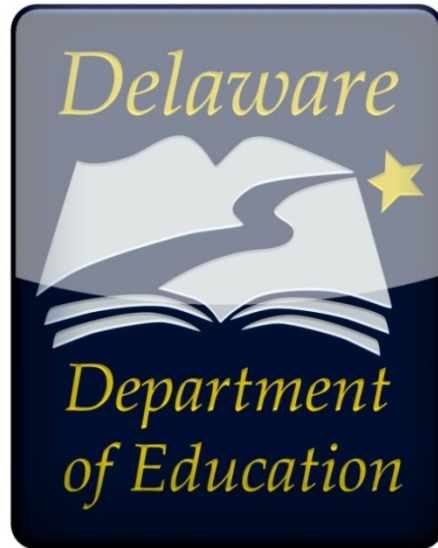


CHARTER SCHOOL ACCOUNTABILITY COMMITTEE

DELAWARE DEPARTMENT OF EDUCATION



Delaware STEM Academy

**FORMAL REVIEW
INITIAL REPORT**

CSAC Initial Meeting: May 10, 2016
CSAC Initial Report Published: May 12, 2016

The following were in attendance at the Initial Meeting of the CSAC on May 10, 2016:

Voting Committee Members of the Charter School Accountability Committee

- Karen Field Rogers, Chairperson of the Charter School Accountability Committee and Deputy Secretary of Education, DDOE
- April McCrae, Education Associate, Science Assessment and STEM, DDOE
- Barbara Mazza, Education Associate, Exceptional Children Resources, DDOE
- Eric Neibrzydowski, Deputy Officer, Special Projects, Teacher and Leader Effectiveness Unit (TLEU), DDOE
- Chuck Taylor, Head of School, Providence Creek Academy

Non-voting Committee Members of the Charter School Accountability Committee

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

Staff to the Committee

- Catherine T. Hickey, Deputy Attorney General, Counsel to the Committee
- Jennifer Nagourney, Executive Director, Charter School Office, DDOE
- Denise Stouffer, Education Specialist, Charter School Office, DDOE
- Brook Hughes, Education Associate, Financial Reform and Resource Management
- John Carwell, Education Associate, Charter School Office, DDOE

Representatives of the School

- Ted Williams, Board Chair
- Anthony Ragone, Board Member
- Marian Young, Board Member
- Joseph Corrado, Board Member
- Brett Taylor, Executive Director
- Jerome Heisler, Board Member
- Charles Driggs, Board Member
- Carolann Wicks, Board Member
- Laura Jennice, School Leader
- Teresa Gerchman, Chief Schools Officer, Innovative Schools

Discussion

Ms. Field Rogers explained that the purpose of the meeting was to review the relevant statutory criteria as to whether the charter holder is violating the terms of its charter and, if so, whether remedial measures are warranted. She noted that no specific recommendations regarding remedial measures would be made at the meeting.

Ms. Field Rogers noted that the grounds for formal review were outlined in an April 21, 2016 letter to the Board, which included potential violations of the law and charter in the following areas:

- Financial Viability;
- Ability to Implement the Approved Charter With Fidelity.

On April 15, May 5, and May 9, the school's Board submitted a set of documents to the Department, which included, but was not limited to:

- Copies of a written statement;
- Statement indicating plans to offer educational services at a different location;
- A revised budget and expenditure summary estimates for fiscal year 2016;
- Copies of several school policies.

Ms. Field Rogers noted that the CSAC would consider the documents that had been submitted and information discussed at the meeting in formulating its preliminary recommendation. She stated that the CSAC would identify any areas of ongoing concern and any further information requested from the school that it deems necessary for formulating its final recommendation.

Financial Viability

Ms. Field Rogers asked the school to speak about its submissions before inviting questions from the CSAC. Mr. Williams stated that they have worked diligently to market the school. He noted that 113 students have enrolled as of May 9, 2016 with signed first year charter agreements (authorized enrollment: 250). Mr. Williams also noted that the school has 224 active applications for students whose parents have not signed first year charter agreements. He stated that enrollment continues to grow daily and the board's goal is to demonstrate how it will close the gap between current and authorized enrollment over the coming months and demonstrate the school's financial viability despite the reduced enrollment.

