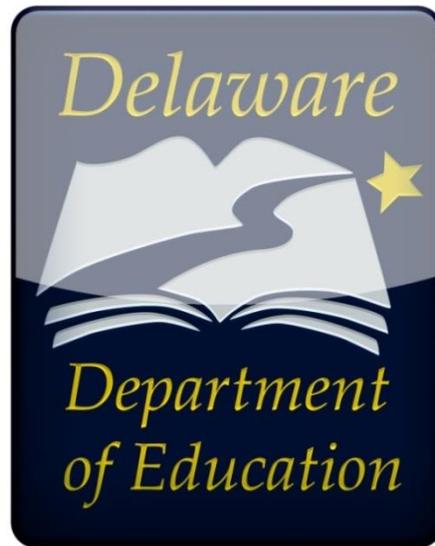


CHARTER SCHOOL ACCOUNTABILITY COMMITTEE

DELAWARE DEPARTMENT OF EDUCATION



Odyssey Charter School

MINOR MODIFICATION APPLICATION INITIAL REPORT

CSAC Initial Meeting: January 26, 2016
CSAC Initial Report Published: January 29, 2016

On December 29, 2015, Odyssey Charter School submitted an application for a minor modification of its charter. The Secretary referred the application to the Charter School Accountability Committee for review.

The following were in attendance at the Initial Meeting of the CSAC on January 26, 2016:

Voting Committee Members of the Charter School Accountability Committee

- David Blowman, Chairperson of the Charter School Accountability Committee and Associate Secretary, Financial Management and Operations, DDOE
- Karen Field Rogers, Deputy Secretary, DDOE
- April McCrae, Education Associate, Science Assessment and STEM, DDOE
- Barbara Mazza, Education Associate, Exceptional Children Resources, DDOE
- Chuck Taylor, Head of School, Providence Creek Academy

Non-voting 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 (Non-voting)

- Catherine Hickey, Deputy Attorney General, Counsel to the Committee
- Jennifer Nagourney, Executive Director, Charter School Office, DDOE
- John Carwell, Education Associate, Charter School Office, DDOE
- Michelle Whalen, Education Associate, Charter School Office, DDOE
- Barbara Clendaniel, Acting Executive Assistant, Charter School Office, DDOE
- Brook Hughes, Education Associate, Financial Reform and Resource Management

Representatives of Odyssey Charter School

- George Chambers, Board President
- Nick T. Manolakos, Ed.D., Headmaster
- Denise Parks, Supervisor of Schools and Instruction
- Riccardo Stoeckicht, Chief Operating Officer, Innovative Schools
- Karen Thorpe, Financial Services, Innovative Schools

Additional Attendees

- Casey Guerke, Innovative Schools

Discussion

The following was discussed:

- A summary of the request – Odyssey Charter School (“Odyssey”) has requested a minor modification to increase its currently approved enrollment by 14.92%. Five years ago Odyssey embarked on a process to consolidate all grades on one campus. The board was eventually able to purchase a portion of the Barley Mill Plaza complex. Odyssey now has the space to serve students at one location but the school is not yet fully enrolled. Odyssey is approved to serve 1,716 students in grades K-12 but currently serves 1,286 students in grades K-9. Prior to the expansion, Odyssey was able to build cash reserves of \$1 – 1.5M. Two years ago, a portion of the reserves was used for the expansion. Odyssey’s bondholder has some influence on the school’s ability to incur any new debt. Essentially, the bondholder was not comfortable with the school incurring any new debt to build out the new facility to serve grades 9-12. A board working group looked at various scenarios and determined that it is more expensive to operate a K-8 school versus a K-9 school. It would require discipline and creativity to grow the school without incurring additional debt.
- What is the rationale for projected decreases in enrollment in grades 7-9 – The projections are based on available instructional space and logical entry points for students. It is more difficult to backfill at higher grades.
- Projected launch of 10th grade – Odyssey currently serves grades K-8. Next year, the school will serve grades K-9 and add grade 10 in 2017-18.
- Plan for acclimating older students who start Odyssey in grades 3-6 – Historically, students have acclimated much easier in grades K-6 than grades 7 and 8. Also, there is a range of student performance in the higher grades, with some students excelling in Greek language acquisition and others who are consistently challenged. Nevertheless, systems have been established to assist students so that they are successful in math. Starting in 5th grade, Odyssey provides courses in “Beginning Greek” and “Beginning Greek Math” which are designed for new students. New students and struggling students in lower grades also have the opportunity to take remedial or “Beginner Greek” course. Additionally, as Odyssey has expanded, it has adopted the “Breaking Ranks” model that is endorsed by the National Association of Secondary School Principals. The model organizes the school’s dual-language program around three key areas: 1. Personalizing the school environment; 2. Delivery of instruction; and 3. Curriculum.
- Current waiting lists – 1,677 students total. Of that number, there are currently 504 students on the kindergarten waiting list. There is some attrition from grades 5 to 6.
- What steps are being taken to address the failing ratings and trends on Odyssey’s Financial Performance Framework – The school realized that they had under-budgeted for certain areas (e.g. benefits). Additionally, financial processes and procedures were not sophisticated enough to identify timely changes to budget projections. As a result, the school contracted Innovative Schools to create a new budget baseline and implement better processes and procedures to inform the board’s financial oversight. Innovative

Schools first became involved with the transition of Odyssey's former business staff. Since that time, Innovative Schools reports to Odyssey's bondholders on a monthly basis and developed improved financial reports for the board which has enabled them to see financial trends and provide better financial oversight. Innovative Schools also helped establish a board working group to explore revenue enhancement opportunities and current operating expenses to support the mission of the school. As a result of tighter management processes, cash balances have increased in the current fiscal year from \$600K to \$900K which should positively impact measures on Odyssey's next Financial Performance Framework report. The working group identified significant cost savings as well as revenue enhancements.

- The CSAC noted that Odyssey previously employed a business manager but now has Innovative Schools. Is the long-term plan to stay with Innovative Schools – The board plans to work with Innovative Schools at least through next year. It is likely that the board will explore a full-time business manager at some point. Innovative Schools will help build the capacity of the school in the interim.
- What happens if the school does not meet the bondholders expectations/covenants or receives failing ratings on the next Financial Performance Framework – The bondholders could appoint a representative to influence Odyssey's operations. Additionally, they are looking for a debt service coverage ratio of 1.10 which is the same target used by the Department. Cash on hand is another measure the investors look at.
- The CSAC cautioned the school to be aware of significant new costs associated with serving high school grades that are not necessary at the middle school level – The school's plans for the high school grades have included considerations for staffing models, curriculum, Advanced Placements Courses, Career and Technical Education (CTE) programs of study, driver's education, etc.
- Will the increased class sizes in the elementary grades have an impact on the scheduling of specials (e.g. music, art) – The "Breaking Ranks" model has helped the school plan for these changes.

Conclusion:

Mr. Blowman asked the CSAC whether there were outstanding areas of concern or whether additional information was needed to inform its decision-making. No areas of concern were stated and no additional information was requested.

Next Steps:

- The CSAC Initial Report will be issued no later than January 29, 2016.
- The first of two public hearings will take place on February 1, 2016, 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 February 16, 2016.
- The Final CSAC Meeting will be held on February 23, 2016, in the 2nd Floor Cabinet Room of the Townsend Building, which is located at 401 Federal St., Dover, Delaware, beginning at 9:00 a.m.
- A Final CSAC Report will be issued no later than March 1, 2016, and will include the CSAC's recommendation on the application.
- A second and final public hearing will take place on March 7, 2016, 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 Secretary of Education is expected to announce his decision by March 10.