

FAMILY FOUNDATIONS ACADEMY

Families Focused on Achievement

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February 24, 2015

Delaware Department of Education
Charter School Office
401 Federal St., Suite 2
Dover, DE 19901
Attention: Jennifer Nagourney

Ladies and Gentlemen:

This is in response to the Charter School Accountability Committee's Initial Report dated February 9, 2015 with respect to the Formal Review of Family Foundations Academy. You have asked us to address several specific issues:

1. Provide a copy of the operating budget report through January.

See attachment labeled "FFA 2014-2015 Operating Budget." Budgeting very conservatively (budgeted expenditures listed are significantly higher than what we actually anticipate), the Operating Budget shows a projected deficit of \$195,155. This deficit is offset by a carryover of local funds in the amount of \$2,800,000. A vast majority of these excess expenses are unique to the current 2014-2015 school year due to a combination of financial mismanagement and poor decision making on behalf of the prior co-directors. We anticipate \$520,400 of expenses completely removed from our annual budget each year going forward. These include but are not limited to advertising costs of \$60,000, legal fees of \$240,000, educational consulting contracts of \$138,500, a forensic audit in the amount of \$73,500, and telecommunications fees of \$8,400.

With regard to the partnership between FFA and EastSide Charter School, FFA has incurred salary expenses in the amount of \$191,013 for a new full-time FFA employee, a proportional share of a new shared full time employee plus those costs associated with the employees listed in Response #6 below. This cost is more than offset by the expenses saved, as a result of the termination of 3 business contracts, and 7 employees (1 contracted, 1 part-time, and 5 full-time – including the former co-directors). The total expenses saved equals \$299,832. Overall, FFA will save \$108,819 between now and June 2015 as a result of its partnership with EastSide and the improvement plan that has been enacted.



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2. Provide a copy of FFA's Internal Controls Policy

See attachments labeled "FFA Internal Controls Policy" and "PO Electronic Form." FFA has retained Maillie LLP to review and make recommendations with respect to these policies.

3. Report on outstanding invoices

This was requested in the Initial Report but, in a phone conversation with Ms. Nagourney during the morning of February 10, she stated that it was an oversight and the report was unnecessary due to the fact that all invoices would be up to date by the date of the March meeting and in fact, DOE is able to see all invoices in the state's financial system.

4. Plan for IEP Implementation

See attachments labeled "Special Education Guide 2014-2015" and "FFA Compliance Monitoring Form"

5. Update regarding Consolidated Grant

After reviewing the Consolidated Grant we noticed that some of the individuals who were budgeted to be paid out of Federal funds were not coded correctly in PHRST. Over the next month we will work to submit the appropriate payroll funding adjustments (PFAs) to accurately reflect what was originally budgeted for in the grant. We are also working on revising the budgeted items for two individuals who are no longer employed at Family Foundations, but whose salaries were approved to be paid out of Federal funds.

6. Documentation demonstrating that stipends paid to EastSide employees through the Consulting Agreement are for services beyond those individuals' roles as EastSide employees.

As reported in our January 30, 2015 Report to the CSAC, in order to successfully replace the former leadership of FFA and ensure the successful operation of the School, FFA has contracted with EastSide pursuant to a Consulting Agreement to provide the services of Dr. Lamont Browne, Nicholas Medaglio and certain other EastSide employees. As a result of these increased responsibilities, the contracts of the affected EastSide employees have been adjusted. The adjustments include increases in base pay as well as the payment of certain stipends to compensate for overtime work required to service FFA during this extraordinary transition period. In addition, certain EastSide employees are receiving stipends to compensate them for taking on additional responsibilities as the result of the rearrangement of their and Dr. Browne's and Mr. Medaglio's responsibilities at EastSide. It is not expected that these stipends will be necessary during the next school year because it is expected that the work flow will be able to be handled during regular work hours. While the funds that EastSide will use to pay for these increased salaries and stipends will be provided by the FFA payments to EastSide under the Consulting Agreement, all payments to EastSide employees will be made pursuant to employment contracts between EastSide and EastSide employees.

