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June 2, 2011

**MEMORANDUM**

**TO:** Public School Superintendents  
Charter School Officials  
Local Board Presidents  
Business Managers

**FROM:** Hanna Skandera  
Secretary-designate, Public Education Department

**RE:** **Initial Findings of the Public Education Department's Audit of 2011-2012 Charter School Data**

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**Public Education Department Conducts Audit of 2011-2012 Charter School Data:**

To deliver on her commitment to protect classroom spending, establish strong fiscal and academic accountability for schools and yield a smarter return on taxpayers' investment in education, Governor Susana Martinez is establishing unprecedented transparency in New Mexico schools. Under her leadership, the Public Education Department recently conducted an expedited review of charter school data to determine the reasons for unusually high increases in special education student identifications, special education services and expenses for teacher training and experience reported for the coming school year. The audit was undertaken to ensure information is being reported accurately and taxpayer dollars are protected.

**Audit Process: Special Education and Related Services and Teacher Training and Experience:**

As announced on April 29, 2011, based on a preliminary review of data, the Department identified 28 charters as the primary focus of our audit. These 28 charters reported high rates of special education students, special education services or expenses for teacher training and experience. Each exceeded the average statewide growth by at least 200 percent, the initial statistical bar set for the audit.

### ***Auditing of Special Education and Related Services:***

Based on the data provided through the state's Student Teacher Accountability Reporting System (STARS) and through charter school records – including number of students identified as eligible for special education services (including gifted students) and the number of personnel (FTE) providing these services – budget and finance staff and program staff from our Special Education Bureau audited charter schools reporting data higher than the statewide average, showing noteworthy differences from the previous year or other unusual trends not in compliance with state and federal laws under the Individuals with Disabilities Education Act (IDEA).

Based on the extent of abnormalities, our staff conducted several onsite and desktop reviews of charter school records. Audits included random sampling of 10 files of affected populations reviewed in the majority of charters (or in the case of small charter schools all of the files were reviewed) – of Individualized Education Programs (IEPs) by Department staff to evaluate whether:

- Data included in Individualized Education Programs (IEPs) matches the information provided through the state's Student Teacher Accountability Reporting System (STARS).
- Funds for services provided is reasonable based on an individual student's needs.
- Data reviewed from charter schools are in compliance with state and federal guidelines under the Individuals with Disabilities Education Act (IDEA).

### ***Auditing of Teacher Training and Experience:***

Based on information provided by charter schools on salaries and benefits for instructional staff, specifically years of experience of teachers and their academic degrees, we audited 12 charters reporting data higher than the statewide average, showing noteworthy differences from the previous year or other unusual trends. These audits by Department staff included on-site review of charters records and additional accountability measures.

### **Department Announces Initial Audit Findings By District:**

#### ***Charter Schools Cleared through the Department's Audit (9 Charters):***

Based on a review of records and additional accountability measures established by the Department's auditing team, nine charter schools were cleared of all issues regarding special education, special education services and expenses for teacher training and experience. In the majority of cases, these charters exhibited exemplary data quality, accurate record keeping, strong accountability and no compliance infractions. These charters include:

#### **Special Education:**

- El Camino Real Academy
- Amy Biehl
- Taos Academy
- Vista Grande High School
- Cottonwood Classical Prep
- Media Arts Collaborative Charter
- Public Academy for Performing Arts
- School for Integrated Academies and Technologies

**Training & Experience:**

- Rio Gallinas Charter School

***Charter Schools Cited for Minor Compliance Issues (13 Charters):***

Based on a review of records and additional accountability measures established by the Department's auditing team, thirteen charter schools were cited for minor compliance issues not consistent with state or federal laws. Minor compliance issues identified include poor data quality, inaccurate or delayed record keeping, discrepancies between data submitted to the Department and data included in a student's Individualized Education Program and potential additional questions regarding the level of services provided to a special education student. The Department will follow up with these charters within the next two weeks outlining specific remedies and a timeline for coming into compliance. In many cases, this may be as simple as correcting unintentional technical errors. The charters identified include:

