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November 30, 2011

Michael Kirst, President, State Board of Education
Susan Burr, Executive Director, State Board of Education
Members, State Board of Education
State Board of Education
1430 N Street, Suite 5111
Sacramento, CA 95814

Re: Aspire Public Schools' Petition for Renewal of Statewide Benefit Charter

Dear President Kirst and Members of the California State Board of Education:

Aspire Public Schools (Aspire) thanks the State Board of Education (SBE) staff for offering Aspire the opportunity to submit this letter to reaffirm that the evidence and analysis relied upon by the SBE in May 2011 to support the legal standard for approving a statewide benefit charter school under Ed. Code section 47605.8 has not changed. Pursuant to Judy Cias's email dated November 18, 2011 to our legal team, we have worked to prepare the following materials 2012 to summarize Aspire's statewide benefits and clarify any questions about our statewide benefit charter (SBC) renewal, slated for January 2012.

Background

The SBE originally approved the Aspire statewide benefit charter in January 2007 for a five-year term from July 1, 2007, through June 30, 2012, to serve students in kindergarten through grade eight. In January 2010, the SBE approved two material revisions to the Aspire statewide benefit charter: (1) to expand the grades served to kindergarten through grade twelve, and (2) include a plan for potential sites of operation.

Just this past May, the SBE approved a material revision to follow the Court's guidance regarding the 2-pronged test for the statewide benefit. The SBE reaffirmed that Aspire provided two separate statewide benefits to California and affirmed that each of those same statewide benefits could not be provided through a series of locally approved charters. The SBE considered and accepted motions which in summary concluded that:

- Across the state, Aspire is accelerating academic growth among students traditionally under-prepared for high school success, and underrepresented among high school graduates, college goers and college graduates. This constitutes a statewide benefit to California. With locally approved charters, Aspire's ability to offer the full and complete academic program to its students (and therefore the statewide benefit) is substantially

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limited due to inadequate facilities. With a statewide benefit charter, Aspire is able to access affordable forms of financing -- and through it, develop and access adequate facilities for its students. Consequently, Aspire's access to an affordable statewide bond issuance to construct high quality facilities enabling high college-going rates, would not have been possible with a series of locally approved charters.

- Aspire is providing alternative credentialing pathways that focus on the skills and knowledge necessary to work effectively with diverse students, and this represents a statewide benefit. The same statewide benefit is not possible with a series of locally approved charters because the size of the Aspire Teacher Residency program would be limited by a series of local charters.

Aspire currently serves 1,800 students in its six statewide benefit charter schools. Eighty percent of the students are students of color and the same percent qualify for free or reduced price meals. Aspire's schools are the highest performing local schools serving similar students, earning an average API of 805 across the six schools in 2011. The average API was even higher – 847 – for the four statewide benefit charter schools open more than one year.

Standard for Renewal

Aspire's renewal petition demonstrates that Aspire meets the legal standards applicable to the renewal of its charter. Education Code section 47607(a)(2) sets forth the standard of review for all charter renewals, including statewide benefit charters:

“Renewals and material revisions of charter are governed by the standards and criteria in Section 47605, and shall include, but not be limited to, a reasonably comprehensive description of any new requirement of charter schools enacted into law after the charter was originally granted or last renewed.”

Education Code section 47607(a)(2) requires evaluation of the Aspire statewide benefit charter renewal petition under a two-part analysis:

1. Whether the charter school meets at least one of the charter renewal criteria in Education Code section 47607(b)(1)-(5), and
2. Whether the charter renewal petition meets the standards and criteria for the establishment of a charter school as required under Education Code section 47605 (e.g., the 16 charter elements in Education Code Section 47605(b)(5)(A)-(P)), including a reasonably comprehensive description of any new requirement of charter schools enacted into law after the statewide benefit charter was originally granted.

First, Education Code section 47607(b)(1)-(5) provides that prior to renewing a charter school, a charter school shall meet at least one of the following criteria:

1. Attained its Academic Performance Index (“API”) growth target in the prior year or in two of the last three years, or in the aggregate for the prior three years.

2. Ranked in deciles 4 to 10, inclusive, on the API in the prior year or in two of the last three years.
3. Ranked in deciles 4 to 10, inclusive, on the API for a demographically comparable school in the prior year or in two of the last three years.
4. The entity that granted the charter determines that the academic performance of the charter school is at least equal to the academic performance of the public schools that the charter school pupils would otherwise have been required to attend, as well as the academic performance of the schools in the school district in which the charter school is located, taking into account the composition of the pupil population that is served at the charter school.
5. Has qualified for an alternative accountability system pursuant to Education Code section 52052(h).