| Name | Position | Duties Above and Beyond EastSide Roles |
|----------------|---|---|
| Lamont Browne | Executive Director | Dr. Browne is now responsible for leadership and oversight over all school operations for two charters and three school buildings. The number of students whose success he is responsible for has grown from 480 to 1280 while the number of employees has grown from 60 to 150. In addition to this increase in his overall responsibilities, the challenges resulting from replacing the former school leadership and rebuilding a new leadership team will require him to spend on average 10 to 15 overtime hours per week at FFA through the end of June 2015. |
| Nick Medaglio | Dir. of Finance and Operations | In addition to the \$6.3 million budget Mr. Medaglio manages at EastSide, he is now also responsible for a budget exceeding \$11.5 million at Family Foundations. In order to overhaul a poorly functioning business services office, including cleaning up more than 100 unpaid invoices and implementing internal controls to ensure financial sustainability and compliance, Mr. Medaglio will spend on average 8 to 12 overtime hours per week at FFA through the end of June, 2015. |
| Carrie Klein | Business Support Coordinator | Ms. Klein spends 2-3 hours each week providing training and guidance to the business office employees at FFA – one of whom is a novice with less than three months on the job and the other who was improperly trained. Her EastSide duties have not lessened. |
| Katelyn Whelan | Dean of Special Education | Ms. Whelan spends 3-4 hours of extra time each week analyzing the FFA program including observations, documents, and meetings, and following up with insight to the FFA leadership team on strengths and weaknesses of the Special Education program at FFA. She also provides direct guidance to the Special Education Director on pertinent Special Education-related matters. She was instrumental in ensuring the school’s compliance with 504 training that was undertaken on February 13. Her EastSide duties have not lessened. |
| David Robinson | Promoted from Assistant Principal to Principal of EastSide | Mr. Robinson is now leading the day to day academic, climate, and personnel operations of EastSide, a significantly greater time commitment with greater responsibility and accountability. |
| Rachael Staab | Promoted from Director of Early Learning to Assistant Principal of EastSide | Ms. Staab is now overseeing the Pre-K to Grade 4 academic and climate programs at EastSide, a significant shift from her prior role as the Instructional Coach of Pre-K and Kindergarten |

7. Plan demonstrating how FFA will carry out its family-oriented mission.

As written in our charter, the mission of Family Foundations Academy is “to provide a flourishing learning environment where all students can succeed. We cater to different learning styles and work with the whole family for the success of the student.” Each point addressed in this statement is critical to the success of a school. FFA will carry out its mission by employing the following:

- A staff selection process that allows school leadership to ascertain the unique skills, ability, hunger, humility, and passion of each staff member that is hired to work with our students. (See

attached Instructional Leader Selection Process – used to select the FFA Elementary School principal on February 12, 2015).

- A professional development and teacher evaluation model that holds teachers accountable to a high standard of excellence while providing intense and consistent support to ensure that our teachers learn best practices with regard to Common Core Standards, student-centered teaching, classroom management, cultural sensitivity, and other key aspects of instructional excellence. FFA intends to modify its schedule/calendar to allow for an additional 50 hours of professional development each year. FFA intends to apply for a minor modification to use the Teaching Excellence Framework to support teacher growth through instructional coaching and rigorous lesson evaluation.
- A student-centered mindset that pushes our teachers and leaders to recognize the traits, tendencies, gifts, challenges, and unique learning styles of each individual student and cater our instructional philosophy and approach to meet our students where they are while pushing the limits of how far they can achieve academically and socially.
- Ensuring parent engagement through outreach, mutual respect, immediate attention to concern, open invitation, and collaborative partnership as we work together to meet the needs of their children and our community. FFA will provide multiple opportunities for families to provide input – often using questionnaires to ascertain their opinion on a proposed new program or change or surveys to receive feedback on the quality of our efforts.

