

**Minutes of the
North Carolina Charter School Advisory Board
Education Building
301 N. Wilmington Street
Raleigh, NC 27601-2825
June 16, 2015**

Attendance/NCCSAB	Alan Hawkes Joseph Maimone Phyllis Gibbs Helen Nance Sherry Reeves Mike McLaughlin	Alex Quigley Eric Sanchez (absent) Tammi Sutton (absent) Becky Taylor Cheryl Turner (absent) Steven Walker
Attendance/SBE/DPI	Office of Charter Schools Adam Levinson, Interim Director Lisa Swinson, Consultant Deanna Townsend-Smith, Consultant Robin Kendall, Consultant Kebbler Williams, Consultant Brian Smith, Consultant	Attorney General's Office Laura Crumpler SBE Attorney Katie Cornetto SBE Martez Hill

CALL TO ORDER

The North Carolina Charter School Advisory Board (CSAB) meeting was called to order at 9:12 am by the Chair, Ms. Helen Nance. The Pledge of Allegiance was recited followed by the reading of the Ethics CSAB Mission Statements.

Mr. Steven Walker made a motion to approve the April minutes. Ms. Sherry Reeves seconded. The motion carried unanimously.

Mr. Hawkes made a motion to amend the agenda to discuss the bylaw changes presently instead of in the afternoon. He explained the changes proposed all CSAB members be obligated to vote and not recuse without good reason. Rule 7.1-7.5 would be amended to change every “may” to a “shall” vote. Mr. Walker stated he supported the amendment. **Mr. Walker made a motion to accept the motion. Ms. Sherry Reeves seconded. The motion carried unanimously.**

Ms. Nance introduced Mr. Adam Levinson as the interim director of the Office of Charter Schools (OCS).

UPDATE AND PRESENTATIONS

SECU Scholarship Presentations

Mr. Darrell Johnson explained that since 2005 the State Employees Credit Union had been providing the "People Helping People" high school scholarship program, a four-year college scholarship to a graduating senior, from each traditional public and 3 charter high schools in North Carolina. Each recipient would receive a \$10,000 scholarship to be awarded to a graduating senior attending one of the UNC System Universities. The Office of Charter Schools reviewed the applications of charter applicants and chose three recipients. The recipients were: Mr. Jesse Vaughn (Woods Charter), Ms. Elizabeth Brethen (Lincoln Charter) and Mr. Jarred Stewart (Raleigh Charter High). Each of the students were present and introduced themselves to the CSAB.

- Mr. Joseph Maimone suggested students be invited to each CSAB meeting. He also suggested the Charter School Purposes be added to the top of the agenda.
- Mr. Walker stated the CSAB usually discusses schools with problem areas, but there are many good things happening in charter schools. According to *US News and World Report*, NC had three charter schools that made the top high school list: Raleigh Charter High, Woods Charter, and Thomas Jefferson.
- Ms. Nance added there are more strong charter schools than weak ones.

Fast Track Application Update

Mr. Brian Smith noted the Fast Track Replication process had ended. He explained the criteria for a board to be eligible to apply for Fast Track status. To be eligible boards had to be non-profit, composed of all NC residents, and operating an existing school for which student proficiency scores in the three preceding years exceeded the state and district averages for the grade levels offered and which met growth, consistent with state formulas. Further, to be eligible a board would also have unqualified audits without fiscal compliance issues and no warning letters from DPI.

- Mr. Maimone asked if all board members had to be local. Mr. Smith replied all board members had to be local.
- Mr. Maimone asked if the data was based on subgroup data or if it were overall proficiency. Mr. Smith explained the data was based on overall proficiency.