The schools operating under Aspire’s statewide benefit charter meet **each of criteria 1-4 above** for renewal as evidenced in the renewal petition. Aspire’s API data, specifically, is included in Table 1, below.

Table 1: 2010-11 API Scores and Growth

School	Years Since Founding Year	2011 API	2010 API	2010-2011 Growth	Cumulative Growth Since Opening	Cumulative State Targets	Multiple of State targets
APEX	1	742	N/A	N/A			
Alexander Twilight Secondary	1	699	N/A	N/A			
Alexander Twilight College Preparatory	2	802	766	36	36	5	7.2
Titan	2	849	824	25	25	0	25.0
Junior Collegiate	4	868	844	24	100	10	10.0
Port City	4	868	870	-2	89	5	17.8

Second, as demonstrated in the petition for renewal, Aspire’s statewide benefit charter meets the standards and criteria for the establishment of a charter school, including reasonably comprehensive descriptions of the 16 charter elements and any new requirement of charter schools enacted into law after the charter was originally granted.

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Aspire's Affirmed Statewide Benefits

The facts and evidence that support the SBE's May 2011 findings regarding Aspire's statewide benefits have not changed since the SBE May 2011 action. Enclosed as an appendix is the language submitted to the CDE in December 2010, which was considered by the SBE in its May 2011 action. The SBE affirmed Aspire's statewide benefits number 2 and 3, which we have summarized below and offered additional information about those benefits from the past year.

Statewide Benefit #2: Accelerate academic growth among students traditionally under-prepared for high school success, and underrepresented among high school graduates, college goers and college graduates.

In order to provide a rigorous college preparatory program, Aspire requires appropriate facilities. Access to such facilities has historically been limited without low cost facilities financing. In 2010, Aspire was able to issue a bond to finance the construction and purchase of facilities – thereby enabling Aspire to better educate more underserved students. In evaluating the risk of this bond, the rating agency recognized the decreased risk associated with the statewide benefit charter, due to the inherent conflicts of interest of local authorizers in approving charter schools to compete with their local schools. The statewide charter, therefore, reduced the risk of the bond investors, thus lowering the cost of the financing for those facilities.

Thanks to this bond, five Aspire secondary schools are now operating in properly equipped school facilities that will afford students in Oakland, East Palo Alto, Stockton, Sacramento, and Los Angeles an increased opportunity for college success. Two thousand additional students are being served by Aspire within these well-outfitted school facilities, increasing the numbers of UC/CSU-ready students. The ability to provide this same benefit would not be possible through a series of locally approved charters.

Statewide Benefit #3: Create alternative credentialing pathways and professional development activities that focus on the skills and knowledge necessary to work effectively with diverse students.

The Aspire Teacher Residency is currently in its second year of operation. During the 2010-11 school year, 20 residents served in each of our six major metropolitan areas throughout the state. Eighteen of those residents are current first-year Aspire teachers and are among the most well-prepared first-year teachers Aspire has ever seen. Early indications are that the Aspire Teacher Residency will be a success in this effort to create alternative credentialing pathways. Profiles of our 19 Teacher Residents can be found on our website (<http://aspirepublicschools.org/?q=SY12TeacherResidents.html>).

However, we still face significant constraints to the size of the program. For the 2011-12 school year, we have 19 residents becoming effective teachers and earning their Master's degree and credential through the program. There is clearly a high demand for the type of preparation offered through the program, and our acceptance rate last year was just 13%. With the excessive overhead of managing multiple charter authorizers in a series of locally approved charters, we

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would be forced to realign our energies and remove resources from elements of our program such as the Aspire Teacher Residency, even further limiting the size of the program and the benefit to the neediest students across the state. Therefore, this same benefit cannot be provided through a series of locally approved charters.

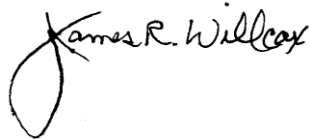
Summary

The SBC granted to Aspire by SBE has brought great benefits to California, its constituents and students. We look forward to the opportunity to continue our work together. We respectfully reserve the right to supplement the record and provide additional arguments and evidence to support renewal if the SBE has any concerns regarding this evidence.

We look forward to the renewal hearing in January. In the meantime, please do not hesitate to contact me with any further questions or concerns you may have about our submissions, our statewide benefit charter schools, or Aspire in general.

I appreciate your time and consideration of these materials.

