



**Early College High School @
Delaware State University
Minor Modification
February 3, 2017**

**DELAWARE DEPARTMENT OF EDUCATION
APPLICATION TO MODIFY AN APPROVED
CHARTER
2016-17**

DE Department of Education
Charter School Office
401 Federal Street, Suite 2
Dover, DE 19901
Phone: (302) 735-4020
Fax: (302) 739-4483

Table of Contents

Letter..... Page3
 Section A Core Questions.....
 Section F Questions.....

IV. CHARTER SCHOOL MODIFICATION APPLICATION QUESTIONS

There are core questions that must be answered by the applicant, regardless of whether the modification is considered a minor or major modification. Additional questions are determined by the specific nature of the request, for example expansion or reduction by more than 15%, change of name, change of location, etc. Please provide clear, complete, and accurate information in response to each question.

Please indicate the type(s) of modification(s) you are requesting by checking all applicable boxes below:

Table 2

Minor Modification (Section A Only)		Major Modification (Section A <u>AND</u> additional questions identified below)	
	Enrollment change (increase or decrease) between 5 and 15%		Performance Agreement Section A only
X	Change agreement with EMO/CMO		Enrollment change (increase or decrease) of greater than 15% Section B
	Start date (one-time) delay		Grade configuration (adding grade levels or reducing grade levels) Section C
	Name of charter school		Educational Program (i.e. curriculum) Section D
	Existing or planned school facilities or structures (including any plan to use temporary or modular structures)		Mission (includes At-Risk designation) Section E
	Change in terms to current site facility arrangement (i.e. lease to purchase)		Replace, remove, or add EMO/CMO, or transfer of authorizer Section F
	Educator Evaluation Process		Enrollment preferences Section G
	Other		Location change Section H
			Goals for student performance Section I

Early College High School @ Delaware State *dream BIG dreams* University

January 3, 2017

Delaware Charter School Office
John Carwell
Delaware Department of Education
401 Federal Street
Dover, DE 19901-3639

Dear Mr. Carwell:

Attached you will find an application for Minor Modification to the charter of the Early College High School@ Delaware State University. We are seeking to make this modification to reflect a change in the agreement with our charter management organization (CMO), Innovative Schools in the areas of Payroll, Human Resources, and Finances. We feel that these areas would be better suited for ECHS working with other independent consultants to do the work.

As you review the application, please do not hesitate in contacting me with any questions or concerns.

Sincerely,



Evelyn Edney, E.D.
Principal
School Leader, Early College High School

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Section A Core Questions:

1. What modification does the school's Board of Directors want to make to the term(s) of the charter? Identify the page number(s) on which the term(s) is/are stated in the currently approved charter. If the term(s) of the charter the school wants to modify is/are conditions placed on the charter by the Secretary of Education and members of the State Board of Education, state the condition(s) and the date(s) on which the condition(s) was/were placed on the school's charter.

The Board of Directors of the Early College High School (ECHS) is requesting to change the agreement with the current Charter Management Organization (CMO), Innovative Schools. Pages 4, 6, 56, 64-86, 95-100 of the ECHS Charter application outline the terms of the contract with the CMO. ECHS is looking to modify the relationship with the CMO in the areas of finance, payroll, human resources, and strictly make use of the academic and executive services.

2. What is the effective date of the proposed modification?

The effective date of this modification is retroactive to November 10, 2017.

3. The authorizer will review your most recent Performance Review Reports as part of your application. Discuss the school's academic performance, compliance with the terms of its charter, and financial viability as measured by the Performance Framework.

The 2015-16 Performance Framework for ECHS yielded the following ratings:

Financial Framework:

1. *Near-Term Indicators*
 - a. *Current Ratio: Falls Far Below*
 - b. *Unrestricted Days Cash: Does Not Meet*
 - c. *Enrollment Variance: Does Not Meet*
 - d. *Default: Meets*
2. *Sustainability Indicators*
 - a. *Total Margin: Not Rated*
 - b. *Debt to Asset Ratio: Falls Far Below*
 - c. *Cash Flow: Not Rated*

- d. *Debt Service Coverage Ratio: Not Rated*
- 3. *Financial Management and Oversight*
 - a. *Financial Reporting and Compliance Requirements*

Organizational Framework

- 1. *Education Program: Meets*
- 2. *Governance and Reporting: Meets*
- 3. *Students and Staff: Meets*
- 4. *Facilities, Transportation, Health, and Safety: Meets*

- 4. Describe the rationale for the request(s). Discuss any relevant research base or evidence that supports this type of request. (*Attachments may be provided*)

The request for the minor modification will allow ECHS to hire personnel in the targeted areas of payroll, human resources, and financial management in order to decrease the costs paid to the CMO. In addition, ECHS seeks to maximize better financial management in order to meet all Performance Framework indicators.

