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ACTION MEMORANDUM

TO: SPCSA Board
FROM: Mark Modrcin, Director of Authorizing, SPCSA
Danny Peltier, Management Analyst III, SPCSA
SUBJECT: **Discovery Charter School – Charter Amendment Request to Increase Enrollment and Relocate Sandhill Campus**
DATE: December 16, 2022

Summary of Request and Recommendation

Discovery Charter School (Discovery) has submitted an amendment application requesting that the State Public Charter School Authority (SPCSA) grant a Good Cause Exemption and approve¹:

- *Hillpointe Campus:* Increase enrollment in existing grades by 99 students
- *Sandhill Campus:* Relocate the Sandhill campus to 4801 South Sandhill Road and increase enrollment in existing grades by 21 students

SPCSA staff has reviewed the application and recommends that the Authority grant the Good Cause Exemption and approve the request to relocate the Sandhill campus. SPCSA staff recommends that the Authority deny both requests to expand the Hillpointe and Sandhill campuses due to ongoing academic performance concerns detailed within this memo. A proposed motion along with proposed conditions can be found on page 6 and 7 of this memo.

¹ The submitted amendment application requested that the Authority approve the construction of a new building on the existing Hillpointe property. During its May 20, 2022 board meeting, the Authority already approved the acquisition of this property and financing plans for this project so further action by the Authority is not necessary.

Background and Overview of the Amendment

Discovery currently operates two campuses in Clark County. The Hillpointe campus, which opened in 2011, is located at 8941 Hillpointe Rd, Las Vegas, NV 89134. The Sandhill campus, which opened in 2018, is currently located at 3975 S Sandhill Rd, Las Vegas, NV 89121. As of the 2022 Validation day, the Hillpointe campus had 404 students enrolled, and the Sandhill campus had 89 students enrolled. Discovery is in the final year of its current charter term and is up for renewal. The leadership team consists of Principal Tricia Wilbourne and Assistant Principal Denise Koch. The mission of Discovery is, “To promote a safe, nurturing environment which fosters student success through community involvement, progressive educational practices, and innovative use of technology.”

According to the amendment application, Discovery seeks to expand its enrollment cap at both the Hillpointe and Sandhill campuses. The Hillpointe campus is requesting an increase of 99 seats which would increase its enrollment cap from 380 students to 479. The Sandhill campus is requesting an increase of 21 students which would increase its cap from 120 students to 141. As previously stated, the Sandhill campus currently has 89 students enrolled as of Validation day 2022, which is more than 10% below the current cap of 120.

The second amendment request Discovery is seeking approval to relocate its Sandhill Campus from its current location to 4801 South Sandhill Road.

Hillpointe Campus Increase in Enrollment

According to the amendment application, Discovery Charter School is seeking a 99 seat increase at the Hillpointe campus. Discovery notes in their application that the 99-seat increase at the Hillpointe campus would create additional revenue for the school.

Sandhill Campus Relocation and Increase in Enrollment

The Sandhill campus currently operates at 3975 S Sandhill Rd, Las Vegas, NV 89121 and had 89 students enrolled as of the 2022 Validation Day. According to the amendment application, the relocation of Sandhill campus would offer larger classrooms, a more marketable location, and a safer school. Discovery explained how the current Sandhill campus consistently needs to ward off homeless travelers and was also subject to three burglaries. As such, Discovery is seeking to relocate the Sandhill campus to 4801 South Sandhill Rd². The proposed Sandhill campus is approximately 1.4 miles from the current location. If approved, Discovery would plan on occupying the new facility in time for the 2023-2024 school year.

In addition to the relocation of the Sandhill campus, Discovery is also seeking approval for an increase of 21 seats at the Sandhill campus. As noted earlier, the Sandhill campus currently enrolls 89 students which is more than 10% below the approved cap of 120. However, the amendment application describes that it has been difficult to recruit students for the Sandhill campus due to its current location and aesthetics not up to standards for prospective families.