Performance Framework Update

Ms. Robin Kendall provided a high level overview of the data from the Performance Framework that was released to the public on June 12, 2015. The Framework can be found on the Office of Charter Schools Wikki Page. 93 of 146 schools provided letters to highlight the characteristics and traits of their schools. Academically, 62 percent of charter schools are in the top 50 percent of all public schools in NC. 44 percent are in the top 25 percent of all public schools in NC. 15 percent of charter schools have a grade level proficiency between 25-49 percent, and 23 percent of charter schools are in the bottom 25 percent of all schools in the state. About 10 percent of all charter schools are in financial noncompliance status. The average school met 10 out of 12 standards in the Operations framework. In the next two months, OCS will be gathering feedback from school leaders and the CSAB, so we can start planning next steps for the Performance Framework.

- Mr. Hawkes asked what “10 percent in noncompliance status for Finances” meant. Ms. Kendall explained the schools received letters and the specific reasons were listed in the Framework. It typically means signs of financial insolvency.
- Mr. Quigley asked if there would be follow-up for the schools with financial insolvency. Ms. Kendall explained the Finance and Business services had a corrections process and there had already been follow-up.
- Mr. Maimone asked what the process would be for the CSAB to provide feedback. Ms. Kendall replied it would typically be discussed in the Performance Subcommittee.
- Mr. Quigley asked what the process would be for updating the Frameworks. Ms. Kendall replied it would be updated for the next cycle. The plan is to move the framework timeline up because it is a tool for school leaders and parents.

RTO Report Update

Dr. Kebbler Williams highlighted information from the Ready to Open (RTO) Enrollment Summary. There were two check points for schools to report on their readiness using the RTO rubric: May 29 and June 11. For the May 29 report, schools were to have at least 75 percent of their projected enrollment. Schools that were below the projected enrollment on May 29 were required to provide a second update on June 11. The next enrollment report will be collected on July 15.

- Mr. Martez Hill asked what recommendations the CSAB would be making to the SBE if a school did not meet their enrollment numbers. Ms. Crumpler added that State Board policy states that approval of a school’s application is contingent on the completion of the RTO Process. The CSAB could recommend appropriate action to the SBE in light of the circumstances.
- Mr. Hawkes noted there were two schools that were below 25 percent and asked for additional information. Dr. Williams responded that members of the board were in attendance at the meeting today and were available to answer any questions from the CSAB.
- Mr. Walker asked why those boards would be coming before the board today. Dr. Williams replied during the April meeting the CSAB asked for schools that had issues to come and be interviewed. Mr. Maimone commented that major issues at this time would be facility and enrollment.
- Dr. Williams highlighted information in the RTO Progress Report Status Update. She noted the process had been changed and she wanted to know if conference calls and school visits needed to occur since the boards would be before the CSAB today. Ms. Nance stated she would like to discuss each school individually and then a decision could be made.
- Dr. Williams clarified the boards of the five schools were in attendance of the meeting and were prepared to answer questions related to their rubrics. Ms. Taylor stated there were schools that were showing signs that they may not be ready to open. This is when the CSAB needs to be stepping up and taking action.
- Ms. Nance informed the CSAB of the SBE decision to revoke Dynamic Community Charter.

READY TO OPEN BOARD INTERVIEWS

Piedmont Classical High School

Dr. Williams informed the CSAB the projected opening date for the school was August 19 and they would be opening in Guilford County. She explained the school's enrollment numbers were concerning.

