## BEFORE THE STATE PUBLIC CHARTER SCHOOL AUTHORITY STATE OF NEVADA

In Re:

Nevada Connections Academy Notice of Closure or Possible Board Reconstitution Hearing Date: October 23, 2017

Hearing Time: 8:30 AM

#### NEVADA CONNECTIONS ACADEMY'S PREHEARING BRIEF

Nevada Connections Academy ("NCA"), by and through their undersigned counsel, Holland & Hart, LLP, hereby files its prehearing brief for the October 23, 2017 hearing.

#### I. Introduction

NCA is successfully serving a large population of students who enroll with NCA credit deficient – 49% of the 2016 graduating cohort came to NCA at least a semester or more behind. These students will testify that if it were not for NCA they would not be in school or have graduated. The high transiency rate of NCA's students cannot be ignored as Staff recommends but should be thoughtfully analyzed as part of these proceedings. "Reaching out to and embracing these kids is critical. It is tough; it is often unsuccessful, but it sometimes works . . . and the measuring stick we use to assess these schools should consider the larger circumstances of their students and missions." Senator Becky Harris, 2015 Senate Committee on Education Hearing, Hearing Ex. G, at R0205. At the heart of this proceeding is whether the State Public Charter School Authority Board ("SPCSA" or "Authority") will penalize NCA and deny Nevada families their school of choice because NCA serves a large population of vulnerable youth who likely would drop out entirely but for NCA.

Following Phase I proceedings, the SPCSA concluded that NCA's graduation rate falls below 60 percent, and that NCA failed to adequately cure this single deficiency. Director Gavin himself testified this was the only issue of concern with NCA – and it was all that mattered for

this proceeding. Hearing Ex. Y, at R0878 (Gavin states that "other than on this matter of grad rate, the school is currently – was in good standing as of the worst recent full framework"). In Phase II of these proceedings, NCA will demonstrate that the Authority's only identified concern with the school for these proceedings—NCA's graduation rate as calculated by the NDE for school years 2015 and 2016—is not an accurate measure of NCA's academic performance. NCA will present evidence regarding its ability to successfully reengage students who have enrolled at NCA as a final option before dropping out of high school altogether; assist creditdeficient students with credit accrual, giving them an opportunity to graduate on-cohort that had previously seemed unattainable for many students; provide the individualized and flexible education necessary to accommodate the vastly different student schedules and learning styles of an at-risk population where other Nevada public schools are unable to do so; to educate all its students at a level that exceeds the Nevada statewide testing standards based on third-party validated data of measurable performance indicators (including what Member Snow described as "impressive" test scores); and develop, implement, and sustain efforts that have shown demonstrable improvement in its overall graduation rate.

Pursuant to the discretionary standard for school closure in NRS 388A.330 and the legislative history behind that standard demanding that a high stakes decision not be based on graduation rate alone, the Authority must consider the evidence demonstrating that NCA is performing well in all measurable indicia of academic performance during the 2015 and 2016 school years. NCA respectfully requests that the Board also consider other evidence regarding the nature of NCA's student population as the legislature intended. NCA will present evidence to demonstrate that other public schools in Nevada are actively pushing their most credit-deficient students away, refusing to enroll them, or moving them closer to graduation despite a students' inability to pass their classes. NCA also will present evidence that during the same

time periods at issue here when NCA's population of credit deficient students was increasing, the Authority Staff had "limited" another charter school's enrollment of 12th graders – resulting in those credit deficient students enrolling instead in NCA. Hearing Ex. L. Because of this (in part), high numbers of credit-deficient students have enrolled in NCA toward the end of their junior or senior years and behind in credits-- severely impacting NCA's graduation rate, such that NCA's 2016 graduation rate but for these students would be 87 percent, in line with SPCSA Executive Director Patrick Gavin's statement that "the most important measure of school performance, is how [the school is] actually impacting the students it gets." May Transcript, Vol. III, at 217. In so arguing, NCA is not, as Chair Guinasso admonished NCA during Phase I, demonstrating arrogance, suggesting that these students do not matter, or blaming these students for their predicament. To the contrary—NCA accepts all of these students with no reservations where other schools do not, prepared with tools that give an at-risk and transient student population the best chance of graduating—if not on-cohort, then as soon as possible given how they came to NCA (sometimes already two years behind or with few credits at all). So while NCA accepts accountability and hereby submits an additional cure proposal to demonstrate the same. NCA simply asks that the Authority not penalize the school for NCA's commitment to ensure that no students slip through the cracks. To close a K-12 school based on a four-year adjusted cohort graduation rate in the face of evidence demonstrating that the school is performing well and filling a void in Nevada education would be arbitrary, capricious, and in violation of Nevada law.

The evidence will show that no action should be taken to reconstitute the NCA board or to close the school based on this single uninformed data point. Should the Authority conclude otherwise, NCA asks that the Authority exercise its ample discretion under NRS 388A.330 to employ a less drastic alternative, such as issuing a directive with compliance items NCA must

meet in its continuing effort to better serve Nevada students, adopting a Student Performance Compact, providing for a charter amendment to include an enrollment cap on the high school of 1,500 students (down from its current enrollment of 1,712 students – but accommodating returning students) and that the high school will not grow beyond 1,300 students for the 2019-20 school year (still accommodating returning students) and any other measures included in NCA's proposed amended cure, and possibly future high stakes reviews (as proposed by Staff for other virtual schools and in accordance with the Authority's performance framework).

### II. Evidentiary Standard

Staff must demonstrate by a preponderance of the evidence that its recommendations should be followed. NRS 233B.121(9); 233B.125. This requires that Staff present "reliable, probative, and substantial evidence of such sufficient quality and quantity that a reasonable" fact-finder could conclude that the existence of the facts supporting the claim are more probable than their nonexistence. *Nassiri v. Chiropractic Physicians' Bd.*, 140 Nev. Adv. Op. 27, 327 P.3d 487, 491 (2014). Staff failed to prove through "reliable, probative and substantial evidence" that NCA has not cured the single deficiency staff has identified or that as a result NCA should be closed or reconstituted. A reviewing court will conclude that an administrative agency abused its discretion if it renders a decision that is arbitrary and capricious, meaning that its decision is not based upon substantial evidence. *United Exposition Serv. Co. v. State Indus. Ins. Sys.*, 109 Nev. 421, 424, 851 P.2d 423, 424 (1993). "Substantial evidence is that which a reasonable mind might accept as adequate to support a conclusion." *Id.* at 424-25.