Mr. Williams explained that the school's low enrollment is attributable to many factors: negative perception of charter schools, students embracing STEM education, and apprehension about a new school. He also noted that a number of other charter schools were able to meet their enrollment targets after implementing aggressive marketing campaigns. Mr. Williams stated that the DE STEM can be financially viable at a lower enrollment than the approved 250

students. He added that the school board submitted a financial analysis demonstrating financial viability at 105, 160, 200 and 250 student scenarios. Mr. Williams added that the scenarios are based on reduced rates for rent (smaller space), management fees and personnel costs while fulfilling the educational program outlined in the school's approved charter application. He explained that the school has the opportunity to relocate temporarily for one year to an alternative site (1101 Delaware Street - New Castle, DE 19720) until enrollment increases in the second year. The school submitted a letter on May 9, 2016 relative to the alternate site. Mr. Williams noted that parents, the board of directors and school leadership remain committed to the school.

Ms. Field Rogers asked whether the school will pay rent at the both the original location and the alternate location. Mr. Williams stated that the school will not pay rent at the long-term site (109 Lukens Drive, New Castle, DE 19720). He added that the school has negotiated with Family Foundations Academy to rent the Delaware Street site since it will vacate this property by the end of the current school year. Mr. Williams explained that the rent rate is based on the facility costs of the Lukens Drive site.

Ms. Field Rogers asked whether Family Foundations is currently using the Delaware Street site as an elementary or middle school. Mr. B. Taylor stated that the site is currently being used as a middle school. Ms. Field Rogers asked the school to explain whether the site would be prepared to open as a STEM high school. Mr. B. Taylor stated that Family Foundations Academy will vacate the building in June which leaves ample turnaround time for modifications. He also noted that this site was originally considered as a permanent location prior to finding the Lukens Drive site. Mr. B. Taylor explained that the site is sufficient in the short-term but lacks the capacity to support the school at full enrollment (600 students). He added that the Delaware Street property has 48,000 square feet compared to the 60,000 square feet needed for full enrollment. Mr. B. Taylor also noted that the school will acquire modular furniture which will easily transfer to the Lukens Drive site as appropriate. He stated that the classrooms at the Delaware Street property are smaller but they are sufficient to support the Project-Based Learning (PBL) process. Mr. B. Taylor noted that the site has one large common space which will be used for the cafeteria, maker spaces and athletics which will require some creative scheduling. Mr. Williams stated that negotiations have begun with Family Foundations Academy in addition to negotiations with the owner of the Lukens Drive property. He added that the lease for the Delaware Street property includes an option to move out in December or June. Mr. Heisler stated that the Delaware Street property will allow the school to focus its resources on curriculum and marketing instead of the substantial build out of the Lukens Drive property and the process would be less rushed. He added that the Delaware Street property currently has an approved certificate of occupancy.

Ms. Jennice provided a summary of the classroom configurations at the Delaware Street property. She stated that the Delaware Street property had initially been pursued as the school's site and a plan was developed last fall for implementing the collaborative classroom and PBL environment with the STEM component. Ms. Jennice explained that the property has two larger rooms which can serve as integrated classrooms.

Ms. McCrae asked about the sizes of the science classrooms at the Delaware Street property. Mr. B. Taylor stated that the two larger classrooms are approximately 900 square feet and the smaller classrooms are approximately 700 square feet. He added that the Lukens Drive property will have larger classrooms up to 1,600 square feet and the smaller classrooms will be 800 square feet. Ms. McCrae asked about plumbing for the science classrooms. Mr. B. Taylor noted that sinks are available in some of the classrooms at the Delaware Street property but eye-wash stations will need to be integrated for labs. He added that in the first year physical sciences will be offered as opposed to biology which will be offered in the second year when the school moves into the Lukens Drive property which will have wet labs. Mr. Heisler added that the property has the flexibility to expand room sizes by removing walls. Ms. McCrae noted that the Delaware Street property should have the appropriate infrastructure for science classrooms. Mr. B. Taylor noted that many activities for environmental science may take place outdoors in greenhouses.

Ms. McCrae asked about storage for chemicals. Mr. B. Taylor noted that the building is 40,000 square feet and the school will only need about 25,000 square feet in the first year. He added that the building has a sprinkler system but extinguishers will also be added. Mr. B. Taylor also noted that the chemical storage area will be secured for teacher access only. Ms. McCrae reminded the school to ensure proper ventilation. Mr. Heisler noted that the Delaware Street site includes active security cameras.

Mr. C. Taylor asked whether the parents have been informed about the proposed move to the Delaware Street property. Ms. Jennice stated that the parents have been informed at open houses and they've been supportive and recognize that the move is a temporary step for the school open. She added that the school has been very transparent with parents and there has been no pushback. Mr. Williams noted that the Delaware Street property is in the same geographic area as the Lukens Drive property. He added that the transportation plan is nearly identical since the two sites are approximately 1.5 miles away from each other.

