



State of Nevada
Governor's Finance Office
Division of Internal Audits

Audit Report

State Public Charter School Authority

Equitable Access to Charter Schools

Reducing barriers to charter school participation will ensure equitable access to charter schools.

DIA Report No. 24-02
February 28, 2024

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State Public Charter School Authority
Equitable Access to Charter Schools

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Objective: Reduce Barriers to Charter School Participation

Continue to strategically locate new charter schools near one- and two-star district schoolspage 7

Strategically locating new charter schools near underperforming one- and two-star district schools will improve educational access and align with state priorities. The greatest need for charter schools is in urban and suburban areas with a high concentration of underperforming district schools. Data analysis highlights a significant gap in charter school presence, particularly in Clark County and Washoe County. Strategic placement is crucial to reduce barriers to charter school participation and support enrollment of disadvantaged students. The SPCSA's strategic plan aligns with statewide goals to expand charter school access. A \$100 million revolving loan fund recently approved by the Nevada Infrastructure Bank is expected to facilitate charter school expansion in underserved communities. Continued strategic placement of new charter schools near underperforming district schools is necessary to address educational gaps, serve at-risk students more effectively, and improve school choice for Nevada families.

Continue to pursue additional funding options to provide transportation to charter school pupilspage 12

Offering Nevada families transportation options when considering enrolling their child at a charter school will reduce barriers to charter school participation and expand school choice in Nevada. Continued efforts are needed to secure additional funding for charter school transportation. A lack of reliable transportation presents some pupils with an insurmountable barrier to attending a charter school of their choice. The SPCSA should continue pursuing all available funding options for charter school transportation, including a per-pupil allocation through the Pupil Centered Funding Plan. Funding charter school transportation aligns with statewide goals for equitable access to charter schools and reduces enrollment barriers for disadvantaged pupils. Recommendations from the Commission on School Funding and Governor Lombardo to support enhanced funding for charter school transportation, in addition to data compiled from other states, underscore the importance of making transportation available to more Nevada pupils.

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INTRODUCTION

At the direction of the Executive Branch Audit Committee, the Division of Internal Audits (DIA) conducted an audit of the State Public Charter School Authority (SPCSA). The audit focused on equitable access to charter schools. The audit's scope and methodology, background, and acknowledgments are included in Appendix A.

DIA's audit objective was to develop recommendations to:

- ✓ Reduce barriers to charter school participation.

State Public Charter School Authority Response and Implementation Plan

DIA provided draft copies of this report to the SPCSA for review and comment. DIA considered the SPCSA's comments in the preparation of this report; the SPCSA's initial response is included in Appendix B. In its response, the SPCSA accepted the recommendations. Appendix C includes a timetable to implement the recommendations.

NRS 353A.090 requires within six months after the final report is issued to the Executive Branch Audit Committee, the Administrator of the Division of Internal Audits shall evaluate the steps the SPCSA has taken to implement the recommendations and shall determine whether the steps are achieving the desired results. The administrator shall report the six-month follow-up results to the committee and the SPCSA.

The following report (DIA Report No. 24-02) contains DIA's *observations, findings, conclusions, and recommendations*.

Reduce Barriers to Charter School Participation

The State Public Charter School Authority (SPCSA) can reduce barriers to charter school participation by:

- Continuing to strategically locate new charter schools near one- and two-star district schools; and
- Continuing to pursue additional funding options to provide transportation to charter school pupils.

Reducing barriers to charter school participation will ensure Nevada pupils have a more equitable opportunity to enroll in a public charter school. Reducing barriers to charter school participation is consistent with the SPCSA’s vision: “Equitable access to diverse, innovative, and high-quality public schools for every Nevada student.”¹ The audit found that charter school location and transportation options have a significant impact on equitable access. The audit made three *observations* which are presented in this report before the *recommendations*.

SPCSA Sponsors Charter Schools and Rigorously Evaluates Applications

The SPCSA sponsors public charter schools statewide and is responsible for the oversight and monitoring of these schools. The SPCSA also evaluates new charter school applications using a rigorous assessment process. New charter school applications are comprehensive and require inclusion of plans for operations, academics, and finances. Once an application has been evaluated, the SPCSA presents the new charter school application with its recommendation for the SPCSA Board to approve or deny the application.

Evaluation Rubric is Used by the SPCSA and External Reviewers

Assembly Bill 462 (2019) implemented a structured evaluation process using an Evaluation Rubric. The Evaluation Rubric is a tool used by SPCSA staff and external reviewers to rate and provide a narrative analysis of each section of the new charter school application. Within each section and subsection of the application, specific criteria define the expectations for a response that “Meets Standard.” Exhibit I shows the Evaluation Rubric’s definitions.

¹ Nevada State Public Charter School Authority, 2019-2024 Strategic Plan.

Exhibit I

Evaluation Rubric's Definitions

Rating	Characteristics
Meets the Standard (MS)	The response reflects a thorough understanding of key issues. It addresses the topic with specific and accurate information that shows thorough preparation; presents a clear, realistic picture of how the school is expected to operate; and inspires confidence in the applicant's capacity to carry out the plan effectively and result in a 4- or 5-star school.
Approaches the Standard (AS)	The response meets the criteria in many respects but lacks detail and/or requires additional information in one or more areas.
Does Not Meet the Standard (DNMS)	The response is undeveloped or incomplete; demonstrates lack of preparation and/or raises serious questions about the coherence of the application and whether it is original work; raises substantial concerns about the viability of the plan or the applicant's ability to carry it out.

Source: State Public Charter School Authority, Call for Quality Charter Schools Evaluation Rubric, November 18, 2022.

An applicant must 'Meet the Standard' in all four, or five, if applicable, main sections of the application (Meeting the Need, Academic Plan, Operations Plan, Finance Plan, and Addendum, if applicable) by the end of the application and evaluation process to be recommended for approval.² If an application 'Meets the Standard' in all but one section, and 'Approaches the Standard' in the one remaining section, the application and proposed new charter school may be recommended for approval if the remaining issues are specific and limited, and the outstanding deficiencies can be addressed through conditions."³

The determination regarding whether to approve a new charter school application is to be based on the ability of the applicants to establish a high-quality charter school.⁴

The SPCSA may approve a new charter school application if:

- The application complies with all charter school laws and regulations;
- The application is complete;
- The applicant has demonstrated competence in accordance with the SPCSA's new charter school application rubric demonstrating that approval of the new charter school application will likely result in a successful opening and operation of the charter school;
- The application meets the criteria contained in the SPCSA's academic and demographic needs assessment; and
- Sufficient input has been received by the public.⁵

² Charter Management Organizations applying for Sponsorship directly, as well as Committee to Form applicants that propose to contract with a Charter Management Organization (CMO), or Educational Management Organization (EMO) are required to complete the Addendum section of the application and therefore will be rated in five main sections. All other applicants are not required to complete the Addendum section and are only rated on four main sections.

³ State Public Charter School Authority, Call for Quality Charter Schools Evaluation Rubric, November 18, 2022.

