

21st Century Cyber Charter School

School Profile

Target students/enrollment/grade levels/seat time

21st Century is a ninth through twelfth grade high school with 61 students enrolled in the fall 2001. 21st Century is targeting gifted athletes who need a flexible schedule and self-motivated learners who want an accelerated program or are dissatisfied with the social and/or programmatic aspects of their regular school. 21st Century's student population represents 14 counties in the Commonwealth. Forty-three of 21st Century's 61 students previously attended a traditional public school, 14 attended a private school and four were home schooled. 21st Century has not yet formally identified any special education students; however, the school does have 11 students with existing IEPs.

21st Century Cyber Charter School was approved by the West Chester Area School District as a K-12 school. However, 21st Century is currently a high school program that expects to expand its program according to the following schedule:

- Year 2 – pilot middle school program
- Year 3 - implement middle program
- Year 4 - pilot elementary program
- Year 5 - implement elementary program

Staffing

21st Century Cyber currently has the following five full time staff positions:

- Director/Chief Administrative Officer
- Secondary Education Teacher
- Special Education Teacher (2)
- Clerical Support/Admissions

Although 21st Century only has 11 identified special education students, the Chief Administrative Officer specifically looked to hire teachers certified in special education because he wanted his staff to be trained to be more flexible and to focus on the needs of the individual learner. All three of the 21st Century Cyber teachers are Pennsylvania certified; one of the three teachers has a Masters in Education.

Program summary/curriculum

21st Century will offer its students an array of third party courses for the 2001-2002 school year, while developing a more school-specific curriculum for the subsequent school years. This year's course offerings will be provided by the following providers:

- Class.com
- Keystone
- Cyber School (Oregon)
- University of Missouri

In addition, 21st Century Cyber will also contract with higher education institutions, such as Penn State and North Hampton to offer its students online college level courses. 21st Century estimates that it can offer over 200 high school and college level courses to its students. On average, 21st Century students currently take five courses a semester. However, it is anticipated that the average number of courses will increase to six or seven for the spring semester.⁷¹ The amount of student time spent using the computer will vary by course and by third party provider.

Because 21st Century outsources its curriculum to third party providers, 21st Century teachers plan to serve more as facilitators than traditional teachers. 21st Century teachers plan to interact daily with students (via email and phone) and help with organization and time management skills. 21st Century teachers will also be available to tutor students on an as needed basis. Teacher availability will vary by teacher and the needs of their students. Some may have evening/weekend hours, others may keep traditional hours. All full time teachers are required to work 40 hours per week.

Overall estimated cost per student

21st Century's current budget estimates a \$5,861 cost per student. 21st Century expects to receive tuition payments of, on average, \$6,800 per student from contributing school districts and \$98 per student in other revenue sources. This assumes that a \$1,037 dividend per student will be paid to the sending districts. 21st Century plans to issue the tuition differential as a dividend back to sending districts.

Note: 21st Century's preliminary budget was developed several months ago on the assumption of enrolling 180 students. However, 21st Century currently only has 61 students.

This section of the report assesses the 21st Century Cyber Charter School in the following areas:

- Accountability Methods and Systems
- Governance and Oversight
- Cost Analysis

⁷¹ Student courses are offered for a semester (half-year).

Accountability Methods and Systems

Evaluation Goal

The goal of the Accountability Methods and Systems evaluation was to assess whether a clearly defined and robust accountability system is in place to support achievement of a quality education.

Summary

21st Century's curriculum is outsourced to a variety of third party providers. As a result, evaluating and measuring student progress is primarily the responsibility of the third party providers' teachers and varies according to provider. The 21st Century Director and teachers oversee student assessment and progress through student information provided by the third party vendors.

Having officially been established in June of 2001, 21st Century is in the early stages of developing and implementing internal student and staffing accountability methods and systems. For most of the evaluation criteria below, 21st Century is in the planning stage.

Evaluation Criteria and Findings

The table below identifies the key criteria used to evaluate each cyber charter school and a description of how each school met these criteria.

