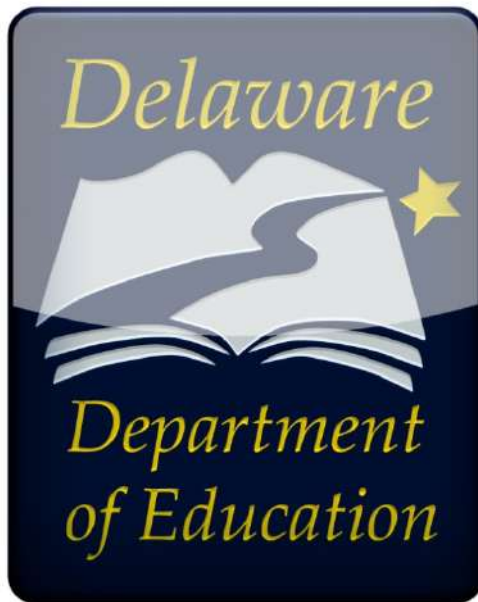


CHARTER SCHOOL ACCOUNTABILITY COMMITTEE

DELAWARE DEPARTMENT OF EDUCATION



PENCADER BUSINESS AND FINANCE CHARTER HIGH SCHOOL

PRELIMINARY REPORT

FORMAL REVIEW

PRELIMINARY MEETING

Opening Date: September 2006

Grades: 9 - 12

Location: New Castle County

September 30, 2012 Unit Count: 411

Date of Report: 6 December 2012

Background

The Pencader Business and Finance Charter High School ("Pencader") opened in August, 2006 with 9th and 10th grades. The school is located in New Castle County, Delaware and is authorized to enroll 625 students. The school's current enrollment is 411 students (as of September 30, 2012).

On January 10, 2007, Pencader was placed on Formal Review by the Secretary of Education due to missed deadlines related to charter conditions, late or incomplete responses to requests for information made by the Department of Education, parent complaints regarding school climate, school operations, and management concerns. The Charter School Accountability Committee (CSAC) conducted the Formal Review and concluded with a recommendation that the school be placed on probation with a number of conditions. Further, the Committee also recommended that one of the factors which should be considered during the school's next charter renewal is the school's performance in adhering to deadlines and timelines. As a result of the Formal Review, the School was placed on Probation at the May 17, 2007 State Board of Education meeting.

On July 20, 2007, Pencader was again placed on Formal Review for its failure to fully meet the conditions of its charter with respect to a prior charter modification request and its probation status.

On October 15, 2009, Pencader's Board submitted its first application to renew the school's charter for an additional term of five years. Charter schools are initially approved for a four-year term and five-year terms thereafter. School performance is reviewed prior to the end of that period for charter renewal. On January 14, 2010 the Secretary, with the consent of the State Board, decided to approve Pencader's charter renewal subject to specific conditions.

During the 2010-11 school year, the Charter School Office found potential issues with the school's building-level financial oversight procedures. In addition, the Charter School Office discovered a significant financial shortfall for the operating year. The previous school year (2009-10), the school board had to secure a loan to close a similar financial shortfall. On February 10, 2011 the Charter School Office and representatives from the Department of Education's Financial Reform and Resource Management workgroup met with Pencader representatives to highlight these concerns and discuss the Formal Review process. Subsequently, the Pencader Board replaced its Board President and school leader to the address governance and administrative issues. In addition, the Board made budget reductions to reduce the identified shortfall, but the root causes required further investigation and on April 21, 2011, the school's charter was again placed on Formal Review.

On June 10, 2011 The Charter School Accountability Committee convened for the Final Meeting of the Formal Review and recommended revocation of the charter.

On August 18, 2011 the Secretary of Education decided that the school should remain open and be placed on probation subject to specific conditions.

During the 2011-12 school year Pencader made significant progress against the conditions of its probation. However, due to new issues which led to a significant decrease in student enrollment Pencader's charter was placed on Formal Review on September 25, 2012 to determine whether

the school is violating the terms of its charter.

On 17 October 2012, the Committee had met with representatives of the school for the Initial Meeting and on 26 November 2012 to review the relevant statutory criteria and make a preliminary recommendation to determine if the school was violating the terms of its charter. The Committee focused on the following statutory criteria:

- Criterion 1: Governance & Administration
- Criterion 3: Mission, Goals, Educational Objectives
- Criterion 6: Educational Program and Student Performance
- Criterion 7: Serving Students with Special Needs
- Criterion 8: Economic Viability
- Criterion 9: Administrative and Financial Operations.