- Mr. Hawkes stated he was concerned about the projected enrollment numbers because everything hinges on enrollment. A member of the board explained that there were 90 applications received. The board did various marketing efforts such as flyers, word of mouth and media. There were two charter schools in the area that recently increased their grade levels and would be offering high school next year. There were 145 enrollment applications that were distributed.
- Ms. Nance asked where the facility would be located. The board chair replied the temporary location was a church and they have a contract with American Charter Development. There was a lease with the church and the lease amount would be dependent on enrollment.
- Mr. Hawkes asked if any faculty had been hired. The board chair explained the board did not hire more than what would be needed based on enrollment. 81 percent of the faculty had been hired based on the current enrollment which was 4 teachers, a principal and an academic advisor.
- Ms. Nance stated she had a concern that the board had an academic advisor. The principal explained she had been realistic with hiring and if teachers needed to have two roles they would. Ms. Mary Catherine Sauer, the schools consultant, explained the board created an amended budget that was based on 100 students and 125 students. Once the marketing expert was brought to the board, enrollment increased. The school is on track for June to be one of the biggest months for enrollment.
- Ms. Taylor asked why the RTO Report did not look good. Ms. Sauer explained that the school had not provided the documentation in the manner that was required. Also, the board did not start putting pressure on parents to return applications until recently.
- Ms. Taylor asked if any of the members had any previous charter experience. Ms. Sauer explained that she had experience but the RTO documentation requirements had changed.
- Ms. Taylor inquired about the transportation and lunch plans. The board member explained the plan had changed and there were transportation issues the board did not anticipate.
- Ms. Nance asked how much the school would be receiving per student. The board chair replied there would be about \$7,000 per student with local and state. Ms. Nance noted that the salary of athletic director and how he/she would be the second highest paid employee.
- Mr. Quigley asked at what point the board would be making a decision to go to 125. Ms. Sauer stated they have talked to other schools and June and August were big enrollment months. They were budgeting for 125 but there is staff prepared to come aboard for 300 students. The momentum is on the upswing. The goal is still 300 students.
- Ms. Nance asked if Ms. Sauer's salary was in the budget. She replied if the enrollment did not reach 200 she would be a volunteer and would not be getting paid. It was written into the contract from the beginning.

- Ms. Sauer added it was important to have the athletic director. The goal is to meet with the students and encourage them to play sports to encourage them to be well-rounded.
- Mr. Maimone asked what was setting Piedmont apart and making it attractive. Ms. Sauer replied the classical model was attractive and there were student support structures in place.
- Mr. Hawkes noted the school was two months from opening and he had an issue with the low expected enrollment. The board chair replied the issues of demand were unforeseen and the board adjusted for it as the budget could handle low enrollment.
- Ms. Reeves noted the scope and sequence was not submitted. Ms. Sauer explained the teachers would be creating the curriculum. The school would offer Biology, Algebra I and Geometry, World History, PE, English, Latin, Art and Study Hall.
- Ms. Nance noted she was concerned that the first allotment would be based upon 300 students. **Ms. Gibbs made a motion to revoke the approval of Piedmont Classical based on the status received today. Ms. Taylor seconded.** Mr. Walker asked if the first allotment could be delayed. Ms. Crumpler replied the first allotment could be frozen. Mr. Maimone asked what message was going to be sent to vendors of charter schools; there were some dangerous repercussions of not approving the application. Mr. Walker asked if the school would be asking for a delay. Mr. Quigley replied he would be in more support of a one year delay but he wanted the board to say they are based on 100 students instead of them still planning on 300. **The motion failed 3-5 with Mr. Walker, Mr. Maimone, Ms. Reeves, Ms. Nance, Mr. Quigley dissenting.**
- **Mr. Walker made a motion for the SBE to direct the initial funds be based on an ADM of 125 based on the contingency budget that was presented to the CSAB rather than 300 listed in the application. The school will need to make weekly updates on the enrollment to OCS and OCS will provide the updates via email to the CSAB.** Mr. Hill suggested the CSAB provide an explanation to the SBE as to why the recommendation was made. Ms. Taylor commented it was a huge red flag and the CSAB needed to be watching things and asking if this should be allowed to happen. She added it was tough to close schools. **The motion carried 5-3 with Ms. Taylor, Ms. Gibbs and Mr. Hawkes dissenting.**

Queen City STEM School

Dr. Williams explained the primary issue with this board was they did not submit most of what was requested of them.