<i>Student Achievement</i>	<i>Current Status</i>
<p>1. Ability to measure student engagement and progress</p>	<ul style="list-style-type: none"> ▪ Beginning next school year, 21st Century Cyber School would like to implement pre and post testing for all students. It is anticipated that 21st Century Cyber will use the Iowa Test of Basic Skills (ISBS) survey. ▪ 21st Century students will be assessed by third party provider teachers (assessment frequency varies by provider). ▪ It is planned that 21st Century teachers will evaluate student progress through access to third party information (i.e., tests, quizzes and student performance). ▪ The majority of 21st Century providers reviewed for this study (Class.com, Keystone and Missouri) can track how long a student is logged on and visits certain sites, but cannot measure engagement (except through achievement on online assessments).

<i>Student Achievement</i>	<i>Current Status</i>
	<ul style="list-style-type: none"> ▪ Missouri does require proctored midterm and final exams that verify student authenticity of work. A student must respond correctly to 60% of the material on the midterm and final exams in order to receive a passing grade for the course. ▪ It is anticipated that 21st Century teachers will communicate with their students daily via phone or email. ▪ 21st Century teachers will provide students with a progress report every 10 weeks. ▪ In addition to teachers, parents will have access to their children’s performance results and have the ability to monitor their progress.
<p>2. Documentation of positive trends in all subject areas for students such as beginning of year, monthly and end-of-year online assessments</p>	<ul style="list-style-type: none"> ▪ No student performance results exist as school opened in fall 2001. ▪ Assessments are currently conducted by third party providers and overseen by 21st Century Cyber School staff (It is anticipated that as 21st Century Cyber School develops its own curriculum, 21st Century will assume the primary responsibility for student assessment). ▪ Assessments will vary by provider. Most courses have at minimum a mid-term and final assessment. ▪ 21st Century will evaluate student progress through access to third party information (tests, quizzes as well as student performance) every week. ▪ 21st Century teachers will interact daily with students (via email and phone) and help with organization and time management skills. Teachers can also tutor students on an as needed basis.
<p>3. Documentation of positive trends in student attendance, retention, dropout, and graduation rate</p>	<ul style="list-style-type: none"> ▪ No student results exist as school opens in fall 2001 ▪ 21st Century will track the amount of time a student is “online.” However, not all of students’ learning time will be spent “online.” Some work will be done off-line

<i>Student Achievement</i>	<i>Current Status</i>
	using CD-ROMs and other supplemental materials. Estimated amount of student time “online” and “off-line” varies by provider.
4. Ability to measure student authenticity of work (e.g., logs, records of study)	<ul style="list-style-type: none"> ▪ With the exception of Missouri’s proctored midterm and final exams, 21st Century’s third party providers do not measure the authenticity of student work. ▪ It is anticipated that some student testing will be conducted at regional centers. ▪ 21st Century teachers will also authenticate student work through daily direct interaction with students.
5. Compliance with students taking the Pennsylvania System of School Assessment (PSSA) in accordance with Chapter 4	<ul style="list-style-type: none"> ▪ 21st Century plans to comply with PSSA testing as required.
6. Student attendance - compliance with compulsory attendance laws	<ul style="list-style-type: none"> ▪ Students will be required to maintain a weekly attendance log. Parents will be responsible for reviewing and signing-off on the log each week. (Parents are not required to be home while students are engaged in learning activities). ▪ 21st Century anticipates that teachers will perform a bi-weekly audit of student log-in times.

<i>Personnel Evaluation</i>	<i>Current Status</i>
7. Teacher experience/certification	<ul style="list-style-type: none"> ▪ 21st Century Cyber has three teachers, all of whom are PA certified. ▪ Two of the three teachers are certified in special education. ▪ One of the three teachers has a Masters in Education.
8. Method of performance evaluation	<ul style="list-style-type: none"> ▪ 21st Century’s performance evaluation system is in development. According to the charter: <ul style="list-style-type: none"> - The Director will be evaluated by the board. Prior to the beginning of each year, the board will set goals for the

