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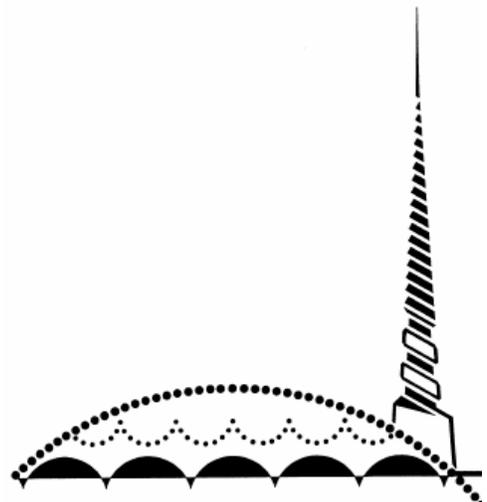
**2006-2007 MARIN COUNTY GRAND JURY**

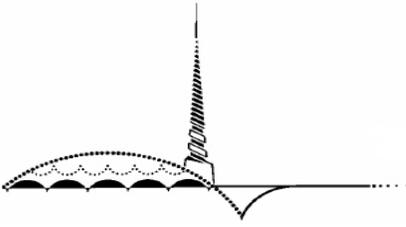
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**TITLE OF REPORT: CHARTER SCHOOLS: A MATTER OF CHOICE**

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**Date of Report: February 23, 2007**





# Marin County Grand Jury

## CHARTER SCHOOLS: A MATTER OF CHOICE

### SUMMARY

Charter schools are public schools operating independently from the school districts that grant them charters. The chartering district, however, is required to provide funding, facilities, and oversight. This structure almost inevitably creates tensions between School District Boards of Education and administrators on the one hand, and charter school Boards and administrators on the other. These tensions include struggles over funding and the perception that charter schools cast doubt on the quality of traditional public schools.

There are currently four schools in Marin County chartered by local school districts:

**Willow Creek Academy** is a K-8 school located in Sausalito and chartered by the Sausalito/Marin City School District. It has 152 students, over half the total students enrolled in the district's schools. Unlike many charter schools, Willow Creek was started not by a group of parents or teachers, but by a group of community activists in Sausalito who were interested in building community and keeping families with school age children from moving away. It has met with considerable resistance from the school district board, yet appears to be succeeding in its mission.

Willow Creek's enrollment is increasing and it is short of space. In the course of its investigation, the Grand Jury discovered that the school district board intends to spend approximately \$8 million for a new building to replace Martin Luther King Jr. public middle school with a facility capacity of 150 students. Currently there are only 32 students at the public middle school, down from a high of 72 in the 2001-02 school year. Moving the 6<sup>th</sup> grade from the elementary school to the public middle school, as intended, adds only 16 more students. The Grand Jury *strongly* recommends that the school district board and Willow Creek develop a Master Plan for enrollment and facilities before beginning construction of a new public middle school.

**Phoenix Academy**, under the auspices of the Marin County Office of Education, serves up to 25 high school students with severe substance abuse problems. The program began over 15 years ago and converted to a charter school in 1995. It is strongly supported by the chartering district and by other health care and law enforcement agencies, but is experiencing difficulties because of budget cuts from some of the sponsoring agencies.

**Novato Charter School** is a K-8 school with about 240 students, 80% of whom are Caucasian and 6% English Language Learners. It is well run, financially sound, and strongly supported by the Novato Unified School District administration and board. The Grand Jury recommends that the charter school increase its efforts to recruit more non-Caucasian and more English Language Learners.

**Marin School of Arts and Technology** serves 250 students in grades 9 through 12. It is chartered by the Novato Unified School District and is operated by Envision, a not-for-profit corporation based in San Francisco. It is in its third year of operation and has strong support from parents and students. Despite concerns about finances and financial reporting, the school district board recently renewed the charter for five years, albeit with a lengthy list of conditions. The Grand Jury recommends that the school district board agenda the charter school at least once a month at its district board meetings and ask for a progress report toward meeting the conditions in the charter, until at least June 2009.

