounting Principles ("GAAP") is a set of accounting rules created to govern financial reporting for corporations in the United States. GAAP is also utilized by government entities, as well as all 50 states, and many local entities, such as counties, cities, towns, and school districts, must adhere to these principles. GAAP represents objectives and guidelines for financial statements and reporting calculations. There are three major

² The conflict of interest concern with respect to the roles of Cassandra Jennings and Kevin Hiestand are addressed in Section #3 of SHPS' Response to SCUSD's notice to cure,

sets of rules covered in GAAP: basic accounting principles and guidelines, detailed standards of the Financial Accounting Standards Board (“FASB”), and generally accepted industry practices. This framework served as the basis for the material weaknesses identified in the SHPS audit as revenue recognition and misclassification of expenditures were noted as well as a lapse in timely reconciliation of bank accounts. However, revenue recognition and misclassification of expenditures were immediately corrected by SHA finance staff. In fact, the auditor recommended just one journal entry adjustment and SHPS concurred. No significant or unusual transactions were identified by the auditor, they encountered no difficulties in dealing with management in performing or completing their audit. There were no significant deficiencies, and it was also noted by the auditor that there were no questioned costs. SHPS Audit for Period Ending June 30, 2023, p. 39-40.

As noted above, SHPS contracts with CliftonLarsenAllen LLP to complete the annual audit, which generally takes at least six (6) months to complete. As noted earlier, the SHPS annual audit for each of the past two years has taken eight to nine months as evidenced by SHPS’ requests to submit the audit by March 31st as opposed to the statutory deadline of December 15th.

The Christy White report was completed in far less time than a traditional audit simply because it did not include any of the rigor or testing that accompanies the annual audit.

The agreed upon procedures executed by SCUSD and Christy White, and the memorialized conversations between them, explicitly state the report is not an audit:

We agree to perform agreed-upon procedures to assist the SCUSD in reviewing the administrative structure and reasonableness of administrative costs of SHA, SHDC, that are charged to SPHS [sic].

....

We will not be conducting an audit . . .

Accordingly, using this report for anything other than the original intent or the agreed-upon procedures could mislead the readers.

The above professional services will be performed based on data and information **you (SCUSD) provide to us.** We will not verify or audit this information... Our engagement is not designed to...identify reportable conditions, that is, significant deficiencies...or the operation of control.

We agree to perform the engagement, the procedures of which are described above for \$25,000. The engagement is anticipated to be conducted 100% remotely...

The agreed-upon procedures engagement [sic] will commence no later than either the SCUSD approval date of this contract or June 3rd and will be drafted within *four weeks* after the commencement date and finalized by July 22nd.

Christy White letter to SCUSD dated May 15, 2024 and executed May 22, 2024 (emphasis added).

In fact, SCUSD originally requested that Christy White conduct “an independent forensic audit,” but Christy White rejected that request stating the following:

Hi Amanda, attached is my proposed AUP agreement. Below I have indicated in red (next to your input), how (or not) the proposal responds to your request. *For example, there are some legal issues about what constitutes a conflict of interest or if one even exists. As such, you might need to have legal counsel weigh in on some of your concerns.*

The scope in my proposal includes an ‘audit’ for expenditures that would be a large sample of personnel and non-personnel administrative costs, plus tying their underlying [sic] data out to your reports and the financial audit. *The second major piece is analyzing the admin costs against other charters and other metrics (e.g. a small school district). There is no requirement for the level of standardized reporting for charters, unlike school districts. As such it is not an easy analysis but one that I have done before with client satisfaction.* I will comment on whether or not the admin costs appear at, below or above market.

Not that an agreed-upon procedure is an attestation service but not an audit in the sense that you might be familiar with. The reason is due to the district’s management direction and the specific nature of the services you requested which differ from a traditional financial or compliance audit.

Email from Christy White to Amanda Goldman dated May 14, 2024. (emphasis added).

SCUSD confirmed the above by summarizing Ms. White and Ms. Goldman’s conversation as follows:

1. Are SHPS books being maintained in a legally compliant manner consistent with professional standards? *Christy White response: We will test whether the costs are supported by the underlying accounting records but can't comment on the legality of the charges.*
2. Can SCUSD trust the reports received as accurate? *Christy White’s Response: our AUP report will sample financial data that supports the administrative charges and the reports provided to SCUSD.*

3. Is SHPS using public funds in a manner consistent with acceptable practices for employment of contractors and service providers? *Christy White's Response: we will test independent contractor agreements.*
4. Is SHPS spending more than typical on costs not associated with instruction and student outcomes? *Christy White's Response: I will compare the cost of administration to other charters and other metrics (such as what a small school district might spend percentage wise on administration).*
5. *Is the relationship between SHPS, SHA, and SHDC reasonable and appropriate under conflict-of-interest law/policy? Christy White's Response: this is a legal question that I cannot provide an opinion on. But I will outline the relationship and whether it appears appropriate for a charter school.*
6. Based on this review, is there any reason to suggest that SHPS would likely be financially unable to implement the academic program it is proposing due to mismanagement, or other reasons related to the concerns shared by the district or other parties? *Christy White's Response; our report will not draw a conclusion but will provide information to SCUSD for us in your oversight role and your conclusions, plus report any questionable practices known errors or potential fraud.*

Though SHPS has received a clean audit report, the district would like these questions reviewed with fresh eyes and an accounting of the process involved in reviewing them.

Amanda Goldman
Director, Innovative Schools, SCUSD
916-839-0335

A. Goldman email to C. White dated May 14, 2024. (emphasis added).

Notwithstanding Christy White's clear statements, SCUSD cites the Christy White report as the basis for concluding SHPS has deficiencies, does not comply with GAAP procedures, unsound fiscal practices and lack of internal controls. L. Allen letter to L. Ruda dated July 26, 2024, p. 4. Furthermore, SCUSD uses the report to call into question whether SHPS can meet their legal obligations after Christy White specifically advised SCUSD that they could not provide such an opinion.

2. SHPS' opportunity to provide information to Christy White was limited and resulted in Christy White drawing conclusions based on incomplete information.

Notwithstanding the fact that SCUSD first reached out to Christy White over three months ago, SHPS met with the Christy White team for 45 minutes, less than a week before their report was submitted to SCUSD, and only after SHPS requested, again, to meet with Christy White.

On Friday, May 10th, SCUSD advised SHPS it would begin an investigation regarding “concerns raised about St. HOPE Public Schools. . . .” L. Allen letter to L. Ruda dated May 10, 2024, p. 1. The next business day, Monday, May 13th, SHPS affirmed its commitment to cooperate by stating:

“[W]e look forward to responding to all inquiries and correcting the records as needed. In that regard, let me assure you of SHPS’ full cooperation and transparency in the District’s oversight of SHPS’ charter schools. As we have always been, SHPS will continue to work diligently and swiftly to respond to all questions and requests for records from the District.

SHPS further advised “[f]or SHPS to most effectively and thoroughly respond to these concerns, as well as prepare any necessary documentation, please consider this communication a request for the production of all those written concerns [from July 1, 2022 to present....”

L. Ruda letter to L. Allen dated May 13, 2024.

On May 15th, two days later, Christy White requested that SCUSD “make an introduction for us to [SHPS] and let them know our timeline and that we will be setting up a zoom meeting and requesting data.” Email from Christy White to Amanda Goldman dated May 15, 2024. Notwithstanding this request, neither SCUSD nor Christy White scheduled a zoom meeting with SHPS until SHPS requested such a meeting on July 9th.

Thanks again Amanda. Amanda (Long) and Christy, it is nice to meet you.

Can we find a time to jump on a Zoom sometime tomorrow (Wednesday) or Thursday? I understand that our counsel Lee Rosenberg reached out last week to request a meeting, but given the timing Amanda Goldman mentioned below, I wanted to make sure we had an opportunity to meet as well.

I want to ensure that your team has what you need to finish your report, and towards that end, we also want to provide operational background, connect dots, and provide clarification that may not be immediately apparent on the face of the documents that were requested. Since we haven’t participated in prior meetings with your team and

Amanda Goldman/SCUSD, we are not sure what may and may not be part of the universe of known background information. We want to help make sure that your review takes into account all of the relevant information.

Email from Lisa Ruda to Amanda Goldman dated July 9, 2024 (emphasis added).

Only after that request on July 9th did representatives from Christy White first meet with SHPS on July 11th, nearly two months after Christy White had requested that SCUSD schedule an introductory meeting with SHPS. In fact, during that 45-minute discussion, SHPS learned that Christy White believed that SHPS had not submitted certain financial reports when in fact SHPS submitted those records and SCUSD staff had acknowledged they “accepted” the submission.

Hi Amanda G., Amanda L. and Christy,

I wanted to follow up after our call because I was really surprised to hear that you did not have the General Ledger items that you requested. I was actually the one who uploaded everything into Suralink and kept notes as to each item number.

When I went back and reviewed my own notes, I realized that I was absolutely under the impression that SCUSD and Bee had already uploaded the items for this request. When I went in to upload, I was unable to, and it stated that Bee had uploaded items and that those items were already accepted and checked off.

I truly apologize for this mix-up and we were in no way trying to not submit requested items. If I had been made aware of this outstanding request earlier, I would have ensured to have some workaround to get them to you sooner.

Email from Elisha Parsons to Amanda Goldman dated July 11, 2024. Fortunately, that error was caught and attributed to “It’s a new system. We are all learning,” as the consequences could have been even more severe for SHPS. Email from A. Goldman to E. Parsons dated July 11, 2024.

3. Other conclusions included in the Christy White Report were incorrect, ignored contrary evidence provided to them and/or was outside of the scope of their work.

The Christy White report includes several conclusions that are unsubstantiated, or based on incorrect or incomplete information. The unsubstantiated conclusions must draw into question the impartiality and objectivity of the report.

For example, Christy White claims that “SHPS did not shop the prices for reasonableness” but the report identifies no legal standards that it is applying or how this indicates the violation of any law

or standard. (Christy White Report, p. 3). In fact, this assertion is false and directly contradicted by the memorandum shared with SCUSD as part of this investigation and the public presentation made at the June 27, 2024 SHPS Board of Directors' Meeting prior to the Board's consideration of the proposed agreement with SHA for 2024-2025. The memorandum, meeting minutes and public presentation state as follows:

- **Back Office Services – Other Third-Party Vendors and Costs** *As part of this year's contract review, SHPS contacted outside vendors who provide back-office services (payroll, accounting, accounts payable, risk management, grant reporting) to charter schools. Costs for back-office services for SHA were aligned with those comparable charges, which are set forth below.*

Company	Fees Charged
	–\$5,000 setup, waived with 3-year agreement –Business Management: variable fee of 2% of total revenue for each reporting period –Payroll: \$25 per employee per month (if we switch to their system) –Student Management: \$35 per student
<u>Charter Impact</u>	~\$330,000 (\$86,000 per quarter)
<u>Delta Managed Solutions</u>	\$28,000 per month (2.1% of annual budget) - this is based on our second interim budget ~\$336,000
<u>EdTech</u>	In Progress Sample School 1 - 285 kids; \$198,000 Sample School 2 - 2.5% of revenue; \$128,296.75; 389 students

No third-party vendor we contacted provided comparable services (non-back office such as summer programming or even facilities and IT support) like SHPS receives from SHA or SHDC. In addition, no vendor felt a transition of the traditional back-office financial services prior to January 1, 2025, was prudent if SHPS was interested in a change in vendor. In addition, the costs to build an in-house finance department to perform these functions far exceeded the cost charged by any third party vendor making this option unrealistic.

(Emphasis added and copies of each supporting document is attached). What is incredibly troubling about this particular allegation is that the referenced memorandum to the SHPS BOD explaining the market research and included in the public presentation was again shared with

SCUSD and Christy White during the only meeting that they had with SHPS. Email from Lee Rosenberg to Christy White, Amanda Long and Amanda Goldman dated July 11 2024.

The Christy White report is replete with other unsubstantiated allegations that do not and should not taint the “clean audit” (to use SCUSD’s words) that SHPS has received:

- For example, Christy White concludes that job training, community development and student work experiences do not have an educational purpose or direct nexus to student outcomes. (Christy White Report, p. 3,16). This conclusion is completely contrary to the direction of the Secretary of Education which encouraged school districts to partner with community nonprofit organizations, such as SHA. (Guidance from Secretary of Education, November 14, 2022).
- Moreover, Christy White concludes SHA and SHDC are “related organizations” notwithstanding SHPS’ most recent Form 990 prepared and filed by CliftonLarsenAllen explicitly stated otherwise. (SHPS Form 990, Part IV). In addition, SHPS’ legal counsel has repeatedly shared that “Per the independent audits, 990s, and the SHPS’ corporate governance documents, SHPS is not a related or controlled entity of SHA/SHDC. SHPS does not control SHA/SHDC and the nature of their relationship is contractual, i.e., the executed contracts delineate the parties’ respective obligations and rights.” Email from Lee Rosenberg to Christy White, Amanda Long and Amanda Goldman dated July 11, 2024. While Christy White may not agree with this statement, failing to acknowledge that contradictory information was provided or that SHPS disagrees with their finding, calls into question the fairness and objectivity of their work.
- Christy White also concludes that there must be an improper conflict of interest due to Ms. Jennings’ role as SHPS Board Chairperson as she “likely has a role developing the back-office services agreement.” Christy White cites no evidence to support her conclusion and the minutes from the SHPS Board meetings where these contracts were approved state the opposite; Ms. Jennings was not present for the discussion and/or vote and Ms Ruda was clear that the agreements were developed by SHPS. Christy White never spoke with Ms. Jennings. (Christy White Report, p. 2).
- The Christy White report errs on the side of condemning SHPS. The report is void of objectivity and independence that Superintendent Allen committed at the time the investigation began. The subjectivity is evident in statements such as, “There may be an Education Code Section 35145 violation because ‘SHPS had no minutes posted’” Christy White Report, p. 2. There is no requirement that the minutes be posted, a fact which Christy White acknowledges later in her report (p. 9). Christy White similarly criticizes the number of Board meetings held in 2023-24, but gives no acknowledgement

to the fact that more meetings are scheduled for SY2024-25, approved by the SHPS BOD on June 27, 2024 and currently posted on the SHPS website. Fairness and objectivity require all facts to be presented.

- Christy White represents that “according to the auditor” books were not kept properly and the auditor “effectively closed the books.” Christy White never spoke with the SHPS auditors and there is no evidence in the audit that the auditor “closed the books.” Yet, Christy White arrived at that conclusion. (Christy White Report, p. 2). Christy White claims that the audit extension was needed for these unsupported reasons when the auditors submitted a letter to SCUSD in November 2023 that explained why the extension was needed; Christy White ignores those reasons and the reasons are never included in the Christy White report as described earlier in this response. Please see the discussion above and the attached letter from Lili Huang, CliftonLarsenAllen LLP, to The Authorizers of St. HOPE Public Schools dated November 6, 2023.

The above conclusions are particularly troublesome in light of the fact that SHPS repeatedly offered to meet with SCUSD’s investigators and expressed serious concern after our only meeting with Christy White that they would draw inaccurate conclusions without complete information.

I want to underscore that if there are any documents or information or context that is needed, SHPS stands ready to cooperate and assist, and I see my role here to support this objective and to ensure clarity. We don’t want the review team to be in a position where it needs to rely on assumptions or “workarounds” in order to generate conclusions when SHPS’ team is here to be a direct source of information.

If any negative inferences or conclusions might be drawn from a seeming absence of information or documentation, we really want to make sure that the issue is brought to SHPS attention so we can understand it and get the review team what they need. For example, we were not aware of the issue with the GL items until this morning, and we are very glad we had the discussion so that the misunderstanding was resolved. Email from Lee Rosenberg to Christy White, Amanda Long and Amanda Goldman dated July 11, 2024.

I also wanted to be clear that you (Amanda G., Amanda L. and/or Christy) are absolutely able to reach out directly to Lee or Elisha for any information requests or context you may need as you continue your work. We have asked Lee to assist in ensuring you each have direct access to either to facilitate your investigation and/or review. There is no need to go through as my response time will often be a bit slower due to my other responsibilities particularly as our staff arrives in just over a week to open the school year and we are putting the final touches on the first half of the PS7 Elementary construction project. Either

Lee or Elisha is fully authorized (and more than capable) to assist your work. Email from Lisa Ruda to Christy White, Amanda Long and Amanda Goldman dated July 11, 2024.

The Christy White Report gives significant weight to financial benefit that SHA and SHDC receives through its contracts with SHPS. Here, there is no for-profit vendor at issue; SCUSD is concerned with a non-profit organization, SHA, and that they may be apparently “profiting” from SHPS. We hope SCUSD will agree that it is in the public interest when public schools contract with California nonprofit public benefit organizations because such organizations, by law, lack shareholders and do not exist to generate profit; they exist to provide a public benefit. The same rationale would apply to SCUSD, which SHPS has paid nearly \$1.5 million in rent, oversight fees and facilities charges over the past year. Payments made from SHPS to SCUSD from July 1, 2022 to July 15, 2024. The fact that nonprofits charge for services and those charges support the organization as a whole is no different than the economic reality behind any vendor-vendee relationship.

Charges Paid by SHPS to SCUSD for 2022-23 and 2023-24 (Dollars)

Expense Category	2022-2023	2023-2024	Total
Custodial	133,227	90,911	224,139
Lease	729,262	697,439	1,426,701
Oversight Fee	0	223,062	223,062
Utilities	468,484	421,036	889,520
Work Order	3,555	0	3,555
Total	1,334,528	1,432,448	2,766,976

List of charges paid by SHPS to SCUSD for July 1, 2024 through July 18, 2024.

There are other allegations in the Christy White report to which SHPS objects, but SHPS believes continuing to recount each claim is not productive to the path forward that SHPS would like to build with SCUSD. SHPS has concluded that the report was not the independent, objective review of SHPS that was committed when SCUSD notified SHPS on May 10th that it would undertake this investigation. L. Allen letter to L. Ruda dated May 10, 2024, p. 3.

Conclusion

SHPS acknowledges the material weakness with respect to financial reporting exists, that SCUSD was aware of these issues prior to the current investigation, and that SCUSD did not raise any concerns prior to the eve of the charter renewal process. In the past it has been SHPS' experience in the past, before this current notice of concern, that SCUSD's concerns regarding SHPS' annual audit, or any other financial items, were addressed within the scope of annual oversight. This allowed any potential issues to be addressed immediately and for such oversight costs to be contained to the annual fees paid to SCUSD by SHPS.

We do not understand Christy White or SCUSD to have identified any issues that were different from or in addition to the matters described in SHPS' 2022-23 fiscal year audit or the timing of the completion of the audit. Additionally it is important to note that this same audit, on page 37, states, "There are no questioned costs as the adjustments identified were corrected by management" and on page 32 states, "In our opinion, the School complied, in all material respects, with the compliance requirements referred to above that are applicable to the School for the year ended June 30, 2023." While the audit did identify a material weakness, it also validated SHPS' compliance with requirements for the same school year and SCUSD's ultimate acknowledgement as it launched the current investigation, "SHPS has received a clean audit report." A. Goldman email to C. White dated May 14, 2024.

Notwithstanding these concerns, in this document, SHPS has set forth the specific plans it intends to implement in response to the concerns SCUSD has raised regarding SHPS contracting with St. HOPE Academy (SHA) to provide back office services. In conclusion, SHPS will take significant, meaningful operational changes to increase SCUSD and the public's confidence in SHPS' back-office services.



Action Plan #2

Addressing Concerns Regarding the Employment of Qualified/Credentialed Educators

SHPS Action Plan #2
Addressing Concerns Regarding the
Employment of Qualified/Credentialed Educators

In this document, SHPS describes the specific plans it intends to implement in response to the concerns SCUSD has raised regarding SHPS' credentialed classroom educators. SCUSD has stated it "would hope to see SHPS develop a comprehensive corrective action plan detailing the manner in which it will remedy the staffing, credentialing and vacancy issues above." L. Allen letter to L. Ruda dated July 26, 2024, p. 6. SHPS reviewed the information shared by SCUSD, in addition to SHPS' significant actions taken starting as early as the Fall of 2022, and developed a response to SCUSD as well as detailed next steps to ensure a resolution of this concern. In response to SCUSD's concern on this topic, SHPS provides the following information and commits to the following actions, both of which are further detailed below:

1. SHPS has and will continue to verify teacher credentials as part of the hiring process.
2. SHPS will continue to make efforts to minimize the use of emergency credentials.
3. SHPS has and will continue to implement and monitor credential agreements to ensure staff are working towards appropriate credentials.
4. SHPS confirms and submits supporting documents to verify that certificated assignments in the 2024-25 school year are held by an employee authorized, or who will be authorized upon approval of the submissions pending with the California Commission on Teacher Credentialing ("CTC") for the assignment under Education Code Section 47605(l).
5. SHPS offers to meet quarterly with SCUSD to review credentialing status for SHPS teachers to ensure SCUSD has current and accurate data that may not be available to SCUSD.
6. SHPS will continue to work with its teachers and SCTA to identify ways to further support teachers who need to secure their preliminary or clear credentials.

