

SUBJECT

2019 Legislative Update

APPLICABLE STATUTE, RULE, OR POLICY

N/A

BACKGROUND

During the 2019 legislative session, several bills that directly affect public charter schools passed and will come into effect July 1, 2019.

DISCUSSION

PCSC staff will provide an overview of new laws that are directly pertinent to public charter schools and the PCSC:

S1057aaH: Amends continuous improvement plan requirements to eliminate duplicative reporting for districts and public charter schools.

S1058 creates a new, charter school administrator certificate for individuals who have certain qualifications, but not a traditional administrator's certificate.

S1106aa allows for funding of CTE programs regardless of delivery method, including virtual. The bill was sent to Governor Little on April 2, 2019.

S1107 lifts the sunset on 2016 legislation that allowed districts and public charter schools to receive a portion of funding for students who enroll later in the school year.

S1180 provides a credit enhancement for public charter schools with a history of strong performance to assist with obtaining lower interest rates on bonds for new construction and renovation.

H91 creates opportunity for charter schools to be exempted from certain local government impact fees during construction.

H293 provides definitions necessary for the student based funding formula to provide clarity for an eventual, new funding formula bill. The Senate Education Committee sent H293 to the floor with a do pass recommendation on April 3, 2019. No complete funding formula overhaul succeeded during the 2019 session.

The state's K-12 budget increases general funding spending on public schools by 6.1%, including \$49.7million to pay for the fifth year of the career ladder.

IMPACT

Information item only.

STAFF COMMENTS AND RECOMMENDATIONS

Staff has no comments or recommendations.

COMMISSION ACTION

Any action would be at the discretion of the PCSC.

SUBJECT

Intervention Update: Blackfoot Charter Community Learning Center

APPLICABLE STATUTE, RULE, OR POLICY

I.C. §33-5209C(1)

I.C. §33-5210(2)

BACKGROUND

In autumn 2018, Blackfoot Charter Community Learning Center (BCCLC) board members contacted the PCSC regarding potentially problematic practices at BCCLC and Bingham Academy, with which BCCLC shares board members, staff, facilities, and services. PCSC staff investigated these concerns and identified poor internal controls and operational practices. Monitoring of the school board's progress toward addressing the identified concerns remains ongoing.

BCCLC's performance certificate was renewed by the PCSC in March with conditions that include implementing a purchase order system, separating the school's finances and operations from those of Bingham Academy, obtaining governance training, and improving academic outcomes.

DISCUSSION

Jenn Thompson, PCSC School Resource and Finance Program Manager, will provide an overview of the issues the school faces and their progress toward operational and financial stability and compliance.

The school has submitted contracts regarding the personnel, facilities, and services it shares with Bingham Academy. PCSC staff has responded regarding means by which these documents may be improved.

IMPACT

If the PCSC determines that BCCLC has failed to meet any of the specific, written conditions for necessary improvement by the dates specified, it may begin proceedings to revoke the charter on or after July 1, 2019.

STAFF COMMENTS AND RECOMMENDATIONS

Staff has no comments or recommendations.

COMMISSION ACTION

Any action would be at the discretion of the PCSC.

BCCLC 2019-2025 Conditions for Performance Certificate Renewal

1. Regarding academic outcomes:

By June 30, 2021, achieve a “good standing” rating on the academic section of the performance framework adopted by the PCSC in May 2017. To this end, achieve the following rate of progress:

- a. By June 30, 2020, earn at least 48% of points possible in the academic section of the performance framework.
- b. By June 30, 2021, earn at least 55% of the points possible in the academic section of the performance framework.

2. Regarding financial outcomes:

By June 30, 2021, achieve a “good standing” rating on the financial section of the performance framework adopted by the PCSC in May 2017.

3. Regarding operations and financial management

By the deadlines outlined below, and throughout the performance certificate term, demonstrate consistent, clear implementation of the following:

- a. No later than April 1, 2019, clear and continuous separation from Idaho STEM Academy, Inc. dba Bingham Academy, both operationally and financially.
- b. Verification by Commission staff at the April 18-19, 2019 meeting with Commission staff that a purchase order system is employed that ensures documented, advance approval of all expenditures.
- c. No later than July 1, 2019, implementation of an electronic purchase order system that ensures documented, advance approval of all expenditures.
- d. Verification by Commission staff at the April 18-19, 2019 meeting with Commission staff that BCCLC has eliminated the use of pre-paid credit cards using school funds.
- e. Verification by Commission staff at the April 18-19, 2019 meeting with Commission staff that there is a clear separation of the daycare

operated at the school facility from the school itself. This includes, but is not limited to, incorporation, employment, insurance, bank accounts, revenues, and expenditures. School resources shall not be utilized by the daycare in the absence of a board-approved contract ensuring that no funds intended for the education of BCCLC students are used for daycare purposes.

4. Regarding school governance:

By September 1, 2019, all BCCLC board members will complete professional development provided by a qualified Idaho School Boards Association (ISBA) trainer. This training shall include the topics of administrator evaluation, stakeholder communication, and financial oversight through ISBA courses currently identified as Superintendent/Administrator Evaluation, Boardsmanship 101, and Boardsmanship 102.



IDAHO PUBLIC CHARTER SCHOOL COMMISSION

304 North 8th Street, Room 242 • P.O. Box 83720 • Boise, ID 83720-037
208-332-1561 • Fax: 208-334-2632
e-mail: charter@osbe.idaho.gov

February 12, 2019

Blackfoot Charter Community Learning Center
Board of Directors
Via Electronic Mail

Dear Blackfoot Charter Community Learning Center (BCCLC) Board of Directors:

Thank you for taking the time to meet with us during our recent visit to Blackfoot. We appreciate your willingness to engage in an open conversation to review the issues we identified, and we look forward to supporting your continued efforts to make the necessary changes.

BCCLC's financial status is presently concerning. The school's annual performance report shows a "critical" financial score that dropped from 75% in 2017 to 45% in 2018. At 8.4%, however, BCCLC's overall long-term debt is reasonable. It appears that overspending may be a significant contributor to BCCLC's cash flow challenges and overall financial distress. This observation is consistent with input from the school's independent auditor.

Implementation of stronger internal controls and operational practices will help you better manage BCCLC's expenditures and protect the interests of all parties, including students, employees, taxpayers, and the school itself. Below, for your reference, is a summary of the particular opportunities for improvement that we discussed:

1. BCCLC must implement a consistent purchase order system to ensure that all purchases are pre-approved by appropriate, designated individuals. Purchase orders should be signed in advance of the purchase by two individuals, neither of whom is involved in making the purchase. All purchases should be documented by itemized invoices and/or receipts.
2. BCCLC must reduce its use of reimbursements for purchases made by employees, contractors, board members, and the PAC. Any reimbursements that are made must be pre-approved through the purchase order system and documented by itemized receipts.
3. BCCLC must ensure that clear, detailed contracts are in place prior to the performance of services. Such contracts should clarify expectations regarding the scope and cost of work to be performed. Examples include administrative services, IT maintenance, handyman work, fire alarm maintenance, facility rental, etc.
4. BCCLC must cease use of pre-paid credit/debit cards.

5. BCCLC must ensure clear separation of its finances from those of Idaho STEM Academy, Inc. dba Bingham Academy (BA).
 - a. Any transfers of funds between the schools (including purchases, rentals, shared services, loans, etc.) must be formally pre-approved by the Board of Directors, not merely reviewed by individual members of the board.
 - b. Any resources shared with BA must be clearly documented through written contracts and formally pre-approved by the board of directors. This includes, but is not limited to, student transportation and leased auditorium space.
 - c. Neither school should pay costs incurred by the other school.
 - d. BCCLC's files must contain only BCCLC documents, not those belonging to BA.
6. Consistent with the need for pre-approved, documented purchases and separation of finances from those of BA, BCCLC must cease use of charge accounts such as the ones at Ridley's Market/ACE Hardware and Amazon.com.
7. BCCLC must ensure that the school's finances and operations are completely separate from those of any daycare operating at the school facility. It is our understanding that plans are underway to cease the provision of daycare services at the school facility, as well as associated paycheck withholdings, by March 1, 2019.
8. BCCLC's Board of Directors must meet with the school's auditor annually to review the independent financial audit and any recommendations.
9. BCCLC must ensure that all vendors are paid in a timely fashion, eliminating late fees and risk of suspension of employee benefits.
10. BCCLC should create a system to ensure consistent coding that is aligned with IFARMS.
11. BCCLC should adopt an asset management system. This will help ensure that all ordered items are received, school-owned assets remained in the school's possession, and duplicative purchases are avoided.
12. BCCLC has incurred unusually high costs related to facility repairs and construction materials. The Board of Directors should evaluate whether purchasing inexpensive items in need of significant refurbishment represents savings over purchasing higher quality items in working order.
13. BCCLC must adopt an organizational structure that corresponds with its job descriptions and contracts, then ensure that individuals are performing work within the scope of their job descriptions.

