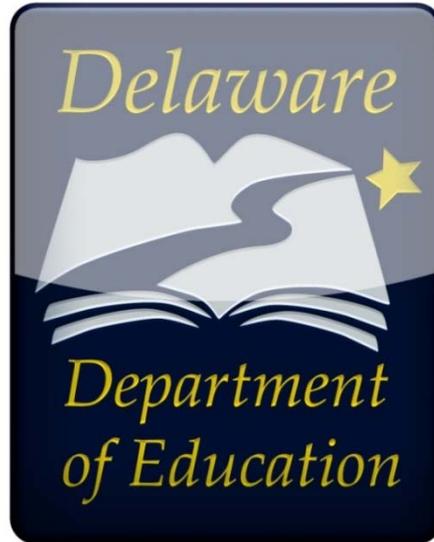


CHARTER SCHOOL ACCOUNTABILITY COMMITTEE

DELAWARE DEPARTMENT OF EDUCATION



Family Foundations Academy

MAJOR MODIFICATION APPLICATION INITIAL REPORT

CSAC Initial Meeting: July 13, 2015
CSAC Initial Report Published: July 15, 2015

On June 29, 2015, Family Foundations Academy submitted an application for a major modification of its charter.

The following were in attendance at the Initial Meeting of the CSAC on July 13, 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, Adult Education and School Supports, DDOE
- April McCrae, Education Associate, Science Assessment and STEM, DDOE
- Barbara Mazza, Education Associate, Exceptional Children Resources, DDOE
- Deborah Wilson, President and CEO, Metropolitan Wilmington Urban League, Community Member
- Tasha Cannon, Deputy Officer Talent Recruitment, Selection and Strategy, Teacher and Leader Effectiveness Unit (TLEU), DDOE (attending and participating via telephone)

Staff to the Committee (Non-voting)

- Catherine Hickey, Deputy Attorney General, Counsel to the Committee
- Jennifer Nagourney, Executive Director, Charter School Office, DDOE (attending and participating via telephone)
- John Carwell, Education Associate, Charter School Office, DDOE
- Brook Hughes, Education Associate, Financial Reform and Resource Management, DDOE

Representatives of Family Foundations Academy

- Charles S. McDowell, Board President
- Nicholas Medaglio, Director of Finance and Operations

Discussion

The following was discussed:

- Family Foundations Academy (“FFA”) has applied for a modification to offer educational services at a site other than the site approved as part of the school’s charter.
- A summary of the request – The school explained that it currently has two campuses. The elementary school has approximately 500 students and is currently located at 1101 Delaware Street in New Castle, Delaware. The middle school is currently located at the former St. Matthews Catholic School in Newport, Delaware, which is rented space. The application is for approval to move the school in two steps to 160 and 170 Lukens Drive in New Castle, Delaware, which was recently vacated by Reach Academy. This summer, the elementary school will move into 170 Lukens Drive and the middle school will move into 1101 Delaware Street. Next year, the middle school will move into 160 Lukens Drive so that the elementary and middle schools will be in adjoining buildings.
- Financial reasons for the move – The school explained that the lease at St. Matthews expired on June 30, 2015 and there are no continuing costs associated with the lease. FFA owns the facility at 1101 Delaware Street and plans to sell the property. The current mortgage is approximately \$3.5 million and it was appraised a couple of years ago at \$4.4 million. The school is hopeful that it will sell the property for at least enough money to pay off the mortgage and, hopefully, have some proceeds left over. From an operating cost perspective, the school anticipates that its occupancy costs will decrease by approximately \$170,000 once the two moves are completed. This estimate assumes that the school is successful in selling the property located at 1101 Delaware Street, which it is confident that it will be able to do.
- Costs associated with the move – The school stated that the costs associated with the move, including moving and repair costs, are estimated at \$100,000 this year and \$120,000 next year. The school expects to pay those costs from its carryover surplus funds, which currently exceed \$2 million.
- Reasons for the move – Aside from the financial benefits associated with the move, the school cited two additional reasons for the move. First, the Newport facility is rundown and results in students leaving the school after the 4th grade. Additionally, the school anticipates that having both campuses at one location will be extremely beneficial with respect to management and staff, camaraderie among staff, and certain operating efficiencies.
- Status of the lease – The school reported that, in the hour preceding the CSAC meeting, FFA obtained a signed lease from the landlord.
- When a failure to sell the 1101 Delaware Street property will raise concern – The school explained that the carrying cost for the property is \$400,000-\$500,000, such that the school’s carryover funds of over \$2 million offer a couple of years of cushion. The school also has a backup plan for making use of the property if it does not sell.
- Outreach and communication with parents about the move to date – The school responded that it officially communicated its plans to parents approximately two weeks

