U.S. Department of Education
Office of Inspector General

Effectiveness of Charter School Programs in Increasing the Number of Charter Schools

September 21, 2022
ED-OIG/A21IL0034

NOTICE

Statements that managerial practices need improvements, as well as other conclusions and recommendations in this report, represent the opinions of the Office of Inspector General. The appropriate Department of Education officials will determine what corrective actions should be taken.

In accordance with Freedom of Information Act (Title 5, United States Code, Section 552), reports that the Office of Inspector General issues are available to members of the press and general public to the extent information they contain is not subject to exemptions in the Act.

UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL

Audit Services

September 21, 2022

TO: Dr. Bernadine Futrell
Deputy Assistant Secretary
Equity and Discretionary Grants and Support Services
Office of Elementary and Secondary Education

FROM: Bryon S. Gordon /s/
Assistant Inspector General for Audit

SUBJECT: Final Audit Report, "Effectiveness of Charter School Programs in Increasing the Number of Charter Schools," Control Number ED-OIG/A21IL0034

Attached is the subject final audit report presenting the results of our audit of the effectiveness of Charter School Programs in increasing the number of charter schools. We received your office's comments on the draft of this report and considered them as we prepared the report.

U.S. Department of Education policy requires that you develop a final corrective action plan within 30 days of the issuance of this report. The corrective action plan should set forth the specific action items and targeted completion dates necessary to implement final corrective actions on the findings and recommendations contained in this final audit report. Corrective actions that your office proposes and implements will be monitored and tracked through the Department's Audit Accountability and Resolution Tracking System.

In accordance with the Inspector General Act of 1978, as amended, the Office of Inspector General is required to report to Congress twice a year on the audits that remain unresolved after 6 months from the date of issuance.

We appreciate your office's cooperation during our audit. If you have any questions, please contact me at (202) 245-6900 or Bryon.Gordon@ed.gov or Gary D. Whitman, Regional Inspector General for Audit, Chicago/Kansas City Audit Region, at (312) 730-1620 or Gary.Whitman@ed.gov.

Table of Contents

Results in Brief 1

Introduction 6

Finding 1. The CSP Office Could Improve Its Tracking and Reporting on Charter Schools That Recipients Opened and Expanded Using CSP Funds and Charter Schools That Remained Open After CSP Funding Ended 12

Finding 2. Information Collected by the CSP Office Showed That Recipients Did Not Always Open or Expand the Number of Charter Schools They Committed to Opening or Expanding 23

Appendix A. Scope and Methodology 28

Appendix B. Charter School Programs Funding Information 32

Appendix C. Acronyms and Abbreviations 38

OESE Comments 39

Results in Brief

What We Did

The objectives of our audit were to

- describe what the Office of Elementary and Secondary Education (OESE) did to track and report on the number of charter schools opened and expanded using Charter School Programs (CSP) funds and the number of charter schools that stay open after Federal funding ends,[1]
- determine whether CSP grant recipients opened and expanded the number of charter schools proposed in their approved grant applications, and
- determine whether the charter schools funded by CSP grants remained open for at least 2 years after funding ended.

To achieve our objectives, we interviewed OESE employees and officials responsible for administering CSP grants and gained an understanding of what they did to track and report on the number of charter schools opened and expanded using CSP funds and the number of charter schools that stayed open after CSP funding ended. We also reviewed approved CSP grant applications, final performance reports (FPR) or most recent (if an FPR was not available) annual performance reports (APR), and final or most recent (if a final was not available) data collection forms for 94 grant recipients who were awarded CSP funds from fiscal year 2013 through fiscal year 2016. Additionally, we reviewed records identifying the charter schools that the 94 grant recipients opened or expanded using CSP funds and the charter schools that remained open after Federal funding ended. We did not review any amendments to approved grant applications. While amendments could have resulted in revisions to the number of schools that a CSP grant recipient proposed to open and expand, the purpose of our audit was to compare the number of charter schools that grant recipients initially proposed to open or expand to the number of charter schools that grant recipients had opened and expanded by the time CSP funding ended.

For fiscal year 2013 through fiscal year 2016, the U.S. Department of Education (Department) awarded 103 CSP grants. Our audit covered 94 of the 103 CSP grants: 16 awarded to State educational agencies (SEA), 36 awarded to charter management organizations (CMO), and 42 awarded to non-SEA entities (charter school developers

[1] According to section 4310(7) of the Elementary and Secondary Education Act of 1965, as amended, "expand" means to significantly increase enrollment or add one or more grades.

that could be individuals or groups of individuals, including public or private nonprofit organizations).[2]

What We Found

The CSP office within OESE, Office of Discretionary Grants and Support Services, is responsible for overseeing CSP grants. The CSP office created processes for tracking and reporting on charter schools opened and expanded with CSP funds and charter schools that remained open through the grant performance period end date. After the grant performance period ended, and the CSP office had closed the CSP grants, it did not track and report on whether charter schools that CSP grant recipients had opened and expanded with Federal funds remained open. Although the CSP office created processes for tracking and reporting on charter schools opened and expanded and charter schools that remained open through the grant performance period end date, those processes did not result in CSP grant recipients reporting clear, reliable, and timely information in their FPRs, APRs, and data collection forms. The processes also did not result in the CSP office receiving all the information needed to assess grant recipients' performance or evaluate the overall effectiveness of the CSP.

During the grant performance period, the CSP office used information from APRs, CMO-provided replication and expansion spreadsheets, and data collection forms to assess whether CSP grant recipients were implementing their approved projects in compliance with the law, regulations, guidance, and their approved grant applications. After the grant performance period end date, the CSP office collected FPRs and final data collection forms and performed grant closeout procedures. After it closed the grants, the CSP office neither required CSP grant recipients to report updated information on the charter schools that had been opened or expanded with CSP funds nor collected information from other sources that would allow it to make its own determination of which CSP-funded charter schools remained open after CSP funding ended.

Our reviews of 94 CSP grant recipients' FPRs, APRs, and data collection forms disclosed discrepancies between the number of schools that CSP grant recipients reported as opened or expanded using CSP funds. Our reviews also disclosed that CSP grant recipients did not always submit or did not timely submit their FPRs, APRs, and data collection forms. Finally, our reviews disclosed that FPRs or APRs did not always clearly

[2] As used throughout this report, "SEA recipient" refers to State educational agencies. "Non-SEA recipient" refers to non-SEA entities in States without an approved SEA CSP grant.

disclose the number of charter schools opened or expanded using CSP funds. (See Finding 1.)

Our reviews of their approved grant applications and final or most recent (if a final was not available) data collection forms disclosed that the 94 grant recipients did not always open or expand the number of charter schools that they committed to opening or expanding. According to their approved grant applications, 16 SEA grant recipients, 36 CMO grant recipients, and 42 non-SEA grant recipients collectively committed to opening or expanding 1,570 charter schools using CSP funds. The 16 SEA grant recipients committed to opening or expanding 1,076 charter schools, the 36 CMO grant recipients committed to opening or expanding 452 charter schools, and the 42 non-SEA grant recipients committed to opening or expanding 42 charter schools.

According to their final or most recent data collection forms, the 94 CSP grant recipients collectively reported that they opened or expanded about 51 percent (798) of the 1,570 charter schools that they committed to open or expand using CSP funds.[3] The 16 SEA CSP grant recipients reported opening or expanding about 44 percent (477 of 1,076) of the charter schools that they committed to open or expand. The 36 CMO CSP grant recipients reported opening or expanding about 63 percent (283 of 452) of the charter schools that they committed to open or expand. And the 42 non-SEA CSP grant recipients reported opening or expanding about 90 percent (38 of 42) of the charter schools that they committed to open or expand. Of the 798 charter schools that the 94 CSP grant recipients reported opening or expanding, 82 were charter schools that had been open for less than 2 years at the time of our analysis. Of the remaining 716 charter schools, 91 percent (651) remained open for at least 2 years after their CSP funding ended.[4] (See Finding 2.)

---

[3] Although we identified discrepancies between the numbers reported in FPRs and APRs and the numbers reported in data collection forms (see Finding 1), we used the information from data collection forms to count the number of charter schools opened or expanded using CSP funds and the number of charter schools that remained open after Federal funding ended. We used the information from data collection forms because the forms included detailed information about each charter school (such as the charter school's name, location, identification number, operating status, and enrollment numbers).

[4] As of March 2, 2022, 29 of the 94 CSP grant recipients (10 SEA and 19 CMO grant recipients) still had open no-cost extensions or the option to submit a request for a no-cost extension. These 29 CSP grant recipients might not have drawn all their available funds and, therefore, could have continued providing CSP funds to their subrecipients to open or expand more charter schools.

What We Recommend

We recommend that the Deputy Assistant Secretary for Equity and Discretionary Grants and Support Services instruct the CSP office to

- collect data on the number of CSP-funded charter schools that remained open for at least 2 years after their CSP funding ended and make that information available to the public;
- ensure that CSP grant recipients report in FPRs, APRs, and data collection forms clear, reliable, and timely information on the number of charter schools that they opened or expanded using CSP funds; and
- ensure that program officers routinely compare the information reported in FPRs and APRs with the information reported in data collection forms and require CSP grant recipients to reconcile any discrepancies.

OESE Comments and Our Response

We provided a draft of this report to OESE for comment on June 15, 2022. We received OESE's comments on the draft of this report on July 22, 2022. We summarize OESE's comments at the end of each finding and provide the full text of the comments at the end of this final report.

OESE partially agreed with both findings and agreed with Recommendations 1.2 and 1.3. OESE did not agree with Recommendation 1.1. OESE explained its concerns with certain aspects of the findings and Recommendation 1.1. It also described actions it has already taken or plans to take to address Recommendations 1.2 and 1.3 and the targeted completion dates.

Overall, OESE expressed concerns that the draft report did not acknowledge national trends regarding barriers that have constrained charter school growth and expansion. OESE also expressed concerns that we used data from approved grant applications and disregarded approved amendments that might have reduced the number of charter schools that grant recipients committed to open or expand.

