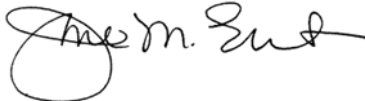





**TO:** P-12 Education Committee

**FROM:** Jhone M. Ebert 

**SUBJECT:** Renewal Decision for a Charter School Authorized by the Board of Regents

**DATE:** March 2, 2017

**AUTHORIZATION(S):** 

**SUMMARY**

**Issue for Decision**

Should the Board of Regents deny the renewal application for Rochester Career Mentoring Charter School, which is authorized by the Board of Regents?

**Reason(s) for Consideration**

Required by State statute.

**Proposed Handling**

This issue will be before the Board of Regents P-12 Education Committee and the Full Board for action at the March 2017 Regents meeting.

**Procedural History**

Rochester Career Mentoring Charter School was authorized by the Board of Regents in September 2011. The school opened in August 2012, and submitted a Renewal Application in August 2016. In accordance with Education Law §2852 and Section 119.7 of the Commissioner's regulations, the New York State Education Department is recommending that the Board of Regents deny the Renewal Application of Rochester Career Mentoring Charter School.

## **Background Information**

As with the approval of Initial Charter Applications, the Charter School Statute (Education Law § 2852(2)) requires that in order to approve a Charter Renewal Application, the chartering entity (in this case the Board of Regents) must make the following findings:

- a. the charter school described in the application meets the requirements set out in this article and all other applicable laws, rules and regulations;
- b. the applicant can demonstrate the ability to operate the School in an educationally and fiscally sound manner;
- c. granting the application is likely to improve student learning and achievement and materially further the purposes set out in subdivision two of section twenty-eight hundred fifty of this article; and
- d. in a school district where the total enrollment of resident students attending charter schools in the base year is greater than five percent of the total public school enrollment of the school district in the base year (i) granting the application would have a significant educational benefit to the students expected to attend the proposed charter school or (ii) the school district in which the charter school will be located consents to such application.

Beyond the requirement to make these required findings, the Act leaves the decision to renew a charter to the sound discretion of the Board of Regents.

As outlined in the attached Renewal Recommendation Report, Rochester Career Mentoring Charter School's academic performance, which demonstrates that the school has not provided students with a high school program that meets the requirements set forth in the school's charter and in the Charter School Performance Framework. Additionally, the school has demonstrated persistent organizational instability and has failed to demonstrate progress toward attaining the components of its charter mission and key design elements.

While the School has implemented some programmatic changes and proposes changes that are described as designed to improve performance in future years, the possibility of future promise is insufficient to overcome the School's failure to meet the standards set forth in the Charter School Performance Framework, and is not enough to support a recommendation to approve the renewal application, even for a short-term renewal, as per the Board of Regents' Charter School Renewal Policy.<sup>1</sup>

The school's Charter School Performance Framework Ratings from its Renewal Site Visit Report are as follows:

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<sup>1</sup> See renewal information at the following website: <http://www.p12.nysed.gov/psc/OversightPlan.html>