⁴ NRS 388A.249, Submission of application to proposed sponsor; review of application by proposed sponsor; criteria for approval of application; confidentiality of identity of reviewers; biennial report by Superintendent of Public Instruction concerning status of applications.

⁵ Ibid.

SPCSA’s Evaluation Process Promotes Equitable Access to Schools

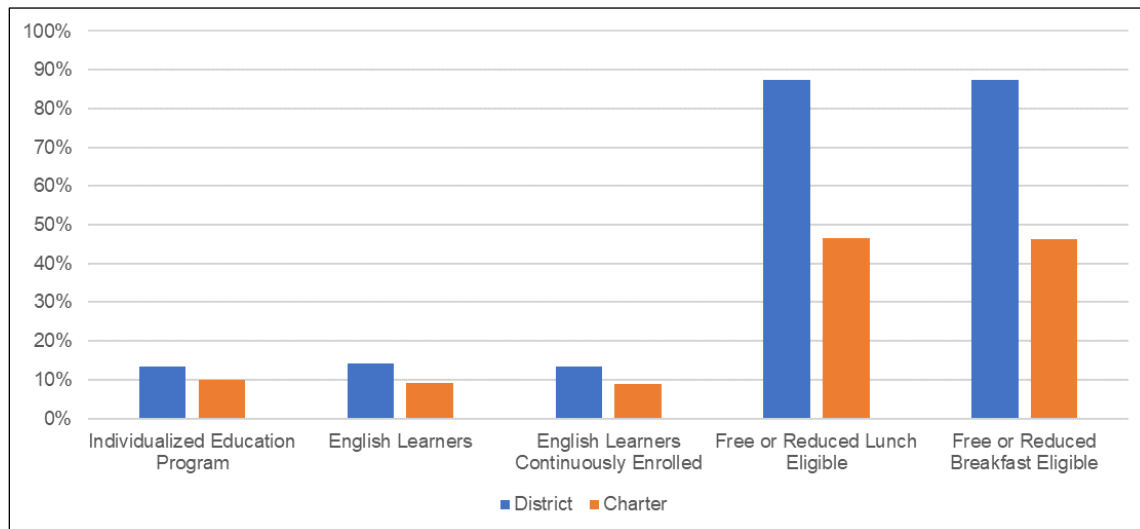
The SPCSA’s current charter school application evaluation process promotes equitable access to charter schools. The Evaluation Rubric’s “Meeting the Need” section of the application process is an essential component in helping to provide at-risk pupils access to high quality schools.

A pupil “at-risk” has an economic or academic disadvantage such that the pupil requires special services and assistance to enable them to succeed in educational programs; including without limitation: members of economically disadvantaged families, English language learners, pupils at risk of dropping out of high school, and pupils who do not meet minimum standards of academic proficiency.⁶ According to the U.S. Department of Education, Office of Elementary and Secondary Education, pupils at-risk must overcome significant challenges and require additional support to be successful in an educational setting.⁷

District schools serve a greater proportion of at-risk pupils than charter schools. Exhibit II shows some special populations of pupils served at district schools and charter schools using available data for school year 2022 – 2023. Free and reduced-price meal data is used as a proxy indicator of the economic status of pupils in a school, but it does not directly correlate due to meal eligibility criteria that extends beyond financial considerations.

Exhibit II

Special Populations of Pupils Served School Year 2022 – 2023



Source: Nevada Accountability Portal, Demographic Profile Data.

Charter schools served a smaller proportion of the special populations of pupils identified in Exhibit II. Over 87% of pupils enrolled in district schools qualified for

⁶ NRS 388A.045 “Pupil ‘at-risk’” defined.

⁷ <https://oese.ed.gov/resources/supporting-special-populations/>

free and reduced-price meals in the 2022 – 2023 school year. In contrast, only 46% of pupils enrolled in SPCSA-sponsored charter schools were eligible.

The SPCSA's application evaluation process reduces barriers to charter school participation by requiring consideration of academic and demographic needs of pupils in the area where the school will be located. Pursuant to NRS 388A.220(6), the SPCSA conducts an Academic and Demographic Needs Assessment in collaboration with the Nevada Department of Education (NDE), as well as local school districts, which is updated annually. The SPCSA uses this information in its charter school authorization decision making process to promote equitable access to charter schools.

SPCSA Took Action to Improve Diversity of Special Populations of Pupils

The SPCSA has taken action to diversify special populations of pupils in SPCSA-sponsored schools. Regulations were enacted in December 2017 allowing the SPCSA to require the governing body of a charter school to develop and submit a plan to recruit and enroll a population that is representative of the local community.⁸ Additionally, the SPCSA issued a memo in March 2022 proposing a motion requiring 14 charter schools to submit recruitment and enrollment plans. The 14 charter schools were selected by identifying campuses that have the largest gap in the free or reduced-price lunch eligible percentage of pupils served when compared to the local school district.⁹ The motion passed at the April 2022 board meeting, and plans were due to the SPCSA by September 30, 2022.¹⁰

Plans were required to contain specific strategies aimed at serving a pupil population representative of the school's local community, particularly towards those pupils that qualify for free or reduced-priced lunch. The strategies required in the recruitment and enrollment plans fall into three categories:

- Raising awareness about the school as an option for pupils and/or raising awareness about the programs offered by the school;
- Increasing the likelihood that certain pupil groups are selected through the enrollment process; and
- Ensuring the school provides a welcoming and supportive environment for all learners.¹¹

DIA reviewed new charter school applications submitted between 2019 – 2023, approved and denied. Except for one application, all new charter school applications were proposed in ZIP codes that would serve at-risk pupils in areas

⁸ Nevada Administrative Code 388A.533, Sponsor authorized to require governing body to develop and submit plan concerning demographic composition of pupil population at charter school.

⁹ Action Memorandum dated March 4, 2022. Recommendation to Require Certain Sponsored Schools to Develop Recruitment and Enrollment Plans.

¹⁰ Nevada State Public Charter School Authority meeting minutes, April 15, 2022.

¹¹ Nevada State Public Charter School Authority meeting minutes, November 18, 2022.

with schools that received one- or two-star ratings in 2018 - 2019 and a Nevada School Performance Framework (NSPF) index score below 50 in 2021 - 2022.¹²

No Bias Identified in Recommendations to Approve or Deny Applications

There was no bias identified in the SPCSA recommendations to approve or deny new charter school applications based on the proposed location. As part of the “Meeting the Need” section of the application, each applicant is required to demonstrate a commitment to meeting at least one of, and preferably multiple, academic, or demographic needs identified in the Academic and Demographic Needs Assessment. The SPCSA’s responsibility is to make recommendations, but the authority to approve or deny an application lies with the SPCSA Board.

All new approved charter school applicants, except for one, demonstrated commitment to meeting academic or demographic needs. Based on legislation enacted by AB 462 (2019), the SPCSA staff made the recommendation to the SPCSA Board to deny a new charter school application for Pinecrest Academy of Northern Nevada. The application did not contain ZIP codes serving schools that received a one- or two-star rating in 2018 - 2019 and an NSPF index score below 50 in 2021 – 2022. However, the SPCSA Board voted to approve the new charter school application.

