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For more information regarding the content of this material, please contact the Charter Schools Division by phone at 916-322-6029 or by email at charters@cde.ca.gov.



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April 13, 2021

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RE: CTA COMMENTS REGARDING Item #2: Revision of a Funding Determination as Required for Nonclassroom-Based Charter Schools Pursuant to California Education Code sections 47612.5 and 47634.2, CA Code of Regulations, Title 5 Section 11963.6(a) and Associated California Code of Regulations, Title 5.

Dear ACCS Commissioners:

The California Teachers Association (CTA) believes that the situation with Peak Prep Pleasant Valley exemplifies the issues with the current process for Nonclassroom Based Charters.

CTA appreciates that the CDE has exercised their authority to pull the funding determination request back to the ACCS and SBE based on the discrepancies between the unaudited actual expense reports and the school's initial funding determination request (page three of the item).

The CDE recommendation of 70% funding for the 2020-21 school year is concerning, given the current state of affairs with Peak Prep. Pursuant to 5 CCR Section 11963.4(a)(4), Peak Prep qualifies for no funding and it difficult to understand how such levels of incompetence and mismanagement of public funds by the charter can be seen as a reasonable basis for mitigating circumstances.

Based on the attachments, Accel School's litigation against Peak Prep will be ongoing and there is no indication of when it will be settled. This could very well be a situation in which the state of California will be providing funding to a charter that has no business being in operation given their inability to operate at even a minimally competent level.

The practices outlined in the attachments by Accel Schools are similar to concerns we raised about the practices of K12, Inc. in regard to a lack of transparency and competitive bidding. Further, it appears that the former CEO/Founder of K12, Inc. is also the CEO of two companies that contracted with Peak Prep, Accel Schools and Educational Staffing Services, as he is the signatory on both contracts (attachment four page 86-Accel Schools and page 92-Educatoinal Staffing Services).

The actions of these for-profit firms and the charter industry that allows these practices to take place must be reformed. The funds from the State of California must be used to support students and not line the pockets of CEOs.

CTA also asks the CDE to conduct a full investigation into possible waste, fraud and abuse occurring with the Accel Schools contract, and to investigate if they are providing "back office" support to any other charters in the state.

There are several news articles that highlight the work of Accel Schools in general and specifically the issues with Peak Prep.

- <https://www.cleveland.com/news/2020/01/loophole-could-give-f-rated-charter-schools-millions-meant-for-better-schools.html>
- <https://www.thecamarilloacorn.com/articles/online-charter-school-faces-laundry-list-of-violations/>
- <https://www.thecamarilloacorn.com/articles/peak-prep-charter-hit-with-lawsuit/>

Given the egregious past practices of some NCBs, CTA believes that there must be heightened oversight and transparency regarding these charters.

At the February 2021 ACCS meeting there were statements made that the NCB funding determination process is “pro forma”. The definition of “pro forma” per the Merriam Webster dictionary is “*made or carried out in a perfunctory manner or as a formality*”.

This approach to NCB funding determinations is extremely problematic and one need only look at the article in the San Diego Tribune from February 26th, 2021 to understand why:

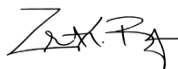
Accused A3 charter school ringleaders plead guilty to conspiracy

<https://www.sandiegouniontribune.com/news/education/story/2021-02-26/accused-a3-charter-school-ringleaders-plead-guilty-to-conspiracy>

An excerpt from the article states, “McManus and Schrock admitted in court that the purpose of their conspiracy was to get public funds through the A3 charter schools and transfer that money to their own private companies under the promise that they would provide educational services. In reality, they did not provide those services.”

CTA opposes the CDE recommendation of a 70% funding determination based on mitigating circumstances for Peak Prep Charter.

Sincerely,



E. Toby Boyd, President
California Teachers Association

db:ETB

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