Mr. C. Taylor noted that the budget did not include funding for a counselor in the first year based on 105 students. Mr. B. Taylor stated that a number budget cuts were made to ensure financial viability. He added that if enrollment increases to 150 students, the budget could accommodate a counselor. Mr. B. Taylor stated that Ms. Jennice is qualified to take on some counseling responsibilities. He also noted that the board is exploring hiring part-time counseling services. Ms. Jennice stated that an advisory period is built into the schedule and teachers will receive over 120 clock hours of training to provide a counseling component.

Mr. C. Taylor asked the school to confirm that sufficient funds have been budgeted for custodial and maintenance costs and identify the parties responsible. Mr. Heisler stated that the school has a triple net lease which means the school is responsible for operations and the landlord is responsible for structural repairs. Mr. C. Taylor asked the school to explain whether these responsibilities are well-defined in the lease. Mr. Heisler stated that the school used the New Castle County commercial realtor lease which delineates each task and the responsible parties.

Mr. Williams stated that most of the board members are business people and the school has leveraged their expertise in this process.

Mr. C. Taylor asked the school to describe its plan for food services. Mr. B. Taylor stated that staff have attended DOE's technical assistance session on food services. He noted that the school plans to partner with either Colonial School District or Christina School District for food services. Mr. B. Taylor stated that the Delaware Street property is equipped with a warming kitchen and a warming kitchen will be built next to the cafeteria at the Lukens Drive site. He also noted that the school has budgeted \$850 per student annually for food services which is based on averages from other schools.

Ms. Field Rogers noted deficits in year 1 and 2 based on the 105 enrollment budget. She also noted that the budget relies on \$481,000 in donations and asked the school to confirm how much of it has been received. Mr. B. Taylor stated that the school has raised over \$500,000 in donations and has received all funding to date which includes \$250,000 (Longwood Foundation), \$75,000 (Welfare Foundation), \$35,000 (DuPont), \$10,000 (Gilliam Foundation) and over \$110,000 (private donations from corporations and individuals). He added that the school has two additional grant requests totaling \$40,000. Mr. B. Taylor identified Mr. Corrado as the fundraising committee chairperson and asked him to provide a summary of the school's fundraising activities to date. Mr. Corrado stated that the school is actively seeking pledges from Delaware corporations, local developers, construction managers, engineers, contractors and suppliers. Ms. Field Rogers asked the school to clarify whether the grant funds are currently available to spend. Mr. B. Taylor stated that the school has received the funds and they are currently available to spend. He added that the school has chosen to restrict the use of some funds for operations because the \$250,000 and \$75,000 grants are targeted for the fit out of the school (e.g. computers, furniture and equipment). Ms. Field Rogers asked the school whether the grant funds would be returned if the school does not open. Mr. B. Taylor agreed that the funds would be returned to the funders. Mr. Williams added the private donations would not be returned.

Mr. Heisler noted that the school has prepared a detailed pro forma that separates restricted and unrestricted funds to more clearly show whether there is a negative operating cash balance. He also noted that the pro forma reflects the 2% contingency. Mr. B. Taylor stated that the school has been in contact with NCALL about securing a line of credit which will provide some flexibility to offset lower state and local revenue projections. He added that the school anticipates a three-step loan which includes a bridge loan that would support the school through June 16th followed by a \$250,000 line of credit to help the school manage through its initial phase of low enrollment. Mr. Heisler stated that the school is receiving help from a local fundraiser, Lee Daney, who raised over \$17M for the Pilot School. He added that last year, Mr. Daney prepared a fundraising plan for DE STEM.

Ms. Field Rogers asked the school whether they secured a transportation vendor. Mr. B. Taylor stated that a transportation vendor has not been secured but they participated in an RFP process under the Delaware Charter Schools Network. He added that the school has also had discussions with Advanced Transportation. Mr. B. Taylor stated that the RFP is ready to be issued and the purpose of the RFP is to ensure competitive pricing.

Ms. Field Rogers asked the school whether it has a final contract with Innovative Schools. Mr. B. Taylor stated that the contract has been approved by the board but it is not yet signed. He added that the contract is scalable and is very specific about the roles and responsibilities of Innovative Schools. Mr. Williams noted that the two-leader management structure which splits the operational (Mr. B. Taylor) and instruction leadership (Ms. Jennice) roles has reduced the contract with Innovative Schools by \$80,000.