Sincerely,



James Willcox
Chief Executive Officer
Aspire Public Schools

Enclosure

cc: Trish Williams, Vice President, SBE
James Aschwanden, Member, SBE
Yvonne Chan, Member, SBE
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APPENDIX: ASPIRE SUBMISSION TO CDE IN DECEMBER 2010

Aspire Public Schools (“Aspire”) requests to materially revise the statewide benefit charter to include this additional language and explanation of the statewide benefits outlined in the charter, and specifically why these same benefits cannot be achieved through locally approved charter schools. Aspire supports these conclusions with its charter, the academic outcomes of its charter, the CDE MOU/SBE conditions of approval, the Charter Schools Act and the Educ. Code, the financial statements of Aspire, and other documents and evidence that Aspire will submit to CDE/SBE.

The following text is proposed to be added into the charter starting on page 16 – inserted immediately above the PETITION ELEMENTS section of the charter.

Statewide Benefit 1: Systematic and rigorous pursuit of the vision and specific provisions of the federal No Child Left Behind Act of 2001 (locating Aspire schools where parents most need a high quality option, and to support parental choices allowed under NCLB).

- ***Why can't this be accomplished with locally approved charters?***

With locally approved charters, the state has no ability to control or direct Aspire to open schools where quality schools are most needed. The state does not have the ability to direct Aspire to open its quality schools in the communities where parents have rights to school choice under NCLB. With discretionary power to deny local charter applications, local school districts could reject Aspire charter schools where they are needed most thereby denying parents with the choice that is intended by state and federal law. With the statewide benefit charter, however, the State gains the unique statewide benefit of strategically locating Aspire's high quality and proven program where these schools are most needed. This unique ability to strategically locate high quality schools is lost under locally approved charters. Consequently, Aspire will be a primary catalyst for competition and change in those areas of the state where socioeconomically disadvantaged students are being failed by the regular public school system, supporting

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the State in meeting the requirements and goals of NCLB (e.g., stronger accountability for results and expanded options for parents).

As per the CDE/SBE conditions of approval adopted at the time of charter approval (as well as section 4.1 of the MOU between CDE and Aspire) all future growth of Aspire locations must be approved by SBE and must only be located in areas with neighboring public schools serving the same grade levels are in Program Improvement. Moreover, because of the ultimate discretionary nature of the SBE approval of a statewide benefit charter the SBE is able to dictate much higher levels of academic accountability -- as compared to locally approved charter schools -- for each statewide benefit charter school location. For example, the conditions of Aspire's statewide benefit charter school approval require Aspire to maintain high levels of academic achievement at all open school sites (for example, the statewide APA ranking of 7 or better a similar schools ranking of 6 or better). And further, SBE retains the ultimate discretion to deny any further growth or to close particular locations (without revoking the entire charter) if academic performance does not meet SBE's expectations. Local authorizers are required to approve charter petitions and material amendments for expansion and may only deny these charters and expansion requests on very limited statutory grounds. Consequently, SBE, on behalf of the state, is better able to control and direct academic improvement consistent with the goals of the federal and state governments through the statewide charter mechanism as opposed to local authorizing.

Statewide Benefit 2: Accelerate academic growth among students traditionally under-prepared for high school success, and underrepresented among high school graduates, college goers and college graduates.

- *Why can't this be accomplished through a series of locally approved charters?*

With locally approved charters, Aspire's ability to offer the full and complete academic program to our students as outlined in the attached charter (and therefore our statewide benefit) is **substantially limited** due to *inadequate facilities and a failure of school districts universally to comply with Proposition 39*. With a statewide benefit charter, Aspire is able to access affordable forms of financing -- and through it, develop

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and access adequate facilities for our students. An adequate fully furnished and equipped facility enables Aspire to offer its full academic program.

For example, this past year, Aspire passed a \$93 million dollar bond and was able to offer complete and full facilities to several Aspire schools -- including four statewide benefit charter schools. Both the rating agency report from Fitch and bond offering materials cited the statewide benefit charter as a contributing factor towards supporting the bond issuance. In the rating agency report in the section describing risks facing investors, the agency states:

“Charter Renewal

...In January 2007, the State Board of Education awarded Aspire a statewide benefit charter (SBC) making Aspire one of only of two charter management organizations to receive an SBC. Under the SBC, Aspire may open up to 20 additional schools serving grades K-12 anywhere in the state.”