14. BCCLC must ensure that contracts are signed by the appropriate individuals and that no contracts are backdated.
15. BCCLC's Board of Directors must ensure that only individuals who are employed by or appropriately contracted with BCCLC have access to confidential information, such as student and personnel records.
16. BCCLC should clarify roles, responsibilities, and channels of communication at all levels of the organization to improve documentation and reduce confusion.
17. BCCLC's board should continue working to ensure that all board members and employees are aware of, and committed to following, the appropriate process for fulfilling mandatory reporting requirements in cases of alleged sexual misconduct.
18. BCCLC's board should update its bylaws to clarify membership terms and processes for selection of new members.
19. The board should obtain training from the Idaho School Boards Association focused on governance, financial oversight, and administrator evaluation.
20. Recent correspondence from the Division of Building safety indicates that the facility safety concerns previously noted have been corrected.

Because the school has lacked strong internal controls in the past, the Public Charter School Commission will be contracting with an independent forensic auditor to review BCCLC's use of public funds. We will be in touch with additional information, such as scheduling, as it becomes available.

Thank you for your ongoing service to BCCLC. We look forward to supporting you as you work to make the necessary changes described above, and will contact you to schedule regular check-ins over the coming months. In the meantime, please don't hesitate to let us know how we may be of assistance.

Sincerely,



Tamara L. Baysinger
Public Charter School Commission Director

Notes from March 11-12, 2019, PCSC visit to BCCLC

Visit Recap:

Board Workshop (ISBA, PCSC, BCCLC Board)

4pm-7pm 3/11/19

- PCSC staff reviewed the role of the authorizer (i.e. how the PCSC's role is different from that of the SDE) as well as the relationship between the authorizer and the school's board as documented in the school's Performance Certificate.
- ISBA reviewed the key statute and rule applicable to charters as well as those that establish the role of a school's governing board. These citations were provided to the school in writing following the meeting.
- ISBA conducted an interactive workshop with the board focused on effective organization structures, designing an organizational chart for financial efficiency, and establishing operational independence of the K-8 school (BCCLC). Key topics of this discussion included reporting structures, appropriate combinations and separations of duties, and efficient use of contracted services.
- The ISBA team provided hard copies of several organizational chart structures with full job descriptions for each position via email following the meeting.

Business Manager Meeting (BCCLC Business Manager and PCSC Program Manager)

9:30am-12:30pm 3/12/19

- With a particular focus on items of a financial nature, PCSC staff and the school's new Business Manager reviewed the renewal conditions as approved by the PCSC on March 8th, the BCCLC Visit Follow-up Letter issued on 2/12/19, and the Bingham Academy Visit Follow-up Letter issued on 2/12/19. Particular attention was given to clarifying deliverables.

Progress Update:

- Daycare
 - BCCLC meeting minutes from 2/21/19 include a motion (unanimously passed) to close the daycare effective. The PCSC understands this was completed by 2/28/19.
 - During a tour of the school, PCSC staff observed that the school's library had been relocated to the room previously used for the daycare. This room is now being utilized by K-4 students as a library.
- Charge Accounts
 - BCCLC meeting minutes from 2/21/19 include a motion (unanimously passed) to close all charge accounts with Amazon.com and Ridley's/ACE Hardware.

- Progress on Financial Concerns
 - A comprehensive system to track purchases appears to be in place. This includes time-stamped emails to track initial requests and appropriate approvals of purchases, as well as a filing system to coordinate the approval documentation, receipts, and delivery verification of all purchases and services.
 - A reimbursement request process has been formalized. However, the board must clarify the details of their travel reimbursement policy and must adopt a policy that clarifies the conditions under which reimbursements for equipment and classroom supplies are appropriate in the future. These are necessary to provide guidance for the Business Manager. The ISBA provided policy examples to the board via email.
 - Due to lack of clarity regarding what processes or data informed the development of the FY19 budget, it is necessary that the board review its budget development process to provide transparency and ensure that appropriate data and processes are used in the future. Additionally, business management and administrative staff below the Director indicated a need for additional understanding of how budgets were developed and specifically what various line items were intended to cover.
- Progress on Separation of Entities (Deadline: April 1, 2019, as a Condition of Renewal)
 - Both the PCSC and the ISBA clarified that BCCLC and Bingham Academy are two, completely separate legal entities and are required to operate accordingly. Although some school board members expressed confidence that the schools will be able to merge, both the PCSC and the ISBA emphasized the need to focus on separation by the established deadline because a path to merging the schools does not appear to be available at this time.
 - It does not appear that verifiable progress has been made on developing service agreements for the services (including transportation, facility use, and personnel) shared between the two schools. Please note that the April 1, 2019 deadline applies to this work.
 - Based on a discussion between PCSC staff and the schools' Transportation Director, it appears that the school may not understand procurement requirements when pursuing a services agreement (with Bingham Academy or another entity) for BCCLC's student transportation arrangements.

Looking Forward:

The PCSC's next visit will be on April 18-19, 2019. The PCSC will observe a school board meeting and meet with the Business Manager and other school employees to review progress toward addressing financial and operational concerns. It is expected that the following will take place:

Recommended Board Agenda Items

- A progress update or action item regarding the school's internal control policies, with specific attention to travel and purchase reimbursement. The PCSC understands that updated policies from the ISBA were presented as a "first read" to the board at their March regular meeting.
- A review of the board's plan to develop the 2019-20 budget. As it is unclear who currently owns this work, the board should designate specific employees tasked with developing the draft budget. The board should also review the statutory timeline for public budget hearings and submission to the SDE to ensure all team members are prepared to meet the necessary deadlines.
- A progress update or action item regarding the board's work on the organizational chart and job description clarifications.
- A progress update or action item regarding either the Business Manager's recommendation to separate the volunteer parent group's fundraising to a fully separate 501(c)(3) or the school's plan to appropriately monitor receipt and expenditure of donated funds internally.
- A progress update or action item regarding the board's adoption of services agreement(s) between the BCCLC and Bingham Academy for shared services and personnel to, at a minimum, provide clarity for the remainder of FY19.
- A board education item during with PCSC staff will discuss the school's Performance Framework.

April 19 Financial Review

- PCSC staff will review all bank statements from 2/1/19 – 3/31/19.
- PCSC staff will review all school-level purchase documentation from 2/1/19 – 4/15/19.
- PCSC staff will review active vendor contracts, service agreements, and invoices for appropriate levels of detail.
- PCSC staff will verify absence of Ridley's/ACE Hardware and Amazon charge account use.

April 19 Operational Review

- PCSC staff will review evidence of complete separation of BCCLC from Bingham Academy, including appropriate contracts and service agreements.
- PCSC staff will review 2018-19 employment contracts for accuracy.
- PCSC staff will seek clarity regarding which employee is responsible for developing an asset tracking system.
- PCSC staff will review minutes for the BCCLC board meeting at which the board met with their auditor regarding the FY18 audit.