## BACKGROUND

The California Charter Schools Act of 1992 provides opportunities for teachers, parents, pupils, and community members to establish and maintain schools that operate independently from the existing school district structure and thus provide more educational choice within the public school system.

The Grand Jury decided it was time to review Marin's Charter Schools' administrative and operational activities and to examine the physical facilities of the schools. To put it briefly, how well are charter schools working in Marin these days? The reviews are mixed.

## METHODOLOGY

The Grand Jury looked at the four charter schools in Marin County that are chartered by Marin school districts. They are:

**Phoenix Academy**, a high school chartered by the Marin County Office of Education.

**Novato Charter School**, a K-8 school chartered by the Novato Unified School District.

**Marin School of Arts and Technology**, a high school chartered by the Novato Unified School District.

**Willow Creek Academy**, a K-8 school chartered by the Sausalito/Marin City School District.

The Grand Jury paid at least one site visit to each school, interviewed administrators and school district board members in each of the chartering districts, and interviewed staff and/or administrators at each of the charter schools. The Grand Jury also conducted interviews with administrators in two districts whose Boards of Education had denied petitions for charter schools, and with a university professor of education.

The Charter and the Memorandum of Understanding for each school were reviewed, and Grand Jury members attended Novato Unified School District Board of Education meetings. Websites and newsletters for Envision and for Marin School of Arts and Technology were monitored, as well as the website and newsletter for the California Charter Schools Association. Information on charter school formation and funding came from the California Education Code.

## DISCUSSION

### **How charter schools work**

There is a strong charter school movement in California and a growing number of charter schools, nearly 900 so far. Parents or others who want to start a charter school must petition a school district to grant them a charter; charters can be granted by a local School District Board of Education, a County Board of Education, or the California State Board of Education. The organizers of a charter school may decide to form a Nonprofit Public Benefit Corporation; if they do so the chartering district is entitled to have one representative on the charter school's Board of Directors. In all cases, the chartering district must provide funding and facilities (for in-district students only) but is not responsible for the debts or obligations of the charter school so long as the school district board has performed the legally required oversight of the school. Charter school faculty must hold California teaching credentials, but the school may opt out of Civil Service and collective bargaining requirements that apply to traditional public schools. Most charter school faculties, therefore, are at-will employees and not subject to the same seniority and tenure protections that apply to teachers in the traditional public schools.

The charter school legislation almost inevitably causes tension between traditional public schools and charter schools. The mere creation of a charter school seems to suggest that the existing schools in a district are not adequately educating the students and are not using creative or innovative teaching methods, a notion that school district boards and administrators reject.

In the course of its investigation, the Grand Jury learned of two efforts to start charter schools in Marin, a high school in the San Rafael district and an elementary school in the Ross Valley district, each of which had been denied by the district.

Funding is another source of controversy between school districts and charter schools. Districts that receive less per pupil in property taxes than an amount designated by the state are known as revenue limit districts. These districts receive state funds to supplement their property tax revenues up to the revenue limit, which is set by the state and based on a number of factors, one of which is the school's average daily attendance (ADA). The districts distribute the revenue limit amount to the charter schools. The charter schools also may receive block grants directly from the state.

Districts in which the property tax revenues exceed the revenue limit are known as basic aid districts. They receive no supplementary state aid but must distribute the revenue limit amount to the charter schools based on their ADA. Since charter schools are open to any resident of California, this means basic aid districts end up subsidizing the education of out-of-district students. However, under Proposition 39, approved by California voters in 2000, the chartering district is required to provide facilities only for the number of in-district students; the charter school board may have to provide additional space to accommodate the out-of-district students.

Charter schools can and usually do engage in fund-raising activities. Typically, parents are expected to participate in the school and to make a financial contribution, although by law they cannot be required to do so.

