



STATE PUBLIC CHARTER SCHOOL AUTHORITY

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ACTION MEMORANDUM

TO: SPCSA Board
FROM: Mike Dang, Manager, Financial and Organizational Performance
Mark Modrcin, Director of Authorizing
SUBJECT: **Discovery Charter School RFA**
1) For Good Cause Exemption
2) Approval to finance acquisition of school that will not affect approved enrollment
DATE: May 20, 2022

Summary of Request and SPCSA Staff Recommendation

The governing board of Discovery Charter School submitted a Request For Amendment (RFA) of its Charter Contract with the State Public Charter School Authority (SPCSA) for approval to:

1. Be granted a Good Cause Exemption to hear this RFA, and
2. Acquire their current facility at the Hillpointe campus that will not affect approved enrollment.

SPCSA staff has reviewed the application and recommends approval of both requests, subject to conditions described below.

Background

Discovery Charter School (Discovery) states that its vision and mission are to “promote a safe, nurturing environment that fosters student success through community involvement, progressive educational practices, and innovative use of technology. The school believes all students should discover, and all are welcome and will grow to succeed.”

Discovery Charter School has two campuses: the west campus is named Hillpointe and the east campus is Sandhill. The current combined enrollment is 453 and the current average daily enrollment (ADE) is 449. The current

waitlist exceeds 220 students according to the amendment application.

In the past three years, the amendment states that Discovery Charter School has overcome major obstacles, including a complete turnover in administration, exiting receivership, and eliminating debt. Additionally, and over that same period of time, Discovery has also steadily increased enrollment. The amendment also states that Discovery has benefitted from a million-dollar private grant over the course of two years that has enabled qualified staffing, teacher incentives, updated technology, and a renovated middle school building.

Discovery Charter School is seeking to acquire the Hillpointe campus to buy out of the current lease with Red Hook Capital Partners. Discovery is in the process of securing bond financing to own the current 8941 Hillpointe Rd campus. Discovery's plans for the Hillpointe campus are to secure financing to purchase the property and then pursue constructing an additional building upon it. The school is not seeking an increase to their enrollment cap. According to the amendment, Discovery projects that many Sandhill 5th graders will matriculate to the middle school campus at Hillpointe. The school also projects adding to their special education population as part of their target market of potential students.

Analysis

SPCSA staff note that Discovery indicates they have a 200-student waiting list. Given this large number, it appears that the school is likely to hit enrollment targets for both the upcoming school year and beyond. Information provided by the school is compelling, and notes that through acquisition, Discovery will save money through monthly mortgage payments while avoiding any lease escalators. Additionally, it is noteworthy that the amendment states the school after acquisition, a new building would allow the school to reach its enrollment cap of 500 while also providing students and families with an enhanced experience. According to the amendment, Discovery plans to add additional seats as well as specialist classrooms in addition to a multipurpose room to accommodate student lunch, physical education, assemblies and after-school programming.

Applicant Eligibility

Existing charter schools that are sponsored by the SPCSA may submit a charter school contract amendment application to the SPCSA – which is reviewed by SPCSA staff and presented for SPCSA Board action – in order to, among other things, increase enrollment, add grade levels above and beyond what the charter school is approved to serve, or add a new campus. Only those existing charter schools that are meeting expectations in regard to academics (under both the Department of Education's Nevada School Performance Framework -- the "Star Ratings" -- and the SPCSA's Academic Performance Framework), are compliant in regard to the SPCSA's Organizational Framework, and are fiscally sound may be approved for expansion. Furthermore, the academic, organizational, and financial performance of other charter schools that contract with the same Charter Management Organization or Educational Management organization is taken into account when reviewing an expansion application.

At this time, SPCSA staff finds that the Discovery Charter Schools of Las Vegas are meeting expectations in regard to financial and organizational performance expectations, demonstrating compliance under the SPCSA's Organizational Framework, and are fiscally sound as validated by the SPCSA's Financial Framework. While both the elementary and middle school programs at the Sandhill campus are currently operating under an active Notice of Concern, historical performance at the Hillpointe campus—the facility the school seeks to acquire through this amendment—has been historically strong. Additionally, it is important to reiterate that the school is not seeking to expand grade levels or student seats within this amendment, and recognizes that to do so would require future Authority action.