Performance Benchmark		Level
Educational Success	<b>Benchmark 1: Student Performance:</b> The school has met or exceeded achievement indicators for academic trends toward proficiency, proficiency and high school graduation. At all grade levels and all assessments, scoring proficiently means achieving a performance level of 3 or higher (high school Regents and Common Core Regents exam score of 65 or higher).	Falls Far Below
	<b>Benchmark 2: Teaching and Learning:</b> School leaders have systems in place designed to cultivate shared accountability and high expectations and that lead to students' well-being, improved academic outcomes, and educational success. The school has rigorous and coherent curriculum and assessments that are aligned to the Common Core Learning Standards (CCLS) for all students. Teachers engage in strategic practices and decision-making in order to address the gap between what students know and need to learn so that all students experience consistent high levels of engagement, thinking and achievement.	Falls Far Below
	<b>Benchmark 3: Culture, Climate, and Family Engagement:</b> The school has systems in place to support students' social and emotional health and to provide for a safe and respectful learning environment. Families, community members and school staff work together to share in the responsibility for student academic progress and social-emotional growth and well-being. Families and students are satisfied with the school's academics and the overall leadership and management of the school.	Approaches
Organizational Soundness	<b>Benchmark 4: Financial Condition:</b> The school is in sound and stable financial condition as evidenced by performance on key financial indicators.	Meets
	<b>Benchmark 5: Financial Management:</b> The school operates in a fiscally sound manner with realistic budgets pursuant to a long-range financial plan, appropriate internal controls and procedures, and in accordance with state law and generally accepted accounting practices.	Meets
	<b>Benchmark 6: Board Oversight and Governance:</b> The board of trustees provides competent stewardship and oversight of the school while maintaining policies, establishing performance goals, and implementing systems to ensure academic success, organizational viability, board effectiveness and faithfulness to the terms of its charter.	Falls Far Below
	<b>Benchmark 7: Organizational Capacity:</b> The school has established a well-functioning organizational structure, clearly delineated roles for staff, management, and board members. The school has systems and protocols that allow for the successful implementation, evaluation, and improvement of its academic program and operations.	Approaches
Faithfulness to Charter & Law	<b>Benchmark 8: Mission and Key Design Elements:</b> The school is faithful to its mission and has implemented the key design elements included in its charter.	Approaches
	<b>Benchmark 9: Enrollment, Recruitment, and Retention:</b> The school is meeting or making annual progress toward meeting the enrollment plan outlined in its charter and its enrollment and retention targets for students with disabilities, English language learners, and students who are eligible applicants for the free and reduced priced lunch program; or has demonstrated that it has made extensive good faith efforts to attract, recruit, and retain such students.	Falls Far Below
	<b>Benchmark 10: Legal Compliance:</b> The school complies with applicable laws, regulations, and the provisions of its charter.	Falls Far Below

Additional information is available in the following attachments, which can be found at <https://www.regents.nysed.gov/common/regents/files/3-1-17%20Final%20Combined%20Attachments%20Redacted.pdf>:

1. Attachment A: Renewal Application
2. Attachment B: Renewal Application Hearing Comments
3. Attachment C: January 27, 2017 Final Renewal Site Visit Report with School's response
4. Attachment D: Notification to School regarding the Department's Renewal Recommendation
5. Attachment E: School's response to Notification to School regarding the Department's Renewal Recommendation
6. Attachment F: Prior Site Visit Reports

In accordance with Education Law §2852 and Section 119.7 of the Commissioner's regulations, and based on the review of evidence related to Rochester Career Mentoring Charter School, the Department cannot make a recommendation to approve the charter renewal application.

### **Related Regents Items**

Initial Charter

<http://www.regents.nysed.gov/common/regents/files/documents/meetings/2011Meetings/September2011/911p12a1.pdf>

### **Recommendation**

VOTED: That the Board of Regents denies the renewal application for the Rochester Career Mentoring Charter School, that the board of trustees of the Rochester Career Mentoring Charter School be provided notice of this action and that its charter will terminate upon the expiration of its current charter term on June 30, 2017, and that the board of trustees of the Rochester Career Mentoring Charter School is directed to take all steps necessary to close the School in accordance with its charter and the School closure procedures of the Department and cease instruction as of June 30, 2017; including but not limited to the immediate provision of notice of this nonrenewal action to the parents of existing students of the Charter School, the parents of any students in the Charter School's most recent lottery and the parents of students on the Charter School's waiting list, provision for the orderly transfer of student records to the Rochester City School District and disposition of the Charter School's assets in accordance with Education Law §2851(2)(t).

## **Timetable for Implementation**

The Regents action for Rochester Career Mentoring Charter school will become effective June 30, 2017.