#### III. Argument

- I. Closure or reconstitution would be arbitrary, capricious & violate Nevada law
  - a. The Authority must consider the students served and school performance for the years at issue 2015 and 2016

A high school's graduation rate is merely a trigger for the Authority to consider whether

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closure, reconstitution, or other action is appropriate under NRS 388A.330. Staff conceded in Phase I, under oath, that the NDE-calculated graduation rate<sup>1</sup> is its only concern with NCA's performance and the sole basis for this proceeding, but argues this single data point means NCA is not adequately serving its students. NCA presented overwhelming evidence the school is serving its students well—in many subjects outperforming other Nevada schools.

NRS 388A provides that the Authority "may" consider closing a high school if its graduation rate<sup>2</sup> for the previous year is below 60%. This provision was revised from an earlier draft of the bill (SB 509) that would have mandated closure of a high school (using the term "shall") if the preceding year's graduation rate was less than 60%. First Draft of SB 509 (March 23, 2015), **Hearing Ex. F**. Rather than mandate closure, the Legislature afforded the Authority discretion to consider the possibility of closure, board reconstitution, or other action, if compelling and substantial evidence supported such a decision. During a 2015 Senate

<sup>&</sup>lt;sup>1</sup> The Authority has elected to utilize the four-year cohort federal calculation of graduation rate. NRS 388A.330 does not define graduation rate, the federal definition is not mandatory, the federal calculation does not exclude certain students in violation of Nevada law—including displaced students, students who have received a GED or moved onto adult education, and students who have been with a school for less than 50% of a year. See, e.g., NRS 385A.260, NAC 389.699(3). However, the Authority's decision to utilize the federal calculation in no way forecloses consideration of the impact on NCA's federallycalculated graduation rate of students for whom the school does not have an adequate opportunity to serve: when these students arrive, in what credit status they arrive, how long they remain with the school—all of this is key evidence that the Authority must consider in exercising its discretion regarding potential closure, because it is the only way the Authority may familiarize itself with the information behind a number that is not designed to measure student transience. As Expert Matt Wicks explained, the federal four-year cohort graduation rate was intended "to create a standard way across states to measure graduation rate," designed with students in mind who "were relatively stable within the four-year period." Vol. IV, at 143. However, as the Authority is aware, "relative stability" is not an accurate description for many at-risk students who enroll at NCA, and a one-size-fits-all number to measure schools must be supplemented with an understanding of the humans behind that number, so as not to render it a meaningless statistic. See Hearing Supp. Ex. D, Declaration of Gina Hames, at 2-3 (explaining that, as director of NCA's Grad Point Recovery Program, she sees students who face mental illness, severe and debilitating physical illness, become parents during high school, homelessness, must maintain full-time jobs, and more—all to the detriment of the students' abilities to accumulate credits at the typical rates).

<sup>&</sup>lt;sup>2</sup> Chair Guinasso and other board members asserted they seek to treat all schools the same and will use the same measure for "graduation rate" for purposes of NRS 388A.330 – which constitutes a rule of general applicability and requires compliance with the rulemaking requirements under NRS 233B which have not been satisfied here. Similarly, the Authority began rulemaking proceedings to establish process and procedures for closure hearings but never completed that process and, as a result, has adopted ad hoc rules that allow Staff to treat schools differently as will be demonstrated by the evidence.

Committee on Education meeting, legislators expressed concerns of unfairly penalizing schools that serve at-risk students. Senator Harris stated: "The NDE and others are aware of the plight of schools serving at-risk children"—many of which, she stated, do not qualify for the limited definition of an alternative framework but who provide "their services to students who have washed out of the local school district." *See* **Hearing Ex. G** at R0204-R0205 (Excerpts from 4/3/2015 Minutes of Senate Education Committee Meeting). Senator Harris continued:

Reaching out to and embracing these kids is critical. It is tough; it is often unsuccessful, but it sometimes works. . . . The problem for these schools is that the Nevada School Performance Framework and the charter school automatic-closure provision do not recognize the circumstances of these students adequately. . . if that high school is able to get a third of its students through to graduation, even if it takes an extra year or two, should we close that school, or should we celebrate its good work? At the very least, the work should be given a further look, and the measuring stick we use to assess these schools should consider the larger circumstances of their students and missions.

Id. at R0205 (emphases added).

In response to those concerns also raised by NCA and other schools, Superintendent of Public Instruction Dr. Steve Canavero indicated "the NDE can create, through regulation if necessary, a flexible graduation rate requirement." Hearing Ex. G, at R0206. Director Gavin responded to legislators' concerns about penalizing schools for serving Nevada's at-risk youth with assurances that the Authority would consider all evidence necessary to evaluate the four-year cohort graduation rate—if the Legislature allowed that data point to be used as a trigger for possible closure. See Hearing Ex. B-8, Excerpts from 5/27/2015 Minutes of Assembly Education Committee Meeting ("[W]e want to make sure that we are making thoughtful and judicious decisions. To that end, we have also endeavored to make sure that anything above that "three strikes and you are out" level is discretionary on the part of the Authority or sponsor board so that we can take into account those kinds of nuances. . . . [I]n cases where a school has a 27 or a 37 percent graduation rate . . . we need to ensure that we are looking very carefully at

why that is and if there is some kind of compelling explanation, certainly taking that into account . . . "). It is that "compelling explanation" we now ask you take into account, as Director Gavin assured the Nevada legislature you would.