The task of starting a successful charter school is long and arduous. The initiators are often people with a vision of the kind of school they want to create but little or no experience in education, school finance, or the Education Code. They must form an organization and jointly make myriad decisions about what grades to cover, what teaching methods and materials to include, and how to finance their school. They must petition a school district to grant them a charter and negotiate for funds and facilities. They must hire teachers and staff, who often earn less than their counterparts in the traditional public schools in the district, and have less job security. The founders often do all this with little or no help from the district and sometimes in the face of open hostility. Some fail, and those who succeed are passionate about their schools.

Below is a school-by-school evaluation of the charter schools of Marin.

### **WILLOW CREEK ACADEMY**

**Charter:** Willow Creek Academy is chartered by the Sausalito/Marin City School District. It received its charter in 2001, started with a K-4 program, added a class a year for four years, and graduated its first 8<sup>th</sup> graders in 2006. Teaching is based on a Montessori model, a method that stresses a child's own initiative and natural abilities, especially through practical play.

Unlike most charter schools, the impetus came not from parents or teachers but from community leaders in Sausalito. They were concerned that almost all families in Sausalito either moved away when their children reached school age or sent their children out of the district, mostly to private schools. The public schools in the district were

attended almost exclusively by students from Marin City and were *de facto* racially segregated schools. These leaders were looking for a way to build community, to improve the local public schools, and to provide an alternative to private schools for Sausalito families. Several of the founders remain on the Willow Creek Board of Directors.

**Students:** The school currently enrolls 152 students (31 from outside the district). This number represents over half the students in the district's public schools. The two traditional public schools in the district have a combined enrollment of 143; Bayside Academy (K-6) has 111 students and Martin Luther King Middle School (7-8) has 32. The Willow Creek student body is highly diverse: 27% Caucasian, 27% African American, 20% Hispanic, 12% Asian, and 14% biracial.

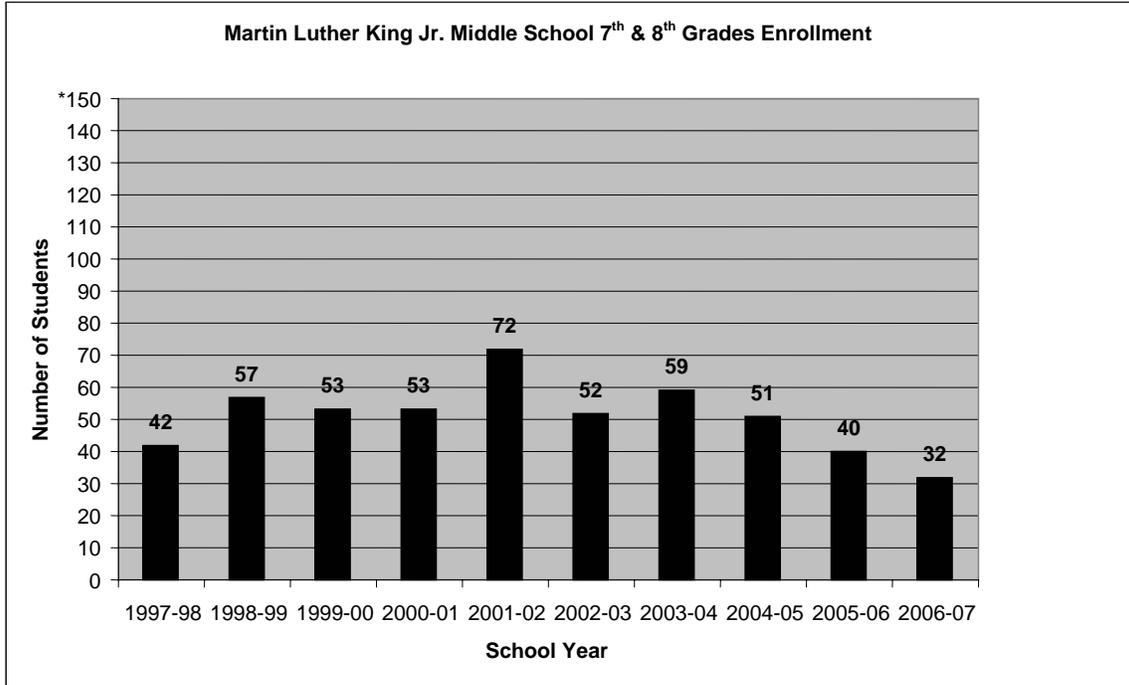
Several sources estimated (but the Grand Jury was unable to confirm) that there are an additional 500 to 600 school age children in Sausalito, most of whom attend private schools or are home-schooled. Even at the low end of this estimate, the number of children attending schools outside the district vastly exceeds the number attending public schools within the district.