- Ms. Nance asked why the materials were not submitted. The board chair replied the documents were not ready and were in draft form. Enrollment and facility was the focus of the board. **Mr. Maimone made a motion to allow the board to move forward and open. Mr. Quigley seconded.** Mr. Hawkes asked if the motion was subject to submitting paper work. Mr. Maimone added the importance was getting students in seats and not ten pages of paperwork. The board chair added that documentation would be in the Drop Box by next week. Ms. Taylor noted if records cannot be submitted in time it shows that a school may not be able to run efficiently. **The motion carried unanimously.**

Shining Rock Classical Academy

Dr. Williams explained the board was before the CSAB because they did not have a contingency plan for a facility. Mr. Maimone recused himself from the discussion of Shining Rock Classical Academy explaining he was a member of Team CFA.

- The board chair stated there was a plan to discuss a short term lease with a conference center and a discussion occurred earlier that morning.
- Ms. Nance asked if Team CFA would be providing financial assistance to the school. The board chair replied Team CFA did not provide financial assistance.
- Mr. Walker inquired about the main facility plan. There would be a 90 day delay in being able to use the modular. The plan is to be able to start at the Lake location and then move to the modular. Regarding transportation the school has written multiple grants and there is a line item in the budget to provide food for students that do not bring their food. **Mr. Walker made a motion to have the school continue with the Ready to Open process. The motion was seconded by Ms. Taylor. The motion carried unanimously.**

Stewart Creek High School

Dr. Williams explained the board was before the CSAB because they currently had eight students enrolled.

- The board chair explained Stewart Creek was on a one year delay. The facility would be completed by June 30, 2015 and it would be similar to the existing ALS schools. Mr. Maimone asked if the funding formula would be different from Commonwealth. The board chair replied Commonwealth was based on a pilot program in which they were expected to meet or exceed the enrollment. The funding was guaranteed from the management partner which would ensure there would be no deficiency in operations.
- Mr. Maimone asked if Stewart Creek would be under a special funding provision such as the one governing allotments for Commonwealth. The board chair explained that he would be meeting with DPI staff to discuss this but that currently, they would not be under the same funding arrangement (since that was authorized only for one pilot school, which was Commonwealth). He further added any shortfall in the budget would be made up by the management company. Mr. Hawkes stated the management company would need to recoup the money. The board chair replied if the enrollment did not catch up that would be an investment ALS would make in the school.
- Mr. Maimone noted the CSAB needed to be consistent with its recommendations. Mr. Walker explained the model was completely different from the other models and the enrollments would be coming later in the school year. **Mr. Walker made a motion for the board to continue the Ready to Open Process. Mr. Maimone seconded.** Mr. Hawkes noted he was very concerned about the nine percent enrollment and there was no assurance that it would be as successful as Commonwealth. Mr. Walker added Commonwealth was very anemic at this point last year but their current enrollment exceeded the projected enrollment. **The motion carried 7-1 with Mr. Hawkes dissenting.**

Youngsville Academy

Dr. Williams explained the primary issue for why the board was before the CSAB was lack of documentation submission.

- The board chair explained the current enrollment was 124 out of 140. The board signed a lease with Faith Baptist Church and five out of eight core teachers had been hired.
- Ms. Taylor asked how the insufficiencies in submitted documentation would be addressed. The board chair replied the documents were in the draft form and would be submitted. The principal replied she misread some of the requests of the RTO.
- **Mr. Maimone made a motion for the board to continue with the Ready to Open process. Mr. Walker seconded. The motion carried unanimously.**

CHARTER APPLICATION RECONSIDERATIONS

Ms. Nance informed the CSAB of the SBE directive for the CSAB to make an appropriate recommendation for Cape Fear Preparatory Academy and Pine Springs Preparatory Academy. Both boards severed ties with New Point, an EMO. In light of this information, an amended application would need to be submitted and reviewed. The boards were asked to submit major changes as a result of them not partnering with New Point.