Yet, contrary to these assurances, now that the Authority is faced with this high stakes decision, Director Gavin testified to this Board during Phase I that "there is no information that is relevant to these proceedings" other than the four-year adjusted cohort graduation rate. May Transcript, Vol. III, at 174. Though never mentioned to the Legislature, Director Gavin claimed during Phase I that what he meant by "compelling evidence" was to be limited to natural disasters, consideration of the fifth year cohort rate, and schools that qualify for the alternative performance framework – though he has not sought to promulgate regulations in compliance with NRS 233B to create such a rule restricting what will be considered as such "compelling evidence" in these proceedings. This position is completely inapposite to Director Gavin's own admission that qualitative factors influencing the graduation rate would be relevant to his decision as to whether to recommend closure based on a school's graduation rate falling below 60 percent (Vol. III, at 231-33; 239-240), his testimony that "the CSPF mandates "comprehensive information for data-driven and merit based" decisions on charter renewal and revocation (May Transcript Vol. III, at 221), and "the most important measure of school performance, is how [the school is] actually impacting the students it gets" (May Transcript Vol. III, at 217). Application of such a standard would not only conflict with common sense, the statute, and the Authority Staff's promise to Nevada legislators, but also would constitute ad hoc rulemaking in violation of Nevada law. Not only has Director Gavin failed to consider the substantial information NCA presented (which was validated by an independent third party as Director Gavin requested), but his testimony reveals that the Authority has failed to analyze all data results of NCA's students on statewide exams during the 2015 and 2016 school years, in

violation of NRS 388A.229<sup>3</sup> and the CSPF. *See* Vol. III, at 173-174 (stating that the *only* data he considered was the four-year adjusted cohort graduation rate).

Director Gavin's mixed messages have left NCA with no ability to understand what the Authority wants in terms of a cure – until hearing for the first time from this Board on August 23, 2017 — and has resulted in NCA facing closure in violation of the Legislature's explicit intent behind NRS 388A.330 due to Director Gavin's refusal to consider the obstacles of schools that enroll a large number of credit-deficient students, or to consider the impact of withdrawn students on NCA's graduation prior to recommending NCA's closure. May Transcript, Vol. III, at 220-21 (Director Gavin states that he did not need to consider data-driven and merit-based comprehensive information beyond the graduation rate prior to recommending closure); 226-227 (Director Gavin admits that, prior to recommending that the Authority issue a notice of closure to NCA, he did not consider the collective record, violating SPCSA's own Performance Framework regarding high stakes decisions<sup>4</sup>).

The Authority Board Members now have the opportunity to correct Director Gavin's failure to comply with Nevada law—by rejecting Director Gavin's unlawful recommendation and instead carefully reviewing the totality of the evidence NCA has presented and will present, including all qualitative factors behind the graduation rate. Staff has conceded that NCA's high school graduation rate is the single basis for closure proceedings and that NCA's other academic

<sup>&</sup>lt;sup>3</sup> NRS 388A.229 requires that the sponsor of a charter school must ensure collection, analysis, and reporting of all data results of pupils enrolled in the charter school on statewide exams to determine whether the charter school is meeting the performance indicators, measures, and metrics for the achievement of proficiency of pupils.

<sup>&</sup>lt;sup>4</sup> Gavin testified that "as a matter of law" the Charter School Performance Framework ("CSPF") does not apply to NCA (Vol. II at 152-153) — yet the Framework expressly states that it "provides the accountability mechanism for *all* charter schools sponsored by the SPSCA"—proof that it applies to NCA based on the plain language of the document. **Hearing Ex. E** at 2 (Introduction). The CSPF requires that "The Authority will consider the collective record of a school's academic, financial, organizational and mission-specific performance when making high stakes decisions through the academic performance framework." **Hearing Ex. E** at 7.

metrics are not problematic. *See, e.g.*, May Transcript Vol. III, at 132 (SPCSA Staff's Attorney Greg Ott stipulates that "the only issue that the Authority is considering relative to NCA's deficiency is the graduation rate, not test scores or other factors of school performance"). Therefore, closing or reconstituting NCA based on a single data point in the face of collective performance measures during that same time period indicating that it is performing well, testimony demonstrating that NCA offered the only opportunity for graduation for many students, and evidence that NCA's efforts to serve Nevada's at-risk population has adversely impacted that rate, would be arbitrary and capricious.

### b. Qualitative performance measures demonstrate that NCA is performing well when compared with other Nevada public schools

NCA has demonstrated and will continue to demonstrate that it is performing well when compared with other Nevada schools. Staff has failed to present any evidence to the Authority that NCA's four-year cohort graduation rate in fact represents NCA's achievement failures, and actually concedes that NCA's academic performance is not problematic. See Vol. III, at 216-17 (Director Gavin admits that nothing in NCA's performance data currently available rises to the level of concern to warrant closure); see also Hearing Ex. Y, at R0878 (Gavin states that "other than on this matter of grad rate, the school is currently – was in good standing as of the most recent full framework."). In his compelling and unrefuted analysis of NCA's graduation rate data, expert Matthew Wicks presented numerous graduation rate calculations, disaggregating the rate to demonstrate the growth of students in many different categories of transience and credit-deficiency—so as to illustrate to the Authority the types of students NCA serves. See May Transcript Vol. IV, at 147-148 and Hearing Ex. EE. NCA's graduation rate is 87.5% for students that have been with the school for all four years of high school—a category of students that is demonstrative of NCA's ability to serve its students. May Transcript Vol. IV, at 150. According to respected and unrefuted expert, Dr. Richard Vineyard, who has extensive

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experience with the NDE, this is much more reflective of what NCA is doing with these students while they are there and a graduation rate of 80 percent is "among the top 10 or 20 percent of all the schools in the state." Vol. IV, at 55. The graduation rate increases in varying degrees under each disaggregated calculation to which Mr. Wicks testified. *See* Vol. IV, at 148-150.

