

December 6, 2016

Bill Boyar, Board President
KIPP Inc. Charter
10711 KIPP Way
Houston, Texas 77099

Sehba Ali, Superintendent
KIPP Inc. Charter
10711 KIPP Way
Houston, Texas 77074

No Response Required

**SENT VIA CERTIFIED MAIL
AND EMAIL**


Lisa McClinton, Principal
KIPP Sunnyside High School
6700 Bellaire Blvd.
Houston, Texas 77074

Dear Mr. Boyar, Ms. Ali and Ms. McClinton:

This letter serves as notice that KIPP Inc. Charter did not request an Informal Review as authorized under Texas Education Code (TEC) §39.058 and 19 Texas Administrative Code (TAC) §157.1123, by the established deadline of December 2, 2016. Therefore, the enclosed preliminary report, issued on November 9, 2016, is now final.

Please contact me at (512) 936-3355, should you have any questions.

Sincerely,



Brenda Meyers, Director
Special Investigations Unit

November 9, 2016

FINAL REPORT

Bill Boyar, Board President
KIPP Inc. Charter
10711 KIPP Way
Houston, Texas 77099

Sehba Ali, Superintendent
KIPP Inc. Charter
10711 KIPP Way
Houston, Texas 77074

Lisa McClinton, Principal
KIPP Sunnyside High School
6700 Bellaire Blvd.
Houston, Texas 77074

Dear Mr. Boyar, Ms. Ali and Ms. McClinton:

The enclosed report presents the preliminary findings resulting from a Special Accreditation Investigation (SAI) conducted by the Texas Education Agency (TEA) Special Investigations Unit (SIU) related to allegations that KIPP Inc. Charter (KIPP), charged and collected student fees that are not allowable per Texas Education Code (Tex. Educ. Code) §12.108 and §11.158.

This report covers only those allegations described herein and investigated by the SIU to date. These findings do not necessarily address all of the allegations raised before, during, or after our investigation. Additional investigative work may be conducted in the future to address any remaining allegations. Furthermore, other TEA divisions may be in the process of investigating KIPP, or issuing other investigative reports regarding KIPP.

The preliminary report is for your review and response related to the findings identified in the report. The charter school or any person identified in this report as having violated a law, rule, or policy may request, in writing, an informal review of the preliminary report, as authorized by the Tex. Educ. Code §39.058 and 19 Tex. Admin. Code (TAC) §157.1123. A request for an informal review must be received, along with any information or documentation the requester would like the agency to consider during the informal review, on or before **December 2, 2016**, and addressed to the following postal mail or email address:

Mailing Address: Brenda Meyers
Director Special Investigations Unit
Texas Education Agency
1701 N. Congress Avenue
Austin, Texas 78701

Email address: Brenda.meyers@tea.texas.gov

If no informal review is requested by the deadline, this report will become final in accordance with 19 TAC §157.1123.

Please contact me at (512) 936-3355, if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Brenda Meyers".

Brenda Meyers, Director
Special Investigations Unit

TEA Special Accreditation Investigation Preliminary Investigative Report

KIPP Inc. Charter

Introduction

On May 4, 2015, the Special Investigations Unit (SIU) received a complaint alleging that KIPP Inc. Charter (KIPP), specifically the Sunnyside High School campus charged for student fees described as mandatory fees. On April 19, 2016, a Notice of a Special Accreditation Investigation (SAI) was issued to KIPP, and an on-site investigation was conducted on July 28, 2016. The complaint listed the following allegation, which provided the basis for the investigation:

- **Unallowable student fees are charged and collected by KIPP Inc. Charter in violation of the Texas Education Code (Tex. Educ. Code) §11.158 and §12.108.**

The finding is fully described below and is based on supporting evidence, including interviews of KIPP administration, staff, a review of documentation provided by the complainant, as well as the application of state law, rule or policy.

Finding

Finding: Unallowable student fees are charged and collected by KIPP Inc. Charter in violation of Tex. Educ. Code §11.158 and §12.108.