Conclusion

DIA’s analysis of the SPCSA’s processes and practices governing charter school applications resulted in three *observations*:

- The SPCSA’s evaluation process promotes equitable access to charter schools;
- The SPCSA has taken action to improve diversity of special pupil populations; and
- No bias was identified in recommendations to approve or deny applications.

The *observations* made from DIA’s analysis do not necessitate *recommendations* to change SPCSA’s processes and practices governing charter school applications. However, DIA identified two *recommendations* to help reduce barriers to charter school participation, which are discussed in the subsequent sections of this report:

- Continue to strategically locate new charter schools near one- and two-star district schools; and
- Continue to pursue additional funding options to provide transportation to charter school pupils.

¹² The NSPF index score is a composite of several performance indicators, each worth a predetermined maximum number of points. Each performance indicator is itself a composition of multiple factors. The total index score is the sum of the points earned across all indicators which is then measured against the star rating criteria. Index scores are associated with star ratings, or classifications. For example, a school that earns 81 index points is classified as a five-star school.

Continue to Strategically Locate New Charter Schools Near One- and Two-Star District Schools

The State Public Charter School Authority (SPCSA) should continue to strategically locate new charter schools near one- and two-star district schools. Strategically locating new charter schools near one- and two-star district schools will improve charter school participation and align with the Governor's priorities of expanding access to charter schools and improving school choice.

Charter Schools Are Most Needed Near Underperforming District Schools

There is a need for more charter schools to be located near one- and two-star district schools. Federal law requires each state to develop a system to rate school performance. The Nevada School Performance Framework is Nevada's school rating system. It is a star-rating system where one star is the lowest rating, and five stars is the highest rating. One- and two-star schools are considered "underperforming."

Locating new charter schools near underperforming district schools improves school choice by providing families with another accessible school option that may be preferable to an underperforming district school. DIA reviewed new charter school applications submitted between 2019 – 2023. All new charter school applications were recommended for SPCSA Board approval that were proposed in ZIP codes that received one- or two-star ratings in 2018 – 2019 and a Nevada School Performance Framework (NSPF) index score below 50 in 2021 – 2022. The SPCSA recommended the SPCSA Board not approve the only application that did not meet these criteria, demonstrating the SPCSA's commitment to strategically locating new charter schools near one- and two-star district schools.

City and Suburban ZIP Codes Have Greatest Need for Charter Schools

In review of SPCSA's 2023 Annual Needs Assessment data, DIA determined the greatest need for charter schools is in City and Suburban ZIP codes due to the larger number of one- and two-star district schools.

DIA used the National Center for Education Statistics (NCES) Locale Classifications and Criteria to determine locales within Nevada school districts. The NCES locale framework is composed of four basic locales: City, Suburban, Town, and Rural. DIA analyzed locale data in the two most populous Nevada counties: Clark County and Washoe County.

Washoe County School District (WCSD) contains three of the four locales. WCSD has 26 one- and two-star district schools with no charter schools within City and Suburban ZIP codes. The Town ZIP code has a single one-star district school.

Clark County School District (CCSD) contains all four locales. CCSD has 21 one- and two-star district schools with no charter schools within City and Suburban ZIP

codes. Town and Rural ZIP codes contain three district schools rated one- and two-stars.

Strategically locating new charter schools near one- and two-star district schools will reduce barriers to charter school participation and support enrollment of: economically disadvantaged pupils, as indicated by participation in free and reduced-price lunch (FRL); pupils with learning disabilities, as indicated by those assigned an Individualized Education Plan (IEP); and English language learners.

Exhibit III shows WCSD ZIP codes with underperforming district schools and no charter schools. Exhibit IV shows these ZIP codes on a map. Underperforming district schools received one- or two-star ratings in the 2018 – 2019 school year and an NSPF index score below 50 in the 2021 – 2022 school year.¹³

Exhibit III

WCSD ZIP Codes with Underperforming District Schools and No Charter Schools

WCSD Zip Code	City Name	Locale ^a	Number of 1- and 2-Star Schools ^b	Average Percent English Learners Oct 1 2021 ^b	Average Percent IEP Oct 1 2021 ^b	Average Percent FRL Oct 1 2021 ^b	Median Household Income ^c
89502	Reno	City	6	36	17	73	\$53,180
89503	Reno	City	2	17 ^{aa}	12	84	\$58,678
89506	Reno	City	5	22	13	74	\$73,608
89509	Reno	City	2	25 ^{aa}	12	95	\$68,248
89508	Reno	Suburb	1	8	16	95	\$80,305
89431	Sparks	Suburb	7	28	17	88	\$54,775
89433	Sparks	Suburb	3	42	16	77	\$56,390
89442	Wadsworth	Town	1	n<10 ^{aa}	19	95	\$52,969

Sources: ^a Institute of Education Sciences - National Center for Education Statistics - Common Core of Data.

^b SPCSA 2023 Annual Needs Assessment.

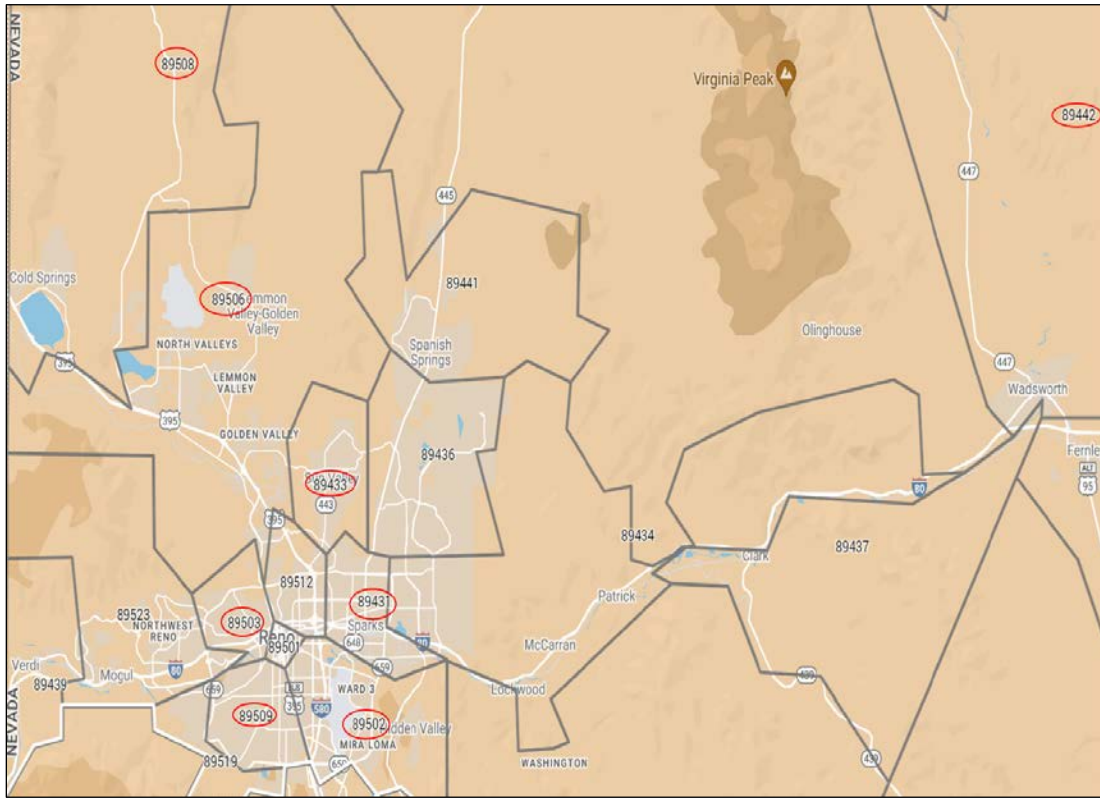
^c U.S. Census Bureau.

