

Damar Charter Academy
Board of Directors Meeting
Wednesday April 22, 2015
6:00 PM
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, Chuck Ellis, Carlos Alexander, Liz McNamara, Elaine Showalter, Paul Dennison, Kristin Hines (Mayor's office), Katie McCoy, Lynda Clough (Guest), April Hamilton (Guest), Manuel Hamilton (Guest), Pam McClain (Guest) and Cora Collier (Guest)

Packets with the following information were mailed to all attendees:

1. Board Agenda
2. February 2015 Board Minutes
3. DCA Report
4. Financials
5. 2015-2016 Draft Budget
6. Core Questions (3)
7. OEI Results
8. Assurance Form
9. Authorizer Fee

Rich Harcourt called the meeting to order at 6:00 PM. The meeting was the first meeting in the evening of the school year, there will be another meeting on October 28, 2015 at 6 pm. Guests were invited to introduce themselves, Lynda Clough requested a speaking moment, she shared some challenges as a parent, one being that communications is lacking in the school with teachers and parents, she would like to see a better form of communication between teachers and parents in other ways than notes being sent home with the students. She also would like to see the minutes from the board meetings posted as soon as possible. The minutes from the February meeting were accepted. Both issues will be resolved to meet the needs of parents and the community.

Carlos Alexander attended his first meeting as a member as an appointee from the Damar Services, board.

Minutes from the February 2015 meeting were approved.

Financials

Through the nine month period ended March 31, 2015, the DCA's financial performance continues to perform at or above budget expectations. Revenue outpaces the budget with the Medicaid Administration Claiming funds and basic state tuition (higher census) driving the

excess. Cost control remains good with the only real challenges residing in health care costs. The DCA expects to end the year at or above the budget forecast. Cash that is generated beyond the budget has been used to slowly repay some of the initial Damar Services' start up advances.

The balance sheet remains debt free (other than operating payables and the Services note) and liquidity remains adequate.

Should the \$600,000 special education receivable get repaid at June 30 and should the DCA choose to repay the Services' initial investment, it feels like the split would be \$250,000 to Services and \$350,000 retained by the DCA. Of course, Services would still be funding the monthly expenses of the DCA, but all remaining advances would be extinguished.

The 2015-2016 School Budget

The Mayor's Office requires that the DCA board approve and adopt the next year's school budget before June 1 of the preceding year.

A draft budget for approval for the 2015-2016 school year. The budget is a draft because the final revenue numbers are not yet approved in the State budget process.

The DCA revenue forecast is based on a blend of the House (3.4% decrease) and Senate (1.9% decrease) budgets as relates to ADM (average daily membership). Respectfully, expenses are fully loaded with the most significant increase accruing to health care costs.

The net result is that the DCA is forecasted to lose (\$1,419.00) +/- next year. Because the revenue forecast ties to a blend of the House and Senate revenue scenario from the IGA, there is hope that a better number will emerge from the IGA conference committee which in turn will drive the margin number towards a positive figure.

However, if the revenue number is approved at the worst case scenario (3.4% decrease in basic state tuition without any facilities funds), the operating margin could be negative by almost (\$100,000).

If that scenario were to occur, significant work will need to be done to bring the expense structure into line with the revenue decrease.

Given the need to have an approved budget by June 1, one recommendation would include approving the draft budget as presented today and then delegating the final approval to the Finance Committee once the final revenue numbers are known and the resultant margin is forecasted. In the event of a significant decline in state revenues resulting in a major budget deficit, it may be necessary to reconvene the school board before June 1 to revisit the budget

issue. Dr. Jim Van Tassel made motion and Carlos Alexander seconded the motion and the budget was approved for 2015-2016.

Thanks to Paul Dennison and Elaine Showalter for their extra efforts on the budget.

The 990 Tax return (draft) was shared and by the recommendation of the Finance Committee to accept, motion was made by Lyle Coleman and seconded by Karen Snyder and the motion was approved.

Authorizer Fee

The City County Council has determined that charter schools should begin picking up a portion of the OEI's expense as the Council wishes to redeploy those funds into safety. Consequently, the OEI will begin charging a fee in the 2016-2017 school year for their duties and responsibilities as the DCA's authorizer. The fee will equal 1% of the basic state tuition grant or about \$8,000 annually.

While we would prefer not to pay the fee, we are pleased that it is 1% and not 3%. Further, we believe that we obtain real value from our authorizer such that the monies spent result in a real value add to the school.

The DCA needs to approve an amendment to the DCA's OEI contract which allows for a charge equal to 1% of the DCA's basic state tuition grant to be paid by the school beginning in the 2016-2017 school year. Motion was made by Charles Ellis and seconded by Karen Snyder and the motion was approved.

Current Environment

Initially, through the work of the Governor's Office and the Indiana House of Representatives, it appeared as if charter schools would receive a significant bump in per student funding; upwards of \$1,500.00 per student while losing 3.4% from the basic state tuition grant. The State Senate, led by Senator Kenley, took a less generous view and stripped out the \$1,500 per student facilities grant and reduced basic state tuition by 1.9%.

Today that bill now sits in conference committee and it will be several days, maybe weeks, before the actual funding levels are known.

Hoosiers for Quality Education (HQE) has mounted a full court press to help restore some of the former proposed charter school increases. A total of 20 plus lobbyist costing in excess of \$50,000 between now and session end will be trolling the halls of the Statehouse asking legislators to replace some of the earlier proposed charter school increases. Most likely the Friedman Foundation will be helping HQE with the \$50,000 price tag for this effort. The DCA has been active and well represented at HQE and in the Charter School Leaders Association

meetings as legislative strategies are formulated and charter school budget forecasts are developed.

Progress continues to be made on the \$600,000 plus account receivable that the State owes the DCA for first semester special education reimbursement. The proposed solution still includes the non-legislative action of tapping the “tuition reserve account” which was established when the Indiana Department of Education (INDOE) shifted the funding calendar to “school year” from “calendar year”. More will be known over the next several weeks as the negotiations and discussions mature.

Program News

Principal Liz McNamara introduced Cora Collier and her accomplishment and award from the Teachers Treasure. Cora was chosen as Teacher of the Year.

The Life Skills program has made some changes and been departmentalized. A social academic, vocational and domestic classrooms that allow for changing classrooms. This will allow teachers to focus on specific areas and skills that should be taught. Students IEP goals are worked on and data collection is happening. Dr. Dalton thanked Liz for the changes and positive progress the school is making.

Nicole Conrad will be asked to join the board as an Independent member. Nicole was the DCA’s first Mayor’s office liaison and has served on the Damar Board of Directors in the past. She resigned from the board last year and Rich Harcourt will talk to her about joining the DCA Board in the next couple of weeks.