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ACTION MEMORANDUM

TO: SPCSA Board
FROM: Mark Modrcin, Director of Authorizing, SPCSA
Danny Peltier, Management Analyst III, SPCSA
SUBJECT: **Eagle Charter Schools of Nevada – Charter Amendment Request to Separate from Eagle Charter Schools (CMO)**
DATE: December 16, 2022

Summary of Request and Recommendation

Eagle Charter Schools of Nevada (Eagle) has submitted an amendment application requesting that the State Public Charter School Authority (SPCSA) approve a formal separation between the local school (Eagle) and Eagle Charter Schools (ECS), the proposed Charter Management Organization (CMO) contemplated in the school’s approved new charter application. The approved application contemplated a number of services to be provided to the local school and governing board by ECS, and a separation with the proposed CMO represents a significant shift from the application that was approved by the Authority.

SPCSA staff has reviewed the application, and while concerns remain regarding the plan for operating without the CMO, SPCSA staff recommends that the Authority approve the request, with several conditions. A proposed motion along with conditions can be found on page 8 of this memo.

Background and Overview of the Amendment

Eagle was approved on resubmission by the SPCSA Board at the January 22, 2021 Board meeting to open in the fall of 2021. Shortly thereafter, the school and board requested a deferral to open for the 2022 – 23 school year. The Authority approved this request at its March 19, 2021 board meeting. The school requested a second deferral to open in the 2022 – 23 school year, and

this request was conditionally approved by the Authority at its January 28, 2022 meeting. Eagle came before the Authority at the May 20, 2022 meeting and was approved, with conditions, to locate in the 89104 zip code at the proposed location of 2025 E. Sahara Ave, Las Vegas, NV 89104 due to facility issues arising from the COVID-19 pandemic.

This most recent amendment application outlines Eagle’s plan to address a number of gaps created due to the decision by the local board to no longer contract with the CMO, Eagle Charter Schools (ECS). Below you will see a summary of key services to be provided as described within the proposed service agreement as part of the approved application alongside Eagle Nevada’s plan to address those services without the CMO moving forward, as presented in this amendment request.

	<u>Responsibilities of ECS within Approved Charter Application</u>	<u>Eagle’s Proposed Plan without ECS</u>
Incubation Year Support	<ul style="list-style-type: none"> Secure \$150,000 in revenue to fund the Incubation Year 	Eagle has secured the “Great Schools for Nevada CSP” grant which affords schools the opportunity to receive reimbursements and redeploy funds. Eagle has secured \$75,000 in short term loans; that amount allows the school to access the grant funds so that the revolving/reimbursable impact can be realized. This redeployment of seed capital will cumulatively provide significantly more than \$150,000 in support during year 0.
Education and Instruction-Related Services	<ul style="list-style-type: none"> Support development and implementation of the educational program, including college and career readiness and social emotional growth, as well as adapting the Eagle model and recommending various policies and procedures 	Principal will assume these responsibilities, with possible assistance from third parties.
	<ul style="list-style-type: none"> Report and analyze student educational progress 	Principal will oversee PLCs and will be especially skilled on effective use of data and coordinating professional development. With support from COO, Principal will be responsible for producing and analyzing data reports.
	<ul style="list-style-type: none"> Select and assist with acquiring instructional and curricular materials, equipment, and supplies 	Principal will assume these responsibilities, with possible assistance from third parties.
	<ul style="list-style-type: none"> Provide professional development to administrators and instructional staff 	Principal and COO will work together to develop, monitor and adjust professional development plan to meet campus needs. Eagle DC may be used as a resource.
Business Operations	<ul style="list-style-type: none"> Conduct school evaluations 	ECS/Eagle DC may be engaged to provide formal feedback and professional development.
	<ul style="list-style-type: none"> Support the business administration, including consulting on operations 	COO remains tasked with these duties and may choose to consult with Eagle DC.
	<ul style="list-style-type: none"> Receives, monitors and records funds and expenditures, and assists with acquiring materials, supplies and equipment. 	Eagle will contract with a third-party accountant which reports to the COO and will also provide bookkeeping services. COO will remain responsible for furniture, fixtures and equipment.
	<ul style="list-style-type: none"> Assist with contracts for other services 	COO will remain responsible.