Note: ^{aa} Data not presented for groups of fewer than 10 pupils to protect student privacy were excluded in the average percent calculation.

¹³ The NSPF index score is a composite of several performance indicators, each worth a predetermined maximum number of points. Each performance indicator is itself a composition of multiple factors. The total index score is the sum of the points earned across all indicators which is then measured against the star rating criteria. Index scores are associated with star ratings, or classifications.

Exhibit IV

Map of WCSD ZIP Codes with Underperforming District Schools and No Charter Schools



Source: SPCSA 2023 Annual Needs Assessment.

Exhibit V shows CCSD ZIP codes with underperforming district schools and no charter schools.

Exhibit V

CCSD ZIP Codes with Underperforming District Schools and No Charter Schools

Clark District Zip Code	City Name	Locale ^a	Number of 1- and 2-Star Schools ^b	Average Percent English Learners Oct 1 2021 ^b	Average Percent IEP Oct 1 2021 ^b	Average Percent FRL Oct 1 2021 ^b	Median Household Income ^c
89169	Las Vegas	City	3	28	12	95	\$32,050
89102	Las Vegas	City	2	27	13	95	\$40,565
89146	Las Vegas	City	4	36	8	95	\$51,438
89120	Las Vegas	City	2	26	8	95	\$58,675
89117	Las Vegas	City	1	16	19	95	\$62,059
89129	Las Vegas	City	2	10	14	95	\$82,439
89002	Henderson	City	1	5	12	95	\$88,425
89122	Las Vegas	Suburb	4	18	11	95	\$49,463
89142	Las Vegas	Suburb	2	18	12	95	\$53,658
89029	Laughlin	Town	1	5	5	95	\$42,719
89018	Indian Springs	Rural	1	n<10 ^{aa}	14	95	\$54,181
89007	Bunkerville	Rural	1	23	6	95	\$101,645

Sources: ^a Institute of Education Sciences - National Center for Education Statistics - Common Core of Data.

^b SPCSA 2023 Annual Needs Assessment.

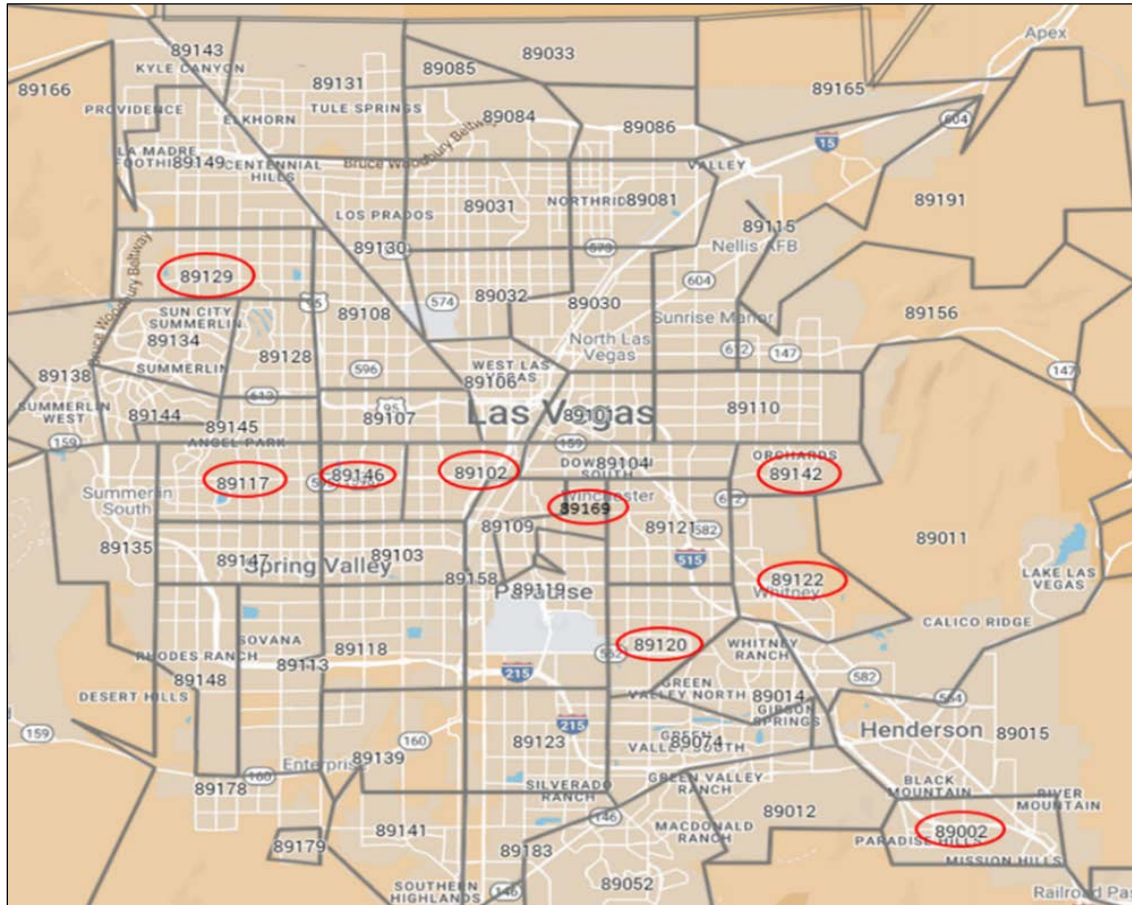
^c U.S. Census Bureau.

Note: ^{aa} Data not presented for groups of fewer than 10 pupils to protect student privacy were excluded in the average percent calculation.

Exhibit VI shows CCSD ZIP codes with underperforming district schools and no charter schools on a map. Town and Rural ZIP codes (89007, 89018, and 89029) are not shown within the confines of the map.

Exhibit VI

Map of CCSD ZIP Codes with Underperforming District Schools and No Charter Schools



Source: SPCSA 2023 Annual Needs Assessment.

