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ACTION MEMORANDUM

TO: SPCSA Authority Board
FROM: Mark Modrcin, Director of Authorizing
SUBJECT: SPCSA Staff Recommendation Regarding GEMS Closure, Appointment of Trustee/Administrator & Submitted Closure Plan
DATE: May 19, 2023

Summary of Recommendation:

Girls Empowerment Middle School (GEMS) is located at 4220 S Maryland Parkway, Bldg B-390, Las Vegas, Nevada, 89119. The school opened for the 2020 – 2021 school year, and the mission of GEMS is, “To empower girls to excel academically, develop their voices, and lead fearlessly in a safe, caring educational environment. Its vision is “a world where all young people have the tools and ability to create a better future for themselves and their communities.”

At the Authority board meeting on March 3, 2023, the school was issued a Notice of Concern as the school failed to meet the performance standard under three measures: Total Margin, Debt to Asset Ratio and Debt Coverage Ratio. Within the staff memo, it was noted that improved financial standing and viability would require enrollment gains to provide the school with additional revenues. The memo went on to note that without higher enrollment for FY24 and beyond, it was likely that the school’s financial outlook would continue to deteriorate.

Subsequently, at the Authority Board meeting on April 14, 2023, the school was issued a Notice of Breach as the school appeared to be unable to meet its own enrollment target for the 2023 – 24 school year and had very little evidence of alternate revenue sources to offset any projected lost revenue. As part of the Notice of Breach issuance, the Authority directed the school to submit a Viability Plan to show that it could remain in operation through the 2023 – 24 school year through increased evidence of enrollment and/or evidence of philanthropic support to offset potential revenue shortfalls.

Since that time, the GEMS board voted to close the school at the end of the 2022 – 23 school year at its meeting on April 24, 2023.

As a result, SPCSA staff recommends that the SPCSA Board accept the vote of the GEMS board to close the school at the end of the 2022 – 2023 school year. This recommendation is due, in large part, to the recent action by the GEMS board, low projected enrollment for next year, and a lack of evidence provided to offset any revenue shortfalls based on low enrollment.

A proposed motion can be found on page 5 of this memo.

Background

Since opening for the 2020 – 2021 school year, GEMS has been chronically under enrolled which has required the school to pursue solutions to operating on a reduced budget. Historical enrollment has hovered around approximately 100 students in each year of the school's operations, and as of Validation Day 2022, GEMS had 92 students enrolled.

The school was approved to amend its current contract at the December 16, 2022, Authority board meeting to reduce its enrollment cap to 100 students from its previously approved enrollment of 140 students due to lower-than-expected enrollment. Information provided within that amendment indicated the school intended to have an enrollment for the 2023 – 2024 school year of 165 students, and eventually grow to serve approximately 215 students by the end of the charter's first term (2025 – 2026).

The aforementioned amendment also noted that the school was preparing to launch an enrollment campaign in the coming weeks according to the application. At that time, the school hoped to be able to increase enrollment for the 2023-2024 school as a result for the remainder of the current academic year.

Since the amendment was approved, information provided to staff indicates that student enrollment for the upcoming year has not increased. The school currently has approximately 70 students enrolled for the 2023 – 2024 school year, nearly 100 students shy of the school's target enrollment of 165 for next year.

In addition to this challenge, supplementary information provided by the school indicates that the school would likely need additional revenues to sustain the school at even 150 students. This is primarily due to the programming costs needed to sustain the key elements of the model in addition to facility costs, which are expected to rise for the 2023 – 2024 school year as the school occupies more space in its current building.

Lastly, the school has suffered several departures at both the school leadership and board level that have and/or will impact the operations and oversight of the school. The former board chair resigned effective Friday, April 7. An additional board member resigned effective Friday, April 14th. The former Executive Director also resigned effective Friday, April 28th.

As previously noted, the Authority issued GEMS at Notice of Breach at its April 14, 2023, board meeting. This was primarily due to chronic under-enrollment and that SPCSA staff had not been presented evidence of additional, secured philanthropic support to offset any revenue shortfall between the projected and current enrollment.

While GEMS was directed to submit a school Viability Plan as a result of the issuance of the Notice of Breach, the GEMS board elected to close the school at the end of the 2022 – 23 school year at its meeting on April 24, 2023.

Legal Authority

Nevada’s charter school statutes and regulations allow a governing body of a charter school to voluntarily cease operations and close. See NRS 388A.306 and NAC 388A.355. A governing body’s votes to close the charter school triggers numerous requirements and more details regarding these requirements can be found in the closure checklist included as supporting materials for this agenda item. Most notably, the charter school must notify parents and families of current students, as well as any employees of the charter school, regarding the closure. Additionally, the charter school must appoint an administrator to act as a trustee of the charter school and to wind up the affairs of the charter school. This administrator must be approved by the charter school’s sponsor. Finally, while there are numerous additional requirements, the charter school must also prepare a closure plan to be approved by the charter school’s sponsor. Again, additional details regarding the myriad of tasks that must be accomplished as part of a charter school closure can be found in the additional supporting material for this agenda item.

Analysis and Staff Recommendation

While GEMS has exhibited stable organizational and academic performance since it opened for the 2020 – 21 school year, financial viability is critical to the overall success of any public charter school. GEMS has consistently not been able to meet enrollment targets since it started operations despite consistent attempts to do so.

It is also noteworthy that as of late 2022 when the school’s most recent reduction to enrollment was approved, the school was preparing to embark on an enrollment campaign to meet targets for the 2023 – 2024 school year. Since that time, information and data shared with SPCSA staff indicate that these efforts have been largely unsuccessful. It is SPCSA staff’s understanding that current enrollment for the 2023 – 2024 school year is approximately 70 students, which comprises 60 students likely to be retained plus 10 new students. Stated another way, the school would need to more than double its enrollment in less than 120 days to meet its target enrollment of 165.