² This is the former location of Nevada Virtual Academy (NVA).

Discovery did note in its application that the proposed Sandhill relocation is not contingent on an increase to the enrollment cap at that campus. SPCSA staff attempted to verify this was accurate as part of its review of this amendment, but the school could not provide definitive information that this was the case.

Legal Authority

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. When determining whether to approve an amendment request, the sponsor considers the charter school’s compliance with applicable local, state and federal laws and regulations and evidence relating to the academics, finance and organization of the charter school. (See NAC 388A.400(8) and NRS 388A.276).

Analysis and Staff Recommendation

By way of background, the SPCA approved an amendment request by Discovery in May 2022 to purchase the Hillpointe facility and pursue constructing an additional building upon it. This approval was granted in large part because the budget demonstrated, and school staff confirmed that the school would not need to increase enrollment in order to secure the necessary finances to both purchase the existing facility and construct the additional building on the site. As part of that prior approval, school staff submitted a budget showing the school was viable and would meet SPCSA financial performance expectations, at least in the short-term, under current enrollment caps. SPCSA staff also noted in its recommendation memo dated May 20, 2022 that Discovery would need approval from the Authority if it contemplated increasing enrollment. Should Discovery proceed with a new building, SPCSA staff will ensure that necessary pre-opening steps are completed at the Hillpointe Campus to confirm that all facility requirements are met prior to serving students in a new space.

SPCSA staff has significant concerns regarding the request to increase the enrollment caps of both the Hillpointe and Sandhill campuses at this time. The chief concern is the ongoing academic performance concerns at the Sandhill campus, which earned a 2-star rating (index score of 27.7) as a result of student performance in the 2018 – 19 school year. As noted in the Nevada School Performance Framework (NSPF) technical guide, a 2-star elementary school identifies a school that has partially met the state’s standard for performance. Students and subgroups often meet expectations for academic performance or growth but may have multiple areas that require improvement. As a result of this rating, the Authority issued an Academic Notice of Concern to Discovery Sandhill ES at its October 4, 2019 meeting.

Following the two-year gap in new star ratings due to the impacts of COVID-19 and a waiver from the U.S. Department of Education, the 2021 – 2022 index score for the Sandhill ES was a 37. This demonstrates some improvement, but if star ratings were issued for last school year, this score would be the equivalent of a 2-star rating. Only once during the current term has the Sandhill Elementary School met academic performance expectations under the NSPF, earning a

3-star rating during the 2017 – 2018 school year. Stated another way, the Sandhill Elementary School has met academic performance expectations during the current charter term only once. Additionally, the Academic Notice of Concern issued in 2019 remains active as a result.

As part of its analysis of academic performance, SPCSA staff also reviewed the 2021 – 2022 results of Discovery under the SPCSA Academic Performance Framework. This was done to further substantiate the NSPF as well as provide additional and informative data points since the SPCSA Academic Performance Framework incorporates diversity and comparisons to both the local school district and neighborhood school in addition to the NSPF. Again, Sandhill Elementary School was found to not be meeting performance expectations, earning a score of 33.2, well below the 50-point threshold for *Meeting Standards*.

The Hillpointe campus has historically met academic performance expectations as outlined by the NSPF. For the 2021 – 2022 school year, the Hillpointe Elementary and Middle schools earned index scores of 76.6 and 73.8, respectively. According to the 2018 – 2019 star ratings, the Hillpointe Elementary and Middle schools were rated as 4-stars.

Despite the achievements of the Hillpointe campus, SPCSA staff is concerned with the lack of academic progress at the Sandhill campus. SPCSA staff finds that there is insufficient evidence presented at this time which suggests that Discovery is at least adequately meeting the needs of all students it currently serves. This was a primary reason why the SPCSA staff recommended that the Authority require increased academic monitoring of the Sandhill campus for the 2022 – 2023 school year during the Authority’s board meeting on November 18th. More evidence is needed to ensure that Discovery is at least adequately serving its current students. SPCSA staff cannot endorse adding seats to a school system that has historically fallen short of meeting academic performance expectations.

