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ACTION MEMORANDUM

TO: SPCSA Board
FROM: Mike Dang, Manager, Financial and Organizational Performance
Mark Modrcin, Director of Authorizing
SUBJECT: Elko Institute for Academic Achievement
Expand Enrollment in Existing Grade Levels and Facilities
Facilities: Acquire or Construct a New or Additional Facility that will not affect approved enrollment
DATE: January 28, 2022

Summary of Requests and Recommendation

The Board of Elko Institute for Academic Achievement (“EIAA”) requests that the SPCSA approve this request:

1. For a good cause exemption to hear this matter
2. To “Acquire or construct a new or additional facility that will not affect approved enrollment”
3. To “Expand enrollment in existing grades and facilities”
4. To “Relocate or consolidate campuses”

After review and analysis of EIAA’s request and supporting documentation, staff recommend approval of these requests, subject to conditions set forth below.

Background

Elko Institute for Academic Achievement (EIAA) is the only charter school located in Elko, Nevada with 196 students enrolled in grades kindergarten through eighth grade. According to the amendment application, EIAA was established in 2009 to provide school choice to the Elko community and has maintained good standings with the Charter Authority throughout its existence. Over the past three years, the amendment application notes that EIAA has experienced a steady increase in both student enrollment, now at 198, and its current waitlist, now at over 200 students. Elko has a population of over 20,000 people and a total district enrollment of over 10,000 students.

EIAA is currently operating under a contract with a start date of July 1, 2021 and a five-year expiration date of June 30, 2026.

EIAA is located at 1031 Railroad Street, Suite 107 in Elko, Nevada. The amendment application notes that the facility where the school is now located is in a commercial warehouse that is being leased from a private landowner for an initial period of ten years, with a four-year extension, ending in August of 2024. The applicant states that the school building is deficient in several areas that are abnormal when compared to most traditional brick-and-mortar schools. For example, the amendment notes that current classrooms consist of concrete floors, and the school did not have classroom doors on the rooms until this past school year. Additionally, there are also no resource rooms, labs, kitchens, library (other than those found in the individual rooms that teachers have created), or common areas. The amendment application also states that EIAA staff is unable to conduct school-wide assemblies and/or family gatherings due to the constraints of space available. Being located in a warehouse within a strip mall along a heavily populated homeless area is not conducive to a positive, up-lifting educational environment as detailed in the amendment.

EIAA has acquired the services of an Architect and Project Manager to help with the design and development of the facility in such a way as to eliminate or greatly reduce impacts made to the education of current students with the transition to the new campus.

The amendment submission notes that EIAA will be the property owner/operator of the new facility, but it will be financed through USDA with a direct loan that has already been approved.

EIAA must begin construction within 18 months or the loan will automatically be removed with no possibility of acquiring that loan again due to the population constraints imposed.

EIAA's mission is to provide students, kindergarten through eighth grade, with an education that is differentiated and addresses the academic ability in each subject area while ensuring high academic standards.

For this mission to be reached, the amendment states that it is essential to have a curriculum in place that will meet the needs of each student in a developmentally appropriate fashion using dynamic curriculum in as many real-world situations as possible. The EIAA governing body states it has created an institutional mission which provides for challenging and engaging curriculum with its first responsibility to differentiate instruction to meet the needs of all learners.

The EIAA governing body has created an institutional mission which provides for challenging and engaging curriculum with its first responsibility to differentiate instruction to meet the needs of all learners. In carrying out day-to-day activities, the school strives to support the development of creative, abstract, critical, and higher order thinking skills through the implementation of STEAM, common core requirements, and the Next Generation Science Standards.

Additionally, the request states that EIAA entered into a contract with RTB Data and Consulting to provide data-based support services and professional development.

The amendment submission states that EIAA has been in a ten-year lease with a four-year extension which is due to expire in August 2024. With no opportunities for future expansion within the current facility, and a proposed increase in monthly lease, it was determined by the governing body that relocating and constructing a new facility was the best option. Over the past three years, EIAA states it has spent an extensive amount of time searching possible locations within the area that would be suitable for an educational facility.

EIAA has a lease agreement with the current landlord due to expire in 2024. If this expansion/relocation is approved, EIAA will negotiate with the landlord for an early release.

The amendment application states that EIAA purchased 9.33 acres of land adjacent to Great Basin College and has been working with USDA for these same three years to obtain a Direct Loan for the construction of a new facility. EIAA states it was able to successfully acquire an \$8.1 million dollar Direct Loan for the construction of a new facility as long as they are able to begin construction within an 18-month period. Due to the population growth in Elko County, if they are not able to begin construction within this timeline, as of October 1 of 2022, the amendment states that the school would be ineligible to receive these dollars again.

Currently, the school offers only one classroom per grade level. With the proximity to the college, EIAA has been in communications to establish a partnership for the potential future development of a high school, and believe this is supported by feedback from current and prospective parents. To be clear, however, the submitted amendment does not contemplate any expansion beyond grades Kindergarten – 8th grade.