Additionally, OESE stated that the CSP grants awarded from fiscal year 2013 through fiscal year 2016 and covered by the audit were authorized under the Elementary and Secondary Education Act of 1965, as amended by the No Child Left Behind Act of 2001 (SEA and non-SEA grants), and under the Department's annual appropriations acts (CMO grants). The Every Student Succeeds Act of 2015, which expanded entities eligible to receive Expanding Opportunities Through Quality Charter School Programs Grants to State Entities (formerly known as Charter Schools Program Grants for State Educational Agencies) to include State governors, charter school boards, and charter school support

organizations, did not take effect until fiscal year 2017. OESE stated that there are significant differences between the laws that were not reflected in the draft report. Specifically, OESE emphasized that, under the No Child Left Behind Act of 2001, SEAs were the only eligible recipients of Charter Schools Program Grants for State Educational Agencies. Also, the definition of a high-quality charter school referred to in the draft report is from the Every Student Succeeds Act of 2015; therefore, the definition of high-quality charter school would not have applied to the CSP grants covered by the audit.

Finally, OESE provided clarifying comments about specific statements in the draft of this report.

Regarding OESE's comment about barriers that have constrained charter school growth and expansion, our objectives were not designed to identify trends that might limit charter school growth or contribute to charter school closures. Accordingly, we do not include such information in this report.

Regarding OESE's comment about us disregarding approved amendments, all three grants covered by our audit were discretionary grants, not formula grants. Unlike formula grants, the Department awards discretionary grants based on a competitive process. Through the competitive process, the Department reviews applications through a formal process and determines which applications best address the program requirements and are, therefore, most worthy of available funding. This also means that not all applicants are awarded funding to carry out their proposed projects. While amendments to the applications funded through the competitive process could have resulted in revisions to the number of schools that a CSP grant recipient proposed to open and expand, the purpose of our audit was to compare the number of charter schools that recipients that were competitively awarded their CSP grants initially proposed to open or expand to the number of charter schools that grant recipients had opened and expanded by the time CSP funding ended.

As OESE noted in its comments, there were differences between the No Child Left Behind Act of 2001 and the Every Student Succeeds Act of 2015. Therefore, we have clarified the report to explain that SEAs were the only entities eligible for Charter Schools Program Grants for State Educational Agencies (now Expanding Opportunities Through Quality Charter School Programs Grants to State Entities) awarded from fiscal year 2013 through fiscal year 2016. We also clarified that high-quality charter school was not defined until the Every Student Succeeds Act of 2015 and, therefore, did not apply to the CSP grants awarded from fiscal year 2013 through fiscal year 2016. Finally, we revised the report, when and where appropriate, to address OESE's clarifying comments about specific statements in the draft report.

Introduction

Background

The Charter School Programs (CSP) were first authorized in October 1994 under Title X, Part C of the Elementary and Secondary Education Act of 1965, as amended (ESEA). The CSP grants covered by this audit were awarded under the ESEA, as amended by the No Child Left Behind Act of 2001. Section 4301 of the ESEA sets forth eight objectives for the CSP. Two of those objectives are (1) provide financial assistance for the planning, program design, and initial implementation of public charter schools and (2) increase the number of high-quality charter schools available to students across the United States.

Before December 2015, the ESEA did not define a high-quality charter school. After enactment of the Every Student Succeeds Act of 2015 (December 2015), section 4310(8) of the ESEA defines a high-quality charter school as

> a charter school that—
>
> (A) shows evidence of strong academic results, which may include strong student academic growth, as determined by a State;
>
> (B) has no significant issues in the areas of student safety, financial and operational management, or statutory or regulatory compliance;
>
> (C) has demonstrated success in significantly increasing student academic achievement, including graduation rates where applicable, for all students served by the charter school; and
>
> (D) has demonstrated success in increasing student academic achievement, including graduation rates where applicable, for each of the subgroups of students, as defined in section 1111(c)(2)[5] except that such demonstration is not required in a case in which the number of students in a group is insufficient to yield statistically reliable information or the results would

[5] The subgroups of students referred to in section 1111(c)(2) of the ESEA are economically disadvantaged students, students from major racial and ethnic groups, children with disabilities, and English learners.

reveal personally identifiable information about an individual student.

Since fiscal year 1995, the CSP has provided nearly $4 billion for the creation of charter schools through the following three grants:

- Expanding Opportunities Through Quality Charter School Programs Grants to State Entities, formerly known as Charter Schools Program Grants for State Educational Agencies, assistance listing number 84.282A ($3.3 billion awarded from 1995 through 2017).[6]
- Charter Schools Program Grants to Charter Management Organizations for the Replication and Expansion of High-Quality Charter Schools, formerly known as Charter Schools Program Grants for Replication and Expansion of High-Quality Charter Schools, assistance listing number 84.282M ($463 million awarded from 2010 through 2017).
- Charter School Programs Grants to Charter School Developers for the Opening of New Charter Schools and for the Replication and Expansion of High-Quality Charter Schools, formerly known as Charter Schools Program Grants to Non-State Educational Agency Eligible Applicants for Planning, Program Design, and Initial Implementation, assistance listing number 84.282B ($91 million awarded from 2002 through 2017).

Expanding Opportunities Through Quality Charter School Programs Grants to State Entities is a competitive discretionary grant program that enables recipients to award subgrants to eligible applicants in their State to open and prepare for the operation of new charter schools and to replicate and expand high-quality charter schools. Eligible applicants are State educational agencies (SEA), State governors, and charter school boards and support organizations. Charter Schools Program Grants to Charter Management Organizations for the Replication and Expansion of High-Quality Charter Schools is a competitive discretionary grant program to support charter schools that serve early childhood, elementary school, or secondary school students by providing funds to eligible charter management organizations (CMO) for the replication and expansion of high-quality charter schools. Charter School Programs Grants to Charter School Developers for the Opening of New Charter Schools and for the Replication and Expansion of High-Quality Charter Schools is a competitive discretionary grant program

[6] Before fiscal year 2017, SEAs were the only entities eligible for awards under Charter Schools Program Grants for State Educational Agencies.

to support charter schools that serve early childhood, elementary school, or secondary school students by providing funds to eligible applicants for the opening of new charter schools. The competition for the grants is limited to eligible applicants in States without an approved SEA CSP grant (non-SEA).[7] Unlike SEA grant recipients, CMO and non-SEA grant recipients may not award subgrants; they must directly fund new charter schools or expand existing charter school sites.

For multi-year projects, the Department generally provided funding for a 1-year budget period. If the CSP grant recipient made progress toward meeting its goals and objectives, the Department could fund subsequent budget periods through noncompeting continuation awards. Noncompeting continuation awards for recipients of CSP grants awarded in fiscal year 2016 and earlier followed the terms and conditions of such grants under the No Child Left Behind Act of 2001. Table 1 shows the total number of CSP grants and the total amount of funding that the U.S. Department of Education (Department) awarded to SEA, CMO, and non-SEA grant recipients from fiscal year 2013 through fiscal year 2016. The total amounts represent both new and noncompeting continuation awards.

Table 1. Number of New CSP Grant Recipients and Total Amount of CSP Funds Awarded to New and Continuing CSP Grant Recipients from Fiscal Year 2013 through Fiscal Year 2016

Fiscal Year	Number of New SEA Grant Recipients	Total Amount of SEA Grants	Number of New CMO Grant Recipients	Total Amount of CMO Grants	Number of New Non-SEA Grant Recipients	Total Amount of Non-SEA Grants
2013	0	$208,581,863	0	$29,130,049	16	$5,270,963
2014	0	$144,653,280	11	$62,945,743	18	$7,496,862
2015	8	$153,970,269	12	$51,944,479	5	$6,133,851
2016	8	$188,758,154	15	$98,076,134	10	$6,109,834
Total[8]	16	$695,963,566	38	$242,096,405	49	$25,011,510

[7] Throughout this report, we refer to the three CSP grants as SEA, CMO, and non-SEA grants, respectively.

[8] See Appendix B for additional CSP funding information by grant award number.

CSP awards are available for a performance period up to 5 years. CSP grant recipients that have not expended all the funds that the Department has obligated for the award may receive a no-cost extension after the initial grant performance period end date. The Department may provide a grant recipient with a no-cost extension that adds up to 12 months to the grant performance period to allow the grant recipient to complete grant activities. CSP grant recipients may receive multiple no-cost extensions, but the Department will not provide them any additional CSP funds.

Charter School Programs Office

Within the Department's Office of Elementary and Secondary Education (OESE), Office of Discretionary Grants and Support Services, the CSP office is responsible for overseeing competitive CSP discretionary grants. The CSP office awards CSP funds to grant recipients to create new charter schools, replicate and expand high-quality charter schools, and disseminate information about effective charter school practices. Funds that the CSP office awards also help charter schools find suitable facilities and invest in other national initiatives that support charter schools. The CSP office's responsibilities include tracking and reporting on charter schools opened and expanded with Federal funds and charter schools that remained open throughout the duration of each CSP grant (see Finding 1).

When we asked about the definition of a high-quality charter school, the director of the CSP office referred us to section 4310(8) of the ESEA and told us that the CSP office does not determine whether a charter school is high quality because State rules for determining high quality vary. Additionally, the determination of whether a charter school is high quality is often the responsibility of charter school authorizers.

To fulfill its responsibilities relevant to tracking and reporting on charter schools opened and expanded with CSP funds and charter schools that remained open throughout the duration of each CSP grant, the CSP office collected and reviewed each CSP grant recipient's final performance report (FPR) or most recent (if an FPR was not available) annual performance report (APR), each CMO grant recipient's replication and expansion spreadsheet, and each CSP grant recipient's final or most recent (if a final was not available) data collection form. All CSP grant recipients submitted their FPRs and APRs directly to the CSP office; CMO CSP grant recipients submitted their replication and expansion spreadsheets directly to the CSP office once a year; and all CSP grant recipients submitted their data collection forms directly to a contractor twice a year.

The FPR and APR provided the CSP office with information on the number of charter schools that the CSP grant recipient opened and expanded and the results of its progress on performance measures. The CMO-provided replication and expansion

spreadsheet provided the CSP office with information on the operating statuses of the CMO's charter schools, including whether the CMO's charter schools were in the planning stage, had opened all grades, or had begun or completed expansion plans. The data collection form provided the CSP office with information on the total award amounts for the CSP grant recipient and its subrecipient(s), operating statuses of the charter schools opened (or expanded) using CSP funds, year in which the CSP grant recipient's charter school(s) first enrolled students, total number of students enrolled each school year, and school identification number(s).

WestEd

To assist the CSP office in overseeing CSP grant recipients, the Department contracted with WestEd. According to its contract, WestEd was responsible for collecting data on SEA, CMO, and non-SEA CSP grant recipients. WestEd began collecting CSP data for the Department in 2006 because of a lack of information on the number of charter schools that the CSP funded and the long-term effect of CSP funding on the creation and sustainability of charter schools across the nation.