Introduction

Over the course of the past two years, SHPS has thoughtfully and strategically built its internal Human Resource team related to credentialing and compliance, and increased its ability to recruit credentialed staff, or to hire staff who will be able to earn their preliminary or clear credential. SHPS has also taken steps to provide financial assistance for teachers with emergency permits or waivers to incentivize them to secure their preliminary and clear credentials. Combined with a new salary schedule, which explicitly ties base salary to credential type, and providing increased supports, such as commercial curriculum, to teachers, SHPS is better positioned to retain and attract teachers who have or will secure an effective credential. SHPS commits to continue to build

on these changes to ensure its educator workforce is both qualified and credentialed and ultimately able to improve student outcomes.

Below SHPS describes the specific changes it has made, starting with the Fall of 2022, as these adjustments form the foundation of this corrective action plan. In addition, SHPS will demonstrate that it fulfills the representations made in its charter petitions. This response and the linked or attached supporting documents also includes the actual CTC document number, credential agreement and, where appropriate, screenshots to demonstrate full compliance with credential requirements which is not possible through “public” access to the CTC database.

SCUSD’s Allegations and SHPS’ Response

SCUSD’s allegation: Both charters for PS7 and Sac High, as well as the submitted renewal petitions, which are pending before SCUSD, include language that *SHPS will verify teacher credentials* as part of the hiring process, make efforts to *minimize the use of emergency credentials* through recruitment and retention efforts, and *implement credential agreements* to ensure staff are working towards the appropriate credential. *Despite these assurances, however, both the number and decreasing trend of teachers with a “regular” credential (specifically preliminary and clear credentials) create significant concerns for the District. Letter from L. Allen to L. Ruda dated July 26, 2024, p. 5 (emphasis added).*

SHPS’s response to the allegation: SHPS has fulfilled the above three underlined representations. SHPS has also provided data to demonstrate the correct results regarding the credential status for teachers of record at both PS7 and Sac High. This additional data is intended to correct the record cited in SCUSD’s Notice to Cure. As a result of the data provided, SHPS maintains that over the past two years it has remedied, refuted, where applicable, and meaningfully addressed the concerns raised relative to credentialed educators at pages 4-6 of the SCUSD Superintendent’s July 26th letter.

For clarification only, SHPS’ existing charter petitions do not require SHPS to implement credential agreements. However, SHPS has included credential agreements as part of the hiring process over the past two school years and has memorialized this commitment as part of the renewal charter petitions for the period of July 1, 2025 through June 30, 2030.

Background and Context

Operational and Structural Changes

As part of the hiring process, SHPS verifies the credentials of any candidate for a teaching position or other position that requires a credential (e.g. school psychologist). In the event a candidate does not already possess an effective credential, SHPS collects all necessary information, as well as any paperwork, to determine if the candidate would be eligible to obtain a permit or a waiver, and if they are on track to obtaining an effective credential.

In Fall, 2022 SHPS began increasing its investment in its Human Resources Department. At that time, teacher recruitment and hiring were the responsibility of SHPS’ back-office provider, a third-

party vendor external to SHPS¹. As SHPS built up its HR Department, it did so with a specific focus on supporting teacher credentialing to be led by the Human Resources Manager, who was specifically charged with the following responsibilities:

Excerpt from Human Resources Manager Job Description

Credential Compliance and Review

- ***Work with Teachers and Teaching Staff to ensure up-to-date credentials for their current assignment and role.***
- ***Refine Credentialing process & procedure of the hiring process***
- *Collect all appropriate documentation from teaching staff and new hires to confirm credential accuracy and eligibility.*
- ***During the hiring process, review candidate credentials, and create credential agreements to ensure compliance for specific roles.***
- ***Follow up on all Credential Agreements throughout the year to ensure completion.***
- ***Audit teaching staff credentials to ensure compliance, and complete/submit audit requests yearly regarding credentials.***
- *Communicate with the CTC in regard to credential questions and also turning in employee paperwork to ensure credential compliance.*

SHPS Human Resources Manager Job Description, p. 4 (Emphasis added).

In October 2022, SHPS hired Sabrina Jaquez, a teacher credentialing specialist previously employed by SCUSD, to fill the SHPS Human Resource Manager position, which she continues to hold. Ms. Jaquez’s resume is included with the supporting documentation provided. Over the remainder of the 22-23 school year, Ms. Jaquez worked with our back-office provider to transition many of the non-payroll HR functions back to SHPS.

During the onboarding process, and as candidates without clear credentials receive offers of employment, SHPS provides candidates with support in how to navigate the procedures and processes of obtaining a California credential, as well as options for credential programs. SHPS’ HR team meets with every single candidate during onboarding to review the next steps in credential agreements. The HR Manager also schedules individual check-ins with those who do not have a clear credential in order to provide them with an overview of the different credential programs and pathways available to earn a clear credential, as well as the pricing by program so candidates can make informed decisions on their next steps to become a credentialed teacher. For those teachers and candidates with a preliminary credential, SHPS enrolls them into the Sacramento County Office of Education’s (“SCOE”) Induction Program and provides them with

¹ See SHA+SHPS Statement of Work 2020-21, page 5-6. “Staff Recruitment: SHA manages staff recruitment including job posting, job fairs, opportunities for school leaders to speak at high value candidate venues, candidate resume and phone screening, interview scheduling, candidate qualification checks including credentialing, background compliance, and reference checks if requested by the hiring manager.” The current scope of work has no reference to staff recruitment, hiring or credentialing. Please see the current scope of work for SHA 2024-25. Those functions are now performed by SHPS’s Human Resources department.

a mentor in order for them to earn their clear credential. SCOE Induction is fully paid for by SHPS for our teachers.

In May 2023, SHPS added the position of HR Assistant to support the HR Manager and the Human Resources Department. See the [HR Assistant Job Description](#). The position was expanded from temporary to permanent in Spring 2024 and has been occupied by the same person since it was created.

In July 2023, SHPS created the office of Staff and Student Recruitment and the position of Director of Student and Staff Recruitment. This director level role complements the work of the HR Manager by focusing directly on staff recruitment and allowing the HR Manager to focus on compliance, particularly with respect to credentialing. Please see page 2 of the [Director of Student and Staff Recruitment Job Description](#). SHPS hired Lesley Ezero to fill the position, which she continues to hold. Ms. Ezero has worked with SHPS for over 10 years, served as both a classroom teacher and school principal and holds her clear teaching credential. [Ms. Ezero's resume](#) is also included. Through this office, the recruitment team now attends nearly 30 off site hiring fairs; SHPS held its first onsite hiring fair this summer.

New Salary Schedules and Teacher Resources to Support Credentialing

SHPS has also taken steps to incentivize teachers with emergency permits or waivers to secure their preliminary and clear credentials including the following:

- During Summer of 2023, SHPS increased the starting salary for new teachers to \$60,000 and offered signing bonuses to new candidates. While candidates are not members of Sacramento City Teachers Association (SCTA²), upon hire, they become unit members. As a result, we were not able to unilaterally increase the base salary of existing employees.
- In February 2024, SHPS offered credentialing support (\$5,000 per teacher per year up to \$10,000) in exchange for securing their intern credential and remaining with SHPS for a specific period. SCTA rejected this offer and, to date, it has not been implemented as SHPS cannot unilaterally act due to labor laws. [SHPS Proposal to SCTA Dated February 9, 2024](#), p. 2-3. SCTA filed a declaration of impasse less than an hour after receiving the proposal. SHPS remains committed to working with SCTA to assist teachers with the financial costs associated with credentialing.
- SHPS issued 2024-25 offer letters for returning staff in March, 2024 (compared to June as had been the practice). Providing these offer letters earlier in the year is part of a purposeful

² While not referenced in Superintendent Allen's July 26th letter, earlier correspondence from SCUSD to SHPS expressed "concerns" about SHPS's "employment practices, including interference with union activities, as well as allegations that SHPS has repeatedly violated labor laws" [L. Allen letter to L. Ruda dated May 10, 2024](#), p. 2. As discussed further, SHPS have reached agreements relative to base salary and health benefits over the past 90 days and unfair labor practice charges have been reduced from 14 to 2, one of which was filed by SHPS against SCTA. See [PERB pending case](#), attached.

staffing strategy to retain qualified, well-performing teachers. Representative 2024_25 offer letter for PS7 and Sac High staff, attached.

- This year, SHPS has purchased curriculum for grades TK-12 in ELA and Math and grades 3-8 in Science in an effort to further support teachers who may be starting their teaching careers and navigating the credentialing process. Outside of a pilot program instituted at PS7 Elementary in December 2023, SHPS had relied exclusively on a teacher-made curriculum for several years, especially during the distance learning required during the COVID-19 pandemic. However after a thoughtful review and analysis of this practice, we have now shifted to a new approach of providing teachers with a commercial curriculum. SHPS believes that by providing these resources, teachers will be better supported and ultimately more likely to continue towards their clear credential and remain at SHPS.
- In June 2024 SHPS reached an agreement with SCTA relative to base salary compensation through which salaries for existing staff were raised for the first time since 2018-2019. Starting salaries for teaching staff are now a function of the type of credential they hold. The preferred credential, incentivized through the salary schedule below, is a “clear” credential, which requires a teacher to be teaching for at least two years and to participate in coursework known as Induction through the Sacramento County Office of Education.

Credential Type	SHPS Current Salary Range/(Average if Range)	New Base Salary 2023-24	New Base Salary 2024-25
Clear	\$62,724-85,486 (\$71,510)	75,000	77,625
Preliminary	\$55,467-79,802 (\$64,725)	67,000	69,345
Intern	\$55,467	63,000	65,205
Emergency (all)	\$55,467-\$70,000 (\$60,026)	62,000	64,170
Psychologist	\$87,416	87,000	90,045

Memorandum of Understanding SHPS Proposal to SCTA, June 5, 2024 (Compensation for 2023-2024 and 2024-2025).

Since the Fall of 2022, SHPS has strategically built its in-house Human Resource team to increase its ability to recruit credentialed staff or to hire staff who will be able to complete the credentialing process. Combined with a new salary schedule, which ties base salary to credential type, as well as investments in curriculum, SHPS will continue to retain and attract teachers who have or will secure an effective credential.

Going Forward – SHPS’ Action Plan

1. SHPS Has And Will Continue To Verify Teacher Credentials As Part Of The Hiring Process.

The SHPS HR Manager, an experienced credentialing specialist, has ensured that all 2024-25 teachers of record have or can secure effective credentials, or have an application pending and processing before the CTC, which when issued, will be retroactive to August 1, 2024. This fact is evidence of SHPS’ actions working to both address the concerns noted by SCUSD and ensure all students have a teacher authorized to deliver instruction.

The SHPS recruitment process prioritizes and prefers candidates with clear credentials, followed by preliminary credentials. If the most qualified candidate available for a position does not hold an active intern, preliminary or clear credential, the HR Manager executes a credentialing agreement with the candidate and monitors compliance and expected progress towards a clear credential as laid out in the credential agreement. This credentialing agreement is in addition to ensuring the educator has the requisite paperwork to be eligible to be the teacher of record at SHPS.

A list of all SHPS staff members in positions that require a credential for 2022-23, 2023-24 and 2024-25 is attached. The list delineates the following:

1. The type of credential or permit held by the staff member.
2. Whether SHPS has executed a credentialing agreement with the staff member.
3. The staff member’s date of hire.
4. The CTC document number, which allows the reader to look up the staff member’s credential. We have also linked a “screenshot” of the CTC website that documents the specific permit or credential the SHPS staff member possesses.

The list is current as of August 5, 2024 and is summarized in the chart below:.

SHPS Staff by Credential/Permit Type for 2022-23- 2024-25*

	Credential	2022-23	2023-24	2024-25
	Clear	8	10	12
	Preliminary	6	10	12
	Intern	6	4	4
<i>Emergency</i>	PIP	2	6	13
<i>Emergency</i>	STSP	13	17	10
<i>Emergency</i>	SELAP	1	0	0
<i>Emergency</i>	ETK	0	0	1
<i>Emergency</i>	Emergency	1	0	0
	Waiver	0	7	0
	30 Day Sub Permit	2	1	3
		39	55	55

*2022-23, 2023-24 are current as of the first day of 4th quarter (March) to account for CTC processing delay; 2024-25 is current as of 8/5/2024.

The attached list establishes the following:

- All SHPS teachers possess or have an application pending before the CTC for the certificate, permit or other document as specified in Education Code Section 47605(1).
- All SHPS staff members without an existing intern, preliminary, or clear credential have a credential agreement as part of the SHPS hiring process to ensure they are working towards their clear credential.
- More SHPS teachers have “effective,” “preliminary” and “clear” credentials than in 2022-23.

2. SHPS Will Continue to Make Efforts To Minimize The Use Of Emergency Credentials.

As SCUSD acknowledges:

Education Code section 47605(l) provides that “teachers in charter schools shall hold the Commission on Teacher Credentialing certificate, permit, or other document required for the teacher’s certificated assignment” and such documents shall be maintained on file at the charter school. A charter school’s governing board may use local assignment options authorized in statute and regulations for the purpose of legally assigning certificated teachers in the same manner as a governing board of a school district. A charter school “shall have the authority to request an emergency permit or a waiver from the Commission on Teacher Credentialing for individuals in the same manner as a school district.”

Letter from L. Allen to L. Ruda dated July 26, 2024, page 4.

SHPS has focused its efforts on continuing to minimize the use of emergency permits and waivers for credentialed team members.

The table below shows an overview of the SHPS staff with emergency permits or waivers throughout 2022-23, 2023-24 and 2024-25. The list establishes and shows the following:

1. SHPS has had a decrease of six (6) emergency permits or waivers for team members from 2023-24 to 2024-25.
2. This list also includes those team members who only have emergency permits/waivers to ensure SHPS is in compliance while they are teaching and awaiting their recommendation to the CTC from their credential program.
3. This list will thus decrease for 2024-25 by two team members - one in the PIP category and one in the STSP category.

SHPS Staff with Emergency Permits or Waivers for 2022-23- 2024-25*

	Credential	2022-23	2023-24	2024-25
<i>Emergency</i>	PIP	2	6	13
<i>Emergency</i>	STSP	13	17	10
<i>Emergency</i>	SELAP	1	0	0
<i>Emergency</i>	ETK	0	0	1
<i>Emergency</i>	Emergency	1	0	0
	Waiver	0	7	0
		17	30	24

Title 5 of the California Code of Regulations requires local education agencies (“LEA”), including SCUSD and SHPS, to submit to the California Commission on Teacher Credentialing (CTC) an annual Declaration of Need for Fully Qualified Educators (Declaration of Need). The Declaration of Need enables the LEA to request emergency authorizations for positions. The governing board of the LEA must approve the Declaration of Need.

The Declaration of Need includes the following information:

1. The title and number of each type of emergency authorization and limited assignment permit which the LEA estimates based on previous year actual needs and projections of enrollment,
2. A brief description of efforts that the LEA has undertaken to locate and recruit individuals who hold the needed credentials; and
3. Efforts to establish alternative training options shall include the identification of the institutions of higher learning who have co-sponsored internship programs.

Copies of the last two Declaration of Needs filed by SHPS (for PS7 and Sac High), and approved by the SHPS Board, are attached. While SHPS continues to need emergency authorizations for some teachers, the number of teachers who need emergency authorizations has been reduced from 34 to 11 as we opened the current 2024-25 school year³. The Declaration of Need for 2024-25 was approved by the SHPS Board for the maximum amount of possible emergency authorizations needed, but as of the submission of this corrective action, SHPS is only utilizing three (3) emergency authorizations.

³ Five (5) of the eleven special permits needed are the “CLAD” permit which allows credentialed teachers to teach English Language Learners. In most of these instances, the teacher is already credentialed in the content area they will teach.

Declaration of Need; Emergency Authorizations Requested for 2022-23 and 2024-25

Permit Type	Area	2022-23*	2024-25	Notes
Emergency Authorizations				
	CLAD	3	5	This is NOT a credential to teach.
	Emergency TK	0	2	Added TK room.
	Resource Specialist	5	0	Education specialists
Limited Assignment Permits				
	Single Subject	23	3	
	Special Education	3	1	
		34	11	

3. SHPS Has and Will Continue to Implement Credential Agreements To Ensure Staff Are Working Towards Appropriate Credentials.

For clarification only, SHPS' existing charter petitions do not require SHPS to implement credential agreements. However, SHPS has included credential agreements as part of the hiring process over the past two school years and has memorialized this commitment as part of the renewal charter petitions for the period of July 1, 2025 through June 30, 2030.

As stated previously, all SHPS employed teachers without existing intern, preliminary or clear credentials have credential agreements with SHPS. Copies of the credentialing agreements are attached.

4. SHPS Provided Data to Demonstrate the Correct Results Regarding the Credential Status for Teachers of Record at Both PS7 and Sac High.

The number of SHPS teachers with clear credentials has increased from 8 teachers to 12, or by 50%, from 2022-23 to this school year. A list of SHPS staff members with clear credentials, including the CTC document number for their credential and a screenshot of their credential type from the CTC website has been attached.

The number of SHPS teachers with preliminary credentials has doubled since 2022-23 to this school year, increasing from 6 teachers to 12. A list of SHPS staff members with preliminary credentials, including the CTC document number for their credential and a screenshot of their credential type from the CTC website has been attached.

Assuming “regular” or “effective” credential is defined as SHPS staff with clear or preliminary credentials, that number has also increased over the past two years from 14 to 24 teachers as evidenced by the same attached staff list.

If teachers with “intern” credentials are included in any definition of “regular” or “effective,” which is in alignment with CDE’s definition, the total number of teachers with clear, preliminary or intern credentials has continued to increase, although presently only 4 teachers have intern credentials (compared to 6 in 2022-23). The expectation is that teachers with intern credentials progress to a higher level of credential.

In addition and as described below, two teachers who held emergency permits have applications for a higher level credential pending and waiting to be processed by the CTC. Once processed, the number of SHPS staff members with intern credentials will increase from 4 to 6.

Assuming these two final intern credentials are granted, the total number of teachers with effective credentials at SHPS will have increased from 20 to 30 - an increase of 50% from 2022-23 to 2024-25.

5. SHPS Offers To Meet Quarterly With SCUSD for 2024-25 and 2025-26 To Review SHPS’ Efforts To Reduce the Number of Emergency Permits

In an effort to help SCUSD monitor SHPS’ work to reduce the number of emergency permits needed, and to ensure SCUSD has the most accurate and current data, SHPS offers to meet quarterly with SCUSD as requested to demonstrate the following:

1. SHPS continues to verify teacher credentials as part of the hiring process;
2. SHPS makes efforts to minimize the use of emergency credentials; and
3. SHPS implements credential agreements for all teaching staff without a preliminary, clear or an existing intern credential to ensure staff are working towards the appropriate credential.

Reporting and monitoring of teacher credentialing was done by SCUSD in the past as part of the annual oversight process. It is SHPS’ desire to restore this practice to ensure any questions or concerns about credentials are handled as they arise and through the annual oversight process.

6. SHPS Will Continue to Work With its Teachers and SCTA to Identify Ways to Further Support Teachers Who Need to Secure Their Clear Credentials.

SHPS remains eager to find other ways to help teachers reduce the burden (both financial and otherwise) of the credentialing process. As noted above, SHPS proposed credentialing support (\$5,000 per teacher per year up to \$10,000) in exchange for securing their credential and remaining with SHPS for a specific period. In less than an hour, SCTA rejected this offer and filed a declaration of impasse. To date, the proposal has not been implemented as SHPS cannot unilaterally act due to labor laws. SHPS Proposal to SCTA Dated February 9, 2024, p. 2-3. SHPS will continue to work with SCTA to attempt to reach an agreement that will support teachers working towards their clear credential.

