June 24, 2025
Report 2024-106

FACT SHEET

COMMITMENT
INTEGRITY
LEADERSHIP

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Highlands Community Charter and Technical Schools

Lax Oversight Allowed Highlands to Inappropriately Receive More Than $180 Million in K–12 Funding

Background

Highlands Community Charter and Technical Schools (Highlands) is a California nonprofit public benefit corporation that operates two K–12 charter schools serving adults 22 years or older who do not have a U.S. high school diploma. Highlands Community Charter School (HCCS) is Highlands' classroom-based school, and California Innovative Career Academy (CICA) offers independent study. The Twin Rivers Unified School District (Twin Rivers) authorized the charters for both schools and bears primary responsibility for their oversight. Highlands has seen dramatic growth in both its enrollment and revenue, employing more than 700 employees at more than 50 locations throughout the State, and serving more than 13,700 students. HCCS and CICA are the first and 37th largest schools in the State by enrollment. In January 2024, public media reports outlined concerns about Highlands, including improper attendance reporting, excessive spending, and a lack of oversight.

Key Findings

- » Highlands inappropriately received millions of dollars in K–12 funding for which it was not eligible.
  - Highlands collected $177 million in K–12 funding for HCCS despite not meeting certain primary conditions of funding for classroom-based schools.
  - Highlands received more than an estimated $5 million in overpayments by not complying with state law in calculating its average daily attendance.
- » Highlands engaged in wasteful spending and inappropriate hiring practices.
  - Highlands engaged in several questionable financial transactions, including some that violated legal prohibitions against making gifts of public funds and conflicts of interest.
  - Highlands hired and promoted unqualified individuals and had inadequate protections against nepotism.
- » Highlands had unqualified teachers and avoided accountability for its poor student outcomes.
  - Highlands often assigned teachers to classes for which they did not hold appropriate credentials.
  - Highlands avoided transparency and accountability for its poor student outcomes by not offering the 11th grade and, thus, not conducting standardized testing that takes place in that grade.
- » Twin Rivers and other educational agencies did not provide adequate oversight of Highlands.
  - Twin Rivers, the Sacramento County Office of Education, and the California Department of Education took insufficient action to ensure that Highlands addressed findings from a 2018 audit by the Fiscal Crisis and Management Assistance Team that reported multiple and serious deficient internal practices at Highlands.
  - Twin Rivers conducted only minimal annual oversight of Highlands and, instead, relied heavily on annual audits that we found had inaccuracies.

Key Recommendations

- » To ensure that it is eligible to receive K–12 funding for its classroom-based instruction, Highlands should establish a policy to ensure that it provides instruction and requires its students to attend for the duration of the class day. Further, it should implement written procedures for reporting attendance for funding, including details about which days should and should not be excluded.
- » To ensure that Highlands spends K–12 funding appropriately, Highlands should implement policies that outline the allowable uses of public funding and a purchasing process that includes separation of duties and requirements for multiple approvals.
- » To ensure that it hires employees with proper qualifications for their roles, Highlands should implement hiring policies that include deciding on a position's minimum qualifications before hiring begins and prohibiting staff from being involved in the hiring and interview process for their relatives.
- » To ensure that the schools it authorizes comply with state law and their charters, Twin Rivers should implement policies and procedures to sufficiently address audit findings and recommendations and to conduct charter school oversight activities that align with best practices and do not solely rely upon the annual independent audit or a charter school's assertions.