It is also SPCSA staff’s understanding that the school has not been able to secure significant financial partners/benefactors to address any revenue shortfalls for the 2023 – 24 school year. have been identified for a short-term solution.

Lastly, and as previously noted, multiple members of the school's governing board have resigned within the last three weeks, and the Executive Director has also submitted her resignation to be effective at the end of April. In total, this leaves the board with six members, three vacant seats and no school leader.

As a result, SPCSA staff finds that closure at the end of the 2022 – 2023 school year to be the best path forward for the school's students at this time given the host of issues – both short and long-term – facing the school. This viewpoint is reinforced by the recent action of the GEMS board to close the school.

Staff's recommendation for the Authority to close the school is due, in large part, to the chronically low levels of student enrollment and the school's inability to secure significant financial support from philanthropic partners, both of which have resulted in a precarious financial position for the school that makes it extraordinarily difficult to sustain operations beyond the end of the current school year.

Should the Authority accept the closure request of GEMS, SPCSA staff further recommends that the Authority approve Assistant Principal Michael Taack to act as the school's trustee throughout the closure process as required under NRS 388A.306. The GEMS board has appointed Mr. Taack as the school's trustee pending approval of the Authority, and SPCSA staff believe that he is well-equipped to ensure that the closure process is executed with fidelity in the week ahead.

Finally, SPCSA staff recommends that the Authority approve the GEMS school closure plan as submitted. The written plan is required under NRS 388A.306(1)(c) and has been reviewed by SPCSA staff. If approved, the State Public Charter School Authority will work closely with GEMS regarding the requirements related to a charter school closure.

For example, SPCSA staff will want to review and approve any and all of the required notifications. Communication has already gone out to several entities, including the Nevada Department of Education and the Clark County School District, as a result of the GEMS special governing board meeting in late April. The SPCSA will work with the charter school regarding any deadlines and logistics regarding the closure requirements.

More information on the various requirements of public-school closure can be found within the supporting materials alongside this item.

Finally, SPCSA staff remains focused on the current students attending GEMS and is committed to supporting their transition to a new school for the 2023 – 24 school year. SPCSA staff will continue to work with GEMS throughout the closure process, and to the extent possible, help the school coordinate with other sponsored schools that may have the interest and space to offer enrollment to current GEMS students. GEMS has provided an update on this specific element of their closure process, and this information is included alongside this recommendation memo.

Staff recommends that the Authority:

- Accept the recent action by the GEMS board to close the school; and
- Appoint Mr. Michael Taack to be the school's administrator through closure.
- Approve the school's closure plan as submitted to SPCSA staff.

Proposed Motion:

Accept the recent action by the GEMS board to close the school, approve the appointment of Mr. Mike Taack to be the administrator overseeing the GEMS closure process, approve the school's closure plan as submitted, and direct SPCSA staff to work with Mr. Taack to ensure all closure requirements are met.

School Demographics since 2020 – GEMS

Year	Enrollment	A	B	C	H	I	M	P	IEP	ELL	FRL
20-21	96	4.1%	18.7%	6.2%	65.6%	0.0%	3.1%	2.0%	11.4%	17.7%	>95%
21-22	103	2.9%	26.2%	6.7%	52.4%	0.0%	9.7%	1.9%	17.4%	21.3%	>95%
22-23	92	2.1%	26.0%	2.1%	56.5%	0.0%	10.8%	2.1%	13.0%	22.8%	>95%

- A – Asian
- B – Black–
- C –Caucasian
- H – Hispanic
- I – American Indian/Alaskan Native
- M – Two or more races
- P – Pacific Islander
- IEP – Individualized Education Plan – A student with a disability/special education student
- ELL – English Language Learner
- FRL – A student who qualifies for Free or Reduced-Price Lunch
- * - Suppressed data due to n-count

GEMS Financial Performance

2022	Notice of Concern
2021	Meets Standard

GEMS Organizational Performance

2022	Meets Standard
2021	Meets Standard

Nevada School Performance Framework (NSPF) – GEMS (Formerly GALS)

Year	NSPF Ratings
2021 – 2022 Index Score	MS: 47.5
2020 - 2021 ¹	Not Rated
2019 – 2020 ²	Not Rated

GEMS 2021-22 SPCSA Academic Performance Results³

	2021-22 SPCSA Academic Framework Score	2021-22 SPCSA Academic Framework Rating
Middle	58.5	Meets Standard

¹ Due to COVID-19, the Nevada Department of Education (NDE) applied for and was granted a 2020-21 school year waiver from the U.S. Department of Education for certain requirements established by the Every Student Succeeds Act (ESSA). Nevada statewide assessments were administered in the 2020-21 school year, but the NDE did not calculate new Nevada School Performance Framework (NSPF) school ratings for the 2020-21 school year.

² Due to COVID-19, the Nevada Department of Education (NDE) applied for and was granted a 2019 – 20 school year waiver from the US Department of Education for certain assessment, accountability, school identification, and reporting requirements established by the Every Student Succeeds Act (ESSA). Accordingly, for the 2019 – 20 school year, Nevada statewide assessments were not administered and the NDE did not calculate Nevada School Performance Framework (NSPF) school ratings

³ The Nevada Department of Education (NDE) calculated NSPF index scores for the 2021-22 school year but did not calculate corresponding star ratings (shown as N/A). 2021-22 NSPF details and rules can be found at: <http://nevadareportcard.nv.gov/DI/MoreDownload?filename=Nevada%20School%20Performance%20Framework%20Manual%202021-22%20School%20Year.pdf>