SHPS is also committed, through its own HR Department or through other outside partners, to finding ways to help teachers navigate and continue to move closer to earning their clear credential.

For example, in 2023-24 SHPS became one of two charter school networks to partner with Sac State as a member of the SMSTR Residency program. This program places Special Education teaching residents in schools for a semester at a time. SHPS was able to secure a resident who stayed for the entire 2023-24 school year, and SHPS has secured two (2) residents for the 2024-25 school year - one (1) per semester. The agreement with the SMSTR Residency program identifies one of the residents will be employed with SHPS for a minimum of four (4) years, during which they will hold an effective credential and be an Education Specialist. This partnership supports SHPS' commitment to collaborating and partnering with other organizations to increase the number of teachers with effective credentials. SHPS will look to expand these types of partnerships with credentialing agencies throughout the Sacramento region and Northern California.

Data Clarifications

1. Limitations of "Public Data"

SCUSD's letter dated July 26, 2024, includes several statements relative to the credentials held by SHPS staff based on "public data" or data that "is not yet available for public access." L. Allen letter to L. Ruda dated July 26, 2024, p. 5-6. As SCUSD is aware, the publicly available data is very different from the access SHPS, and SCUSD, have as employers. In fact, SCUSD, through public data, would not be able to account for changes in last names due to marriage or other reasons, nor would they be able to discern between two people with the same name. A staff member with the current last name of "James" would appear not to have a credential if they cleared their credential under the last name "Williams," which may have been the individual's last name, prior to marriage and at the time they cleared their credential.

In addition, the data presented in Superintendent Allen's letter to SHPS dated July 26, 2024 is limited from 2020-21 through 2022-23. As SCUSD undoubtedly knows, following the COVID-19 pandemic a record number of teachers across the nation left education in favor of other professions. The result was that school districts needed to hire individuals who had not necessarily pursued a teaching career in college. The number of emergency permits for schools like SHPS and across the country increased over the period cited by SCUSD.

Finally, SCUSD notes that there are discrepancies between the staff lists that SHPS provided for review and the data reported by the state in the California Department of Education's (CDE) DataQuest database. L. Allen letter to L. Ruda dated July 26, 2024, p. 6.

SHPS acknowledges these discrepancies are due to the fact these lists were provided at two different points in the school year. DataQuest is based on data that is available as of the first week of October each year. The data SHPS provided to SCUSD was data pulled from the end of the 23-24 school year, so in June of 2024, and we confirm the list accurately reflects the credentialing status of SHPS employees as of June 2024. Again, by meeting quarterly with SCUSD to review staffing and credentialing data, SHPS proposes to ensure SCUSD has the most accurate and up to date data.

2. Clarification of Claims Regarding PS7 Staff With Expiring Permits

Superintendent Allen’s July 26th letter states that “16 of the 25 teachers on staff at PS7 (64%) were serving under waivers or permits that expired at the end of June/beginning of July or will expire as of September 1, 2024 – all of which are not renewable.” L. Allen letter to L. Ruda dated July 26, 2024, p. 5-6.

To the extent this statement leads a reader to believe these 16 teachers will not have any waiver or permit once their current waiver or permit expires, SHPS refutes that allegation.

For clarification, 12 out of 19 PS7 teachers held permits or credentials which expired or expire before September 1, 2024. For each of these 12 teachers, SHPS has already applied for new permits, which will be retroactive to August 1, 2024 and will allow them to continue teaching, without interruption, for 2024-25. Those permit applications are pending with the CTC. The CTC processing timelines are lengthy, as SCUSD is aware, and, as a result, to ensure these 12 teachers are in compliance with state law, SHPS has filed Temporary County Certificates (“TCC permits”). The TCC permits were submitted between July 30, 2024 and August 20, 2024 to the credential analyst of SCUSD. SHPS cannot directly submit these permits to SCOE. SCUSD must submit them to SCOE on behalf of SHPS and it has been communicated to SHPS, by SCUSD, that the submissions to SCOE are pending at the time of this response.

SHPS has also communicated with SCUSD and SCOE in order to file TCC permits as an additional safeguard to ensure these SHPS staff members possess the required document to teach while the CTC has caught up with the paperwork and the waivers/permits are posted. These SHPS staff members also have a Credential Agreement with SHPS that includes items they must work to complete to progress to a clear credential. These items will allow the PS7 teachers to continue teaching, without any interruption. The individuals described above, including the permit they held last school year and the permit or credential we expect them to have once the CTC completes processing the pending applications, are reflected below:

	Employee Initials	23-24 Permit/Waiver	24-25 Permit/Waiver
1	M.A.	STSP	PIP
2	R.C.	STSP	PIP
3	J.H.	PIP	NA - now Intern eligible
4	K.K.	Waiver	STSP
5	A.M.	Waiver	STSP
6	B.S.	PIP	ETK

7	R.B.	STSP	NA - now Intern eligible
8	R.H.	STSP	PIP
9	S.H.	STSP	PIP
10	M.H.	STSP	PIP
11	B.H-T.	STSP	PIP
12	L.W.	Waiver	STSP

Please note that of the 12 teachers listed above, two (2) teachers will receive their intern credential, a higher level credential, when the CTC approves their application.

3. Clarification Around SHPS' Special Education Program

Superintendent Allen's July 26th letter states "It is unclear how PS7 and SCHS were able to appropriately staff their special education classrooms and programs, unless there were additional and unidentified substitute teachers and/or staff who provided instruction at other times during the school year." L. Allen letter to L. Ruda dated July 26, 2024, p. 6.

SHPS appreciates SCUSD leaves room for the fact that "there may be a plausible explanation for these findings" (L. Allen letter to L. Ruda dated July 26, 2024, p. 6) and believes SCUSD's allegation is based on a misunderstanding of SHPS' special education program. SHPS employs a full inclusion model to deliver its Special Education Program at both PS7 and Sac High. Students with special needs are in a general education classroom for the maximum amount of time possible (e.g. a student receiving speech services may receive them outside of the general education classroom, but their academic instruction occurs with the student's general education peers). This means our Special Education staff co-teach with our General Education staff, but in all cases, our General Education staff serve as the teachers of record for the courses in which SHPS students are enrolled, including students with special needs. Our Education Specialists who manage student IEPs all hold a valid Special Education credential or permit and our Teaching Assistants have proper credentials (they are more qualified than Instructional Aides who work in other districts who are only required to have a high school diploma). As part of our inclusion model, our students with special needs are also taught by General Education staff who also have proper credentials or permits.

Please note, we have purposely chosen to implement an inclusion model because it has been proven to better serve our students with special needs and ensure they are not separated from their peers.

All students enrolled in these classes benefit from the lower student to teacher ratio and additional expertise that comes from having two teachers in one classroom⁴.

Conclusion

SHPS' corrective action plan relative to teacher credentialing will maintain and build upon the structural changes made over the course of the past two years. SHPS has thoughtfully and strategically built its internal Human Resource team and transitioned functions related to credentialing and compliance from a third-party to SHPS, and increased its ability to recruit credentialed staff or to hire staff who will be able to complete the credentialing process. As a result, SHPS Human Resources now verifies teacher credentials as part of the hiring process, and executes and monitors credential agreements when a teacher does not hold an existing intern, preliminary or clear credential.

SHPS remains committed to minimizing the use of emergency credentials. Combined with a new salary schedule which ties base salary to credential type, SHPS believes it will retain and attract teachers who have or will secure an effective credential. SHPS will continue to work with teachers and SCTA to identify ways to further support teachers who need to secure their preliminary or clear credentials.

Finally, SHPS welcomes the opportunity to meet regularly with SCUSD to review its efforts related to teacher credentialing and credential agreements. Through those conversations and the course of annual oversight, we can ensure SCUSD has the most current information which is not available through public databases, as well as partner together to continue to identify best practices to support teachers seeking their preliminary or clear credentials and to support teacher recruitment.

⁴ In addition, to help increase capacity to support all students, we added an Inclusion Coordinator and two credentialed Mental Health and Wellness Coordinators to increase student support and interventions, specifically focused on students with MTSS (Multi-Tiered Systems of Support - which is a framework utilized in education to support data driven decisions and implementation of strategies in order to meet the needs of all students) meetings and review, SST plans, 504 plans, or students receiving Tier 2 interventions, as well as to consult with teachers, families, and staff to support progress. These positions were added to best support increasing student needs following the disruptions to school, and life, caused by the pandemic.



Action Plan #3

Addressing Concerns Regarding the Appearance of Conflict of Interests

SHPS Action Plan #3

Addressing Concerns Regarding the Appearance of Conflicts of Interest

In this section, SHPS describes the specific plans it intends to implement in response to the concerns SCUSD has raised regarding SHPS' contracting practices with SHA and SHDC, and the "possible" "appearance" of conflicts of interest related to those relationships. SCUSD states in its Notice to Cure, "While acknowledging SHPS autonomy to seek out services to serve students, the District hopes to see SHPS identify specific actions it will take to unwind, clarify or resolve the interrelatedness of the SHPS-connected entities, any financial interests held by officers/board members, and the holding of incompatible offices (e.g., resignation from position or Board role, establishment of time-accounting records for services provided, etc.)." (p. 9.)

To address these concerns, as further detailed below, SHPS will take the following actions:

1. Ms. Jennings will resign from SHPS Board effective September 30, 2024 and after SCUSD approves SHPS' requested charter renewals, notwithstanding that Government Code Section 1091 authorizes her continued service. The next regular SHPS Board of Directors meeting is September 12, 2024 at which time, the Board can appoint a new Chairperson and plan appropriately for the transition.
2. SHPS will amend its bylaws to preclude any officer, director, or employee of a vendor or intended vendor from serving on SHPS' Board.
3. SHPS will ensure that any legal matters involving SHA, SHDC or the St. HOPE Endowment are addressed by outside legal counsel and not by Kevin Heistand. SHPS' Superintendent shall be responsible for directing legal services accordingly.
4. SHPS will issue public RFP for back-office services and impose contractual terms that ensure increased vendor accountability. Please see SHPS' response in Action Plan #1 which provides a detailed outline of the forthcoming RFP process.
5. SHPS has updated its 2024-25 LCAPs to reflect how the funds to SHA tie to student outcomes.

While SHPS does not agree with all conclusions drawn by SCUSD, SHPS has and will undertake these significant meaningful operational changes to increase SCUSD's and the public's confidence in SHPS' operations and contracting decisions, as noted above and described in additional detail below. Notwithstanding SHPS' commitment to implement the changes below, SHPS believes it is important to understand there is and has been no violation of the law, and we ask SCUSD consider the following context and background as relevant to SHPS' assessment of the appropriate path forward.

Background, Context, and Responses to Concerns

SHPS' Operational Approach and Justification for Work To Date With SHA/SHDC

As an initial matter, SHPS understands and respects that as chartering authority to Sac High and PS7, SCUSD has a duty to review fiscal concerns related to the charter schools it authorizes, including oversight that public funds are appropriately spent. With that said, SHPS is disappointed that throughout this investigative process it does not appear SCUSD has considered that SHPS' charter schools are producing above-average results for students who have historically been left behind while receiving approximately the same level of funding as public schools throughout the state. See Table 1 in the Appendix.

We do not offer this comparison and figures to disparage SCUSD or to take away focus from concerns regarding SHPS – this data is about SHPS and not SCUSD. We all have much work to do to raise achievement for Black and Hispanic/Latino students. We offer these data points because they are part of the important global context that what SHPS is doing is working for Sacramento students, and what is working is that SHPS operates differently than traditional public schools and, for those students who choose SHPS, this different mode of operation is producing results. After all, it stands that if SHPS operated its charter schools the exact same way as traditional public schools, its results would likely be the same as those traditional schools.

We agree wholeheartedly with the principle that program success does not, and would not, excuse the misuse of public funds. SHPS' success *does* validate that its operational approach is benefiting students and is proving the schools' use of public funds is effective and responsible. That approach includes, for example, allowing SHPS administration to focus on the core academic programming while outsourcing non-core functions (e.g., backoffice, facilities, information technology, etc.) to separate mission-aligned nonprofit organizations.

And so, in the absence of evidence of fraud or actual waste (of which there is none) the abstract concern that SHPS may not be prudently using public funds for the benefit of its students is disproven by SHPS' results. However, SCUSD's Notice to Cure does not explain any actual student harm caused by SHPS' expenditures so we are only left to respond to unspecified concerns that are not grounded in any demonstrable, actual evidence that something harmful is happening. It is challenging to prove a negative, and the mere allegation creates public distrust when SHPS' actual results should be a source of trust, credibility and joint celebration.

It is problematic that Christy White's report suggests SHPS' administrative expenditures for its schools should be judged against districts serving similar numbers of students. Respectfully, those schools look nothing like SHPS in the high concentration of socioeconomically disadvantaged Black and Hispanic/Latino students served at PS7 and Sac High, and there is no evidence those schools have supported the same outcomes for their Black and Hispanic/Latino students as SHPS. See Appendix Table 2.

Moreover, it is simply not fair to conclude the cost of SHA's back office services are unreasonable because SHA provides far more than back office services as detailed in the attached SHPS Board memorandum. (See Attachment S2024-25 SHA + SHPS Statement of Work.) For example, SHPS'

back office contracts include costs like custodial services for the schoolsites, a cost not reflected in Christy White's analysis. There are other similar flaws, but this is a clear example.

By comparing SHPS to the school districts identified in Table 2, Christy White's report suggests SHPS is paying "excess amounts" by outsourcing administrative functions. This misses the point: of course *insourcing* can save dollars in some instances when adding duties and functions to existing staff - but that is not necessarily a prudent choice when staff should be focusing on other core matters. Outsourcing is often operationally necessary, i.e., recently SHPS had to outsource landscaping because SCUSD would not provide that service going forward as part of a facilities use agreement and SHPS does not have the capacity to employ the staff necessary for such a job.

In many instances, insourcing can actually be more expensive than outsourcing. As described earlier, SHPS made the decision in the Fall of 2022 to transition hiring, recruitment and credentialing to an in-house Human Resource Department due to the fact that SHPS believed it could better recruit and support teacher credentialing through a team of SHPS staff. However, the rebuild of the internal SHPS team ultimately costs SHPS more than outsourcing the function - notwithstanding the fact SHPS reduced the contracted amount for a vendor to reflect this transition of functions back to SHPS.

In the procurement of back office services, we consider dollars well spent where they allow SHPS' administrative team to focus on the core academic program and let others operate the day-to-day non-core functions. Again, SHPS' results underscore that. There has been no suggestion SHPS has violated any laws in how it structures its operations and, to be abundantly clear, SHPS has not violated any law in carrying out its management and operations of the schools. Again, the analysis on the value and effectiveness of our structural operations might be different if SHPS results were different, but SHPS stands by its outcomes for students and the resource allocation that is necessary to achieve those results.

SHPS will continue to decide which, if any, non-core functions it will outsource, as many successful charter networks do, because doing so supports SHPS' students-first, results-focused model. However, in light of SCUSD's identified concerns it seems as though the operative question moving forward is whether SHPS will continue to outsource non-core functions with SHA and SHDC and how those relationships will work. As detailed below, our proposal for the future clearly reflects a significant shift to increase public confidence and trust in how we procure back office services. Specifically, on the issue of whether contracting with SHA and SHDC will continue, it is first important for SCUSD to understand the value SHPS receives in working with SHA and SHDC. To fully understand this value received, it is necessary to first address the foundational conflict of interest issues that brings the propriety of these underlying contracting decisions into question.

Cassandra Jennings' Role with SHPS and SHA

As an initial matter, SCUSD's letter did not actually allege any violations of any conflict of laws, fraud, misappropriation, embezzlement, or anything of that kind, but instead, it stated SCUSD has *concerns* related to the *appearance* of a possible conflict of interest related to Cassandra Jennings,

and suggested concerns that SHPS has entered into contracts with SHA and SHDC that might not maximize the use of public education dollars for the benefit of students.

SCUSD seems to allege that Ms. Jennings, in her dual role as SHPS board chairperson and SHA/SHDC CEO has a conflicting financial interest prohibiting her from effectively serving SHPS. However, SCUSD's notice to cure does not cite, nor address, a clearly defined and broadly accepted legal exception that defines Ms. Jennings' financial interest as "remote" and therefore a non-conflict. See Gov. Code Section 1091.

While SHPS understands SCUSD's concern regarding *appearance* – and seeks to address any concern as proposed below – it is important to recognize that Section 1091 authorizes Ms. Jennings' place on the SHPS Board. As a matter of California public policy, Ms. Jennings' salary interest in the nonprofit context is *remote* and does not create a conflict of interest as a matter of law.

While Section 1091 has been a part of law for more than half a century, the last amendments to Section 1091 has reiterated the underlying public policy of California, i.e., "existing policy that an agency's contractual relationship with a nonprofit doesn't result in a conflict of interest." (*See California Senate Committee Report on SB 1086 (1/8/2004)* [where local voters elected Stanford University's vice provost to the Palo Alto City Council and Stanford University is a nonprofit trust, it was deemed prudent for the law to recognize that this does not constitute a conflict of interest for the vice provost where the Palo Alto City Council enters into contracts with Stanford University.]; *see Senate Floor Report 1/14/2004* ["Palo Alto and Stanford have more than two dozen contracts, covering everything from traffic control for football games to the installation of dark fiber communications" and the statutory exception language is prudent and consistent with California public policy to "avoid" the need for the councilmember to resign, as explained in the legislative analysis.])

Specifically, Government Code Section 1091(b) provides that "[a]n officer," i.e., a board member of SHPS, shall not be deemed to be interested in a contract entered into by a body or board of which the officer is a member within the meaning of this article if the officer has only a remote interest in the contract and if the fact of that interest is disclosed to the body or board of which the officer is a member and noted in its official records, and thereafter the body or board authorizes, approves, or ratifies the contract in good faith by a vote of its membership sufficient for the purpose without counting the vote or votes of the officer or member with the remote interest." "Remote interest" specifically includes "[t]hat of an officer or employee of a nonprofit entity exempt from taxation pursuant to Section 501(c)(3) of the Internal Revenue Code (26 U.S.C. Sec. 501(c)(3))..."

Ms. Jennings is an officer and employee of SHA, a "nonprofit entity exempt from taxation pursuant to Section 501(c)(3) of the Internal Revenue Code." As the minutes demonstrate, prior to SHPS' approval of any contracts with or involving SHA and SHDC, Ms. Jennings interests as an officer/employee was "disclosed to the ... board ... and noted in its official records, and thereafter the body or board ... approve[d] ... the contract in good faith by a vote of its membership sufficient for the purpose without counting the vote or votes of the officer or member with the remote interest."

It is notable that the California Attorney General issued an opinion in response to a request by an Assemblymember that is entirely on-point in affirming the propriety of Ms. Jennings role with respect to SHPS and SHA. (See CAG Opinion No. 02-403.) Specifically, the Assemblymember asked:

May a city council continue to lease property to a nonprofit corporation under a 40-year lease that will expire in 29 years and grant funds to the corporation if a newly elected council member is the salaried executive director of the corporation?

From this question, the Attorney General concluded that:

A city council may continue to lease property to a nonprofit corporation under a 40-year lease that will expire in 29 years even though a newly elected council member is the salaried executive director of the corporation. The city council may also grant funds to the corporation, provided that the newly elected council member does not participate in the making of the grants and discloses her financial interest in the grants to the city council, and the interest is noted in the council's official records.

While the question related to the lease involved a historical decision that fell outside of Section 1090, the possibility that the city council might approve grants to the nonprofit while the city council remains as a sitting member fell within Section 1090 but was subject to exception under Section 1091. Specifically, the Attorney General explained that:

[S]ubdivision (b)(1) of section 1091 specifies as a "remote interest" the interest a public officer has as "an officer or employee of a nonprofit corporation." Here, the council member's financial interest meets the test of a remote interest as set forth in section 1091, subdivision (b)(1). Accordingly, grants by the city to the nonprofit corporation may be made as long as the city council member follows the disclosure and other requirements of section 1091. (Cf. 65 Ops.Cal.Atty.Gen. 41, 56 (1982).)