<i>Personnel Evaluation</i>	<i>Current Status</i>
	<p>school. The Director's performance will be evaluated based on the degree to which the school has achieved the stated goals by year's end.</p> <ul style="list-style-type: none"> - 20% of the Director's salary will be determined by performance. - Teachers will be evaluated by the Director. Assessment of teacher performance will be directly connected to student achievement. - The Director plans to conduct a sampling of historical teacher work (as evidenced through online threaded discussions between teacher and student) to assess teacher performance.
9. Frequency of performance evaluation	<ul style="list-style-type: none"> ▪ The Director and teachers will receive a mid-year and final evaluation.
10. Documentation of positive trends in personnel attendance and retention	<ul style="list-style-type: none"> ▪ N/A. School is in first year of operation.
11. Personnel attendance method	<ul style="list-style-type: none"> ▪ 21st Century Cyber anticipates monitoring personnel attendance through electronic log-in.
12. Professional development program and alignment to instructional approach	<ul style="list-style-type: none"> ▪ Teachers and facilitators will participate in monthly professional development activities. With the exception of December, teachers will have three and a half hours of planned professional development activities each month. ▪ The Director will determine the professional development topics based on student and teacher needs expressed during the course of the year. ▪ The Director will be responsible for obtaining the materials and/or presenters for professional development activities.

<i>Curriculum</i>	<i>Current Status</i>
13. Instructional approach/teaching methods	<ul style="list-style-type: none"> ▪ 21st Century has a constructivist approach geared towards individual student needs.

<i>Curriculum</i>	<i>Current Status</i>
	<ul style="list-style-type: none"> ▪ Of the programs used by 21st Century, Keystone and Missouri are text based programs and Class.com does not require textbooks. All information needed is found on the screen with assignment and assessments developed by a course writer. ▪ There is minimal direct third party provider teacher contact with students through any of these programs. Curriculum providers present directions via their website; students read the material from the textbook or the computer screen and then respond online to objective questions regarding the material. ▪ The role of the 21st Century facilitator teachers is still evolving. These teachers may provide tutorials for students having difficulty. ▪ Missouri has a proctored midterm and final exam that includes some subjective questions. ▪ Class.com requires subjective questions to be included on each assessment covering 3 units. ▪ Keystone allows for student/teacher interaction by way of email and does use a more subjective questioning approach.
<p>14. Process for curriculum development (e.g., research based, purchased)</p>	<ul style="list-style-type: none"> ▪ 21st Century will use third party curriculum providers for SY 01-02. ▪ 21st Century will implement faculty-customized curriculum for subsequent school years.
<p>15. Evidence of modifications made to instructional program based on tracking performance measures.</p>	<ul style="list-style-type: none"> ▪ N/A, school starts fall 2001.
<p>16. Approval process for curriculum, textbooks and materials</p>	<ul style="list-style-type: none"> ▪ 21st Century Director will make recommendations to the board. ▪ The board's program sub-committee will also make recommendations to the board. ▪ The board will vote to approve/disapprove recommendations.
<p>17. Course rigor and alignment of curriculum, instruction and testing</p>	<ul style="list-style-type: none"> ▪ 21st Century sampled and compared third party curriculum provider's course syllabi

<i>Curriculum</i>	<i>Current Status</i>
to PA standards	<p>to Pennsylvania standards.</p> <ul style="list-style-type: none"> ▪ Class.com has verified that the content of their courses is aligned with the PA standards. ▪ Keystone has not verified that the content of their courses is aligned to PA standards. Verification should be available next year. ▪ Missouri places the responsibility upon the cyber charter school for verifying that the content of their courses is aligned with the PA standards. ▪ 21st Century will be developing customized curriculum and therefore plans to align custom curriculum to Pennsylvania standards in subsequent years. ▪ The rigor of content of each of these courses can be adjusted by scheduling slower students into easier courses and brighter students into more advanced courses. ▪ The rigor of each course is dependent upon the assigned textbook. The textbooks are comparable to typical textbooks used throughout the nation to educate secondary students.
18. Developmental appropriateness	<ul style="list-style-type: none"> ▪ Course providers use common secondary level textbooks. Often textbooks and/or screen presentations tend to require reading levels above the reading level of many students. It is planned that the 21st Century facilitators will provide support when needed.
19. Ability to meet individual needs of students (e.g., support students having difficulty with curriculum, challenge gifted students)	<ul style="list-style-type: none"> ▪ Each student will be able to develop his/her own customized course of study based on his/her specific needs. Each student will take courses from a variety of providers. ▪ Students can select courses to accommodate their individual learning style. (i.e., some third party courses are more visual, where as others are more auditory). ▪ The rigor of content of each of these courses can be adjusted by scheduling slower students into easier courses and brighter