**Special Education:**

- Montessori of the Rio Grande
- Mountain Mahogany
- Las Montañas
- Southwest Intermediate Learning Center
- Corrales International
- Native American Community Academy
- School of Dreams

**Training & Experience:**

- Anansi Charter
- Horizon Academy West
- School of Dreams Academy
- Southwest Intermediate Learning Center
- Sidney Gutierrez Middle
- Deming Ceasar Chavez
- Nuestros Valores

***Charter Schools Cited for Major Compliance Issues (9 Charters):***

Based on a review of records and additional accountability measures established by the Department's auditing team, nine charter schools were cited for major compliance issues not consistent with state or federal laws. In addition to minor compliance issues, these charters showed unusually high rates of ancillary services provided or failed to provide services to children despite receiving dollars for these services from the state. The Department will follow up with these charters within the next two weeks outlining specific remedies and a timeline for coming into compliance with state and federal laws. These charters include:

**Special Education:**

- Robert F. Kennedy
- La Promesa
- Anansi Charter
- ABQ Talent Development Center
- Middle College High School
- Cariños de los Niños

**Training & Experience:**

- Robert F. Kennedy
- Las Montañas
- Southwest Primary Learning Center
- Southwest Secondary Learning Center
- Middle College High School

***Charter Schools Selected for Additional Audit Measures Based on Initial Findings (1 Charter):***

Based on a review of records and additional accountability measures established by the Department's auditing team, one charter school was identified as needing a more intensive and expansive audit to determine the extent of their infractions. In addition to the major compliance issues identified above, this charter exhibited severe data quality issues or could not verify data reported to the Department, could not validate records and provider service logs, could not verify students were receiving services and showed unusual trends needing additional review. This charter school is:

**Special Education:**

- Nuestro Valores

**Ensuring Needs of All Special Education Students Are Met: A Systemic Challenge for New Mexico:**

The Department's review of charter school data found not just several errors, inconsistencies and concerning patterns in several charter schools, but also raised broader systemic issues regarding the way New Mexico identifies special education students and provides for their unique needs. Challenges currently identified in charters include improving data quality, creating consistent local accountability systems to ensure the provision of services and the proper application of state and federal guidelines for identifying the needs of individual special education students.

We will continue to provide technical assistance to charters in these areas. We hope to explore ways to better guide districts through these challenges, ensuring greater transparency for our taxpayers and appropriate services for our children.

**Public Education Department's Annual 2011-2012 Budget Review Process:**

In challenging economic times, it is even more important to ensure our education dollars directly benefit our children and teachers. By forcing savings elsewhere in state government to prioritize education, Governor Martinez delivered on her promise to protect classroom spending in the coming fiscal year's budget.

To yield a smarter return on New Mexico's investment in the education of our children, we are committed to helping school districts, charter schools and local education authorities throughout the budget process. As budgets are finalized in the coming weeks, the Department stands ready to help. Through scheduled meetings and conversations with our staff, the annual budget review process presents an opportunity to work together, ensuring every dollar committed to education is used as efficiently and effectively as possible.

Please let us know how we can be a resource, better serving your staff and students. Our staff can provide support and helpful feedback and guidance as you make important decisions for the coming school year. It is our goal for this audit to serve as the first of many efforts to partner together to increase transparency and accountability in our schools. Together, we can find creative and innovative solutions to our most pressing challenges.

cc: Office of the Governor  
Senator Cynthia Nava, Chair, Senate Education Committee  
Senator John Arthur Smith, Chair, Senate Finance Committee  
Representative Luciano "Lucky" Varela, Chair, Legislative Finance Committee  
Representative Rick Miera, Chair, House Education Committee  
Richard May, Cabinet Secretary, Department of Finance and Administration  
David Abbey, Director, Legislative Finance Committee  
Frances Ramirez-Maestas, Director, Legislative Education Study Committee  
Paul Aguilar, Deputy Secretary, Finance and Operations, PED  
Steve Burrell, Director, School Budget and Finance Analysis Bureau  
Pamela Bowker, Deputy Director, School Budget and Finance Analysis Bureau  
Budget Analysts, School Budget and Finance Analysis Bureau