- Mr. Hawkes noted New Point was not a full EMO and the contract provided exit strategies to get away from New Point if needed. Ms. Nance replied the SBE asked the CSAB to look at their applications again and provide information as to how they would be going forward without New Point.
- Ms. Crumpler noted the directive from the SBE was to investigate the allegations and come up with a recommendations in light of the investigation. In the meantime, both of these boards severed their relationship with New Point. The CSAB needed to look at the applications without New Point. The consideration would not occur today, but a process would need to be created today to look at these applications. Mr. Levinson reiterated the SBE directed the CSAB to investigate the allegations and then make a recommendation to the SBE.
- Mr. Hawkes reiterated that the strength of the board should be the basis for the reconsideration. Ms. Taylor added that she was surprised at all of the many things New Point would be handling for the board. The letter that was sent in by them was eye opening and she would like to see how they were planning to do it.
- Dr. Deanna Townsend-Smith read the proposed timeline. The Pine Springs and Cape Fear boards shall submit amended applications to OCS by noon June 26, 2015 via email. The amended application will be reviewed by OCS staff, including an external reviewer. A subcommittee of the CSAB will interview with the boards of the charter applicants and will make a recommendation on whether or not to move the applicants to the CSAB. The CSAB will convene to receive the subcommittees recommendation and will vote on whether or not to recommend approval of the amended application. This meeting will be conducted through a conference call.

- Mr. Walker stated August 15 is the date that all approvals had to be completed. Mr. Hawkes asked if the EMO was a component of the application that was considered a major change. Ms. Nance replied one of the budgets was a little close and she wanted to make sure the board could start up a new school. Ms. Crumpler added the SBE approval was pending an approval based on the recommendation of the CSAB. Ms. Crumpler noted every substantial amendment had to be approved by the SBE. Mr. Maimone suggested if the boards were available today they should be able to answer questions.
- Ms. Nance informed the CSAB a subcommittee would be appointed since there was a substantial change to the application. Mr. Hawkes asked if the discussion was still ongoing. Ms. Nance replied she was creating a subcommittee because it would be in the favor of the two schools.
- Ms. Reeves, Mr. Walker and Mr. Quigley volunteered to be on the subcommittee to review the application. Mr. Walker asked if the board would be allowed to explain how they got to this point. Ms. Nance replied it was not necessary.

Capital City Charter High School

Ms. Nance read a letter from the board chair of Capital City Charter High School stating that the board was withdrawing the application from the current cycle and will be submitting a new one during the next cycle.

Unity Classical School

Ms. Nance stated the SBE asked the CSAB to make an appropriate recommendation in light of members not voting in the original CSAB review process. **Mr. Walker made a motion that the school be moved to the Ready To Open Process. Mr. Maimone seconded.** Mr. Walker added the vote was 7-1 but there were three abstention votes. Mr. Hawkes asked for clarification on the reason why the SBE wanted the CSAB to reconsider. Ms. Taylor added there were concerns about the abstentions and the budget concerns. The three that recused themselves were not present at the meeting. Ms. Lisa Swinson explained that Ms. Alexis Schauss, Director of Finance and Business, was present and prepared to provide insight on the applicant's budget.

- Ms. Schauss explained there were three main things she focused upon as she reviewed the budget: projected enrollment, facility costs and class size. It appeared the applicants may have underestimated their revenue and they would be able to add about \$36,000. Overall, the salaries for personnel were low. The board would have to do some creative marketing to hire someone at the salary they were projecting because Charlotte-Mecklenburg pays more. The school does not have realistic salaries in their budget. There was \$8,000 allotted for professional development and that did not align with the narrative. They do have a buffer of \$150,000 to make budget amendments.
- Ms. Taylor noted that one of the concerns was they were within 13 students of their break even. Ms. Schauss replied 13 students was not that close. The schools that have difficulties are those that do not reach their enrollment numbers.
- Mr. Maimone asked how stable the board had been. A member of the board replied that two members had been added to the board and there were a total of ten. The plan is to raise \$150,000 in fundraising. The board has only lost one member since the submission of the application.