These calculations are compelling evidence to demonstrate the significant impact that enrolling roughly half of its students credit-deficient has on a school's graduation rate. As Mr. Wicks explained, "the more credit-deficient [students] are, the more challenging it's going to be to make up the credits for an on-time graduation." Vol. IV, at 153. Two things stand out in reviewing the data for NCA's 2015 and 2016 cohorts (which Staff admittedly has not done): (1) "the percentage of students that arrived at the school credit-deficient"—"just under half [of students] for the 2016 cohort" and "just over half for the 2015 cohort, and (2) "the average length of enrollment of all the students in the cohort . . . just under one and a half years." Vol. IV at 142-43. Expert witness Wicks explained that where a student arrives "very late in their high school career and is highly credit-deficient," it is "highly unlikely" they will graduate in their four year cohort. Vol. IV, at 153-154. For NCA, of the 49 percent, or 163 students, that enrolled in NCA credit-deficient as part of the 2016 cohort, 84 percent of credit-deficient students were credit-deficient by at least one year or more upon enrollment, and came to the school in either 11<sup>th</sup> of 12<sup>th</sup> grade—falling within "highly unlikely," and near impossible, category for graduation on-cohort. Vol. IV, at 154. This does not mean NCA is "giving up" on these students – to the contrary, the school accepts them and works diligently to engage them and help them accrue credits. However, relevant to these proceedings, NCA ranks among the highest in terms of transiency rates when compared with other charter schools in 2015-2016. See Hearing Supp. Ex. HH, at 1. This is compelling information for the Authority to consider in using its discretion to analyze whether closure or reconstitution is a reasonable outcome under NRS 388A.330.

Dr. Vineyard also confirms that a close look at the data and nature of the student population behind a school's "graduation rate" is necessary to fully judge and understand the school's progress. *See id.* at 56-58 (stating, for example, that "you'd want to look and see what the graduation rate would be if they just used those students that were enrolled at the beginning of that school year and not included the ones enrolled during the year"). Yet Staff admits to having done none of this analysis when making the decision to seek a notice of closure – instead relying solely on the four-year cohort graduation rate number with no analysis.

NCA is performing on-par with or outperforming other schools in terms of statewide assessments. May Transcript Vol. IV, at 160 (NCA's performance in the English language arts has historically been "significantly better than the state average on . . . two end-of-course assessments" and, for 2015-2016, NCA showed "one of the strongest performances" on the same); id. at 161 ("in math, this year, [NCA] performed at about the same level as the state," which is consistent with its performance in the last five or six years); id. (in science, NCA's high school "performed quite a bit above the state average" this year, and, historically, there have been a few years where NCA performed below the average but has "generally . . . performed either above or about at the state average"). NCA is outperforming all but one other charter school in English Language Arts, is performing on par with other charter schools—about the average to high range—in Math I & II, and is outperforming all but two other charter schools on Science statewide assessments for Grade 10. See Hearing Supp. Ex. HH, at 3-5 (submitted to the Authority on June 16, 2017 in response to board member requests for a clean comparison of NCA's statewide assessment performance to other Nevada charter schools). Therefore, NCA's performance on statewide assessments, both historically and in the past year, demonstrate that NCA is serving its students well.

Finally, NCA's graduation rate is improving despite the consistently high number of credit-deficient students it receives every year. NCA presented evidence that a nearly five percentage point increase in its federally-calculated graduation rate is significant and rare when compared with other Nevada schools—evidence that NCA's March cure proposal and the

associated implementation of the graduation rate improvement plan is working.<sup>5</sup> See May Transcript Vol. IV, at 56; *id.* at 55-56 (Dr. Vineyard testifies that a more dramatic increase of 10 percent would be improbable for a school that enrolls a number of credit-deficient students).

### c. Expert testimony demonstrates that closure or reconstitution of NCA based on here would violate recognized Nevada efforts and legislative intent

During the conclusion of Phase I, Chair Guinasso "categorically reject[ed] the arguments that have been made to this body that the graduation rate is merely one data point" because "it represents a tone deaf disregard for what we are trying to accomplish for our students in the state of Nevada." Transcript of August 23 hearing, at 87. However, it is Chair Guinasso's rejection of NCA's plea for the Authority Board to consider the qualitative factors behind the graduation rate as opposed to the number alone which constitutes a rejection of the Nevada Legislature's explicit intent regarding school closure. **Hearing Ex. G**, at R0205. NCA is serving students who would otherwise dropout altogether and who other schools have rejected—and helping them just as his school helped him avoid becoming a dropout. That others cannot always complete high school in four years under their circumstances does not mean they should not be served.

As Dr. Vineyard testified, it is important to the Nevada legislature to consider a students' growth *during the time they were at a particular school* when determining the school's performance. May Transcript Vol. IV, at 30-31. The Nevada legislature's goal, Dr. Vineyard confirms, was to be sure that the school was being measured based on the services it provided and how the child grew academically at the school, as opposed to how a student arrived at the

<sup>&</sup>lt;sup>5</sup> Along with the data and as part of the graduation rate improvement plan, NCA submitted declarations from school teachers and personnel to demonstrate that implementation of the Grad Point Recovery Plan has been effective from a ground floor perspective—though the school's graduation rate would benefit from additional time to continue implementing the same. See, e.g., Hearing Supp. Ex. B, Declaration of Joe Thomas. In fact, this Authority Board (though with different members) accepted NCA's cure and elected not to vote to close. Rather than take an affirmative vote, they removed the item from the agenda. When Staff again raised concerns with NCA's graduation rate, the Board requested in March 2016 that NCA prepare a graduation rate improvement plan, which this Board praised, requesting only inclusion of measurable benchmarks. NCA complied with this request, and has repeatedly complied with all subsequent requests of the Authority Board and Staff to no avail.

school. Id. at 33. Director Gavin also testified that what is significant is what the school has done while the student is there. May Transcript Vol. III, at 110-11. Dr. Vineyard provided his expert opinion that it would be part of the Authority's responsibility in considering a high stakes decision such as closure to examine the information behind the data so as to understand "more than just the final results on a page," and that roughly half of the states in the U.S. evaluate impacts of credit-deficient student enrollment for this reason. May Transcript Vol. IV, at 50, 90; see also 31, 36-37 (Dr. Vineyard testifies about the importance of growth measures and analysis of multiple metrics to determine whether a school is performing adequately because "any single data point isn't going to give you a full picture of performance of a school . . . it's not a broad enough interpretation of the work of a school"). This opinion is consistent with the Legislature's concerns in passing SB 509 and the Authority's discretion to close schools and avoiding policy that penalizes schools that serve a high population of credit deficient students. This demonstrates a statewide effort to recognize that credit-deficient students enrolling impacts graduation rate, which is what NCA asks of the Authority here—to judge its performance based on all of the relevant evidence and with several metrics as the CSPF and Nevada law require.