### Rochester Career Mentoring Charter School

In accordance with Education Law, Article 56, Sections 2851(4) and 2852(2), Commissioners Regulation 119.7, and the Board of Regents Charter School Renewal Policy (November 2012), the **New York State Education Department (NYSED) recommends non-renewal of the charter for Rochester Career Mentoring Charter School. The current charter term will expire on June 30, 2017 and the school will cease instruction.**

Rochester Career Mentoring Charter School (RCMCS) has not met the academic performance requirements set forth in the Charter Agreement with the Board of Regents, the NYSED Charter School Performance Framework for Board of Regents-authorized charter schools, or the Board of Regents Charter School Renewal Policy. At the end of the initial charter term, the RCMCS 2012 cohort academic and high school completion outcomes are far below the state average and Board of Regents requirements. The school has not met the mission and key design elements set forth in its charter. In addition, RCMCS is not meeting subgroup enrollment targets for students with disabilities and English language learners.

#### Charter School Summary

<b>Name of Charter School</b>	Rochester Career Mentoring Charter School
<b>Board Chair</b>	Kevin McCormick
<b>District of location</b>	Rochester City School District
<b>Opening Date</b>	August 20, 2012
<b>Charter Terms</b>	Initial Charter Term: 7/1/2012 – 6/30/2017
<b>Current Term Authorized Grades/Maximum Authorized Enrollment</b>	Grades 9-12/ 320 students
<b>Proposed Renewal Term Authorized Grades/ Proposed Maximum Authorized Enrollment</b>	Grades 9-12/ 282 students
<b>Facilities</b>	30 Hart Street, Rochester, New York 14605 (private facility)
<b>Mission Statement</b>	<i>“Rochester Career Mentoring Charter School (RCMCS) is a model secondary school offering a community of diverse learners in the City of Rochester a small, personalized 9th through 12th grade high school that engages each student in career exploration, college preparation, and rigorous academic standards. Our charter school will graduate every student with a Regents diploma and the academic and technical skills needed for today’s workforce and/or entrance into college.”</i>
<b>Key Design Elements</b>	<ul style="list-style-type: none"> <li>• Personalization (Individual learning plans and teacher-advisors)</li> <li>• Teachers as curriculum designers (Based on RCSD curriculum framework aligned to common core, using project-based learning)</li> <li>• Career internships</li> </ul>

	<ul style="list-style-type: none"> <li>Enrichment block and student support</li> </ul>
<b>Revision History</b>	None
<b>Requested Revisions</b>	Material request to decrease maximum enrollment to 282 students in grades 9-12 (from 320 students in grades 9-12)

### Current Grade Levels and Maximum Authorized Enrollment

School Year	Grades Served	Maximum Approved Enrollment	Actual Enrollment
2016-2017	9-12	320	236 <sup>2</sup>
2015-2016	9-12	320	231
2014-2015	9-11	240	217
2013-2014	9-10	160	158
2012-2013	9	80	84

### Proposed Renewal Term Grade Levels and Maximum Authorized Enrollment

School Year	Grades Served	Maximum Authorized Enrollment
2017-2018	9-12	270
2018-2019	9-12	282
2019-2020	9-12	270
2020-2021	9-12	255
2021-2022	9-12	260

### Background

The NYSED Board of Regents approved and issued a five-year initial charter for RCMCS in September 2011. The school opened for instruction in August 20, 2012. Based on observations that were made during visits to the school during the first two years of operation, a pattern of complaints raised by former school board of trustees members and employees, and very low annual passage rates on all Regents examinations given at the school when compared to the state average as required by the Performance Framework, in April 2014 NYSED required RCMCS to develop a Corrective Action Plan (CAP). The school was asked to set measurable goals towards improved outcomes to address concerns related to poor school culture and climate, a failure to implement the academic program described in the charter, poor board oversight and organizational instability. After several revisions to the draft CAP at the request of NYSED, the RCMCS Board did incorporate measurable outcomes into the plan, but the outcome goals established in the CAP remained lower than those set forth in the Board of Regents-approved school charter and Board of Regents Charter School Performance Framework.