**Amended Busing Agreement between
Bingham Academy (Idaho STEM Academy) #485 and
Blackfoot Charter Community Learning Center (BCCLC) #477**

- 1. Parties.** This agreement is made and entered into by and between Blackfoot Charter Community Learning Center (BCCLC) #477, whose address is 2801 Hunters Loop and 1350 Parkway Dr. #30, and Bingham Academy (Idaho STEM Academy) #485, whose address is 1350 Parkway Dr. #18 and 9N 550W. All addresses are in Bingham County, Idaho.
- 2. Duration of Agreement.** This agreement shall be for a term starting July 1, 2018, and ending June 30, 2019. This agreement is subject to annual renewal on the condition that both the Bingham Academy Board of Directors and the Blackfoot Charter Board of Directors approve this agreement, or a mutually agreed upon amended form of the agreement, prior to July 1 of each calendar year. This agreement may be terminated, without cause, by either party upon 120 day written notice, which notice shall be delivered by hand or by certified mail to the first address listed above for each party.
- 3. Fiscal Agent.** Bingham Academy will operate as the Fiscal Agent.
- 4. Transportation Safety Committee.** The Transportation Safety Committee will be composed of the Transportation Director and one (1) Administrator from each campus. This committee will be responsible for making safety decisions and route issues. Other stakeholders such as teachers or parents may be invited to meetings as needed for input.
- 5. Transportation Student Handbook.** Each campus will be responsible to see that the most current Transportation Student Handbook is provided to parents and students in coordination with an administrator from each campus. In addition, the Transportation Department will coordinate with administrators from Bingham Academy and Blackfoot Charter to provide training to teachers and staff at Bingham Academy and Blackfoot Charter at the beginning of the school year.
- 6. Bus Drills.** Bus Emergency Evacuation Drills meeting Idaho regulations shall be coordinated and conducted on each Bus Route by the Transportation Director and/or Transportation Supervisor and a school administrator from each campus based upon Idaho requirements. Additional drills may be added by the Transportation Safety Committee/Transportation Staff as/if needed to fulfill State/Driver yearly requirements.
- 7. Injuries.** In the event of an accident, injury, or incident resulting in medical bills or other costs, the students are covered by the insurance policy of the school which owns the bus the students are riding on at the time of the accident, injury, or incident.
- 8. Operation.** Fiscal Agent is responsible for payroll, purchasing transportation supplies, fuel for buses and support vehicles, maintenance of buses, maintenance of transportation shop and office, snow removal, and utilities. The transportation budget is to be included into the fiscal agent's (Bingham Academy's) general budget, remembering that with "charter

school advance payment request" the transportation budget can be adjusted through the year (25% of 60% before school starts, brought up to 60% in February payment, in June brought up to 85% for final payment).

9. **Reporting.** Transportation staff will file all state reports, advance payment requests, reimbursements, ridership counts, safety busing, and any other required forms or reports.
10. **Transportation Employees.** Fiscal agent will employ all transportation staff. The transportation staff are directly accountable to Transportation Safety Committee. Bingham Academy will ensure that each bus driver holds the proper authorization to drive students and has successfully passed the background checked with the State of Idaho to protect student safety. Any substitute bus drivers must also have successfully passed the State of Idaho background check as well as meeting all other requirements to be a substitute bus driver before driving students.
11. **Buses.** Bingham Academy will utilize its buses for transporting both Bingham Academy students and Blackfoot Charter students. Blackfoot Charter will make its buses available to Bingham Academy Transportation to transport both Bingham Academy students and Blackfoot Charter students. Bingham Academy Transportation will maintain all buses. Transportation Staff shall determine when and what size buses are necessary as replacements or as additional buses are added to the fleet based on need. Each individual school shall maintain insurance on all buses owned by that school.
12. **Facilities.** Bingham Academy shall provide bus shop and office facilities and maintain insurance on that property located at 9N 550W in Bingham County, Idaho.
13. **Bus Routes.** Routes will be created, designed and modified by transportation staff to provide busing to as many students as possible, keeping in mind number of buses available, time of route, age of students, miles, location of students, IEP transportation requirements, other special needs, condition of roads, dead ends, and any other intervening factors.
14. **Sharing of Costs.** **Bingham Academy Transportation provides the third lowest transportation costs for public school transportation in the State of Idaho combining cost per student and cost per mile based upon current Funding Cap Model.** Idaho state funding and reimbursement for transportation is not based upon ridership or upon mileage but actual cost spent transporting students to and from school with reference to state averages on both cost per student and cost per mile published in the funding cap model. Currently Bingham Academy Transportation's cost per mile to transport both Bingham Academy students and Blackfoot Charter students is \$2.75 which is 68% of the State of Idaho average of \$4.17 per mile. Currently Bingham Academy Transportation's cost for both Bingham Academy students and Blackfoot Charter students is \$536 per student per year which is 59% of the State of Idaho average of \$936 per student per year. Bingham Academy and Blackfoot Charter have been commended for working cooperatively to save taxpayer dollars by not running duplicate routes.

At the beginning of the year, transportation staff will complete a cost estimate of transportation for the year, including non-reimbursable costs (building maintenance, bus purchases, property payments, etc.). Each school will be responsible for a prorated share of the non-reimbursed amount based upon percentage of students from each school receiving busing. Payments are made to the Fiscal Agent quarterly with the final payment due by June 15. The June payment should reflect an adjusted amount to be in line with the actual costs of transportation for the year. The minimum payable from Blackfoot Charter to Bingham Academy will be 15% of the total estimated annual student transportation costs. A copy of the proposed transportation budget will accompany this Agreement as Addendum 1 including cost sharing amounts.

15. Field Trips, Extracurricular and Activity Trips Each school will pay to the Fiscal Agent not less than quarterly for bus trips that each individual school takes based on the calculated cost per mile for non-educational trips and by cost sharing for reimbursable trips to be aligned with state published reimbursements rates. This cost estimate is to be established prior to the start of school year and will reflect the calculated cost per mile or the SDE funding cap model allocation, whichever is greater. Bus trip requests submitted with less than two (2) weeks' notice may not be able to be accommodated.

16. Discipline. Student discipline issues will be handled jointly by transportation staff and the appropriate school administrator. In matters of student safety, the Transportation Director may, at his/her discretion, temporarily, suspend a student from riding a bus pending action from the school administration.

17. School Closure, Late Start, or Early Release. Weather related School Closure, Late Start, or Early Release decisions will be made by at least two (2) members of the Transportation Safety Committee. Automatic closing will occur if any of the following occur: Blackfoot School District 55 closes, temperature falls below -15⁰ F, wind chill falls below -20⁰ F. Sickness or Safety School Closures will be determined by Administrators and communicated to Transportation immediately. Sickness or Safety related Early Release or Late Start will be coordinated jointly by a Bingham Academy Administrator, a Blackfoot Charter Administrator, and the Transportation Director.

18. School Calendar. Transportation staff will work with school administrators to make sure school start and stop times align with busing schedules. Transportation Staff will participate in the development of school calendars to insure compatibility. Any changes to the school calendar, such as planned early releases, need to be communicated to Bingham Academy Transportation. In the event of any unforeseen changes needed immediately for early or late release (i.e. natural disaster, bomb threat, etc...), changes must be immediately reported to the Transportation staff.

19. Entirety of Agreement. This agreement, consisting of six (6) pages including the two (2) page addendum, represents the entire and integrated agreement between the parties and supersedes all prior negotiations, representations and agreements, whether written or oral.

This agreement is retroactive to July 1, 2018.