	<u>Responsibilities of ECS within Approved Charter Application</u>	<u>Eagle’s Proposed Plan without ECS</u>
	<ul style="list-style-type: none"> Develop marketing materials 	Eagle expects to contract with a third-party to update marketing materials and maintain digital content including the website. Eagle has indicated that the school has an agreement for marketing and digital content management, though documentation was not provided.
	<ul style="list-style-type: none"> Design and implement student recruitment and enrollment materials, applications, procedures and systems, including processing of applications 	As described, above Eagle expects to contract with a third-party to update marketing materials and maintain digital content including the website. COO will lead processing of applications and enrollment, with support from the Principal.
	<ul style="list-style-type: none"> Assist in preparing required reports 	COO with support from contracted third-parties such as accountant or HR support.
	<ul style="list-style-type: none"> Support compliance 	COO and Principal
	<ul style="list-style-type: none"> Identify a facility 	Tasked to CAO with support from COO.
	<ul style="list-style-type: none"> Provide reports to the Board on education, operational and financial performance 	<p>Education: With support from the COO, the Principal will be responsible for producing and analyzing data academic reports. Eagle has increased its professional development budget to support data review and analysis as necessary. This may include trips to the campuses in DC supported by ECS, engaging those who are experts in Eagle’s academic performance, and/or engaging other third parties for support. Eagle has also budgeted for a part time data analyst to support these efforts.</p> <p>Financial: The COO will be responsible for delivering fiscal reports to the Governing Board, with support from the accounting/bookkeeping partner and CFO.</p> <p>Operational: Tasked to the COO.</p>
Human Resources & Employment	<ul style="list-style-type: none"> Lead principal recruitment 	Eagle engaged a Chief Administrative Officer (CAO) in March of 2022 (compensation start date of 6/1/2022) to execute year zero duties as necessary. The CAO was responsible for posting the job and screening to find the most qualified applicants. ~50 applicants were screened down to 10. These 10 applicants were forwarded to the COO for a 2nd interview, who then promoted three applicants to the Governing Board for final consideration.
	<ul style="list-style-type: none"> Assist principal in recruitment of leadership team 	Eagle will now be responsible for job postings and initial resume screenings. The majority of this work is required in year 0 (as more staff are hired then compared to an established school.) The CAO and Principal will assume these responsibilities in year 0 and the office staff (with oversight from the COO) will execute these responsibilities once the school is open.

	<u>Responsibilities of ECS within Approved Charter Application</u>	<u>Eagle’s Proposed Plan without ECS</u>
	<ul style="list-style-type: none"> Lead recruitment and screening efforts of teachers, administrators and other personnel 	Eagle will now be responsible for job postings and initial resume screenings. The majority of this work is required in year 0 (as more staff are hired then compared to an established school.) The CAO and Principal will assume these responsibilities in year 0 and the office staff (with oversight from the COO) will execute these responsibilities once the school is open.
	<ul style="list-style-type: none"> Provide general human resources, including assisting with selection and training of administrative staff, recommending procedures, setting compensation levels, and supporting training 	The COO remains accountable for the HR services. The COO also expects contract with an HR specialist to provide training and general support to her and the staff. Administrative training will be adjusted to match our SIS (Powerschool is no longer expected to be the SIS that feeds Infinite Campus) and third-party training will be delivered as necessary. Compensation ranges will be determined by the Eagle leadership team, and ECS has provided the draft copies of HR policies and procedures.
	<ul style="list-style-type: none"> Assist in selecting benefits plan 	The COO remains accountable for the HR services. She is currently working with a benefits broker to evaluate plans.
Budgeting, Financial Services & Reports	<ul style="list-style-type: none"> Manage all finances and provide monthly reports 	Eagle will contract with a third-party accountant; it is expected that this person/company will also provide bookkeeping services and will report to the COO.
	<ul style="list-style-type: none"> Provide annual budget draft 	Eagle expects to receive bookkeeping and accounting services from one company. While it may be possible to also have this company provide CFO services; securing those services elsewhere would provide an automatic additional check and balance to the fiscal system. It will also allow the accountant/bookkeeper to focus on reactive analysis on what has already happened while the CFO can complement that analysis with proactive projections on what should happen next.
	<ul style="list-style-type: none"> Provide all financial contracting services, such as invoicing, receiving, processing funds and payroll 	As described above, Eagle will contract with a third-party accountant; it is expected that this person/company will also provide bookkeeping services and will report to the COO.
	<ul style="list-style-type: none"> Arrange funding and payment of salaries 	The COO remains accountable for the HR services. She is currently collecting bids from payroll companies.
	<ul style="list-style-type: none"> Prepare and provide other necessary financial statements and reports 	The COO will be responsible for delivering fiscal reports to the Governing Board, with support from the accounting/bookkeeping partner and CFO.