The complaint alleged that student fees are charged and collected by KIPP Inc. Charter in violation of Tex. Educ. Code §11.158 and §12.108. Specifically, the following fees were collected:

1. KIPP Parent Association (KPA)
2. KIPP Through College (KTC)
3. Library
4. Accident Insurance
5. Student Supplies
6. Reading Material
7. Extra Technology

Pursuant to Tex. Educ. Code §12.108(b), the governing body may require a student to pay any fee that the board of trustees of a school district may charge under Tex. Educ. Code §11.158(a). In accordance with Tex. Educ. Code §11.158(a), the board of trustees of an independent school district may require payment of:

- (1) a fee for materials used in any program in which the resultant product in excess of minimum requirements becomes, at the student's option, the personal property of the student, if the fee does not exceed the cost of materials;

- (2) membership dues in student organizations or clubs and admission fees or charges for

attending extracurricular activities, if membership or attendance is voluntary;

(5) a fee for items of personal use or products that a student may purchase at the student's option, such as student publications, class rings, annuals, and graduation announcements; and

(7) a fee for an authorized voluntary student health and accident benefit plan.

On May 4, 2015, a preliminary inquiry was initiated by the Texas Education Agency's (TEA) Special Investigations Unit (SIU), based on this complaint. The preliminary inquiry confirmed that KIPP - Sunnyside High School assessed "Registration Fees" due upon the student's registration at the school. The registration fees alleged by the complainant were not relayed to the complainant as optional but rather as mandatory fees.

Interviews with KIPP administrative staff identified fees that are allowed under Tex. Educ. Code §11.158(a)(1), (2), (5), and (7). These allowable fees were described as college preparatory fees that go above and beyond the basic education. The fees were identified as KIPP through College (KTC); book and materials purchased for in-home library books for annotation that become personal property, accident insurance, supplies, reading material and extra technology that become personal property and for continuous access and in-home access and subscription provide above and beyond basic education are allowed under Tex. Educ. Code §11.158(a)(1), (2), (5), and (7).

Further interviews with the superintendent revealed that KPA fees were allowable under Tex. Educ. Code §11.158(a)(2) for membership dues. This section is applicable to student membership and student organizations and not relevant to a parent organization such as the KIPP Parent Association (KPA). These fees were initially relayed as mandatory fees by KIPP Sunnyside High School, however, have since been clarified as optional fees in the new fee specific letters.¹

SIU investigators found that KIPP Sunnyside High school assessed fees described as registration fees for an unspecified amount of time. In an end-of-year letter dated April 27, 2015,² KIPP addressed the letter to parents and guardians, which read (in relevant part):

Registration fees: "The payment of student fees allows your child to receive education at KIPP Sunnyside Campus and to participate in field lessons and other activities. Failure to pay school fees by the required deadline will result in your child's inability to participate in field lesson and other extracurricular activities."

The letter failed to identify or describe the fees as optional. These fees included fees for KIPP Parent Association (KPA), KIPP through College (KTC), library fees, accident insurance fees, student supplies fees, reading material fees, and fees for extra technology.

Additionally, although charter schools may require students to furnish school uniforms (as long as they comply with the requirements of Tex. Educ. Code §11.162,) in accordance with Tex. Educ. Code §12.108(b), the governing body may not require a student to pay a fee that the board of trustees of a school district may not charge under §11.158(b). This statute, specifically Tex. Educ.

¹ Exhibit 3

² Exhibit 2

TEA SAI #INV2015-05-005
KIPP Inc. Charter (CDN. 101-813)

Code §11.158(b)(3), provides that the board may not charge fees for any specific form of dress necessary for any required educational program or diplomas.

On July 28, 2016, Investigators conducted an on-site visit at KIPP and obtained the replacement letters intended for distribution and the replacement for the erroneous end-of-year letter that was discontinued from circulation. The new fee specific letters contained detailed fees tailored for individual campuses under KIPP Inc. Charter. The letters³ contained literature that described and labeled "Mandatory Uniform Fees" or "Uniform Fees" specifically for ten campuses, namely:

1. KIPP Academy Middle
2. KIPP Intrepid Preparatory School
3. KIPP Voyage Academy for Girls
4. KIPP Academy West
5. KIPP Dream Prep
6. KIPP Explore Academy
7. KIPP Peace (3rd Ward)
8. KIPP Unity Primary
9. KIPP Prime College Preparatory
10. KIPP Climb Academy

Interviews with KIPP administrative staff suggested KIPP maintain a uniform inventory to facilitate and provide a service to the parents if uniforms are readily needed through the school year. They provide access to payment plans and options for economically disadvantaged students. To support the argument that KIPP provides uniforms for economically disadvantaged students, the Superintendent provided the charter school's general ledger for uniforms, denoting that KIPP incurred in excess of \$644,000 of expenses. After reviewing the revenues for the last school year KIPP had approximately \$300,000 of revenues attributable to uniforms which accounts for a balance of \$344,000 in uniforms that were either donated to students and their families or remain as inventory for the new school year. Additionally, according to staff, KIPP ensures all students receive a free polo shirt with the KIPP logo at registration and that a vendor booth is available at registration should parents decide to purchase additional uniforms.