- 5. Describe how the proposed modification will impact the operation of the school. Include how student achievement, staffing, facilities, and financial viability of the school may be impacted in the current school year and for the remainder of the school’s charter term.

School Operations will be impacted positively with ECHS achieving financial solvency through improved financial management, which in turn will impact the overall operations of the school. ECHS will continue to work with Innovative Schools in the areas of academic services and executive services on an hourly, as needed basis.

- 6. Indicate the projected impact, if any, of the proposed modification on the school’s present financial position, and its financial position going forward. If the modification promises to create financial challenges, indicate how those will be remedied.

The most recent contract with Innovative Schools as a CMO had the following costs for the services:

<i>Operations Manager</i>	<i>\$68,000</i>
<i>Financial Services</i>	<i>\$29,215</i>
<i>Academic Services</i>	<i>\$35,635</i>
<i>Operational Services</i>	<i>\$24,780</i>
<i>Executive Services</i>	<i>\$20,085</i>
<i>Total</i>	<i>\$177,715</i>

With the proposed modification, the following areas will be changed:

<i>Operations Manager</i>	<i>\$68,000</i>	<i>The IS Operations manager will become an ECHS employee and cause not any change in finances</i>
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<i>HR/Payroll Services</i>	<i>\$13,850</i>	<i>The HR and Payroll services will be outsourced for Positive Outcomes Charter School</i>
<i>Financial Services</i>	<i>\$15,500</i>	<i>The Financial services will be outsourced to Neeley and Spence</i>
<i>Academic Services</i>	<i>\$35,635</i>	<i>These services will remain with IS.</i>
<i>Operational Services</i>	<i>\$0</i>	<i>These services will be absorbed by existing ECHS employees.</i>
<i>Executive Services</i>	<i>\$20,085</i>	<i>These services will remain with IS.</i>
<i>Total</i>	<i>\$153,070</i>	

By moving from using Innovative Schools, there will be a cost savings of \$24,645 to ECHS and there will be an overall benefit to operations.

Section F Questions:

1. If you are seeking to transfer from your current authorizer to another, detail the rationale and identify the projected benefits to the school and its students. Identify any prospective challenges and indicate your plans for remediation.

Not applicable

2. Detail the reason(s) for seeking to add, replace or remove an EMO/CMO Identify any prospective challenges and indicate your plans for remediation. Include the projected benefits. (Note: Pursuant to 14 DE Admin. Code § 275.9.4.3, an application to replace, remove or permit the school to operate without an educational management organization providing administrative, managerial or instructional staff or services to the charter holder at any time before the First Instructional Day is considered an application for a new charter and shall not be processed or considered as a modification application.)

In order to positively affect the Financial Performance Framework, ECHS believes that changing the financial, HR, and Payroll duties to other entities and removed from the CMO will be more beneficial to the operating budget and moving toward financial solvency.

3. If the proposed modification will entail costs that the school is not currently carrying, please identify them and present financial information indicating that such costs are viable and how the school will address them.

The proposed modification will entail less costs than using the CMO (as outlined in Section A, Question 6)

4. If the school seeks to add or replace an EMO/CMO, please present evidence that its program is sound, and that affiliation with that organization is likely to improve academic performance for students. If the EMO/CMO works or has worked with other schools within or outside the state, provide evidence of its record of such performance. (Note: Pursuant to 14 DE Admin. Code § 275.9.4.3, an application to replace, remove or permit the school to operate without an educational management organization providing

administrative, managerial or instructional staff or services to the charter holder at any time before the First Instructional Day is considered an application for a new charter and shall not be processed or considered as a modification application.)

ECHS is just seeking to modify the current contract with the CMO and not seeking to replace it.