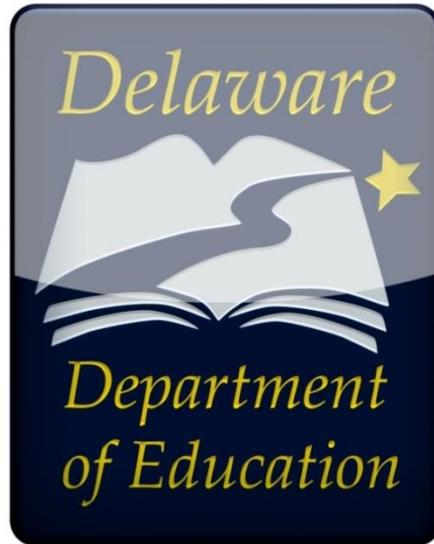


CHARTER SCHOOL ACCOUNTABILITY COMMITTEE

DELAWARE DEPARTMENT OF EDUCATION



Las Americas ASPIRA Academy

MAJOR MODIFICATION APPLICATION INITIAL REPORT

CSAC Meeting: January 29, 2019

CSAC Report Published: February 4, 2019

On December 21, 2018, Las Américas ASPIRA Academy (LAAA) submitted an application for a major modification of its charter.

The following individuals attended the Charter School Accountability Committee (CSAC) on January 29, 2019:

Voting Members of the Charter School Accountability Committee

- Chuck Longfellow, Chairperson of the Charter School Accountability Committee, and Associate Secretary, Operations Support, DDOE
- Tracy Neugebauer, Education Associate, Exceptional Children Resources, DDOE
- Brian Moore, Education Associate, School Support Services, DDOE
- Deb Hansen, Education Associate, Academic Supports, DDOE
- Chantel Janiszewski, Education Associate, Performance Management, DDOE
- Tiffany Green, Education Associate, Educator Effectiveness, DDOE
- Charles Taylor, Community Member, Retired Head of School
- Chandra Pitts, Community Member, CEO, One Village Alliance

Non-voting Members of the Charter School Accountability Committee

- Audrey Noble, Vice President, Delaware State Board of Education
- Kendall Massett, Executive Director, Delaware Charter Schools Network

Staff to the Committee (Non-voting)

- Laura Makransky, Deputy Attorney General, Department of Justice, Counsel to the Committee
- Leroy Travers, Lead Education Associate, Charter School Office, DDOE
- John Carwell, Education Associate, Charter School Office, DDOE
- Brook Hughes, Education Associate, Finance Office, DDOE
- Sheila Kay-Lawrence, Administrative Secretary, Charter School Office, DDOE

Representatives of Las Américas ASPIRA Academy Charter School

- Margie Lopez Waite, Head of School
- Brian Bell, Director of Strategic Planning
- Greg Panchisin, Chief Operating Officer
- Kim Whyte, Instructional Specialist
- Lourdes Puig, Board Chair
- Deborah Panchisin, Delaware Charter Schools Network

Mr. Longfellow shared that this was the Initial Meeting of the CSAC, relative to the Major Modification Application submitted by LAAA. LAAA applied for a modification to its charter to expand vertically by adding grades 9-12 and laterally by leveling enrollment in grades K-12 starting in the 2020-21 school year. In addition, LAAA seeks to create a junior/senior high school within 15 miles of its current campus. Mr. Longfellow shared that the purpose of the meeting was for the CSAC to discuss the Major Modification Application with the applicant, ask questions, and to probe areas of concern based on the CSAC's initial review of the written application. The meeting also served as LAAA's opportunity for an interview in support of its application.

Summary:

Ms. Lopez Waite provided a brief summary of the application. She thanked CSAC for the opportunity to expand LAAA from grades K-8 to grades K-12. She noted that LAAA started in August 2011 as the first Spanish Immersion School in the state and launched with 300 students in grades K-5, adding a grade each year until the school reached grades K-8 in 2014. This modification, she added, would allow LAAA's current 7th grade students to transition into an ASPIRA High School. Ms. Lopez Waite noted that the expansion would provide LAAA students with two of the most valuable skills in the workplace, which are bi-literacy and cultural competency.

Mr. Longfellow asked the committee if they had any comments, questions, or concerns based on the application submitted by LAAA.

Discussion:

Mr. Moore asked the school's representatives if they had identified any prospective facilities and, if so, to provide a description. Ms. Lopez Waite stated that several potential facilities have been identified within a 15-mile radius of the main campus. She added that the close proximity would enable shared resources such as central office roles, human resources, and curriculum and instruction. Each campus, she added, would have its own school leaders. Ms. Lopez Waite noted that LAAA's current facility is a converted warehouse and, based on its success, LAAA is exploring various types of office buildings that can be renovated. Mr. Moore asked the school to describe the food services plan. Ms. Lopez Waite stated that the main campus has a great kitchen that will prepare meals and transport them to the upper school campus.