SPCSA’s Strategic Plan Aligns with Statute and the Governor’s Priorities

The SPCSA’s strategic plan through the 2023 – 2024 school year aligns with the requirements of NRS 388A to manage the growth of charter schools and the governor’s priorities of expanding access to charter schools and improving school choice.¹⁴ The SPCSA should continue to locate new charter schools near one- and two-star district schools as part of its strategic plan. The SPCSA can continue to conduct an evaluation of demographic information of pupils, the academic needs of pupils, and the needs of any pupils who are at risk of dropping out of school in the geographic area served before an application to form a charter school is approved, as is required by statute, to strategically inform the placement of charter schools where they are most needed.

¹⁴ NRS 388A – Charter Schools. Contains general provisions for charter schools.

State Infrastructure Bank Approves \$100 Million Revolving Loan Fund for Charter Schools

In October 2023, Governor Lombardo and Treasurer Conine announced the Nevada State Infrastructure Bank approved a \$100 million revolving loan fund that will expand access to high quality charter schools in underserved areas. The Nevada Facilities Fund (NVFF) will leverage \$15 million from the State Infrastructure Bank with \$85 million in outside funding to establish a \$100 million revolving loan fund for charter school operators to expand their existing facilities and build new schools in the state. The NVFF is expected to produce an additional 7,500 high-quality public charter school seats for pupils in Nevada's most disadvantaged communities.¹⁵

Conclusion

The SPCSA can reduce barriers to charter school participation by continuing to strategically locate charter schools near underperforming district schools. Prioritizing approval of charter school applications proposed in neighborhoods currently served by one- and two-star district schools aligns the SPCSA's priorities with statewide strategic priorities and actions taken by Nevada's constitutional officers to expand access to high quality charter schools. Strategically locating charter schools near one- and two-star district schools will increase the diversity of pupils served and expand opportunities for pupils who are most at-risk.

Recommendation

1. Continue to strategically locate new charter schools near one- and two-star district schools.

¹⁵ Nevada Governor's Press Release: "State Infrastructure Bank Approves Largest Charter School Investment in History, to Add 7,500 Charter School Seats in Underserved Communities." October 30, 2023.

Continue to Pursue Additional Funding Options to Provide Transportation to Charter School Pupils

The State Public Charter School Authority (SPCSA) should continue to pursue additional funding options to provide transportation to charter school pupils. Offering more Nevada families transportation options when considering enrolling their child at a public charter school will reduce barriers to charter school participation and expand school choice in Nevada.

Lack of Transportation Can Be a Barrier to Charter School Participation

Public charter schools offer Nevada families an alternative to attending a zoned district school, but a lack of transportation to the charter school of their choice can be a barrier to enrollment. A lack of reliable transportation presents some pupils with an insurmountable barrier to attending a charter school of their choice that does not provide transportation. Surveys of parents revealed that distance to school and availability of transportation were substantial factors in choosing a school. The percentage of parents who identified lack of transportation as a barrier to sending their child to a school of choice ranged from 19 to 32 percent.¹⁶

Charter schools have historically been left out of school transportation legislation. During the 2021 – 2023 biennium, charter schools did not receive state funding for transportation. Limited funding (\$14 million) was approved for charter school transportation in the 2023 – 2025 biennium, but there is no mechanism in place to guarantee funding after the biennium. Generally, district schools receive funding based on a four-year average of actual transportation expenditures as captured in the NRS 387 Report.¹⁷

Transportation Costs Are a Significant Portion of School Budgets

Transportation costs consume a significant amount of a school's or school district's budget. In fiscal year 2022, transportation payments to Nevada district schools amounted to approximately \$199 million.¹⁸ This amount represents 5.1% of all Pupil-Centered Funding Plan (PCFP) payments made to district schools that year. Several factors drive pupil transportation costs in school districts, such as the size and population density of a district, policies determining the pupils eligible for district-provided transportation, state laws governing pupil transportation, and the availability and cost of public transportation.

The statewide average amount of transportation funding provided to district schools per average daily enrollment (ADE) was \$484.13 per pupil in fiscal year 2022. Clark County School District (CCSD) and Washoe County School District (WCSD) received \$486.81 and \$422.15 per pupil, respectively. Rural districts

¹⁶ "Student Transportation and Educational Access." *Urban Institute*, 23 Feb. 2017, www.urban.org/research/publication/student-transportation-and-educational-access.

¹⁷ NRS 387.303, Budgets: Annual reports by school districts; compilation of reports; biennial budget request for State Education Fund.

¹⁸ FY22 PCFP Payment Book-Year End True-up Final, 1.5 Transportation.

unable to achieve the same economies of scale received significantly more, with Esmeralda County School District receiving \$3,618.68 per pupil for the 90 pupils enrolled. Exhibit VII shows the average per pupil transportation funding by county school district.

Exhibit VII

School District Average Per Pupil Transportation Allocation Fiscal Year 2022

School Districts	FY22 Transportation Allocation	Q1 ADE	Q2 ADE	Q3 ADE	Q4 ADE	ADE	FY22 County Per Pupil Transportation Funding
Carson City	\$ 2,338,121	7,680	7,722	7,711	7,702	7,704	\$ 303.50
Churchill	\$ 1,834,525	3,231	3,266	3,222	3,227	3,236	\$ 566.83
Clark	\$ 146,298,844	299,016	302,757	300,524	299,816	300,528	\$ 486.81
Douglas	\$ 3,441,571	5,642	5,653	5,629	5,594	5,629	\$ 611.36
Elko	\$ 4,255,427	9,668	9,633	9,586	9,564	9,613	\$ 442.68
Esmeralda	\$ 326,275	90	96	92	84	90	\$ 3,618.68
Eureka	\$ 431,253	321	334	329	325	327	\$ 1,316.89
Humboldt	\$ 1,608,763	3,248	3,251	3,219	3,389	3,277	\$ 490.97
Lander	\$ 430,551	978	991	977	984	983	\$ 438.10
Lincoln	\$ 767,800	850	855	867	862	858	\$ 894.38
Lyon	\$ 4,699,837	8,821	8,876	8,876	8,864	8,859	\$ 530.50
Mineral	\$ 353,442	564	565	558	559	561	\$ 629.49
Nye	\$ 3,847,541	5,366	5,435	5,445	5,469	5,429	\$ 708.75
Pershing	\$ 718,387	659	661	655	652	657	\$ 1,093.72
Storey	\$ 543,585	431	434	436	437	434	\$ 1,251.67
Washoe	\$ 25,958,402	61,709	61,927	61,310	61,020	61,491	\$ 422.15
White Pine	\$ 1,086,215	1,225	1,251	1,259	1,258	1,248	\$ 870.29
Total	\$ 198,940,539	409,499	413,707	410,695	409,805	410,926	\$ 484.13

Source: NDE PCFP Payment Book, Year-End Final True-up Report, 1.5 Transportation and 1.12 ADE HH Year End True-up.

Note: Totals may not sum due to rounding.

Assuming charter schools provided transportation at the same per pupil costs as Nevada school districts, it would have cost an estimated \$31,022,568 to fund transportation for Nevada charter schools pupils in fiscal year 2022. Exhibit VIII shows the estimated charter school transportation costs by county.

