

**APPROVED MEETING MINUTES
PUBLIC CHARTER SCHOOL COMMISSION MEETING
THURSDAY, JANUARY 13, 2011
700 W. State Street, Boise, Idaho
JRW West Conference Room**

A regular meeting of the Idaho Public Charter School Commission was held Thursday, January 13, 2011, at 700 W. State Street, Boise, ID, JRW West Conference Room. Chairman William Goesling presided.

The following members were in attendance:

Brad Corkill	Gayann DeMordaunt	Nick Hallett
Gayle O'Donahue	Alan Reed (via telephone)	Esther Van Wart (via telephone)

Chairman Goesling opened the Meeting at 9:00 a.m.

1. Commission Work

Agenda Approval

M/S (DeMordaunt/Corkill): To approve the agenda. *The motion passed unanimously.*

Rolling Calendar

COMMISSION ACTION

The PCSC has approved March 10, 2011, and May 5, 2011, as the dates and Boise, Idaho as the location for its regularly scheduled meetings to follow the January 2011 meeting.

Commissioner Hallett will be unable to attend the March 10 meeting. Commissioner DeMordaunt pointed out that June 30 is close to the 4th of July and it could be difficult for schools to attend due to the holiday. Commissioner Hallett is unable to attend on June 23.

M/S (Van Wart/Corkill): To approve June 28, 2011, as the date and Boise, Idaho as the location for the following regularly scheduled PCSC meeting. *The motion passed unanimously.*

Minutes Approval

M/S (Corkill/DeMordaunt): To approve the meeting minutes from March 4, 2010; March 18, 2010; and November 18, 2010. *The motion passed unanimously.*

2. Rolling Hills Public Charter School Fiscal Status Update

John Montgomery, Administrator; Niki Crow, Clerk; and Leann Gilberg, Treasurer, attended representing RHPCS.

Mr. Montgomery provided an update regarding RHPCS's fiscal status, including enrollment, the recent Albertson's gift of \$100,000, board actions planned for upcoming months, and counsel sought from the SDE.

Commissioner Hallett asked whether the FY11 budget ending with a \$60,000 deficit includes the Albertson's gift.

Ms. Crow indicated the \$100,000 Albertson's gift is included. She said enrollment was around 265-270 at the beginning of the year, dropped to a low of 262, and has returned to 270.

Mr. Montgomery said teacher's contracts were restructured last year at a 15% decrease.

Commissioner Hallett asked about segregation of duties and internal controls mentioned in the meeting materials. He asked whether RHPCS has met with an auditor to structure a plan and implemented that plan based on auditing requirements.

Mr. Montgomery reported a meeting with the auditor has not been held, but that does need to be done. He also noted that RHPCS will likely need to increase class sizes to remain viable.

Commissioner O'Donahue commended RHPCS for taking responsibility for its financial situation but noted that the issue was years in the making and should have been dealt with more decisively sooner.

Mr. Montgomery indicated there is a re-education process that is problematic for students that haven't come up through the Harbor method. Keeping middle school full has been problematic. Next year, teacher's salaries will again be reviewed relative to each teacher's experience and education.

Commissioner Corkill appreciated the forthright presentation and asked RHPCS to provide more specifics regarding the plans to become solvent by the end of the year.

Mr. Montgomery said there is a drop dead date at the end of March and one of the considerations is closing the school. A marketing/branding expert and a new board member will share their experience with large scale fundraising. The PFA is slated to raise \$60,000. The goal is to raise a total of \$80,000 by the end of March. The future of the school needs to be determined before summer.

Commissioner DeMordaunt said the reality is that, looking at the numbers, there is a possibility that the deficit may be greater than \$60,000.

Mr. Montgomery said the goal is to raise \$80,000 and feels this figure will end the year with a zero balance.

Commissioner DeMordaunt asked what is being done to recruit students during the semester break.

Mr. Montgomery said other schools are not open to sharing waiting lists, and families rarely change schools mid-year. The focus is getting through this year using contributions, then increasing enrollment for next year.

Commissioner DeMordaunt said legislation was passed last session, making tax credits more favorable.

Mr. Montgomery confirmed RHPCS is aware of the legislation and it is included in the marketing plan.

Commissioner Van Wart expressed concern regarding RHPCS's unpaid debts to two former board members.