Blackfoot Charter Community Learning Center (BCCLC) #477

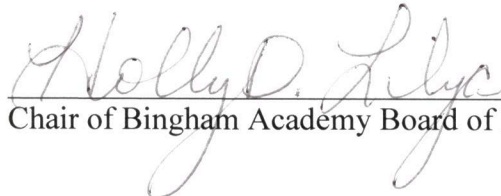


Chair of Blackfoot Charter Board of Directors

3/29/19

DATE

Bingham Academy (Idaho STEM Academy) #485



Chair of Bingham Academy Board of Directors

3/29/19

DATE

Bingham Academy FY19 Transportation Proposed Budget

<u>Account #</u>	<u>Account Name</u>	<u>Budget</u>
100-681100-000-000-0	Pupil- To School Trans Salaries	\$149,291.07
100-681110-000-000-0	Transportation Supervisor	\$11,687.40
100-681111-000-000-0	Bus Technician/Mechanics	\$39,750.61
100-681112-000-000-0	Driver Trainers/Other Programs	\$0.00
100-681114-000-000-0	Bus Driver Substitutes	\$0.00
100-681115-000-000-0	Bus Driver Salaries	\$73,520.00
100-681116-000-000-0	Dispatcher/Secretary	\$24,333.06
	total minus mechanic	\$109,540.46
100-681200-000-000-0	Pupil- To School Trans – Benefits	\$29,996.97
100-681215-000-000-0	PERSI	\$407.75
100-681218-000-000-0	PERSI- Mechanic	\$449.98
100-681225-000-000-0	FICA & MC	\$8,379.85
100-681228-000-000-0	FICA & MC Mechanic	\$3,040.92
100-681245-000-000-0	Health Insurance	\$6,216.00
100-681248-000-000-0	Health Insurance- Mechanic	\$2,664.00
100-681265-000-000-0	Physicals/Drug Screening	\$400.00
100-681268-000-000-0	Physicals/Drug Screening (M)	\$50.00
100-681275-000-000-0	Workers Compensation	\$6,090.45
100-681278-000-000-0	Workers Comp (Mechanic)	\$2,210.13
100-681285-000-000-0	PERSI - Sick Leave	\$41.78
100-681288-000-000-0	PERSI – Sick Leave Mechanic	\$46.11
100-681300-000-000-0	Total Purchased services	\$5,600.00
100-681310-000-000-0	Leased & Chartered Buses	\$0.00
100-681320-000-000-0	Short – Term Equipment Rental	\$0.00
100-681335-000-000-0	Contracted Repairs	\$0.00
100-681338-000-000-0	Contracted Repairs (Bus Specific)	\$350.00
100-681340-000-000-0	Utilities in Bus Garage	\$3,840.00
100-681350-000-000-0	Purchase Service – laundry	\$0.00
100-681365-000-000-0	Training and Travel Expenses	\$0.00
100-681368-000-000-0	Training and Travel Expense SDE	\$1,410.00
100-681380-000-000-0	State Bus Inspection	\$0.00
100-681400-000-000-0	Pupil – To School Trans. Supplies	\$49,681.77
100-681410-000-000-0	Fuel Yellow Buses	\$36,131.77
100-681420-000-000-0	Oil & Lubricants	\$1,100.00
100-681433-000-000-0	Bus Cleaning Supplies	\$250.00
100-681435-000-000-0	Shop Materials & Parts	\$600.00
100-681438-000-000-0	Shop Materials & Parts (Bus)	\$11,000.00
100-681470-000-000-0	NR Tools & Equipment	\$100.00
100-681478-000-000-0	Hand Tools	\$500.00
100-681500-000-000-0	Capital Objects	\$800.00
100-681510-000-000-0	Radios – Two-Way Communications	\$800.00
100-681600-000-000-0	Debt Retirement	
100-681700-000-000-0	Total Insurance	\$3,200.00
100-681720-000-000-0	Liability Coverage on Buses	\$3,200.00
	Total 681s	\$232,969.81
100-683410-000-000-0	Fuel For Cars	\$2,000.00
100-683420-000-000-0	Oil & Lubricants For Cars	\$150.00

100-683435-000-000-0	Shop Material & Parts	\$400.00
100-683500-000-000-0	Capital Objects	
	Total Support cars	\$2,550.00
	Bus purchases made by BCCLC	\$0.00
	Building	\$0.00
	Property Payments 1200 month	\$0.00
	Total Other	\$0.00
	Total Transportation	\$235,519.81
	Estimated Advance payment	\$199,384.34
	Not reimbursed	\$36,135.47
	Estimated BCCLC share	\$31,174.25
	Estimated BA share	\$4,961.22
	Estimated cost per mile	\$2.97
	Estimated total cost per mile	\$3.00
	State Average cost per mile	\$4.17
	Estimated cost per Student	\$673.32
	Estimated total cost per Student	\$680.69
	State Average cost per Student	\$936.00

**Memorandum of Understanding for Facilities Use between
Blackfoot Charter Community Learning Center (BCCLC) #477 and
Bingham Academy (Idaho STEM Academy) #485**

1. Parties. This Memorandum of Understanding (hereinafter referred to as “MOU”) is made and entered into by and between Blackfoot Charter (The School), whose address is 2801 Hunters Loop and 1350 Parkway Dr. #30, and Bingham Academy (The Academy), whose address is 1350 Parkway Dr. #18 and 9N 550W. All addresses are in Bingham County, Idaho. While both parties are public charter schools, for the purpose of clear understanding, Blackfoot Charter will be referred to as “The School” and Bingham Academy as “The Academy” in this MOU document.

2. Purpose. The purpose of this MOU is to formalize in writing the verbal agreement and understanding between The School and The Academy regarding use of Blackfoot Charter facilities by Bingham Academy and the use of Bingham Academy facilities by Blackfoot Charter.

Blackfoot Charter agrees to allow Bingham Academy the use of two classrooms and a workshop, all located at 1350 Parkway Dr. #30 in Blackfoot in exchange for Blackfoot Charter receiving use of one classroom every school day and two auditoriums for at least three (3) periods of every school day, all located at 1350 Parkway Dr. #18, as well as the use of office space and conference space at 9N 550W plus space to park four (4) passenger vehicles daily as needed. Further, Blackfoot Charter will be able to use auditoriums for up to twelve (12) after school concerts/programs. Additional auditorium use may be negotiated between The School and The Academy on a case by case basis as needed and may be subject to a \$25 cleaning fee and/or a \$25 security fee for opening and closing (securing) the building.

Blackfoot Charter also agrees to allow Bingham Academy to use one Distance Learning Lab space every school day and the use of a multi-purpose space for Physical Education and/or STEM events or other exhibits for up to three (3) periods each day. Bingham Academy agrees to allow Blackfoot Charter to use office space above the auditoriums for the purpose of housing an Information Technology (IT) Office.

Bingham Academy agrees to allow Blackfoot Charter the use of one classroom every school day and two auditoriums for at least three (3) periods of every school day, all located at 1350 Parkway Dr. #18, as well as the use of office space and conference space at 9N 550W plus space to park four (4) passenger vehicles daily as needed. Further, Blackfoot Charter will be able to use auditoriums for up to twelve (12) after school concerts/programs. Additional auditorium use may be negotiated between The School and The Academy on a case by case basis as needed and may be subject to a \$25 cleaning fee and/or a \$25 security fee for opening and closing

(securing) the building. In exchange, Bingham Academy will receive the use of two classrooms and a workshop; all located at 1350 Parkway Dr. #30.

Bingham Academy also agrees to allow Blackfoot Charter to use office space above the auditoriums for the purpose of housing an Information Technology (IT) Office. Bingham Academy will receive the use of one Distance Learning Lab space every school day and the use of a multi-purpose space for Physical Education and/or STEM events or other exhibits for up to three (3) periods each day.

Additional multi-purpose use may be negotiated between The School and The Academy on a case by case basis as needed and may be subject to a \$25 cleaning fee and/or a \$25 security fee for opening and closing (securing) the building.

3. Term of MOU. This MOU is effective upon the day and date last signed and executed by the duly authorized representatives of the parties to this MOU and the governing bodies of the parties' respective counties or municipalities and shall remain in full force and effect for not longer than one (1) year (12 months) retroactive to July 1, 2018, and ending June 30, 2019, unless renewed by both The School and The Academy in a new MOU. This MOU may be terminated, without cause, by either party upon 120 day written notice, which notice shall be delivered by hand or by certified mail to the first address listed above for each party.

4. Responsibilities. At all times Blackfoot Charter students will be the responsibility and liability of Blackfoot Charter. At all times Bingham Academy students will be the responsibility and liability of Bingham Academy.

5. General Provisions

A. Amendments. Either party may request changes to this MOU. Any changes, modifications, revisions or amendments to this MOU, which are mutually agreed upon by and between The School and The Academy, shall be incorporated by written instrument, and effective when executed and signed by the Chair of the Board of Directors for The School and the Chair of the Board of Directors for The Academy.