The instructions for the data collection form that WestEd used to obtain information asked CSP grant recipients to include information on the charter schools that they and their subrecipients (if applicable) opened or expanded using CSP funds. WestEd asked CSP grant recipients to update their data collection forms twice a year throughout the grant performance period and again when the grant performance period ended and the CSP office closed the grant. WestEd also provided technical assistance to CSP grant recipients if they asked for clarification about the data collection reporting requirements.

WestEd used the Department's existing data sources (Common Core of Data[9] and ED*Facts*[10]) to supplement the data it collected from CSP grant recipients' data collection forms. WestEd consolidated the information from data collection forms, Common Core of Data, and ED*Facts*; analyzed it; and prepared reports for the CSP office. The analysis reports provided by WestEd were quarterly performance reports, program performance

[9] The Common Core of Data is the Department's primary database on public elementary and secondary education in the United States.

[10] ED*Facts* is the Department's initiative to collect, analyze, and promote the use of quality prekindergarten through grade 12 data.

measures reports, comprehensive annual reports, and ad hoc reports if requested by the CSP office.

WestEd also prepared datasets on CSP awards and analyses of the datasets, including the *December 2015–CSP Awards Dataset*, the *July 2019–CSP Awards Dataset*, and their respective analyses. The analysis of the *July 2019–CSP Awards Dataset* included information collected through the end of calendar year 2018. The December 2015 and July 2019 datasets and analyses are available at https://oese.ed.gov/offices/office-of-discretionary-grants-support-services/charter-school-programs/.

Finally, WestEd annually made site visits to a sample of SEA, CMO, and non-SEA grant recipients and CSP-funded school sites. During these site visits, WestEd collected performance and implementation data relevant to the recipient's CSP grants. WestEd also evaluated a grant recipient's performance and implementation efforts against the authorizing statute, applicable regulations, and the terms of the approved CSP grant application. Additionally, it reviewed the implementation of CMO CSP grant recipients' models to ensure that replicated or expanded charter schools were high quality. After WestEd completed its site visit, it provided to the CSP office a monitoring report on each CSP grant recipient. A typical monitoring report included ratings, recommendations, and details on how the CSP grant recipient had implemented its project, including any concerns that WestEd had.[11]

[11] We did not review or evaluate WestEd's monitoring processes and reports as part of this audit.

Finding 1. The CSP Office Could Improve Its Tracking and Reporting on Charter Schools That Recipients Opened and Expanded Using CSP Funds and Charter Schools That Remained Open After CSP Funding Ended

The CSP office created processes for tracking and reporting on the charter schools that CSP grant recipients opened and expanded using CSP funds and the charter schools that remained open through the grant performance end date. After the CSP grant performance period ended, and the grants were closed, the CSP office did not track and report on whether charter schools that grant recipients opened and expanded with Federal funds remained open.[12]

Although the CSP office created processes for tracking and reporting on charter schools that CSP grant recipients opened and expanded and charter schools that remained open through the grant performance period end date, those processes did not result in CSP grant recipients reporting clear, reliable, and timely information in their FPRs, APRs, and data collection forms. The processes also did not result in the CSP office receiving all the information needed to assess CSP grant award recipients' performance or evaluate the overall effectiveness of the CSP.

The CSP Office Tracked and Reported on the Number of Charter Schools Opened or Expanded Using CSP Funds During the Grant Performance Period

During a CSP grant recipient's performance period, the CSP office used information from APRs, CMO-provided replication and expansion spreadsheets, and data collection forms to assess whether the CSP grant recipient was implementing its approved project in compliance with the law, regulations, guidance, and its approved grant application.

According to CSP officials, a CSP program officer was required to review each CSP grant recipient's APR and complete an APR review form to document the review. The purpose of this review was to identify each CSP grant recipient's progress in achieving the goals outlined in the approved grant application, including the goals for opening or expanding the number of charter schools proposed in the approved grant application and any approved amendments. CSP officials also told us that, in addition to reviewing the

[12] Neither ESEA nor any implementing regulations require the Department to ask CSP grant recipients for updated information on a charter school's operating status after a CSP grant is closed.

CSP grant recipient's APR, the program officer was required to review information from the CMO replication and expansion spreadsheet (if applicable) and data collection form. When an APR, CMO replication and expansion spreadsheet, or data collection form showed that the recipient or its subrecipients had not opened or expanded the number of charter schools proposed in the approved grant application and any approved amendments, the CSP program officer was supposed to have obtained additional information, such as updated budget information with narratives explaining the reasons for any requested amendments (for example, a State legislature could have amended the State's charter school law and capped the number of charter schools allowed to operate in the State). The additional information was supposed to help determine the cause of the lack of progress toward opening or expanding the proposed number of charter schools.

According to CSP officials, if a program officer's review showed that the CSP grant recipient was making substantial progress in achieving the goals proposed in its approved grant application and any approved amendments, the CSP office would approve a fully funded continuation award unless the grant recipient had a large carryover balance or requested a reduction in funding. If the program officer's review showed that the CSP grant recipient was not making substantial progress in achieving the goals proposed in its approved grant application and any approved amendments, the CSP office would assess whether the CSP grant recipient needed technical assistance, reduce the amount of the continuation award, or decline to continue funding the grant.

The Department contracted with Manhattan Strategy Group, LLC to operate the National Charter School Resource Center. The National Charter School Resource Center supported the CSP office in providing technical assistance to CSP grant recipients and disseminating CSP-relevant best practices. According to two CSP office supervisors, the types of technical assistance that the CSP program officers or the National Charter School Resource Center provided depended on the challenges that the CSP grant recipient was having. One of the supervisors told us that CSP program officers have provided technical assistance on topics such as the reallocation of CSP funds or other budget-related questions. The National Charter School Resource Center has provided technical assistance through publications, such as *A Synthesis of Research on Charter School Facilities* or *How Charter Schools Can Leverage Community Assets through Partnerships*; webinars; and conferences with CSP project directors. The technical assistance topics have included development of performance measures, implementation of a CSP grant, and corrective actions to address monitoring report findings.

Additionally, to assist the CSP office with its oversight responsibilities, the Department contracted with WestEd. As part of its contractual responsibilities, WestEd was to consolidate information from CSP grant recipients' data collection forms, the Common Core of Data, and ED*Facts*. It also was supposed to analyze this consolidated information to assess the progress that CSP grant recipients were making toward opening or expanding the number of charter schools proposed in their approved grant applications. After completing its analyses, WestEd's contract required it to prepare reports on the analyses, such as quarterly performance reports, program performance measures reports, and comprehensive annual reports, for the CSP office. A typical report was to describe aggregated data on the

- CSP funding for charter schools by grant,
- number of charter schools funded by year,
- total number of charter schools by State,
- total number of students served by year,
- average award amounts by year, and
- overall student proficiency rates by year.

Additional contractual responsibilities included WestEd preparing CSP awards datasets and analyses of the datasets for the CSP office.[13] According to the director, the CSP office used WestEd's reports to inform policy and funding decisions, including the Department's strategic plan and annual budget justifications.

We reviewed examples of WestEd's quarterly performance and program performance measures reports dated January 2021 and comprehensive annual reports dated May 2021; they included only aggregated data on the CSP funding for charter schools by grant, number of charter schools funded by year, number of charter schools by State, number of students served by year, and overall student proficiency rates by year. The reports did not include information on the number of charter schools that each CSP grant recipient opened and expanded using CSP funds.

With only aggregated data from these WestEd reports, CSP program officers did not have sufficient information to quickly analyze details about each CSP grant recipients' implementation of their projects or how they were progressing over time. Therefore,

---

[13] The *December 2015–CSP Awards Dataset*, the *July 2019–CSP Awards Dataset*, and their respective analyses are available at https://oese.ed.gov/offices/office-of-discretionary-grants-support-services/charter-school-programs/.

according to CSP officials, after the Spring 2021 data collection, the CSP office directed WestEd to provide an implementation summary on each CSP grant recipient using data from the data collection forms that CSP grant recipients provided to WestEd. A typical implementation summary included the State in which the CSP grant recipient was located; the grant performance period; total obligations and obligations by budget period; CSP grant recipient contact information; number of planned, opened, and expanded charter schools; and the operating status of each school (planned, applied for charter, opened, or expanded). As of January 2022, WestEd had prepared implementation summaries for only CMO CSP grant recipients; it was still developing implementation summaries for each SEA and non-SEA CSP grant recipient.

Before the CSP office directed WestEd to provide implementation summaries on each CSP grant recipient, CSP program officers would need to pull together the disaggregated data on their own if they wanted to assess whether CSP grant recipients were implementing their projects as approved. WestEd's implementation summaries made data on each CSP grant recipient more accessible, allowing CSP program officers to spend more time fulfilling their oversight and technical assistance responsibilities.

The CSP Office's Processes Did Not Result in Grant Recipients Reporting Clear, Reliable, and Timely Information

While the CSP office used the information that it collected from CSP grant recipients to assess whether they implemented their approved grant projects in compliance with requirements and made progress in achieving their goals for opening and expanding charter schools, the CSP office's processes did not always result in CSP grant recipients submitting clear, reliable, and timely information in their FPRs, APRs, and data collection forms. Our reviews of FPRs, APRs, and data collection forms for 94 of the 103 grant recipients that were awarded CSP grants from fiscal year 2013 through fiscal year 2016 disclosed discrepancies between the number of charter schools opened or expanded as reported in FPRs and APRs and the number of charter schools opened or expanded as reported in data collection forms. Our reviews also disclosed that CSP grant recipients did not always submit or did not timely submit their FPRs, APRs, and data collection forms. Finally, our reviews disclosed that CSP grant recipients did not always clearly report in FPRs and APRs the number of charter schools opened or expanded using CSP funds.

Discrepancies Between the Number of Charter Schools Opened or Expanded as Reported in Performance Reports and Data Collection Forms

The Department's Administrative Communications System Departmental Directive OFO-F-01, *Handbook for the Discretionary Grant Process* (July 23, 2020), states that

program officials should collect reliable performance data demonstrating that grant recipients are meeting expected results and performance data supporting grant recipients' progress. We compared the number of charter schools opened or expanded as reported in FPRs and APRs with the number of charter schools opened or expanded as reported in data collection forms submitted by 94 of the 103 grant recipients awarded CSP funds from fiscal year 2013 through fiscal year 2016. Our comparison disclosed discrepancies between the number of charter schools opened or expanded using CSP funds as reported in FPRs and APRs and the number of charter schools opened or expanded as reported in data collection forms for 49 percent (46) of the 94 CSP grant recipients. We identified discrepancies for 94 percent (15) of the 16 SEA CSP grant recipients, 75 percent (27) of the 36 CMO CSP grant recipients, and 10 percent (4) of the 42 non-SEA CSP grant recipients. For example, 1 CSP grant recipient reported in its FPR that it opened 10 new charter schools and did not expand any existing charter schools; however, the CSP grant recipient reported in its most recent data collection form that it only opened 3 new charter schools but expanded 7 existing charter schools. Another CSP grant recipient reported in its APR that its subrecipients opened 95 new charter schools; however, this CSP grant recipient reported in its most recent data collection form that its subrecipients only opened 70 new charter schools. (See Finding 2 for the number of charter schools CSP grant recipients reported as opened or expanded.)