As the Attorney General opinion demonstrates, the analysis is simple and straightforward: is the board member an employee/officer of a nonprofit, and has the board member complied with the disclosure/recusal requirements? If so, the interest is deemed remote and not in violation of Section 1090. SHPS specifically solicited legal advice from its outside counsel, Young, Minney & Corr, LLP prior to Ms. Jennings assumed the at-issue role in July of 2022, and SHPS received this analysis from its attorneys regarding Section 1090 and the PRA.

SHPS appreciates and understands SCUSD's concern as an authorizer, and presumes SCUSD is not asking SHPS or Ms. Jennings to forgo the rights of boards and officers to remain on boards that enter into contracts with the board member's nonprofit employer, as provided under Section 1091 – rights the Legislature determined to be appropriate because of the important role nonprofits play in the community, and which involve different considerations than for-profit corporations. We presume SCUSD is not asking SHPS or Ms. Jennings to forgo statutory rights that have inured to city council members and Stanford University provosts as indicated by the Attorney General opinion and legislative history materials, and presumably countless other public officials who have relied upon these determinations – just as SHPS did in seeking legal advice from its counsel,

Young, Minney & Corr. We interpret the SCUSD’s request as asking SHPS to take steps to reduce the potential appearance of a conflict of interest notwithstanding what is allowed by the exception.

In addition, we’d be remiss if we did not highlight that Ms. Jennings has served in both roles *since July 2022, for over two years*. Minutes from SHPS BOD Meeting on July 8, 2022. This information is included on SHPS’s website as well as the websites of SHA and SHDC. In addition, SHPS is required annually to submit a list of its SHPS Board members to SCUSD. On a monthly basis, SHPS also submits to SCUSD all new SHPS Board meeting agenda and minutes, which have reflected Ms. Jennings’ role as SHPS Board Chair and her recusal from SHPS Board discussions and votes involving SHA or SHDC. Similarly, SCUSD has regularly engaged with Ms. Jennings as the Executive Director and responsible contact for facilities services. See Agenda and Notes from October 19, 2023 Site Visit with Amanda Goldman. Prior to this investigation, which was launched one month before SHPS submitted its charter renewal petitions, SCUSD never raised Ms. Jennings’ roles as a concern. It was only when this issue was brought to SCUSD by SCTA that a concern was then raised to SHPS by SCUSD.

It is important for SCUSD to recognize that, notwithstanding Ms. Jennings’ employment with SHA and role on the Board of SHPS, the cost of SHA’s services have gone down over time, not up, since Ms. Jennings has assumed the role of SHPS Board Chair. This demonstrates that Ms. Jennings’ role has not precluded SHPS from reducing the contract scope and price, and transitioning services back to SHPS. The result is that SHPS has reduced the fees paid to SHA and SHDC each year since Ms. Jennings has become SHPS Board Chair.

School Year	SHA	SHDC	Total Contract Amount Paid by Year	(Reduction)/Increase from Prior Year	Notes
2021-22	\$ 1,297,104	\$ 514,629	\$ 1,811,733	n/a	
2022-23	\$ 1,321,104	\$ 490,629	\$ 1,811,733	\$ -	
2023-24	\$ 1,121,104	\$ 490,629	\$ 1,611,733	\$ (200,000)	First fiscal year where the contracts were approved while C. Jennings was SHPS Chairperson
2024-25	\$910,000	\$ 585,000	\$ 1,495,000	\$ (116,733)	

Kevin Hiestand’s Role as Outside Counsel to SHPS

Kevin Hiestand is a member of the California bar in good standing and has been a member in good standing for over 30 years. The notice to cure does not identify any Rule of Professional Conduct that Mr. Hiestand is alleged to have violated by serving his clients and SHPS is aware of none. Of course, lawyers typically have multiple clients and often those clients do business together – this is ubiquitous in law firms, e.g., law firms that represent school districts and county boards of education, or any law firm that represent private enterprises, e.g., Microsoft. It is only in the event that a potential or actual conflict arises *between* clients that a lawyer may be required to recuse themselves from a particular matter as addressed in the Rules of Professional Conduct.

There is no allegation Mr. Hiestand has ever been in a position where he has had to give advice to SHPS that could have been compromised by his ethical duties to SHA, or that Mr. Hiestand has had any role in influencing any financial decision by SHPS in which he had a financial or personal interest - he has not. Without a financial interest in any decision, without the presentation of any facts that constitute a potential or actual conflict within the meaning of the Rules of Professional Conduct, Section 1090, or the Political Reform Act, it is not possible to prove a negative.

Further, Mr. Hiestand is not SHPS' only counsel. SHPS regularly utilizes Young, Minney & Corr LLP which does not serve as counsel for SHA or SHDC or St. HOPE Endowment. On any matter that could potentially put SHPS interests and SHA's interests in conflict, SHPS would look to Young, Minney & Corr for legal advice, not Mr. Hiestand. There is no rule that precludes Mr. Hiestand from working for SHPS and SHA, separately, where there is no adversarial matter between his clients.

Like Ms. Jennings, Mr. Hiestand has served as legal counsel to SHPS for years. Again, prior to this investigation which was launched one month before SHPS submitted its charter renewal petitions, SCUSD never raised Mr. Hiestand's role as a concern.

SHPS does not have an in-house legal department or SHPS employee serving as legal counsel. Again, this is a non-core function that SHPS chooses to discharge via outsourcing. Apart from the fact that SHPS does not have the ability to manage, train or evaluate a staff member in this role, Mr. Hiestand's modest fee of \$4,000 a month is significantly less than even one full-time staff attorney would cost. SHPS administration and the Board considers Mr. Hiestand's services valuable to SHPS and frankly a bargain. His pricing provides budget certainty, even in months where his services are used extensively, e.g., when at the request of SHPS administration he and SHPS' Human Resources Manager performed an investigation that took more than 40 hours.

It is disappointing that Mr. Hiestand's role with St. HOPE Endowment – a nonprofit – is a point of criticism, particularly when there are no allegations or evidence he has done anything wrong beyond unspecified “concerns.” Most importantly, SHPS has no contractual relationship with St. HOPE Endowment. In other words, no public or private funds held by SHPS are paid to the St. HOPE Endowment.

In addition, Mr. Hiestand receives zero compensation from St. HOPE Endowment. St. HOPE Endowment exists solely to support the work of SHA. SHPS has no contractual or legal relationship with St. HOPE Endowment. These are charitable nonprofit public benefit corporations that exist to serve the Oak Park neighborhood of Sacramento. Mr. Hiestand is involved in these organizations because he believes in their mission. In public education, we should be celebrating those who are involved in supporting our communities. We should hold those to account who violate the public trust, but there is nothing beyond unspecified concern here.

The doctrine of incompatible offices under Government Code Sections 1099 and 1126 also do not apply to Mr. Hiestand as outside counsel to SHPS or his role on St. HOPE Endowment - again, a nonprofit organization with not legal or contractual relationship to SHPS. Although Mr. Hiestand is not within the incompatible offices framework, it is notable that Government Code Section 1126

provides that “[s]ervice on an appointed or elected governmental board, commission, committee, or other body **by an attorney** employed by a local agency in a nonelective position shall not, by itself, be deemed to be inconsistent, incompatible, in conflict with, or inimical to the duties of the attorney as an officer or employee of the local agency and shall not result in the automatic vacation of either such office.”

Vague assertions of “concerns” are not fair to the individual and make it challenging for the public to understand and appreciate the facts beyond allegations of “concerns.” Moreover, SHPS perceives it to be inherently unfair for a limit to be imposed on a client’s right to choose legal counsel of their choice. For the reasons set forth above and in the absence of any actual or perceived conflict of interest, SHPS intends to continue its relationship with Mr. Hiestand.

Going Forward – SHPS’ Action Plan

1. Cassandra Jennings’ Role

As SHPS has outlined above, Ms. Jennings is legally authorized to serve on SHPS’ Board under Section 1091, notwithstanding her role with SHA. SHPS confirmed this fact by requesting advice and counsel from outside legal counsel prior to Ms. Jennings’ appointment as SHPS Board Chairperson over two years ago. Ms. Jennings has properly recused herself from all SHPS Board discussions and votes relative to SHA and SHDC. Ms. Jennings has an impeccable history of public and community service. No allegations have been made, nor could they be made, that Ms. Jennings put her personal interests or those of SHA/SHDC ahead of the students of SHPS. At no time prior to the eve of charter renewal has SCUSD identified Ms. Jennings’ dual role as a cause for concern and/or actual or potential conflict.

However, it has been made clear to SHPS that renewal of its charters for PS7 and Sac High may now be in jeopardy after twenty years of operation due to the fact Ms. Jennings serves as both the CEO of SHA/SHDC as well as the Chairperson of the SHPS Board of Directors. Neither Ms. Jennings nor SHPS will allow SCUSD’s concern relative to Ms. Jennings’ positions to in any way negatively impact the requested charter renewals. In only two years, Ms. Jennings has contributed an incredible amount to SHPS. It is with great sadness, but with appreciation for her service, that SHPS shares that Ms. Jennings steps down from SHPS’ Board effective September 30, 2024 and after SCUSD approves the pending SHPS charter renewals. See Cassandra H.B. Jennings’ letter of resignation from the Board of Directors of SHPS dated August 23, 2024. The next regular meeting of the SHPS Board of Directors is September 12, 2024, at which time the Board will appoint a new Chairperson and plan appropriately for the transition.

2. Amendment of SHPS’ Bylaws

In further demonstration of SHPS’ commitment to avoiding the appearance of any conflicts of interest on a going-forward basis, at SHPS’ next regular meeting, SHPS’ BOD will hear an action item to amend its bylaws to confirm that officers, directors, and employees of any entities that are contracted with or propose to contract with SHPS shall be ineligible to serve on SHPS’ Board as a board member. Specifically, the amended language provides that:

No individual may be appointed to serve as a Director of the Board or continue as a Director of the Board if they are an officer, director, and/or employee of any entity that is contracted

with SHPS, or was contracted with SHPS in the prior twelve (12) months, or proposes to contract with SHPS. Any member of the Board in violation of this paragraph shall be considered disqualified to serve as a Director and shall be subject to removal consistent with these Bylaws.

As part of the proposed amendment, SHPS will delete any provisions in its bylaws to the extent they conflict with the above prohibition. (See Proposed Redline Amendments to SHPS Bylaws) at its next regular board meeting, which is scheduled for September 12, 2024.

3. Kevin Hiestand's Role

As addressed above, Mr. Hiestand does not work on any matters for SHPS in which he has a potential or actual conflict. For the reasons set forth above and in the absence of any actual or perceived conflict of interest, SHPS intends to continue its relationship with Mr. Hiestand.

Further, SHPS will ensure that any legal matters involving SHA, SHDC or the St. HOPE Endowment are addressed by outside legal counsel and not by Kevin Hiestand. SHPS' Superintendent shall be responsible for directing legal services accordingly.

Further, SHPS will require Mr. Hiestand to provide sufficiently detailed monthly invoices to provide accountability, through recordkeeping, that Mr. Hiestand's legal work does not involve any matters that potentially put SHPS adverse to SHA or SHDC.

Further, SHPS has received the enclosed memorandum and assurances from Mr. Hiestand affirming his lack of potential or actual conflicts relative to SHPS. (See Attachment Memorandum and Assurances from Kevin Hiestand.)

If SCUSD's position is that it will not consider SHPS to have cured the SCUSD's concerns unless SHPS terminates its relationship with its lawyer, Mr. Hiestand, please let us know as soon as possible that there is no other option so SHPS may proceed accordingly before the SCUSD posts its findings.

4. Amended LCAP To Include Increased Specificity

The Christy White report suggests that programs operated by SHA related to student involvement in the community might not be appropriate because they are not reflected in the LCAP and/or that they "are not related to a public education purpose." (L. Allen letter to L. Ruda dated July 26, 2024, p. 8.) There is of course no law that provides, nor is there any law cited, that a charter school may engage in expenditures only to the extent that the expenditure is addressed in the LCAP, or that expenditures are not justified unless addressed in the LCAP. At SHPS, the services that SHA provide are foundational schoolwide programs and therefore have not been viewed as necessitating a specific LCAP line-item tracking to a particular state priority or student outcome.

However, to demonstrate SHPS's willingness to address SCUSD's concerns, the SHPS Executive Committee of the Board of Directors authorized SHPS to amend the 2024-25 LCAP at its regular meeting which was held on August 13, 2024. Executive Committee Agenda and Minutes, August

13, 2024, Item III, B. In an effort to further show its willingness to continue to work with SCUSD and address the concerns expressed in Superintendent Allen’s letter, SHPS has amended the 2024-25 LCAP to reflect SCUSD’s concerns. L. Allen letter to L. Ruda dated July 26, 2024, p. 8. The amended LCAP is now posted on SHPS’s website (<https://www.sthopepublicschools.org/our-district/key-documents-policies/>) and enclosed with this response. (See Attachments or linked documents at pp. 16, 18, 19).

Again, SHPS wants to underscore that the Secretary of Education in November 2022 specifically encouraged school districts to engage community organizations to provide these student experiences after the COVID-19 pandemic: As noted by the Secretary,

“[T]he pandemic reduced the availability of work-based learning. These impacts have been more pronounced in certain industries, particularly those that have traditionally engaged a youth workforce, in addition to industries that support earn-and-learn educational models like Registered Apprenticeship. Work-based learning is a proven strategy that reinforces academic instruction by giving students opportunities to apply knowledge and skills in real-world situations. Work-based learning also helps young people to generate income, establish future earning potential, and connect with professionals in the labor market. The US Department of Education has encouraged school districts to support new skill-building experiences like internships, cooperative education, pre-apprenticeships, and registered apprenticeship programs that are integrated within school-day instruction and other extended learning models that occur after school or over the summer months.”

Any claim that using public funds to offer these student based work experiences or contracting with an organization to provide the same, is “not related to a public education purpose,” is simply incorrect. St. HOPE Public Schools is rooted in our five pillars, one of which is the “power to lead” and, as a result, we strongly believe that community service helps our scholars develop a strong sense of civic responsibility and establish the foundation for a lifetime of meaningful community involvement. Over the course of their time at Sac High, scholars are expected to complete 110 hours of community service. Each year, students must complete a set number of hours. By their junior and senior years, Sac High scholars must annually complete 40 hours of community service.

Consistent with the Secretary’s direction, SHPS has worked to expose our scholars to various hands-on learning experiences outside the classroom. For 2024-25 we have contracted with SHA to assist SHPS and our scholars to secure experiences to meet their community service requirements as well as to expose them to work-based opportunities. This has ranged from assisting our teachers over spring break with our PS7 Elementary move and construction project (e.g. assembling student desks, packing and unpacking new curriculum) and supporting staff with our Dragon’s Closet which provides our at-risk scholars and their families with free school supplies, clothes, food, toiletries, cleaning products, and other household goods.

5. Issue Public RFP for Back-Office Services

As addressed in SHPS’ response to the concerns raised in Section II (A) *Non-GAAP Accounting Practices*, SHPS has committed to launch a competitive bidding request for proposal process (“RFP”) that will seek proposals for back-office services currently provided by SHA. As part of that response, SHPS committed to implement a number of safeguards and controls to address some

of the conflict of interest concerns outlined in Section III (C) *Potential Conflict(s) of Interest Under Government Code Section 1090 and Political Reform Act of 1974 (Governance Code Section 1000 et seq)*. SHPS believes the RFP process, and controls included in it, further address SCUSD's concerns in conjunction with the other actions outlined above in this section, and specifically, in response to SCUSD's concern regarding alleged "fiscal dependence of SHA/SHDC [and] the ability of SHPS to make objective and market-based decisions regarding an array of essential services critical to the operation of a charter school." (L. Allen letter to L. Ruda dated July 26, 2024, p. 9.)

With respect to contracting with SHDC in particular, we appreciate that SCUSD's Notice recognized that where "SHDC has contracted to provide facilities management and information technology at a cost of \$575,000" that "[n]either of these amounts seems unreasonable based on the scope of work delineated in the agreements – assuming such services are provided in a manner consistent with such scope." (L. Allen letter to L. Ruda dated July 26, 2024, p. 9.) SHPS confirms that SHDC provides facilities management and information technology services commensurate with the contracted scope, and SHDC is being required by SHPS to provide detailed monthly invoicing as of the 2024-25 school year that provides time accounting to identify the services rendered in consideration of the fees charged. In addition, SHPS' steps to measure and assess SHDC's performance relative to information technology are already underway for 2024-25 and these results will impact how SHPS moves forward. Work relative to facilities changed significantly when SCUSD made the decision to change the facilities support it is providing to independent charter schools, like Sac High and PS7, and moved the full-time staff assigned to SHPS schools. With the ongoing construction and implementation of new plans to fill the void now that the SCUSD staff has been removed, SHPS will have better information upon which to determine next steps with SHDC after the current school year.

Based on the results and lessons learned from structuring and implementing the RFP process in the 2024-25 school year for back-office services currently performed by SHA (again, see Action Plan #1), SHPS will develop and implement a strategy and amend policies as needed during the 2025-26 school year governing RFP processes for vendors more broadly going forward, e.g., vendor contracts for specified service areas based on a reasonable threshold set by the Board, such as vendor contracts in excess of \$200,000.

Appendix

Table 1

	Sac High	PS7	SCUSD
ELA (DFS) – African American	-14.2	-62.7	-91.9
Math (DFS)– African American	-130.1	-115.9	-132
%Prepared for College/Career (Dashboard) – African- American	42.9%	N/A	12.6%
A-G Completion Among HS Graduates – African-American	100% as of 22-23 100% as of 23-24	N/A	30% as of 22-23
College-Going Rate – African American	75% as of 21-22	N/A	53.2% as of 21-22

Table 2

	% <u>Socioeconomically Disadvantaged</u>	%<u>Black/African American + Hispanic/Latino</u>
Sac High	74.9%	85%
PS7	86.5%	83.7%
Sutter High	30.9%	30.1%
Santa Ynez Valley Union High	31.3%	48.8%
Lassen High	40.4%	25.3%
Upper Lake USD	84.4%	33.4%
Modoc JUSD	65.4%	21.2%

Sacramento City Unified School District

Staff Renewal Report

Published September 4, 2024



St. HOPE Public School 7



Requested Term: July 1, 2025 - June 30, 2030

On June 28, 2024, St. HOPE Public School 7 (PS7) submitted a petition to renew its charter to the Sacramento City Unified School District (District). If approved, the PS7 would receive a five-year charter term for the period from July 1, 2025, through June 30, 2030.

In compliance with Education Code 47605(b), the District's Board of Education held a public hearing on August 8, 2024, to consider the level of support for the petition by District teachers, other District employees, and parents/guardians. The Board will conduct a second public hearing and render its decision on the renewal petition on September 19, 2024. This *Staff Report*, including findings of fact, was published on the District's website and shared with PS7 on September 4, 2024, which was at least fifteen (15) days prior to the public hearing during which the Board will take action on the renewal petition.

Color coding has been used to direct the reader's attention to the most salient elements of the report.		
Meets all expectations and/or standards; supports the case for renewal	Substantially meets expectations and/or standards; worthy of note but <u>does not indicate</u> a serious issue that would likely inhibit renewal	May not meet expectations and/or standards; should be considered carefully as a potential non-renewal issue

Criteria For Renewal

Education Code (EC) sections 47605 and 47607 guide the District, as the charter authorizer, in reviewing petitions for the renewal of charter schools. As part of that review, the District is also required to consider the schoolwide performance, and performance of all student groups, on state and local indicators with a greater weight applied to measurements of academic performance (EC 47607(b)(1)).

Petition Elements

Charter renewals are governed by the standards and criteria described in EC sections 47607(b) and 47605. These shall include, but not be limited to, a reasonably comprehensive description of

any new requirement for charter schools enacted into law after the charter was originally granted or last renewed.

Performance Levels

Based upon a charter school's performance on the California School Dashboard, academic achievement indicators (CAASPP ELA and math); English Language Proficiency Indicator (ELPI), and the College Career Indicator (CCI) in the two consecutive years immediately preceding the renewal decision, the California Department of Education (CDE) places a charter school in one of the three performance categories: high, middle, or low. For those designated as high or middle-performing, the charter school is presumed to be renewed unless one or more denial criteria are met. More specifically, high-performing charter schools may be renewed for five to seven years, and middle-performing charter schools may be renewed for five years.