The NDE also recognizes the impact of mobility on performance measures. In addition to Dr. Canavero's assurance to the legislature that the NDE can create a flexible graduation rate requirement, NDE's Administrator of Assessment, Data & Accountability Management, Peter Zutz, recently recognized in an article in the Reno Gazette-Journal that a large influx of students can drag down a school's/district's test scores. Phase II Hearing Exhibit G (attached hereto). Likewise, the NDE's Consolidated State Plan under ESSA disaggregates data in analyzing the graduation rate in subgroups because "in order for Nevada to improve its graduation rate, Nevada must first acknowledge where its students are" Phase II Hearing Exhibit D, at 11

<sup>&</sup>lt;sup>6</sup> Hearing Ex. G, at R0206.

(attached hereto) and identifies that schools need to recognize the academic and non-academic needs of "[n]eglected, delinquent, and at-risk students" – something NCA is doing. Phase II Hearing Exhibit D, at 48. Additionally, schools and districts are now required to track homelessness per ESSA, according to an article explaining the particular difficulties in completing school that homeless youths face. Phase II Hearing Exhibit E (Aug. 21, 2017 article from EducationDive website).

In addition to Director Gavin's own acknowledgments, Member Mackedon suggested in the 2013 renewal hearing for NCA "segregating out students who had been continuously enrolled at the school in order to determine how the school is educating those children." See Hearing Ex. B-7. Member Snow requested during the May hearing that NCA provide an explanation regarding NCA's "impressive" test scores compared and contrasted to the disparity of graduation rate and why that is. NCA provided testimony of Matt Wicks explaining that high mobility and the flawed federal calculation of the 4-year adjusted cohort rate contribute to the disparity. See Hearing Supp. Ex. E, Declaration of Matt Wicks, at 2-3. NCA has continued to perform well despite the challenges it faces where the average length of student enrollment in the cohort is 1.5 years. In light of the Nevada Legislature's concern that the Authority not use NRS

<sup>&</sup>lt;sup>7</sup> Homeless students are included in the at-risk population NCA serves. See **Hearing Supp. Ex. D**, Declaration of Gina Hames, at 2-3

<sup>&</sup>lt;sup>8</sup> In addition, the Department of Education has recently approved a plan that requires it to look beyond adjusted cohort graduation rate and do further analysis of the school's performance when identifying schools for inclusion in the Comprehensive Support program—evidencing in part an intent for accountability measures to reflect a school's performance with regard to those pupils who actually spend an adequate amount of time with the school. *See* The New Nevada ESSA Plan For Initial Public Comment, at 52, *available at* http://bit.ly/2oSb5Ej (stating that "calculation of 4-year Adjusted Cohort Graduation Rate (ACGR) should also include ESSA's Section 1111(c)(4)(F) "Partial Attendance" requirement" and "Identify 'Comprehensive Intervention' high schools based on more than just the 4-year ACGR graduation rates.") The reason for doing so is to confirm that the school is actually in academic distress, and that its low measured adjusted cohort graduation rate is not simply a by-product of the fact that the school enrolls a high percentage of students who are already behind in credit when they enroll in the school.

388A.330 to penalize schools that embrace at-risk students without looking at all the compelling circumstances, closing NCA would be arbitrary and capricious.

### d. Witness testimony demonstrates that NCA is the school of choice for many Nevada students, and the only school offering a path to graduation for others

NCA is committed to helping its at-risk students get back on track academically and in other areas of life that may be affecting academics. See Hearing Supp. Ex. D, Declaration of Gina Hames, at 2 (as part of the Grad Point recovery program, she speaks with each of her students every other week in a mandatory call, in which "I help them resolve challenges, both with school work and with time management and organization, and keep them engaged in school").

Students with disabilities and severe medical issues have and will demonstrate to the Authority in these proceedings that they continue to thrive—academically and personally—at NCA, often in a way that students have not encountered at other schools. See, e.g., Hearing Supp. Ex. N, Declaration of J. Berry, at 2 ("teachers and staff at NCA... they really care about my success" and that he would not be graduating if it weren't for the NCA teachers). Parents of NCA students demonstrate that NCA is the school of choice for their family—so much so that they are willing to sacrifice significant time to save NCA from closure. Hearing Supp. Ex. S, Declaration of David Held (stating that when his child was diagnosed with a severe brain condition that required surgery, "[t]he school bent over backwards and did everything to make sure that he was able to get his work done" and to ensure that he did not fall behind in credits).

NCA will present evidence that it serves exceptionally gifted students, students with unusual schedules, and students who have decided to pursue rare and time-consuming talents at a young age in addition to completing school. NCA serves students of parents who have recognized that their children are better able to focus and thrive in an environment free from the social anxiety and bullying that accompanies brick and mortar schools for some. **Hearing Supp**. **Ex. Q**, Declaration of Dawn Starrett, at 3. NCA serves many students who have no other viable choice for their education, as witness testimony will demonstrate that students are routinely "counseled out" by their traditional zone schools and improperly recommended for adult

education, rejected from other online programs due to credit-deficiency, and hurried into the next grade despite failing every course. NCA serves families who state they will be traumatized and without any other option for education should the school close its doors or even undergo changes to the model of education and the flexibility it provides. Finally, NCA serves students who have failed to engage in other online schools which this Authority might consider comparable to NCA or have been rejected from those schools—evidence that NCA fills a need for Nevada students.