When we brought the differences to their attention, CSP officials told us that the performance reports and data collection forms provide different information. They also told us that the differences that we identified could be because CSP grant recipients submit performance reports and data collection forms at different times. Although FPRs and APRs and data collection forms do not cover all the same information, we only compared like elements in either the final or the most recent performance reports and data collection forms that the CSP office provided us for all 94 CSP grant recipients. Therefore, it would be reasonable to expect the reported information to be the same in performance reports and data collection forms. While differences in numbers could be attributable to CSP grant recipients submitting data collection forms twice a year and performance reports only once a year, timing differences would not account for all the differences that we identified.

When CSP grant recipients do not report clear, reliable, and timely information, the CSP office cannot effectively assess whether the CSP grant recipients are achieving the objectives set forth in their Department-approved grant applications. The CSP office also cannot effectively determine whether or what type of technical assistance the CSP grant recipients need. Additionally, the CSP office does not have quality information on which

to base its decisions to impose other interventions, such as withholding continuation awards or terminating the CSP grants.

The CSP Office Did Not Have or CSP Grant Recipients Did Not Timely Submit FPRs, APRs, and Data Collection Forms

According to Title 2 Code of Federal Regulations section 200.329 (c)(1), an FPR must be submitted no later than 120 calendar days after the grant performance period end date. In addition, the Department's *Handbook for the Discretionary Grant Process* states that program officers should contact the grant recipient if they do not receive an FPR.

CSP grant recipients submit APRs once a year and data collection forms twice a year. After the grant performance period end date, grant recipients may request no-cost extensions to continue implementing their CSP grant projects and make progress in achieving their project's objectives. During the no-cost extensions, CSP grant recipients continued submitting APRs. The CSP office kept the grants open and did not require FPRs until the no-cost extensions ended and implementation of the approved projects was completed. As of March 2, 2022, of the 94 CSP grant recipients whose APRs, FPRs, and data collection forms we reviewed, 29 (10 SEAs and 19 CMOs) still had open no-cost extensions or the option to submit a request for a no-cost extension.

We asked the CSP office for FPRs and final data collection forms for 94 of the 103 recipients that were awarded CSP grants from fiscal year 2013 through fiscal year 2016. The CSP office could not provide us with FPRs for 12 (13 percent) of the 94 CSP grant recipients. It also could not provide us with final data collection forms for 40 (43 percent) of the 94 CSP grant recipients. Additionally, when the CSP office did not have an FPR or final data collection form on file, as may have been the case for CSP grant recipients with no-cost extensions, it provided us with the most recent APR or most recent data collection form that the CSP grant recipients had submitted. The most recent APRs that the CSP office provided us for 13 (14 percent) of the 94 CSP grant recipients were more than 1 year old; and the most recent data collection forms for 6 (6 percent) of the 94 CSP grant recipients were more than 1 year old (see Table 2).[14]

[14] We considered performance reports and data collection forms more than 1 year old based on the reporting period end date compared to the dates of the files that CSP officials provided.

Table 2. Issues with Obtaining Performance Reports and Data Collection Forms

Issue	SEA Grant Recipients	CMO Grant Recipients	Non-SEA Grant Recipients
No FPR[15]	Not Applicable	4	8
No Final Data Collection Form	6	13	21
Most Recent APR More Than 1 Year Old	2	11	Not Applicable
Most Recent Data Collection Form More Than 1 Year Old	Not Applicable	6	Not Applicable

According to the director, the CSP office experienced significant turnover. The director, all three supervisors, and about half the program officers transitioned to the CSP office in or after September 2020, and they have limited knowledge of the CSP grants management policies and practices before then. The significant turnover in personnel contributed to the CSP office's difficulty in finding records, such as FPRs, APRs, and data collection forms, and commenting on the decisions past CSP office officials made relevant to the CSP grants awarded from fiscal year 2013 through fiscal year 2016.

FPRs and APRs Did Not Clearly Show the Number of Charter Schools Opened or Expanded

FPRs and APRs include places for CSP grant recipients to report the number of charter schools that they opened or expanded using CSP funds. The FPRs and APRs also include a place for CSP grant recipients to provide a narrative description explaining their progress in achieving their project's objectives. Our reviews of the FPRs and APRs submitted by 94 of the 103 grant recipients awarded CSP grants for fiscal year 2013 through fiscal year 2016 disclosed that 26 percent (24) did not clearly show the number of charter schools opened or expanded. The performance reports for 19 CSP grant recipients were unclear about the number of charter schools opened or expanded using CSP funds. The performance reports for the other five CSP grant recipients did not include narrative descriptions about their progress in opening and expanding the number of charter schools they proposed. The CSP office did not provide us with any evidence that it had required the 24 CSP grant recipients to reconcile and explain

[15] Grant was closed or had a status of "closeout pending."

missing or unclear information about the number of charter schools opened or expanded using CSP funds.

The Department's *Handbook for the Discretionary Grant Process* states that program offices should monitor active discretionary grants with a focus on technical assistance, continuous improvement, attainment of promised results, and collection of reliable performance data. Monitoring should continue until the grant is closed to help ensure that grant recipients achieve expected results that are demonstrated by reliable data supporting their progress towards meeting project and performance measures. Program officers should consider whether a grant recipient has made substantial progress when determining whether it should receive a continuation award. At the end of the grant performance period, program offices must review the FPR to ensure that the grant recipient has achieved the grant's objectives. Program officers should contact the grant recipient for clarification if an FPR is not received, the information in the report is unclear, or the report failed to substantiate that the goals of the grant were achieved.

According to the U.S. Government Accountability Office's *Standards for Internal Control in the Federal Government* (September 2014), management should use quality information that is appropriate, current, complete, accurate, accessible, and timely. Management should use the quality information to make informed decisions and evaluate the entity's performance in achieving key objectives and addressing risks. In addition, control activities should include reviews by management at the functional or activity level, where management should compare actual performance to planned or expected results and analyze significant differences.

Without FPRs or APRs that clearly substantiate that CSP grant recipients have achieved or are making progress in achieving expected results, the CSP office's ability to make informed decisions and improve program results is diminished. A lack of quality information hinders the CSP office's ability to analyze whether CSP grant recipients are on track to meet their performance goals during the grant performance period or whether they met their goals by the grant performance period end date. Without quality information, the CSP office cannot effectively determine whether CSP grant recipients need technical assistance or other intervention during the grant performance period and cannot reliably report on whether CSP grant recipients have achieved the CSP grant's objectives of opening and expanding high-quality charter schools.

By not collecting or retaining quality information about CSP grant recipients' progress in achieving expected results, OESE might not be able to assess the effectiveness of the CSP in achieving the statutory goal of replicating and expanding high-quality charter schools. Without a reliable assessment of the effectiveness of the program, lawmakers

will not be able to determine whether the program is a worthwhile investment of taxpayer dollars.

The CSP Office Did Not Track or Report on the Number of Charter Schools Opened or Expanded After the Grant Performance Period End Date

According to section 4301 of the ESEA, two of the goals of the CSP are to provide funding for the planning, program design, and initial implementation of charter schools and to expand the number of high--quality charter schools. Though the CSP office collected, tracked, and reported data on CSP-funded school openings and closings throughout the grant performance period, it did not collect, track, and report on data needed to assess whether CSP-funded schools remained open after CSP funding ended.

After the grant performance period end date, the CSP office required each CSP grant recipient to submit an FPR and final data collection form. Once it reviewed the FPR and data collection form and found them acceptable, the CSP office completed grant-closeout procedures. According to CSP officials, CSP grant recipients were not required to report information on the CSP-funded charter schools that remained open after CSP funding ended and their grants were closed. CSP officials also stated that, if they needed to know each CSP-funded charter school's operating status and assess whether a charter school remained open after the grant performance period end date, they could search the Common Core of Data and information on various internet websites.

According to *Managing for Results: The Performance Management Playbook for Federal Awarding Agencies* (April 2020), data are critical to making informed decisions and improving results. Agencies should use data to assess whether and to what degree they are successful in meeting their strategic plan goals by looking at program and project results. Agencies realize the benefits of collecting and analyzing performance data (that is, historical, prospective, and current) about programs and projects when that information is used to make decisions about improving program and project results. When agencies analyze performance data, they can use what they learn to improve program results and award recipient performance. A continuous process of analyzing data and providing technical assistance to improve programs and projects can also help Federal awarding agencies better implement their missions, achieve their strategic plan goals, and improve program results.

While neither the CSP legislation nor any implementing regulations require the CSP office to track or report on the number of schools that remain open after CSP funding ends, obtaining and making such information available to the public would help OESE and other stakeholders assess the effectiveness of the CSP. Without such information, OESE, Congress, and the public cannot reach conclusions on whether the

CSP increased the number of high-quality charter schools in operation and taxpayers received a worthwhile return on their investments.

Recommendation

We recommend that the Deputy Assistant Secretary for Equity and Discretionary Grants and Support Services instruct the CSP office to—

1.1 Collect data on the number of CSP-funded charter schools that remain open for at least 2 years after CSP funding ended and make that information available to the public.

1.2 Ensure that CSP grant recipients report in FPRs, APRs, and data collection forms clear, reliable, and timely information on the number of charter schools that they opened or expanded using CSP funds.

1.3 Ensure that program officers routinely compare the information reported in FPRs and APRs with the information reported in data collection forms and require CSP grant recipients to timely reconcile any identified discrepancies.

OESE Comments

OESE partially agreed with the finding. It agreed that process improvements would help ensure timely reporting of data by CSP grant recipients and improve tracking by CSP employees. OESE stated that CSP program officers monitor grants and review performance data and information in APRs, data collection forms, and FPRs to assess CSP grant recipients' progress in implementing their projects; however, CSP program officers are not expected to make independent determinations of effectiveness. OESE also stated that the data collection form was not originally designed to track the opening and expanding of charter schools proposed by grant recipients. Rather, the data collection form originally was designed to capture the amount of CSP funds the grant recipient was paying out when it submitted the data collection form to WestEd.