In conversations during rating diligence visits, it became clear to the Aspire management team that investors, and the rating agency, valued the reduction in risk for charter renewal that results when the charter authorizer does not have a financial interest in the decision to renew a charter petition (i.e. local district authorizers have an inherent conflict of interest in approving charters [and in overseeing and revoking charters] in that the local school districts and charter schools are competing for the same students and therefore state funding). Local charter authorizers also have an inherent conflict of interest in reviewing charter petitions [and in overseeing and revoking charters] because of the financial exposure to special education risk in Ed. Code 47646 and based upon the risk and expense of allocating school facilities to charter schools under Proposition 39 (Ed. Code 47614). For these reasons local authorizers are more likely to deny a valid charter petition or revoke a legally compliant charter operator.

Reduced risks result in a better investment rating, which lowers interest rates on the funds borrowed, therefore freeing up additional funds to be used to operate the schools. Aspire gained access to affordable financing as a result of its statewide benefit charter and was therefore able to provide a full and complete program through appropriate and complete facilities. The bond financed schools in five cities across California. Other statewide benefits that resulted from this bond:

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- Cumulative facilities savings of \$1.67M over the next 10 years as compared to the next best alternative (leasing or other financing terms) which will now support Aspire's educational program rather than facilities expense
- Lower interest rate of 2010 bond issue (6.23%) vs. 2001 Aspire bond issue (7.25%); more expensive bond was refinanced by the 2010 bond that benefited from the statewide benefit charter
- Increased capacity within Aspire schools for 2,000 additional students, and therefore increased statewide benefit due to the increased number of students able to access Aspire's high quality program across the state due to the facilities that were built and made possible by the bond.
- A full program is now possible for five Aspire secondary schools and one elementary school. Four of the schools operated under the statewide benefit charter were part of the bond issuance.

Statewide Benefit 3: Create alternative credentialing pathways and professional development activities that focus on the skills and knowledge necessary to work effectively with diverse students.

- **Why can't this be achieved with a series of locally approved charters?**

The statewide benefit of an alternative credentialing program as described in the charter will not materialize as proposed if this work is pursued using a series of locally approved charters. Today Aspire is limited to 20 Residents in the Aspire Teacher Residency due to constrained financial resources. Aspire's resources are constrained for many reasons, not the least of which is low per pupil funding. If Aspire is forced to grow through a series of locally approved charters as opposed to a statewide charter it will force Aspire to invest scarce funds into managing multiple authorizer relationships to achieve the statewide benefit and effectively prevent the development of the alternative credentialing pathways and professional development activities. The cost of duplicative oversight, redundant reporting, and monitoring unique local demands for operating

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multiple district-approved charters requires a substantial investment of financial resources. There is a very real, substantial, and significant administrative expense associated with overseeing an operating multiple locally approved charter schools as opposed to a single multi-sited statewide benefit charter. If Aspire is forced to grow its program with locally approved charter schools it will have:

1. 50 separate charters to review, manage, and monitor¹;
2. 50 separate renewal applications two separate and distinct local authorizers that have varying policies practices and procedures on charter school approval or renewal;
3. 50 separate CDS codes and 50 separate funding streams with 50 separate oversight fees to pay the local authorizers;
4. 50 separate annual audits;
5. 50 different sets of annual reporting requirements to local authorizers;
6. 50 separate authorizers upon which to respond to information requests;
7. 50 separate authorizers upon which to seek a material revision first single change in the charter;
8. 50 separate attendance areas in which to prefer for enrollment purposes;
9. 50 separate special education agreements with local authorizers;
10. 50 separate memorandums of understanding with local authorizers;
11. 50 separate API, AYP scores to review and analyze.

Under a statewide benefit charter, and the benefits of a single charter authorizer for all statewide benefit schools, Aspire can redirect the resources saved by not having to

¹ Certain charter authorizers like Los Angeles Unified School District have substantially different policies and practices for the review and approval of charter schools that lead to substantially different charter language; indeed, LAUSD has over 40 pages of boilerplate language they require charter schools to include in their petitions. Some of this boilerplate language incorporates by reference many of the District policies (including, conflicts of interest, ethics, facilities issues etc.)

