

CHARTER SCHOOL ACCOUNTABILITY COMMITTEE

DELAWARE DEPARTMENT OF EDUCATION



REACH ACADEMY FOR GIRLS

FINAL REPORT AND RECOMMENDATIONS

FORMAL REVIEW OF THE CHARTER

OPENING DATE: August, 2010

GRADES: K-8

LOCATION: New Castle County

SEPTEMBER 30, 2010 UNIT COUNT: 221

DATE OF REPORT: June 10, 2011

Introduction

The charter for Reach Academy for Girls (“Reach Academy”) was approved in April 2009. On June 16, 2009, the school’s Board of Directors submitted an Application to Modify the school’s charter, seeking approval to change the location of the school and the school’s site plan. The Secretary of Education referred the application to the Charter School Accountability Committee for review and recommendations. The Charter School Accountability Committee issued its report on the application and a public hearing on the application was conducted on August 18, 2009. The Secretary, after reviewing the documents and the report of the Charter School Accountability Committee, recommended that the State Board approve the modification request (with conditions) for Reach Academy to modify its location to a site with a more conducive learning environment. On August 20, 2009, The State Board of Education approved the Secretary’s recommendation.

Reach Academy opened in August 2010 with a K – 8 grade configuration and a September 30th enrollment count of 221 students. In September 2010, the Charter School Office received phone calls from Reach Academy employees who had not received pay and/or had not been enrolled in health benefit plans for which they were eligible.

This decision was the result of an informal meeting on October 7, 2010, with Reach Academy administrators and board members. On October 22, 2010, Reach Academy’s board of directors submitted a revised budget which raised serious concerns about the school’s economic viability. The school’s initial budget projections were based on an estimated unit count that was much higher than the school’s actual student enrollment, resulting in a significant budget shortfall and deep budget reductions. The board of directors laid off eight (8) teachers to reduce payroll. In addition, proposed budget reductions were based on renegotiated contracts (e.g. rent, transportation) that had not been approved by the vendors. The Charter School Office was not confident that Reach Academy could make it through the year financially based on the pace of their initial spending. In addition, the board of directors did not submit sufficient evidence to validate the revised budget.

On November 18, 2010, the Department of Education placed Reach Academy on Formal Review.

On December 7, 2010, the Charter School Accountability Committee convened for the Preliminary Meeting of the Formal Review. Subsequently, Reach Academy’s Board and the Department of Education mutually agreed to a temporary stall of the Formal Review process while the Reach Academy board explored turning over governance to another group. When that did not go through, the state resumed the Formal Review process.

On February 25, 2011, the Preliminary Report was issued. The Formal Review process was delayed further when a subset of Reach Academy’s board filed a complaint with the Chancery Court against the Board President and another board member. The board settled its issues out of court. On May 19, 2011, the Reach Academy board was reconstituted.

The Charter School Accountability Committee convened on June 7, 2011, for Final Meeting of the Formal Review during which it considered the school’s response to the Preliminary Report issued on February 25, 2011. Based on the documentation submitted by the school and the ensuing discussion, the Committee would make a recommendation relative to the school’s status.

The following voting members of the Charter School Accountability Committee were in attendance.

- Dan Cruce, Deputy Secretary, Chief of Staff, Chair of Accountability Committee
- Cliff Coleman, Member, Charter School Accountability Committee
- Debora Hansen, Education Associate, Visual and Performing Arts, Charter Curriculum Review
- Paul Harrell, Director, Public/Private Partnerships
- April McCrae, Education Specialist, Science Assessment (proxy for Joanne Rheim, Education Associate, Accountability)
- Karen Field Rogers, Associate Secretary Finance Reform & Resource Management

The following DOE staff members were in attendance.

- John Hindman, Attorney General, Counsel to the Committee
- John Carwell, Charter School Officer, Charter Schools Office
- Scott Kessel, Education Associate, Department of Education
- Patricia Bigelow, Education Associate, Charter Schools Office

The following representatives of Reach Academy were in attendance.