8. Plan demonstrating how EastSide and FFA will remain two separate schools with separate missions.

EastSide and Family Foundations operate under two different charters with separate missions and will remain that way. It is the responsibility of the Executive Director to hold accountable while supporting each school's principal in the strategic design and implementation of programs that best meet the unique needs of each school's student body. Some best practices and programs will be unique to one school (i.e. subject-specific special education teachers in the EastSide middle school, Expeditionary Learning Crew model at EastSide, Elementary School Spanish class at FFA, or 2nd grade cheerleading and dance team at FFA) while other best practices may be best for both schools (i.e. Teaching Excellence Framework as alternative to the state's DPAS II model, SpringBoard math curriculum, and Amplify Interim Assessments). Just like EastSide has always done, both schools will seek to find ways to collaborate as a means of taking advantage of economies of scale, shared resources, and shared expertise while maintaining unique and separate brands. Both schools are accountable to their individual students, families and staff and will implement programs and decision-making that is in the best interest of their parties.

9. Organizational Chart

See attachments labeled "2015-2016 Organizational Chart – FFA" for Family Foundations Academy, and "2015-2016 Organizational Chart – Network" that shows how both charters are managed separately while taking advantage of a shared services support team.

10. Other

Since the initial meeting with the Charter School Accountability Committee:

Board Composition. A new parent representative has been elected to the Board. The two carryover Board members are remaining on the Board to assist with the litigation relating to the two former Co-Directors. Settlement Agreements have been reached with each of them which will become irrevocable by February 27

and which will terminate their appeals. At that time the two remaining carryover Board members will resign and it is expected that another parent will be elected to the Board.

Consulting Agreement. The Consulting Agreement between FFA and EastSide has been approved. The possible conflict issues have been discussed with the Executive Director of the Public Integrity Commission who expressed no opposition to the EastSide/FFA arrangement and scheduled the matter for formal consideration by the Commission at its meeting on March 3.

Bylaws Revisions. FFA's bylaws were amended and restated on February 10. Copy attached. Revisions can be summarized as follows:

- Set the number of directors to not less than 3 nor more than 15 as determined from time to time by the Board. A companion Resolution was also adopted to set the Board number at 7 (following the resignation of the two remaining carryover Board members).
- Provide for directors to serve up to 3 three year terms, staggered so that all directors' terms do not expire at the same time
- Require at least one parent and one teacher to serve on the Board, the teacher representative to be nominated by the faculty for up to three consecutive 1 year terms.
- Permit the election of a non-voting student member.
- Set a quorum for Board meetings at a majority rather than three.
- Require the meetings to comply with FOIA.
- Provide for a President, Vice President, Secretary and Treasurer
- Permit the Secretary and Treasurer to delegate duties to appropriate employees
- Establish certain standing committees
- Authorize the Executive Committee to act for the Board between meetings.
- Prohibit Board members from being employed by the School (except for teacher representative)
- Eliminate provision that required persons to have served on a school committee for a year before serving on the Board.
- Authorize the School to purchase D&O insurance
- Decrease the quorum requirement for a meeting of the "members" of the corporation (all families of existing students) from an unrealistic 20% (approximately 160) to a more realistic 5% (approximately 40).

FOIA Policy. Adopted as required for all state agencies. (Attached)

Conflict of Interest Policy. Adopted and all members completed forms. (Attached)

Board Management Interaction Protocol. Adopted to provide guidelines for Board members' interaction with School management. (Attached)

Citizen Budget Oversight Committee. Policy revised to comply with DOE comments. (Attached) Selection Committee has been formed and requests for applications to serve have been posted on website and at each campus building. Properly formed CBOC expected to hold first meeting in March.

Very truly yours,



Charles S. McDowell
Board President



Lamont W. Browne, Ed.D.
Executive Director