Ms. Field Rogers asked the school to confirm the amount of the New Tech management fee. Mr. B. Taylor stated that the fee in year 1 is approximately \$116,000 and is tied to enrollment. He added that the total for management fees in year 1 is \$183,000 which also includes fees to Innovative Schools. Mr. B. Taylor noted that Innovative Schools' fees would be reduced based on the lower enrollment.

Mr. C. Taylor asked the school confirm its staffing structure in year 1. Mr. B. Taylor stated that the school will hire five teachers in year 1. Ms. Field Rogers asked the school whether any staff would be paid out of federal funds. Ms. B. Taylor noted that \$144,000 would be paid out of federal funds. Mr. C. Taylor asked the school to confirm that the school would have one FTE special education teacher in addition to the five aforementioned regular education teachers. Mr. B. Taylor noted that the school would earn 6.59 units based on the 105 enrollment budget scenario. Mr. C. Taylor asked the school whether \$20,000 budget for therapists also included psychologists. Mr. B. Taylor agreed.

Mr. C. Taylor asked the school whether records have been received for the 105 enrolled students. Ms. Jennice stated that enrollment meetings have been held with all parents and they've started collecting documents unofficially from them. She also noted that they've begun reaching out to districts to notify them that students will be attending DE STEM next year. Ms. Jennice stated that formal records requests to districts will be sent in June. Mr. C. Taylor requested more information about its plan for serving students with special needs to ensure that the school is ready if the number of students with disabilities exceeds the school's projections. Mr. Heisler stated that the school developed a stress test sheet that includes two scenarios at 12% and 30% special education enrollment. Ms. Jennice noted that the school currently has 16 students enrolled with identified disabilities (11 basic, 5 intensive).

Ms. Nagourney asked the school whether the budget includes paraprofessionals. Mr. B. Taylor stated that the 105 enrollment budget does not include paraprofessionals but the 160 enrollment budget includes two paraprofessionals. Ms. Mazza underscored that paraprofessionals cannot be substituted for special education teachers. She also noted that since the September 30 Unit Count is after the first day of school it is critical that appropriate staff be in place when students arrive. Ms. Jennice stated the school is recruiting dual-certified teachers which will provide added support to the special education teacher.

Ms. Mazza asked the school whether they have investigated costs for related services since these services can be very expensive. Ms. Jennice stated that they have not but this task is captured in the school's action plan. Ms. Mazza noted that a crisis intervention plan needs to be in place whether the school has a counselor or not.

Ms. Field Rogers stated that she did not see teachers for specials (e.g. physical education, art, music, etc.) and professional development included in the budget.

Ability to Implement the Approved Charter With Fidelity

Ms. McCrae asked the school about the timeline to provide teachers with professional development on the school's curriculum and educational program. Ms. Jennice stated that New Tech will provide a two-day training in June and staff will attend an intensive one-week training session in July and 10 days of training with the New Tech coach before school starts.

Ms. Nagourney asked the school describe the certification requirements that incoming teachers will need to have to implement the educational program with fidelity. Ms. Jennice stated that the school needs dual-certified teachers in all content areas (English Language Arts, Math, Science and Social Studies). She added that all students in year 1 are required to take a STEM elective and the science teacher will teach that elective. Ms. Nagourney asked the school to clarify what certifications the science teacher would need to have. Ms. Jennice stated that the science teacher would need to be certified in biology and environmental science. Ms. Johnson asked Ms. Jennice to clarify what she meant by "dual-certified." Ms. Jennice explained that the school is recruiting teachers certified in both a content area and special-education. Ms. Johnson requested clarification regarding the school's plans to hire a biology teacher in year 1 without the necessary classroom infrastructure since it will not be in place until year 2. Ms. Jennice stated that a biology literature course will be offered in 10th grade. Ms. Johnson asked whether the school would hire a physical science teacher for 9th grade or utilize the biology literature teacher for that course. Ms. Jennice stated that this information can be provided. Ms. Johnson asked the school to clarify in its response to the CSAC Initial Report the number of teachers needed for next year (including required certifications) and the teachers who have been offered contracts (including actual certifications). Ms. Jennice stated that five have been offered contracts to date.

Ms. McCrae noted that the school's operations plan indicates that instructional technology would be identified and orders placed in May along with classroom materials after planning with teachers. She asked whether teachers would be hired by the end of May to ensure that they have an opportunity to provide input on these purchases. Ms. Jennice stated that the process is already underway.