Ms. Crow said the loans were made to RHPCS during facility construction. The lending bank, U.S. Bank, stipulated that RHPCS could not make any payments to the personal loans until the bank loan reserve was met. This stipulation has not been met and, therefore, no payments have been made to date.

Chairman Goesling asked how much of a reserve is being requested by U.S. Bank, and how much RHPCS currently has in reserve.

Ms. Crow reported that the reserve is set at \$100,000. There is no reserve at this time.

Ms. Gilbert said two certified letters were sent informing founders that the stipulation remained in place. One of the letters was signed for and then returned to the school.

Chairman Goesling pointed out there are two loans, one of \$50,000 and the other of \$32,426.

Mr. Montgomery has not personally spoken to U.S. Bank. The board chairman has been working with U.S. Bank regarding the reserve requirement for next year. If this is not addressed, RHPCS will be out of compliance with loan covenants. RHPCS has been placed in the Struggling Assets Group (SAG) by U.S. Bank.

Commissioner Van Wart said she is concerned that the parent letter soliciting donations was sent so late.

Ms. Gilbert believes that U.S. Bank will be willing to work with RHPCS on the reserve. RHPCS was constructed on leased land.

Commissioner DeMordaunt said the reserve stipulation not being required will affect the two loans with the founders. These two creditors, one who remains involved in the school and one who does not, need to be negotiated with and communicated to on the monthly basis just as RHPCS works with U.S. Bank monthly.

Commissioner Van Wart understands this debt cannot be paid right now, but the communication needs to be improved. There are grave concerns potentially affecting students, founders, and stakeholders. She inquired whether it is feasible for RHPCS to meet its obligations.

Commissioner Reed said it appears highly unlikely that RHPCS will be able to pull out of this financial situation. The PCSC's responsibility is to issue a notice of defect and see if RHPCS can return to fiscal soundness.

Commissioner Hallett does not feel a lack of revenue is the only problem. The budget seems to overestimate revenue and underestimate expenditures. The focus of additional revenue seems to be the only focus. Realistic budget estimates need to be made. He asked whether the programmatic operations audit has been submitted.

Ms. Baysinger said an audit was submitted, but it is missing a significant amount of information. The requirements have been communicated to the school.

Commissioner DeMordaunt asked if it is standard practice to issue a notice of defect when receiving an incomplete programmatic operations audit.

Ms. Baysinger said the deficiencies are greater than the PCSC has seen in other situations. The audit submitted included a very small amount of the required information.

M/S (DeMordaunt/Reed): To direct staff to issue to Rolling Hills Public Charter School a notice of defect on the grounds that the PCSC has reason to believe that the school has failed to demonstrate fiscal soundness as defined by I.C. 33-5209(2)(d).

Commissioner Corkill observed that Dr. Montgomery and staff are very aware of their situation. If fundraising is successful, steps need to be made to make sure

RHPCS does not reappear before the PCSC regarding fiscal soundness again next year.

Ms. Baysinger reviewed the process of a notice of defect as defined by I.C. 33-5209(2)(d).

Chairman Goesling encouraged RHPCS to be in close contact with PCSC staff regarding the school's fiscal status and corrective action plan.

The motion passed unanimously.

M/S (Hallett/Corkill): To direct staff to issue to Rolling Hills Public Charter School a notice of defect on the grounds of failure to submit required reports, specifically, a complete programmatic operations audit.

Commissioner DeMordaunt is reluctant to issue this notice due to the pressure RHPCS is under to resolve the fiscal soundness issues.

Chairman Goesling asked staff if there are other reports RHPCS is missing and what a complete programmatic operations audit includes.

Ms. Baysinger summarized the requirements and noted that the complete policy is available on the PCSC website.

Commissioner Hallett asked if we have issued a notice of defect to other charter schools for failure to complete a programmatic operations audit.

Ms. Baysinger said the PCSC has issued many NODs for failure to submit programmatic audits. None have been issued for incomplete audits, but the RHPCS document was so incomplete that it can scarcely be considered submitted.

Commissioner Reed is sympathetic toward not wanting to compound the problems, but this is a school management problem. He feels it is the PCSC's responsibility to issue this notice.

Commissioner DeMordaunt noted that community members have been very satisfied with the educational program at RHPCS. She feels the focus needs to be on fiscal soundness. However, if other schools have been issued a notice of defect for failure to submit programmatic audits, it may be appropriate in this case.