**Governance:** Willow Creek is operated by The Willow Creek Foundation, a not-for-profit corporation. It has a 10-member board of directors, of which only two are parents of current or former students. Its goal is a racially and economically integrated school, attractive to Sausalito families. From the beginning, relations between the Willow Creek board and the school district board have been strained. In the November 2006 election, two parents of Willow Creek students, one a member of its board, were elected to the Sausalito/Marin City School District Board of Education, unseating the former president.

**Facilities:** The school shares a site in Sausalito with Bayside Academy, occupying a 10-year-old building originally built as a middle school. Space is very limited. A portable classroom, purchased by the Willow Creek Foundation, was recently added on land donated by the school district. Willow Creek and Bayside students share some facilities, a not-altogether harmonious arrangement.

In 2004 district voters approved a \$15.9 million bond issue for school construction. About half is intended to be spent on new buildings at Bayside, including K-Pod (Kindergarten through 2<sup>nd</sup> grade) classrooms, plus some office and meeting spaces. The other half is intended for a new public middle school in Marin City. Although the public middle school (Martin Luther King) currently has only 32 students, the new building is being planned to house up to 150. The current plan is for the 6<sup>th</sup> grade, currently 16 students, to be moved from Bayside to Martin Luther King, but even the combined number of 48 students still falls far short of the planned capacity of 150. The highest number of students at Martin Luther King in the past ten years was 72 in 2001-02, and the trend has been down since then. School district administrators believe that as test scores continue to improve, as they have in recent years, more local students will choose to attend the traditional public schools. Willow Creek board members, however, believe

that the best hope for attracting students to the district is the charter school, and that growth, if any, will occur there, not at Bayside or Martin Luther King.



\* Capacity for proposed new public middle school

Data from Sausalito/Marin City School District

**Funding:** Sausalito/Marin City School District is a basic aid district, which means the district is supported by local property taxes. The property tax revenue for the current school year is just over \$4 million. From this amount, the district pays Willow Creek the equivalent ADA that the state would pay for revenue limit districts, plus a negotiated supplementary amount; the total this year is \$840,000. Willow Creek board members contend this is unreasonable; that they have over one-half of the students and only one-fifth of the budget. School district administrators respond that there are fixed overhead costs covered by the district that do not show up in Willow Creek’s budget and that the funding is equitable.

**PHOENIX ACADEMY**

**Charter:** Phoenix Academy is chartered by the Marin County Office of Education and operates in conjunction with Marin General Hospital, Bay Area Resources Council, Marin County juvenile law enforcement agencies, and various 12-step programs.

**Students:** The school serves up to 25 high school students with severe substance abuse problems. It enables the students to continue their education while undergoing



counseling and treatment. As many as half of the students also have special education needs, such as depression or Attention Deficit Disorder. In addition to high school class work, Phoenix Academy offers extensive individual and group therapy to students and families. In the past, the staff had observed a success rate, that is, the number of students who obtain sobriety, of 80% to 85%. Over the last several years staff members have observed a steady lowering of the age at which drug and alcohol problems become apparent. Over the same period they have seen the success rate drop to 60% to 65%.