Over the course of the charter term, three formal site visits and numerous informal visits were conducted at RCMCS for the purpose of evaluating school performance against the Board of Regents Charter School

<sup>2</sup> Self-reported by Rochester Career Mentoring Charter School in Renewal Site Visit Workbook

Performance Framework. Formal site visits were conducted in October 2014 (Mid-Term) and September 2016 (Renewal). In addition, NYSED arranged for an external school evaluation to be conducted by a fully independent team of consultants with extensive charter school expertise. This site visit was conducted in October 2015. The site visit reports generated by these formal visits were provided to RCMCS and were intended to let the school know that they were not meeting standards for renewal, to give feedback to the school and to point to areas that need improvement. Although there has been marginal improvement in school-level expectations for student behavior and in staff retention over the latter years of the initial charter term, the school is still far from meeting the requirements of the Board of Regents Charter School Performance Framework. Moreover, the issues identified in 2014 have persisted and have undermined the capacity of RCMCS to provide its students with the academic program promised in the charter.

At RCMCS request (March 2015), the NYSED Charter School Office approved a temporary reduction in the approved maximum enrollment, from 320 students to 270 students in the 2015-2016 school year and from 320 students to 265 students in the 2016-2017 school year.

### **Summary of Evidence for Renewal**

#### **Key Performance Area: Educational Success**

##### **High School Academic Outcomes**

Over the five-year charter term, RCMCS has administered NYS Regents exams to its students. The outcomes from these assessments serve as the basis for determination of academic success in absolute proficiency outcomes and comparisons to the NYS average. RCMCS was made aware of these standards in the Board of Regents Charter School Performance Framework (referenced in the school's Charter Agreement), as well as in the April 3, 2014 letter requiring the school to develop and implement a corrective action plan, and in the Site Visit Reports (finalized and sent to the school on January 7, 2015, February 18, 2016 and January 17, 2017).

RCMCS falls far below target expectations for Cohort Regents testing outcomes. In the school's first graduation cohort (2012), Regents testing outcomes for all students, and for economically disadvantaged students, in ELA, Mathematics, Global History and Geography, US History, and Science are significantly lower than the state average (Table 1). The number of students with disabilities and English language learners tested at the school was less than five; therefore outcome information for these subgroups is not available.



**Table 1: High School Total 4-Year Cohort Regents Outcomes for All Students and Economically Disadvantaged Subgroup: RCMCS and NYS Aggregates**

4-Yr Cohort: All Students	2010 Cohort			2011 Cohort			2012 Cohort		
	Subject	School	Variance	State	School	Variance	State	School	Variance
ELA							62%	-22	84%
Math							69%	-17	86%
Global History							45%	-33	78%
US History							47%	-34	81%
Science							55%	-29	84%
Target Grad Rate							71% <sup>3</sup>	-9	80%

### High School Completion Outcomes

RCMCS has not met the Board of Regents target cohort graduation rate of 80%. The RCMCS graduation rate is also below the actual state average of 79.4%. The school reports a 70.9% four-year graduation rate for all students in the 2012 cohort. Additionally, it should be noted that RCMCS graduated a larger percentage of students with local diplomas (24%) than the Rochester City School District (9%) and New York State (4%).

With 26 students in the 2012 cohort earning a Regents diploma, less than half the students in the cohort reached the target set forth in the RCMCS developed mission statement of graduating every student with a Regents diploma. Of the 55 students in the 2012 cohort, the school reports that 42 students graduated. Twenty nine students were awarded a Regents diploma (one student was awarded the Regents Diploma with Advanced Designation), and 13 students (31% of the graduates) were issued local diplomas.

Review of the RCMCS 2015-2016 School Report Card suggests inconsistencies in data submitted by the school and possible irregularities in the issuance of diplomas. Resulting from the audit of a small sample of student records reviewed during the renewal visit in September 2016, the NYSED Charter School Office was advised by NYSED Office of Curriculum and Instruction staff that two Regents Diplomas with Advanced Designation issued by RCMCS were not awarded as per Department regulations. The Department is reviewing the process by which eight students who were issued local diplomas, almost a third of the graduating cohort, were approved for Section 504 plans in the winter/spring of the 12<sup>th</sup> grade year.