For low-performing charter schools, there is a presumption that their renewal petition will be denied. However, such charter schools may receive a maximum two-year renewal based upon a “second look.” As part of this “second look,” the authorizer conducts a deeper evaluation of the charter school’s academic achievement and may renew a charter that meets the following criteria:

1. The charter school is taking meaningful steps to address the underlying cause or causes of its low performance, and those steps are, or will be, reflected in a written plan adopted by the charter school's governing body.
2. There is clear and convincing evidence showing either of the following:
 1. The school achieved measurable increases in academic achievement, as defined by at least one year's progress for each year in school.
 2. Strong postsecondary outcomes, as defined by college enrollment, persistence, and completion rates equal to those of similar peers.
 3. Growth shall be demonstrated by verified data.

Reasons for Denial

The authorizer may deny the renewal of a charter if it makes written factual findings that the charter school failed to meet the standards set forth in EC section 47605:

1. The charter school will provide an unsound educational program for students during the term of its charter;
2. The charter school is demonstrably unlikely to successfully implement the program set forth in the petition;
3. The petition does not contain the necessary affirmations and assurances;
4. The petition does not contain reasonably comprehensive descriptions of the fifteen required elements set forth in the Charter Schools Act.

5. The petition does not declare whether the charter school shall be deemed the exclusive public employer of the charter school's employees for purposes of Chapter 10.7 (commencing with Section 3540) of Division 4 of Title 1 of the Government Code.

Notwithstanding EC sections 47607(c), 47607.2(a), and 47607.2(b), pursuant to 47607(e), the board may also deny renewal of any charter school upon a finding that:

6. The charter school is demonstrably unlikely to successfully implement the program set forth in the petition due to substantial fiscal or governance factors; or
7. The charter school is not serving the pupils who wish to attend, as documented by EC 47607(d).

Further, the authorizer must provide 30 days' notice with a reasonable opportunity to cure the violation(s) and make a finding that either:

- The corrective action proposed by the charter school has been unsuccessful; or
- The violations are sufficiently severe and pervasive as to render a corrective action unviable

Consideration of Material Revisions

Sacramento City Unified Board Policy 0420.41 on Charter Oversight defines material revisions as proposed changes in charter operations that represent a substantial difference to the charter, including:

- Expansion of education services to include service of additional grade levels
- Expansion of facilities to additional sites
- Fundamental changes to instructional or pedagogical model

In review of the submitted renewal petition for PS7, District staff identified a potentially substantive change, which is detailed below. However, staff has determined that these changes do not require a material revision to the charter requiring separate board approval.

Description of Change	Page #	Material Revision?
Creation/renaming of the position of Superintendent.	multiple	No. Title may impact what is considered comparable compensation but can be appropriately accounted for in the budget.

Executive Summary

Performance Level assigned by CDE (High, Middle, Low)	MIDDLE
Has a notice to cure an alleged violation been issued?	YES
→ If notice was issued, has a response been submitted?	YES

Did the charter petition meet all primary requirements for renewal?		YES
1	Does this charter present an <u>unsound</u> educational program?	NO
2	Are the petitioners demonstrably <u>unlikely</u> to successfully implement the program set forth in the petition?	SEE ANALYSIS
3	Does the petition contain the necessary affirmations and assurances of the Charter Schools Act?	YES
4	Does the petition contain reasonably comprehensive descriptions of all of the 15 elements described below?	YES
5	Does the petition contain a declaration of whether the charter school shall be deemed the exclusive public employer of the charter school's employees?	YES
Were there any findings that would potentially trigger a notice to cure an alleged violation under either of the following?		YES
6	Is the charter school demonstrably <u>unlikely</u> to successfully implement the program set forth in the petition due to substantial fiscal or governance factors?	SEE ANALYSIS
7	Does the charter school serve the pupils who wish to attend, as documented by E.C. section 47607(d)?	YES

Review of Elements

REQUIRED ELEMENTS OF THE PETITION			
ELEMENT	TOPIC	MEETS STANDARD	KEY FINDING(S)
Element 1/A	Educational Program	YES	See note below
Element 2/B	Measurable Student Outcomes	YES	
Element 3/C	Student Progress Measurement	YES	
Element 4/D	Governance	YES	With action plan
Element 5/E	Employee Qualifications	YES	With action plan
Element 6/F	Health and Safety	YES	
Element 7/G	Racial/ Ethnic Balance	YES	
Element 8/H	Admissions	YES	
Element 9/I	Independent Audits	YES	With action plan
Element 10/J	Suspension/Expulsion	YES	See note below
Element 11/K	STRS	YES	
Element 12/L	Attendance Alternatives	YES	
Element 13/M	Post-Employment Rights	YES	
Element 14/N	Dispute Resolution	YES	
Element 15/O	Closure Procedures	YES	
REQUIRED SUPPLEMENTAL INFORMATION		MEETS STANDARDS	KEY FINDING(S)
Financial/ Administrative Plan		YES	
Facilities		YES	
Impact Statement		YES	
Special Education		YES	

**Completed Review Matrix Attached*

Detailed Findings of Fact

This section contains greater detail regarding any above-mentioned area that did not meet requirements. **Items not described met requirements.**

1. Does this charter present an unsound educational program? **NO**

PS7 has served students in grades TK-8 in the Oak Park community since 2003. The program's overarching goal is to, in collaboration with its partners at Sacramento Charter High School (SCHS) and St. HOPE Public Schools (SHPS), offer an education pipeline from elementary school to college. PS7 serves a historically underserved community and for many years has had notably strong academic outcomes, particularly for African American and socio-economically disadvantaged student groups.

PS7 describes its educational approach as focused on developing a strong commitment to academic achievement and work ethic. Their program includes a commitment to rigorous academic standards, character development, and extended learning time. PS7 operates a full-inclusion special education program, supported by the El Dorado Charter SELPA.

Overall, the design and description of the educational program at PS7 are sound and meet renewal criteria. However, triangulating among the educational program described in the petition, observations made during charter oversight in the 2023-24 school year, and available public data, it is clear that there are some gaps between the program as described and the implementation. This is a normal phenomenon—the acknowledgment of which should not detract from past successes but rather be addressed in the spirit of ongoing, continuous improvement. These items are discussed in the section below.

2. Are the petitioners demonstrably unlikely to successfully implement the program outlined in the petition? **NOT WITH ACTION PLAN / CONDITIONS**

Academics

Overall, the design and description of the educational program at PS7 are sound and meet renewal criteria. Based on the school's academic track record in the first years of the most recent charter term, it is likely that it will continue to successfully implement that program and produce successful student outcomes. Based on the California School Dashboard, student performance in English Language Arts at PS7 demonstrated an upward trajectory between 2017 and 2022. PS7's CAASPP English-Language Arts outcomes displayed schoolwide scores that exceeded the state during this period. The African American student group at PS7 outperformed the African American student group statewide in English-Language Arts and Mathematics. The socio-economically disadvantaged (SED) student group outperformed the SED student group statewide in

English-Language Arts and Mathematics. Following the COVID-19 pandemic and with the reintroduction of the California School Dashboard in 2022, PS7's student performance demonstrated higher outcomes than in 2019 for English-Language Arts but lower outcomes than in 2019 for Mathematics.

However, for the 2023 test administration, PS7's schoolwide English-Language Arts outcomes declined by over 50 points and mathematics by over 33 points. During the same test administration, the African American and SED student groups performed below their respective student groups statewide.

In addition, both suspension and chronic absenteeism rates on the California School Dashboard have surpassed both District and State levels since 2017. In 2023, the suspension rate was 20.5% school-wide, 25.7% for African American students, and 28.0% for students with disabilities. In the same year, the chronic absenteeism rate was 53.5% school-wide, 55.7% for African American students, and 56.3% for SED students. While these items were noted, the petition contained limited to no discussion on how they were to be addressed.

There are many possible reasons for this decline. The review team noted that there may be a correlation between the 2023 declines in student outcomes, high suspension rates, and significant increases in what the state calls "ineffective" teachers at PS7.

Concerns about teacher credentialing were identified in the Notice of Alleged Fiscal and Governance Violations (Notice to Cure) issued to SHPS (as the charter operator of PS7) after it submitted the renewal petition. In its corrective action plan, SHPS indicated several steps that it had taken or was prepared to take to address this issue. These are described in the response to the Notice to Cure in the subsequent section.

Based on the review of items submitted with the petition, in conjunction with the identified action plan, PS7 seems likely to succeed with the implementation of its instructional program. District staff encourages PS7 to consider engaging in a deep reflection on its strategic plan regarding suspension and chronic absenteeism, especially for students with disabilities, in the coming years.

Fiscal

To understand PS7's ability to maintain the fiscal resources necessary to implement its program, the review team evaluated financial statements submitted through oversight in the 2023-24 school year (adopted budget, unaudited actuals, first interim report, second interim report, audit report) and multi-year (MYFP) and cash flow projections submitted with the charter petition.

Based on the available materials, the review team made the following observations:

1. **Assumptions:** Submitted financial statements do not include detailed assumptions for enrollment, ADA, FTE, etc. An assumptions list often includes, but is not limited to, assumptions for COLA, grants, one-time grants, health and welfare, and any other major factors that would impact the multi-year fiscal projections (MYFP). The lack of assumptions does not allow for a proper evaluation of the validity of the cash flow projections submitted by PS7.
2. **Enrollment:** No enrollment assumptions were provided regarding financials. Enrollment declined during the term of the most recent charter.
3. **ADA:** ADA assumptions were not provided.
4. **Cash:** The cash flow projections indicate sufficient cash availability, with a projected balance of \$3.3M in June 2026. However, the lack of provided assumptions prevents a thorough assessment of the projections' reasonableness.
5. **Interim Review:** The financial analysis template (completed through District oversight in 2023-24) demonstrates that PS7 is now making period financial adjustments.
6. **Deficit Spending:** The financial analysis template showed slight deficit spending(\$38K) in 2023-24. However, this did not seem to represent a structural deficit.
7. **MYFP:** The MYFP did not align with the Cash Flow Statement. The total revenues and expenditures outlined in the cash flow did not match those in the MYFP. The MYFP lacked supporting documentation, aside from single-line notes within the document.
8. **Ending Fund Balance:** The ending fund balance is healthy at about 29%. However, without the MYFP combined with a reasonable assumption list, it is unclear if the ending fund balance will be maintained in future years.

The Notice to Cure issued to SHPS after it submitted the renewal petition for PS7 identified a lack of generally accepted accounting principles and repeated audit reports listing material weaknesses in internal controls. In its corrective action plan, SHPS indicated several steps that it had taken or was prepared to take to address this issue. Those are described in the response to the Notice to Cure in the subsequent section.

In general, the fiscal review team noted that they had expected to see additional documentation included with the submission. In their experience, typically, the charter school would provide their FCMAT LCFF Calculator and a narrative statement explaining the projections in the MYFP, including details on revenue and expenditures, and account for significant variances between years. This narrative should also include key information such as ADA assumptions, Unduplicated Count assumptions, special education assumptions, etc. Without these sources of information, the review team felt

challenged to speak definitively about all aspects of SHPS's fiscal program. *However, the steps identified in the corrective action plan are likely to resolve any questions or issues.*

Based on the materials reviewed, staff feel that SHPS is not demonstrably unlikely to successfully implement the program based on fiscal considerations. The steps described in the corrective action plan do support the likelihood of successful implementation. Staff would like the opportunity to review a complete packet of fiscal documentation, perhaps as a condition of renewal or a component of ongoing oversight.

Governance

The review team analyzed several governance items submitted with the renewal petition and regular oversight including board bylaws, qualifications, meeting minutes, and agendas. While the review team noted a few areas that may need to be updated, there were no major concerns.

The Notice to Cure issued to SHPS noted a potential conflict of interest. In its corrective action plan, SHPS indicated several steps that it had taken or was prepared to take to address this issue. Those are described in the response to the Notice to Cure in the subsequent section.

Based on the review of items submitted with the renewal petition in conjunction with the identified action plan, PS7 seems likely to succeed with effective and legal charter school governance.

3. **Does the petition contain the necessary affirmations and assurances of the Charter Schools Act?** YES
4. **Does the petition contain reasonably comprehensive descriptions of all the 15 required elements?** YES

Element 4/D: YES

The review team noted that the copy of the updated bylaws in the appendix to the renewal petition was not signed or dated. Therefore, the District will require an executed version. In addition, the review team found that the SHPS board's composition does not include any representation specific to PS7, which the District does not consider a best practice as it may call into question the ability of the board to focus on the individual needs of each charter school. Other governance elements were addressed in the corrective action plan and are described below.

Element 5/E: YES

As noted above, concerns about teacher credentials/qualifications were identified in the Notice to Cure issued to SHPS after it submitted the renewal petition for PS7. A review of the renewal petition identified all of the necessary elements affirming that teachers will hold appropriate credentials, as well as optional elements regarding staff recruitment and development. The corrective action plan submitted by SHPS on behalf of PS7 includes several additional steps that appear to bridge the gap between the language in the renewal petition and its implementation. The combination of these steps meets the requirements of this element.

Element 9/I: **YES**

As noted above, a lack of generally accepted accounting principles and repeated audit reports listing material weaknesses in internal controls were identified in the Notice to Cure. The review team's analysis of the renewal petition indicated that PS7 included the necessary elements describing how audits would be conducted, assurance of generally accepted accounting principles, and the timing of how audit findings/exceptions would be addressed. The corrective action plan submitted by SHPS includes several additional steps that appear to bridge the gap between the language in the petition and its implementation. The combination of these steps meets the requirements of this element.

Element 10/J: **YES**

The renewal petition's language is comprehensive. However, as addressed in the additional data below, the suspension rate is high, particularly for some subgroups. This may point to a gap between its discipline policies and implementation or a need for PS7 to reexamine its discipline policies.

5. Does the petition contain a declaration of whether the charter school shall be deemed the exclusive public employer of the charter school employees? **YES**

***Special Note:** While the renewal petition does appear to reflect new laws adopted since the original charter was approved, the renewal petition does not call out or identify those new requirements. The District recommends that these be detailed in an executive summary.*

Response to Notice of Correction

Based on concerns highlighted in the 2023-24 school year, SCUSD issued a Notice to Cure to SHPS, as the charter operator of PS7, on July 26, 2024. SHPS provided a corrective action plan on August 26, 2024, as requested. The Notice to Cure identified three principal areas of concern. Below is a summary (not inclusive of all details) of SHPS's response to the concerns and alleged violations addressed in those three areas and the District staff's corresponding analysis.

Concern 1: Lack of Generally Accepted Accounting Practices (GAAP)

Action 1: SHPS's back office provider, St. Hope Academy (SHA), will immediately retain additional staff to ensure GAAP practices are in effect.

Action 2: SHPS will retain an audit firm to review concerns raised by the District and verify that SHA has made appropriate changes and is implementing GAAP practices.

Action 3: SHPS will require SHA to provide detailed monthly invoices for provided services.

Action 4: SHPS will issue a request for proposals and implement an open selection process for back-office service providers.

District Staff Analysis of Response to Concern 1: The steps described in the action plan are a reasonable response to the concerns/alleged violations. Working with the audit firm and additional staff strengthens the capacity of both SHPS and SHA to administer public funds and allows for greater transparency and accountability in fiscal reporting. Whether SHA or another entity ultimately takes on the back-office responsibilities, the detailed invoices, request for proposals process, and improved accounting practices establish a stronger foundation for the use of public funds to directly serve the students of PS7.

Should the District's Board vote to renew PS7's charter, District staff will have the capacity to support the above action steps in the following way:

District Action 1: Review key financial submissions (i.e., adopted budget, unaudited actuals, first interim financial report, second interim financial report) each year and provide a summary of that review (at minimum) in the annual report as part of regular oversight.

District Action 2: Meet with or send feedback to SHPS staff following a review of each key fiscal submission (adopted budget, unaudited actuals, first interim, second interim) to address any concerns or confusion.

District Action 3: Set a timetable with defined metrics addressing when each step in this process is expected to be completed and by what criteria the District will deem it complete.

Concern 2: Teacher Qualifications/Credentials

Action 1: In its corrective action plan, SHPS commits to continuing to verify teacher credentials as part of hiring, minimizing the use of emergency credentials, implementing

and monitoring credential agreements, and submitting supporting documentation to the California Commission on Teacher Credentialing (CTC).

Action 2: In the last two years, SHPS has re-established its internal human resources department and added staff to support it. The action plan indicates that SHPS is committed to continuing this effort.

Action 3: SHPS indicated that it has increased base salaries to, in part, increase teacher retention. The action plan indicates that SHPS is committed to continuing this effort.

Action 4: SHPS is committed to working with teachers and SCTA to identify ways to further support teachers who need to secure preliminary or clear credentials.

Action 5: SHPS has embarked on a two-year curriculum adoption cycle, already having purchased the curriculum for the 2024-25 school year. Maintaining this resource for teachers could support both retention efforts and bridge the gap where there may still be fewer qualified teachers. In the corrective action plan, SHPS is committed to continuing this effort.

District Staff Analysis of Response to Concern 2: SHPS's response to this concern contained considerable background and context. In addition, it is worth noting that in recent years, California has seen unprecedented levels of teachers leaving the profession, lengthy backlogs on credential processing, and impacted teacher education programs. The questions of how to recruit and retain qualified teachers are not unique to SHPS. As such, the steps noted in Actions 2-5 appear promising. The steps described in Action 1 seem to be clear extensions of the language in PS7's renewal petition and are consistent with best practices.

However, District staff has two concerns in this area. First, the District does not have a strong mechanism to assess teacher credential status in real-time (most state reporting delays are almost a year). This should not be held against SHPS but rather reflects a challenge in supporting the corrective action. Second, even with the proposed plan in place, there are still some under-qualified individuals serving SHPS students. In the corrective action plan, SHPS (on behalf of PS7) describes how it generally supports those individuals in their professional growth (e.g., partnership with Teach for America, professional development opportunities, etc.). District staff would like to see that described more specifically as it pertains to how SHPS prepares new or under-qualified educators to implement the educational program described in the charter.

Should the Board vote to approve PS7's renewal petition, District staff have the capacity to support the above action steps in the following way:

District Action 1: Collaborate with District credential staff, SHPS representatives, and possibly representatives from other charter schools to develop an ongoing, sustainable, and timely model for reviewing charter school teacher credentials.

District Action 2: If needed, support SHPS in adding detail to its professional development plans to better support newer and underqualified teachers. If support is not needed or desired, District staff can review and provide feedback on professional development plans.

District Action 3: Set a timetable with detailed metrics addressing when each step in this process is expected to be completed and by what criteria the District will deem it complete.

Concern 3: Governance and Conflict of Interest

Action 1: Cassandra Jennings will resign from the SHPS board effective September 30, 2024, if PS7's and Sacramento Charter High School's respective renewal petitions are approved.

Action 2: The SHPS Board will amend its bylaws to preclude any officer, director, or employee of a vendor from serving on the SHPS Board.

Action 3: SHPS will ensure that outside legal counsel addresses legal matters as directed by the Superintendent.

Action 4: SHPS will issue a request for proposals and implement an open selection process for back-office service providers.

Action 5: SHPS has amended PS7's 2024-25 local control and accountability plan (LCAP) to reflect the relationship between the SHA contract and student outcomes.

District Staff Analysis of Response to Concern 3: One of the main duties of a charter school's governing board is to ensure the fiscal sustainability and legal compliance of the charter school. Action items 2-4 seem like positive steps toward that goal. Action item 1 addresses issues where there may have been an appearance of a conflict of interest. Action item 5 addresses transparent alignment between the budget and PS7's educational program. This last item has significance as the LCAP is described in the charter petition as the mechanism for establishing and updating the charter school's goals. It also is the metric by which all local educational agencies in California are asked to account for how they spend public dollars.

Should the Board vote to approve PS7's renewal petition, District staff have the capacity to support the above action steps in the following way:

District Action 1: Review key governance submissions (i.e., SHPS Board calendar, qualifications, training) each year and provide a summary of that review, at minimum, in the annual report as part of regular oversight.

District Action 2: Review PS7's LCAP each year for legal compliance and transparent alignment with goals/education programs. District staff will provide a summary of that review, at minimum, in the annual report as part of regular oversight.

District Action 3: Set a timetable with detailed metrics addressing when each step in this process is expected to be completed and by what criteria the District will deem it complete.

Summary of Available Data

The data below is from the California State Dashboard (Dashboard) for the years 2017-2023. Data from 2024 (i.e., the final year of the charter term) was not publicly available at the time of this report. The Education Code does not expressly require PS7 to share local data from 2024 but may choose to do so to present a more complete picture of student progress in the final year of the charter term.

