



**STATE PUBLIC CHARTER SCHOOL AUTHORITY**

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**BRIEFING MEMORANDUM**

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**TO:** SPCSA Board  
**FROM:** Mark Modrcin, Director of Authorizing  
**SUBJECT:** Quest Preparatory Academy - Charter Renewal Recommendation  
**DATE:** January 31, 2020

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**1. Background and Summary**

Quest Preparatory Academy has submitted an application to renew its charter contract as the current charter contract expires on June 30, 2020. Quest is a single-site charter school that currently serves 484 students in grades K-8 and operates out of one campus in Las Vegas.

After a thorough review of the historical data and charter renewal application, staff recommends that the Authority approve, with conditions, the charter renewal of Quest Preparatory Academy for a three-year term, beginning July 1, 2020.

**2. The Process Related to Renewal Applications and the Standards Under Which an Application for Renewal of a Charter Contract Will Be Granted**

The first step in the renewal process is the submission of a renewal report by SPCSA staff to the charter school.<sup>1</sup> Specifically, on or before June 30 immediately preceding the final school year prior to expiration of a charter school's charter contract, the SPCSA submits to the governing body a report regarding renewal. The Quest renewal report was sent to the school's receiver on June 28, 2019 and can be found within the supporting documentation for the item.

The renewal report summarizes the performance of the charter school under the terms of the charter contract, identifies any deficiencies related to performance of the charter school that might lead to non-renewal of the

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<sup>1</sup> Charter school regulations provide for an expedited and streamlined renewal process for high-performing charter schools. Generally, charter schools qualifying for expedited renewal review are those charter schools that are consistently rated as four-and five-star schools under the NSPF and have received no notices of concern or notices of breach for academic, organizational or financial performance. See [NAC 388A.415\(2\)](#).

charter contract, sets for the requirements forth the renewal application, and identifies the criteria that the sponsor will apply in making a determination on the application for renewal. The charter school may submit a response to the renewal report. [See NRS 388A.285\(1\) and \(2\)](#).

Next, the governing body (or receiver) of the charter school must submit a written notice of intent to submit an application for renewal to the SPCSA 45 days prior to submitting a renewal application. See [NAC 388A.415\(1\)](#). Quest submitted its notice of Intent to Renew its charter contract on August 20, 2019 and Quest's notice of intent to renew can be found along with the supporting documents.

In regard to the renewal application, the window to submit the actual renewal application is October 1 through October 15. See [NRS 388A.285\(3\)](#) and [NAC 388A.415\(1\)](#). The application for renewal must include, without limitation:

- (a) The requirements for the application identified by the sponsor in the performance report prepared by the sponsor;
- (b) A description of the academic, financial and organizational vision and plans for the charter school for the next charter term;
- (c) Any information or data that the governing body of the charter school determines supports the renewal of the charter contract in addition to the information contained in the performance report prepared by the sponsor and any response submitted by the governing body; and
- (d) A description of any improvements to the charter school already undertaken or planned.

See [NRS 388A.285\(3\)](#). On October 15, 2019 Quest submitted its renewal application, which can be found included with the supporting documents.

Quest's renewal application includes a summary of the key design elements including a continuation of their child-centered climate with an emphasis on Positive Behavior Interventions and Supports (PBIS) so as to develop students' academic and interpersonal skills in a small community. The application summarizes past academic performance and goals for the coming years. With regard to the proposed next charter term, Quest affirmed their commitment to operating as an as an independent charter school and plans to uphold a number of key pillars of their school that currently exist, including:

- Diverse school environment;
- Welcoming environment;
- Safe space;
- Small community; and
- Family – school communication.

Decisions to renew a charter school contract or deny a renewal application are made and based upon the Nevada's charter school statutes and regulations related to charter school renewal (see [NRS 388A.285](#)) and the collective record of a school's academic, financial, organizational, findings from the site evaluation process, and all data and information provided by the Department of Education.

Note that no factor may be given more weight than the academic performance of pupils at the charter school, and the academic performance of the charter school is the touchstone of any renewal decision. See [NAC 388A.415\(10\)\(b\)](#).

In making its recommendation to the Authority regarding a renewal application, SPCSA staff considers the past performance of the charter school, including information contained in the application for renewal, any site evaluations, academic achievement of pupils, and any other information that is determined to be relevant to whether the charter contract should be renewed. See [NAC 388A.415\(9\)](#).

When determining whether to grant an application for renewal of a charter contract, the Authority Board considers the foregoing factors, any other information that the Authority Board determines is relevant to whether the charter contract should be renewed. The Authority Board will consider the "totality of the evidence" presented to it when making a renewal decision. See [NAC 388A.415\(9\)](#). Again, as stated above,

no factor is to be given more weight than the academic performance of pupils at the charter school.<sup>2</sup> See [NAC 388A.415\(10\)\(b\)](#).