Exhibit VIII

Estimated Charter School Transportation Costs Fiscal Year 2022

Charter Schools by Location	Estimated Transportation Costs	Q1 ADE	Q2 ADE	Q3 ADE	Q4 ADE	ADE	FY22 County Per Pupil Transportation Funding
Carson City	\$ 85,196	286	280	278	280	281	\$ 303.50
Churchill County (Fallon)	\$ 400,278	714	714	698	699	706	\$ 566.83
Clark County	\$ 27,203,831	55,447	56,257	56,003	55,823	55,882	\$ 486.81
Elko County	\$ 87,236	196	197	198	198	197	\$ 442.68
Washoe County	\$ 3,076,669	7,273	7,339	7,309	7,232	7,288	\$ 422.15
White Pine County (Ely)	\$ 169,358	195	194	195	194	195	\$ 870.29
Total	\$ 31,022,568	64,110	64,981	64,680	64,425	64,549	

Source: NDE PCFP Payment Book, Year-End Final True-up Report, 1.5 Transportation and 1.12 ADE HH Year End True-up.

Note: Estimated charter school transportation costs calculated for the SPCSA, district, and university sponsored charter schools.

State Appropriated General Funds for Charter School Transportation

Assembly Bill 400 (2023) authorized the SPCSA to award funds to a charter school for the transportation of pupils to the extent funding has been appropriated for that purpose. A charter school wishing to receive such funds is required to submit a transportation plan to the SPCSA. For the 2023 – 2025 biennium, \$7 million per fiscal year was appropriated from the State General Fund for charter school transportation expenditures. As of the time of publication of this report, 21 charter school campuses have submitted transportation plans to the SPCSA and have been approved to receive transportation funding.

The total amount of funding awarded through January 2024 is \$4.4 million (63% of the fiscal year appropriation). Enrollment at the schools receiving funding is estimated at 10,884, which represents approximately 16% of enrolled charter school pupils. The SPCSA expects additional charter schools to apply for funds, anticipates that all funding from the first appropriation will be allocated, and anticipates that demand for funding will soon exceed the amount appropriated for the biennium.¹⁹

Charter schools do not receive transportation funding on a per-pupil basis. The PCFP allocates transportation funds to district schools, but it does not allocate funds to charter schools for transportation. The PCFP model of providing transportation funds to district schools on a per-pupil basis is more consistent and reliable than the current funding model for charter schools where funds are awarded based on the remaining budget authority of the current biennium's legislative appropriation. Offering transportation requires large capital outlays primarily associated with purchasing or financing school buses. Charter schools may be reluctant to invest in transportation if concerns over continued funding in future biennia persist.

The PCFP model of funding transportation on a per-pupil basis is more efficient than the current charter school transportation funding model. Reviewing transportation plans, approving applications for transportation funds, and monitoring the use of funds awarded has increased the SPCSA's workload. Funding transportation on a per-pupil basis is administratively more efficient and would offer charter schools a more consistent and reliable funding mechanism than a biennial State General Fund appropriation.

Other States Mandate Charter School Transportation

At least 17 states mandated transportation be offered to charter school pupils. Some states require the school district in which the charter school is located to transport the pupils. Other states fund the charter school directly to provide the

¹⁹ Hernandez, Rocio. "Indy Q&A: New State Charter School Leader Envisions Better Busing, Facilities and Pay." *The Nevada Independent*, The Nevada Independent, 6 Jan. 2024, thenevadaindependent.com/article/indy-qa-new-state-charter-school-leader-envisions-better-busing-facilities-and-pay.

transportation. In Florida, the charter school and the school district are required to cooperate in making arrangements so that transportation is not a barrier to equal access for all pupils residing within a reasonable distance of the charter school.²⁰ See Appendix D for more comprehensive reporting of school transportation legislation in other states.

Commission on School Funding and Governor Lombardo Recommended Enhanced Charter School Transportation Funding

The Commission on School Funding's Auxiliary Services recommendations for 2021 – 2022 included a recommendation to provide transportation funding to charter schools based on the same amount of per-pupil funding as the district the charter school is located within.²¹

"It's time we begin offering state-supported transportation to Nevada's charter school students..."²² - Governor Lombardo

Conclusion

Lack of transportation can be an insurmountable barrier to attending a school of choice. Over 60,000 pupils attend charter schools, representing 14% of pupils in Nevada. The SPCSA is addressing the lack of transportation options at charter schools by supporting legislation that enhances transportation funding. Initiatives to increase transportation funding for charter schools resulted in the passage of Assembly Bill 400 (2023), successfully appropriating \$14 million for charter school transportation costs. Of this amount, \$4.4 million has already been allocated to charter schools, benefiting approximately 16% of charter school pupils in Nevada.

Growing demand suggests the need for sustained transportation funding efforts. A national comparison highlights the importance of school transportation in at least 17 states, reinforcing the need for continued funding pursuits. The Commission on School Funding's recommendation further emphasizes the urgency of enhanced charter school transportation funding, aligning with Governor Lombardo's statewide priority to foster equitable access to education for all pupils in Nevada.

Recommendation

2. Continue to pursue additional funding options to provide transportation to charter school pupils.

²⁰ Florida Statutes, Title XLVIII, Chapter 1002, Student and Parental Rights and Educational Choices.

²¹ Assembly Committee on Education, 82nd Session, Minutes of the Meeting, Exhibit F, February 7, 2023.

²² Governor Joe Lombardo, February 27, 2023. Statement posted on "X", formerly known as Twitter.

Appendix A

Scope and Methodology, Background, Acknowledgments

Scope and Methodology

We began the audit in January 2023. In the course of our work, the Division of Internal Audits (DIA) interviewed members of management and staff from the State Public Charter School Authority (SPCSA) and the Nevada Department of Education (NDE) to discuss policies and procedures related to approving charter school applications and providing charter school transportation. We reviewed SPCSA records and researched legislative history, applicable Nevada Revised Statutes, Nevada Administrative Code, and other state guidelines. We concluded fieldwork in December 2023.