According to the February 2016 accountability designations, RCMCS is a school *In Good Standing*. This is due to NYSED not having cohort graduation data for this school at the time the accountability designation was made.

### **Key Performance Area: Organizational Viability**

<sup>3</sup> For additional analysis of the graduation rate, see the “High School Completion Outcomes” section.

## Financial Condition

RCMCS is in minimal financial health as evidenced by performance on key indicators derived from the school's independently audited financial statements. This assessment is based on updated financial analysis provided in February 2017 by the NYSED Office of Audit Services.

The Department reviews the financial performance and management of charter schools using quantitative and qualitative methods. Near-term indicators, such as the current ratio (current assets to current liabilities) and unrestricted days cash, are measures of liquidity and of the charter school's capacity to maintain operations. Long-term indicators, such as total margin and debt-to-asset ratio, are measures of the charter school's capacity to remain viable and to meet financial obligations<sup>4</sup>.

A *composite score* is an overall measure of financial health calculated by the Department's Office of Audit Services. This score is based on a weighting of primary reserves, equity, and net income. A charter school with a score between 1.5 and 3.0 is considered in strong financial health.

February 2017: RCMCS' updated composite score for 2015-2016 is 1.40. The table below shows the school's composite scores from 2012-2013 to 2015-2016.

**RCMCS Composite Scores (Updated February 2017)  
2012-2013 to 2015-2016**

<i>Year</i>	<i>Composite Score</i>
2015-2016	1.40
2014-2015	1.90
2013-2014	2.00
2012-2013	2.10

Source: NYSED Office of Audit Services

January 2017: Preliminary analysis of RCMCS' financial data for 2015-2016 established RCMCS's composite score for 2015-2016 at 1.90. The table below shows the school's preliminary composite scores from 2012-2013 through 2015-2016.

**Preliminary RCMCS Composite Scores  
2012-2013 to 2015-2016**

<i>Year</i>	<i>Composite Score</i>
2015-2016	1.90
2014-2015	1.90
2013-2014	2.00
2012-2013	2.10

Source: NYSED Office of Audit Services

## Near-Term Indicators

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<sup>4</sup> These rigorous indicators of fiscal soundness are aligned with those recommended by the National Association of Charter School Authorizers.

Near-term indicators of financial health are used to understand the current financial performance and viability of the school. The NYSED Charter School Office uses three measures:

The *current ratio* is a financial ratio that measures whether a school has sufficient resources to pay its debts over the next 12 months. The ratio is mainly used to give an idea of the school's ability to pay back its short-term liabilities (debt and payables) with its short-term assets (cash, inventory, receivables). The higher the current ratio, the more capable the school is of paying its obligations, with a ratio under 1.0 a cause for concern. The recommended ratio of current assets to current liabilities is about 2 to 1. For 2015-2016, RCMCS had a current ratio of 1.3.

*Unrestricted cash* measures, in days, whether the corporation can meet operating expenses without receiving new income. Schools typically strive to maintain at least 90 days of cash on hand. For fiscal year 2015-2016, RCMCS operated with 19 days' of unrestricted cash.

*Enrollment stability* measures whether or not a school is meeting its enrollment projections, thereby generating sufficient revenue to fund ongoing operations. Actual enrollment that is over 85 percent is considered reasonable. RCMCS's enrollment stability for 2015-2016 was 85.6 percent.

#### Long-Term Indicators

A school's *debt to asset ratio* measures the extent to which the school relies on borrowed funds to finance its operations. It is calculated as total liabilities divided by total assets. A ratio of 0.9 or less meets a standard of low risk. For 2015-2016, RCMCS's debt to asset ratio was 0.5.

*Total margin* measures the deficit or surplus a school yields out of its total revenues; in other words, whether or not the school is living within its available resources. Total margin is calculated as net income divided by total revenue. A total margin that is positive indicates low risk. For 2015-2016, RCMCS's total margin was -0.1 percent.