Performance Level Determination

To determine a charter school's performance level for purposes of renewal, CDE reviews the status and color of key Dashboard indicators. The charter school is compared to the state for the two years prior to renewal (i.e., 2022 and 2023). *Importantly, the state does not consider student groups that outperform the state when determining renewal levels, which in these years included the following: White, Two or More Races, Asian, and Filipino.*

CDE uses two criteria for the placement of charter schools in a particular performance level. Criterion 1 reviews the color of all school-wide indicators on the Dashboard for the two years preceding renewal. Charter schools assigned blue or green for all indicators are placed in the high-performing level. Charter schools assigned red or orange for all indicators are placed in the low-performing level. PS7 students were in medium (yellow) for English Language Arts in 2022. As such, neither the high nor low category applied to PS7, placing it on track for the middle-performing level.

English Language Arts

Groups	Charter 2022	Charter 2023
All Students	Medium	Orange
SED	Low	Orange
Student w/ Disabilities	Low	Red
African American	Low	Orange
Hispanic	Medium	Orange

Math

Groups	Charter 2022	Charter 2023
All Students	Low	Red
SED	Low	Red
Hispanic	Low	Orange
Student w/ Disabilities	Very Low	Red
African American	Low	Red

English Learner Progress (ELPI)

All English Learners	No Performance Color	No Performance Color
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Chronic Absenteeism (K-8) Rate

Groups	Charter 2022	Charter 2023
All Students	Very High	Red
SED	Very High	Red
Hispanic	Very High	Red
Student w/ Disabilities	Very High	Red
African American	Very High	Red

Suspension Rate

Groups	Charter 2022	Charter 2023
All Students	Very High	Red
SED	Very High	Red
Hispanic	Very High	Red
Student w/ Disabilities	Very High	Red
African American	Very High	Red

Using Criterion 2, CDE reviews the charter school's Dashboard status for the academic indicators for all students and eligible student groups. In 2022 and 2023, PS7 had four eligible student groups. **PS7 is placed in the middle-performing level under this criterion because all student groups outperformed the state in 2022 in both English Language Arts and Mathematics.** PS7's English Learner progress surpassed the state in both 2022 and 2023, but there was not a statistically significant number of students in this group to generate a performance level.

*English Language Arts, Distance from Standard (*outperforms state)*

Groups	Charter 2022	State 2022	Charter 2023	State 2023
All Students	-4.6 points*	-12.2 points	-54.8 points	-13.6 points
SED	-10.9 points*	-41.4 points	-58.8 points	-42.6 points
Hispanic	+1.4 points*	-38.6 points	-48.3 points	-40.2 points
Student w/ Disabilities	-48 points*	-97.3 points	-112.5 points	-96.3 points
African American	-11.7 points*	-57.7 points	-62.7 points	-59.6 points

*Mathematics, Distance from Standard (*outperforms state)*

	Charter 2022	State 2022	Charter 2023	State 2023
All Students	-69 points	-51.7 points	-102.4 points	-49.1 points
SED	-75.1 points*	-84 points	-104.2 points	-80.8 points
Hispanic	-52.5 points*	-83.4 points	-80.4 points*	-80.8 points
Student w/ Disabilities	-118.2 points*	-130.8 points	-155.6 points	-127.3 points
African American	-79.5 points*	-106.9 points	-115.9 points	-104.5 points

*English Learner Performance Progress Indicator (*outperforms state)*

	Charter 2022	State 2022	Charter 2023	State 2023
English Learners	56.3%* ⁺	50.3%	61.9%* ⁺	48.7%

*Less than 30 students represented in this group for this year

Local Data

A middle-level charter school may choose (but is not required) to provide verified data aligned to the May 2023 State Board of Education Guidance to further support its case for renewal. When a charter school does provide verified data, authorizers are required to consider it for schools in the middle and low-performance levels.

PS7 submitted a breakdown of students scoring nearly met, met, or above standard on CAASPP ELA and Math as additional data in their petition (pages 43-48). District staff were able to validate this data on the CAASPP website available via DataQuest. Below is a summary of that data for the statistically significant student groups in the two most recent years. As described elsewhere in this report, this data shows PS7 student groups generally outperforming the state in 2022 followed by a decline in outcomes for 2023.

English Language Arts, Percent Met or Exceeded Standard (Data Quest/CAASPP)

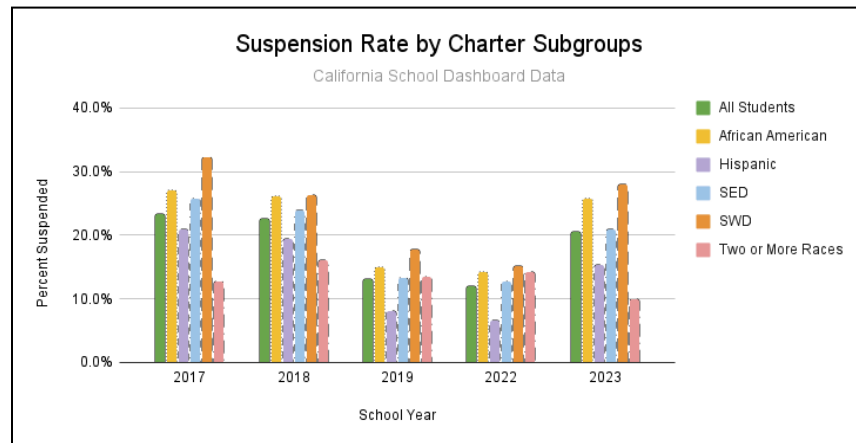
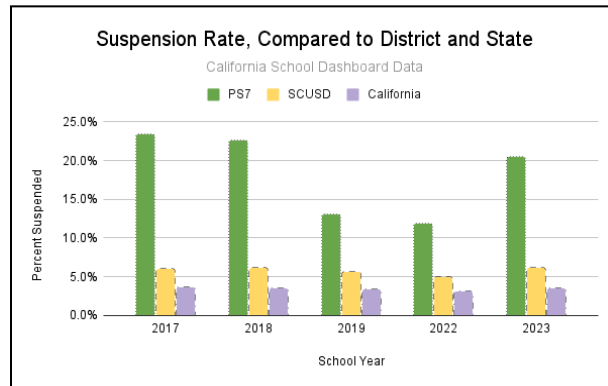
	Charter 2022	State 2022	Charter 2023	State 2023
All Students	46.6%	47.1%	29%	46.6%
SED	43%*	35.2%	27.3%	65.8%
African American	43.3%*	30.3%	26.9%	29.9%
Hispanic	51.1%*	36.4%	31.7%	36.1%
Student w/ Disabilities	15.4%	15.6%	10.2%	15.8%

Mathematics, Percent Met or Exceeded Standard (Data Quest/CAASPP)

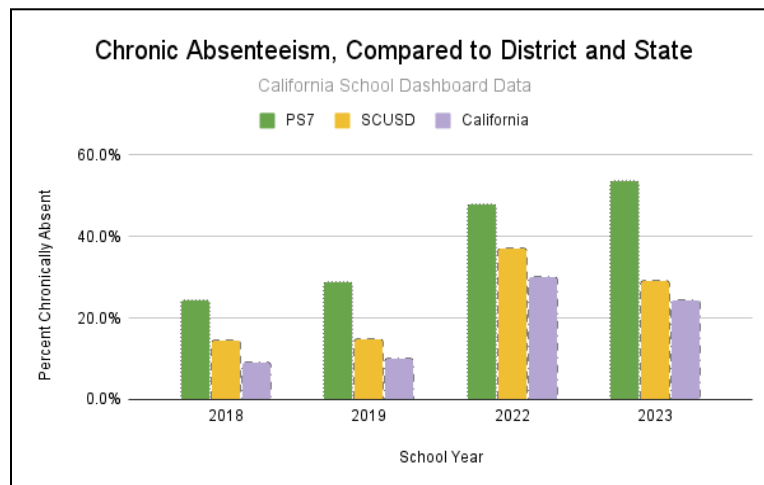
	Charter 2022	State 2022	Charter 2023	State 2023
All Students	24.3%	33.4%	12.7%	34.6%
SED	22%*	21.2%	12.9%	54.3%
African American	19.4%*	15.9%	9.1%	16.9%
Hispanic	32%*	21.2%	16.2%	22.7%
Student w/ Disabilities	9.6%	11.4%	0%	12.3%

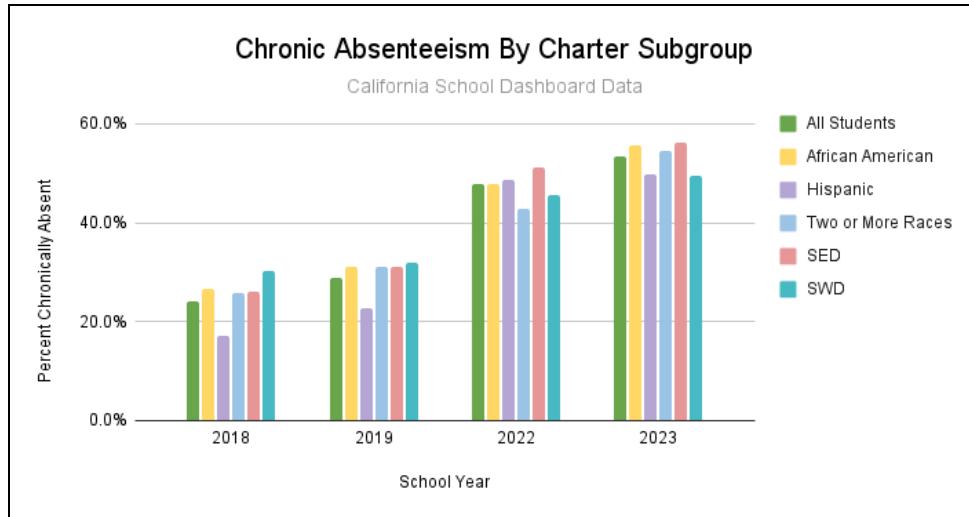
Other Dashboard Data

Suspension Data, California School Dashboard, 2017-2023



Chronic Absenteeism Data, California School Dashboard, 2018-2023





CONCLUSION

Based on the above findings of fact and **St. HOPE Public School 7's** designation as a **MIDDLE-PERFORMING** charter school, the District's review team has concluded that the renewal petition, coupled with the corrective action plan submitted in response to the Notice to Cure, **collectively meet the minimum legal standards** under the Education Code **to qualify for approval for the requested five-year term, beginning July 1, 2025, through June 30, 2030.**

If the District's Board takes action to approve the renewal petition, District staff will oversee PS7's full satisfaction of the corrective actions described in the plan and any other conditions or oversight items that the Board may direct.

The Board will be provided with sample resolution language for all decision options.



CHARTER SCHOOL PETITION EVALUATION

This document was created in partnership and support of the Charter Accountability and Resource Support Network (CARSNet) Advisory Board: L. Karen Monroe, Alameda County Superintendent of Schools, CARSNet; Wes Stewart, Executive Director, Association of California School Administrators (ACSA); Molly Magee-Hewitt, CAO/CEO, California Association of School Business Officials (CASBO); Dana Dean, Solano County Board of Education/Immediate Past-President, California County Board of Education (CCBE); Ted Alejandre, San Bernardino County Superintendent of Schools/President, California County Superintendents Educational Services Association (CCSESA); Vernon Billy, CEO/Executive Director, California School Boards Association (CSBA); and Michelle Giacomini, Deputy Executive Director, Fiscal Crisis and Management Assistance Team (FCMAT).

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Reviewing Charter School Petitions

Guiding Principles

The Charter School Petition Evaluation Matrix was developed to align with the Education Code (EC), state regulations and other pertinent laws required for reviewing charter school petitions. The purpose of this tool is to help guide the schools and the reviewer through the charter school petition preparation and review process.

State Guidance

The California Code of Regulations, Title 5, section 11967.5 provides the following guidance for reviewing a charter petition: *"The criteria are intended to require no charter provisions in excess of those that the State Board of Education believes necessary to determine whether each element specified in Education Code section 47605(b) has been satisfactorily addressed. Where the criteria call for judgments to be made, the judgments will be made in such a manner as to be reasonable, rational, and fair to the petitioners and other parties potentially affected by the chartering of the school ..."*

The California Code of Regulations, Title 5, section 11967.5.1(g) states that a "reasonably comprehensive" description shall include, but not be limited to, information that:

- (1) *Is substantive and is not, for example, a listing of topics with little elaboration.*
- (2) *For elements that have multiple aspects, addresses essentially all aspects of the elements, not just selected aspects.*
- (3) *Is specific to the charter petition being proposed, not to charter schools or charter petitions generally.*
- (4) *Describes, as applicable among the different elements, how the charter school will:*
 - A) *Improve pupil learning.*
 - B) *Increase learning opportunities for its pupils, particularly pupils who have been identified as academically low achieving.*
 - C) *Provide parents, guardians, and pupils with expanded educational opportunities.*
 - D) *Hold itself accountable for measurable, performance-based pupil outcomes.*
 - E) *Provide vigorous competition with other public school options available to parents, guardians, and student.*

Instructions To Charter School Petition Review Team / Evaluation Rubric

1. **Identify your team.** Determine who will be responsible for reviewing which sections of the charter petition document. Record team members' names on the Petition Review Team page to help track responsibilities.
2. **Rate the charter school petition** in the various petition Elements and Supplemental sections of the Evaluation Matrix.
 - a. Mark either "met" or "not met" in the "Evaluation Standard Met" Column for each specific criterion. Criteria in **RED** indicate a description that is required under law to be included in the charter petition. Criteria in **BLACK** are descriptions that are strongly suggested to be included to ensure that the charter petition is reasonably comprehensive.
 - b. Use the state guidance and rating definitions below to guide your assessment.
 - c. At the end of each section, elaborate in the comment section on the areas rated as "not met".
3. **Analyze the results.** At the end of this process, determine whether the petition is reasonably comprehensive or if there are any identified Findings of Fact. This tool should be used as part of the final analysis and report to the district governing board.

Evaluation Standard Met:

The charter petition demonstrates solid preparation and grasp of key issues that indicate a reasonably comprehensive description. Overall, the charter petition contains many characteristics of concise, specific, and accurate information. The standard may be met if the charter petition requires additional, non-substantive elaboration in places.

Evaluation Standard Not Met:

The charter petition addresses some of the criteria but lacks meaningful detail. The description requires important or key additional information to be reasonably comprehensive. It demonstrates a lack of preparation, is unclear, and uses generic information, or otherwise raises substantial concerns about the petitioner's understanding of the issue in concept. Additional substantiated information would be required to determine the charter petitioner's ability to implement or meet the requirement in practice.

The Petition Review Team

Identify your team and who will be responsible for reviewing which sections of the charter school petition document.

Area of Review (§47605(c))	Department Responsible	Name of Reviewer
A. Education Program	SCUSD Review Team	Hunt/Goldman/Mandelbaum
B. Measurable Student Outcomes	SCUSD Review Team	Hunt/Goldman/Mandelbaum
C. Student Progress Measurement	SCUSD Review Team	Hunt/Goldman/Mandelbaum
D. Governance Structure	SCUSD Review Team	Daugherty/Goldman/Mandelbaum
E. Employee Qualifications	SCUSD Review Team	Daugherty/Goldman/Mandelbaum
F. Health and Safety	SCUSD Review Team	Daugherty/Goldman/Mandelbaum
G. Racial & Ethnic Balance	SCUSD Review Team	Hunt/Daugherty/Goldman
H. Admissions Policies and Procedures	SCUSD Review Team	Goldman/Mandelbaum
I. Annual Financial Audits	SCUSD Review Team	Deal/Guzman
J. Suspension and Expulsion	SCUSD Review Team	Daugherty/Goldman/Mandelbaum
K. Staff Retirement System	SCUSD Review Team	Daugherty/Goldman/Mandelbaum
L. Attendance Alternatives	SCUSD Review Team	Hunt/Goldman/Mandelbaum
M. Post-Employment Rights of Employees	SCUSD Review Team	Daugherty/Goldman/Mandelbaum
N. Dispute Resolution Process	SCUSD Review Team	Goldman/Mandelbaum
O. Closure Procedures	SCUSD Review Team	Deal/Guzman

Supplemental Criteria

Areas of Review EC §47605(c), §47605(e), §47605(h), §47641(a), §47646	Department Responsible	Name of Reviewer
Financial/Administrative Plan	SCUSD Review Team	Deal/Guzman
Charter Management Organization (i.e. "entities managing charter schools")	Not Applicable	Not Applicable
Facilities	SCUSD Review Team	Goldman/Mandelbaum
Impact Statement	SCUSD Review Team	Daugherty/Goldman/Mandelbaum
Community Impact	SCUSD Review Team	Daugherty/Goldman/Mandelbaum
Special Education	SCUSD Review Team	Daugherty/Mandelbaum
Required Declarations/Affirmations	SCUSD Review Team	Daugherty/Mandelbaum
Independent Study, if applicable	Not Applicable	Not Applicable
Alternative Charter Schools, if applicable	Not Applicable	Not Applicable

Public
School 7

FORM A: Certification of Completion-Renewals & Material Revisions

RENEWAL/MATERIAL REVISION PETITIONER CERTIFICATION
(must be completed and signed by petitioner)

Education Code §47605(b): A petition is deemed received by the governing board of the school district for purposes of commencing the timelines described in this subdivision on the day the petitioner submits a petition to the district office, along with a signed certification that the petitioner deems the petition to be complete.

I hereby certify under the laws of the State of California and the United States that the foregoing petition and cover page(s) are deemed complete, true and correct. I understand and acknowledge that failure to provide accurate or complete information may subject the charter to revocation if later discovered and material to compliance with the Charter Schools Act.

Lisa Marie Ruda

Name of Lead Petitioner

Amanda Goldman

Name of Receiving District Contact

Lisa M. Ruda

Signature

[Signature]

Signature

6/28/24

Date Submitted

6/28/24

Date Received



PS 7
6/28/29
AG

Charter Petition Submission Checklist: Submitting a Complete Petition Package

- ✓ The *Petition Review Matrix* with page numbers identifying the location of legal requirements. - Tab 12, item 4 (Appendix)
- ✓ **Flash Drive:** One (1) organized electronic copy of all documents with clear naming conventions.
- ✓ **Binders:** Two (2) additional binders containing the complete petition submission. Use tabs to separate each section.

Include

- ✓ Table of Contents
- ✓ A cover letter signed by the governing board president, or designee
- ✓ Board meeting minutes authorizing the submission of the charter petition.
- ✓ **New Petitions:** Articles of Incorporation and By-laws for the non-profit organization
- ✓ **Revisions & Renewals:** An Executive Summary summarizing the proposed substantive changes to the petition
 - Use a two-column table. Include a charter element on the left and a description of revisions on the right.
 - Substantive changes include but are not limited to governance structure/ bylaws, grade levels served, location(s), and any changes to the design or intent of the program as described in the existing petition. Include references to Ed Code.
- ✓ A signed Certification of Completion (Forms A or Form B), E.C. §47605(b).
- ✓ A FULLY UPDATED (track-changes (Word) and clean copy (PDF)) charter petition including
 - Include all content required by all newly enacted laws and regulations pertaining to charter schools since the previous authorization.
 - A reasonably comprehensive description of all 15 elements and supplemental sections with legal assurances. It is highly recommended that the lead petitioner review the petition against the *Matrix* before submitting it.
 - A financial plan/proposed budget including reasonable multi-year projections and cash flow for at least 3 subsequent years. Electronic copies must be in Excel format.
 - The Appendix of supporting documents (See FORM D)

The Appendix and supplemental materials will not be reviewed in place of a reasonably comprehensive description of the required charter petition elements, E.C. §47605.