B. Applicable Law. The construction, interpretation and enforcement of this MOU shall be governed by the laws of the State of Idaho. The courts of the State of Idaho shall have jurisdiction over any action arising out of this MOU and over the parties, and the venue shall be Bingham County, Idaho.

C. **Entirety of Agreement.** This MOU, consisting of four (4) pages, represents the entire and integrated agreement between the parties and supersedes all prior negotiations, representations and agreements, whether written or oral.

D. **Severability.** Should any portion of this MOU be judicially determined to be illegal or unenforceable, the remainder of the MOU shall continue in full force and effect, and either party may renegotiate the terms affected by the severance.

E. **Sovereign Immunity.** Blackfoot Charter (BCCLC) and Bingham Academy (Idaho STEM Academy) and their respective governing bodies do not waive their sovereign immunity by entering into this MOU, and each fully retains all immunities and defenses provided by law with respect to any action based on or occurring as a result of this MOU.

F. **Third Party Beneficiary Rights.** The parties do not intend to create in any other individual or party the status of a third party beneficiary, and this MOU shall not be construed so as to create such status. The rights, duties and obligations contained in this MOU shall operate only between the parties to this MOU, and shall inure solely to the benefit of the parties to this MOU. The provisions of this MOU are intended only to assist the parties in determining and performing their obligations under this MOU. The parties to this MOU intend and expressly agree that only parties signatory to this MOU shall have any legal or equitable right to seek to enforce this MOU, to seek any remedy arising out of a party's failure to observe any term or condition of this MOU, or to bring an action for the breach of this MOU.

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6. Signatures. In witness whereof, the parties to this MOU through their duly authorized representatives have executed this MOU on the days and dates set out below, and certify that they have read, understood, and agreed to the terms and conditions of this MOU as set forth herein.

The effective date of this MOU is the date of the signature last affixed to this page.

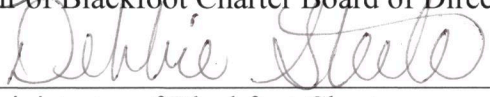
Blackfoot Charter Community Learning Center (BCCLC) #477



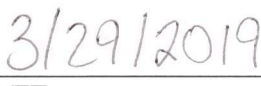
Chair of Blackfoot Charter Board of Directors



DATE

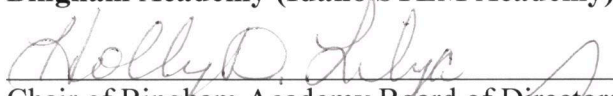


Administrator of Blackfoot Charter

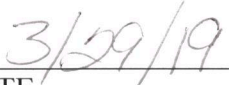


DATE

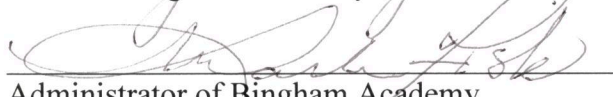
Bingham Academy (Idaho STEM Academy) #485



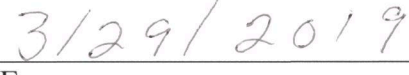
Chair of Bingham Academy Board of Directors



DATE



Administrator of Bingham Academy



DATE

BINGHAM ACADEMY EMPLOYEES PROVIDE SHARED SERVICES TO BLACKFOOT CHARTER CONTRACT

THIS CONTRACT, made this 1st day of August year of 2018, by and between Bingham Academy Charter School in Blackfoot, Idaho ("the Services Provider"), and Blackfoot Charter Community Learning Center ("the Services Receiver").

WITNESSETH:

1. Bingham Academy will provide services to Blackfoot Charter through the following employees:

Charles (Chuck) Agans, Facilities and Maintenance Supervisor

Steve Bailey, Business Manager

Jenny Ball, Introduction to Health Professions

Dr. Chad Harris, Director of Policy

Janis Jelke, Science Teacher

Pat Kolbet, ISEE Coordinator & Development Officer

George Lake, Science Teacher

Teresa Norton, Music Teacher

Manuel (Junior) Portillo, Facilities and Maintenance Assistant

Kaycee Summers, Transportation Supervisor

Brian Thelin, Transportation Director

Shauna Wheelwright, Director of Special Education

Blackfoot Charter will reimburse Bingham Academy for the portion of each employee's salary, which is equitable for the amount of services provided to Blackfoot Charter for the duration of the 2018-2019 school year, consisting of a period of 190 days, for the months of August year of 2018 to July year of 2019 inclusive.

At the beginning of each semester, the percentage of time shared will be reviewed and adjusted. Bingham Academy will bill (invoice) Blackfoot Charter for the calculated dollar amount of services.

In addition to reimbursable services, Mark Fisk provides Technology Support for Blackfoot Charter in exchange for Debbie Steele and Josh Argueta providing EL Support. This support takes less than 2% of their time and is considered an even exchange of services with no billing between Bingham Academy and Blackfoot Charter for this exchange of services.

2. These employees will have access to school, student, parent, and teacher information as and if needed for the completion of their duties in such resources as Alma, ISEE, Google Suite, IEPs and other resources AS AND IF required. They shall not perform any duties for which they are not properly certified and endorsed. They will also have access to facilities, physical resources, and curriculum.
3. The Employees agrees to perform all assignments made by the School in accordance with the highest professional standards and to have and maintain the legal qualifications required to teach or work in the aforesaid grades or subjects or positions during all times that performance is required hereunder.
4. It is understood and agreed between the parties that this Contract is subject to the applicable laws of the State of Idaho, such duly adopted rules of the State Board of Education that apply to public charter schools, and the policies of both Blackfoot Charter School and Bingham Academy Charter School which are, by reference, incorporated herein and made a part of this Contract the same as if fully set forth herein, and that no property rights attach to this Contract beyond the term of this Contract.

5. Any material false statement knowingly made in the written application for a position with the School shall constitute sufficient ground for voiding this Contract.
6. It is mutually understood and agreed by and between the parties that nothing herein contained shall operate or be construed as a waiver of any of the rights, powers, privileges, or duties of either party hereto, by and under the laws of the State of Idaho, except as expressly stated in this agreement.
7. If the Employee is a Teacher and is found to be in violation of The Idaho Code of Ethics for Professional Educators, this Contract, and any individual term herein, is subject to adjustment, amendment or termination in respect to that single employee.

IN WITNESS WHEREOF the Blackfoot Charter School has caused this Contract to be executed in its name by its proper officials and Bingham Academy Charter School has executed the same all on the date first above written.

Blackfoot Charter Community Learning Center CHARTER SCHOOL Bingham COUNTY, STATE OF IDAHO


BLACKFOOT CHARTER BOARD CHAIR

Attest: 
ADMINISTRATOR OR CLERK

Bingham Academy Charter School CHARTER SCHOOL Bingham COUNTY, STATE OF IDAHO


BINGHAM ACADEMY BOARD CHAIR

Attest: 
ADMINISTRATOR OR CLERK

BLACKFOOT CHARTER EMPLOYEES PROVIDE SHARED SERVICES TO BINGHAM ACADEMY CONTRACT

THIS CONTRACT, made this 1st day of August year of 2018, by and between Blackfoot Charter Community Learning Center Charter School in Blackfoot, Idaho ("the Services Provider"), and Bingham Academy ("the Services Receiver").

WITNESSETH:

1. Blackfoot Charter will provide services to Bingham Academy through the following employees:

Jamie Burtosky, Music Teacher

Kelly Jo Fisk, Director of Operations, Human Resources, Federal Programs Director, Teacher Evaluations, SPED, CTE

George Hamilton, Physical Education Teacher

Jocelyn Hoge, Speech Language Services

Rebecca Howell, English Teacher

Pat Wolfley, Speech Language Pathologist

Bingham Academy will reimburse Blackfoot Charter for the portion of each employee's salary, which is equitable for the amount of services provided to Bingham Academy each year. This contract is for the duration of the 2018-2019 school year, consisting of a period of 190 days, for the months of August year of 2018 to July year of 2019 inclusive.

At the beginning of each semester, the percentage of time shared will be reviewed and adjusted. Blackfoot Charter will bill (invoice) Bingham Academy for the calculated dollar amount of services.

