

Career Academy of South Bend, Inc.
Minutes of Meeting of Board of Directors
October 27, 2015

Directors Present: Thomas Coley, Larry Garatoni, Michael Garatoni, Tracy Graham, Vivian Sallie,
Dave Risner

Absent: Larry Davis, Jinny Longbrake, Lori Smith

Staff Attending: Paul Schlottman, Lydia Jagger, Dean Fecher, Dan Fulcher, Charles Loeser

Also Attending: Lindsay Omlor

Larry Garatoni called the meeting to order at 5:40 pm at the Career Academy, 3801 Crescent Circle, South Bend, and led the Pledge of Allegiance.

A. Minutes of Prior Meeting. Vivian moved for approval of the minutes of the prior (September 15) meeting, Dave seconded, and the minutes were unanimously approved.

B. School Operations.

1. Demographics Report. Paul summarized the demographic reports for each school as follows:

School	Total	% Boys	% Girls	% Free	% Red	% White	% Black	% Hispanic	% Spec Ed
K-4	443	57	43	65	7	49	46	4	15
5-8	380	52	48	51	8	58	35	5	21
9-12	252	55	45	51	11	60*	24*	5*	26

*For the high school, 10% of students identify as multi-racial. For the primary school and middle school, there was no category of multi-racial.

Paul noted the percentage of students categorized as English Language Learners (ELL) is 7% for the primary school, 11% for the middle school and 13% for the high school. This classification means that the primary language spoken at home is not English, but many ELL students (for our schools, most) are proficient in English. All ELL students are assessed for language proficiency so that appropriate instruction can be provided.

2. AdvancED Review. Lydia distributed the "Diagnostic Review Report" for the high school, prepared by AdvancED, a school improvement/accreditation consulting organization strongly recommended by the Indiana Department of Education. The report reflected a September 13-16 visit to the school by a ten-member team including prominent educators from other states. The findings of the report did not come as a surprise, Lydia said, but the report is a good basis for guiding the school's management to address areas needing improvement. One focus for improvement is a comprehensive aligned curriculum, another is keeping excellent teachers. An AdvancED team will return in the spring to assess our progress. Vivian asked if this process will provide information on how the school is doing in comparison to other schools. Paul said this process does not involve comparisons, it's individualized, the focus is to identify needs and then measure growth.

3. **NWEA Assessment Data.** Lydia reported that the first session of tests using the Northwest Evaluation Association (NWEA) assessments has been completed for grades 7-12. The NWEA tests will be given again in winter and spring, providing a basis for measuring growth during the year as well as year-to-year for students who were with us last year and took the test (“non-transient students”). There is a great deal of NWEA data, so for this meeting Lydia focused on comparison of this year’s grades 8-9 compared to last year’s grades 7-8, in the context of national norms.

Comparing scores for the 46 students who took the test as seventh graders last year and the 87 students who took the test as eighth graders this year, the data (figures rounded to nearest whole number) shows this year’s eighth graders as a group scoring lower than last year’s seventh graders in language and reading, while scoring higher in math and science, but still below national norms:

All Students	Language	Reading	Math	Science
Grade 7 in 2014	211	213	219	202
Grade 8 in 2015	210	208	222	208
Norm for Grade 8	216	217	226	210

In contrast, scores for the 22 students who attended CASB as seventh graders and also took the test this fall as eighth graders (“returning students”) show: (1) returning students scored significantly higher last year than the seventh grade as a whole in language and reading (where they exceeded national norms) and were equal to seventh grade as a whole in math and science; (2) returning students made strong progress in all subjects from the beginning of last year to the beginning of this year and are well above national norms:

Returning Students	Language	Reading	Math	Science
Grade 7 in 2014	219	221	220	202
Grade 8 in 2015	223	231	232	214
Norm for Grade 8	216	217	226	210