- Tara Allen, School Leader, Reach Academy for Girls
- Charlie Brown, Esq., Reach Academy for Girls
- Lloyd S. Casson, Board Member, Reach Academy for Girls
- Beth Conrad, Board Member, Reach Academy for Girls
- Denise Luce, Board Member, Reach Academy for Girls
- Jodi O’Ferrall, Board Member, Reach Academy for Girls
- Duane D. Werb, Esq., Reach Academy for Girls

Committee Discussion

Mr. Cruce stated that for the purpose of the Final report, the Charter School Accountability Committee’s discussion would focus on the four criteria that comprised the basis for the Preliminary Review process:

- Criterion 1: Applicant Qualifications
- Criterion 6: Educational Program
- Criterion 8: Economic Viability
- Criterion 9: Financial and Administrative Operations.

These criteria are four of the fourteen approval criteria as stipulated in the charter school statute (14 *Del.C.*, Ch. 5, § 512).

Criterion 1: Applicant Qualifications

For the purpose of clarity, Mr. Cruce cited the statutory wording for this criterion.

The individuals and entities submitting the application are experienced and qualified to start and operate a charter school, and to implement the school's proposed educational program. Certified teachers, parents and members of the community in which the school is to be located must be involved in the development of the proposed charter school. At the time, at which the school commences its instructional program and at all times thereafter, the board of directors must include a teacher at the school and a parent of a student enrolled at the school as members.

Mr. Cruce stated that when the Charter School Accountability Committee ("Committee") met with the previous Board members at the Preliminary Meeting, the discussion centered on specific concerns about the experience and qualifications required to operate a charter school.

Furthermore, Mr. Cruce indicated that the Committee discussed with previous Board members' their lack of qualifications and issues relative to the school's lease and the debt incurred between the landlord and the Board.

He acknowledged that the new Board members do bring different types of experience; however, their backgrounds do not crosswalk with the concerns regarding school management and administration, school governance, fiduciary issues, and the ability to turn-around a failing school.

Mr. Carwell spoke to Ms. Allen's qualifications but added that the response to the Preliminary Report for this Criterion did not address the governance capacity of the new Board and that the response was insufficient to remedy the issues raised relative to applicant qualifications.

Mr. Cruce read a statement from the Preliminary Report that cited the need for a new signed lease from the facility in which the school is housed and that as of the date of the Final Meeting of the Formal Review, no such lease had been provided. Mr. Cruce also stated that conditions in the lease as stipulated by the leaseholder had not yet been met.

He indicated that more detail relative to this issue will occur during the discussion of Criterion 8 and that he would go into more detail under Criterion 8, Economic Viability. Mr. Cruce also remarked that decisions must be made for the families who will be affected by the decision of the Committee.

Recommendation

Mr. Cruce made a recommendation that Criterion One was still not met.

Vote

A vote was taken: four ayes; none opposed; one abstention. Criterion One remains "not met."

Criterion 6: Educational Program

For the purpose of clarity, Mr. Cruce cited the statutory wording for this criterion.

The school's educational program, including curriculum and instructional strategies, has the potential to improve student performance; and must be aligned to meet the Delaware

Content Standards and state program requirements, and in the case of a charter high school, state graduation requirements. High school programs must provide driver education. The educational program at all charter schools must include the provision by the school of extra instructional time for at-risk students, summer school and other services required to be provided by school districts pursuant to the provisions of § 153 of this title. A previously approved charter school may continue to operate in compliance with the terms of its current approval, but its charter shall not be renewed unless the school shall submit an application for renewal in full compliance with the requirements of this subsection.

Ms. Hansen stated that she had a concern about the ability of the school to implement the curriculum with fidelity in light of the budget cuts made to cover the school's financial shortfall. She indicated that the budget was insufficient to support instruction (e.g., books, materials, professional development). Mr. Kessel concurred.

Mr. Cruce also mentioned that the Charter School Office had received numerous complaints from parents and employees of Reach Academy about the significant changes to the educational program.

Ms. Hansen noted that the response from Reach Academy did not provide hard evidence on which to base a decision for this Criterion. The response included information from parents and teachers as well as student work; however, no revised curriculum was part of the school's response to the Preliminary Report.

Mr. Cruce asked Mr. Kessel if he would share his observations about the budget. Mr. Kessel stated that all of the instructional supplies appear to come out of Federal start-up funds. He added that start-up funds these funds will expire next year. Also, while some of these expenses appeared to be valid, the school will have ongoing expenditures for instructional supplies and the school has nothing budgeted ongoing. Mr. Kessel stated that the school's enrollment is scheduled to grow next year, but the budget is not aligned with the expected growth. Instructional supplies are typically a significant line item in any public school budget.