SPCSA staff also has secondary concerns regarding ongoing operations as Discovery continues to build its internal capacity post-receivership, and ensure it is meeting financial performance expectations. The Authority approved the school’s transition from a receivership to a traditional governing board at its July 26, 2019, board meeting. A receivership was instituted prior to that time by court order to address various performance concerns. While Discovery is currently meeting standards under the Organizational Performance Framework, SPCSA staff has noted several recent issues. These include concerns related to compliance with Open Meeting Law, timely submissions of various required reports, and timely submission of the school’s annual audit after it is presented to the local board³. These issues are not major but may indicate continued work is needed to ensure the school is compliant and has appropriate capacity to execute on current responsibilities. The school was also operating under a Financial Notice of Concern as result of the school’s performance during the 2019 – 2020 school year. While this notice was lifted by the Authority in early 2022, the most recent financial information indicates that the school is not meeting the debt to asset ratio performance standard within the Financial Performance Framework.

³ These issues pertain to the 2022-23 school year and are likely to be reflected in the Organizational Performance Rating for the 2022-23 school year once presented in the fall of 2023.

SPCSA staff also has concerns that the two Discovery campuses are not currently serving a population that is representative of the communities and county in which they are located. Specifically, both the Sandhill and Hillpointe campuses serve a lower percentage of students with disabilities, students qualifying for free or reduced-price lunch, and English learners compared to both Clark County and the State. While the amendment request suggests potential future actions, such as possible adoption of a weighted lottery, it does not provide specific plans to work towards serving a representative student population. However, as stated as above, the primary concern and ultimate reason for this recommendation is the historical academic performance at the Sandhill Campus.

With regard to the proposed increase to the enrollment cap at the Sandhill campus, SPCSA staff notes that the current enrollment of 89 students is far below the school's cap of 120. While SPCSA staff understands Discovery's explanation included in the amendment that the location of the current facility is perceived to be a factor in the campus' under-enrollment, minimal information was provided by the school to explain plans to increasing enrollment through outreach in the community in order to meet a higher cap of 141. No evidence of demand was provided in the amendment application that supported Discovery's claim that a facility relocation would result in increased enrollment at the Sandhill campus. This, when coupled with current levels of under enrollment and academic performance concerns, does not support an increase to the enrollment cap at this time.

SPCSA staff appreciates the work Discovery has done to date. The above concerns should not be misconstrued as a lack of progress as the school has made various improvements since the time the receiver was instituted. Given this progress, SPCSA supports the school's request to relocate the Sandhill facility to 4801 South Sandhill Rd so long as additional information and details can be provided prior the Discovery board formally entering into a lease for the proposed new Sandhill property. Specifically, and as outlined in the proposed conditions, SPCSA staff needs to confirm that the relocation to the proposed Sandhill facility can occur while still maintaining the financial viability of the school. SPCSA staff's endorsement of the relocation does not include a recommendation to increase the enrollment cap at the Sandhill campus at this time.

SPCSA staff cannot endorse an increase to the enrollment cap at the Hillpointe campus due to ongoing academic performance concerns. SPCSA staff would welcome an additional amendment request in the future regarding increases in enrollment at both campuses but would require evidence that Discovery is meeting academic performance expectations under the NSPF and the SPCSA's Academic Performance Framework, at minimum, for all campuses.

Proposed Motion: Grant the Good Cause Exemption and approve Discovery Charter School's relocation request of the Sandhill campus with the following conditions:

- **That the school provide a copy of draft lease agreement with Red Hook Capital Partners, the proposed lessor, to SPCSA staff for review prior to execution,**
- **That the school provide an updated budget reflecting the tentative lease rate and any additional financing costs of the proposed new Sandhill facility, and**

- Should the school choose to relocate, that Discovery provide a fully-executed lease and complete the pre-opening process, which requires required permitting and a Certificate of Occupancy be provided to the SPCSA prior to occupying the facility at 4801 South Sandhill Road, Las Vegas, NV 89121.