The amendment application reports that EIAA has struggled to fill the middle school grades for multiple reasons. In the past, the school reports that it has lost students because parents wanted them to have an opportunity to play sports. With the addition of a gymnasium within the new facility proposal under this amendment, this addition could provide the opportunities for the middle school sports so many parents and students are seeking.

The amendment goes on to state that the proposed new facility will provide food services with a kitchen that will be incorporated into the facility. EIAA will contract with a licensed provider for this service. EIAA does not currently provide food services for its students, so the addition of this program could potentially increase student enrollment. This service will be funded through the revenues received from students when they purchase hot lunch. The free or reduced lunches will be funded through the US Department of Agriculture.

EIAA estimates in the amendment proposal the potential savings from building and maintaining their own facility. The below exhibit shows these potential savings, including after including facility maintenance costs.

Lease/Mortgage Payments	SYE 2021	SYE 2022	SYE 2023	SYE 2024	SYE 2025	SYE 2026	SYE 2027
Current facility leased	\$129,637	\$130,250	\$376,541	\$399,133	\$423,081	\$448,466	\$475,374
Proposed facility to acquire	-	-	\$334,598	\$334,598	\$334,598	\$334,598	\$334,598
	-	-	-	-	-	-	-
Savings (Cost increase)/yr	\$ -	\$ -	\$41,943	\$64,535	\$88,483	\$113,868	\$140,776
Cumulative Savings (Costs)			\$41,943	\$106,478	\$194,962	\$308,830	\$449,606
<i>Adjusted for square footage</i>							
			Payments	yr 2	yr 3	yr 4	yr 5
	SYE 2021	SYE 2022	SYE 2023	SYE 2024	SYE 2025	SYE 2026	SYE 2027
Facility Maint' Expenses							
Current facility leased	\$27,096	\$34,583	\$35,681	\$36,177	\$36,901	\$38,008	\$39,148
Proposed facility to acquire	-	-	\$22,000	\$58,969	\$60,738	\$62,560	\$63,550
Facility Reserves	-	-	900	927	955	983	1,013
Maint' Expenses/yr	\$ -	\$ -	\$12,781	\$(23,719)	\$(24,792)	\$(25,535)	\$(25,415)
Net Acq' & Maint' savings	\$ -	\$ -	\$54,724	\$40,816	\$63,692	\$88,333	\$115,361
Cumulative Savings (Costs)			\$54,724	\$95,540	\$159,232	\$247,565	\$362,926

EIAA adds that its many supporters, including students, parents, teachers, staff, community and governing body have all been involved in the planning process through parent night events and classroom activities. Local businesses have also been actively involved in the educational process of constructing a school with the middle school math class, but also the learning experiences within each classroom.

With the opportunity to expand, EIAA is seeking an amendment for a new facility due to the increase in waitlists over the past several years. The amendment notes that EIAA has gone from having no students on their waitlist to a waitlist that contains over 200 names. Therefore, the amendment includes a request to expand as the school would like to add a second section to each grade level starting in the 2023 – 24 school year. According to the amendment application, the proposed facility would allow for EIAA to go from 11,000 sf facility to a 30,000 sf facility with a kitchen and an all-purpose room that can be used as a gymnasium, library, and enough space to double the school's capacity. The proposed facility would also provide each classroom

teacher with an opportunity to have a team teacher at the same grade level to discuss and collaborate where this is not available at this time. Student enrollment is planned to increase to double current enrollment levels.

The amendment explains that the financial burden that comes with leasing the current facility includes annual increases of 3%, legal fees for negotiating new contracts, any repairs or maintenance, verifying meaning within the contracts as situations arise due to the landlord's philosophies according to the amendment. With the proposed facility, EIAA would be in control of the costs associated with the facility and a fixed rate payment would exist for a period of 40 years.

As indicated on the Facility Pro Forma Fiscal Impact (Attachment 4 of the amendment), the current facility lease payments and maintenance costs are consistently increasing from year to year. Additionally, payments for the proposed new facility are projected to remain at a constant rate with a 40-year fixed payment plan. The cost at the current location is approximately \$1,078 per student with an annual 3% increase in rent. This compares with the planned cost of the new facility at \$1,005 per student. EIAA notes that any excess funds generated from the operation of the new facility will be applied to furthering the education of students. With the estimated cost savings demonstrated herein, EIAA forecasts it will be able to continue providing a high-quality education for more students and provide additional support and opportunities for high risk students.

Applicant Eligibility

When reviewing a Request For Amendment, SPCSA staff and board review the academic, financial and organizational performance of the applicant charter school.