As witness testimony will demonstrate, NCA's caring teachers, individualized attention, challenging but accommodating lesson plans, and world-class credit-recovery program have drawn out-of-state students who move to Nevada for this program.

### e. NCA's Board is successfully leading the school

NCA has presented evidence that its Board members are highly experienced, engaged, capable of leading, and willing to hold school leaders and personnel accountable. *See, e.g.*, **Hearing Supp. Ex. I**, Declaration of Mindi Dagerman, at R1193-94; May Transcript Vol IV, at 220-224 (NCA Board President Jafeth Sanchez describes her extensive educational experience and qualifications), 241, 247 (Ms. Sanchez describes Board efforts to hold NCA accountable through collaboration with Staff). The Board members have met with Authority Staff to find out how NCA can improve and identify Staff's concerns, and have invited Authority Board members to visit the school in an effort to demonstrate a willingness toward accountability. *See, e.g.*, May Transcript Vol IV, at 229-32, 241. Moreover, NCA's cure proposals have included provisions that allow NCA's Board greater involvement and accountability measures and increased Board training.

During Phase I, Chair Guinasso opined that he did not see "red flags" with regard to NCA's board or leadership. Expedited Transcript of August 23 hearing, at 94. While Direct Gavin opined during Phase I that wholesale reconstitution has been successful other schools, Staff has failed to provide any research to corroborate that opinion. Therefore, NCA's Board is

effectively serving this school and Staff is unable to demonstrate that reconstitution will improve NCA's graduation rate in any way. Reconstitution despite a lack of concerns with NCA's board and without evidence that reconstitution is effective would be an abuse of discretion.

# f. NCA's latest efforts to improve its graduation rate and attached cure proposal demonstrate improvement and promise such that closure and reconstitution are inappropriate

NCA has demonstrated through personal accounts from teachers, students, and parents, and through validated third-party data, that its graduation rate improvement plan has, after only roughly a year of implementation, yielded success in improving its graduation rate. NCA's federally-calculated graduation rate increased five percentage points in a single year—a jump which is significant and rare when compared with other Nevada schools. *See* Vol. IV, at 55-56. During Phase II, NCA will demonstrate the continued success of implementation, as well as other initiatives NCA has taken in an effort to improve its graduation rate and additional proposals it has offered since hearing from this Board, for the first time on August 23, 2017, what concerns it had with NCA's proposed cure. NCA has hired a new school leader who is adept at turning schools around and has significant experience in doing so.

NCA's previous cure proposal as submitted along with its closing argument for Phase I ("August cure proposal") had addressed all cure elements that Director Gavin and the Authority Board raised as necessary. Pursuant to Board member feedback regarding the August cure proposal, NCA has revised that cure and attached it hereto (see Phase II Hearing Exhibit A) in an effort to demonstrate to the Board once again its willingness to collaborate. For example, NCA has lowered its proposed high school enrollment cap significantly — to 1,500 for the upcoming school year and then 1,300 for 2019-20 — in an attempt to respond to Board member concerns during the August 23 hearing that NCA should "scale back" its enrollment. See Expedited Transcript of August 23 hearing, at 99-100, 102-103. NCA would once again

welcome feedback on the latest cure proposal attached hereto – particularly given Staff's failure to follow the Authority's own framework or to allow NCA the same opportunities as it has the other two online schools subject to high stakes proceedings – Nevada Virtual Academy and Beacon Academy -- and that the first time NCA received the Authority Board's feedback on the cure was on August 23, 2017.

### II. The Authority Board has discretion to pursue alternative options beyond closure, reconstitution, and no action during Phase II of the proceedings

While Chair Guinasso has repeatedly stated that during Phase II the Authority would consider whether "closure, reconstitution, or no action" is appropriate, he has never allowed for briefing or cited any authority to support that this Board cannot consider an option other than "no action." NCA asks that the Authority recognize that it may consider other options during Phase II—action short of closure or reconstitution, but something more than "no action" to address any lingering concerns, should the Authority deem it necessary. The NDE has confirmed this through Guidance Documents and the Authority Staff has done this with other similarly situated schools (Beacon Academy and Nevada Virtual Academy to name two).

The Nevada Legislature afforded the Authority discretion to consider such less drastic alternatives where, as here, the circumstances do not warrant closure. NRS 388A.330(1)(e) states that "[T]he sponsor of a charter school may reconstitute the governing body of a charter school, revoke a written charter or terminate a charter contract before the expiration of the charter if the sponsor determines that . . . [t]he charter school operates a high school that has a graduation rate for the immediately preceding school year that is less than 60 percent." As NCA has pointed out, while this statute gives the Authority discretion to close or reconstitute if the graduation rate is below 60 percent, it does not require it, and it does not require that the Authority engage in one of three options as a result of a school meeting the 60 percent trigger. The plain language of the statute demonstrates that the Authority is not bound to the three

options enumerated, only that the Authority cannot close or reconstitute without first notifying the school about a hearing that will be held to do so. In fact, the Authority itself has recognized that they are not bound to the three options in NRS 388A.330(2)(d)—as "no action" is not a possibility referenced in that statute, yet the Authority has repeatedly stated that it is one option they will consider during Phase II. The discretion to consider a fourth option beyond "closure, reconstitution, or no action" is further evident in the broad discretion NRS 388A.330 necessarily requires of the Authority—the Authority must make the determination whether a breach of the terms of a written charter are material or not (NRS 388A.330(1)(a)(1)), what constitute generally accepted standards of fiscal management (NRS 388A.330(1)(a)(2)), and when the "reasonable cause" threshold is triggered to protect health and safety of pupils (NRS 388A.330(1)(c)). Likewise, the Authority can impose additional oversight or conditions over certain governing bodies. NAC 386.345.