Mr. Moore asked the school to explain how it would address the debt from its bond while incurring long-term, non-capital debt. He also asked if the school is exploring ways to purchase a property. Mr. Panchisin stated that the financial projections show a "stepped up" lease. The goal, he added, is to cover the new facilities costs without financing. Mr. Panchisin also noted that the school was able to do this with the main campus during its initial years.

Mr. Moore asked if there were any remaining funds from the school's original bond. Mr. Panchisin stated that all funds from the bond were used to complete the expansion of the main campus. Ms. Lopez Waite added that the landlord became a partner and included the costs of

construction into the lease. She added that similar terms are being explored with prospective property owners for the high school campus. Mr. Moore noted that 17% of the school's revenue goes towards non-fixed assets. Mr. Longfellow asked if the fit-out costs were included in the financial projections. Mr. Panchisin stated that the fit-out costs were included and are reflected in the FY 2024 operating budget provided in the application. He also noted that the current debt service (\$1.3M/year) is highlighted in yellow at the bottom of the budget projections. The building of the office space is \$292,000 but, by the end of four years, LAAA will be at one million dollars. That is the money that they are using for the fit out. Mr. Longfellow asked if the lease and the fit-out are combined. Mr. Panchisin stated that lease and fit-out costs are combined.

Mr. Longfellow noted that on page 39, there is a reference to "early child care development" and asked if it is a pre-paid program, covered by tuition. Ms. Lopez Waite stated that it is an employee benefit program that provides on-site childcare for the children of LAAA employees only. She added that the tuition covers all costs of operating the program.

Ms. Green inquired about the evaluations of administrators and noted that the DDOE does not have a record that the administrator evaluations were completed. Ms. Lopez Waite stated that she submitted a certification form regarding administrator evaluations to the DDOE annually. She added that LAAA's board president, Ms. Puig, can confirm this.

Ms. Green asked the school if the high school grades would be rolled out one grade level at a time or all at once. Ms. Lopez Waite stated that the expansion would be rolled out one grade level at a time. She added that the 7th and 8th grades would initially be placed at the second campus.

Mr. Taylor asked how LAAA's bus transportation program was going now that it has full-time bus drivers. Mr. Panchisin said they have been running at 99% on time rate for arrivals and dismissal since switching transportation providers (to Sutton Bus Company). LAAA recruits and retains drivers by offering them part-time employment within the school, such as in facilities and the cafeteria, for 20-29 hours per week. According to Mr. Panchisin, this has been a great retention tool. Ms. Lopez Waite stated that the program has had a positive impact on behavior, developing relationships between the bus drivers and the students during the school day and that continues on the bus.

Ms. Pitts commended the school on its willingness to expand. She then asked if the 7th grade students will be located in the high school building and whether they would move back to the current building once expansion is completed through the 12th grade. Ms. Lopez Waite stated there is a possibility that, as the high school evolves, the 7th grade students would return to the current campus. LAAA would monitor the culture of the school and ensure that high school students are getting an authentic high school experience. The current proposed configuration is advantageous for the school, financially, and is the best way for LAAA to build culture in the high school. Ms. Pitts asked if attending LAAA's elementary and middle school program would be a prerequisite for attending the high school. Ms. Lopez Waite explained that current LAAA students would receive preference; however, LAAA anticipates open spots and its lottery would fill those.

Ms. Pitts asked the school's representatives to discuss any partners that they have worked with to explore expansion. Ms. Lopez Waite explained that they attempted to develop partnerships with other schools and districts to create a high school bi-literacy pathway. They exhausted all possibilities and found that expanding their current school into a high school would be most effective.

Dr. Noble stated that she had concerns about enrollment. She stated that, historically, the 8th grade has enrolled 45 students. She asked why the 8th grade has not been filled given that LAAA has a waiting list of over 900 students. Ms. Lopez Waite answered that LAAA had uneven enrollment due to ongoing construction that was limiting the capacity at certain grade levels. This created "bubbles" at those grade levels. The result was that LAAA had four classes of students in some grade levels, and deficits in others, where it had only two classes. Its entire building is now renovated and it has applied for a minor modification to level enrollment across all grade levels. Dr. Noble cited a survey stating that 86% of students would attend LAAA in high school if given the option. That would yield 39 students in the 9th grade, which is well below the projections of 125. Dr. Noble noted that enrollment would be quite low for several years. She asked how the school planned to meet enrollment projections given the low base numbers and the large number of options available for high school students in New Castle County. Ms. Lopez Waite responded that LAAA's currently pending minor modification would raise the number of 8th grade students to 100, raising LAAA's base number. The school understands that it would not retain 100% of its students into high school as some students would want another experience. LAAA would fill any remaining openings with its waiting list and it is confident that it will continue that growth into a high school.