Phoenix Academy offers its students an alternative to residential treatment programs or incarceration. Generally the students are there for one to two semesters before returning to their local schools.

**Governance:** Phoenix Academy’s principal reports directly to the Marin County Office of Education.

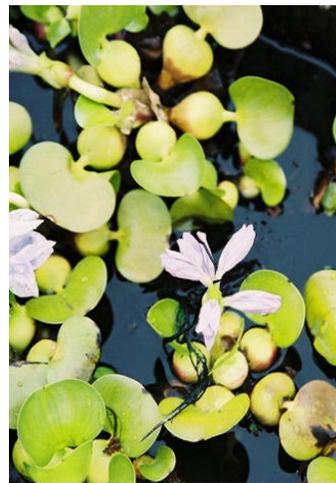
**Facilities:** The school shares a location (and the principal) with the Marin Community School, an alternative high school, but the two schools occupy separate buildings. The site, a 60-year-old former parish school, is rented from the Bernard Osher Foundation. The Marin County Office of Education and the school’s advisory group have been seeking a new site, so far without success.

**Funding:** This highly acclaimed program is experiencing a budget crisis and has been forced to reduce its family therapy. In a triple whammy, the Marin Community Foundation is no longer providing funding to the program, the Marin County Division of Alcohol, Tobacco and Firearms has reduced its contribution, and Marin General Hospital Foundation, which began the program 15 years ago, has served notice that it will no longer be contributing. Staff is now seeking other funding sources.

## NOVATO CHARTER SCHOOL

**Charter:** Novato Charter School was chartered by the Novato Unified School District in 1995 and opened in 1996 as a K-5 school; it expanded by a grade a year to K-8. Its curriculum is based on Waldorf methods of teaching that “inspire creativity, critical thinking, and motivated learning” (from the 2006-2007 parent handbook). Parents are strongly urged to reduce their children’s exposure to electronic media, particularly young children.

**Students:** The school has 240 students, of which about half reside outside the district. About 80% of the students are Caucasian, and 6% English Language Learners. For the district as a whole, 64% of students are Caucasian, and



15% are English Language Learners.

The school has a long waiting list for admission. Parents considering applying to the school attend a tour of the school conducted by the director, and both children and parents attend individual meetings with teachers or the director to be sure they understand the program and the commitment. In March there is a lottery to determine who will be admitted. Preference goes, in order, to children of employees, siblings of current students, in-district students, and out-of-district students.

**Governance:** The charter school's Board of Directors is made up of five volunteer parents elected for rotating three-year terms. In addition, the director (administrator) has the authority to appoint up to two community members. The board is responsible for fiscal oversight, personnel, and legal matters. All curriculum decisions are made by the director and the faculty.

**Facilities:** The school is located on the site of the former Hamilton Air Force Base. The school district owns the land; the school owns the buildings. The site is attractive and well-suited to the needs of the school. In addition to the classrooms and playground, the site includes an extensive organic garden, an important part of the school's philosophy and curriculum. (Note picture above from the school's organic garden.)

**Funding:** The Novato Unified School District is a revenue limit district. The charter school receives ADA revenue from the district and block grants from the state, supplemented by aggressive fund raising. Parents are expected to contribute their time to the school and are strongly urged to make financial contributions as well. The requested amount is \$500 per year per student. Outdoor education trips or other activities add another \$100-\$300, although "scholarship" assistance is available if families cannot afford to pay.