In addition to reimbursable services, Debbie Steele and Josh Argueta will provide EL Support for Bingham Academy in exchange for Mark Fisk providing Technology Support for Blackfoot Charter. This support takes less than 2% of their time and is considered an even exchange of services with no billing between Bingham Academy and Blackfoot Charter for this exchange of services.

2. These employees will have access to school, student, and parent information as needed for the completion of their duties in such resources as Alma, ISEE, Google Suite, IEPs and other resources AS AND IF required. They shall not perform any duties for which they are not properly certified and endorsed. They will also have access to facilities, physical resources, and curriculum as needed.
3. The Employees agrees to perform all assignments made by the School in accordance with the highest professional standards and to have and maintain the legal qualifications required to teach or work in the aforesaid grades or subjects or positions during all times that performance is required hereunder.
4. It is understood and agreed between the parties that this Contract is subject to the applicable laws of the State of Idaho, such duly adopted rules of the State Board of Education that apply to public charter schools, and the policies of both Blackfoot Charter School and Bingham Academy Charter School which are, by reference, incorporated herein and made a part of this Contract the same as if fully set forth herein, and that no property rights attach to this Contract beyond the term of this Contract.
5. Any material false statement knowingly made in the written application for a position with the School shall constitute sufficient ground for voiding this Contract.

BCCLC Provides Shared Services to BA

6. It is mutually understood and agreed by and between the parties that nothing herein contained shall operate or be construed as a waiver of any of the rights, powers, privileges, or duties of either party hereto, by and under the laws of the State of Idaho, except as expressly stated in this agreement.
7. If the Employee is a Teacher and is found to be in violation of The Idaho Code of Ethics for Professional Educators, this Contract, and any individual term herein, is subject to adjustment, amendment or termination in respect to that single employee.

IN WITNESS WHEREOF the Blackfoot Charter School has caused this Contract to be executed in its name by its proper officials and Bingham Academy Charter School has executed the same all on the date first above written.

Blackfoot Charter Community Learning Center CHARTER SCHOOL Bingham COUNTY, STATE OF IDAHO


BLACKFOOT CHARTER BOARD CHAIR

Attest: 
ADMINISTRATOR OR CLERK

Bingham Academy Charter School CHARTER SCHOOL Bingham COUNTY, STATE OF IDAHO


BINGHAM ACADEMY BOARD CHAIR

Attest: 
ADMINISTRATOR OR CLERK

SUBJECT

Intervention Update: Bingham Academy

APPLICABLE STATUTE, RULE, OR POLICY

I.C. §33-5209C(1)

I.C. §33-5210(2)

BACKGROUND

In autumn 2018, Blackfoot Charter Community Learning Center (BCCLC) board members contacted the PCSC regarding potentially problematic practices at both Bingham Academy and BCCLC, with which Bingham Academy shares board members, staff, facilities, and services. PCSC staff investigated these concerns and identified poor internal controls and operational practices. Monitoring of the school board's progress toward addressing the identified concerns remains ongoing.

DISCUSSION

Jenn Thompson, PCSC School Resource and Finance Program Manager, will provide an overview of the issues the school faces and their progress toward operational and financial stability and compliance.

IMPACT

Information item only.

STAFF COMMENTS AND RECOMMENDATIONS

Staff has no comments or recommendations.

COMMISSION ACTION

Any action would be at the discretion of the PCSC.



IDAHO PUBLIC CHARTER SCHOOL COMMISSION

304 North 8th Street, Room 242 • P.O. Box 83720 • Boise, ID 83720-037
208-332-1561 • Fax: 208-334-2632
e-mail: charter@osbe.idaho.gov

February 12, 2019

Idaho STEM Academy dba Bingham Academy
Board of Directors
Via Electronic Mail

Dear Bingham Academy (BA) Board of Directors:

I am writing in follow-up to last week's visit to your school. We appreciate the time and effort of all who participated, and especially your willingness to engage in a frank conversation about the issues we've identified. Your openness to learning and improvement is evident, and we look forward to supporting you as you move forward.

BA's financial status is presently concerning. The school's annual performance report shows a "critical" financial score that dropped from 43% in 2017 to 23% in 2018. At 9.1%, however, BA's overall long-term debt is reasonable. It appears that overspending may be a significant contributor to BA's cash flow challenges and overall financial distress. This observation is consistent with input from the school's independent auditor.

Implementation of stronger internal controls and operational practices will help you better manage BA's expenditures and protect the interests of all parties, including students, employees, taxpayers, and the school itself. Below, for your reference, is a summary of the particular opportunities for improvement that we discussed:

1. BA must implement a consistent purchase order system to ensure that all purchases are pre-approved by appropriate, designated individuals. Purchase orders should be signed in advance of the purchase by two individuals, neither of whom is involved in making the purchase. All purchases should be documented by itemized invoices and/or receipts.
2. BA must reduce its use of reimbursements for purchases made by employees, contractors, board members, and the PAC. Any reimbursements that are made must be pre-approved through the purchase order system and documented by itemized receipts.
3. BA must ensure that clear, detailed contracts are in place prior to the performance of services. Such contracts should clarify expectations regarding the scope and cost of work to be performed. Examples include administrative services, IT maintenance, handyman work, fire alarm maintenance, facility rental, etc.

4. BA must cease use of pre-paid credit/debit cards. Our understanding is that these cards may already have been closed.
5. BA must ensure clear separation of its finances from those of Blackfoot Charter Community Learning Center (BCCLC).
 - a. Any transfers of funds between the schools (including purchases, rentals, shared services, loans, etc.) must be formally pre-approved by the Board of Directors, not merely reviewed by individual members of the board.
 - b. Any resources shared with BCCLC must be clearly documented through written contracts and formally pre-approved by the board of directors. This includes, but is not limited to, student transportation and leased auditorium space.
 - c. Neither school should pay costs incurred by the other school.
 - d. BA's files must contain only BA documents, not those belonging to BCCLC.
6. Consistent with the need for pre-approved, documented purchases and separation of finances from those of BCCLC, BA must cease use of charge accounts such as the ones at Ridley's Market/ACE Hardware and Amazon.com.
7. BA must ensure that all vendors are paid in a timely fashion, eliminating late fees and risk of suspension of employee benefits.
8. BA should create a system to ensure consistent coding that is aligned with IFARMS.
9. BA's Board of Directors must meet with the school's auditor annually to review the independent financial audit and any recommendations.
10. BA must adopt an organizational structure that corresponds with its job descriptions and contracts, then ensure that individuals are performing work within the scope of their job descriptions. For example, the director should not be teaching drivers' education unless his job description and contract specifically include this duty.
11. BA must ensure that contracts are signed by the appropriate individuals and that no contracts are backdated.
12. BA's Board of Directors must ensure that only individuals employed by or appropriately contracted with BA have access to confidential information, such as student and personnel records.
13. BA should clarify roles, responsibilities, and channels of communication at all levels of the organization to improve documentation and reduce confusion.

14. The board should obtain training from the Idaho School Boards Association focused on governance, financial oversight, and administrator evaluation.

Because the school has lacked strong internal controls in the past, the Public Charter School Commission will be contracting with an independent forensic auditor to review BA's use of public funds. We will be in touch with additional information, such as scheduling, as it becomes available.

With regard to additional allegations cited in our letter dated December 4, 2018:

1. It appears that the allegation of inappropriately addressed sexual misconduct by a school employee was based on incomplete and partially misunderstood information. We appreciate the school's documentation of administrator Mark Fisk's response to an alleged incident and ongoing efforts to ensure that all employees and board members fully understand mandatory reporting requirements.
2. Although we were unable to review all requested BA documentation during our visit, due to time constraints, we did not see any evidence of school employees engaging in personal travel using school funds.
3. Recent correspondence from the Division of Building Safety indicates that the facility safety concerns previously noted have been corrected.

We appreciate your ongoing service to BA and look forward to supporting you in making the changes necessary to reach your goal of being an exemplary charter option in Idaho. We'll contact you to schedule regular check-ins over the coming months. In the meantime, please don't hesitate to let us know how we may be of assistance.