Academically, EIAA's elementary school fell to a two-star rating in the 2018-19 school year, resulting in the Authority issuing a Notice of Concern. This is the only time since the Nevada School Performance Ratings (NSPF) have been issued that the school has not earned at least a 3-star rating. Since that time, the amendment application notes that EIAA has "reevaluated all procedures and processes being delivered within each classroom to determine whether best practices and the curriculum being used was sufficient." They also "started reinforcing intervention programs based on individual student needs on a school-wide basis." The amendment goes on to state that the "results of these measures showed a significant increase in student proficiency levels on the Smarter Balanced scores in the 2020-21 school year. If the state were to issue a star rating for the previous school year, even during a pandemic, the elementary school would be ranked at a three-star and the middle school would continue to maintain a five-star ranking." Available state test (SBAC) data for grades 3 – 8 from the 2020 – 21 school year indicates that EIAA has demonstrated progress in both proficiency as well as both ELA and math growth (median growth percentile/MGP). Therefore, despite prior concerns regarding academics, staff finds overwhelming evidence that the academic programs at EIAA have been performing at high levels since the inception of the NSPF ratings. This was confirmed on a recent site evaluation.

Regarding the SPCSA's Organizational and its Financial Performance Frameworks, the school's ratings for the School Year Ending June 30, 2020 are "Meets Standards."

Given the historic academic performance and the recent results under both the Financial and Organizational frameworks, SPCSA staff is confident that the EIAA is on the right trajectory in terms of overall performance, and finds there is sufficient evidence to consider EIAA eligible for this amendment request.

Summary and Recommendation

SPCSA staff finds the EIAA application and their requests addressed in this memo to be compelling. Evidence presented in the amendment application supports a strong need for the school to improve its current facility, and the EIAA community has worked diligently over the past several years to identify a property that would be conducive to expanding the current school. It is noteworthy that the amendment notes that the school has a significant waitlist of approximately 200 students, and SPCSA staff is confident that based upon this information as well as the improvements to the proposed facility contemplated under this proposal, it is likely

that the school will be fully enrolled for the 2023 – 24 school year despite doubling its student population. Available also indicates that EIAA is representative of the community it serves with regard to students who qualify for free or reduced price lunch and students with disabilities. As such, SPCSA staff recommends the Authority board approve EIAA’s requests, with conditions as outlined below.

Proposed Motion:

Grant Elko Institute for Academic Achievement’s requests as detailed in the submitted amendment, subject to the following conditions:

Conditions:

- A. That EIAA provide evidence to SPCSA staff that construction on the proposed facility has begun prior to August 1, 2022;
- B. That the school provide evidence of an updated lease/agreement with its current landlord to ensure financial sustainability during the 2023 – 24 school year. SPCSA staff will work with the school administration and board to identify a workable time to fulfill this condition prior to the start of the 2023 – 24 school year;
- C. That the school submit monthly updates regarding the proposed new facility and student enrollment to SPCSA staff beginning in March 2022;
- D. That the school submit NWEA-MAP results from the beginning, middle and end-of year assessments for the 2021 – 22 and 2022 – 23 school year so that SPCSA staff can monitor the academic progress of students attending the elementary school; and
- E. That the school complete the SPCSA pre-opening process for expanding schools. All conditions must be met to staff’s satisfaction for the school to open for the 2023 – 24 school year.

If approved, the enrollment cap for EIAA for the remainder of the charter term are as follows:

	Actual 21-22	2022-23	2023-24	2024-25	2025-26
Enrollment Cap	190 (Actual)	198	396	396	396
Grades	K-8	K-8	K-8	K-8	K-8

Appendix: School Performance and Demographics: Elko Institute for Academic Achievement

School Year	NSPF Rating
2020-21 ¹	Elementary: 2 Stars Middle: 5 Stars
2019-20 ²	Elementary: 2 Stars Middle: 5 Stars
2018-19	Elementary: 2 Stars Middle: 5 Stars
2017-18	Elementary: 3 Stars Middle: 5 Stars
2016-17	Elementary: 3 Stars Middle: 4 Stars
2015-16	Elementary: Not Rated Middle: Not Rated

Year	Total Enrollment	A	B	C	H	I	M	P	FRL	IEP	ELL
17-18	172	4.6%	0.5%	69.1%	19.1%	4.6%	1.1%	0.5%	23.8%	9.3%	-%
18-19	173	4.0%	2.3%	69.9%	16.7%	4.6%	1.7%	0.5%	N/A	10.4%	-%
19-20	189	3.1%	3.1%	68.7%	18.5%	3.7%	2.1%	0.5%	32.2%	9.5%	-%
20-21	198	3.5%	2.0%	65.6%	23.2%	0.5%	5.0%	-%	30.8%	13.1%	-%
21-22	190	3.1%	2.1%	65.7%	16.3%	0.5%	12.1%	-%	30.5%	15.2%	-%

A – Asian

B – Black

C - White

H – Hispanic

I – American Indian/Alaskan Native

M – Two or more races

P – Pacific Islander

FRL – A student who qualifies for Free or Reduced-Price Lunch

IEP – Individualized Education Plan –A student with a disability/special education student

ELL – English Language Learner

¹ 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.

² 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.