OESE disagreed with Recommendation 1.1 but agreed with Recommendations 1.2 and 1.3. In disagreeing with Recommendation 1.1, OESE stated that the CSP legislation does not require the Department to collect data on the number of CSP-funded charter schools that remain open for at least 2 years after funding ends.

In agreeing with Recommendations 1.2 and 1.3, OESE stated that it has already started to implement several procedures and practices to improve the management and oversight of CSP grants. These procedures and practices include (a) providing clear instructions and guidance to CSP grant recipients on APR, FPR, and data collection form submission processes and requirements; (b) hosting "office hours" for CSP program employees to meet with grant recipients to assist them in completing their APRs or

FPRs; (c) instructing WestEd to ensure that CSP grant recipients' data collection forms are accurate; and (d) following up with CSP grant recipients who do not respond to WestEd's questions or do not timely submit completed data collection forms.

OESE also stated that, in January 2021, the CSP office modified the contract with WestEd. The modification created a performance management framework that links all CSP data collection, compliance monitoring, and technical assistance efforts to inform decision-making and to drive program and process improvements. OESE commented that the new performance management framework provides for the collection of data from CSP grant recipients as part of one initiative, ensuring that the Department has access to all performance data, including the number of charter schools opened, expanded, and closed by CSP grant recipients, in one place. The data are currently collected separately through APRs, FPRs, and data collection forms.

Finally, OESE stated that the CSP office plans to solicit feedback on the format of its new APR template during its annual CSP project directors meeting. The goal is to obtain Office of Management and Budget clearance by spring of 2023 so CSP grant recipients may use the new template by fiscal year 2024.

OIG Response

We clarified parts of the finding based on OESE's comments but did not change our conclusions or any of the three recommendations. Regarding Recommendation 1.1, we acknowledge that the CSP legislation does not require the Department to collect and report data on the number of CSP-funded charter schools that remain open after CSP funding ends. However, such information could play a critical role in any assessment of the effectiveness of the CSP, including an assessment of the long-term effect of CSP funding on the creation and sustainability of charter schools across the nation. The information would help Congress decide whether the CSP is achieving the desired outcomes and would help OESE in making policy and funding decisions for future CSP awards.

The actions that OESE described in its comments, if implemented, are responsive to Recommendations 1.2 and 1.3.

Finding 2. Information Collected by the CSP Office Showed That Recipients Did Not Always Open or Expand the Number of Charter Schools They Committed to Opening or Expanding

Our analysis of the information that the CSP office collected showed that CSP grant recipients did not always open or expand the number of charter schools that they committed to opening or expanding. We reviewed the approved grant applications and final or most recent (if finals were not available) data collection forms for 94 of the 103 recipients that were awarded CSP grants from fiscal year 2013 through fiscal year 2016. According to their approved grant applications, 16 SEA, 36 CMO, and 42 non-SEA grant recipients collectively committed to opening or expanding 1,570 charter schools using CSP funds. The 16 SEA grant recipients committed to opening or expanding 1,076 charter schools, the 36 CMO grant recipients committed to opening or expanding 452 charter schools, and the 42 non-SEA grant recipients committed to opening or expanding 42 charter schools.[16]

As of July 1, 2021, the 16 SEA grant recipients had expended about $281 million (72 percent) of the roughly $393 million in CSP funds that they were awarded to open or expand the number of charter schools that they committed to opening or expanding.[17] As of August 1, 2021, the 36 CMO grant recipients had expended about $215 million (77 percent) of the roughly $279 million in CSP funds that they were awarded to open or expand the number of charter schools that they committed to opening or expanding; and the 42 non-SEA grant recipients had expended 100 percent of the roughly $21 million in CSP funds that they were awarded to open or expand the number of charter schools that they committed to opening or expanding. Of these 94 CSP grant recipients, 29 (10 SEA and 19 CMO grant recipients) still had open no-cost extensions or the option to submit a request for a no--cost extension as of March 2, 2022. These 29 CSP grant recipients might not have drawn all their available funds and, therefore,

[16] Amendments to the approved grant application could have resulted in a revision of the number of charter schools a CSP grant recipient planned to open or expand. We did not review any amendments to the 94 CSP grant recipients' approved applications.

[17] The total amount of CSP funds awarded to and expended by SEA grant recipients includes funds to cover administrative costs and funds for goals other than opening and expanding charter schools.

could have continued providing CSP funds to their subrecipients to open or expand more charter schools.

For our analysis, we relied on information reported in 94 CSP grant recipients' data collection forms because FPRs and APRs did not include enough detailed information, such as the charter school's name, location, identification number, operating status, and enrollment numbers on each charter school. We needed the detailed information on each charter school to find its record in the Common Core of Data or to search the internet if we did not find the charter school in the Common Core of Data. According to their final or most recent data collection forms, the 94 CSP grant recipients collectively reported that they opened or expanded about 51 percent (798) of the 1,570 charter schools that they committed to open or expand using CSP funds. The 16 SEA CSP grant recipients reported opening or expanding about 44 percent (477 of 1,076) of the charter schools that they committed to open or expand. The 36 CMO CSP grant recipients reported opening or expanding about 63 percent (283 of 452) of the schools they committed to open or expand. And the 42 non--SEA CSP grant recipients reported opening or expanding about 90 percent (38 of 42) of the charter schools that they committed to open or expand. (See Table 3 and Table 4.)[18]

Table 3. Proposed and Reported Number of New Charter Schools Opened Using CSP Funds by Type of CSP Grant Recipient

Type of CSP Grant Recipient	Proposed Number of New Charter Schools to Be Opened	Reported Number of New Charter Schools Opened
SEA	1,076	438
CMO	383	186
Non-SEA	38	34
Total	1,497	658

[18] Numbers in Table 3 and Table 4 are aggregated.

Table 4. Proposed and Reported Number of Charter Schools Expanded Using CSP Funds

Type of CSP Grant Recipient	Proposed Number of Charter Schools to Be Expanded	Reported Number of Charter Schools Expanded
SEA	0	39
CMO	69	97
Non-SEA	4	4
Total	73	140

Of the 798 charter schools that the 94 CSP grant recipients reported opening or expanding, 82 were charter schools that had been open for less than 2 years at the time of our analysis. Of the remaining 716 charter schools, 91 percent (651) remained open for at least 2 years after CSP funding ended. Table 5 shows the number of charter schools reported by SEA, CMO, and non-SEA grant recipients as opened or expanded using CSP funds and the number of charter schools that remained open for at least 2 years after CSP funding ended. Appendix B contains tables that list, by award number, the number of charter schools opened and expanded and funding information for each of the 94 CSP grant recipients.

Table 5. Number of Charter Schools That CSP Grant Recipients Reported as Opened or Expanded Using CSP Funds and Number of Charter Schools That Remained Open at Least 2 Years After CSP Funding Ended

Status After Federal Funding Ended	SEA Grant Recipient	CMO Grant Recipient	Non-SEA Grant Recipient	Total
Opened-Remained Open	341	157	27	**525**
Expanded-Remained Open	39	83	4	**126**
Subtotal-Remained Open	380	240	31	**651**
Closed	21	10	2	**33**

Status After Federal Funding Ended	SEA Grant Recipient	CMO Grant Recipient	Non-SEA Grant Recipient	Total
Unknown[19]	10	17	5	**32**
Other[20]	66	16	0	**82**

According to CSP officials, reasons why CSP grant recipients might not open or expand the number of charter schools that they committed to opening or expanding include

- SEA grant recipients might not have received the number of subrecipient applications they expected to receive,
- State legislatures might have limited the number of new charter schools allowed to operate in the State in which the CSP grant recipient planned to open charter schools, and
- CSP grant recipients might have encountered trouble in obtaining charter school authorization from charter school authorizers in the State.

Because the only purpose of this finding is to provide information about whether CSP grant recipients opened or expanded the number of charter schools that they committed to opening or expanding, we are not making any recommendations.

OESE Comments

OESE partially agreed with the finding but did not state which part of the finding it agreed with. OESE stated that the validity of the finding is questionable because OIG used data from approved grant applications and disregarded approved amendments that might have reduced the number of charter schools that grant recipients committed to open or expand.

OIG Response

We did not change the finding. The purpose of this finding is to show the differences between what recipients who were competitively awarded CSP grants committed to

[19] "Unknown" status means that our review of Common Core of Data information, review of the CSP office's records, and searches of publicly available information on the charter schools did not identify whether the charter school remained open for at least 2 years after CSP funding ended.

[20] "Other" status means that the charter schools were newer schools that had been open for less than 2 years at the time of our analysis.

accomplish in their approved grant applications and what they delivered by the time their CSP funding ended. All three grants covered by our audit were discretionary grants that the Department awarded based on a competitive process. Under the competitive process, the Department reviewed the applications and determined which ones best addressed the program requirements and were, therefore, most worthy of available funding. This also means that not all applicants were awarded funding to carry out their proposed projects. While amendments to the applications funded through the competitive process could have resulted in revisions to the number of schools that a CSP grant recipient proposed to open and expand, the purpose of our audit was to compare the number of charter schools that recipients that were competitively awarded their CSP grants initially proposed to open or expand to the number of charter schools that grant recipients had opened and expanded by the time CSP funding ended.

Appendix A. Scope and Methodology

Our audit covered 94 of the 103 CSP grants awarded by the Department from fiscal year 2013 through fiscal year 2016: 16 to SEAs, 36 to CMOs, and 42 to non-SEAs. We excluded five grants (non-SEAs) from our analysis because the recipients had goals other than to open or expand charter schools. We also excluded four grants (two CMO and two non-SEA grants) because the recipients had not expended any of their CSP funds, and the CSP office terminated the grants.

To achieve our objectives, we first gained an understanding of the following law, regulations, and guidance:

- Title IV, Part C, Sections 4301–4311 and Title V, Part B, Sections 5201–5211 of the ESEA;
- Title 2 Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards;
- The U.S. Government Accountability Office's *Standards for Internal Control in the Federal Government* (September 2014);
- *Managing for Results: The Performance Management Playbook for Federal Awarding Agencies* (April 2020); and
- The Department's Administrative Communications System Departmental Directive OFO-F-01, *Handbook for the Discretionary Grant Process* (July 23, 2020).

We then interviewed the director, two of the three supervisors, and three of the five program officers of the CSP office to gain an understanding of their processes for tracking and reporting on charter schools opened and expanded with CSP funds and for determining whether those charter schools remained open after CSP funding ended.

