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**BRIEFING MEMORANDUM**

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**TO:** SPCSA Board  
**FROM:** Patrick Gavin, Executive Director  
**SUBJECT:** Agenda Item No. 6: Quest Preparatory Academy – Notice of Intent to Terminate Charter Contract  
**DATE:** February 16, 2018

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**Introduction and Summary of Recommendation**

Beginning in 2008, Quest Preparatory Academy opened under a written charter. The school, originally named Imagine School in the Valley, initially contracted with Imagine Schools, an educational management organization, and subsequently severed that relationship and sought approval to change its name. In 2014, the SPCSA renewed the school and 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. An enrollment breakdown is as follows:

- Alexander Campus – Kindergarten, serving approximately 56 students;
- Bridger Campus – Kindergarten through fifth grade, serving approximately 147 students; and
- Northwest Campus – Kindergarten through sixth grades, serving approximately 535 students.

As detailed later in this memo, the current state of Quest’s academic performance indicates a decline over the past five years. As late as 2014, before the ratings of the Nevada State Performance Framework (NSPF) 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. Most recently, Quest was classified as a 1-star elementary school and a 2-star middle school program according to the 2016 – 2017 NSPF ratings.

As a result, and as discussed in greater detail below, Staff recommends that the SPCSA Board issue a Notice of Intent to Terminate (the “Notice”) Quest’s charter contract pursuant to NRS 388A.330 and direct Staff to place Quest on the agenda for the Authority Board meeting currently scheduled for April 27, 2018.

At the April 27, 2018 Board meeting, Staff will provide the Authority with an update and recommendation regarding Quest’s proposed cure, and whether the deficiencies that are identified in the Notice have been corrected. At the same Board meeting, the Authority can determine whether the deficiencies outlined in the Notice have been remedied.

If the Authority determines at the April 27, 2018 Board meeting that it is not satisfied that the deficiencies outlined in the notice have been remedied, a public hearing pursuant to NRS 388A.330(2)(d) can be held so that the Authority may consider terminating Quest’s charter school contract.

A proposed Notice of Intent to Terminate Quest’s Charter Contract is included with the supporting materials to this Agenda Item.

Finally, please note that Quest has submitted an amendment request, and this request is listed on the agenda as a separate agenda item. The Authority may wish to consider Staff’s recommendation regarding terminating Quest’s charter contract in light of Quest’s amendment request.

## **Legal Framework**

### *Standards for Termination of a Charter Contract*

NRS 388A.330, as amended by Section 24 of Assembly Bill 49 of the 2017 Legislative Session, sets forth the grounds under which the Authority may terminate a charter contract. While NRS 388A.330 sets forth numerous grounds under which the Authority may terminate a charter contract, in regard to academic performance, NRS 388A.330 sets forth, essentially, three standards: (1) “persistent[] underperform[ance];” a graduation rate if the charter school operates a high school under 67% for the preceding year; or if the charter holder operates an elementary or middle school ranked in the lowest 5% of all public schools in the State.

In part, NRS 388A.330(1) reads as follows:

“...the sponsor of a charter school may ... revoke a written charter or terminate a charter contract before the expiration of the charter if the sponsor determines that:

- (a) The charter school, its officers or its employees:
  - (1) Committed a material breach of the terms and conditions of the written charter or charter contract;
  - (2) Failed to comply with generally accepted standards of fiscal management;
  - (3) Failed to comply with the provisions of this chapter or any other statute or regulation applicable to charter schools; or
  - (4) If the charter school holds a charter contract, has persistently underperformed, as measured by the performance indicators, measures and metrics set forth in the performance framework for the charter school;
- ...
- (e) The charter school operates a high school that has a graduation rate for the immediately preceding school year that is less than 60 percent;
- (f) The charter school operates 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, as determined by the Department pursuant to the statewide system of accountability for public schools; or
- (g) Pupil achievement and school performance at the charter school is unsatisfactory as determined by the Department pursuant to criteria prescribed by regulation by the Department to measure the performance of any public school pursuant to the statewide system of accountability for public schools.

NAC 386.332 defines “persistent underperformance” as:

- (1) The charter school was not rated in the first, second or third highest tier during the last three ratings of the charter school pursuant to the statewide system of accountability for public schools; or
- (2) If the charter school is operating under a charter contract, the charter school has not complied consistently with the performance indicators, measures and metrics set forth in the performance framework of the charter school, as determined by the sponsor.

This statutory and regulatory framework is mirrored in both Quest’s charter school contract, and the incorporated Charter School Performance Framework.

### Notice and Procedure

If any one of these standards are met, the Authority may vote to provide written notice to the governing body of the charter school of its intention to terminate the charter school contract. This notice must include a statement of deficiencies and reasons for termination, must provide a cure period of not less than 30 days, and must include a date when the sponsor will hold a public hearing to determine whether the school has corrected the deficiencies. Finally, in the event that the Authority determines that the deficiencies identified in the notice have not been cured, the notice must also include a date when the sponsor will hold a public hearing to determine whether to terminate the charter contract (this hearing must be not more than 90 days after the date of the notice). Note that the sponsor and the school can mutually agree upon dates and deadlines other than specified above.