Sincerely,



Tamara L. Baysinger
Public Charter School Commission Director

Notes from March 11-12, 2019, PCSC visit to Bingham Academy

Visit Recap:

Board Workshop (ISBA, PCSC, Bingham Academy Board)

7pm-9pm 3/11/19

- PCSC staff reviewed the role of the authorizer (i.e. how the PCSC's role is different from that of the SDE) as well as the relationship between the authorizer and the school's board as documented in the school's Performance Certificate.
- ISBA reviewed the key statute and rule applicable to charters as well as those that establish the role of a school's governing board. These citations were provided to the school in writing following the meeting.
- ISBA conducted an interactive workshop with the board focused on effective organization structures, designing an organizational chart for financial efficiency, and establishing operational independence of the Bingham Academy from BCCLC. Key topics of this discussion included reporting structures, appropriate combinations and separations of duties, and efficient use of contracted services.
- The ISBA team provided hard copies of several organizational chart structures with full job descriptions for each position via email following the meeting.

Business Manager Meeting (BA Business Manager and PCSC Program Manager)

9:30am-12:30pm 3/12/19

- With a particular focus on items of a financial nature, PCSC staff and the school's new Business Manager reviewed the renewal conditions as approved by the PCSC on March 8th, the BCCLC Visit Follow-up Letter issued on 2/12/19, and the Bingham Academy Visit Follow-up Letter issued on 2/12/19. Particular attention was given to clarifying deliverables.

Progress Update:

- Progress on Financial Concerns
 - A comprehensive system to track purchases appears to be in place. This includes time-stamped emails to track initial requests and appropriate approvals of purchases, as well as a filing system to coordinate the approval documentation, receipts, and delivery verification of all purchases and services.
 - A reimbursement request process has been formalized. However, the board must clarify the details of their travel reimbursement policy and must adopt a policy that clarifies the conditions under which reimbursements for equipment and classroom supplies are appropriate in the future. These are necessary to provide guidance for the Business Manager. The ISBA provided policy examples to the board via email following the meeting.

- Due to lack of clarity regarding what processes or data informed the development of the FY19 budget, it is necessary that the board review its budget development process to provide transparency and ensure that appropriate data and processes are used in the future.
- Progress on Separation of Entities
 - Both the PCSC and the ISBA clarified that Bingham Academy and BCCLC are two, completely separate legal entities and are required to operate accordingly. Although some school board members expressed confidence that the schools will be able to merge, both the PCSC and the ISBA emphasized the need to focus on separation because a path to merging the schools does not appear to be available at this time.
 - It does not appear that verifiable progress has been made on developing service agreements for the services (including transportation, facility use, and personnel) shared between the two schools.

Looking Forward:

The PCSC's next visit will be on April 18-19, 2019. The PCSC will observe a school board meeting and meet with the Business Manager and other school employees to review progress toward addressing financial and operational concerns. It is expected that the following will take place:

Recommended Board Agenda Items

- A progress update or action item regarding the school's internal control policies, with specific attention to travel and purchase reimbursement. The PCSC understands that updated policies from the ISBA were presented as a "first read" to the board at their March regular meeting.
- A review of the board's plan to develop the 2019-20 budget. As it is unclear who currently owns this work, the board should designate specific employees tasked with developing the draft budget. The board should also review the statutory timeline for public budget hearings and submission to the SDE to ensure all team members are prepared to meet the necessary deadlines.
- A progress update or action item regarding the board's work on the organizational chart and job description clarifications.
- A progress update or action item regarding either the Business Manager's recommendation to separate the volunteer parent group's fundraising to a fully separate 501(c)(3) or the school's plan to appropriately monitor receipt and expenditure of donated funds internally.

- A progress update or action item regarding the board's adoption of services agreement(s) between the Bingham Academy and BCCLC board's for shared services and personnel to, at a minimum, provide clarity for the remainder of FY19.
- A board education item during with PCSC staff will discuss the school's Performance Framework.

April 19 Financial Review

- PCSC staff will review all bank statements from 2/1/19 – 3/31/19.
- PCSC staff will review all school-level purchase documentation from 2/1/19 – 4/15/19.
- PCSC staff will review active vendor contracts, service agreements, and invoices for appropriate levels of detail.
- PCSC staff will verify absence of Ridley's/ACE Hardware and Amazon charge account use.

April 19 Operational Review

- PCSC staff will review evidence of complete separation of Bingham Academy from BCCLC, including appropriate contracts and service agreements.
- PCSC staff will review 2018-19 employment contracts for accuracy.
- PCSC staff will seek clarity regarding which employee is responsible for developing an asset tracking system.
- PCSC staff will review minutes for the BA board meeting at which the board met with their auditor regarding the FY18 audit.

SUBJECT

Intervention Update: The Village Charter School

APPLICABLE STATUTE, RULE, OR POLICY

I.C. §33-5209C(1)

I.C. §33-5210(2)

BACKGROUND

In autumn 2018, former employees of The Village Charter School (TVCS) contacted the PCSC regarding concerns about the school's operations. PCSC staff investigated these concerns and identified poor financial practices at the school level and insufficient CMO oversight at the board level. Monitoring of the school board's progress toward addressing the identified concerns remains ongoing.

DISCUSSION

Jenn Thompson, PCSC School Resource and Finance Program Manager, will provide an overview of the issues the school faces and their progress toward operational and financial stability and compliance.

IMPACT

Information item only.

STAFF COMMENTS AND RECOMMENDATIONS

Staff has no comments or recommendations.

COMMISSION ACTION

Any action would be at the discretion of the PCSC.



IDAHO PUBLIC CHARTER SCHOOL COMMISSION

304 North 8th Street, Room 242 • P.O. Box 83720 • Boise, ID 83720-037

208-332-1561 • Fax: 208-334-2632

e-mail: charter@osbe.idaho.gov

December 18, 2018

The Village Charter School
Board of Directors
Via Electronic Mail

Dear TVCS Board of Directors:

I would like to express our staff's thanks to those of you who met with us yesterday, and to all of you for your service on TVCS's board. We appreciate your willingness to openly discuss the challenging issues faced by TVCS and sincerely hope that you are able to surmount them.

We also hope that the information we shared will be helpful as you continue your evaluation of your education service provider (ESP), Veritas, in anticipation of deciding whether to renew your contract with them next June. Please do let us know when a decision has been made, and provide us with a copy of the evaluation when it is complete.

As we discussed, TVCS's financial status is a source of significant concern. The school has taken on some daunting financial commitments, including:

- Facility debt more appropriate to a school with significantly higher enrollment numbers.
- An ESP contract for services typically provided by a school administrator, but at a cost of about twice the salary of Idaho's highest paid district superintendent. At 9% of all revenues, the contract is significantly more expensive than the industry standard, which is about 7% of discretionary revenues.
- Unsecured debt for which the school has paid approximately \$50,000 in interest over the past two years.
- An overall interest commitment of approximately \$1.8 million between 2017 and 2021.

Additionally, TVCS is not meeting its bond covenants with regard to enrollment and debt service coverage ratio, putting the school at risk of having its bond called at any time. The school's overall financial rating on its 2018 performance framework is at the low end of the critical range, indicating both near-term and long-term fiscal distress.

We understand that you are working to obtain the training and financial information you need, and to determine what next steps are available to the school. If we can be of any assistance during this process, please don't hesitate to let us know.

Unfortunately, the school's financial situation does open the question of whether and how closure may occur. Boards that anticipate closure can minimize the negative effects by planning an orderly dissolution rather than being forced into a crisis that is traumatic for all concerned. This being the case, we strongly urge you to consider the impact of your decision on students, employees, taxpayers, and the larger charter sector.

It is always best for a school to close at the end of a school year, after families and employees have been given many months of advance notice during which to adjust. For example, families interested in other charter schools need to enter enrollment lotteries as early as February. Teachers typically need to seek other employment opportunities by April.

If you determine that the time has come to initiate an orderly closure, we are prepared to help organize a team to support you through the process. In the meantime, we wish you all the best and invite you to reach out if there is anything we can do for you. Thank you for the effort you have put into TVCS over the years, as well as your continued diligence during this difficult time.

Sincerely,

A handwritten signature in blue ink, appearing to read "Tamara L. Baysinger", with a long, sweeping horizontal line extending to the right.