Next, we reviewed the following records:

- organizational charts for OESE and the CSP office;
- list of CSP grants awarded from fiscal year 2013 through fiscal year 2016;
- list of charter schools opened using fiscal year 2013 through fiscal year 2016 CSP grant funds (WestEd prepared the list using information from data collection forms and the Common Core of Data—we did not assess the accuracy and completeness of the list.);
- the CSP office's *July 2019—CSP Awards Dataset* and *July 2019—Analysis of CSP Awards Dataset*;

- approved applications for 103 CSP grants awarded from fiscal year 2013 through fiscal year 2016;
- FPRs or APRs (if FPRs were not available) for 94 of the 103 CSP grants awarded from fiscal year 2013 through fiscal year 2016;
- final or most recent data collection forms (if final forms were not available) for 94 of the 103 CSP grants awarded from fiscal year 2013 through fiscal year 2016;
- examples of WestEd's comprehensive annual reports for SEA, CMO, and non--SEA CSP grant recipients;
- CMO CSP grant implementation summaries for all awards made since fiscal year 2010;
- the Department's contracts with WestEd and the Manhattan Strategy Group, LLC;
- information in the Common Core of Data about the operating statuses of charter schools, the number of students enrolled in each charter school, and school identification numbers;
- example of a replication and expansion spreadsheet completed by a CMO CSP grant recipient;
- examples of APR review forms completed by the CSP office;
- fiscal year 2017 continuation award memorandum for SEA CSP grant recipients and fiscal year 2020 continuation award memorandum for CMO CSP grant recipients; and
- reports on obligated and expended CSP funds as recorded in the Department's grants management system.

Analysis Techniques

To determine whether CSP grant recipients opened and expanded the number of charter schools proposed in their approved grant applications, we first obtained from the CSP office's website a list of all CSP grants awarded from fiscal year 2013 through fiscal year 2016. This universe consisted of 103 CSP grants awarded to 16 SEAs, 38 CMOs, and 49 non-SEAs.

We then compiled and compared information from approved grant applications, FPRs or most recent APRs (if FPRs were not available), and final or most recent data collection forms (if final forms were not available) for 94 of the 103 CSP grant recipients. We counted the number of charter schools that the grant recipients proposed to open or

expand (according to their approved grant applications) and the number of charter schools that the grant recipients reported as opened or expanded (according to their data collection forms). (See Table 3 and Table 4, respectively.) We compared the numbers to determine whether CSP grant recipients met their goals of opening or expanding the proposed number of schools. At the time of our analysis, the performance period for the 94 CSP grants had ended. However, as of March 2, 2022, 29 of the 94 CSP grant recipients (10 SEAs and 19 CMOs) still had open no-cost extensions or the option to request a no-cost extension.

To determine whether the charter schools opened or expanded with CSP funds remained open after CSP funding ended, we counted the number of charter schools that grant recipients reported in data collection forms as opened or expanded. After counting the number and identifying the names of the opened and expanded charter schools, we searched for each charter school and its operating status (open or closed) as shown in the Common Core of Data. For CSP-funded charter schools with no record in the Common Core of Data, we searched the internet for information indicating that the charter school had closed (we did not ask for open or closed school information from SEAs, local educational agencies, charter school authorizers, or any other external entities). We then summarized the information on the charter schools' statuses by type of CSP grant recipient (SEA, CMO, or non-SEA), by whether the school was a newly opened charter school or an expanded charter school, and by total. (See Table 5.)

Use and Reliability of Computer-Processed Data

We relied on data from the Common Core of Data and data that CSP grant recipients reported in their approved grant applications and data collection forms. To assess the reliability of the data, we interviewed CSP officials responsible for administering the CSP grants and asked them what they did to assess the reliability of the data. When reviewing approved grant applications and data collection forms, we looked for missing data, the relationship of one data element to another, values outside expected ranges, numeric fields not containing letters or vice versa, and dates outside of a designated range. In addition, we compared the data in each CSP grant recipient's data collection form to information in the Common Core of Data, the *July 2019—CSP Awards Dataset*, and the list of charter schools opened using fiscal year 2013 through fiscal year 2016 CSP grant funds. Although we identified discrepancies between the data reported in FPRs and APRs and the data reported in data collection forms (see Finding 1), we concluded that the data we used were sufficiently reliable for the purposes of our audit.

Compliance with Standards

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the

audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We remotely conducted our audit from April 2021 through April 2022. We discussed the results of our audit with Department officials on May 10, 2022.

Appendix B. Charter School Programs Funding Information

We reviewed approved grant applications, data collection forms, and information from the Department's grants management system for 94 of the 103 CSP grants that the Department awarded from fiscal year 2013 through fiscal year 2016. Table 6, Table 7, and Table 8, respectively, show the number of charter schools that each CSP grant recipient proposed to open or expand according to its approved grant application, the number of charters schools it opened or expanded as reported in data collection forms, and the amount of CSP funds it was awarded and expended.[21]

Table 6. SEA Grant Recipients—Number of Schools Opened or Expanded Using CSP Funds

SEA Grant Award Number	Proposed Number of New Schools to Be Opened According to Application	Number of New Schools Opened According to Data Collection Forms	Proposed Number of Schools to Be Expanded According to Application	Number of Schools Expanded According to Data Collection Forms	Amount of CSP Funds Obligated	Amount of CSP Funds Expended
U282A150009	30	25	0	0	$23,624,997	$17,194,115
U282A150014	16	10	0	8	$8,145,456	$8,145,456
U282A150016	43	12	0	2	$14,835,797	$11,154,025
U282A150018	72	33	0	3	$24,190,150	$21,154,493
U282A150023	110	10	0	4	$12,967,506	$4,902,968
U282A150028	20	8	0	7	$13,581,923	$10,323,609
U282A150030	48	6	0	0	$3,337,114	$3,337,111

[21] Amount of CSP funds obligated and amount of CSP funds expended shown in Table 6 are as of July 1, 2021, for fiscal years 2013 through fiscal year 2016 awards. Amount of CSP funds obligated and amount of CSP funds expended shown in Table 7 are as of August 1, 2021, for fiscal year 2013 through fiscal year 2016 awards. Amount of CSP funds obligated and amount of CSP funds expended shown in Table 8 are as of July 1, 2021, for fiscal year 2013 through fiscal year 2015 awards and as of August 1, 2021, for fiscal year 2016 awards.

SEA Grant Award Number	Proposed Number of New Schools to Be Opened According to Application	Number of New Schools Opened According to Data Collection Forms	Proposed Number of Schools to Be Expanded According to Application	Number of Schools Expanded According to Data Collection Forms	Amount of CSP Funds Obligated	Amount of CSP Funds Expended
U282A150032	114	16	0	0	$19,672,284	$12,383,761
U282A160005	30	32	0	0	$7,999,999	$7,013,192
U282A160006	150	70	0	0	$57,180,209	$49,899,533
U282A160012	200	66	0	0	$70,717,503	$41,114,209
U282A160013	25	6	0	7	$16,000,950	$13,462,039
U282A160016	54	31	0	0	$46,404,184	$23,272,924
U282A160017	14	9	0	0	$4,475,087	$4,475,087
U282A160021	30	23	0	0	$19,574,626	$13,216,093
U282A160024	120	81	0	8	$49,899,243	$39,678,068
Total	**1,076**	**438**	**0**	**39**	**$392,607,028**	**$280,726,683**

Table 7. CMO Grant Recipients—Number of Schools Opened or Expanded Using CSP Funds

CMO Grant Award Number	Proposed Number of New Schools to Be Opened According to Application	Number of New Schools Opened According to Data Collection Forms	Proposed Number of Schools to Be Expanded According to Application	Number of Schools Expanded According to Data Collection Forms	Amount of CSP Funds Obligated	Amount of CSP Funds Expended
U282M140005	7	1	3	3	$7,005,749	$2,094,876
U282M140009	18	20	13	1	$15,000,000	$13,620,771
U282M140013	41	28	0	5	$30,473,293	$30,473,293
U282M140014	20	4	0	11	$13,229,766	$10,353,588
U282M140017	14	7	0	0	$7,951,055	$5,245,634

CMO Grant Award Number	Proposed Number of New Schools to Be Opened According to Application	Number of New Schools Opened According to Data Collection Forms	Proposed Number of Schools to Be Expanded According to Application	Number of Schools Expanded According to Data Collection Forms	Amount of CSP Funds Obligated	Amount of CSP Funds Expended
U282M140020	4	3	3	1	$2,447,978	$2,280,039
U282M140021	6	3	0	2	$6,223,196	$6,223,196
U282M140026	2	2	2	2	$3,125,000	$3,125,000
U282M140027	5	2	0	0	$4,000,000	$1,558,000
U282M140028	32	3	0	7	$6,506,405	$6,506,405
U282M150004	11	8	11	12	$10,330,905	$9,269,818
U282M150005	13	9	0	4	$8,453,100	$6,410,326
U282M150008	8	2	1	1	$3,533,627	$2,049,351
U282M150009	0	0	0	1	$282,720	$266,001
U282M150012	8	6	6	3	$11,206,440	$6,142,067
U282M150014	3	2	2	2	$5,000,000	$4,039,992
U282M150025	11	4	1	1	$7,661,600	$4,656,250
U282M150026	8	0	2	4	$4,830,000	$3,727,875
U282M150030	8	2	1	1	$2,656,605	$1,977,783
U282M150038	12	5	0	0	$8,304,417	$5,719,772
U282M150045	2	0	2	3	$2,416,000	$1,782,132
U282M160003	4	2	3	2	$6,544,602	$4,129,967
U282M160007	65	34	0	1	$48,750,000	$40,191,829
U282M160009	16	13	2	2	$11,928,000	$9,537,047
U282M160011	4	2	2	2	$4,911,004	$2,999,629

CMO Grant Award Number	Proposed Number of New Schools to Be Opened According to Application	Number of New Schools Opened According to Data Collection Forms	Proposed Number of Schools to Be Expanded According to Application	Number of Schools Expanded According to Data Collection Forms	Amount of CSP Funds Obligated	Amount of CSP Funds Expended
U282M160013	4	0	5	6	$3,161,814	$612,504
U282M160015	13	4	4	5	$10,859,874	$5,677,422
U282M160018	16	6	0	3	$10,251,925	$8,659,148
U282M160021	5	3	1	1	$4,982,968	$4,186,801
U282M160022	7	4	0	1	$3,208,056	$2,243,217
U282M160023	0	2	0	0	$3,262,270	$1,801,237
U282M160026	4	0	2	1	$1,412,342	$1,084,479
U282M160028	0	0	2	2	$1,283,001	$991,779
U282M160030	3	2	0	0	$2,348,343	$1,511,364
U282M160032	5	3	0	1	$2,774,750	$2,119,989
U282M160038	4	0	1	6	$2,885,800	$1,992,982
Total	**383**	**186**	**69**	**97**	**$279,202,605**	**$215,261,563**

