

Damar Charter Academy
Board of Directors Meeting
Wednesday February 25, 2015
11:30 am
Damar Charter Academy
5125 Decatur Blvd, Suite D
Indianapolis, IN 46241

Attendance: Dr. Jim Dalton, Rich Harcourt, Dr. Jim Van Tassel, Lyle Coleman, Karen Snyder, Doug Stewart, Liz McNamara, Elaine Showalter, Paul Dennison, Renee Gordon (Guest), Kristin Hines (Mayors office)

Packets with the following information were mailed to all attendees:

1. Board Agenda
2. December 2014 Board Minutes
3. DCA Report

Rich Harcourt called the meeting to order at 11:41 am. The minutes from the December meeting were accepted.

Renee Gordon joined the meeting as a guest; she is working with a group of people looking at whether or not there is a need for a National Charter Board Association.

Principal Liz McNamara attended her first meeting since joining Damar Charter Academy.

Current Environment

The Indiana General Assembly (IGA) has convened their long session which is responsible for developing and approving the two year biennium budget for the State. As we know, Governor Pence has defined this session as the education session. There are three topics that involve State government that will affect the DCA over the course of this session. Those topics include the A-F Accountability, current and proposed school funding, and the 600 thousand dollar special education receivable still owed to the DCA.

DCA Staff Accountant, Paul Dennison, and Rich Harcourt met on Thursday the 19th with several State officials to express concerns and provide input. They met with Representative Bob Behning, who happens to be Damar's state representative and who also chairs the House Education Committee, and Senator Phil Boots, Crawfordsville, who sits on the Senate Appropriations Committee. Damar's Senator Mike Young did not respond to an invitation request to meet.

By reducing complexity grant funding, school systems like IPS and some of the Lake County schools will see significant reductions in funding with the reduced complexity funding dollars then flowing to the suburban schools.

Unfortunately, as an unintended consequence, the DCA (along with many other intercity charter schools), which has high poverty levels, also sees a significant reduction in funding. Offsetting the precipitous decline in complexity grant funding is a proposal in both Governor Pence's budget and the House proposed budget which allocates \$1,500 per student in additional funding to charter schools.

As proposed today, the DCA will suffer a 70K +/-funding loss as the school funding formula looks to decrease complexity grant funding.

So if the Indiana General Assembly approves the full \$1,500 per student increase, the DCA will benefit by \$170,000 (160 students x \$1,500 per student - \$70,000 complexity grant reduction). The proposed total increase of \$240,000 (\$1,500 per student increase x 160 students) would have to be reduced to \$437.50 per student (\$70,000 complexity grant reduction /160 students) before the DCA would breakeven with the proposed complexity grant reduction.

There is probably a good chance that the DCA will see some increase in funding for next year, but an equally high chance that the school will continue to be funded below traditional public school levels.

Representative Behning is clearly aware of the issues and was highly knowledgeable about the impacts to the DCA. Although there is much rumor that the \$1,500 per student increase will either shrink or be subjected to a granting process, Behning was still optimistic that the full increase was obtainable.

The A-F issues and ISTEP testing have been on public display over the last two weeks in a rather disagreeable fashion. The most recent news (Friday morning the 20th) is that ISTEP testing will be reduced to 9 hours from the proposed 12 (it was 6 hours last year). Of course ISTEP test results drive A-F Accountability which has linkage to No Child Left Behind (NCLB) which affects federal funding to the State.

Both Behning and Boots confirmed that the A-F issues were in the hands of the State Board of Education (SBOE) and would not be solved thru a legislative action (other than changing how the SBOE chair is selected). Behning clearly acknowledged the precarious position that the DCA was in as a four year failing school. However, he suggested that we let the process work (A-F gets settled and then outliers like the DCA get attention) but if it looks like the DCA might be negatively impacted because of the squabbling than we should contact him.

Regarding the 600 thousand dollar special education receivable, Behning again demonstrated good knowledge of the issue. Currently, Heather Willey, the DCA's legislative lobbyist, and 3 other lobbyists hired by other charter schools are working on a solution (described below) that would allow the payment to be made by June 30, 2015.

As it turns out, when the State changed the funding from a calendar year to a school year (the time when the DCA had its common school loan forgiven last year), the State set up a fully funded 50 million dollar tuition reserve account to fund any discrepancies in the true up process. That particular reserve account was fully funded, has never been tapped, and sunsets at June 30, 2015. Charter school claims now exceed 23 million dollars of which approximately 21.4 million dollars represent unpaid basic state

tuition claims with 1.6 million dollars representing special education claims of which 600 thousand dollars are the DCA's.

In the most recent conversation with Heather Willey last Friday the 20th, she reported that the State appears to remain onboard with satisfying the obligation from the tuition reserve account and that Barnes and Thornburgh, Ice Miller, and Todd Frost Brown will all render opinions to the State upholding the legality of the obligation and approving of the repayment method.

Behning was aware of and agreed with the proposed solution. Unfortunately, he cautioned that while it was likely that the DCA would fully recover all monies owed to it, it was also possible that the State may pay a portion of the obligation now (June 30) and the remainder over time. We suggested that a payment over time, while not satisfactory, might work, but that a discount was a nonstarter.

If the 600 thousand is collected the money will need to be designated by the board to what it will be for. One thought is to pay back Damar Services for the startup loan of 350 thousand dollars and to use the other 250 thousand for technology.

Financial Report

Thru the 7 month interim the DCA continues to perform positively to the approved budget. The revenue number is slightly ahead of projection while the margin number nicely exceeds the budget forecast. The positive margin variance is mostly driven by the savings in the principal salaries over the first semester of the year. Health care cost in January were fairly close to budget (a pleasant surprise) and with the new health plan starting in January there is renewed hope that some of the school's health care costs will stabilize.

Last Friday (February 20th) the Mayor's Office representative, Nadja Michel-Herf, visited for the quarterly financial report. Nadja continues to be pleased with the DCA financial statement and overall financial management. She reports that the DCA is the only charter school which completes and remits the financial report she is required to generate before she has even seen the raw data.

Program News

Principal Liz McNamara walked us through her first few months as principal. She told the board how her thoughts of the school might be chaotic and to her surprise it is not. The school runs professional and the staff are doing a great job. She commended the teachers, staff and leadership team for their team work.

ISTEP tests begin next week.

The next board meeting will be April 22, 2015 at 6 pm at the DCA.

There being no further business the meeting was adjourned at 12:29 pm.