At its sole discretion, the Authority Board may renew a charter contract for a term of three (3) to ten (10) years, or, alternatively, deny the renewal application. See Senate Bill 451 (2019) and [NAC 388A.415\(11\)](#). Note that a variable term length upon renewal was discretion afforded to the Authority under Senate Bill 451 during the 2019 Legislative Session.

The Authority Board may accept or reject, in whole or part, the recommendation of the Executive Director. See [NAC 388A.415\(10\)\(a\)](#). If a charter contract is renewed, that Authority Board may include a provision for a high stakes review during the term of the renewed charter contract which may result in the termination of the renewed charter contract prior to its expiration, or renew the charter contract and include any additional provisions, requirements or restrictions which the State Public Charter School Authority determines are appropriate. See [NAC 388A.415\(b\) and \(c\)](#).

Alternatively, the Authority Board may deny the renewal application for the purpose of reconstituting the governing body of the charter school pursuant to [NRS 388A.330](#) and assigning the charter contract to a charter management organization or a new governing body which may include, without limitation, the governing body of another charter school or a governing body assembled by the Executive Director; deny the renewal application for the purpose of restarting the charter school and issuing a new charter contract pursuant to [NRS 388A.300](#) to a charter management organization or a new governing body, including, without limitation, the governing body of another charter school, which will inherit any assets of the charter school which remain following dissolution; or deny the renewal of a charter contract for the purpose of closing the charter school. See [NAC 388A.415\(11\)\(d\),\(e\) and \(f\)](#).

### **3. Analysis**

#### *Academics*

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.

At its peak, Quest served nearly 1,500 students during the 2014 – 2015 school year, and operated four campuses. Since that time, attendance has dropped, and Quest now serves approximately 484 students at one campus.

The academic performance of Quest has varied greatly over the course of the current charter term. The elementary school program was rated as 4-stars according to the Nevada School Performance Framework (NSPF) for the 2013-14 school year. The Nevada Department of Education carried all 2013-14 star ratings across the state over into the 2014-15 school year while the state was transitioning to a new statewide

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<sup>2</sup> See [NAC 388A.415\(10\)](#). With regard to a second renewal, the Authority is required to place an even greater weight on academic performance than was assigned to it on the first renewal.

assessment. As noted in the NSPF guidance document, a 4-star school is categorized as a commendable school that has performed well for all students and subgroups. A 4-star school demonstrates satisfactory to strong academic performance for all students. In 2017, however, Quest was rated as a 1-star program. NSPF guidance describes a 1-star school as one that has not met the state’s standard for performance. Students and subgroups are inconsistent in achieving performance standards. As previously stated, performance at Quest has varied significantly. As recently 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.

In regard to academic performance in 2017, Quest’s academic performance across its three campuses was one of the lowest performing schools in Nevada. This classification included SPCSA-sponsored charter schools, as well as other charter schools and traditional public schools. In response to these ratings, the Authority issued a Notice of Intent to Revoke the charter on February 16, 2018. Subsequently and in response to this Notice, Quest submitted a school turnaround plan to address these deficiencies. A copy of this plan can be found attached alongside this item.

In 2018, Quest’s elementary school program, which at the time was split across two campuses, was rated as a 2-star program, which is described in guidance documents as a school that has partially met the state’s standard for performance. It is noteworthy that this 2-star rating represented a significant increase in the performance levels of the school. Additionally, Quest exceeded its internal benchmarks under the turnaround plan, with one elementary campus earning a 47 index score and the other earning a 48.5 index score. In 2019, Quest’s elementary school, now consolidated at a single location, once again earned a 2-star rating with an index score of 42 points at the elementary level. While this represents a dip in performance as compared to the prior year, Quest still remains above the goals set out within the school turnaround plan.

Quest’s middle school program has performed more consistently relative to the elementary school program according to the NSPF. In 2015, the middle school program was rated as a 3-star program. NSPF guidance describes a 3-star program as adequate, meeting the state’s standard for performance. In 2017, Quest was rated as a 2-star program, which is described as partially meeting the state’s standard for performance. The middle school program was included as part of the 2017 turnaround plan. According to the 2018 ratings, Quest’s middle school program had returned to a 3-star rating. While performance dipped slightly in 2019, the middle school program at Quest maintained a 3-star rating.

Quest’s high school was rated as a 3-star program as of 2015, but the school has not offered a high school program since 2015 – 2016.