Criterion 1: Governance and Administration

The Committee discussed the effectiveness of the Board of Directors and the administration and noted the following:

- Limited evidence regarding the Board's knowledge and expertise to operate the school without assistance from third parties
- The School's tax standing is unclear due to the Board's failure to insure continuance of the school's 501(c)(3) status
- Board transparency and responsiveness to parent concerns.

The Board also noted that Pencader had begun to address some of these issues since the Initial Meeting. Below is a summary of the board's actions since the Initial Meeting:

- Partnered with the Delaware Charter Schools Network to identify new board members. The Board has elected two new Board members: Frank McIntosh (President) and Dr. Daniel Young (Vice President). The new board members would contribute relevant talent and expertise.
- Revised its bylaws
- Made a reapplication for the 501(c)(3) that will be sent to the IRS no later than 1 December 2012
- Formed five committees that include parents and faculty. The committees are: Formal Review, Special Education, Board Policies, Strategic Planning, and Marketing.
- Provided a legal analysis explaining its rationale as to why the Board is lawfully constituted at the present time.

The Committee noted the following ongoing issues:

- Board Training – In addition to the Board Finance and Citizens Budget Oversight Committee training required by the State, board training is needed to help members in being able to turn around the school. High performing charter school boards have specific competencies and accountability measures, such as those for a school leader. During the third Formal Review for the school, the previous board president and school leader had indicated that the Board would receive training in the Baldrige model; however, there is no evidence that the Board or school leadership followed through on

making the training available. The school must provide a Board training plan that considers how high performing charter school boards operate effectively and specific competencies.

- Pencader currently has an interim school leader and an interim assistant leader; however, the school must provide information on its search process for a permanent school leader.
- After three previous Formal Reviews the Board must articulate a compelling vision of how proposed changes will represent a fundamental shift from past practices and provide an educational experience that ensures student success.

The Committee concluded that Criterion One is not met.

Criterion 3: Mission, Goals and Educational Objectives

The Committee discussed the school's alignment to its mission, goals and educational objectives. The school acknowledged that missteps had caused the Board to focus only on a year to year basis; thus, making it difficult to look beyond the current school year and focus on the school's mission, facilities, etc. The Board indicated that it has recently formed five committees that include parents, board members and staff to ensure that the school's mission is met. The committees are: Formal Review, Special Education, Board Policies, Strategic Planning, and Marketing. The school's response should include a plan to align to its mission, goals and educational objectives.

The Committee concluded that Criterion Three is not met.

Criterion 6: Educational Program

The Committee discussed the school's fidelity of curriculum implementation, especially in light of measures that the school was taking to balance its budget. The school had submitted its annual report, a statutory requirement, and it contained information on student performance; however, it was not clear how the Board planned to assure that the financial cutbacks would not adversely affect the educational program. The school's response should address this issue and include an explanation of its compliance with its Performance Agreement.

The Committee concluded that Criterion Six is not met.

Criterion 7: Serving Students with Special Needs

The Committee discussed the two administrative complaints about special education issues at the school. There were two administrative complaints filed with the Department's Exceptional Children Resources Work Group. The Committee noted that subsequent to the Initial Meeting the Pencader Board had authorized a restructuring of the Special Education Department to be completed no later than 1 December 2012 to address these issues.

Ms. Kline reported that one of the complaints had been addressed and subsequently resolved and there were no findings relative to that complaint. However, the other complaint found circumstances of non-compliance. She noted that the duty of identification is incumbent upon the school's entire staff and administration. Under the Individuals with Disabilities Education Act (IDEA), the school has a duty to recognize when any student may be in need of special education services and/or need to be evaluated to determine if s/he is eligible.

The Department of Education complaint decision recommended that the school constitute an Instructional Support Team to identify which students need additional help, whether they be in a general education setting or a special education setting. School staff/administration is responsible for establishing these processes and that they are currently in the development process.

The complaint was more than a special education issue and concluded that:

- The school administration did not understand their duties and the issues involved nor did the staff respond in a timely way.
- The issues in the complaint decision were not limited to special education or to one staff member. Several teachers and administrators were aware of the specific student's issues. However, the parents did not receive a response in a timely manner. The lack of timely notification created additional problems for the student.
- There is a culture at the school that needs to be reversed as well as a clear understanding of responsibilities relative to special education students and regulatory/statutory requirements.