Commissioner O'Donahue feels RHPCS management has done a monumental amount of work taking over these issues from previous management.

Commissioner Reed does not want to discredit the school and his comments were strictly made from a business standpoint.

Commissioner Corkill said it is a matter of consistency in the issuance of notices of defect to all charter schools.

The motion passed 4-2, with Commissioners O'Donahue and DeMordaunt voting nay.

3. Garden City Community School Annual Update

Laurel York O'Dell, Chairman of the Board; Michelle Roth, Business Manager; and Cindy Hoovel, Administrator, attended representing GCCS.

Ms. Hoovel updated the PCSC regarding the status of the school. She noted that the school's name has recently changed to DaVinci Charter School, which better represents the focus on arts integration.

Ms. Baysinger noted the school completed the budget template using a reverse system, resulting in an inaccurate bottom line. Other materials correctly reflect the budget accurately and do not show a deficit.

Commissioner O'Donahue confirmed with Ms. Hoovel that the \$100,000 Albertson's gift will be put into reserve.

Commissioner O'Donahue commended GCCS for their community involvement and getting community members into the school.

Commissioner Hallett complimented GCCS for a fine report. He noted that having lofty student educational standards is commendable, but being realistic is important.

Commissioners Van Wart and Corkill congratulated GCCS on their presentation.

Commissioner DeMordaunt expressed concerns with attrition in the third grade.

Ms. Hoovel said GCCS previously had a Kindergarten that was not working and parents were removing students. The teacher was replaced. However, the remaining students from that Kindergarten class are now in third grade, and the problem has carried forward.

M/S (DeMordaunt/O'Donahue): To direct staff to issue to Garden City Community School a notice of defect on the grounds of failure to substantially meet any of the student educational standards in the approved charter.

Commissioner Hallett said it is difficult because the student education standards are set too high and he expects to see a charter amendment in the future.

The motion passed unanimously.

4. Falcon Ridge Public Charter School (FRPCS) Annual Update

Mark Green, Administrator; Earl Rice, Treasurer; Alice Heida, Clerk; and Bob Purbeck, Board Chairman, represented FRPCS.

The FRPCS representatives provided an update regarding the status of the school. Mr. Green noted that FRPCS has not yet moved forward with the construction of a building, as it would not be fiscally responsible to do so at this time. Measurable Student Educational Standards were set too high in the charter and will need to be revised before the standards can be met.

Commissioner Hallett encouraged FRPCS to take full advantage of the WIS tool for strategic and long-term planning.

Mr. Green said the school has struggled with enrollment for grades 7 and 8. There has been very little recruitment. FRPCS has focused on word of mouth. Facilities are a significant factor for older students.

M/S (DeMordaunt/Hallett): To direct staff to issue to Falcon Ridge Public Charter School a notice of defect on the grounds of failure to substantially meet any of the student educational standards in the approved charter.

Commissioner O'Donahue recognized the fact that the standards are set too high, and most of the achievement numbers are good.

The motion passed unanimously.

5. The Academy at Roosevelt Center Annual Update

Joel Lovestedt, Principal, represented The Academy.

Mr. Lovestedt provided an update regarding the status of the school. Although expansion into high school grades was approved by the PCSC last year, facility plans have fallen through and it is unlikely The Academy will proceed with the expansion next fall.

Chairman Goesling asked Commissioner DeMordaunt to serve as chair for this portion of the meeting in order to avoid the appearance of any conflict of interest. The Academy is receiving advice from D.A. Davidson, Chairman Goesling's

former employer. The division of D.A. Davidson with which The Academy is working is separate from which Chairman Goesling recently retired.

Commissioner O'Donahue congratulated the school on the strong enrollment and high average daily attendance. She inquired about typical reasons for attrition.

Mr. Lovestedt said most attrition has been for economic reasons. He said the \$100,000 Albertson's gift will be used to increase salaries previously cut, and \$80,000 will be put in the building fund.

Commissioner Corkill asked about the programmatic operations audit that is missing.

Mr. Lovestedt said an audit is scheduled in April. A corrective action plan for this item is already drafted.

Commissioner Hallett observed that measurable student education standards are not a part of The Academy's charter.