Thus, despite this active notice, SPCSA staff finds sufficient evidence that Discovery has been performing at or above adequate performance levels. More information on past performance can be found on page 4 of this memo.

Summary and Recommendation

SPCSA staff have reviewed Discovery's application and appreciate its merits. Discovery has shown substantially significant financial and organizational improvements, and information provided within the amendment and through the SPCSA review process indicate that acquiring the Hillpointe property will help the school continue on this trajectory. Information provided in the review process also signals that the school will save money through the acquisition of the property when compared to anticipated lease costs. SPCSA staff therefore recommends that the Authority approve Discovery's requests.

Proposed Motion:

Grant Discovery Charter School a Good Cause Exemption and approve the school's request to implement its submitted campus acquisition and financing plans. These approvals are subject to the condition that the school, within 10 days after being made available to the school, provide SPCSA staff with an electronic copy of the final recorded title, financing documentation including an amortization schedule, the Total Amount Borrowed, Financing Interest Rate(s) and Term in Years.

School Profile Information

If approved, Discovery Charter School would have the following enrollment caps for the remainder of the charter term:

	2021 – 2022	2022 – 2023
Hillpointe Campus		
Grade Levels	K – 8	K – 8
Enrollment Cap	380	380
Sandhill Campus		
Grade Levels	K – 5	K – 5
Enrollment Caps	120	120
Total Enrollment Cap	500	500

Discovery Charter School Academic Performance

Year	NSPF Rating – Hillpointe	NSPF Rating—Sandhill
2018	Elementary: 4 Star Middle School: 5 Star	Elementary: 3 Star Middle School: 4 Star
2019	Elementary: 4 Star Middle School: 4 Star	Elementary: 2 Star Middle School: 2 Star
2020 ¹	Elementary: 4 Star Middle School: 4 Star	Elementary: 2 Star Middle School: 2 Star
2021 ²	Elementary: 4 Star Middle School: 4 Star	Elementary: 2 Star Middle School: 2 Star

Discovery Charter School Financial Performance

Year	
2018	Meeting Performance Standards
2019	Meeting Performance Standards
2020	Notice of Concern
2021	Meeting Performance Standards

Discovery Charter School Organizational Performance

Year	
2018	Meeting Performance Standards
2019	Meeting Performance Standards
2020	Meeting Performance Standards
2021	Meeting Performance Standards

¹ 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.

² Due to COVID-19, the Nevada Department of Education (NDE) applied for and was granted a 2020 – 21 school year waiver from the US 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 Nevada School Performance Framework (NSPF) school ratings for the 2020 – 21 school year.

School Demographic Change since 2017 – Discovery Charter School

HILLPOINTE

School Year	Total Enrolled	A	B	C	H	I	M	P	FRL	IEP	ELL
17-18	234	2.1%	6.8%	59.8%	23.9%	1.2%	5.9%	0.0%	17.9%	8.1%	*
18-19	253	1.9%	9.8%	54.1%	24.1%	1.1%	8.6%	0.0%	26.4%	6.7%	*
19-20	267	1.1%	8.9%	50.1%	28.8%	1.4%	8.9%	0.3%	0.0%	7.1%	*
20-21	339	2.9%	7.0%	42.4%	33.9%	1.1%	11.5%	0.8%	0.0%	7.3%	*
21-22	359	2.5%	6.6%	40.3%	36.2%	0.8%	12.2%	1.1%	16.9%	8.9%	<5

SANDHILL

School Year	Total Enrolled	A	B	C	H	I	M	P	FRL	IEP	ELL
17-18	154	3.2%	7.7%	50.6%	22.7%	0.6%	8.4%	6.4%	21.4%	*	*
18-19	119	0.8%	19.3%	34.4%	22.6%	0.0%	13.4%	9.2%	42.8%	*	*
19-20	106	1.8%	18.8%	19.8%	43.3%	0.0%	12.2%	3.7%	0.0%	*	*
20-21	111	2.7%	18.9%	21.6%	50.4%	0.0%	5.4%	0.9%	0.0%	*	*
21-22	101	1.9%	14.8%	20.7%	54.4%	0.0%	5.9%	1.9%	31.6%	*	10.8%

A – Asian

B – Black

C – White

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

* - indicates population size >0 and <10; count and rate data are suppressed to protect privacy

<5 and >95 are shown for rates below 5% or above 95%, respectively, to protect student privacy