Comparing scores for the students who tested in grade 8 last year and grade 9 this year (figures rounded to nearest whole number), the data shows this year’s ninth graders as a group scoring lower than last year’s eighth graders in reading and math and roughly equal in language, while below national norms in all subjects:

All Students	Language	Reading	Math
Grade 8 in 2014	215	216	227
Grade 9 in 2015	216	214	226
Norm for Grade 9	218	220	230

In contrast, scores for returning students who attended CASB as eighth graders and also took the test this fall show: (1) returning students scored lower last year than the eighth grade as a whole in all subjects; (2) returning students made greater progress than national norms in language and reading but are still short of national norms this fall, while making no progress in math (where they began last year at the national norm) and so start this year below the national norm:

Returning Students	Language	Reading	Math
Grade 8 in 2014	214	212	226
Grade 9 in 2015	218	217	226
Norm for Grade 8	216	217	226
Norm for Grade 9	218	220	230

The upshot, Lydia said, is that while the students who were in last year’s seventh grade and are in this year’s eighth grade are very strong and made excellent progress last year, there is a great deal of work to do with this year’s new eighth graders and this year’s ninth graders. An important step will be to use the test data for each student to individualize instruction to focus on each student’s needs. Next week teachers will meet with students individually to review the score data and set goals for the rest of the semester. Teachers are receiving six hours of professional development instruction in how to use NWEA data to improve instruction.

Mike asked if NWEA is also used for other grades. Paul said yes, there will be a report on other grades next month.

4. Grants Update. Paul reported several grants are being pursued. A grant offered by the Indiana Department of Homeland Security covers school safety costs, including employing a School Resource Officer, for which an application will be filed this month. The Indiana Department of Education has a charter school start-up grant program (called the Public Charter School Program Grant, divided into a Planning Grant and an Implementation Grant) for which the Success Academy Primary School is eligible; the Planning Grant application has been filed and in the next month we will file the first phase of the Implementation Grant (for the first year of school operation; an additional Implementation Grant application may be filed for the second year of operation). The school also may apply for other grants such a Conexus Indiana grant for development of advanced manufacturing and logistics career training, see <http://www.conexusindiana.com/news-release/lilly-endowment-grants-3-625-million-to-conexus-indiana>, and the Innovative CTE Curriculum Grant through the Indiana Works Councils, <http://in.gov/irwc/2362.htm>.

Tracy asked if any expected grant receipts are included in the budget. Paul said the school safety grant is included (as “SRO Grant” at \$50,000 divided between the three schools), since it appears that most schools that apply will receive that grant. The budget also includes \$144,000 for the primary school for the Planning Grant, which is considerably less certain than the SRO Grant but likely to result in an award (the application asked for \$169,034; applications

are scored and awards are based on the score). Similarly, the budget includes \$160,000 for the primary school for the Implementation Grant (for which the maximum available is \$180,000). The budget also includes an expected \$221,000 for the primary school and \$190,000 for the middle school under a grant program for which all new charter schools in Indiana are eligible for \$500 per student per year (the budget mistakenly identifies this as Public Charter School Program Grant, the correct name is the Charter and Innovation Network School Grant Program).¹ There are no other anticipated grant funds reflected in the draft budget.

5. Trine Monthly Report. Lindsay distributed the Accountability Plan Status Update report for each school, based on her observations that day and earlier data. The governance standard is now shown as met and for the most part all other standards are met except those which are not applicable and academic requirements, most of which require data not yet available. For the "instruction" standard, she saw improvement at the primary school from last month but the standard is still marked as not met, which she said is not surprising for a new school in its initial months of operation. She also has concerns about the rigor of instruction at the middle school, which is marked as not met. The report shows the high school as "approaching standard" for attendance; tardies are an issue. Vivian asked if late drop-offs are a factor. Paul said yes that is a factor, both parent drop-offs and the Transpo buses, which are usually 10-15 minutes late. Paul said the school is sending letters to parents about the tardiness issue.