In part, NRS 388A.330(2) states:

2. Before the sponsor reconstitutes a governing body, revokes a written charter or terminates a charter contract, the sponsor shall provide written notice of its intention to the governing body of the charter school. The written notice must:
  - (a) Include a statement of the deficiencies or reasons upon which the action of the sponsor is based;
  - (b) Except as otherwise provided in subsection 4, prescribe a period, not less than 30 days, during which the charter school may correct the deficiencies, including, without limitation, the date on which the period to correct the deficiencies begins and the date on which that period ends;
  - (c) Prescribe the date on which the sponsor will make a determination regarding whether the charter school has corrected the deficiencies, which determination may be made during the public hearing held pursuant to subsection 3; and
  - (d) Prescribe the date on which the sponsor will hold a public hearing to consider whether to reconstitute the governing body, revoke the written charter or terminate the charter contract.
3. Except as otherwise provided in subsection 4, not more than 90 days after the notice is provided pursuant to subsection 2, the sponsor shall hold a public hearing to make a determination regarding whether to reconstitute the governing body, revoke the written charter or terminate the charter contract. If the charter school corrects the deficiencies to the satisfaction of the sponsor within the time prescribed in paragraph (b) of subsection 2, the sponsor shall not reconstitute the governing body, revoke the written charter or terminate the charter contract of the charter school. The sponsor may not include in a written notice pursuant to subsection 2 any deficiency which was included in a previous written notice and which was corrected by the charter school, unless the deficiency recurred after being corrected or the sponsor determines that the deficiency is evidence of an ongoing pattern of deficiencies in a particular area.
4. The sponsor of a charter school and the governing body of the charter school may enter into a written agreement that prescribes different time periods than those set forth in subsections 2 and 3.
- ...
7. If the sponsor of a charter school determines that not all of the grade levels in the charter school meet the criteria described in paragraphs (a) to (g), inclusive, of subsection 1 and that the charter school can remain financially viable if the charter school continues to operate and serve only the grade levels which do not meet the criteria described in those paragraphs, the sponsor may amend the charter contract to eliminate the grade levels that meet the criteria described in paragraphs (a) to (g), inclusive, of subsection 1 and limit the enrollment in all other grade levels in the charter school.

Note that NRS 388A.330(7) also allows the Authority to amend a charter school contract eliminating low performing grade levels (i.e., in the case of Quest, the elementary grade levels) if the charter school can remain “financially viable” after the elimination of the low performing grade levels.

**Staff Recommendation**

As shown below in Table 1, based on the validated count of students enrolled on Monday, October 2, 2017 (validation day—formerly “count day”), Quest currently serves 738 students in grades K-8 at three campuses.

*Table 1: Quest Preparatory Academy Validated Enrollment by Grade Level*

	<b>K</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>Total</b>
<b>Enrollment</b>	101	100	97	119	91	77	55	55	43	738

As demonstrated below in Table 2, of those 738 students, ...students were enrolled in the elementary grades, while ... students were enrolled in the middle and high schools

**Table 2: Quest’s Validated Elementary and Middle School Program Enrollment**

*Table 2: Quest Academy’s Validated Elementary and Middle School Program Enrollment*

	<b>Elementary</b>	<b>Middle</b>	<b>Total</b>
<b>Enrollment</b>	640	98	738

The current state of Quest’s academic performance indicates a decline 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.

Historically, however, less than half of Quest’s students have met grade-level benchmarks. Most concerning is that available 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.*

Since this time, Quest students have not achieved results that could be considered marginally satisfactory. As noted above, Quest was classified as a 1-star elementary school and a 2-star middle school program according to the 2016 – 2017 NSPF ratings.

In summary, with few exceptions, Quest’s current academic performance across its three campuses can only be described as poor. The school has exhibited a decline in academic performance of the past few years, making it *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. There is no getting around the fact that the education that Quest students are receiving is below par.

The details related to Quest’s failure to provide students with an adequate education is explained in greater detail in Mr. Kern’s previously-submitted report. Quest was recently ranked as a 1- and 2-star school for the 2016-217 school year under Nevada’s Department of Education’s statewide system for school accountability.

Based on the foregoing, Staff recommends that, pursuant to NRS 388A.330(1)(a)(4) and NAC 386.332, the Authority direct the Chair to Issue a Notice of Intent to Terminate the Charter Contract of Quest’s based on persistent underperformance. The above-referenced notice is attached hereto for the Authority’s consideration and approval.

As outlined above, Nevada's charter school statutes and regulations provide for the issuance of a notice outlining deficiencies, a cure period of at least 30 days, and two statutory deadlines: First, a date upon which the Authority will determine that the deficiencies have been cured; and, second, if the cure is not satisfactory to the Authority, a date upon which a public hearing will be held to determine whether to terminate the school's charter contract.

Staff recommends that the Authority issue a notice pursuant to [NRS 388A.330\(1\)\(a\)\(4\)](#) and NAC 386.332, providing a cure period of at least 30 days, until Monday, April 2, 2018 within which the school may attempt to remedy the identified deficiencies, and direct Staff to place Quest on the agenda for the next regularly-scheduled Authority Board meeting, currently scheduled for April 27, 2018. Staff will evaluate the quality of the remedy submitted and will provide a recommendation to the Authority. At the April 27, 2018 Board meeting, Staff will provide the Board with Staff's recommendation.

At the April 27, 2018 Board meeting or a mutually agreed upon date prior to that meeting pursuant to [NRS 388A.330\(4\)](#), the Authority can determine whether the deficiencies outlined in the Notice have been remedied to the satisfaction of the Authority based on staff recommendation and review of the materials submitted into Epicenter on or before the deadline.

If the Authority determines at the April 27, 2018 Board meeting that the deficiencies outlined in the Notice have not been remedied to the satisfaction of the Authority, a public hearing pursuant to [NRS 388A.330\(2\)\(d\)](#) shall be held on May 14, 2018 so that the Authority may consider terminating Quest's charter contract. In the event that the Authority votes to terminate Quest's charter contract, no closure of the school would occur prior to the end of the 2017-18 academic year.