Table 8. Non-SEA Grant Recipients—Number of Schools Opened or Expanded Using CSP Funds

Non-SEA Grant Award Number	Proposed New School to Be Opened According to Application	New School Opened According to Data Collection Form	Proposed School to Be Expanded According to Application	School Expanded According to Data Collection Form	Amount of CSP Funds Obligated	Amount of CSP Funds Expended
U282B130004	0	0	1	1	$473,413	$473,413
U282B130006	0	0	1	1	$207,750	$207,750
U282B130012	1	1	0	0	$561,430	$561,430
U282B130014	1	1	0	0	$525,000	$525,000

Non-SEA Grant Award Number	Proposed New School to Be Opened According to Application	New School Opened According to Data Collection Form	Proposed School to Be Expanded According to Application	School Expanded According to Data Collection Form	Amount of CSP Funds Obligated	Amount of CSP Funds Expended
U282B130020	1	1	0	0	$524,809	$524,809
U282B130022	1	1	0	0	$600,000	$600,000
U282B130026	1	1	0	0	$585,800	$585,800
U282B130030	1	0	0	0	$405,730	$405,730
U282B130037	1	1	0	0	$599,032	$599,032
U282B130051	1	0	0	0	$34,292	$34,292
U282B130063	0	0	1	1	$376,469	$376,469
U282B130065	1	1	0	0	$571,659	$571,659
U282B130068	1	1	0	0	$580,780	$580,780
U282B130071	1	1	0	0	$418,510	$418,510
U282B140006	1	1	0	0	$697,776	$697,776
U282B140024	1	1	0	0	$618,840	$618,840
U282B140026	1	1	0	0	$580,960	$580,960
U282B140032	1	1	0	0	$519,376	$519,376
U282B140033	1	1	0	0	$178,079	$178,079
U282B140036	1	1	0	0	$436,100	$436,100
U282B140039	1	1	0	0	$687,000	$687,000
U282B140042	1	1	0	0	$422,413	$422,413
U282B140043	1	1	0	0	$379,190	$379,190
U282B140046	1	1	0	0	$595,125	$595,125

Non-SEA Grant Award Number	Proposed New School to Be Opened According to Application	New School Opened According to Data Collection Form	Proposed School to Be Expanded According to Application	School Expanded According to Data Collection Form	Amount of CSP Funds Obligated	Amount of CSP Funds Expended
U282B140054	1	1	0	0	$387,240	$387,240
U282B140056	1	1	0	0	$656,446	$656,446
U282B140065	1	1	0	0	$187,486	$187,486
U282B140082	1	1	0	0	$584,310	$584,310
U282B140087	1	1	0	0	$600,000	$600,000
U282B140089	1	1	0	0	$397,722	$397,722
U282B140090	0	0	1	1	$400,000	$400,000
U282B150011	1	1	0	0	$600,000	$600,000
U282B150013	1	1	0	0	$600,000	$600,000
U282B150031	1	1	0	0	$747,750	$747,750
U282B150034	1	1	0	0	$337,138	$337,138
U282B150081	1	1	0	0	$756,776	$756,776
U282B160007	1	1	0	0	$700,000	$700,000
U282B160026	1	1	0	0	$765,846	$765,846
U282B160031	1	1	0	0	$500,000	$500,000
U282B160034	1	1	0	0	$721,380	$721,380
U282B160040	1	0	0	0	$602,875	$602,875
U282B160044	1	0	0	0	$72,000	$72,000
Total	**38**	**34**	**4**	**4**	**$21,196,502**	**$21,196,502**

Appendix C. Acronyms and Abbreviations

APR	annual performance report
CMO	charter management organization
CSP	Charter School Programs
Department	U.S. Department of Education
ESEA	Elementary and Secondary Education Act of 1965, as amended
FPR	final performance report
OESE	Office of Elementary and Secondary Education
SEA	State educational agency

OESE Comments

UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF ELEMENTARY AND SECONDARY EDUCATION

SENT VIA EMAIL – CONFIRMATION OF RECEIPT REQUESTED

Gary Whitman
Regional Inspector General for Audit
Office of Inspector General
230 South Dearborn Suite 3964
Chicago, IL 60604
Gary.Whitman@ed.gov

Dear Mr. Whitman,

Thank you for the opportunity to provide comments on the Office of the Inspector General's (OIG) draft report, *Effectiveness of Charter School Programs in Increasing the Number of Charter Schools* (A21IL0034). This document provides comments on behalf of the U.S. Department of Education (Department), Office of Elementary and Secondary Education (OESE).

Although the Department concurs, in part, with some of the findings and two of the three recommendations, the statutory provisions referenced in the draft report are inaccurate. The draft report states that the audit covered Charter Schools Program (CSP) grants that the Department awarded to State educational agencies (SEAs), charter management organizations (CMOs), and non-SEA entities from Fiscal Years (FY) 2013-16. During this time, the CSP Grants to SEAs (CSP SEA) and CSP Grants to Non-SEA Entities (CSP Non-SEA) programs were authorized under the Elementary and Secondary Education Act of 1965, as amended by the No Child Left Behind Act of 2001 (NCLB); and the CSP Grants to CMOs (CSP CMO) program was authorized under the Department's appropriations acts for the relevant years. All three programs were reauthorized in December 2015, with enactment of the Every Student Succeeds Act (ESSA), which took effect in FY 2017. Although the auditors acknowledge that there are differences between the CSP under NCLB and the reauthorized CSP under ESSA, the draft report seems to conflate the requirements under the two statutes. There are significant differences between the two laws that are not reflected in the draft report -- for example, SEAs were the only eligible applicants under the CSP SEA program under NCLB and allowable activities consisted of post-award planning, program design, and initial implementation of a charter school (although a few SEAs requested waivers to enable them to support expansion). Also, the definition of "high-quality charter school" provided in the draft report is from the Elementary and Secondary Education Act of 1965, as amended by the ESSA (ESEA), and, therefore, would not have applied to grants covered by the audit. There are several other relatively minor discrepancies in the draft audit report, such as the performance periods for a number of the CSP SEA and CSP Non-SEA grants.

Given the audit objectives, we also have an overarching concern with the lack of context offered in the draft audit report. We are concerned that the report does not acknowledge national trends concerning barriers that have constrained charter school growth and expansion. It is well documented that the charter school sector experienced steady growth and expansion for nearly two decades between 1991 and 2013.

But since this time new trends have emerged that point to things like limited access to facilities, State laws that establish caps on the number of new charter schools that may be created or that restrict the number of charters authorizers may issue, and even apparent waning demand for charter schools as impacting charter school growth and even contributing to charter school closures as enrollment declines.[1] The charter school national net growth rate fell from 6 to 8 percent prior to 2013, to below 2 percent in 2015 and 2016 due to some of the charter school growth barriers previously noted.[2] The issues noted here are not only barriers to charter school growth and expansion generally, but for many CSP grantees these issues have also impacted their ability to open and expand the number of charter schools originally proposed in their grant applications. Providing this context is important and should be part of the report.

Regarding the findings and recommendations, the Department partially concurs with the two findings and fully concur with recommendations 1.2 and 1.3. We do not concur with recommendation 1.1. We explain our concerns with the findings and recommendations below, along with the corrective actions we have already taken or plan to take and the targeted completion dates.

OIG Finding 1: The CSP Office Could Improve Its Tracking and Reporting on Charter Schools that Recipients Opened and Expanded Using CSP Funds and Charter Schools That Remained Open After CSP Funding Ended.

OESE response: We partially concur with this finding. OESE's Charter School Programs (CSP) staff agree that process improvements would be helpful to help ensure timely reporting of this data by CSP grantees, and to improve reliable tracking by CSP staff. The draft audit report (page 11) notes that the processes utilized by CSP staff "did not result in the program officers receiving all the information needed to assess CSP grant award recipients' performance or evaluate the overall effectiveness of the CSP." We would like to clarify that CSP program officers conduct regular monitoring of grants and review performance data and information contained in annual performance reports (APRs), data collection forms (DCFs), and final performance reports (FPRs) to assess grantee progress with grant implementation and to ensure that grantees are implementing their projects in accordance with statutory and regulatory requirements and the terms of their approved applications. Program officers are not expected to make independent determinations of effectiveness.

It is important to understand that the DCF was originally created by the CSP to track the disbursement of funds by an SEA to its subgrantees. The utility of this form evolved over time and, eventually, CMO and non-SEA grantees were also asked to complete the form and provide information on the charter schools they support. Additionally, the DCF is completed by grantees twice a year, once during the submission window for the APR and again six months after the APR and initial DCF are submitted to the Department. Originally, the DCF was not designed to track the opening and expansion of charter schools, as proposed by grantees in their approved applications. Given the original intent of the DCF, this form does not fully capture any approved amendments made to the number of charter schools proposed to be opened or expanded. It captures only the amount of program funds the grantee is currently paying out at the time the form is submitted to the contractor.

---

[1] Libetti, Ashley et al. (2019). The State of the Charter Sector: What You Need to Know About the Charter Sector Today. https://bellwethereducation.org/publication/state-charter-sector#:~:text=The%20State%20of%20the%20Charter%20Sector%20provides%20the%20latest%20available,is%20trying%20to%20address%20them.

[2] Lake, Robin J. et al. (2022). Why is Charter Growth Slowing: Lessons from the Bay Area. https://www.educationnext.org/why-is-charter-school-growth-slowing-lessons-from-bay-area/#:~:text=Still%2C%20we%20find%20clear%2C%20consistent,growing%20presence%20of%20charter%20schools.

Finally, we question the authority or statutory basis for the second part of this finding that the CSP could improve its tracking and reporting on charter schools that remain open after CSP funding has ended.

OIG Recommendation 1.1: Collect data on the number of CSP-funded charter schools that remain open for at least 2 years after CSP funding ended and make that information available to the public.

OESE Response: The CSP statute does not require the Department to collect data on the number of CSP-funded charter schools that remain open for at least two years after their funding ends. Thus, we respectfully disagree with this recommendation.