The NSPF results for this current charter term are summarized and provided in the table below for the elementary, middle and high school programs:

<b>School Year</b>	<b>NSPF Rating</b>
2018 – 19	Northwest Elementary: 2 stars (42 index points) Northwest Middle: 3 stars (52.78 index points)
2017 – 18	Bridger Elementary: 2 star (47 index points) Northwest Elementary: 2 star (48.5 index points) Northwest Middle: 3 star (56 index points)
2016 – 17	Elementary: 1 star (19 index points) Middle: 2 star (33.5 index points) High: N/A <sup>3</sup> (46.67 index points)
2015 – 16	No Star Ratings published by the Nevada Department of Education
2014 – 15	Elementary: 4 star <sup>4</sup> Middle: 3 star High: 3 star
2013 – 14	Elementary: 4 star (71 index points)

<sup>3</sup> Quest Preparatory Academy ceased to offer high school instruction beginning in the 2016 – 17 school year.

<sup>4</sup> 2014 – 2015 NSPF ratings were carried over from the prior year.

	Middle: 3 star (61 index points) High: 3 star (64.79 index points)
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Additionally, below are the NSPF ratings from the prior term:

School Year	NSPF Rating
2012 – 13	Elementary: 2 stars (41 index points) Middle: 3 stars (55.81 index points) High: 3 stars (54 index points)
2011 – 12	Elementary: 3 stars (55 index points) Middle: 3 star (60 index points)

*Organizational*

According to the school’s renewal application, Quest’s receiver was appointed in 2015 to remedy the school’s financial and legal challenges. Under this receivership Quest eliminated approximately \$22M in outstanding liabilities, closed an unviable high school campus and moved a main campus into a stable, long-term facility, consolidated three campuses and reduced staffing and spending redundancies, met agreed upon academic performance targets, and secured over \$450,000 in new grant money, including entitlement dollars, that the school had not previously received. In the past three years, Quest has resolved every legal, financial and operational matter that was the basis of the receiver with the one exception being litigation with CSP Bridger, one of the former landlords for the school. While this matter was ongoing at the time of the renewal application, Quest has worked arduously under the receivership to ensure that school is well positioned to operate under a new board governance structure and financially and operationally prepared to enter the next charter term positioned for success.

Until the Authority approved a more robust organizational framework this past summer, the previous version of the SPCSA Organizational Framework was a rolling evaluation of school organizational performance. Based on verified complaints and spot checks of school organizational performance, the Authority issues Notices of Concern or Notices of Breach for Organizational Performance. Schools which have not received such notices are presumed to be in Good Standing. With regards to the organizational health and performance of Quest, the Authority issued a Notice of Breach due to Organizational underperformance and concerns on December 8, 2014. The school has not received any notices regarding organizational performance since that time. Generally speaking, SPCSA staff finds that the receiver has been integral to enhancing the organizational performance of the school.

**SPCSA Organizational Programmatic Audit Findings**

2018	Good Standing
2017	Good Standing
2016	Good Standing
2015	Notice of Concern

*Financial*

As mentioned above, the receiver for Quest has worked diligently to eliminate approximately \$22M in outstanding liabilities, closed an unviable high school campus and moved a main campus into a stable, long-term facility, consolidated three campuses and reduced staffing and spending redundancies, met agreed upon academic performance targets, and secured over \$450,000 in new grant money, including entitlement dollars, that the school had not previously received.

The SPCSA Financial Framework monitors a variety of indicators of financial health. Since the installation of a receiver in 2015, financial performance of the school has varied. With regards to the financial performance and viability of the school, the Authority issued a Notice of Concern in 2017 due to financial

underperformance during the 2015 – 2016 school year. Additionally, SPCSA staff recommended a Notice of Breach be issued in 2018 due to continued financial concerns, but the Authority elected to table this agenda item on June 28, 2018<sup>5</sup>. Quest has faced many challenges over the last four years and the receiver has been integral to stabilizing the school and its finances.

As communicated by staff and affirmed by Mr. Kern in the December 2019 SPCSA board meeting, despite significant progress in many areas and the efforts of the receiver, the liability associated with the Bridger litigation is substantial and staff has serious concerns about the outstanding litigation. This litigation presents significant risk to the school, and without a resolution, threatens the long-term viability of the school even with strong projected enrollment numbers for any upcoming charter term.

In early January of 2020, Mr. Kern notified SPCSA staff that there had been progress on a settlement agreement in the Bridger litigation. This progress has continued and as of January 29, 2020, SPCSA staff expects a settlement is likely to be signed any day. As currently proposed, the terms of the settlement would satisfy staff’s concerns regarding the financial viability of the school.