## **MARIN SCHOOL OF ARTS AND TECHNOLOGY**

**Charter:** Marin School of Arts and Technology was chartered in 2001 by the Novato Unified School District and opened in 2003 with 9<sup>th</sup> and 10<sup>th</sup> grades, adding a class for each of the next two years so that it now offers grades 9–12. There has been ongoing controversy between the charter school and the district administration, apparently from the beginning. The district is strapped for money; there is a belief that the existing public schools in the district offer an equal or better education at a lower cost per pupil than the charter school. The district has offered choice to students by creating "schools within schools" that offer small self-contained programs, such as The School of the Arts, located at Novato High School. The charter school received a five-year renewal of its charter in December 2006 after protracted and sometimes acrimonious negotiations. The renewal imposes a number of detailed and restrictive conditions on the school administration.

**Students:** The charter school promises an academically rigorous college preparatory program, using project-based learning. In statewide testing during the second year of operation, the students scored a 9 out of 10 rating among California public schools and a

score of 10 out of 10 for schools with similar students. Currently there are 250 students; approximately half come from Novato, the rest from out of the district. The charter school students are mostly Caucasian; efforts to enhance ethnic diversity by recruiting in the Canal district and Marin City have been largely unsuccessful. Student turnover has been high, according to the district, and is a cause of concern that is addressed in the conditions of the renewed charter. The charter school's administrators assert that the turnover occurs mostly in the first few weeks of the freshman year when students decide they would prefer a larger high school with more sports and activities; turnover among juniors and seniors is low. When it opened, the school undertook an aggressive advertising campaign to attract new students, and that may have contributed to the high initial turnover. The Grand Jury did not compare turnover figures at the charter school with the other high schools in the district. (Note picture at right from a Marin School of Arts and Technology classroom.)



**Governance:** The charter school is operated by Envision Schools, a not-for-profit corporation headquartered in San Francisco. It was the first charter school and the only suburban charter school that Envision opened. Envision currently has two charter schools in San Francisco and one in Oakland; its goal is to have a maximum of eight charter schools throughout the Bay Area. Envision has a Board of Directors made up of 12 members; each school elects one parent to sit on the board. Locally, Marin School of Arts and Technology has an active Leadership Council made up of four parents, four students, four faculty and one staff member. The Leadership Council meets monthly and all meetings are open to the public. Parent participation is strongly encouraged.

**Facilities:** The charter school currently occupies a site on the College of Marin campus at Indian Valley, but that site will no longer be available after June 2007. At present no suitable and affordable alternative has been found. This is a major concern to both the Envision and school district boards. The alternatives are portable classroom buildings on one of the existing high school campuses or another rented space. The district is responsible for providing facilities only for the in-district students, and half of the students come from out of the district. Envision faces the choice of dividing the students between portables for the number of in-district students and rented space for the number of out-of-district students, or paying rent for enough space to keep the students together.

**Funding:** The charter school receives ADA funding from the school district, supplemented by additional monies from Envision, which in turn has received grants from six foundations, including the Bill and Melinda Gates Foundation. The budget and budget-reporting issues have been a major source of the contention between the charter school and the school district board. Concerns include over-spending, unreported deficits,

late and/or incomplete reports, and lack of a 3% operating reserve required by the Charter and the Memorandum of Understanding. These issues are addressed in depth in the conditions attached to the Charter renewal, and Envision has recently hired an in-house financial expert to manage the budget and reporting. The problems have been aggravated by frequent turnover in the financial management staff of the district.

## **OTHER CHARTER SCHOOLS IN MARIN COUNTY**

The Grand Jury did not examine a fifth school operating in the county, John Muir Academy, because it is chartered by Nevada County, serves adult students aged 19–24, and is open primarily to men and women enrolled in the California Conservation Corps. No Marin County school district is involved in the funding or oversight of the school.