We conducted our audit in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

Background

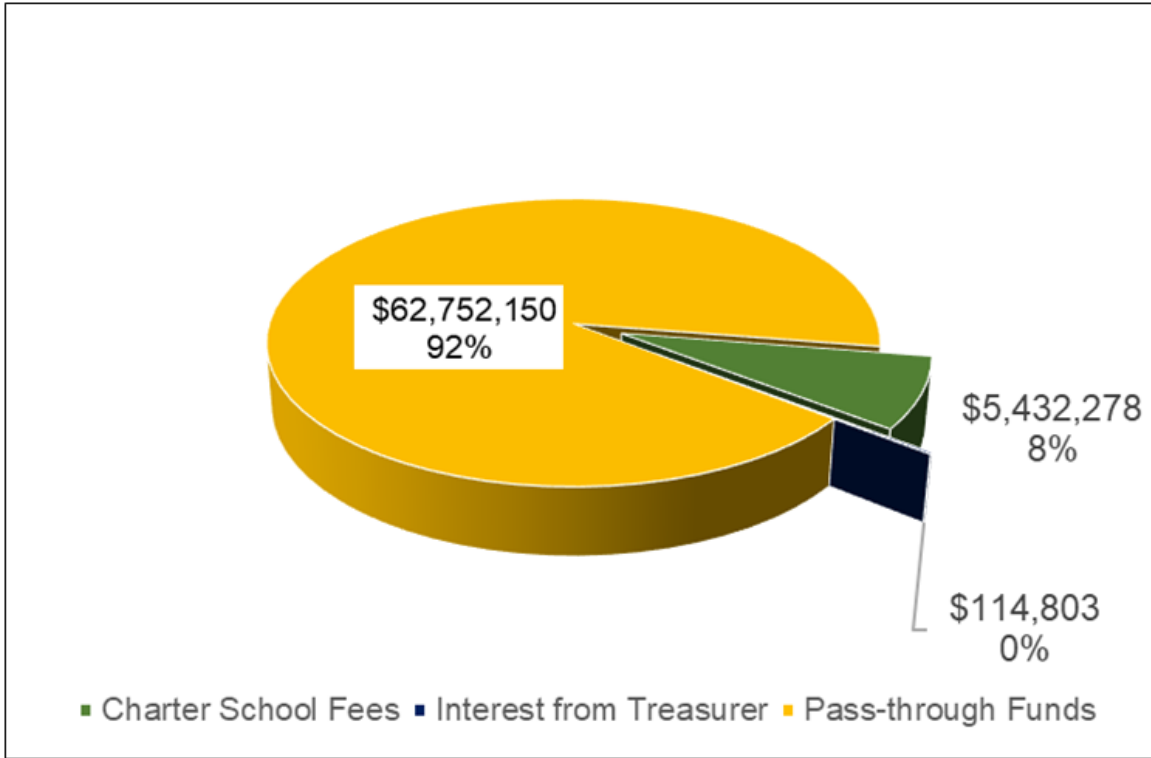
The mission of the State Public Charter School Authority (SPCSA) is to sponsor, support, and oversee dynamic and responsive public charter schools that prepare all pupils for academic, social, and economic success. The primary goals of the SPCSA are to provide families with access to high quality schools, ensure that every SPCSA pupil succeeds, and to increase the diversity of pupils served by SPCSA sponsored schools.

For fiscal year 2023, the SPCSA collected an administrative fee of 1.25% on each sponsored school's per-pupil funding. As a local educational agency, the SPCSA receives federal funding authorized by the Elementary and Secondary Education Act and the Individuals with Disabilities Act, as well as funding from various state K-12 education grants.²³ For fiscal year 2023, the SPCSA received \$5.4 million in charter school fees and approximately \$62.7 million in federal and state pass through funding. Exhibit IX summarizes the SPCSA's revenues by funding source for fiscal year 2023.

²³ Legislative Counsel Bureau, Fiscal Analysis Division – "Fiscal Appropriations Report."

Exhibit IX

**SPCSA's Revenues by Funding Source
Fiscal Year 2023**



Source: Data Warehouse of Nevada.

Note: Pass-through funds are federal and state funds passed through the SPCSA's budget account to sub-recipients of these funds.

Acknowledgments

We express appreciation to the State Public Charter School Authority management and staff, the Department of Education, and the Governor's Finance Office, Budget Division for their cooperation and assistance throughout the audit.

Contributors to this report included:

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Appendix B

State Public Charter School Authority Response and Implementation Plan

Joe Lombardo
Governor

STATE OF NEVADA

Melissa Mackedon
Executive Director



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January 31, 2024

Division of Internal Audits
209 Musser St., Suite 302
Carson City, NV 89702

Nevada State Public Charter School Authority, Response to SPCSA Equitable Access Audit

To Whom It May Concern:

Thank you for providing an opportunity for the Nevada State Public Charter School Authority (SPCSA) to respond to the recommendations of the Equitable Access to Charter Schools Audit conducted by your division. The SPCSA will address each recommendation. Implementation will begin immediately (February 1, 2024).

Recommendation 1

Continue to strategically locate new charter schools near one and two star district schools.

The SPCSA agrees with this recommendation and will continue to utilize our [Strategic Plan](#), [Needs Assessment](#), and [Growth Management Plan](#) to locate schools in the zip codes that need them most.

Equity issues related to facilities, special education funding, and transportation remain the most significant barriers to charter school operators opening in these zip codes. While the expansion of the state infrastructure bank was necessary, the availability of appropriate locations that are affordable remains an issue. Often, the most successful charter schools start small and implement a slow growth model, scaling up to size over 3-7 years. This further complicates facility acquisition. Municipalities who support expanding school choice in their jurisdictions should consider providing a small space that can be leased to new schools for the first 1-3 years of operation as they grow and become better positioned to acquire a permanent location.

Recommendation 2

Continue to pursue additional funding options to provide transportation to charter school pupils.

Expanding equitable access to public charter schools was significantly bolstered by the passage of Assembly Bill 400. The SPCSA anticipates allocating the entire \$14 million over the biennium. Going into the 2025 legislative session, transitioning charter schools to be included in auxiliary funding, as the Commission on School Funding recommended, is a top priority. Requiring public charter schools to apply for funding through an application process is overly burdensome on the schools and the SPCSA who tasked with administering the grant. They should be treated and funded equitably through the Pupil Centered Funding Plan (PCFP).

Sincerely,



Melissa Machedon
Executive Director, Nevada State Public Charter School Authority

cc: Dr. Tonya Holmes-Sutton, Chair SPCSA,

Appendix C

Timetable for Implementing Audit Recommendations

In consultation with the State Public Charter School Authority (SPCSA), the Division of Internal Audits categorized the recommendations contained within this report into two separate implementation time frames (i.e., *Category 1* – less than six months; *Category 2* – more than six months). The SPCSA should begin taking steps to implement all recommendations as soon as possible. The target completion dates are incorporated from Appendix B.

Category 2: Recommendations with an anticipated implementation period exceeding six months.

<u>Recommendation</u>	<u>Time Frame</u>
1. Continue to strategically locate new charter schools near one- and two-star district schools. (page 7)	July 2025
2. Continue to pursue additional funding options to provide transportation to charter school pupils. (page 12)	July 2025

The Division of Internal Audits shall evaluate the action taken by the SPCSA concerning the report recommendations within six months from the issuance of this report. The Division of Internal Audits must report the results of its evaluation to the Executive Branch Audit Committee and the SPCSA.

Appendix D

Charter School Transportation Legislation

Research indicates that 17 states mandate some form of transportation be made available to charter school pupils. Several states mandate local or regional boards of education to provide transportation unless alternative arrangements are made. Others allow charter schools to request transportation from the school district or receive state payments. Some regulations cover aspects such as reimbursement for actual transportation costs, compliance with state transportation requirements, and responsibility for additional costs. While some states outline specific distances for transportation eligibility, others focus on equitable access. Below is a summary of charter school transportation legislation in the 17 states where it is mandated.