Deliver both binders and the flash drive to Serna Center, Sacramento City Unified School District, 5735 47th Avenue, Sacramento, CA, 95824; Attn: Amanda Goldman

- | | | |
|----|-----------------|--|
| ✓ | ▶ Form A | <i>Signed Certification of Completion- Renewals & Material Revisions</i> |
| NA | ▶ Form B | <i>Signed Certification of Completion- New Petitions</i> |
| ✓ | ▶ Form C | <i>Renewal Performance Report</i> |
| ✓ | ▶ Form D | <i>Suggested Appendix Documents</i> |
| NA | ▶ Form E | <i>Courtesy Copy Only: Charter Petition Process</i> |



CHARTER SCHOOL PETITION EVALUATION MATRIX

Intake Information/Cover Sheet

Petitioner Information	Petition Review Timelines (District Use Only)		
Name of Proposed Charter School	<input type="checkbox"/> Initial Petition	<input type="checkbox"/> Material Revision	<input checked="" type="checkbox"/> Renewal
St. HOPE Public School 7 (PS7)	Petition Submitted:	Pubic Hearing	Decision Hearing
Name & Position of Lead Petitioner	6.28.2024	<i>Within 60 days of submission</i>	<i>Within 90 days of submission but may be extended 30 days if mutually agreed</i>
Lisa Ruda, Superintendent			
Phone and Email			
916-649-7850 / 916-649-7856		Due Date	Due Date
Address	Was an Extension Requested / Agreed Upon?	8.27.2024	9.26.2024
5201 Strawberry Lane / 2315 34th Street		Date Held	Date Held
Proposed Grade Span	<input type="checkbox"/> Yes	8.8.2024	9.19.2024
TK-8	<input checked="" type="checkbox"/> No		

Facility Information				
Facilities Have Been Secured (<i>select yes or no</i>)	<input checked="" type="checkbox"/> YES (<u>List proposed address below</u>) <input type="checkbox"/> NO (List facilities being considered below)			
Proposed Facility Address	5201 Strawberry Lane / 2315 34th Street	Sacramento	CA	95820/95817
	Street	City	State	Zip Code
Facilities Being Considered (Include any Prop 39 Facility Requests being proposed)				
	Street	City	State	Zip Code
	Street	City	State	Zip Code

Special Education - SELPA Information			
Has Charter School applied for or been approved as LEA member of SELPA?	<u>YES</u>	NO	If YES, Provide LEA #, Name of SELPA & Contact El Dorado Charter SELPA
If NO, explain intent for special education compliance as a charter school in the charter petition. (<i>See Supplemental Criteria section of the Evaluation Matrix</i>)			

CHARTER SCHOOL PETITION EVALUATION MATRIX

15 Charter Elements

Criteria in RED indicate a description that is required under law to be included in the charter petition.

Criteria in BLACK are descriptions strongly suggested to be included to ensure that the charter petition is reasonably comprehensive.

A. Description of Vision, Mission, and Educational Program

Evaluation Criteria: E.C. §47605(c)(5)(A) THE PETITION DESCRIBES, AT MINIMUM	Evaluation Standard Met YES / NO	Located on Page(s)
1. Targeted Student Populations and Community Need		
a. students the charter school will attempt to educate and a demonstration of need for proposed educational program	YES	14-15
b. grade levels and number of students the charter school plans to serve	YES	11
c. a clear, concise school mission and vision statement that aligns with the target population	YES	17, 51
d. the needs and challenges of the student groups to be served	YES	16
2. Attendance		
a. school year/academic calendar, number of school days and instructional minutes	YES	59
b. attendance expectations and requirements, including enrollment projections	YES	Appendix 1
c. master/daily schedule and proposed bell schedule	YES	59, App. 1
3. What It Means to Be an Educated Person in the 21st Century		
a. goals that are consistent with enabling all pupils to become or remain self-motivated, competent, lifelong learners	YES	54
b. list of academic skills and qualities important for an educated person	YES	54
c. list of general non-academic skills and qualities important for an educated person	YES	54
4. How Learning Best Occurs/Instructional Design, including subgroup program (CCR §11967.5.1. (f)(C))		
a. a framework for instructional design that is aligned with the needs of the students that the charter has identified as its target student population	YES	54
b. description of learning setting (e.g., site-based matriculation, independent study, tech-based)	YES	59, App. 1
c. instructional approaches and strategies school will utilize that will enable the school's students, including subgroup populations such as English language learners (ELL), to master the content standards for the core curriculum areas adopted by the SBE	YES	57-58
d. process for developing or adopting curriculum and teaching methods	YES	56-58
e. how the charter school will identify and meet the needs of students with disabilities, ELLs, students achieving substantially above or below grade level expectations, and other special student populations. - the description demonstrates understanding of the likely ELL population - includes sound approach to identify and meet the needs of subgroup populations	YES	58, 64, 76, 78
f. special education plan including, but not limited to, the means by which the charter school will comply with the provisions of EC section 47641	YES	66-70
g. a plan for professional development that aligns with the charter school's proposed program	YES	77, 84
5. Materials, Including Technology		
a. how staff's and students' technology resources are aligned to the instructional program and meet state assessment requirements	YES	57
b. what materials are available to students: student-to-computer ratio appears reasonable	YES	57
c. a description or plan for providing adaptive technology for SPED students	YES	70
d. Common Core technology standards, digital assessments, and professional learning	YES	57

CHARTER SCHOOL PETITION EVALUATION MATRIX

6. Annual Goals

a. annual goals for all pupils and for each subgroup of pupils identified pursuant to section 52052 that apply to the grade levels served	YES	LCAP
<u>b. goals tied to state priorities listed in EC section 52060(d) and LCAP, as appropriate.</u> <u>- Additional priorities related to unique aspects of the proposed charter school program include goals and specific annual actions</u>	YES	LCAP, 87
c. specific annual actions designed to achieve the stated goals	YES	87

7. Description Requirements for Charter Schools Serving High School Students

a. how parents will be informed about the transferability of courses to other public high schools	NA	
b. how parents will be informed about the eligibility of courses to meet college entrance requirements	NA	
c. how each student will receive information on how to complete and submit a FAFSA or California Dream Act Application at least once before the student enters grade 12	NA	
d. how the exit outcomes will align to mission, curriculum, and assessments	NA	
e. affirmation that all students will have the opportunity to take courses that meet the 'A-G' requirements	NA	
f. planned graduation requirements and WASC accreditation are defined	NA	

Comments by review team:

B. Measurable Student Outcomes

Evaluation Criteria: E.C. §47605(c)(5)(B) THE PETITION DESCRIBES, AT MINIMUM	Evaluation Standard Met YES / NO	Located on Page(s)
1. Measurable pupil outcomes for all groups, and for each numerically significant subgroup, including specific assessment methods or tools listed for each outcome	YES	LCAP
2. A description of how pupil outcomes align with the state priorities consistent with LCAP, as described in EC 52060(d), that apply for the grade levels served or the nature of the program	YES	89
3. Specific annual actions designed to achieve the stated goals	YES	LCAP
4. Additional school priorities related to unique aspects of the proposed charter school program, with goals and specific annual actions	YES	LCAP
5. Description of how pupil outcomes will address state content and performance standards in core academic areas	YES	93
6. Description of how exit outcomes align to the mission and instructional design of the program	YES	91-93
7. Description or affirmation that "benchmark" skills and specific classroom-level skills will be developed	YES	93, App 2-3
8. School-wide student performance goals students will achieve over a given period of time, including projected attendance levels, dropout percentage, and graduation rate goals	YES	LCAP

Comments by review team:

CHARTER SCHOOL PETITION EVALUATION MATRIX

C. Student Progress Measurement

Evaluation Criteria: E.C. §47605(c)(5)(C.) THE PETITION DESCRIBES, AT MINIMUM	Evaluation Standard Met YES / NO	Located on Page(s)
1. Assessment tools that include all required state and federal assessment (SBAC, ELPAC, etc.) for purposes of accountability	YES	91-92
2. At least one assessment method or tool listed for each of the exit assessments	YES	91-91, App 2
3. A variety of alternative assessment tools, including tools that employ objective means of assessment consistent with the measurable pupil outcomes	YES	91-92
4. Chosen assessments are appropriate for standards and skills the charter school seeks to measure	YES	91-92
5. A plan for collecting, analyzing/utilizing and reporting student/school performance to charter school staff and to students' parents and guardians, and for utilizing the data continuously to monitor and improve the charter school's educational program	YES	91-93
Comments by review team:		

D. Governance Structure

Evaluation Criteria: E.C. §47605(c)(5)(D) THE PETITION DESCRIBES, AT MINIMUM	Evaluation Standard Met YES / NO	Located on Page(s)
1. Evidence of the charter school's incorporation as a nonprofit benefit corporation	YES	95, App 4
a. provides the names and relevant qualifications of all persons whom the petitioner nominates to serve on the governing body of the charter school.	YES	App 4
b. includes a set of bylaws and basic policies	YES	App 4
2. Evidence that the organizational technical designs of the governance structure reflect: - a seriousness of purpose to ensure that the charter will become and remain a viable enterprise - understanding and assurance of compliance with open meeting requirements	YES	95-100
3. Key features of governing structure including, but not limited to:	YES	
a. delineation of roles and responsibilities of the governing board and staff	YES	95-99
b. a clear description of the flexibility and level of autonomy the charter school has from the charter management organization over budget, expenditures, personnel, and daily operations	YES	95
c. size/composition of board, board committees and/or advisory councils	YES	App 4
d. method for selecting initial board members and election/appointment for board member replacement	YES	App 4, Bylaws
4. A process for involvement or input of parents/guardians in the governance of the charter school including:	YES	99-100
a. a clear delineation of roles and responsibilities of parent councils, advisory committee or other supporting groups	YES	95-100
b. a description how it shall notify the parents and guardians of applicant pupils and currently enrolled pupils that parental involvement is not a requirement for acceptance to or continuation at, the charter school	YES	7, app 4 (parent involvement policy)
5. Specific policies and internal controls that will prevent fraud, embezzlement, and conflict of interest and ensures the implementation and monitoring of those policies	YES	app 4
6. A description and frequency of board trainings/workshops		
7. Other important legal or operational relationships between the charter school and granting agency	YES	95

CHARTER SCHOOL PETITION EVALUATION MATRIX

Comments by review team:

- Included board by-laws that have been amended but do not include date of approval and signature
- Review team noted that the board does not have representation specific to PS7 (compared to SHPS or SCHS)

E. Employee Qualifications

Evaluation Criteria: E.C. §47605(c)(5)(E) THE PETITION DESCRIBES, AT MINIMUM	Evaluation Standard Met YES / NO	Located on Page(s)
1. Core and college preparatory teachers, and affirms all teachers will hold appropriate Commission on Teacher Credentialing certificates (new on July 1, 2020)	YES	7, 109, 110
2. Those positions that the charter school regards as key, and specifies the additional qualifications expected of individuals assigned to those positions, their responsibilities and accountability	YES	104-110
3. General qualifications for the various categories of employees (e.g., other administrative, instructional support, non-instructional support). These qualifications shall be sufficient to ensure the health and safety of the charter school's faculty, staff, and students.	YES	104-111
4. A clear plan for recruitment, selection, development and evaluation of staff and charter school leader	YES	109-111
5. Roles and lines of authority for board and management positions	YES	98-99
6. Qualifications for non-core, non-college prep teaching positions staffed by non-certified teachers		
7. Proposed teacher to student ratio		

Comments by review team:

- Team teaching was identified throughout but no ratios were stated
- Professional development plans from 22-23, while petition content suggests that this is an example of the kind of PD that happens on an annual basis, that is not 100% clear.

F. Health and Safety Procedures

Evaluation Criteria: §47605(c)(5)(F) THE PETITION DESCRIBES, AT MINIMUM	Evaluation Standard Met YES / NO	Located on Page(s)
1. A comprehensive charter school safety plan and assurance that all charter school staff will be trained on this plan and that the plan will be updated annually	YES	114, App 7
2. Assurances that the charter school will require a criminal background clearance report, and proof of tuberculosis examination prior to employment	YES	115, 116, App 7 Safe School Plan
3. Assurances that the charter school will adopt procedures to prevent acts of bullying and cyberbullying, and make the CDE online training module available to all employees who interact with students	YES	120, App 7, Safe School Plan
4. Affirmation that charter schools with grades 7-12 will adopt a suicide prevention policy	YES	119, App 7, Safe School Plan, Staff Handbook
5. Health and safety practices for students and staff	YES	119, App 7, Safe School Plan, Staff Handbook
a. references include health and safety related policies/procedures or the date by which they will be adopted and submitted to the authorizer	YES	App 7, Safe School Plan
7. Assurances on the compliance with ADA (Americans with Disabilities Act)	YES	114, 115

CHARTER SCHOOL PETITION EVALUATION MATRIX

Comments by review team:

CHARTER SCHOOL PETITION EVALUATION MATRIX

G. Racial and Ethnic Balance

Evaluation Criteria: E.C. §47605(c)(5)(G) THE PETITION DESCRIBES, AT MINIMUM	Evaluation Standard Met YES / NO	Located on Page(s)
1. Specific practices/policies the charter school will design and implement to attract a diverse applicant pool/enrollment that is reflective of the general population, including special populations residing within the territorial jurisdiction of the district	YES	123-130
2. Practices and policies appear likely to achieve racial and ethnic balance	YES	123-130
3. The outreach strategies, identifying specifically who the targeted groups will be, including developed or planned benchmarks for achieving balance	YES	123-130*
4. Types of supports that will be provided to maintain enrollment balance (counselors, support staff, medical-related staff, etc.)	YES	58

Comments by review team:

H. Admissions Requirements, If Applicable

Evaluation Criteria: §47605(c)(5)(H) THE PETITION DESCRIBES, AT MINIMUM	Evaluation Standard Met YES / NO	Located on Page(s)
1. The following assurances: The charter school shall be nonsectarian in its programs, admission policies, employment practices, and all other operations, shall not charge tuition, and shall not discriminate against a pupil on the basis of disability, gender, gender identity, gender expression, nationality, race or ethnicity, religion, sexual orientation, or any other characteristic that is contained in the definition of hate crimes set forth in Section 422.55 of the Penal Code, including immigration status, equal rights, and opportunities in the educational institutions of the state	YES	6, 132
2. A clear description of admission policies that meet the state and federal permissive preferences	YES	132-134
3. A clear description of how students in the community will be informed and given an equal opportunity to attend the charter school. All promotional material must clearly state the charter school will serve ALL students.	YES	App. 7
4. Proposed admissions and enrollment requirements, process, and timeline, and includes:	YES	App. 7
a. information to be collected through the interest form, application form, and/or enrollment form		
b. assures enrollment preferences will not require mandatory parent volunteer hours as a criteria for admission	YES	132
5. Description of the public random drawing processes that coincide with state and federal laws	YES	136
6. Assurances that preferences, if given, are not likely to negatively impact the racial, ethnic, and unduplicated balance the charter school strives to reflect	YES	136

Comments by review team:

CHARTER SCHOOL PETITION EVALUATION MATRIX

I. Annual Independent Financial Audits

Evaluation Criteria: §47605(c)(5)(I) THE PETITION DESCRIBES, AT MINIMUM	Evaluation Standard Met YES / NO	Located on Page(s)
1. The manner in which the audit will be conducted	Yes	139-140
2. Procedures to select and retain an independent auditor including: - qualifications that will be used for the selection of an independent auditor - assurance that the auditor will have experience in education finance	Yes	139-140
3. Assurance that the annual audit will employ generally accepted accounting principles	Yes	139-140
4. Scope and timing of audit, as well as distribution of completed audit to authorizer, county office, State Controller, California Department of Education, and/or other agencies required under law	Yes	139-140
5. A process and timeline that the charter school will follow to address any audit findings and/or resolve audit exceptions	Yes	139-140
6. Assurance that the charter school will satisfy any audit deficiencies to the satisfaction of the authorizer	Yes	139-140
7. Who is responsible for contracting with and overseeing the independent audit	Yes	139-140
Comments by review team: The petition describes a standard process of contracting with an audit firm and complying with the appropriate Ed Code requirements. However, significant concern remains given the repeated audit findings pointed out in the previous two years. These findings are serious in that they call into question internal control issues for the charters financial statements and processes. Another issue of note is the failure to provide timely bank reconciliations, which was also noted during the audit process.		

J. Suspension and Expulsion Procedures

Evaluation Criteria: E.C. §47605(c)(5)(J) THE PETITION DESCRIBES, AT MINIMUM	Evaluation Standard Met YES / NO	Located on Page(s)
1. A process for suspensions of fewer than 10 days, including	YES	155-157
a. oral or written notice of the charges against the pupil	YES	155-157
b. if the pupil denies the charges, an explanation of the evidence that supports the charges	YES	155-157
c. how an opportunity will be provided for the pupil to present his/her rebuttal to the charges	YES	155-157
2. A process for suspensions of 10 days or more and all other expulsions for disciplinary reasons, including	YES	157-162
a. timely, written notice of the charges against the pupil and an explanation of the pupil's basic rights	YES	157-162
b. a process of hearing adjudicated by a neutral officer within a reasonable number of days, and at which the pupil has the right to bring legal counsel or an advocate	YES	157-162
3. A clear statement that no pupil shall be involuntarily removed by the charter school for any reason unless the parent or guardian of the pupil has been provided written notice and that ensures the written notice shall be in the native language of the pupil or the pupil's parent or guardian	YES	145
4. Understanding of relevant laws protecting constitutional rights of students	YES	145-167
a. provides for due process for all students and demonstrates understanding of the rights of students with disabilities in regard to suspension, expulsion, and involuntary dismissal	YES	145-167
b. explanation of how authorizer may be involved in disciplinary matters	YES	163
Comments by review team: Although suspension/expulsion policies/processes are up to date, suspension rates based on the 2022 and 2023 Dashboard is increasing and high. There may be a disconnect between policy and practice.		

CHARTER SCHOOL PETITION EVALUATION MATRIX

K. California State Teacher Retirement System

Evaluation Criteria: E.C. §47605(c)(5)(K) THE PETITION DESCRIBES, AT MINIMUM	Evaluation Standard Met YES / NO	Located on Page(s)
1. A statement of what retirement options will be offered to employees	YES	169
a. STRS (if STRS, then all teachers must participate)	YES	169
b. PERS		
c. Social Security	YES	169
2. Whether retirement will be offered with language clearly reflecting one of the following choices for each retirement system - coverage will be offered to eligible employees - the charter school retains the option to elect the coverage at a future date - the charter school will not offer coverage	YES	169
3. Who is responsible for ensuring that the appropriate arrangements for coverage have been made	YES	169
Comments by review team: Certificated employees are covered by STRS. All other employees are covered by a 401(k) and social security.		

L. Public School Attendance Alternatives

Evaluation Criteria: E.C. §47605(c)(5)(L) THE PETITION DESCRIBES, AT MINIMUM	Evaluation Standard Met YES / NO	Located on Page(s)
1. Attendance alternatives for students residing within the county who choose not to attend the charter school	YES	170
Comments by review team:		

M. Post-employment Rights of Employees

Evaluation Criteria: E.C. §47605(c)(5)(M) THE PETITION DESCRIBES, AT MINIMUM	Evaluation Standard Met YES / NO	Located on Page(s)
1. School district employee's return employment rights, including	YES	173
a. whether, and how staff may resume employment within the district or authorizer	YES	173
b. the ability to transfer sick/vacation leave to and from charter and another LEA	YES	173
c. whether staff will continue to earn service credit (tenure) in district while employed at charter	YES	173
2. Whether collective bargaining contracts of charter authorizer will be a controlling document		
Comments by review team:		

CHARTER SCHOOL PETITION EVALUATION MATRIX

N. Dispute Resolution Procedures

Evaluation Criteria: E.C. §47605(c)(5)(N) THE PETITION DESCRIBES, AT MINIMUM	Evaluation Standard Met YES / NO	Located on Page(s)
1. A process for the charter and the authorizer to settle disputes relating to the provisions of the charter	YES	176
2. The process by which charter will resolve internal complaints and disputes	YES	177
a. includes Uniform Complaint procedures and description of how this process is communicated to parents, staff, and the community	YES	Appendix
3. Acknowledgement that except those disputes between the chartering authority and the charter school, all disputes involving the charter school shall be resolved by the charter school according to the charter school's own internal policies		
4. Statement that if any such dispute concerns facts or circumstances that may be cause for revocation of the charter, the authorizer shall not be obligated by the terms of the dispute resolution process as a precondition to revocation		
Comments by review team:		

O. Closure Procedures

Evaluation Criteria: E.C. §47605(c)(5)(O) THE PETITION DESCRIBES, AT MINIMUM	Evaluation Standard Met YES / NO	Located on Page(s)
1. The procedures to be used if the charter school closes, including:	YES	179
a. who is the responsible entity/person that will conduct closure-related activities		
b. process for submission of final financial reports, expenditure reports for entitlement grants, and the filing of any required final expenditure and performance reports		
2. The maintenance plan for pupil records and the manner in which parents/guardians may obtain copies of pupil records if the charter school closes, including how information will be preserved and transferred.	YES	180
3. A process of how charter will ensure a final audit of the charter school	YES	180
a. an assurance it will be conducted within six months of closure	YES	180
b. the disposition of the charter school's assets	YES	181
c. plans for disposing net assets	YES	181
4. The transfer and maintenance of personnel records in accordance with applicable law	YES	181
Comments by review team:		

CHARTER SCHOOL PETITION EVALUATION MATRIX

Required Supplemental Criteria

Criteria in RED indicate a description that is required under law to be included in the charter petition.