Ms. Field Rogers added that there was no funding allocated for professional development in their budget for the next school year. This issue had been a concern cited in the Preliminary Report. Mr. Carwell stated that he saw only \$2,250 allocated in the Federal line under Title III. Mr. Kessel said that typically you would see local money there too.

Recommendation

Ms. Hansen made a recommendation that Criterion 6 remains not met.

Mr. Cruce asked if there were any questions about Ms. Hansen's recommendation that Criterion 6 remains not met.

Mr. Carwell added that the volume of complaints about the school had decreased and that this is a credit to the new leadership from the Board.

Mr. Cruce made a recommendation that Criterion Six remains not met.

Vote

A vote was taken: four ayes; none opposed; and one abstention. Criterion Six remains “not met.”

Criterion 8: Economic Viability

Mr. Cruce read the statutory wording for this criterion.

The plan for the school is economically viable, based on a review of the school's proposed budget of projected revenues and expenditures for the first 3 years, the plan for starting the school, and the major contracts planned for equipment and services, leases, improvements, purchases of real property and insurance

Mr. Kessel stated that Reach Academy's response did not include a budget narrative. The Committee members had expected this narrative to assist them in reviewing the budget. Mr. Kessel also stated that the budget pages on the Department of Education website clearly indicate the budget narrative requirement for each line item. The budget narrative is important to assure an accurate evaluation of the budget. He said that the Preliminary Report and subsequent communication with Reach Academy during the formal review process clearly stated the importance of providing a budget. Thus, this oversight results in a lack of supporting evidence on which to review the budget.

Mr. Kessel said the response did not address the school's financial status during the 2010 – 2011 school year. He indicated that the school had hired too many teachers in the beginning of the year and that the response did not include information about hiring plans for the 2011 – 2012 school year; thus, he could not determine if the school would be over- or under-hiring teachers for next year.

He stated the Board had made some critical errors in revenue for this year and that the response did not include any new policies and/or procedures for how the budget would be managed in the future. Additionally, Mr. Kessel remarked that there was no evidence presented by the school that would give him confidence that such financial errors or oversights would happen in the future.

Mr. Kessel remarked that the Committee has serious concerns regarding the school's obligations for FY11 that are unmet and will remain outstanding at the end of the fiscal year on June 30. He noted that there is no plan to address how they will meet those obligations. In addition, there is not plan presented that addresses this funding gap and how it will be reconciled in future years.

Ms. Field Rogers added there was no explanation for the assumptions made in the budget. She stated that the budget was built on 280 students but the school's May 1st unit count indicated

342 students. She said that there was no explanation about the revised numbers and that it was difficult to have a clear picture about the finances and if there were any outstanding bills that would carry over to the next school year.

Mr. Carwell added that Reach Academy's comptroller, Mr. Clarence Taylor, was well aware of the requirement for a budget narrative and that Mr. Kessel had provided technical assistance to Mr. Taylor. Thus, the lack of a budget narrative in the response to the Formal Review was a serious oversight.

Mr. Cruce stated that he wanted to revisit Criterion One and referenced the letter from Reverend Gayton. Mr. Cruce noted that Reach Academy has no signed lease; there are eight conditions that the Reverend had delineated that must be met before the lease would be executed.

Mr. Cruce said that there were two specific items that would increase the expenses of Reach Academy and read from the leaser's letter:

"Reach Academy would have Delmarva install separate electric and gas meters that covers the school and trailer, plus compensation of unpaid rent. Reach would assume all costs for electricity and all cost for gas."

Mr. Kessel noted that the budget did not account for the anticipated increase in utilities expenses. The budget for next year was less than this year and the letter indicated the school would have to pick up additional utility costs next year.

Mr. Kessel added that the response from Reach Academy did not cite the over-hiring of teachers in the beginning of the school year and also did not include information about staffing decisions that would be made in the future. The salaries in the budget do not specify the number of teachers who will be hired; thus, making it difficult to calculate if the school is staffed properly to provide instruction in the core academic areas or if the school is over-staffed. Considering the school's history of hiring too many teachers and then terminating them because of budgetary shortfalls, the response from the school ought to have addressed this issue.