OIG Recommendation 1.2: Ensure that CSP grant recipients report in FPRs, APRs, and DCFs clear, reliable, and timely information on the number of charter schools that they opened or expanded using CSP funds.

OESE Response: The Department agrees with the recommendation to help improve this reporting. We have already begun to
implement the following procedures and practices to improve the management and oversight of CSP grants, which also address many of the other topics included in the findings and recommendations.

Since July 2020, OESE has hired several new CSP staff members, including a new CSP program director and mid-level supervisors, and reorganized the CSP Office. In August 2020, the new CSP leadership team identified and addressed an immediate need to assess grants management practices and processes associated with (1) reviewing APRs, including providing grantees with timely feedback on APRs, requesting revisions and updates to APRs, and documenting these actions; and (2) making substantial progress and continuation award determinations and documenting the factors considered in taking these actions. As a result, OESE's CSP staff implemented new grants management processes, practices, and internal controls, including the following:

1. Creating robust APR and FPR webinars to provide clear instructions and guidance to grantees on the APR and FPR submission processes and requirements. CSP staff presented the overhauled APR webinar to CSP project directors for the first time in October 2020, and the overhauled FPR webinar in December 2020. The DCF instructions and guidance are included in both the APR and FPR presentations and processes.
2. Creating a budget expenditure form to assist grantees in determining their expenses, encumbrances, carryover, and projections for both the APR and FPR.
3. Creating CSP customer service standards outlining program officer response times for grantee inquiries, including questions associated with completing APRs and FPRs.
4. Establishing and reinforcing standards for program officers to document APR- and FPR-related communications with grantees and storing those communications in grantees' files.
5. Hosting "Office Hours" to meet with each grantee one-on-one to assist them in completing their APR or FPR and answer grant-related questions.
6. Requiring CSP staff to pre-populate Government Performance Results Act (GPRA) performance measures in the APR and FPR templates in G5 to assist grantees and standardize data collection.
7. Directing and meeting with CSP's data collection and monitoring contractor, WestEd, during each APR and FPR submission period to ensure each grantee's DCF is accurate before distribution and after collection, as well as following up with grantees' who fail to respond to WestEd's questions or to submit their completed DCF by the deadline.
8. Creating a process for program officers to analyze all APR data and information to assist them in making substantial progress determinations.

In addition to these actions, in January 2021, the CSP Office modified its data collection contract with WestEd to create a performance management framework that links all CSP data collection, compliance monitoring, and technical assistance efforts to inform decision-making and to drive program and process improvements for the Department, its grantees, and stakeholders. This new performance management framework includes creating a new database to house all performance data, as well as the creation of new, robust, program-specific APRs and FPRs for the State Entity, CMO, and Developer grant programs (as reauthorized under the ESEA). The new performance framework provides for the collection of data from grantees that are currently collected separately via the APRs, FPRs, and DCFs as part of one initiative. The primary purpose of this new performance management framework is to ensure that the Department has access to all performance data, including the number of charter schools opened, expanded, and closed by CSP grantees, in one place. This performance management framework also establishes timelines for program officers to review APRs and conduct any necessary follow-up with grantees. The CSP Office anticipates conducting a focus group for grantees to provide feedback on the new APRs during the program's Annual Project Director's meeting, with the goal of obtaining OMB PRA clearance by the Spring of 2023, in order to utilize the new forms by FY2024, or sooner.

OIG Recommendation 1.3: Ensure that program officers routinely compare the information reported in FPRs and APRs with the information reported in DCFs and require CSP grant recipients to timely reconcile any identified discrepancies.

OESE Response: The Department agrees with this recommendation. The process improvements outlined above will help eliminate the possibility of these discrepancies occurring in the future.

OIG Findings 2: Information collected by the CSP Office Showed That Recipients Did Not Always Open or Expand the Number of Charter Schools They Committed to Opening or Expanding.

OESE Response: We are concerned that this finding is not based on all of the relevant data concerning the number of charter schools CSP grantees committed to opening or expanding. The draft audit report states on page 21 that, "Our analysis of the information that the CSP office collected showed that CSP grant recipients did not always open or expand the number of charter schools that they committed to opening or expanding. We reviewed the approved grant applications and final or most recent (if finals were not available) data collection forms for 94 of the 103 recipients that were awarded CSP grants from fiscal year 2013 through fiscal year 2016." The OIG also notes in footnotes in the draft audit report on pages 1 and 21 that auditors did not review any grant amendments associated with the 94 grants reviewed. They further acknowledge that these modifications could have resulted in changes to the number of charter schools' grantees committed to opening or expanding in their original approved applications.

We are concerned that this audit finding does not take into consideration any approved application amendments that may have resulted in a reduced number of charter schools CSP grantees committed to opening and expanding during the grant period. Approved application amendments are vital supplemental grant records that document the terms of the grant award, including the amount of program funds necessary to conduct grant activities. The Department considers a number of factors when reviewing a grantee's request to amend its approved application, including whether the proposed amendment falls within the scope and objectives of the original approved application. If records of approved application amendments were not included in the OIG's analysis of information to inform its conclusions regarding whether CSP grantees opened and expanded the number of charter schools proposed in their approved grant applications, the validity of the findings must be questioned.

Specific Comments

Finally, OESE offers the following clarifying comments in response to specific statements in the draft audit report:

1. Page 2, "What We Found", 2nd sentence — "After the grant performance ended, and the CSP office had closed the CSP grants, it did not track and report on whether charter schools that CSP grant recipients had opened and expanded with Federal funds remained open."

   OESE Comment: As noted in footnote 14 of the draft audit report, neither the CSP statute nor the Department's regulations require the Department to track and report on whether CSP-funded charter schools remain open after the CSP grant closes.

2. Page 2, "footnote 3" – "As used throughout this report, 'SEA recipient' refers to State educational agencies, State governors, and charter school boards and support organizations. 'Non-SEA recipient' refers to non-SEA entities in States without an approved SEA CSP grant."

   OESE Comment: As noted above, the grants covered by the audit were awarded under NCLB. Under NCLB, SEAs were the only eligible entities under the CSP SEA program.

3. Page 4, "footnote 5" – "As of March 2, 2022, 29 of the 94 CSP grant recipients (10 SEA and 19 CMO grant recipients) still had open noncompetitive, no-cost extensions or the option to submit a request for a noncompetitive, no-cost extension."

   OESE Comment: The draft report contains a number of references to "noncompetitive, no-cost extensions." We suggest removing the term "noncompetitive" to avoid any possible misperception that a no-cost extension is a new award. To the contrary, a no-cost extension merely allows a grantee to extend the project period end date and budget period of the existing grant for the sole purpose of completing grant activities. No additional funds are awarded with an NCE.

4. Page 5, "Background" – "Section 4310(8) of the ESEA defines a high-quality charter school as..."

   OESE Comment: The audit covered CSP grants awarded to SEAs, CMOs, and non-SEA applicants from FYs 2013-16. As such, these grants were awarded under NCLB, which did not define "high-quality charter school." The CSP was reauthorized in December 2015, with enactment of the ESSA, and the Department awarded the first grants under the reauthorized program in FY 2017. Although the reauthorized statute defines the term "high-quality charter school," the current statutory definition does not apply to the grants covered by the audit.

5. Page 7, first sentence after Table 1 – "CSP awards are available for a performance period up to 5 years."

   OESE Comment: During the time period covered by the audit, CSP SEA and Non-SEA grants were awarded for performance periods of up to 3 years.

6. Page 7, third sentence after Table 1 – "A noncompetitive, no-cost extension adds 1 year to the grant performance period and provides a way for a CSP grant recipient to continue pursuing the goals of its grant."

   OESE Comment: A grantee may require a no-cost extension for **up to** 12 months to enable it to complete grant activities

7. Page 7, "footnote 8" – "A continuation award is a grant for a budget period after the first budget period."

   OESE Comment: This statement is somewhat misleading. For multi-year projects, the Department generally provides funding for a single budget period (i.e., 12 months). Depending on whether the grantee is making substantial progress toward meeting the project goals and objectives, the Department may fund subsequent budget periods of an existing grant through non-competing continuation (NCC) awards.

8. Page 8, "footnote 10" – "According to the Director of the CSP office, during onsite monitoring visits, WestEd reviewed the implementation of CMO grant recipients' models to ensure that replicated or expanded charter schools were high-quality. The Director also told us that the CSP office does not determine whether a charter school is high quality because state rules for determining high quality vary, and the determination of whether a charter school is high quality is often the responsibility of charter school authorizers."

   OESE Comment: Please see preceding comment regarding the inapplicability of the definition of "high-quality charter school" to grants covered by the audit. Regarding the definition of "high-quality charter school" in the current statute, the CSP director was referring to section 4310(8) of the ESEA, which requires a charter school, among other things, to show evidence of strong academic results, "which may include strong student academic growth, as determined by a State" (20 U.S.C. 7221i(8) of the ESEA). In addition, it should be noted that WestEd, as part of its compliance monitoring work, evaluates grantee performance and implementation efforts against the program statute, applicable regulations, and the terms of the grantee's approved application.

9. Page 12, first full paragraph – "According to CSP officials, if a program officer's review showed that the CSP grant recipient was making substantial progress in achieving the goals proposed in its approved grant application and any approved amendments, the CSP office would approve a fully funded continuation award. If the program officer's review showed that the CSP grant recipient was not making substantial progress in achieving the goals, the CSP office would reduce the continuation award and decide whether the CSP grant recipient needed technical assistance."

   OESE Comment: This comment is inaccurate. The Department does not always fully fund continuation awards if the grantee is making substantial progress, for example, if the grantee has a large carryover balance or requests a reduction. Also, in some cases, if the grantee is not making substantial progress, the Department may decline to continue funding the grant.

10. Page 27, "footnote 30" – "We did not ask for open or closed school information from external entities such as SEAs, local educational agencies, or charter school authorizers. Instead, we relied on our search of publicly available information."

    OESE Comment: It is important to note that some charter schools (grantees and subgrantees) may not be searchable through public records due to name changes, changes in authorizers, changes in networks, or other reasons.

Thank you for the opportunity to comment on this draft report, and for your consideration of the Department's feedback.

Sincerely,

MARK WASHINGTON Digitally signed by MARK WASHINGTON Date: 2022.07.22 16:20:25 -04'00'

Mark Washington

Deputy Assistant Secretary

Office of Elementary and Secondary Education

Cc: Keith Cummins, State and Local Advisory & Assistance Team Director, Office of Inspector General, Keith.Cummins@ed.gov