Deny the requests to expand enrollment at the Hillpointe and Sandhill campuses due to ongoing academic performance concerns.

If approved, the current enrollment caps for each Discovery campus would remain in place:

| School Year | 2022-23 |
|-------------------|---------|
| Hillpointe | |
| Grade Levels | K-8 |
| Enrollment | 380 |
| Sandill | |
| Grade Levels | K-5 |
| Enrollment | 120 |
| Total Enrollment | 500 |

School Demographic Change since 2017 – Discovery Charter School

Hillpointe

| Year | Enrollment | A | B | C | H | I | M | P | IEP | ELL | FRL |
|-------|------------|------|------|-------|-------|------|-------|------|-------|-------|-------|
| 17-18 | 234 | 2.1% | 6.8% | 59.8% | 23.9% | 1.2% | 5.9% | 0.0% | 8.1% | * | 17.9% |
| 18-19 | 253 | 1.9% | 9.8% | 54.1% | 24.1% | 1.1% | 8.6% | 0.0% | 6.7% | * | 26.4% |
| 19-20 | 267 | 1.1% | 8.9% | 50.1% | 28.8% | 1.4% | 8.9% | 0.3% | 7.1% | * | 0.0% |
| 20-21 | 339 | 2.9% | 7.0% | 42.4% | 33.9% | 1.1% | 11.5% | 0.8% | 7.3% | * | 0.0% |
| 21-22 | 359 | 2.5% | 6.6% | 40.3% | 36.2% | 0.8% | 12.2% | 1.1% | 8.9% | <5.0% | 16.9% |
| 22-23 | 404 | 3.2% | 7.6% | 39.1% | 37.6% | 0.7% | 10.1% | 1.4% | 13.1% | <5.0% | 19.8% |

Sandhill

| Year | Enrollment | A | B | C | H | I | M | P | IEP | ELL | FRL |
|-------|------------|------|-------|-------|-------|------|-------|------|-----|-----|-------|
| 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% | * | 10.8% | 31.6% |
| 22-23 | 89 | 2.2% | 17.9% | 21.3% | 48.3% | 0.0% | 8.9% | 1.1% | * | * | 48.3% |

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

Discovery Charter School Financial Performance

| Year | Rating |
|-------------|--------------------|
| 2019 – 2020 | Notice of Concern |
| 2020 – 2021 | Meets the Standard |

Discovery Charter School Organizational Performance

| Year | Rating |
|-------------|--------------------|
| 2019 – 2020 | Meets the Standard |
| 2020 – 2021 | Meets the Standard |

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 (formally Mesa Vista) |
| 2019 | Elementary: 4 Star Middle School: 4 Star | Elementary: 2 Star Middle School: 2 Star (formally Mesa Vista) |
| 2020 ⁴ | Elementary: 4 Star Middle School: 4 Star | Elementary: 2 Star Middle School: 2 Star |

⁴ 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

| | | |
|-------------------|---|-----------------------|
| | | (formally Mesa Vista) |
| 2021 ⁵ | Elementary: 4 Star Middle School: 4 Star | Elementary: 2 Star |

Discovery 2021-22 SPCSA Academic Performance Results⁶

| Campus | 2021-22 SPCSA Academic Framework Score | 2021-22 SPCSA Academic Framework Rating |
|-----------------------|---|--|
| Hillpointe Elementary | 69.9 | Meets Standard |
| Hillpointe Middle | 75.2 | Meets Standard |
| Sandhill Elementary | 33.2 | Does Not Meet Standard |

school year, Nevada statewide assessments were not administered and the NDE did not calculate Nevada School Performance Framework (NSPF) school ratings.

⁵ 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.

⁶ 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>