Tamara L. Baysinger
Public Charter School Commission Director



IDAHO PUBLIC CHARTER SCHOOL COMMISSION

304 North 8th Street, Room 242 • P.O. Box 83720 • Boise, ID 83720-037

208-332-1561 • Fax: 208-334-2632

e-mail: charter@osbe.idaho.gov

March 28, 2019

The Village Charter School
Board of Directors
Via Electronic Mail

Dear The Village Charter School (TVCS) Board of Directors:

Thank you for your continued service to The Village Charter School (TVCS) during this challenging time. I am writing to share with all of you a summary of the conversation our staff held yesterday with Rachael Smith and Adrian Castaneda.

We discussed TVCS's current financial status, insofar as it can be assessed prior to finalization of the MAST Financial Group (MAST) report and additional evaluation that remains underway. We also addressed the school's academic outcomes and an upcoming report to the Public Charter School Commission (PCSC).

Projected Year-End Balance

At this time, we understand that your board anticipates a FY19 year-end balance that could range from \$5,000 in the black to a deficit of \$60,000 or worse. MAST is working to establish TVCS's actual expenditures and outstanding balances due, as these were not accurately reported to the board by Veritas. Details are expected within about two weeks, together with a complete understanding of how much TVCS has paid to Veritas for its services.

It appears likely that the school will finish the year with a negative balance. The school's plan to address this relies on extensive cost savings within the FY20 budget. TVCS anticipates some savings in the absence of the Veritas contract, but it is unclear how much of this amount will be redirected toward MAST (or another service provider) and/or a business manager.

Cash Flow

TVCS is working to address a short-term cash flow shortage of about \$213,000. TVCS board members explained that this shortage results from failure to ensure that certain forms related to teacher certification were filed with the State Department of Education (SDE). Although the funds will be received eventually, they cannot be disbursed by the SDE until May. TVCS anticipates signing a loan with Charter Asset Management by the end of next week. This loan, in the amount of about \$221,000, will be repaid before the end of FY19.

Management Services

TVCS has accepted Veritas' resignation, but has not yet established a timeline and payout for termination of the relationship. It appears that the school is considering paying Veritas a weekly rate based on the \$5,800 per month that has been paid since January. TVCS will also engage MAST to assist with the transition. We recommend that the board work with its legal counsel to ensure the development of written agreements that fairly reflect each entity's scope of work during the transition period.

Bond Covenants

TVCS's bond covenants with Tortoise include requirements that the school maintain certain levels of enrollment and cash-on-hand. Because the schools is not presently meeting these requirements, it appears that the bond could be called at any time. Our understanding is that TVCS is negotiating with Tortoise the amend the bond covenants. Additionally, TVCS hopes to restructure its payment schedule with Tortoise to better align with the state's disbursement calendar.

Academic Performance

It is imperative that you focus simultaneously on the quality of TVCS's academic program. For many years, the school has struggled to meet academic outcome expectations, particularly in math.

In 2018, the PCSC renewed TVCS's charter on the condition that the percentage of students making adequate growth in math increase to 59% by the end of the 2020-2021 school year. TVCS's most recent annual report showed improvement in this area, increasing from 47% to 53% of students making adequate growth in math. We applaud this change and encourage you to continue your efforts to help all students achieve or maintain proficiency.

TVCS's overall academic rating on its performance framework presently falls ten percentage points below the "good standing" range. By the end of TVCS's current performance certificate term, the school's overall academic performance (reflecting proficiency and growth in both math and ELA) must meet or exceed the "good standing" threshold.

Our staff will be glad to provide training for your board regarding the academic standards contained within your performance certificate and framework.

Public Charter School Commission Meeting

During the PCSC's April 11, 2019, regular meeting, our staff will provide commissioners with an update regarding TVCS's status. We appreciate your willingness to help us be prepared with the most updated and accurate information available. To that end, we look forward to meeting with members of your board again on April 5, 2019, and ask that you provide as many of the following documents as possible:

- Plan for disengaging with Veritas, including timeline and cost
- Plan for financial management going forward, including the remainder of the 2018-19 school year and the 2019-20 school year
- Plan for ensuring that appropriate financial controls and procedures are enforced on an ongoing basis
- Amended bond covenants with Tortoise
- FY19 year-to-date actuals (both revenues and expenditures)

- Updated FY19 cash flow projection
- Amended FY19 budget
- Final MAST report

As you know, TVCS is presently in violation of the terms of its performance certificate on financial and academic grounds. The school's operational performance also merits review, as it falls barely inside the required "good standing" range.

We always seek to give school boards ample opportunity to address identified shortcomings, as you bear ultimate responsibility for the school's performance. However, please understand that we remain deeply concerned about TVCS's situation and will continue working to uphold our responsibility to protect the interests of students and taxpayers.

Please feel free to reach out anytime we can support you in your challenging role.

Sincerely,

A handwritten signature in blue ink, appearing to read "Tamara Baysinger", with a long, sweeping horizontal line extending to the right.

Tamara Baysinger
Public Charter School Commission Director



IDAHO PUBLIC CHARTER SCHOOL COMMISSION

650 W. State Street • P.O. Box 83720 • Boise, ID 83720-0037
208/334-2270 • FAX: 208/334-2632
e-mail: charter@osbe.idaho.gov

October 18, 2018

The Village Charter School
Board of Directors
Via Hand Delivery

Dear TVCS Board of Directors:

As you know, one role of the Public Charter School Commission is to ensure that the schools it authorizes remain in compliance with the provisions of their performance certificates and performance frameworks. Occasionally, an issue arises that necessitates additional oversight inquiries or requests for documentation.

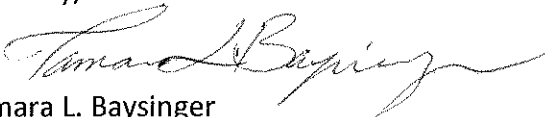
Due to concerns recently brought to our attention regarding The Village Charter School's financial status and processes, we are asking that TVCS provide us with copies of the following:

1. Complete documentation of all loan, promissory note, and line of credit (LOC) agreements between TVCS and any lenders, regardless of whether such loans/promissory notes/LOCs are presently open or closed. Please include:
 - a. Complete, signed loan/promissory note/LOC agreements for any loans/LOCs acquired from June 1, 2016, to the present;
 - b. All loan/promissory note/LOC statements for any loans/promissory notes/LOCs acquired from June 1, 2016, to the present;
 - c. All correspondence and documentation exchanged between TVCS or its representatives (including board members, employees, and contracted individuals) and lenders regarding any loans/promissory notes/LOCs acquired from June 1, 2016, to the present; and
 - d. All bond covenants associated with any loans/promissory notes/LOCs acquired from June 1, 2016, to the present.

2. Any and all signed facility leases and mortgages, including appendices and bond covenants, from June 1, 2016, to the present.
3. Copies of all annual compliance review reports, including analyses and recommendations, submitted to Tortoise from June 1, 2016, to the present.
4. Monthly statements for all bank accounts and trusts held by TVCS from June 1, 2016, to the present.
5. Monthly expense reports from June 1, 2016, to the present.
6. All contracts, including but not limited to employee and service contracts, into which TVCS has entered from June 1, 2016, to the present. Please include complete, signed versions of the contracts and any amendments thereto.
7. Complete documentation of all procurement processes in which TVCS has engaged since June 1, 2016.
8. Any and all complaints received by TVCS or its representatives, including board members, employees, and contractors, from June 1, 2016, to the present.
9. All TVCS board meeting minutes and materials distributed to TVCS board members during or in preparation for board meetings from June 1, 2016, to the present.
10. All reviews the TVCS board of directors has conducted regarding Veritas Charter School Services, LLC since June 1, 2016, including supporting documentation.

We appreciate your prompt response and look forward to receiving the documents by October 26, 2018. It is our hope that we can work with you to ensure that you have resources necessary to investigate and address the concerns we discussed in our meeting today. Please don't hesitate to get in touch if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Tamara L. Baysinger". The signature is fluid and cursive, with a long, sweeping underline.

Tamara L. Baysinger
Public Charter School Commission Director