C. Financial Reports. Dan Fulcher presented the July financial statement, which has a different format from the Corporation's prior financial statements due to the new software system (the vendor for the prior system went out of business so the prior system had to be replaced). Vivian asked is there a claims paid/banking detail report. Dan said there is not, he will be preparing those on a calendar month basis going forward but did not have time to prepare one for this meeting. Dan explained there will now be four balance sheets and income statements: one for each of the schools and one for administration. Dan noted that the balance sheet for the high school includes the Crescent Circle building and the balance sheet for the middle school includes the Ardmore Trail building where as the balance sheet for the primary (which will pay rent to the middle school) shows no assets other than cash (offset by liability for a loan from the Garatoni-Smith Family Foundation). Dan explained he is still in the process of learning the new software system, he is looking for a user group. Lindsay suggested it might be useful to work with Trine's accounting consultant, Brian Anderson (Trine offers this service at no charge).

Tom asked what is the long term liability on the high school balance sheet identified as QZAB bonds receipts? Charles Loeser explained this is a portion of the Corporation's debt to Larry Garatoni that was refinanced under the federal Qualified Zone Academy Bond program, which allows charter schools to borrow on favorable terms based on tax benefits for the lenders/bond purchasers. In this case, \$4M of the debt to Larry was refinanced through the QZAB program, for which Larry purchased the bonds. The transaction in effect made the \$4M

¹ Indiana Code 20-24-13.

interest-free to the school, since (by our choice of the direct-pay option instead of a tax credit), the U.S. Treasury is to pay the interest to Larry (which has not happened yet, the IRS is still processing the application). But the school's auditors (the Fitzgerald firm from Indianapolis) explained that although the \$4M is effectively interest-free to the school, accounting principles call for the interest to be listed as an expense/liability on the school's books while the interest payment by the Treasury is to be listed as offsetting revenue.

Dave asked what's the school's relationship with the State Board of Accounts? Lindsay said charter schools are audited every other year by the SBOA and are required to obtain private audits in the intervening years.

Charles noted the tuition revenue shown on the July financial statements for the primary school and middle school is understated, since the "Basic Grant" amount is based on 47 students for the primary school and 220 students for the middle school rather than the Count Day enrollments of 443 and 380. Dan said yes, the revenue shown on the statement is only for the payment actually received, there will be catch-up payments but the monthly financial statements are prepared on a cash basis. Larry said we need to have accrual statements; he understands that the SBOA requires cash statements and we need to comply with SBOA requirements, but for management purposes, we need accrual statements as well. Larry said let's hold off on approving the budget for now.


D. Public Questions And Comments. Heather Kaiser, a parent of a CASB student, said she appreciates the school very much but wanted to give the Board a letter expressing concerns of a group of teachers who were reluctant to speak out. Larry asked if she wants the board to respond to her. She said no, the response should be to teachers. Larry said the school has a system of surveys allowing teachers to write as much as they want, on an anonymous basis, and such a survey is being taken now, so it is puzzling that anyone should think it's necessary to have a parent deliver a letter, but he thanked Mrs. Kaiser for her concern.

Michelle Donovan, a grandparent of a CASB student, said she and others are upset about the discharge of Chad Addie. Her granddaughter is at the school because of Chad, she said, and many students are. She doesn't understand why Chad was let go. Larry said it was a budgetary decision: expenses had to be reduced to get to break-even, and it was concluded that the best way to do so without harm to school operations was to eliminate three positions, including Chad's. That is not so say that Chad wasn't a benefit, as her being here proves.

Another parent said there was no explanation to parents of why Chad was let go, which left her and others concerned about the direction of the school. This may affect enrollment.

Mike asked if it would help to do anything now. The parent said a letter or email to parents would be useful. Larry thanked her for her concerns.

There being no additional comments, the meeting was adjourned at 7:00 pm.



Charles M. Loeser, Assistant Secretary