SPCSA staff identified the following responsibilities to be handled by ECS according to the proposed services agreement in the approved charter application, that did not appear accounted for in the submitted amendment request, although it is presumed these tasks would be executed by the COO:

- Provide technology-related services to the school, including troubleshooting, website and network design
- Complete the E-Rate application on the school's behalf
- Arrange subcontracting for after-school programming

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

When reviewing an amendment application, SPCSA staff reviews the academic, financial and organizational performance of the applicant charter school. Eagle has yet to begin operation and has not been rated academically, financially, or organizationally. To date, the school has met conditions tied to the school’s approval and second deferral, and SPCSA staff has been reassured that the school is on track to meet upcoming conditions such as hiring a new principal by January 1, 2023, and providing evidence that facility zoning and permitting conditions by February 1, 2023.

With regard to this amendment request, SPCSA staff’s analysis is broken down by section here, and corresponds to the five sections within the chart on pages 2 – 4.

Incubation Year Support

Securing the Charter School Program (CSP) grant will provide additional funding for the school in the incubation year. However, because this is a reimbursement-based grant, the school must have cash to make purchases and payments prior to receiving reimbursement through the grant. The school has provided evidence of up to \$75,000 in loans. However, one of the loans, totaling \$25,000 is due in full by January 1, 2023¹. Questions remain as to how much cash the school will have available as of January 2023 and whether it will be sufficient to support the school’s launch despite the CSP award.

Education and Instruction Related Support

According to the approved charter application, ECS would be responsible for supporting the school in its development and implementation of the educational program by adapting the ECS School Model. This included recommending to the Board and the School's Leadership Team a range of educational policies and procedures such as student recruitment, student discipline, and

¹ This loan agreement does indicate that the repayment date can be extended, but no additional information was provided by Eagle regarding an extension.

special education. In addition, ECS was tasked with reporting on the educational progress of each student by analyzing results of interim and diagnostic tests; supporting the school in developing a comprehensive program design for college and career readiness and social emotional growth; selecting and assisting the school with acquiring instructional and curricular materials, equipment, and supplies; and providing professional development to the school administration and instructional staff members over the summer and up to nine regularly scheduled professional development improvement days during the school year.

As described in the amendment application, the principal will assume the education and instruction-related services that were previously tasked to the CMO. Information provided by Eagle indicates that “ECS has committed to be a knowledge resource and a partner with Eagle; effectively sharing resources and opening their doors to offer collaboration and support opportunities.” Several places within the amendment application also point to plans to leverage ECS to support with the instructional model. However, no documentation is provided to demonstrate that ECS has committed to these ongoing supports. Additionally, the charter application and the proposed management agreement indicate that portions of the model and curriculum were proprietary, and no documentation has been provided indicating that Eagle has been given the right to use proprietary works. Similarly, the proposed management agreement allowed for the use of the name “Eagle Charter,” but no documentation has been provided indicating that the Nevada school has been given the right to use this name. Ultimately, substantial questions remain about how the proposed model, based on the Washington, D.C. schools, will be translated to Nevada. SPCSA staff has concerns about whether the Principal has sufficient capacity to absorb these additional educational and instructional responsibilities, how the principal will be trained on the Eagle model, as well as the specific commitments that have been made by ECS regarding ongoing supports, access to proprietary works, and ability to use the Eagle name.

Business Operations

The approved application contemplated a number of operational supports to be provided by ECS. Some services had specific, defined deliverables, such as marketing materials or identification of a facility. However, other services were more general such as support of the business administration of the school, providing support with auditing, legal, payroll, custodial, and food services, and assisting the school in preparing reports to the SPCSA and state.

The amendment application indicates that the majority of the Business Operations services that were previously expected to be provided by ECS will be assumed by the COO or a third-party to be overseen by the COO. While the Eagle team indicated that they have already engaged with a marketing and digital content management firm, other providers have yet to be identified, though a timeline for identification of certain vendors is provided. SPCSA staff remains concerned about the capacity of the COO to take on these additional duties as well as the short timeline for soliciting, selecting, and engaging several critical third parties that must be on board prior to the start of the school year. This is especially true if the COO is to only work as a part-time employee during the incubation year.