"Each sponsor of a charter school shall develop policies and practices that are consistent with state laws and regulations governing charter schools. In developing the policies and practices, the sponsor shall review and evaluate nationally recognized policies and practices for sponsoring organizations of charter schools" which must include "[a] description of how the sponsor will maintain oversight of the charter schools it sponsors, which must include, without limitation . . . A strategic plan for the oversight and provision of technical support to charter schools that are sponsored by the sponsor in the areas of academic, fiscal and organizational performance." NRS 388A.223(2)(f)(2). Pursuant to this, the Authority adopted the Charter School Performance Framework, which provides a simply framework through which the Authority may implement measures short of closure or reconstitution. Namely, the CSPF provides that the Authority will offer greater oversight to schools with which the Authority has identified concerns. **Hearing Ex. E**, at 5. These include ongoing oversight measures to

"intervene as needed" and to require "organizational compliance findings." *Id.* Pursuant to this section of the CSPF, intervention measures might include additional site visits, more frequent term reviews, and additional data reporting. *Id.* 

In light of the Nevada legislature's and NDE's recent recognition that certain schools, NCA included, enroll a disproportionately high number of at-risk and credit-deficient students, this administrative agency should use its discretion under NRS 388A.330 and its CSPF to consider other actions during Phase II. The Authority acted upon its discretion to intervene in ways short of closure or reconstitution when it allowed NCA to submit proposed cures outside of the cure period relative to Phase I and has again allowed NCA to submit a proposed cure as part of Phase II of these proceedings—and agreed to consider these cures as a means "short of" closure or reconstitution through which NCA can avoid closure or reconstitution. Compare NRS 388A.330(2)(b). While NCA understands that the "cure" phase of the proceedings have concluded, should the Authority conclude that NCA's attached cure proposal requires additional changes, the Authority may exercise its discretion to issue a directive that contains components of NCA's cure proposal if it sees fit, pursue a negotiated settlement, or take another action which the Authority deems appropriate. Such would be consistent with NRS 388A.330; the CSPF; where Nevada as a collective has identified the precise issues NCA faces as a matter of growing concern and fashioned legislation accordingly.

Evidence NCA intends to present at the hearing reflects that Nevada Virtual Academy and Beacon Academy received multiple opportunities to work with Staff and that Staff proposed alternatives to closure and reconstitution — including conditions and a required charter amendment and yearly high stakes reviews. As a result, those schools have avoided closure or board reconstitution. Additionally, NDE, through Dr. Steve Canavero, identified accountability measures beyond closure or reconstitution under NRS 388A.300 in recent memos to the

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Authority, stating "[i]t is the opinion of this office that there are four pathways available"—these include closure, receivership, "[t]he charter school chooses to seek transformation partner and opt in to be considered by the NV Achievement School District" and "development of a remediation plan with clear student achievement targets that lead the school to removal from the Rising Star designation in a specific period of years and prescribe consequences for failure to meet the specified targets." See Phase II Hearing Exhibit Y, Canavero Guidance Memo 16-06, at 2 (issued December 19, 2016), attached hereto. While even this limitation in this manner to these four pathways without accessing the proper legislative channels may constitute ad-hoc rulemaking, these options were never presented to NCA by Staff or the Authority and perhaps never have been presented to this full Board. Another option short of closure/reconstitution which Dr. Canavero later identified to the SPCSA but which has never been offered to NCA is the following: "SPSCA may elect to utilize a Student Performance Compact as a guide or template with each of the Rising Star charter schools it sponsors. These compacts will be considered addendums to the existing charter contract without an extension of the contract term. The Student Performance Compacts serve to address how the sponsor will hold the school accountable and appropriate consequences." See Phase II Hearing Exhibit Z, Canavero Guidance Memo 17-10, at 7 (issued April 5, 2017), attached hereto. NCA is proposing just that and Phase II should include appropriate consideration of adoption of such a Student Performance

<sup>&</sup>lt;sup>9</sup> NRS 233B.038 describes a "regulation" in terms of being a "standard" of "general applicability" which "effectuates policy." An agency engages in ad hoc rulemaking where it adopts a policy that is "of such general consequence and impact as to be governed by the rule-making requirement of the Administrative Procedure Act," and, in doing so, fails to follow the requirements of NRS 233B. *Pub. Serv. Comm'n of Nevada v. Sw. Gas Corp.*, 99 Nev. 268, 272, 662 P.2d 624, 627 (1983) (generally applicable nature of order was "of such major policy concern and of such significance to all utilities and consumers that it cannot be characterized as a simple adjudication in a contested case"). An agency's rulemaking in this manner is "unlawful procedure which should be declared null and void." *Id.* at 272, 662 P.2d at 627. An agency may inadvertently engage in ad-hoc rulemaking where its order or policy is not limited to the parties involved in the instant action or, if it is so limited, would affect the rights of other parties who come before the agency, so as to effect policy. *See id.* at 272, 662 P.2d at 627; *Gates v. the Com'n on Ethics*, 1999 WL 35128954 (Nev. Dist. Ct. Sept. 9, 1999).

Compact rather than closure. The Authority is therefore aware of its legal ability to explore options short of closure or reconstitution that would allow the school to retain its autonomy and ability to flourish, pursuant to the Authority's obligations under NRS 388A, and is required to do so where it is clear that it has offered other options to charter schools similarly facing closure.

Should the Authority conclude that this cure proposal still requires additional changes, rather than deny Nevada families their school-of-choice by shutting down a school that has demonstrated its commitment and success at engaging Nevada's students, NCA asks that the Authority consider issuing a directive as an alternative to the three drastic options it has articulated: "closure, reconstitution, or no action." Given the substantial indicia that NCA is achieving and performing in a manner that this community desperately needs, NCA asks that the Authority employ an approach such as this which would be less catastrophic for the 3200 families facing displacement in the event of closure or reconstitution, and would allow the Authority to avoid issuing an oversight action that is arbitrary and capricious. <sup>11</sup> The Legislature purposefully afforded the Authority discretion to consider such less drastic alternatives.