Dr. Noble stressed that LAAA's enrollment would determine its funding and drive its budget. Mr. Panchisin suggested looking at the enrollment breakdown on page 41, showing that LAAA plans to have 100 8th grade students next year and that its retention rate is typically 90%. Ms. Lopez Waite stated that the 7th, 8th, 9th grade students would be located on the second campus, so the current campus would be open for an increased capacity for K-6 students. Dr. Noble asked about the financial capacity to create a new high school. Ms. Lopez Waite stated this was a different financial picture due to the fact that LAAA would be leasing its property as opposed to borrowing money. Dr. Noble re-stated that she was concerned about recruitment, and that, even though LAAA has a high enrollment, it is not enough to meet its goals. She referenced recent renewing schools that applied to reduce enrollment and reiterated that this brought about a different type of pressure. Ms. Lopez Waite described LAAA's enrollment lottery held on the past Saturday. She explained that LAAA had over 100 6th grade applications, 80 7th grade applications and over 50 8th grade applications. Dr. Noble again explained that high school students have many choices and options and that recruitment would be a challenge.

Mr. Taylor asked if LAAA's lottery each year was larger than its enrollment capacity. Ms. Lopez Waite explained that kindergarten was always the largest and that on January 26, 2019, LAAA had over 300 applications for kindergarten. After kindergarten, the largest number of applications were for 6th grade. She stated that applications in 7th and 8th grades were typically

larger than capacity. She stated that her school is more difficult for students to enter at the older grades given the unique nature of the school and that she is open with parents about that. Students need a strong desire to learn another language. Due to this forthrightness, the number of applications that LAAA receives for the higher grades is not as abundant as those in the lower grades.

Mr. Taylor asked if LAAA plans to offer sports. Ms. Lopez Waite explained that LAAA wanted to give students the full high school experience, such as sports, performing arts, etc. She discussed the challenges that would face a dual-language high school. Bringing students in who did not begin in the elementary grades would present a challenge. The school would have two high school pathways. One would not be a bi-literacy pathway, but students would have the opportunity to study Spanish or Chinese.

Mr. Travers asked if any student that enters LAAA after the 8th grade would have the opportunity to take part in the bi-literacy pathway. Ms. Lopez Waite explained that students would have a choice. The bi-literacy pathway, for instance, may be particularly attractive to incoming English Language Learners, or students who already know how to speak Spanish and may want to learn Chinese. Ms. Lopez Waite explained that there are no other high schools in the area that offer a pathway to bi-literacy. She explained that students would also receive a separate certificate with their high school diploma for multi-literacy. They would be pioneers in bi-literacy education. Students that leave the school currently (after 8th grade) have no option to continue in a pathway to bi-literacy.

Mr. Longfellow asked the team to explain the other pathways that would be offered. Ms. Whyte explained that LAAA purposefully chose pathways in which the use of a second language would be particularly beneficial. The pathways would be Public and Community Health, Math, Finance and Entrepreneurship, Global and International Studies, and an academy for K-12 education because LAAA wants to build their own teacher pool. Mr. Longfellow followed up to ask if the school would receive Career and Technical Education money. Mr. Panchisin answered that it would. Mr. Longfellow asked for that to be reflected in the budget projections.

Ms. Neugebauer asked if LAAA planned to expand its special education administrative team due to their projection of 117 special education students in grades 4 through 12. The concern is that this may be too large a caseload and that the special education team would be stretched too thin. Ms. Lopez Waite explained that LAAA uses an inclusion model and that there is a special education teacher assigned to every classroom. Kristen Egan would continue to oversee the special education population. LAAA would provide supports in the high school based on its population. She added that the school has been proactive in providing services, regardless of funding classification. Ms. Lopez Waite explained that the addition of the high school may provide an opportunity to hire a full time school psychologist as opposed to contracting with one.