Chairperson DeMordaunt said it was an early charter and The Academy is one of a few schools that were approved without standards included in the charter.

Commissioner Van Wart asked what the timeline is for land purchasing, building, and opening the high school.

Mr. Lovestedt said The Academy has been very conservative. By June a contractor will be selected and land purchased. One year is allowed for construction, plus two or three months for moving into the new facility.

Commissioner Van Wart suggested The Academy contact the other charter school in Pocatello to discuss the challenges they faced during construction of their school.

Commissioners O'Donahue and Van Wart expressed appreciation for The Academy's conservative approach to construction and expansion, especially with regard to high school grades. They advised The Academy to proceed with great caution.

Chairperson DeMordaunt echoed concerns about expansion into high school and said she feels the numbers are not realistic.

M/S (Reed/Corkill): To direct staff to issue to The Academy at Roosevelt Center a notice of defect on the grounds of failure to submit required reports, specifically, the programmatic operations audit and goals attainment report. *The motion passed unanimously.*

6. **White Pine Charter School (WPCS) Academic Standards Update**

Terry Rothamer, Principal; and Anita Ogden, Business Manager, represented WPCS.

The WPCS representatives provided an update regarding progress toward meeting the school's academic standards. WPCS has hired teachers with extensive language arts training, formed a data gathering committee, and adopted a new reading program.

Commissioner DeMordaunt complimented WPCS on the scope of its efforts to address the deficiency.

Commissioner Corkill asked if WPCS met standards.

Mr. Rothamer said the standards regarding ISAT scores were met, but scores regarding IRI were not met.

Chairman Goesling clarified that MSES 3-5 were not met, as WPCS students did not exceed state averages by the percentages provided in the MSES. In the cases of MSES 4 and 5, WPCS scores were substantially lower than state averages.

WPCS has taken proactive steps and already prepared a corrective action plan.

M/S (O'Donahue/Hallett): To direct staff to issue to White Pine Charter School a notice of defect on the grounds of failure to substantially meet any of the student educational standards in the approved charter, specifically, MSES 3, 4, and 5. *The motion passed unanimously.*

COMMISSION DISCUSSION

Chairman Goesling asked how much leeway the PCSC has in issuing notices of defects regarding meeting measurable student educational standards.

Ms. Swartz reviewed the statutory language, noting the key is the word "substantially." Situations must be considered individually, as it is left to the PCSC's discretion whether a school has failed to "substantially" meet the standard.

Commissioner Hallett said Commissioners need to have some discretion, but also need to be consistent.

Commissioner Corkill feels either the school meets the standard or they don't and does not want the PCSC to show any favoritism.

Commissioner O'Donahue does recall a school that was .5% from meeting a standard and feels this is where the discretion of "substantially" comes in.

Chairman Goesling asked if there are other schools that do not have MSES within their charters.

Ms. Baysinger said there are a few older charters that do not include MSES. These schools have been encouraged to amend the charters and add standards, but whether they do so is their choice.

Commissioner Corkill asked if there is a mathematical standard in calculating the standards.

A committee comprised of Commissioners DeMordaunt, Hallett, and Corkill was formed to create an evaluation matrix and report back at a future meeting.

7. PCSC Discussion: Hybrid School Legislation

Ms. Baysinger said the SDE is interested in possibly proposing legislation clarifying that I.C. 33-1619 applies to charter Local Education Agencies (LEAs) as well as school districts. The SDE has requested the PCSC's opinion with regard to such legislation.

Michelle Clement Taylor noted that existing charter schools have expressed interested in providing a virtual or hybrid option.

All members of the PCSC expressed strong support for the concept of public charter schools offering hybrid programs.

Ms. Clement Taylor said one of the challenges with current virtual schools is providing special education services in the remote portions of the state.

Chairman Goesling suggested this is where collaboration comes in with brick and mortar schools providing special education services. He asked whether any hybrid charter schools exist in Idaho at this time.

Ms. Baysinger said Kootenai Bridge Academy is technically virtual, but offers many elements of a hybrid program.

M/S (DeMordaunt/Van Wart): To indicate that the Public Charter School Commission strongly endorses proposed State Department of Education legislation clarifying that charter LEAs may offer blended programs. *The motion passed unanimously.*

M/S (Van Wart/Reed): To adjourn the meeting. *The motion passed unanimously.*