Ms. McCrae requested that the school add the Career and Technical Education (CTE) office to its list of technical assistance appointments with DOE to ensure that their career pathways are on-track. Ms. Mazza also requested that the school contact her for technical assistance from the DOE's Exceptional Children Resources workgroup as soon as possible. Ms. Wicks noted that the school has a Technical Advisory Group (TAG) of volunteers in the STEM industry who will serve as a resource to Ms. Jennice and the teachers in addition to the resources provided by DOE. Ms. Young also noted that the school has identified business leaders in addition to the TAG who are willing to work with teachers and/or support students.

Ms. Johnson asked whether the data-speed infrastructure at each of the proposed sites could support the online learning model. Mr. B. Taylor stated that the pipeline would initially be 10 gigabytes and eventually increase to 100 gigabytes. He added that Wi-Fi will be available throughout the building with hard lines available to support Voice over IP. Mr. B. Taylor noted

that since the Delaware Street site is temporary they do not plan to install such a robust pipeline.

Mr. C. Taylor asked the school to confirm its first day of school. Ms. Jennice stated that the first day of school is September 6 (the day after Labor Day) to allow sufficient time to complete pre-opening steps.

Ms. Massett asked the school to describe its plans for school climate and culture and ongoing student recruitment. Ms. Jennice stated that the school has a code of conduct in place which includes restorative practices as a component and positive behavior supports. She added that the collaborative classroom allows for a least restrictive environment. Ms. Jennice also noted that a climate team is in place and teachers will receive training on how to implement the collaborative classroom model to support classroom management and culture. Ms. Massett asked how the school communicates these components to incoming students. Ms. Jennice noted that student ambassadors were identified in February and are supporting the process to build the school's culture. She also noted that all students will attend a mandatory summer session, ("Project Prep") to prepare students for the Project-Based Learning culture.

Ms. Young provided a summary of the school's recruitment efforts. She noted that the school has hosted information meetings at libraries and community centers. Ms. Young also stated that the owner of the Lukens Drive site has allowed the school to use a nearby site for open houses which have averaged 15-30 participants. The school has also done bulk mailings and started a digital market campaign.

Ms. Hickey asked the school to confirm that the move to the Delaware Street site is a temporary modification to the charter along with the formal review process. Mr. Williams agreed that the school will occupy the Delaware Street site temporarily. Ms. Hickey noted that the modification will be rolled into the formal review process.

Ms. Hickey asked whether a lease has been signed for the Delaware Street site. Mr. Heisler stated that a lease has been executed and it includes an opt out provision. Ms. Hickey requested a copy of the lease.

Ms. Hickey asked the school to describe what will happen with the Lukens Drive property and whether the school would incur any costs while temporarily based at the Delaware Street property. Mr. Williams stated that the property has not been occupied since TA Instruments vacated the property six years ago. He added that the current landlord is committed to the school. Mr. Heisler noted that a lease is in place which was forwarded to DOE last December.

Conclusion

The following specific information was requested by the CSAC:

- Confirm that teachers for specials (e.g. physical education, art, music, etc.) are included in the budget.
- Provide cost estimates for related services.
- Clarify that professional development costs are included in the budget.
- Provide the number of teachers needed for next year (including required certifications) and the teachers who have been offered contracts (including actual certifications).
- Provide a copy of the executed lease for the temporary site located at 1101 Delaware Street, New Castle, DE 19720.

Ms. Field Rogers called for a motion that the CSAC's preliminary finding is that the school is out of compliance in all areas outlined in the Formal Review notification. The motion was made, seconded and unanimously carried.

Next Steps:

- The CSAC Initial Report will be issued no later than May 12, 2016.
- A public hearing on this review is scheduled for May 16, at 6:00 p.m. in the 2nd Floor Auditorium at the Carvel building in Wilmington (Note: the meeting location was changed).
- The charter will have the opportunity to submit a written response to the CSAC Initial Report, which is due by close of business on May 27, 2016.
- The final meeting of the CSAC will be held on June 2, 2016 at 1:00 p.m., in the 2nd Floor Cabinet Room at the Townsend building.
- If, after the final meeting, CSAC recommends probation or revocation of the charter, a second public hearing will be held on June 7, 2016 at 5:00 p.m. in the 4th Floor conference room at the Carvel building. (Note: the meeting location was changed).
- The public comment period and public record is open, and will close on June 10, 2016.
- The Secretary of Education will announce his decision at the June 16, 2016 State Board of Education meeting.