Ms. Hansen asked about the opportunities students would have once they complete AP Spanish in 8th grade, such as dual enrollment opportunities or partnerships with higher education. Ms. Panchisin explained that students would take the AP Spanish Course in 9th grade and then have

the opportunity to take the Spanish Literature course in the next grade. She explained that LAAA has talked to two institutions of higher education about dual enrollment. In addition, LAAA is exploring the possibilities of students picking up a third language. Ms. Hansen asked if students who have taken a language from kindergarten through 8th grade would have the opportunity to use that to obtain college credits. Ms. Lopez Waite explained that many of LAAA's students have taken AAPPL Exam. She explained that 80% of 8th grade students have gone into high school with at least one foreign language credit and that half of those have received two credits. LAAA would continue to honor these credits within their own high school.

Ms. Janiszewski commended the school for setting a goal to allow students to receive the multi-literacy certificate upon graduation. On the academic performance framework, the school has received a rating of Approaching Expectations for the last several years. Ms. Janiszewski asked what the school was doing currently to improve academic performance and how that would translate to improvement at the high school level.

Ms. Lopez Waite detailed that LAAA has been looking at success in different ways, as opposed to basing it solely on proficiency. LAAA studies disaggregated groups, such as ELL, Special Education and others. For instance, English Language Learners have met their growth targets in Math and ELA 53% of the time. This, however, translates to proficiency levels of 14% and 19%, respectively. Last spring, in each sub-category, over 50% of students met growth targets. Ms. Lopez Waite feels that this is more of a representation of the school academically and its ability to meet students where they are and improve them. LAAA has accomplished this using its inclusion model, instruction and curriculum program, RTI and enrichment programs, and after-school program. Math has been a struggle for LAAA, so it has hired a math supervisor to assess the curriculum and coach teachers in math instruction. LAAA also has an academic excellence committee that assesses LAAA's academic programs to ensure that it is headed in the right direction.

Ms. Pitts discussed options for high school students in the area. A majority of students come from Christina School District which is a low performing school district. There is a great need for a choice of high schools in this area and she feels that a LAAA high school would be a great alternative for students in the area. She stated that a majority of the students that she works with live in this area and that there is not a perception to those students that there is a great number of choices for high school. She commended the school and feels that it will be high performing school just as the K-8 program has been.

Mr. Moore reminded LAAA to record its December fire drill in the ERIP system. Mr. Moore stated that he would like to see room numbers on LAAA's facilities map and that he is willing to assist. Mr. Panchisin stated that LAAA is working with someone to obtain a high resolution school map.

Mr. Longfellow asked the school to explain the process for obtaining its staff projections. Mr. Longfellow asked that LAAA provide documents that show how it came to the numbers of teachers and their salaries.

Mr. Longfellow discussed LAAA's revenues and expenditures. He stated that it did not appear that LAAA would carry over enough revenue to cover its prior year salaries (salaries that are paid out to staff during the summer months, equal to four pay periods). In no year, in the projected budget, would it meet this obligation.

Mr. Panchisin said that his budget did not include revenue increases or grants in the budget. He explained that the school always covers its carry over.

Mr. Longfellow explained that LAAA is supposed to carry over enough to meet that obligation by July 1st. He explained that the space that LAAA would occupy is still unknown and enrollment is a concern. Mr. Longfellow asked the school to include any evidence, such as grants and partnerships, to show that it could meet that carryover obligation. He stated that LAAA needed to be much closer to meeting the carryover obligation. Mr. Taylor concurred that this obligation was a financial responsibility that the school needed to meet.

Ms. Lopez Waite stated that past performance should be considered and LAAA has been a good steward of its finances in the past, including answering to the stringent requirements of investors that have invested millions of dollars into the school based on its financial history. Ms. Lopez Waite stated that the forecast tool is obviously flawed and this has never been an issue. If this were an issue, LAAA would not have had been able to secure 100 million dollars' worth of bonds. Ms. Lopez Waite explained that there are no other high schools in the area that offers a pathway to bi-literacy. She explained that when LAAA went out to get a \$22 million bond, it was offered \$100 million very quickly and were able to get it at a lower rate than other charter schools. She reiterated that she felt that the projections were flawed.

Mr. Longfellow asked if the school made a conscious decision to use operating funds (1.1 million dollars) to renovate the current building as opposed to borrowing the money, given that it was planning to add a high school. He stated that the school would be in a better position, financially, if it had not done that.

Mr. Panchisin requested that Mr. Longfellow visit the building. The challenge, he explained, is to meet necessary expansion without capital funding. He stated that LAAA has grants and partnerships that have helped them create a wonderful learning environment. These grants and partnerships are not reflected in the budget projections as they are not guaranteed funds.

