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BRIEFING MEMORANDUM

TO: SPCSA Board
FROM: Patrick Gavin, Executive Director
Mark Modrcin, Director of Authorizing
SUBJECT: Agenda Item #10: Quest Preparatory Academy Charter Contract Amendment
DATE: June 28, 2018

Joshua Kern, the receiver for Quest Preparatory Academy, is requesting that the SPCSA Board approve his request to amend Quest's charter contract in order to consolidate the Bridger Campus into Quest's new Northwest campus. Under the proposed amendment, all students currently attending the Bridger Campus will be offered and guaranteed 2019FY enrollment at the Quest Northwest Campus.

The amendment includes some basic information and history that has been included in previously-submitted reports to this Board.

As discussed in greater detail below, staff recommends that the SPCSA Board approve Mr. Kern's amendment request.

Background

Beginning in 2008, Quest Preparatory Academy opened under a written charter. The school initially contracted with Imagine Schools, an educational management organization, and subsequently severed that relationship. In 2014, the SPCSA executed a charter contract with Quest, under which Quest continues to operate.

Following that renewal, Quest's governing body made a series of precipitous changes, including rapidly acquiring new facilities without prior Authority knowledge or approval and entering into a series of costly transactions, including the lease of hundreds of tablet devices as part of an undisclosed migration from an academic and instructional program that had resulted in 3 and 4 star status and had merited renewal in 2014. During a forensic audit commissioned by the Authority in 2015, the Quest board again relocated a campus without Authority approval and requested an amendment after the fact. As a condition to amend its charter contract to relocate that campus, and in light of the Authority's serious financial and operational concerns, the governing body of Quest agreed to allow the SPCSA to appoint a receiver to oversee the school. As a result, on October 26,

2015, the SPCSA and Joshua Kern entered into an agreement on behalf of the SPCSA and the charter school whereby Mr. Kern was appointed the receiver over Quest. Subsequently, the remaining members of the Quest governing body legally permitted to serve and work with the receiver under the initial receiver agreement failed to assemble as a board, thus abdicating their role as a governing body.

Quest currently operates three campuses in Las Vegas. At its peak, Quest served nearly 1,500 students during the 2014 – 2015 school, and operated four campuses. Since that time, attendance has dropped, and Quest now serves approximately 738 students at three campuses. A current enrollment breakdown is as follows:

- Alexander Campus – Kindergarten, serving approximately 56 students;
- Bridger Campus – Kindergarten through fifth grade, serving approximately 120 students; and
- Northwest Campus – Kindergarten through sixth grades, serving approximately 523 students.

In regard to academic performance, with few exceptions, Quest's current academic performance across its three campuses can only be described as poor. *Quest is one of the lowest performing schools in the State of Nevada.* This ranking includes SPCSA-sponsored charter schools, as well as other charter schools and traditional public schools.

The current state of Quest's academic performance has declined over the past five years. As late as 2014, before the ratings of the Nevada State Performance Framework were frozen, the elementary, middle and high school programs were rated as at least 3-star programs. Since this time, Quest students have not achieved results that could be considered marginally satisfactory. Historically, less than half of Quest's students have met grade-level benchmarks. Most concerning is that the data suggests that the longer a student is enrolled at Quest the more the student falls behind in every academic metric. Put another way, even the school's own analysis reveals that *students at Quest test lower on standardized tests the further they progress through grade levels at Quest.*

The specifics related to Quest's failure to provide students with an adequate education is provided in greater detail in previously-submitted reports from Mr. Kern to the Authority Board. Quest was recently ranked as a one- and two-star school for the 2016-217 school year under Nevada's Department of Education's statewide system for school accountability.

Mr. Kern submitted a new, structured turnaround plan and amendment in response to current academic performance deficiencies. The proposal contemplates retaining an affiliated entity, TenSquare, a charter school improvement and support organizations, for the next three years, to boost Quest's poor academic performance. The fundamental goal of the plan is to move Quest to a 3 Star rating in 3 years. At the February 16, 2018 Authority Board meeting, however, this amendment plan was unanimously accepted to correct the current academic underperformance of the school.