**SPCSA Financial Programmatic Audit Findings**

2018	Good Standing
2017	Notice of Concern
2016	Good Standing
2015	Good Standing

**4. Recommendation: Renew Quest Preparatory Academy for a 3-year term, with conditions**

Despite a number of challenges, both operationally and academically, Quest has exhibited improvement in key areas during this charter term. It is important to underscore that this improvement came under the direction of the receiver, an intervention mechanism agreed to by the Authority in 2015. Prior to that time, Quest was experiencing problems in both the financial and organizational performance arenas. Since the installation of the receiver, both performance areas of the school have exhibited improvement over the course of the current charter term. While Quest was issued a Notice of Concern in 2014 due to organizational underperformance prior to the installation of the receiver, Mr. Kern has resolved many of the compliance issues that resulted in the transition from a governing board to a receiver. Additionally, and outside of the current litigation regarding the former Bridger campus, the school has shown adequate financial performance. The school was issued a Notice of Concern in 2017 regarding financial performance, but SPCSA staff finds the school to be in good standing at this time. Nevertheless, as described above, the outstanding litigation presents significant risk to the school, and without a settlement agreement, threatens the long-term viability of the school even with strong projected enrollment numbers for any upcoming charter term. Staff is cautiously optimistic that the current settlement discussions will result in an agreement that will allow the school to be financially viable.

The school’s academic performance, as measured by the NSPF, has also dramatically increased since the installation of the receiver. In 2017, the elementary school had earned 19 index points under the NSPF. Under the 2019 ratings, the school has earned 42 index score points and remains above the goal for this past year of 38.5 index points. The middle school has also improved its performance, earning 52.78 index points this past year, compared to 33.5 points earned in 2017.

Given the improved academic performance of Quest, and that the school continues to exceed the performance benchmarks outlined in the 2017 turnaround plan, SPCSA staff recommends that the Authority renew Quest Preparatory Academy for a three-year term, beginning July 1, 2020. SPCSA staff considers this recommendation to align with both past decisions by the Authority as well as the overall receiver intervention, and believes that the receiver should be allowed to complete their work (intervention) and return the school to a 3-star rating.

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<sup>5</sup> The Authority directed staff to overhaul the financial performance framework during the June 28, 2018 meeting.

SPCSA staff further recommends that the renewed charter contract entered into between Quest and the Authority include the terms and conditions set forth below. See [NAC 388A.415\(11\)\(c\)](#).

These conditions are meant to ensure that the school adequately serves all students, is financially viable for any future charter term, and faces consequences for failing to meet adequate expectations:

- Quest provides SPCSA staff with a copy of a fully-executed settlement agreement no later than February 3, 2020 along with any documentation (specifically, the applicable lease addendum) regarding future obligations of the school related to the settlement. This timeline provides sufficient time to finalize an agreement while still protecting students and families should a settlement become untenable; and
- Quest's Elementary School Program, which is yet to reach a 3-star rating under the 2017 turnaround plan, maintains its current academic performance trajectory, meeting or exceeding the benchmarks as outlined in the Authority-approved turnaround plan from 2017. Should Quest's elementary school fail to meet the following index score thresholds under the 2020 and 2021 NSPF ratings, the elementary school program will automatically be closed at the end of the academic school year after the scores are released. For example, if the Quest elementary school program does not earn at least 44.5 index score points according to the 2020 NSPF, the elementary school program would automatically close at the end of that school year (2020 – 2021), and would not be open for the 2021 – 2022 school year. The thresholds for the next two years are listed below:
  - o 2019 – 2020 NSPF Index Score: 44.5 points
  - o 2020 – 2021 NSPF Index Score: 50 points (3-star rating)

*School Demographic since 2015*

<b>Year</b>	<b>Total Enrollment<sup>6</sup></b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>H</b>	<b>I</b>	<b>M</b>	<b>P</b>	<b>IEP</b>	<b>ELL</b>	<b>FRL</b>
15-16	1275	5.2%	23.3%	35.0%	24.4%	0.8%	7.9%	3.5%	9.6%	8.0%	31.4%
16-17	723	4.8%	28.9%	23.2%	32.2%	0.7%	7.5%	2.6%	10.4%	9.4%	34.7%
17-18	738	3.5%	33.6%	17.2%	35.0%	0.5%	8.1%	2.0%	9.2%	11.2%	53.1%
18-19	505	2.4%	46.5%	10.9%	30.1%	0.8%	8.1%	1.2%	7.3%	10.1%	69.9%
19-20	484	2.1%	50.2%	8.5%	29.8%	0.8%	8.5%	0.2%	8.7%	9.9%	100%

- A – Asian
- B – Black
- C – Caucasian
- H – Hispanic
- I – American Indian/Alaskan Native
- M – Mixed/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

Additionally, Quest Preparatory Academy projects strong continued enrollment through a renewed charter term.

	<b>2020-2021</b>	<b>2021-2022</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-2026</b>
<b>Planned Total Enrollment</b>	525	550	565	580	590	600
<b>Grades Served</b>	K – 8	K – 8	K – 8	K – 8	K – 8	K – 8

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<sup>6</sup> Enrollment as of Validation Day each year (October 1).