Mr. Longfellow reminded LAAA that there is grant money available from the Charter School Office. He asked if the school could still add a 9th grade in 2021 if they were approved next year as opposed to this year. This would allow them more time to address any financial concerns. Ms. Lopez Waite explained that, yes, LAAA could still meet its opening target date. She reiterated that its budget is conservative as it does not include other funding sources. She stated that LAAA is explaining to potential landlords that it is not attempting to acquire financing and that the landlord would need to invest in the school.

Mr. Taylor explained that LAAA has always been financially sound. He stated that the CSAC needs to see an actual projection and estimate from year to year. Mr. Taylor stated that the lack of capital funding means that charter schools must be more efficient and that LAAA has been.

Mr. Moore suggested that the school provide two or three potential sites with estimated fit-out costs. Mr. Panchisin explained that, for every phase of construction that it has completed, it has done so with less than 3% change order rate. He explained that LAAA does not have the operating budget that can support this construction; therefore, LAAA is looking for a landowner to make an investment with the potential to receive a 10% return on investment from the school.

Dr. Noble mentioned that the total margin for the school has been far below standard for the last two years, meaning that the school is living beyond its means. This leads her to question its capacity to take on another new school. Mr. Panchisin explained that they took on \$21 million in debt for the renovations to its current building. Ms. Lopez Waite explained that these measures (total margin and debt-to-asset ratio) do not support the reality of ratios in the charter school world. She stated that the ratio is flawed and that any time a school invests in their building, it reflects negatively in those measures. Mr. Panchisin added that the school has met standards, overall, in the financial framework every year since it has been in existence. Mr. Taylor added that this happened at his former school, as well. If a charter school pays cash for improvements, it reflects negatively on its total margin and debt-to-asset categories. However, if the school incurred debt for the same project, it would pay more in interest, but it would reflect favorably in those categories, reiterating the flawed nature of the ratings. Mr. Moore explained that changes in the reporting laws affected this and that the school addressed that issue. Ms. Massett explained that this has been an ongoing, known problem. Another charter school paid for a portion of a project with cash, to receive a better interest rate, and this had a negative effect on its financial framework. The compromise to this is that the school is able to comment on this in its financial framework. Ms. Pitts reiterated that LAAA's past history of sound financial stewardship cannot be ignored and that it seems to be more of an issue of a flawed rating system than poor financial management. Ms. Pitts stated that the meeting gave the school the opportunity to paint a better financial picture than the frameworks.

Ms. Massett shared that LAAA had been promised federal money in the past that was not given to it. LAAA was able to quickly adjust due to its great financial stewardship. She also added that Delaware Code states that a school district must make unused buildings and spaces available to charter schools. She believes that there are unused or underutilized buildings within 15 miles of LAAA and that charter schools should have access to the empty buildings.

Mr. Longfellow inquired about the intent of expanding within 15 miles of the current building. Ms. Lopez Waite explained that LAAA wants to be as close as possible to its current building.

Conclusion

The criteria for approving a modification to a charter are set forth in 14 *Del. C.* § 512. The criteria include that the charter school's educational objectives are consistent with the legislative intent

of and restrictions set forth in Title 14, Chapter 5 of the Delaware Code; the charter school's educational program has the potential to improve student performance; the plan for the charter school is economically viable; the charter school's financial and administrative operations meet or exceed the same standards, procedures, and requirements as a school district; and the charter school's procedures to assure students', employees', and guests' health and safety are adequate.

Mr. Longfellow asked the individual voting members of CSAC to specifically identify any follow-up clarifying information or documentation that they feel is necessary to properly evaluate the Major Modification application.

CSAC requested that LAAA provide the following information to the Charter School Office on or before February 19, 2019:

1. A legible copy of Appendix D (enrollment)
2. A list of personnel that will be added, in each year of the proposal.
3. A budget showing adequate carryover to cover payroll for four pay periods.
4. For any changes to the submitted budget, please provide documentation or evidence supporting the changes.
5. The vertical articulation and how it is going to transition from middle school into high school.
6. Social Studies: An amended proposed social studies curriculum setting forth how it complies with the Delaware recommended high school social studies standards and submit one unit for 9th grade Social Studies.
7. Science: An amended proposed science curriculum setting forth how it complies with the Delaware recommended high school science standards and submit one unit for 9th grade Science.
8. Art: A plan for how the school intends to expand arts program into the high school.
9. Break out of the facility plan, include possible sites and fit-out costs.
10. Documentation that the school has complied with the requirements for administrator evaluations.
11. An improvement plan to increase enrollment for the high school.

In addition, in accordance with 14 *Del. C.* § 511(k), LAAA has until February 19, 2019 to submit any written comments on this report to the Charter School Office.