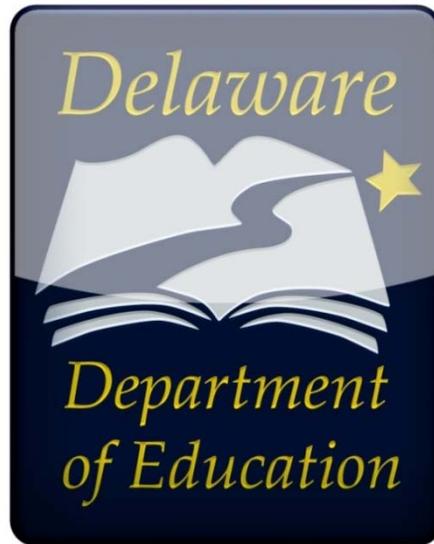


CHARTER SCHOOL ACCOUNTABILITY COMMITTEE

DELAWARE DEPARTMENT OF EDUCATION



Family Foundations Academy

**FORMAL REVIEW
FINAL REPORT**

CSAC Final Meeting: March 4, 2015
CSAC Final Report Published: March 6, 2015

The following were in attendance at the Final Meeting of the CSAC on March 4, 2015:

Voting Committee Members of the Charter School Accountability Committee

- David Blowman, Chairperson of the Charter School Accountability Committee and Deputy Secretary of Education, DDOE
- Karen Field Rogers, Associate Secretary, Financial Reform and Resource Management, DDOE
- April McCrae, Education Associate, Science Assessment and STEM, DDOE
- Barbara Mazza, Education Associate, Exceptional Children Resources, DDOE
- Tasha Cannon, Deputy Officer Talent Recruitment, Selection and Strategy, Teacher and Leader Effectiveness Unit (TLEU), DDOE
- Charles Taylor, Community Member and Former Charter School Leader

Ex-Officio Members (Non-voting)

- Kendall Massett, Executive Director, Delaware Charter School Network
- Donna Johnson, Executive Director, Delaware State Board of Education

Staff to the Committee (Non-voting)

- Catherine Hickey, Deputy Attorney General, Counsel to the Committee
- Brook Hughes, Education Associate, Financial Reform and Resource Management
- John Carwell, Education Associate, Charter School Office, DDOE
- Michelle Whalen, Education Associate, Charter School Office, DDOE

Representatives of Family Foundations Academy

- Charles S. McDowell, Board President
- Thomas C. Humphrey, Board Treasurer
- Dr. Lamont Browne, Executive Director
- Nicholas Medaglio, Director of Finance and Operations

Discussion

Mr. Blowman noted that the grounds for the formal review are outlined in a letter to the Family Foundations Academy (“FFA”) Board, dated January 21, 2015, which include the following potential violations of the law and charter:

- Board capacity;
- Board oversight and potential conflicts of interest;
- Financial operations;
- Financial viability;
- Administrative operations;
- Material fraud on the Department by the school or its representatives;
- Misappropriation of federal, state, and local funds.

Additionally, Mr. Blowman noted there were sudden and significant changes to FFA’s Board and leadership, which raise concerns about the continuity of FFA’s academic program’s success and approved school policies, including FFA’s:

- Mission;
- Student performance education plan;
- Curriculum;
- Implementation of appropriate strategies to accommodate the needs of at-risk students and those needing special education services; and
- Student discipline plan.

Mr. Blowman noted that FFA submitted an update to the Department on January 30, 2015 regarding specific conditions on its charter renewal and the specific areas of concern noted in the January 21st formal review notification letter. At the CSAC's Initial Meeting on February 5, 2015, each of the areas of concern outlined in the January 21st formal review notification letter were reviewed and discussed, as well as FFA’s January 30th report, proposed curriculum, and budget. However, the CSAC determined that the proposed curriculum change would not be addressed during the formal review process. The CSAC issued an Initial Report on February 9th and FFA provided a response on February 24th. Additionally, the CSAC reviewed several documents issued by Auphsite Consulting. Mr. Blowman noted that these documents, which are a matter of public record as part of FFA’s renewal record, would also be officially included as part of the formal review record. These documents are: the FFA QA Addendum Presentation, the Exit Strategy Package, and the Financial Forensic Review.

Mr. Blowman asked the CSAC to confirm whether all items that were requested at the Initial Meeting had been received. Ms. Field Rogers noted there was some discussion at the Initial Meeting regarding FFA’s unpaid invoices prior to EastSide Charter School’s involvement and requested an estimate of the total amount. Mr. Medaglio stated that the school continues

to receive invoices and noted that, in one month, approximately \$1 million was paid for prior invoices.