## **FINDINGS**

- F1.** Marin charter schools are providing a choice for parents and students who seek something other than traditional teaching methods, one of the objectives of the charter school legislation.
- F2.** Phoenix Academy is offering a much-needed and highly valuable service to the students, to their families, and to the community.
- F3.** Funding cuts at Phoenix Academy have necessitated a reduction in the family therapy program, which will surely reduce the program's effectiveness.
- F4.** Novato Charter School has a higher percentage of Caucasian students and a lower percentage of English Language Learners than the Novato Unified School District as a whole.
- F5.** Marin School of Arts and Technology is facing multiple challenges, the most acute of which is finding a site for the Fall 2007 semester. Beyond that they must address issues of budget, budget reporting and enrollment.
- F6.** The Willow Creek Academy Board of Directors and the Sausalito/Marin City School District Board of Education are divided about the best ways to solve the school district's enrollment and segregation problems.
- F7.** The voters of the Sausalito/Marin City School District approved a \$15.9 million bond issue for public school construction in 2004.
- F8.** The Sausalito/Marin City School District Board of Education is spending part of the bond money at Bayside Elementary School to build new classrooms and offices.
- F9.** The Sausalito/Marin City School District Board of Education has no plans for any facilities expansion for Willow Creek Academy, even though its enrollment has been increasing.
- F10.** The Sausalito/Marin City School District Board of Education is planning a new public middle school building for Martin Luther King Academy with a capacity greatly exceeding current enrollment and any likely future enrollment.

## RECOMMENDATIONS

**R1.** The Novato Charter School should increase its effort to recruit more non-Caucasian students and English Language Learners.

**R2.** The Novato Unified School District must closely oversee the Marin School of Arts and Technology on budget matters. The Novato Unified School District Board of Education should agendaize Marin School of Arts and Technology at least once a month at its school district board meetings and request a report on the charter school's progress toward meeting the conditions in the charter renewal, at least until June 2009.

**R3.** The Sausalito/Marin City School District Board of Education and Willow Creek Academy Board of Directors should jointly negotiate and agree on a Master Plan for both enrollment and facilities in the school district.

**R4.** Until a Master Plan is in place for the school district, the Sausalito/Marin City School District Board of Education should postpone construction of a new Martin Luther King public middle school.

## GLOSSARY

**ADA** – Average Daily Attendance. The basis for determining the amount the state pays to a revenue limit district

**K-8** – Kindergarten through 8<sup>th</sup> grade

**Basic Aid District Funding** – revenues from local property taxes meet or exceed the revenue limit, i.e., the amount of general purpose funding a school district receives per student, using ADA. The district also may receive categorical or block grants from the state for special purposes.

**Revenue Limit District Funding** – revenues from local property taxes are supplemented by the state up to the revenue limit, which is set by the state and based on a number of factors. The revenue limit does not include categorical or block grants.

## REQUEST FOR RESPONSES

Pursuant to Penal Code Section 933.05, the Grand Jury requests responses as follows:

From the following governing bodies:

- Novato Unified School District: F1, F4, F5, R1, R2
- Novato Charter School: F1, F4, R1
- Marin County Office of Education: F1, F2, F3
- Marin School of Arts and Technology: F1, F5, R2

- Sausalito/Marin City School District: F1, F6, F7, F8, F9, F10 R3, R4
- Willow Creek Foundation: F1, F6, F9, R3, R4

The governing bodies indicated above should be aware that the comment or response of the governing body must be conducted in accordance with Penal Code section 933(c) and subject to the notice, agenda and open meeting requirements of the Brown Act.

The California Penal Code Section 933(c) states that “the governing body of the public agency shall comment to the presiding judge on the findings and recommendations pertaining to matters under the control of the governing body.” Further, the Ralph M. Brown Act requires that any action of a public entity governing board occur only at a noticed and agendized public meeting.

Reports issued by the Grand Jury do not identify individuals interviewed. Penal Code Section 929 requires that reports of the Grand Jury not contain the name of any person, or facts leading to the identity of any person who provides information to the Grand Jury. The California State Legislature has stated that it intends the provisions of Penal Code Section 929 prohibiting disclosure of witness identities to encourage full candor in testimony in Grand Jury investigations by protecting the privacy and confidentiality of those who participate in any Grand Jury investigation.
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