Ms. Kline recommended that:

- The school implement strategies to ensure that the special education staff, the general education staff, and the administrators understand the duties and processes of evaluating a student.
- The Committee collect evidence to ensure that all non-compliance issues have been corrected as noted in the complaint system and that the Department of Education be able to verify that corrective action has occurred throughout the entire school.

The Committee concluded that Criterion Seven is not met.

Criterion 8: Economic Viability

The Committee discussed the school's student enrollment and noted a significant decrease over the past three years, from 611 in 2010 - 2011, to 509 in 2011 - 2012, and to 411 in the 2012 – 2013 school year. As a result, the impact to the school's revenue has been significant. The school's current probation includes a condition that requires monthly monitoring meetings with the Financial Reform Resources work group and the Charter School Office. The purpose of the meetings is to review the school's financial status, including timely payment of bills, and that revenues and expenditures tie out within the State's financial system.

Ms. Field Rogers reported that the school consistently provides the required financial information in a timely manner. With the decline in May enrollments, the Financial Reform Resources work group indicated that if the school could make an enrollment projection of approximately 410 students and asked the school to provide a budget based on that enrollment. The school provided a budget and implemented it based on the actual September 30th Unit Count.

The next meeting was scheduled for Thursday, 29 November 2012. The Committee noted that the school has done everything the Department has asked and is on-track to be debt-free by the end of the 2012 – 2013 school year (a condition of its probation).

The Committee concluded that Criterion Eight is met.

Criterion 9: Administrative and Financial Operations

The Committee discussed the school's building-level financial oversight and administrative capacity. The Committee noted that the school contracts with Innovative Schools to provide back-office support. In addition, the school has implemented procedures so that funds are not expended without prior approval from the school leader and a designated Board member. Additionally, all financial management processes must be approved by the Board. The school plans to introduce new financial policies that will be presented to the Board at their next regularly scheduled meeting.

Based on the school's existing conditions from the previous Formal Review the Committee requested that:

- The Board assure that it will fully comply with the existing conditions of the current probation (e.g. complete Board Finance and Citizens Budget Oversight Committee training).
- Additionally, the school must submit a recruitment plan, with clear goals and strategies, that will increase enrollment closer to the authorized 625 students.

The Committee concluded that that Criterion Nine is not met.

Summary and Recommendations

- Criterion 1: Governance & Administration – NOT MET
- Criterion 3: Mission, Goals, Educational Objectives – NOT MET
- Criterion 6: Educational Program and Student Performance – NOT MET
- Criterion 7: Serving Students with Special Needs – NOT MET
- Criterion 8: Economic Viability – MET
- Criterion 9: Administrative and Financial Operations – NOT MET

The Charter School Accountability Committee recommended that the charter for Pencader Business and Finance Charter High School be revoked pending the Committee's review of all documentation the school is required to submit with its response to the Preliminary Report.

Appendix A

List of Attendees

Preliminary Meeting of the Charter School Accountability Committee

26 November 2012

Formal Review

Pencader Business and Finance Charter School

Voting Members of the Committee

- Mary Kate McLaughlin, Chairperson of the Charter School Accountability Committee and Chief of Staff, Delaware Department of Education
- April McCrae, Education Associate, Education Associate, Science Assessment and STEM
- Paul Harrell, Director of Public and Private Partnerships
- Jennifer Kline, Esq., Education Associate, Procedural Safeguards and Monitoring
- Karen Field Rogers, Manager, Financial Reform & Resource Management

Staff to Committee

- John Hindman, Deputy Attorney General, Counsel to the Committee
- John Carwell, Director, Charter School Office
- Patricia Bigelow, Education Associate, Charter School Office
- Chantel Janiszewski, Education Associate, Charter School Office

Additional Attendees

- Amber Cooper, Office of Management and Budget
- Leighann Hinkle, Office of Management and Budget
- Donna R. Johnson, Executive Director, State Board of Education
- Kendall Massett, Executive Director, Delaware Charter Schools Network

Representatives from Pencader Charter School

- W. Daniel Young, Board Member and Vice-President
- Steven Quimby, Head of School
- Tami Koss, Assistant Head of School
- Barry Willoughby, Attorney for the School