The superintendent stated that the vendor is independent, is not affiliated with KIPP, has no conflict of interest with KIPP, and provides the lowest cost to the parents. The superintendent stated a vendor list is available to the parents should they decide to use other vendors⁴ that provide the KIPP uniform with the KIPP logo.

Staff at KIPP states that uniforms are sold to the parents at cost and that KIPP maintains no profit. The uniforms required a KIPP logo and the shirt may not be substituted by generic colored shirts since the KIPP logo is required. Additionally, literature provided in the KIPP hand book suggest uniforms are fees owed to the school.⁵ The handbook does not identify optional fees. Although KIPP is facilitating a uniform acquisition process for the parent, the literature in the fee specific letters for the above mentioned schools relayed uniforms as a purchase requirement via KIPP, and therefore KIPP is not in compliance with Tex. Educ. Code §11.158(b)(3) which reads in part, "the school may not charge fees for any specific form of dress necessary for any required educational program or diploma.

³ Exhibit 4

⁴ Exhibit 5

⁵ Exhibit 6

TEA SAI #INV2015-05-005
KIPP Inc. Charter (CDN: 101-813)

The SIU investigation identified and substantiated the following findings:

- KIPP Inc. Charter, specifically, Sunnyside High School assessed "Registration Fees" due upon registration. The registration fees alleged by the complainant were not relayed to the complainant as optional fees but rather as mandatory fees.⁶ An end-of-year registration letter dated April 27, 2015, instructed parents or guardians to pay registration fees due upon registration. This letter was retracted and removed from circulation, and replaced with detailed, fee-specific letters tailored to individual campuses.
- The retracted letter read in part, "The payment of student fees allows your child to receive education at the KIPP Sunnyside Campus, and to participate in field lessons and other activities. Failure to pay school fees by the required deadline will result in your child's inability to participate in field lessons and other extracurricular activities." The letter did not disclose or identify optional fees. Interviews with KIPP Inc. Charter administrative staff acknowledged the letter was written in error by KIPP, giving the perception that the optional fees were mandatory.

Additionally, certain fees charged are not allowed to be assessed by the charter school pursuant to Tex. Educ. Code §12.108 and §11.158. These fees were found in fee specific letters expected to be introduced by the charter school for the 2016-2017 school year. These fees include mandatory fees for uniforms. All other fees described in the initial complaint were rectified and properly identified as "optional" fees. The investigation concluded said action is a violation of Tex. Educ. Code §12.108 and §11.158.

Recommendation for Corrective Action and Sanction

Based on the finding, the SIU will recommend to the Commissioner that a monitor be appointed in accordance with Tex. Educ. Code §39.057(d) to provide oversight and to ensure KIPP Inc. Charter is adhering to state law requirements, specifically those regarding fee charges, pursuant to Tex. Educ. Code §12.108 and §11.158.

Furthermore, in accordance with Tex. Educ. Code §39.102(a)(2), it is recommended that KIPP Inc. Charter order a hearing conducted by the KIPP Board of Directors for the purpose of notifying the public of the charter's intent to address the noncompliance, as well as the expectations of the agency, and the interventions and sanctions that may be imposed.

KIPP Inc. Charter is required to post this hearing as a public meeting to ensure that the general public is allowed to attend and may not limit the number of speakers who would like to address the board. Additionally, the board may not limit the amount of time any speaker takes to make their statements regarding KIPP's noncompliance with Tex. Educ. Code §11.158.

TEA reserves the right to implement all available interventions and sanctions under Tex. Educ. Code, Ch. 39 and 19 Tex. Admin. Code Ch. 97, to address the current, or any future deficiencies identified for KIPP.

⁶ Exhibit 1
TEA SAI #INV2015-05-005
KIPP Inc. Charter (CDN: 101-813)

KIPP Inc. Charter

EXHIBIT LIST

1. A copy of the complaint dated May 4, 2016 and copy of receipts for fees.
2. A copy of the end-of-year registration letter issued by KIPP Sunnyside High School dated April 27, 2015
3. Copies of fee specific letters for all compliant KIPP Inc. Charter campuses.
4. Copies of fee specific letter for ten KIPP campuses showing required uniforms fees.
5. Copy of KIPP uniform vendors.
6. Copy of an excerpt from KIPP handbook showing fees owed to the school and no description of optional fees.