Human Resources & Employment

ECS was responsible for significant deliverables to the Eagle school in the areas of Human Resources and Employment. Specifically, the approved charter application noted that ECS would lead the recruitment of leadership positions and would assist the selected administrator in the screening of prospective teacher candidates. ECS was also to provide more general human resources support in terms of policies and procedures, and assisting with benefits selections.

The amendment application provides some clarity in these areas, although raises some capacity questions. The amendment notes that the CAO is now leading the principal recruitment and selection process, which is scheduled to be completed by January 1, 2023. The local school team, including the selected principal, will now be responsible for screening prospective teacher applicants while the COO will lead basic human resources functions. SPCSA staff finds that these roles and responsibilities are logical, but it is not clear that there is sufficient capacity to execute on all of these important functions during the incubation year as some of these critical employees are not based in Las Vegas, and/or are not full-time employees of the local school. It is imperative that the local board set clear expectations with regard to deliverables and work expectations to ensure key critical tasks are completed in a timely manner.

Budgeting, Financial Services & Reports

As proposed in the approved application, ECS was responsible for managing the school finances and providing a range of financial services. According to the amendment application, the budgeting, financial, and reporting services that were previously planned to be provided by the CMO will be assumed by a third-party accountant/bookkeeper as well as a payroll company that will both report to the COO. The amendment request indicates that a separate company may also be hired to provide CFO services, though specific plans are not provided, and it remains unclear who is responsible for budget development. As with the Business Operations duties discussed above, SPCSA staff remain concerned about the capacity of the COO to manage these additional vendors as well as the short timeline for soliciting, selecting, and engaging several critical third parties that must be on board prior to the start of the school year. Again, this is especially true if the COO is to only work as a part-time employee during the incubation year.

While SPCSA staff understand the difficult position that the Eagle Nevada board is in given the decision to operate without the proposed CMO, the plans put forth in the amendment request leave a number of questions about how the school will effectively fill the CMO's role and ensure the implementation of the Eagle model without the CMO's expertise. Therefore, while SPCSA staff is recommending approval of the formal separation of Eagle and ECS, the proposed CMO contemplated in the school's approved new charter application, SPCSA staff is also recommending a number of conditions to address these remaining concerns. In addition, SPCSA staff recommends that the Authority keep the remaining conditions in place through the proposed motion so as to avoid confusion and ensure that the school is prepared to successfully open for the 2023 – 2024 school year.

Proposed Motion: Grant the Good Cause Exemption request of Eagle and approve the school’s plan to operate without the proposed CMO, Eagle Charter Schools with the following conditions:

- **A revised incubation year plan, including timelines associated with soliciting, selecting, and engaging all third-party vendors contemplated in the approved charter application and/or this amendment request, is submitted by January 17, 2023;**
- **Written documentation from ECS to confirm the commitments made by ECS to the local Eagle board, as outlined within this amendment application, including access to proprietary works, ability to use the “Eagle” name, and additional supports is provided by January 17, 2023;**
- **A tailored professional development plan for the selected Principal by January 17, 2023;**
- **Evidence a payroll provider has been secured by February 1, 2023;**
- **Evidence that Incubation Year Employees are hired and working at least part-time by the dates outlined in the amendment application:**
 - **Principal – February 1, 2023**
 - **COO – February 1, 2023**
 - **Bookkeeper/third-party accountant – February 1, 2023**
 - **Office Manager – April 1, 2023**

The above conditions should be submitted to SPCSA staff with evidence of approval by the Eagle Nevada governing board.

Additionally, the following conditions remain to be completed from prior approvals by the Authority:

- **That the school provide evidence that a school leader has been hired by January 1, 2023;**
- **That the school provide evidence that all zoning requirements have been fulfilled and that appropriate permits have been obtained by February 1, 2023; and**
- **That the school continue to provide written, monthly updates to SPCSA staff through the incubation year towards these conditions as well as a successful opening in the 2023 – 24 school year.**

If approved, the current enrollment cap for Eagle would remain unchanged:

School Year	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Grades	K – 5	K – 6	K – 7	K – 8	K – 8	K – 8
Total Enrollment	540	648	756	864	891	918 ²

Eagle Charter Schools of Nevada Demographics – N/A

Eagle Charter Schools of Nevada Financial Performance – N/A

Eagle Charter Schools of Nevada Organizational Performance – N/A

Eagle Charter Schools of Nevada Academic Performance – N/A

² Eagle anticipates enrolling 972 students in Year 8 of the school, during the second charter term should the school be renewed. This figure represents the school’s initial enrollment cap at full-scale and as approved by the Authority on January 22, 2021.