Mr. Blowman asked the CSAC whether there were any questions or concerns based upon the school's response to the Initial Report. Ms. Mazza noted that page four of the school's Special Education Implementation Guide references "Special Education/504." She explained that these are two different areas with different sets of laws and regulations. Additionally, she noted that there is a reference to Extended School Year (ESY) services and an internal form that was developed which must be updated to include the requirements of 14 Del. C. § 3110(e), which resulted from the passage of Senate Bill 229 by the 147th General Assembly. Ms. Mazza also suggested that the school compare its Special Education Implementation Guide against the regulations to ensure accuracy and alignment with all requirements. Ms. Mazza provided the school with a list of special education regulations to assist with this comparison.

Ms. Field Rogers noted the Department is requesting an independent audit at the end of this fiscal year. She added that the school stated in its response to the Initial Report that it has contracted an outside firm to review the school's internal procedures. She requested that the audit be completed by an independent firm. She noted that the firm should not be the same firm that has conducted previous audits for the school, nor the firm that is currently reviewing the school's internal procedures. Mr. Humphrey affirmed that the Board will contract with an independent firm to conduct the audit. Ms. Field Rogers also noted that the school is working to fill a number of positions and underscored the importance of filling the positions as quickly as possible.

Mr. Blowman stated that, based on the record, it is clear that there were violations of the school's charter pursuant to Title 14, Delaware Code, Section 512, relative to board governance, board oversight and conflicts of interest, financial operations and administrative operations. He noted that, based upon the documentation reviewed, the school remains financially viable and the Department is not aware of any current violations in this area.

The CSAC voted to approve a motion that the school had violated its charter in the areas of board governance, board oversight and conflicts of interest, financial operations and administrative operations. Mr. Taylor abstained from this vote because he did not attend the Initial Meeting.

Mr. Blowman also noted that, from the standpoint of charter school oversight, it was clear that there had been misappropriation of funds. There was insufficient evidence at this time to determine if there had been a material fraud committed on DDOE. The CSAC voted to approve a motion that one or more of the school's previous representatives misappropriated funds. Mr. Taylor abstained from this vote because he did not attend the Initial Meeting. Mr. Blowman noted that nothing in this finding presupposes the outcome of any ongoing investigations being conducted by other agencies.

Mr. Blowman stated that it is clear that, under FFA's new leadership and Board structure, there have been significant and positive changes at the school, including the termination of the former co-leaders. He also noted that new financial procedures are in place that will hopefully address the school's prior issues. Mr. Blowman stated that ongoing oversight and evaluation are warranted to ensure that the initial steps that have been taken to date are implemented effectively and fully established within the operations of the school.

The CSAC voted to recommend that FFA be placed on probation for one year subject to the following conditions:

1. The school shall submit to the Executive Director of the Charter School Office a documented finding from the Public Integrity Commission indicating that the leadership and governance structures at FFA relative to EastSide Charter School does not constitute an impermissible conflict of interest with respect to any individual associated with either of the two entities or otherwise violate the State Employees, Officers and Officials Code of Conduct. In the event that the school receives a documented finding of one or more impermissible conflicts of interest or other violations of the Code, this condition shall be satisfied if the school corrects the issue(s) that led to the finding within 60 calendar days.
2. The school submits to the Executive Director of the Charter School Office monthly reports that are similar in structure to FFA's January 30th and February 24th reports, which outline the continuing implementation of the procedures and policies that have recently been selected to address the identified areas of violation of the law and the school's charter.

Mr. Taylor abstained from this vote because he did not attend the CSAC's Initial Meeting.

Mr. Blowman added that CSAC's recommendation will provide FFA's Board and leadership the leverage it needs to ensure that the changes to date are fully implemented at the school.

Next Steps:

- The CSAC's Final Report will be issued no later than March 6, 2015.
- The second and final public hearing will be held on March 9, 2015, at 5:00 p.m., in the 2nd floor Auditorium of the Carvel State Office Building in Wilmington, DE.
- The public comment period closes on March 13, 2015.
- The Secretary of Education ("Secretary") will announce his decision at the March 19, 2015 State Board of Education meeting.

Mr. Blowman asked the school representatives for any questions relative to the CSAC's recommendation and conditions. Dr. Browne requested the first submission date for monthly reports. Mr. Blowman noted that, should the final decision in this matter include that condition, April 1, 2015 would be the first submission date. Dr. Browne asked for the contents

of the reports. Mr. Blowman explained that the report should include a brief update on the status of each of the identified concerns that would demonstrate to the Charter School Office that the school's work is on track. Dr. Browne requested that the Department provide feedback if something is missing.

Mr. McDowell expressed concern about reporting a one-year probationary status to parents and how that might impact retention and re-enrollment. Mr. Blowman noted that the school was in a bad situation just a couple of months ago and stated that the basis of the action is to measure progress against goals. Ms. Johnson asked whether the period of probation could eventually be reduced and Mr. Blowman acknowledged that it could. Ms. Massett added that she shares the school's concerns and inquired about whether the recommended conditions are redundant. Mr. Blowman acknowledged that the school is clearly doing the right things and implementing the right practices, but added that it is not unreasonable to monitor the school's progress in light of recent events under its previous administration. Ms. Johnson and Mr. Blowman noted that the probationary period is more of a heightened review of the implementation of the procedures that the school's Board and leadership have already put in place.