ago, although the news was already “in the wind” for a while. The school reported that all of the responses have been very positive and the school anticipates that it will have a positive impact on enrollment. The school anticipates that a number of Reach students will enroll. Also, the school heard from a couple of parents of rising FFA 5th graders who did not intend to send their parents to the Newport facility but changed their mind once they heard about the location change. As of last week, enrollment was in the 790’s. FFA is well on its way to 810 and hopes to have even more students.

- Clarification regarding what moves have taken place – The Newport lease has been terminated and FFA has already moved out of the building to the elementary location. The elementary move has not yet taken place.
- Meals – It was noted that neither Pencader nor Reach served meals from the location. The school responded that it intends to contract out the meal services. The school has the capability and equipment to provide the service itself, but prefers to find a vendor with the right price and quality. From a financial standpoint, the expense and revenue numbers might change, but the bottom line will not be impacted.
- Bus route savings – The school is attempting to adjust its arrival and dismissal times to be able to use the same buses for both schools in an effort to save money this year. There may not be much savings, as it depends on how this idea pans out.
- Whether the second move would take place mid-year if the New Castle building sells – The school responded that the only thing that is preventing it from combining both campuses now is the 1101 Delaware Street property. If the school can find a buyer before next summer, it will move the middle school into the second building sooner.
- The school’s motivation for its anticipated expansion to 1,100 students – The school stated that the middle school class sizes have been smaller than those at the middle school because of the limited space at the Newport facility. If the school keeps its elementary students as they move up, enrollment would increase significantly.
- Whether the school has explored the option of offering K-5, rather than K-4 – The school responded that the decision has been driven by space limitations. At 1101 Delaware Street, the school’s K-4 program was already at capacity. 170 Lukens Drive, which is one of the two buildings, cannot fit K-5.
- Whether the school has given any thought to a modification based on enrollment and when that might occur – The school responded that it has not yet thought about this, but would in the fall.

Conclusion

The following specific information was requested by the CSAC to inform its decision-making:

- A copy of the signed lease (submitted several hours after the conclusion of the meeting)

Mr. Blowman asked whether there were any components of the application that any members felt did not meet the standard for a positive final recommendation. None were noted.

Next Steps:

- The first of two public hearings will take place on July 20, 2015, in the 2nd Floor Auditorium of the Carvel State Office Building, which is located at 820 N. French St., Wilmington, Delaware, beginning at 5:00 p.m.
- The school's response to the Initial CSAC Report, if the school chooses to submit a response, is due by 5:00 p.m. on July 31, 2015.
- The Final CSAC Meeting will be held on August 4, 2015, in the 2nd Floor Cabinet Room of the Townsend Building, which is located at 401 Federal St., Dover, Delaware, beginning at 1:00 p.m.
- A Final CSAC Report will be issued no later than August 7, 2015, and will include the CSAC's recommendation on the application.
- A second and final public hearing will take place on August 10, 2015, in the 2nd Floor Auditorium of the Carvel State Office Building, which is located at 820 N. French St., Wilmington, Delaware, beginning at 5:00 p.m.
- The public comment period will close on August 14, 2015.
- The Secretary of Education will announce his decision at the regular meeting of the State Board of Education on August 20, 2015.