#### Financial Management

The NYSED Charter School Office reviewed RCMCS' 2014-2015 and 2015-2016 audited financial statements to determine whether the independent auditor observed sufficient internal controls over financial reporting.

For the 2014-2015 period, the independent auditor issued a communication regarding internal control-related matters identified in the audit. A "deficiency in internal controls" is defined as when the design or operation of an internal control does not allow school staff to prevent, detect or correct misstatements in financial statements in a timely fashion. A "material weakness" is a deficiency or combination of deficiencies in internal controls that creates a reasonable possibility that school staff will not be allowed to prevent, detect or correct material misstatements in financial statements in a timely fashion.

The auditor did not identify any deficiencies in internal controls that could be considered to be material weaknesses. However, the communication listed six deficiencies identified during a 2013-2014 audit. According to the communication, the school took action to correct five of the six deficiencies, with one pending corrective action. In the 2014-2015 independent audit, seven additional deficiencies in internal controls were identified. NYSED Charter School Office staff followed up by requesting a fiscal CAP to

remediate the pending 2013-2014 deficiency as well as the deficiencies identified during the 2014-2015 audit. The school provided a plan, which included an action plan for each deficiency, the person responsible, and the date completed. The plan met the expectations of CSO staff.

### **Key Performance Area: Faithfulness to the Charter and Law**

#### Enrollment, Recruitment and Retention

While RCMCS enrolls a higher percentage of economically disadvantaged (ED) students than the Rochester City School District, the school serves a smaller percentage of students with disabilities (SWD) and English language learners (ELL).

In the Charter Renewal Application, RCMCS describes its good faith efforts to recruit, serve, and retain at-risk students<sup>5</sup>. The application depicts distribution of brochures; use of website, Facebook and local media; targeted advertising; word of mouth; and other marketing efforts. RCMCS also lists partnerships formed with community-based organizations such as the Rochester Refugee Resettlement Services, Mary's Place, Rochester International Academy, Developmental Disabilities Alliance of Western New York and others to recruit students from target populations. To date, RCMCS has had limited success recruiting and retaining students with disabilities and English language learners, and the academic performance of those subgroups at the school remains below their peers at the end of the charter term.

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<sup>5</sup> Education Law §2854(2)(a) requires that schools demonstrate good faith efforts to attract and retain a comparable or greater enrollment of students with disabilities, FRPL eligible students and English Language Learners when compared to the enrollment figures for such students in the school district in which the charter is located.

**Table 2: Student Demographics – RCMCS Compared to Rochester City School District**

	2014-2015 Percent of Enrollment			2015-2016 Percent of Enrollment			2016-17 Percent of Enroll. <sup>6</sup>
	School	CSD	Variance	School	CSD	Variance	School
<b>Enrollment of Special Populations<sup>7</sup></b>							
Economically Disadvantaged	96%	91%	+5	96%	91%	+5	69%
English Language Learners	3%	13%	-10	3%	13%	-10	2%
Students with Disabilities	9%	19%	-10	9%	20%	-11	12%

RCMCS has retained 68.5% of enrolled students to the culminating grade of the school. According to Department data, 337 students were enrolled in the school over the four-year charter term. A total of 106 students (31.5%) departed the school prior to graduating.

### Legal Compliance

RCMCS complies with most applicable laws, regulations, rules and other policies, with some exceptions. The school has not always submitted annual reports at the statutory due date. The board of trustees operates for lengthy periods with fewer members than required by its by-laws. Student health records are held in the same files as academic records without appropriate privacy protections. Although still under investigation, it appears that a Regents Diploma with Advanced Designation was not issued in compliance with Department regulations.

### Public Hearing Information

The required public hearing was conducted on November 17, 2016 by the Rochester City School District at its central office. No speakers were present and no comments were submitted.

<sup>6</sup> Enrollment for the 2016-2017 school year is preliminary and therefore cannot be compared to the district. The enrollment figures provided for the school year have been reported by the school.

<sup>7</sup> Percentages of English language learners and students with disabilities include students who were exited from these services within the last three year of enrollment record.