Personnel costs represent 65% of the budget. The response from the school ought to have focused on the salary lines. The only information we have on the salaries is the total number and there are no OECs listed. Mr. Kessel said that he would have expected the school to obtain financial expertise whether it be contracted services or hiring a staff member in order to manage the school's finances.

Recommendation

Mr. Cruce made a recommendation that Criterion 8 remains not met.

Vote

A vote was taken: four ayes; none opposed; one abstention. Criterion 8 remains “not met.”

Criterion 9: Financial and Administrative Operations

Mr. Cruce cited the statutory wording for Criterion Nine.

The school's financial and administrative operations meet or exceed the same standards, procedures and requirements as a school district. If a charter school proposes to operate outside the State's pension and/or benefits systems, a specific memorandum of understanding shall be developed and executed by the charter school, the approving authority, the Budget Director, the Controller General and the Secretary of Finance to assure that the State's fiduciary duties and interests in the proper use of appropriated funds and as a benefits and pension trustee are fulfilled and protected, the State's financial reporting requirements are satisfied, and the interests of charter school employees are protected. All charter schools shall operate within the Delaware Financial Management System (DFMS) and be subject to all of the same policies and procedures which govern other agencies operating within such system, except that any charter school previously approved to operate outside of the DFMS may continue to so operate subject to the terms of its memorandum of understanding until such time as the school's charter is renewed pursuant to this chapter.”

Mr. Cruce stated that the Department of Education had received a number of complaints from employees, parents, and the community who had interacted with the previous Board. The complaints focused on human resources practices. He read from the Preliminary Report that the Board had hired staff without issuing formal employment letters. For example, the first school leader, Elaine Leonard, was not issued a formal employment letter.

In addition, several Reach employees indicated that they did not know their salaries because they had not received formal employment letters; they had not been paid and/or had not been enrolled in health benefit plans for which they were eligible. Mr. Cruce also cited concerns with Universal Educational Resources (UER) and the role of this entity.

Mr. Carwell mentioned that the school's response did not include a copy of the contract that the Board had had with Mr. White's wife. The contract would have been for the human resources work that she had performed after stepping down from the Board.

Mr. Cruce stated that a number of concerns existed relative to human resources. For example, the employment agreement for Ms. Tara Allen, the current school leader, was not for the school leader but for the Dean of Students who reported to a CAO; however, the response did not state what the acronym meant. Mr. Cruce assumed that it stood for Chief Academic Officer or Chief Administrative Officer. The contract expires at the end of June 30, 2011.

Mr. Cruce also observed that the new Board had taken on human resources issues and had made a valiant effort to correct them. He noted that issues relative to human resources had decreased dramatically.

Mr. Carwell stated that there was a claim from Reverend Gayton (Holy Rosary) to the effect that Mr. White was paid \$7,000 per month. The Committee did not have sufficient documentation to determine confirm this. Mr. Cruce said that the Committee cannot draw any conclusions without documentation.

Recommendation

Mr. Cruce recommended that Criterion Nine move from not met to met.

Vote

A vote was taken: four ayes; none opposed; one abstention. Criterion 9 moves from “not met” to “met.”

After the vote for Criterion 9, Mr. Cruce stated that Reach Academy has a new Board and that they had limited days to develop their response to the Preliminary Report. He noted that the Department of Education provided extensions to deadlines and commended the Board members for the work that they have done.

He expressed how the Charter School Accountability Committee is bound to make very important decisions based on what they learn from the information provided and make a determination about the school’s efficacy going forward. He added that the Department had made considerable efforts avoid the current situation with Reach Academy. He also said that the decisions made at the Final Meeting did not reflect on the current Board members or staff.

Final Recommendation

Mr. Cruce stated that the Charter School Accountability Committee recommends the revocation of the charter for Reach Academy for Girls.

He asked for a motion to this effect. Ms. Field Rogers made a motion; Mr. Harrell seconded the motion.

Vote

A vote was taken: four ayes; none opposed; one abstention.

Next Steps

The Public Hearing will be on July 11, 2011, at 5:00 p.m. in the Cabinet Room of the Department of Education.

Mr. Hindman stated that at the Public Hearing, the public and school representatives and staff are allowed to make comments.