Criteria in BLACK are strongly suggested to be included to ensure that the charter petition is reasonably comprehensive.

Financial/Administrative Plan		
Evaluation Criteria: E.C. §47605(h) The petition describes, at minimum	Evaluation Standard Met Yes / No	Located on Page(s)
1. A One Year Operational Budget (current year or first year)		
a. annual revenues and expenditures clearly identified by source	Yes	Supplemental MYFP
b. revenue assumptions in alignment with applicable state and federal funding formulas	No	Assumptions not Provided
c. expenditure assumptions that reflect the school design plan	No	Assumptions not Provided
d. expenditure assumptions that reflect market costs	No	Assumptions not Provided
e. revenues from grants or other proposed fundraising that are not critical to fiscal solvency	No	Assumptions not Provided
f. minimum reserve level and projected positive ending fund balance (the larger of 3% of expenditures, or \$25,000)	Yes	Supplemental MYFP
g. if expenditures exceed revenues in first year of operations, identifies sources of capital sufficient to cover deficits until the budget is projected to balance	N/A	
h. expenditures for property and liability insurance that name the district/authorizer as additional insured (and/or a hold harmless agreement)	No	Not provided
i. expenditures for reasonably expected legal services	Yes	Assumptions not provided
j. expenditures for special education excess costs consistent with current experiences in the school district/county office	No	Assumptions not provided
k. expenditures for facilities – if specific facilities not secured, reasonable projected cost	Yes	Assumptions not provided
l. expenditures for required student meals that meet federal nutritional requirements	No	Assumptions not provided
m. the alignment of LCAP expenditures with the charter's budget	No	Assumptions not provided
2. Financial Projections Include a Clear Description of Planning Assumptions		
a. revenues and expenditures correlate with the number/types of students by grade level in budget	No	Assumptions not provided
b. expenditure assumptions correlate with the amount of staff in budget	No	Assumptions not provided
c. expenditure assumptions correlate with the facility needs in budget	No	Assumptions not provided
d. expenditure assumptions in alignment with overall school design plan	No	Assumptions not provided
e. revenues based on state and federal funding guidelines	No	Assumptions not provided
f. revenues based on reasonable potential growth in local, state and federal categories	No	Assumptions not provided
g. revenues based on reasonable student growth projections	No	Assumptions not provided
h. revenue from sources such as grants, loans, donations and other non-guaranteed funds not necessary for the charter to maintain fiscal solvency	Yes	Assumptions unclear
i. timeline for any referenced grant applications to be submitted and funded	No	Assumptions not provided
j. positive reserves are maintained in all three years	Yes	Assumptions unclear
k. fund balances are positive, or sources of supplemental working capital are identified	Yes	Assumptions unclear

CHARTER SCHOOL PETITION EVALUATION MATRIX

Financial/Administrative Plan		
Evaluation Criteria: E.C. §47605(h) <i>The petition describes, at minimum</i>	Evaluation Standard Met Yes / No	Located on Page(s)
3. Start-Up Costs – Initial Petition Only		
a. reasonable allocation for all major start-up costs including: <ul style="list-style-type: none"> - staffing - facilities - equipment and supplies - professional services (i.e., food services, etc.) - technology materials - assessment systems/materials - legal costs 	N/A	
b. in alignment with overall school design plan	N/A	
c. potential funding sources	N/A	
d. timeline allows for grant applications and fundraising efforts to be completed in time, if included in start-up costs	N/A	
4. Cash Flow Projections for 3 Years		
a. monthly projection of revenue receipts in line with local/state/federal funding disbursements	Yes	Appendix B
b. expenditures projected by month and corresponds with typical/reasonable schedules	Yes	Appendix B
c. balance sheet accounts projected by month	Yes	Appendix B
d. shows positive cash balance each month and/or identify sources of working capital	Yes	Appendix B
5. Structure for Administrative Services and Operations		
a. outline or process for how personnel transactions will be conducted, (i.e., hiring, payroll, leaves and retirement)	No	
b. accounting and payroll processes that reflect an understanding of school business practices and expertise to carry out the necessary functions	No	
c. plan and timeline to develop and assemble school business practices and expertise	No	
d. explanation of how school intends to manage risk, including any policies and procedures	No	
d. if operated by a non-profit organization, affirms will provide additional 501(c)(3) fiscal reports	N/A	
Comments by review team: The charter initially provided only a cash flow statement projecting for fiscal years 2025-2026 through 2027-2028. However, a cash flow statement alone is insufficient for the team to assess fiscal health or make reasonable assumptions about fiscal solvency. Later, the charter submitted a Multi-Year Financial Projection (MYFP), but there were several issues with it. For instance: <ul style="list-style-type: none"> - The MYFP did not align with the Cash Flow Statement. The total revenues and expenditures outlined in the cash flow did not match those in the MYFP. - The MYFP lacked supporting documentation, aside from single-line notes within the document. Typically, when providing an MYFP, the charter should include, at a minimum: <ul style="list-style-type: none"> - Narrative: A narrative statement should explain the projections in the MYFP, including details on revenue and expenditures, and account for significant variances between years. This narrative should also include key information such as ADA assumptions, Unduplicated Count assumptions, special education assumptions, etc. - FCMAT LCFF Calculator: The calculator should be included to verify that ADA and Unduplicated Count figures are projected correctly. Without the LCFF calculator, along with ADA and Unduplicated Count information, a proper analysis cannot be conducted. Without these fundamental sources of information, it is challenging to place full reliance on the financial statements provided.		

CHARTER SCHOOL PETITION EVALUATION MATRIX

Charter Management Organization, i.e. Entities Managing Charter Schools		
Evaluation Criteria: E.C. §47605(h) <i>The petition describes, at minimum</i>	Evaluation Standard Met Yes / No	Located on Page(s)
1. Name and relationship of CMO to charter school, including <ul style="list-style-type: none"> - roles - responsibilities - payment structure - conditions for renewal/termination - investment disclosure 	N/A	
2. CMO's role in the financial management of the charter and the associated internal controls		
3. Other schools and/or companies managed by the CMO		
4. CMO's history, philosophy, and past results operating other schools and/or companies		
5. CMO's Form 990s for up to prior three years		
6. Back-office provider and description of support utilized by the charter		
7. Affirmation that the CMO/back-office provider will provide timely submissions of calendar of due date items		
8. Affirmation that the CMO/back-office provider will provide timely submissions of request for information items		
Comments by review team: <div></div>		

CHARTER SCHOOL PETITION EVALUATION MATRIX

Facilities		
Evaluation Criteria: E.C. §47605(h) <i>The petition describes, at minimum</i>	Evaluation Standard Met Yes / No	Located on Page(s)
1. Location of Facility		
a. the types and the location of the charter school facility that the petitioner proposes to operate, including - size and resources - safety - educational suitability	YES	185
b. the address of the facility or a schedule for securing the facility, including the person responsible for securing the location	YES	185
c. assessment and analysis of anticipated facilities needs and viability of potential sites		
2. Current and Projected Availability		
a. current and projected availability of each charter school site, and schedule for securing the facility		
b. assurances of all legal compliance with health and safety, ADA, and applicable building codes		
c. adequate budget for anticipated costs, including renovation, rent, maintenance and utilities		
d. statement whether a request will be made for use of authorizer-owned facilities		
e. lease or occupation agreement for privately obtained facilities, and/or provides a copy of the lease agreement		
Comments by review team:		

CHARTER SCHOOL PETITION EVALUATION MATRIX

Impact Statement		
Evaluation Criteria: E.C. §47605(h) <i>The petition describes, at minimum</i>	Evaluation Standard Met Yes / No	Located on Page(s)
1. Number of students anticipated to enroll		
2. Identification of whether charter will request to purchase support services from authorizer	YES	186
3. Affirmation there will be a Memorandum of Understanding between the authorizer and charter school	YES	186
4. Processes and policies between charter and authorizer		
a. includes process, activities and associated fees for oversight of charter		
b. includes processes, timelines, and evaluation criteria for annual review and site visits		
c. includes regular, ongoing fiscal and programmatic performance monitoring and reporting	YES	184
d. includes process, timelines and evaluation criteria for charter renewal		
e. outlines other important legal or operational relationships between authorizer and charter school	YES	183-186
5. Criteria and procedure for the selection of a contractor, if applicable, including - process for determining necessary expertise - selection of the contractor or contractors, if applicable	YES	66, App 1
6. Potential civil liability effects, if any, upon the school and the authorizer	YES	186
Community Impact		
Evaluation Criteria: E.C. §47605(c)(7) <i>The petition describes, at minimum</i>	Evalu ation Standard Met Yes / No	Located on Page(s)
1. How the charter school will not substantially undermine existing school district services, academic offerings, or programmatic offerings	NA	
2. Whether the charter school petition duplicates a program currently offered by the district, and the existing program has sufficient capacity for the pupils proposed to be served within reasonable proximity to where the charter school intends to locate	NA	
Comments by review team: Community Impact is only relevant to new petitions.		

CHARTER SCHOOL PETITION EVALUATION MATRIX

Special Education		
Evaluation Criteria: E.C. §47641(a) and E.C. §47646 <i>The petition describes, at minimum</i>	Evaluation Standard Met Yes / No	Located on Page(s)
1. The school's special education structure (3 options) a. charter school will be an independent LEA for special education purposes, or b. charter school will be a school within the district, or c. the charter school will be a SELPA	YES (A)	66-76, App 1
2. How special education services will be provided consistent with SELPA Plan and/or policies and procedures. a. includes a fiscal allocation plan in alignment with the SELPA the charter plans to join	YES	65-76, App 1, SELPA MOU
3. Affirmation that the charter school will assume full responsibility for appropriate accommodations to address the needs of any student	YES	65-66
4. Acknowledgment that the charter is responsible for providing special education, instruction and related services to the students enrolled in the school regardless of students' district of residence	YES	65
5. The process for notifying district of residence and authorizing LEA when a special education student enrolls, becomes eligible, ineligible and/or leaves the charter	YES	69, 70
6. The transition to and from a district when a student with an IEP enrolls in or transfers out of the charter	YES	69, 70
7. Evidence that the school has consulted with a SELPA, such as a letter from SELPA confirming receipt of application	YES	Appendix, MOU
8. Includes the following assurances	YES	66-76
a. the charter will comply with all provisions of IDEA	YES	6
b. no student will be denied admission based on disability or lack of available services	YES	66-71, 132
c. a Student Study Team process will be implemented	YES	51, 62, 68
d. any student potentially in need of Section 504 services will receive such services	YES	76, 77
If the charter will not be an independent LEA		
1. Clarifies in charter petition or a Memorandum of Understanding the responsibilities of each party for service delivery, including Referral, Assessment, Instruction, Due Process, Agreements describing allocation of actual excess costs	NA	
2. An assertion that the charter will be fiscally responsible for its fair share of any encroachment on general funds	NA	
If the charter school is an independent LEA within a SELPA		
1. Notifies SELPA Director of intent to participate prior to February 1 of the preceding school year	YES*	6
2. Includes current operating budget in accordance with E.C. §42130 and E.C. §42131	YES	Budget
3. Understands that the charter school is fiscally responsible for fair share of any encroachment on general funds	NO	
4. Asserts responsibility for any legal fees relating to the application and assurances process	YES	SELPA MOU
5. Demonstrates it is located within SELPA's geographical boundaries	YES	SELPA MOU
6. Asserts all instruction will be in a safe environment	YES	65-71
7. Affirms the terms of the Agreement will be met regarding the organization, implementation, administration and operation of the SELPA	YES	71, SELPA MOU

CHARTER SCHOOL PETITION EVALUATION MATRIX

Comments by review team:

Though nothing on encroachment/contribution could be located for item #3 above, the charter assumes all responsibilities for special education costs as identified in pages 65-76.

The review team noted that while the description of the special education program is comprehensive, dashboard data for suspension and chronic absenteeism among special education students is high and increasing.

Required Declarations

<u>Evaluation Criteria: E.C. §47605(c)(6)</u> <i>The petition describes, at minimum</i>	Evaluation Standard Met Yes / No	Located on Page(s)
1. Declaration of whether or not the charter school shall be deemed the exclusive public employer of the employees of the charter school for purposes of Chapter 10.7 (commencing with Section 3540) of Division 4 of Title 1 of the Government Code.	YES	6

Required Affirmations

<u>Evaluation Criteria: E.C. §47605(e)</u> <i>The petition describes, at minimum</i>	Evaluation Standard Met Yes / No	Located on Page(s)
1. Affirmation that the school will be nonsectarian in its - programs - admission policies - employment practices - and all other operations	YES	6
2. Affirmation that the school shall not charge tuition	YES	6
3. Affirmation that the school shall not discriminate against any pupil on the basis of disability, gender, gender identity, gender expression, nationality, race or ethnicity, religion, sexual orientation, or any other characteristic that is contained in the definition of hate crimes set forth in Section 422.55 of the California Penal Code	YES	6, 132
4. Affirmation that the admission to a charter school shall not be determined according to the place of residence of the pupil, or of the pupil's parent or legal guardian, within this state, except that an existing public school converting partially or entirely to a charter school under this part shall adopt and maintain a policy giving admission preference to pupils who reside within the former attendance area of that public school	YES	6, 132
5. Affirmation that the charter school shall admit all pupils who wish to attend the charter school	YES	6, 7, 132
6. Affirmation that the school will comply with federal, state and local laws as required for charter schools	YES	6, 7

Comments by review team:

CHARTER SCHOOL PETITION EVALUATION MATRIX

Alternative Education Charter School Criteria

Criteria in RED indicate a description that is required under law to be included in the charter petition.

Criteria in BLACK are strongly suggested to be included to ensure that the charter petition is reasonably comprehensive.

For Alternative Education Charter Schools, If Applicable		
Evaluation Criteria: E.C. §58500 - 58512 <i>The petition describes, at minimum</i>	Evaluation Standard Met Yes / No	Located on Page(s)
1. Acknowledgement that the charter school will maintain an unduplicated count of at least 70% of the school's total enrollment composed of the required high-risk student groups	NA	
2. Assurance that the school will maintain documentation that 70% of students will be reflected on Part 1 of their DASS Participation Form	NA	
4. Clearly articulated mission and purpose to recruit and educate high-risk students	NA	
5. Performance plan that include specific measures and goals for success, including one or two attainable norm references and/or verifiable alternative measures that support the school's mission and vision	NA	
6. Required assurances	NA	
a. the school will maintain documentation that 70% of students will be reflected on Part 1 of their DASS Participation Form, as defined in item 1, above	NA	
b. when applying for other alternative school status, ONLY the school's current enrollment will be used (in accordance with the DASS Eligibility Criteria and examples) to determine a school's percentage of high-risk student for DASS eligibility.	NA	
Comments by review team:		

CHARTER SCHOOL PETITION EVALUATION MATRIX

Independent Study Supplemental Criteria

Independent Study/Non - Classroom based Instruction - For Renewals Only (There is a moratorium on the approval of new petitions effective January 1, 2020)		
Evaluation Criteria: E.C. §51745 <i>The petition describes, at minimum</i>	Evaluation Standard Met Yes / No	Located on Page(s)
1. an assurance that the K-12 public school guidelines for independent study will be evident in the annual audit per Education Code 47612.5(b)	NA	
2. an assurance that the charter will meet the requirement related to the ratio of ADA to FTE certificated employees as prescribed under Education Code 51745.6(a)	NA	
3. an acknowledgement that independent study will be supervised by an appropriately credentialed teacher per EC 51747.5(a)	NA	
4. an acknowledgement that the charter may claim apportionment credit for independent study only to the extent of the time value of pupil or student work products, as personally judged in each instance by a certified teacher per EC 51747.5(b)	NA	
5. the maximum length of time, by grade level and type of program, that may elapse between the time an independent study assignment is made and the date by which the pupil must complete the assigned work	NA	
6. the number of missed assignments that will be allowed before an evaluation is conducted to determine whether it is in the best interest of the pupil to remain in independent study, or whether he/she should return to a regular school program	NA	
7. an assurance that each written agreement shall be signed, prior to the commencement of independent study, by the pupil, the pupil's parent, legal guardian, or caregiver, if the pupil is less than 18 years of age, the certificated employee who has been designated as having responsibility for the general supervision of independent study, and all persons who have direct responsibility for providing assistance to the pupil	NA	
8. a description of how the required Written Agreement for each pupil will be processed and maintained, including at a minimum the following:	NA	
a. The manner, time, frequency, and place for submitting a pupil's assignments and for reporting his/her progress	NA	
b. The objectives and methods of study for the pupil's work, and the methods utilized to evaluate that work	NA	
c. The specific resources, including materials and personnel that will be made available to the pupil	NA	
d. A statement of the policies adopted pursuant to subdivisions (a) and (b) regarding the maximum length of time allowed between the assignment and the completion of a pupil's assigned work, and the number of missed assignments allowed prior to an evaluation of whether or not the pupil should be allowed to continue in independent study	NA	
e. The duration of the independent study agreement, including the beginning and ending dates for the pupil's participation in independent study under the agreement. No independent study agreement shall be valid for any period longer than one semester, or one-half year for a school on a year-round calendar	NA	
f. A statement of the number of course credits, or, for elementary grades, other measures of academic accomplishment appropriate to the agreement, to be earned by the pupil upon completion	NA	
g. The inclusion of a statement in each independent study agreement that independent study is an optional educational alternative in which no pupil may be required to participate	NA	

CHARTER SCHOOL PETITION EVALUATION MATRIX

Charter School Petition Review Findings of Fact -

Education Code 47605(c)

In reviewing petitions for the establishment of charter schools pursuant to this section, the chartering authority shall be guided by the intent of the Legislature that charter schools are and should become an integral part of the California educational system and that the establishment of charter schools should be encouraged. The governing board of the school district shall grant a charter for the operation of a school under this part if it is satisfied that granting the charter is consistent with sound educational practice and with the interests of the community in which the school is proposing to locate. The governing board of the school district shall consider the academic needs of the pupils the school proposes to serve. The governing board of the school district shall not deny a petition for the establishment of a charter school unless it makes written factual findings, specific to the particular petition, setting forth specific facts to support one or more of the following findings:

(1) The charter school presents an unsound educational program for the pupils to be enrolled in the charter school.

(2) The petitioners are demonstrably unlikely to successfully implement the program set forth in the petition.

(3) The petition does not contain the number of signatures required by subdivision (a).

(4) The petition does not contain an affirmation of each of the conditions described in subdivision (e).

(5) The petition does not contain reasonably comprehensive descriptions of all of the following: [A-O requirements]

(6) The petition does not contain a declaration of whether or not the charter school shall be deemed the exclusive public employer of the employees of the charter school for purposes of Chapter 10.7 (commencing with Section 3540) of Division 4 of Title 1 of the Government Code.

(7) The charter school is demonstrably unlikely to serve the interests of the entire community in which the school is proposing to locate. Analysis of this finding shall include consideration of the fiscal impact of the proposed charter school. A written factual finding under this paragraph shall detail specific facts and circumstances that analyze and consider the following factors:

(A) The extent to which the proposed charter school would substantially undermine existing services, academic offerings, or programmatic offerings.

(B) Whether the proposed charter school would duplicate a program currently offered within the school district and the existing program has sufficient capacity for the pupils proposed to be served within reasonable proximity to where the charter school intends to locate.

(8) The school district is not positioned to absorb the fiscal impact of the proposed charter school. A school district satisfies this paragraph if it has a qualified interim certification pursuant to Section 1240 and the county superintendent of schools, in consultation with the County Office Fiscal Crisis and Management Assistance Team, certifies that approving the charter school would result in the school district having a negative interim certification pursuant to Section 1240, has a negative interim certification pursuant to Section 1240, or is under state receivership. Charter schools proposed in a school district satisfying one of these conditions shall be subject to a rebuttable presumption of denial