- Connecticut statute states that the local or regional board of education of the school district in which the charter school is located shall provide transportation services for students at the charter school who reside in such school district, unless the charter school makes other arrangements for such transportation.²⁴
- Delaware code states that charter schools may request to have the school district where the charter school is located transport students residing in that district, at fair cost, to and from the charter school on the same basis offered to other students attending schools operated by the district, or to receive from the state a payment equal to 70% of the average cost per student of transportation within the vocational district in which the charter school is located and become responsible for the transportation of those students to and from the charter school.”²⁵
- Florida statute states that charter schools are entitled to their proportionate share of transportation funds for eligible students. The charter school and the school district are required to cooperate in making arrangements so that transportation is not a barrier to equal access for all students residing within a reasonable distance of the charter school.²⁶
- Idaho statute states that transportation support shall be paid to the public charter school. Each public charter school reports an enrollment count as of the first Friday in November of public charter school students who are eligible for reimbursement of transportation costs and who reside more than one and one-half miles from the school.²⁷

²⁴ Connecticut General Statutes, Title 10, Chapter 164, Educational Opportunities.

²⁵ Delaware Code, Title 14, Chapter 5, Charter Schools.

²⁶ Florida Statutes, Title XLVIII, Chapter 1002, Student and Parental Rights and Educational Choices.

²⁷ Idaho Statutes, Title 33, Chapter 52, Public Charter Schools.

- Iowa Code states that charter schools are subject to and must comply with the provisions of Chapter 285 relating to the transportation of students.²⁸ Chapter 285 stipulates that the board of directors in every school district shall provide transportation, either directly or by reimbursement for transportation, for all resident pupils attending public school, kindergarten through twelfth grade.²⁹
- Kansas statute states that the board of education of any school district in which a charter school is being operated shall provide transportation to and from the school for pupils who qualify for free meals under the National School Lunch Act and who live two and one-half or more miles from the school.³⁰
- Louisiana statute states that a charter school may negotiate with the local school board in whose jurisdiction it is located for use of facilities and the operation and maintenance thereof, for pupil transportation, and for other support services provided by the board to other public schools in the system. If the local school board is requested to provide transportation services to a charter school student, then the charter school receiving the transportation services shall reimburse the local school board for the actual cost of providing such transportation unless an amount less than actual cost is agreed upon by both parties.³¹
- Maine statute states that public charter schools must provide a plan for providing transportation to students who reside in the school's catchment area and what assistance, if any, it will provide to meet the transportation needs of students that reside outside the catchment area.³² Charter schools receive transportation funds for all enrolled students, regardless of where they live.³³
- Massachusetts General Laws state that the students who reside in the school district in which the charter school is located shall be provided transportation to the charter school by the resident district's school committee on similar terms and conditions as transportation is provided to students attending local district schools if the transportation is requested by the charter school.³⁴

²⁸ Iowa Code 2024, Title VII, Chapter 256F, Charter Schools and Innovation Zone Schools.

²⁹ Iowa Code 2024, Title VII, Chapter 285, State Aid for Transportation.

³⁰ Kansas Statutes, Chapter 72, Article 42, Alternative Public Education.

³¹ Louisiana Revised Statutes, Title 17, Chapter 3991, Charter schools; requirements; limitations; renewal; amendment; revocation; board membership.

³² Maine Revised Statutes, Title 20-A, Chapter 112, Public Charter Schools.

³³ "Around the Country in Charter School Transportation." *NACSA*, qualitycharters.org/state-policy/state-examples-transportation/. Accessed 2 Feb. 2024.

³⁴ Massachusetts General Laws, Title XII, Chapter 71, Section 89, Commonwealth charter schools; Horace Mann charter schools; applications; enrollment; employees; funding.

- Minnesota statute states that a charter school must comply with all pupil transportation requirements in Section 123B.88.³⁵ Section 123B.88 states that in any district, the board must arrange for the attendance of all pupils living two miles or more from the school, except pupils whose transportation privileges have been voluntarily surrendered, or whose privileges have been revoked.³⁶
- New Hampshire statute states that pupils who reside in the school district in which the chartered public school is located shall be provided transportation to that school by the district on the same terms and conditions as provided for non-chartered public schools in the district and utilizing the same regular bus schedules and routes that are provided to pupils attending non-chartered public schools.³⁷
- New Jersey statute states that the students who reside in the school district in which the charter school is located shall be provided transportation to the charter school on the same terms and conditions as transportation is provided to students attending the schools of the district.³⁸
- Ohio statute states that the board of education of each city, local, and exempted village school district shall provide transportation to and from school for its district's native students in accordance with Section 3327.01 of the Revised Code.³⁹ Section 3327.01 states that in all city, local, and exempted village school districts where resident school pupils in grades kindergarten through eight live more than two miles from the school for which the director of education and workforce prescribes minimum standards and to which they are assigned by the board of education of the district of residence or to and from the nonpublic or community school which they attend, the board of education shall provide transportation for such pupils to and from that school.⁴⁰
- Oklahoma statute states that transportation shall be provided by the charter school and only within the transportation boundaries of the school district in which the charter school is located.⁴¹ Any school district may provide transportation for each student who should attend any public elementary or secondary school when transportation is necessary for accomplishment of the purpose to transport students whose homes are more than a reasonable walking distance, as defined by regulations of the State Board of Education, from the school attended by such student.⁴²

³⁵ Minnesota Statutes, Chapter 124E, Charter Schools.

³⁶ Minnesota Statutes, Chapter 123B.88, Independent School Districts; Transportation.

³⁷ New Hampshire Revised Statutes, Title XV, Chapter 194-B, Chartered Public Schools.

³⁸ New Jersey Revised Statutes, Title 18A, Section 36A, Transportation for Students.

³⁹ Ohio Revised Code, Title 33, Chapter 3314, Community Schools.

⁴⁰ Ohio Revised Code, Title 33, Chapter 3327, Transportation; Tuition.

⁴¹ Oklahoma Statutes, Title 70-3-141, Transportation.

⁴² Oklahoma Statutes, Title 70-9-101, Transportation provided.

- Oregon statute states that the public charter school shall be responsible for providing transportation to students who reside within the school district and who attend the public charter school. The public charter school may negotiate with a school district for the provision of transportation to students attending the public charter school.⁴³
- Pennsylvania statute states that students who attend a charter school located in their school district of residence, a regional charter school of which the school district is a part, or a charter school located outside district boundaries at a distance not exceeding ten miles by the nearest public highway shall be provided free transportation to the charter school by their school district of residence on such dates and periods that the charter school is in regular session whether or not transportation is provided on such dates and periods to students attending schools of the district.⁴⁴
- Texas Education Code states that an open-enrollment charter school shall provide transportation to each student attending the school to the same extent a school district is required by law to provide transportation to district students.⁴⁵

⁴³ Oregon Revised Statutes, Title 30, Chapter 338, Section 145, Responsibility for student transportation services.

⁴⁴ Pennsylvania Consolidated Statutes, Title 24, Section 17-1726-A, Transportation.

⁴⁵ Texas Education Code, Title 2, Subtitle C, Chapter 12, Charters