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DA Announces \$25 Million Investment to Support K-12 Students: Money Recovered in Educational Fraud Case

Funds Come from Charter School Fraud Trust Fund

San Diego County District Attorney [Summer Stephan](#) announced today announced the San Diego County Board of Supervisors has given her office authority to grant \$25 million from the Charter School Fraud trust fund to the San Diego County Office of Education (SDCOE) to fund a seven-year, countywide plan to strengthen and expand access to mental health, safety, wellness, and educational supports for K-12 students and their families. The community-responsive plan focuses on the unique strengths and needs of each region in order to connect needed resources to students experiencing homelessness and other youth who can thrive with additional support. The Board approved the grant at their January 28 meeting.

“This funding will make a real difference in the lives of K-12 students and their families as they navigate wellness, safety, homelessness and mental health challenges,” said DA Stephan. “I continue to be very proud of our public corruption/consumer protection expert prosecution team that delivered justice in the A3 Charter Schools criminal case and now, we’re seeing how the trust fund established as a result of the case is impacting the community in positive ways, funneling the money stolen by the defendants back to deserving young people in our schools.”

Funds for the grant originate from criminal fines imposed in the landmark A3 Charter Schools fraud case which was prosecuted by the San Diego County District Attorney’s Office. In all, more than \$280 million in stolen funds were recovered. The judge who oversaw the case ordered a portion of the fines to be paid to the County of San Diego now, a portion to be paid to victims in kindergarten through 12th grade, and a portion to be paid to the state of California.

Under a resolution passed unanimously by the San Diego County Board of Supervisors in 2021, the fines imposed by the court related to this case were earmarked and exclusively dedicated to programs that directly serve the needs of kindergarten through 12th grade students in San Diego County. The funds are not intended for County operational programs, but rather to support

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community-serving, education-focused initiatives, consistent with the court's intent. After disbursement of the \$25 million grant, the Charter School Fraud trust fund will have \$5 million remaining in it. Superior Court Judge Fred Link who masterfully presided over the criminal case issued clear guidance regarding the monies recovered and this meets the direction by the court.

The Board's recommendation authorizes the District Attorney's Office to continue administering its Community Grant Program (CGP) and award the one-time \$25 million grant to SDCOE to implement the HeartSpire initiative, a seven-year, countywide plan. This action builds on prior Board approvals related to the CGP and the Charter School Fraud trust fund. The \$25 million is actually an aggregate of several \$2.2 million to \$3.8 million grants each over seven school years.

The SDCOE HeartSpire initiative is designed to connect and amplify the work happening at school sites and in county services across all five supervisorial districts. Consistent with prior K-12 grant actions, the focus is on equitable access and regional coverage, rather than limiting investments to a single geographic area.

"We are grateful the DA has entrusted SDCOE with this opportunity to build upon our efforts to positively impact students, families, and communities throughout the county," said Dr. Gloria E. Ciriza, San Diego County superintendent of schools. "HeartSpire is rooted in the belief that human connection, mental health, and relational infrastructure are essential to thriving educational systems. Accordingly, this grant will align the DA's Office, schools, County Health and Human Services, and community-based organizations to offer integrated services that make a real difference for students and families."

Following establishment of the trust fund, a multi-department stakeholder workgroup with representatives from the District Attorney's Office, Behavioral Health Services, County Office of Equity & Racial Justice, and Department of Child & Family Well-Being reviewed options for use of the funds. Based on those discussions, an initial phase of 47 K-12 community grants totaling approximately \$6.4 million was awarded in 2022. Those grants supported literacy, tutoring, mentoring, youth leadership, and mental health and wellness services. The initial grant activity informed subsequent consideration of opportunities for a more coordinated, regional approach, leading to the SDCOE HeartSpire proposal.

The County's existing stakeholder workgroup will have opportunities to review program progress, milestones, and updates as implementation proceeds, particularly in advance of future funding periods within the seven-year plan.

The DA's Community Grant Program (CGP) originated from early crime-reduction and prevention efforts and was later expanded by the Board to include education- and prevention-focused K-12 initiatives, including grants funded through the Charter School Fraud trust fund. The HeartSpire proposal represents a continuation of that evolution, while maintaining the CGP's core purpose of supporting community-based solutions that promote safety, wellness, and opportunity.

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About the San Diego County District Attorney's Office

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The San Diego County DA's Office prosecutes all felony crimes in the county and misdemeanor crimes committed outside the City of San Diego. The office files about 40,000 criminal cases a year and balances prosecution with numerous crime prevention programs. District Attorney Summer Stephan leads the office of more than 1,000 dedicated employees who pursue fair and equal justice, and support victims daily across San Diego County.

About the San Diego County Office of Education

The San Diego County Office of Education (SDCOE) is inspiring and leading innovation in education so that all students can thrive in a future without boundaries. The County Office helps the county's school districts operate efficiently and with significant cost savings by leveraging resources to perform personnel tasks and provide staff development and other services. With a focus on equity, innovation, and career technical education, SDCOE directly educates about 1,800 students at 21 sites each year and provides support services to about 480,000 students across 42 school districts. For additional information on how SDCOE is innovating education and working to guarantee all students graduate prepared for college, career, and life, visit www.sdcoe.net.

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