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administer to 50 separate schools into, among other things, expanding the size of the Aspire Teacher Residency program—a source of the statewide benefit that Aspire creates for California. Aspire estimates the cost savings of statewide chartering versus local charter approval to be 25 full time positions (approximately .50 FTE for each school) and an annual cost of approximately \$2,000,000 across 50 schools. With a statewide benefit charter, Aspire is able to maximize its benefit to California statewide by reallocating significant resources into professional development to ensure the maximum number of highly effective teachers are appropriately trained each year and available to serve the state's most needy student population. The cost to support a teacher resident through the Aspire Teacher Residency is approximately \$24,000. Through the savings from charter compliance activities and management alone for 50 schools more than 80 new teacher residents could be supported, bringing the size of the residency to 100 residents per year. At our current size were the six existing statewide benefit schools to be transitioned to local authorizers, in addition to the extraordinary cost and instability in our communities due to this transition the ongoing cost to manage those relationships and compliance would be approximately \$240,000. That is equivalent to 10 teacher residents who we would not be able to train, therefore reducing the statewide benefit.

Statewide Benefit 4: Effective integration of data collection, organization, review and analysis in all phases of instruction.

- **Why can't this be achieved with a series of locally approved charters?**

Under locally approved charters, the State via the State Board gains the opportunity to learn *directly* from an alternative, public school model as that school's authorizer for a system of schools. The State gains the ability to learn directly from Aspire's intensive use of data collection and integration to inform all phases of instruction and preparation of Aspire students for college success.

Aspire's statewide benefit charter operates essentially as a unified school district (kindergarten through 12th grade) —but one that is operating across the state, in multiple locations. Indeed, unlike a CMO operator of multiple approved charter schools at the

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local level Aspire’s statewide benefit charter is given a single API score like a school district -- thus allowing the SBE to compare Aspire’s overall performance against other school districts in the state. The state gains the opportunity for direct learning from interaction with and knowledge gained by oversight activities of a single entity. This direct interaction has the opportunity to inform State Board policy and work that is particularly valuable. Aspire’s intense use of data collection, organization, integration and analysis of student and teacher information is a unique opportunity for statewide benefit because of the direct interaction and close relationship Aspire has with the State Board—a relationship that would be diffused and lost through a series of locally approved charters.

This relationship with Aspire offers a unique opportunity because Aspire represents a different governance structure (no elected school board), offers the opportunity for learning across multiple geographies within the same school “system” (not limited to one city or county), different communities, and different challenges. This is very similar to the work the State Board takes on routinely to improve public education across California. This is a unique opportunity to compare and contrast performance, programs, and for Aspire to serve as a R&D school system directly for the State Board. With locally approved charters, the State Board’s direct opportunity for learning and collaboration with Aspire is lost.

ADDITIONAL STATEWIDE BENEFITS AND ARGUMENTS

The CDE, in its staff recommendation dated January 2007, noted the following additional components of the statewide benefit of Aspire’s charter:

- ◆ **Open Court Implementation:** Aspire has completed implementation of the SRA/Open Court Reading in kindergarten through grade 6.
- ◆ **Teacher Induction Authorization:** Beginning in the 2006-07 school year, Aspire has been authorized to grant clear credentials through its own teacher induction programs approved by the California Commission on Teacher Credentialing and the CDE. Aspire is the first charter school to have been so authorized.

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- ◆ **Delivery of Special Education as an LEA:** Aspire has become a local educational agency (LEA) member of the El Dorado County Office of Education Special Education Local Plan Area (SELPA).

Open Enrollment: As a statewide benefit charter school, Aspire is able to target student populations that are being failed by the traditional public school system regardless of arbitrary geographic boundaries such as school district boundaries, city limits, etc. Ultimately, and unlike a locally approved charter school, admission to the Aspire statewide benefit school is not determined according to the student's place of residence, or that of his or her parent or guardian, within the State of California. Locally approved charter schools must maintain an admissions preference for children that reside within the granting agency's school attendance boundaries. (Ed. Code 47605(d)(2)(B).) No such attendance limitation exists for a statewide benefit charter. Consequently, in those communities and areas of the state where children are served by one or more school districts Aspire is not artificially limited by geographic boundaries in its ability to actively recruit and enroll students across the entire community.

CONDITIONS OF APPROVAL AND MOU COMPLIANCE

As part of the original approval of the statewide benefit charter the SBE approved CDE recommended "Proposed Conditions Prior to Opening and Operation." These conditions were outlined in an attachment to the staff recommendation and were intended to be incorporated by reference in the Memorandum of Understanding (MOU) between CDE and Aspire. Certain conditions had timelines that needed to be met prior to beginning instruction and one of the conditions stated that "if any deadline specified in these conditions is not met, approval of the statewide benefit charter is terminated, unless the SBE deletes or extends the deadline not met." By approval of this material amendment to the Aspire statewide benefit charter the SBE herein recognizes full compliance by Aspire with any and all conditions of approval that were established by SBE or CDE and hereby deletes any deadline that had not been met in a timely fashion.