Summary of the Request

The charter amendment proposal submitted to SPCSA staff outlines plans to consolidate the Bridger campus into the Northwest campus. According to the proposal, Quest's sublease of the real

property (1300 East Bridger, Las Vegas, Nevada 89101) was unaffordable for Quest from the outset and predicated upon unrealistic projections that were known to be false even prior to Quest Academy's EMO, Chartered for Excellence Foundation, executing lease agreements and closing the transaction with the Landlord, CSP-Bridger, LLC. By closing the Bridger Campus, the SPCSA and Quest Academy can ensure these students continue in an approved, appropriate and affordable campus. Consolidating the Bridger Campus into the Northwest Campus will remove students from an inappropriate and unaffordable location and allow the Bridger Campus student body to take full advantage of an appropriate and affordable campus.

With any consolidation, it is critical to verify that the school has the appropriate capacity to accommodate all students. In its proposal, Quest indicates that the Northwest campus can hold up to 700 students. There are 28 classrooms which can hold up to 25 students per classroom. Given the current combined enrollment of both the Bridger and Northwest campuses is approximately 643 students, SPCSA staff believes that the Northwest campus should have no problem accommodating this consolidation. In fact, there should be some room to spare for additional growth at the school.

From a financial perspective, consolidating into the Northwest facility will cost Quest between only \$8,000 to \$12,000. Consolidation does, however, afford Quest Academy the same anticipated revenues projected in the approved Application for Restructuring Amendment presented to the Authority Board in February. Additionally, it reduces expenses considerably by the cost of the Bridger Lease, utilities, maintenance, janitorial supplies, and site services required to maintain the Bridger Campus. There are economies of consolidation regarding personnel and equipment, payroll and future replacement purchases are also anticipated to be reduced. These economies of consolidation could be compounded in the future as the projected enrollment at Quest for the 2019FY was not at maximum capacity, saving the school more money under this plan. Of course, Quest plans to leave the Bridger property clean and undamaged.

According to the submission by the school, this consolidation plan will allow Quest Academy to retain and support current students and families. Quest will continue to recruit and market in a variety of methods that will target students from all demographic and socio-economic areas. Some of these methods will include: participating in several community events throughout the city, posting ads on social media avenues such as Facebook and Pandora, mailing postcards to the surrounding area, passing out flyers on foot at local businesses and canvassing local neighborhoods. Additionally, we utilize a referral program for our current families and vendors to recruit new families. In short, it appears to staff that this consolidation will have little, if any, negative impact on current and prospective families that desire to continue enrollment at Quest.

Legal Authority and Requirements Related to Amendment Requests

Pursuant to NRS 388A.276 and NRS 388A.279, the Authority may, at a duly noticed public meeting, approve, approve with conditions, or deny a request to amend a charter contract. Specifically, a charter school may apply to amend its charter contract to add additional grade levels, increase or decrease enrollment, acquiring additional facilities (including relocation), or consolidating existing facilities.

The Authority must deny any such amendment request if the charter school is not meeting the requirements established in the performance framework incorporated into each charter contract, or if the charter school does not have a comprehensive and feasible plan related to the proposed

amendment. Furthermore, Nevada's regulations related to charter schools allows the Authority to deny a request to amend its charter contract to occupy a new or additional facility if the charter school is not ranked in the first, second, or third tier of Nevada's statewide system for accountability for public schools. See NAC 386.3265 and NAC 386.3266. Finally, when considering a request to amend a charter contract, the Authority may consider the charter school's compliance with local, state, and federal laws and regulations related to the charter school's academic, financial and organizational framework and performance. See Section 7 of R089-16(8) (effective December 21, 2016).

Recommendation: Approve

This proposal is designed to ensure that Quest's very diverse student body has the opportunity to take full advantage of the academic turnaround approved by the SPCSA, enriching the education of all of Quest's students in spite of the fiscal malfeasance of the previous administrations.

Quest Academy has seen approximately one campus move each year since 2014. As such, the school has streamlined processes in place to facilitate the physical move, while the overarching guidance of TenSquare will assure the academic and administrative structure is maintained. Quest Academy considers communication with parents, community, staff, students and the Authority to be their primary tool in making a consolidation as smooth as possible. Importantly, Quest Academy understands the requirements of the NRS and SPCSA policy and are committed to following them.

As such, SPCSA staff recommends that the Authority Board approve this amendment request. SPCSA staff firmly believes that Quest Academy and its receiver, Mr. Josh Kern, are equipped to handle this consolidation in a streamlined manner.