### III. Closure of a K-12 charter based solely on the graduation rate the charter's high school exceeds the SPCSA's statutory authority

Where Staff has conceded that its only reason for recommending closure is NCA's high

<sup>&</sup>lt;sup>10</sup> There is no statutory authority to limit the options to these three – and "no action" – as opposed to some alternative directive or accountability measures or requirements from the SPSCA or negotiated settlement as the Authority has achieved with other schools. Chair Guinasso simply announced this without any request for or opportunity to NCA to brief or address this issue and during the October 13, 2017 call, Greg Ott even recognized there are things the Authority is prohibited from doing like unilaterally changing the charter – but there clearly are some things that are allowed. NCA has requested Chair Guinasso make the multiple telephone discussions and decisions he has made during such calls part of the record.

<sup>&</sup>lt;sup>11</sup> Should the Authority choose to close or reconstitute the school despite evidence that one in every two students who come to the school are credit-deficient, NCA's graduation rate is 87.5 percent for the students NCA has had the chance to educate, and limitless testimony establishing that this school fills a void in Nevada education for the at-risk, credit-deficient, and alternative learners, the Authority's decision will have "entirely failed to consider an important aspect of the problem" and "offered an explanation for its decision that runs counter to the evidence before the agency," pursuant to the arbitrary and capricious standard. *Motor Vehicle Mfrs. Ass'n of U.S., Inc. v. State Farm Mut. Auto. Ins. Co.*, 463 U.S. 29, 43

school's four-year graduation rate as calculated by the NDE, closure or reconstitution of NCA's entire K-12 charter is inappropriate pursuant to Nevada laws which outline different closure triggers for elementary, middle, and high schools.

The Authority has discretion to consider charter termination if "[t]he charter school is a high school<sup>12</sup> that has a graduation rate for the immediately preceding school year that is less than 60 percent." NRS 388A.330(1)(e) (emphasis added). By contrast, the Authority has discretion to consider closure if "[t]he charter school is an elementary or middle school or junior high school that is rated in the lowest 5 percent of elementary schools, middle schools or junior high schools in the State in pupil achievement and school performance." NRS 388A.330(1)(f). Nevada courts apply the plain-meaning rule in determining legislative intent, meaning that "[t]he starting point for determining legislative intent is the statute's plain meaning; when a statute 'is clear on its face, a court cannot go beyond the statute in determining legislative intent." *State v. Lucero*, 249 P.3d 1226, 1228 (2011) (citing *Robert E. v. Justice Court*, 99 Nev. 443, 445 (1983)).

Therefore, while NRS 388A.330(1) affords the Authority discretion to close **high schools** based on a graduation rate below 60%, the statute does not afford the Authority the power to close **an entire K-12 school** based solely on that rate. NCA's middle and elementary schools

(1983).

Director Gavin's unsuccessful attempts to change this language to "serves as a high school" demonstrates that the Legislature did not intend for the Authority's misuse of the high school graduation rate trigger in this manner. See Phase II Hearing Exhibit HH, Minutes of Assembly March 2017, at 34 (Gavin stated the following regarding proposed language in AB 49 in an attempt to expand the applicability of NRS 388A.330(1)(e), acknowledging the validity of NCA's argument that the different statutory triggers which are still in place do not allow the Authority to close a K-12 school based solely on the high school graduation rate: "There is a material difference in whether a school 'is' an elementary, middle, high, or vocational school or whether it 'operates' as one. We have schools that might operate as all four. That creates some ambiguity as to whether these provisions apply to them."). The legislature's intent may be inferred where it has the opportunity to change the language in a statute, but elects not to do so. See, e.g., Las Vegas Convention & Visitors Auth. v. Miller, 124 Nev. 669, 679, 191 P.3d 1138, 1145 (2008); Silvera v. Employers Ins. Co. of Nevada, 118 Nev. 105, 109, 40 P.3d 429, 431–32 (2002).

are excelling in student achievement and school performance,<sup>13</sup> and the Authority has not raised any performance concerns with these programs which therefore do not meet the criteria for the Authority to consider closure, as outlined in NRS 388A.330(1)(f).

#### IV. Conclusion

For the foregoing reasons, NCA requests that the Authority take no action, or, in the alternative, issue a directive to NCA outlining compliance items, accept NCA's amended cure provided herewith, or work with NCA, its board, and its new school leader to provide an alternative solution as has been provided to Beacon and NVVA that provides for transparency and accountability while avoiding eliminating a school of choice for thousands of Nevada families.

In compliance with the Authority's directive, NCA is attaching hereto a list of its proposed witnesses and an index of documents it intends to present at the October 23-25 hearing.

Respectfully submitted this 16<sup>th</sup> day of October, 2017.

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<sup>&</sup>lt;sup>13</sup> For example, for the time period at issue, NCA's middle school was among the highest-achieving schools in the state—the Nevada Department of Education's ("NDE") last rating of NCA's middle school was four-stars (on a five-star scale)—which Staff does not dispute.

### 1 CERTIFICATE OF SERVICE 2 Pursuant to N.R.C.P. 5(b), I certify that I am an employee of Holland & Hart LLP and not 3 a party to, nor interested in, the within action; that on October 16, 2017, a true and correct copy 4 of the foregoing document was served as listed below: 5 VIA EMAIL Gregory D. Ott, Esq. 6 Deputy Attorney General 100 N. Carson Street 7 Carson City, NV 89701 GOtt@ag.nv.gov 8 **VIA EMAIL** 9 Robert A. Whitney, Esq. Deputy Attorney General 100 N. Carson Street 10 Carson City, NV 89701 RWhitney@ag.nv.gov 11 Attorneys for State Public Charter School Authority 12 I further certify that a copy of the foregoing, along with NCA's hearing exhibits, will be 13 14 mailed or shipped via UPS to each Authority Board member at the addresses previously 15 provided, and to counsel listed above. 16 17 Holland & Hart LLP 18 19 20 21 22 23 24 25 26 27

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