- Ms. Taylor asked how they felt about the budget analysis that was presented. The board member replied that they were conservative with their numbers. Mr. McLaughlin asked if there was any uncertainty with the facility. The board member replied there had been a concern with a conflict that one of the board members was affiliated. That was no longer a concern.
- **The motion carried unanimously.**

The CSAB adjourned into subcommittees at 1:15 pm.

SUBCOMMITTEE REPORTS

The CSAB reconvened at 2:28 pm.

Policy Subcommittee

Mr. Walker provided a report from the Policy Subcommittee. He explained there were a couple of options that were discussed in which the charter agreement and policy could be modified or just the charter agreement could be modified. The subcommittee focused more on modifying the charter agreement. The following statement could be added:

27.4 In its discretion, upon the request of the Nonprofit, the State Board of Education may delay the opening of the school for a year in order to extend preparation time. The State Board of Education may, in appropriate circumstances and in its discretion, direct that the Nonprofit delay the opening date. Notwithstanding section 1.1, this section is effective upon the signing of this agreement by parties.

This would not go into effect into the next cycle. No recommendations would be made today because the subcommittee was in the discussion phase.

Performance Subcommittee

Ms. Reeves provided a report from the Performance Subcommittee. She discussed the new charter application timeline for schools that would open in 2017-18. The application would be left intact.

- The updated application would need to be submitted by the July 9th meeting and would be ready for access on the web by July 31st.
- Completed applications would be due on September 25 to OCS. In October, OCS and subcommittees would screen each application for completeness. In November through January, the initial application reviews would occur by the external evaluators.
- The subcommittee recommended that some of the evaluators not be asked back next year and that recommendations be forwarded to OCS.
- In February and March, Subcommittees would conduct a review of applications in which boards would be invited to come in for an interview. The subcommittee would be able to ask any questions that they would like to ask even if the information was not included in the application.
- In April and May, the full CSAB would interview the boards. Final recommendations would be submitted to SBE by June 2016 and by August 2016 the SBE would grant approval. Instead of

final approval, the language would be changed to “contingent on successful completion of the planning year”.

- Ms. Reeves added that there needed to be clarification on background checks and what was expected from the checks.
- Mr. Hawkes asked if there would be some qualitative goals set on the RTO. Mr. Maimone replied the subcommittee was submitting a timeline and the percentages could be added at a later time.
- Mr. Hawkes asked if applicants could clarify misinformation. Mr. Maimone replied the language had been changed so that the conversations would be open and they would be free to make clarifications. Mr. Maimone further stated there needed to be a definition of new information. There needed to be some kind of guideline so that groups would know.
- Mr. Walker asked how incomplete applications would be handled. Mr. Maimone stated OCS would provide input on whether it was incomplete and CSAB would make the final recommendation.
- Mr. Walker added applicants should be given 5 days to fix what was incomplete. Dr. Townsend-Smith replied the process needed to be kept rigorous. The applications needed to be submitted in a timely manner and if they could not follow the simple task of attaching an appendix the application should not be reviewed. Mr. Walker asked if 5 days was too long. Dr. Townsend-Smith replied it would take a considerable amount of time to check the application for completeness and then read resubmissions. Resubmission would push back the timeline and it would have to be taken back to SBE to reapprove the timeline.
- Mr. Maimone added because the process was not changing it reduced the likelihood of people making as many mistakes. He added he was uncomfortable with people being able to resubmit.
- Mr. Quigley asked if there was any consideration for handbooks not being submitted. Mr. Maimone replied it was important to see how a board thought through their processes and we would continue to request that information.

Ms. Nance informed the CSAB that she sent the Governor a letter on April 17 resigning her position as the CSAB chair. She appreciated the hard work that everyone had done.

Ms. Reeves made a motion to adjourn the meeting at 3:27 pm.