Mr. Taylor stated that the word "probation" is a hard sell to parents. Mr. Blowman and Ms. Hickey clarified that the term "probation" is language dictated by the provisions of the Code, which govern remedial measures as a result of formal review. Mr. Blowman noted that the probationary period is more about making sure the school provides updates to ensure continued implementation of the recent corrective actions being taken by the school and underscores the heightened oversight dictated by the events which brought the school to formal review. Mr. McDowell stated that he believed that the formal review process was tantamount to probation and that he anticipated that the school would be off of probation because, through the formal review process, it has met all of the conditions. He stated that the school met with the Public Integrity Commission ("the Commission") on March 3rd and received an email stating that the Commission had determined that there had been no violation of the State Employee's Code of Conduct. He stated that he anticipated a written opinion in approximately two weeks with suggested guidance moving forward. Mr. Blowman responded that the school was not on probation throughout the formal review process.

Ms. Hickey noted that the CSAC had moved and voted upon the recommendation to be sent to the Secretary, which included a period of probation. She stated that, short of reopening the matter, the recommendation would not change. However, she noted that the recommendation is a recommendation, not the decision, and added that whatever is presented at the final public hearing will also be considered by the Secretary and State Board of Education.

Ms. Massett stated that the law does not state that probation must be for one year. She asked whether the discussion regarding probation would be part of the record considered by the Secretary. Ms. Hickey noted that, given that there is not a verbatim account of the CSAC meeting, if someone wished for all elements of the disagreement with CSAC's recommendation

to be considered, it would be prudent for them to make all of it part of the public record either through comment at the final public hearing where there will be a court reporter who will provide a verbatim transcript or in writing prior to the close of the public comment period. Mr. Blowman stated that the CSAC's Final Report would include a reference to the substance of the discussion regarding the school's concerns. Ms. Hickey noted that, because the Final Report is not a verbatim document of the meeting discussions, the recordation in the Final Report of the school's dissatisfaction with the recommendation might not be as detailed a statement as a written response submitted by the school or comment given at the public hearing for consideration by the Secretary and the State Board of Education.

Mr. Taylor asked whether the Secretary would determine the length of probation. Mr. Blowman responded that the Secretary can make any decision that he deems appropriate. Ms. Massett stated that the recommendation could be for a lesser period of probation if the conversation changed the minds of the CSAC members. Ms. Hickey acknowledged that the CSAC Chair could consider a request to reopen the motion. No CSAC members requested to reopen or reconsider the motion.

Mr. Taylor asked the record to reflect that the individuals associated with EastSide Charter have done "a heck of a job" with FFA. Mr. Blowman agreed, but stated that, as an authorizer, the Department has a responsibility to ensure that the steps that have been taken are fully implemented and embedded within the culture of the organization as a whole over a period of time. He added that he did not have a concern about FFA's current leadership team's ability to recruit students.

Mr. McDowell inquired about the process involved in being discharged from probation. Ms. Hickey stated that, if there is a decision to place the school on a period of probation, the school could subsequently submit a request for discharge from probation to the Charter School Office, which would be decided by the Secretary with the assent of the State Board of Education. Ms. Johnson added that the State Board of Education routinely asks for updates on the probationary status of any schools on probation. Mr. McDowell stated that he did not understand what the deficiencies are that the school is to address. He stated that the school has put into place a Conflicts of Interest Policy and an Internal Controls Policy that has been working at EastSide Charter School for years. Mr. Blowman responded that those policies and procedures are embedded within the culture of EastSide, but just recently formalized at FFA. Mr. McDowell stated that the same people are implementing the policies and procedures and Mr. Blowman responded that FFA is a different environment.

Dr. Browne inquired about how he is to report on some of the items. Mr. Blowman replied that he does not anticipate a lengthy report. Mr. Taylor stated that, in his opinion, the updates would be short. Ms. Johnson added that it would be reasonable to provide updates on the implementation of the recently-adopted policies, such as the selection of an instructional leader at the elementary school, the professional development of staff, and providing a seamless transition at FFA. She added that, with respect to financial matters, the school acknowledges that there must be an independent audit and additional follow-up with respect

to the mismanagement of funds. She noted that there may be additional findings in an independent audit that may need to be addressed and closely watched. She stated that she fully believes that the team FFA currently has in place will be able to close all loops and show successful implementation, which hopefully would not take 12 months. She added that State Board of Education members expressed full faith in the FFA team's ability to right the wrongs that had taken place, but it is to be expected to request a deeper look at what is going on and to keep a close eye on things. She acknowledged that it would be helpful for the school to have clarification regarding what exactly it is to report on.