<i>Curriculum</i>	<i>Current Status</i>
	<p>students into more advanced courses.</p> <ul style="list-style-type: none"> ▪ Students and teachers can interact via email to address specific concerns but there are few accommodations made within the Keystone courses. ▪ There are no accommodations available within the Missouri and the Class.com courses because the student and the teacher do not interact with teachers provided by the vendor. ▪ It is planned that the 21st Century teachers will establish plans to meet individual student needs. ▪ 21st Century would like to offer single courses to students who might be short of meeting their graduation requirements. These students will not need to be enrolled full time in the school. However, legislation current prohibits 21st Century from enrolling students part-time.
<p>20. Compliance with State and Federal Special Education Requirements</p>	<ul style="list-style-type: none"> ▪ 21st Century has not yet formally identified any special education students. However, the school does have 11 students with existing IEPs. ▪ Two out of three 21st Century teachers are certified special education teachers. ▪ 21st Century will have an IEP team that consists of the Director, special education teacher, parent and any other appropriate special education service provider. (21st Century anticipates working with local school districts for psychometric and other special education services). IEP teams will meet as needed, at minimum annually.
<p>21. Provision of textbooks and supplies</p>	<ul style="list-style-type: none"> ▪ Each student and teacher will be provided with a leased desktop computer and the appropriate course software. Supplemental materials (i.e., text books, work books, lab supplies) vary by provider. ▪ ISP access will be provided based on family need.

<i>Level of Interactivity</i>	<i>Current Status</i>
22. Ease of use of system interface	<ul style="list-style-type: none"> ▪ The interface systems for Missouri, Class.com and Keystone are comparable and of reasonable quality. ▪ Keystone offers the most support via a library link (website where additional cyber and non cyber resources can be found) and a message center where the Keystone administration, teachers and students can communicate. ▪ Class.com and Missouri quickly pass the students into courses where printed material is available and textbooks support the assignments presented.
23. Methods of student/teacher interaction	<ul style="list-style-type: none"> ▪ There is little or no interaction between students and teachers participating in the Class.com and the Missouri programs. ▪ Keystone does allow students to interact with teachers via email and the submission of subjective responses to some questions. However, this is not the primary mode of instruction. ▪ It is anticipated that 21st Century teachers will communicate with their students daily via phone or email.
24. Frequency of student/teacher interaction	<ul style="list-style-type: none"> ▪ Class.com and Missouri do not have a system where teachers and students interact. ▪ Keystone has an email system where messages can be sent as needed. If the student can articulate in writing his/her problem, he/she will receive a response within 24 hours. ▪ It is anticipated that 21st Century teachers will communicate with their students daily via phone or email.
25. Methods of family/teacher interaction	<ul style="list-style-type: none"> ▪ To be determined
26. Frequency of family/teacher interaction	<ul style="list-style-type: none"> ▪ To be determined
27. Methods for teacher collaboration	<ul style="list-style-type: none"> ▪ 21st Century teachers will collaborate weekly with third party provider teachers via phone and email to discuss student progress and/or difficulties.

<i>Level of Interactivity</i>	<i>Current Status</i>
	<ul style="list-style-type: none"> As 21st Century develops customized curriculum and moves away from the use of third party curriculum providers, 21st Century teachers anticipate collaborating via phone, video conferencing or in person every other week.
28. Interactivity of instructional content	<ul style="list-style-type: none"> In general, students read the directions and course material and respond to objective and some subjective questions. There are few opportunities for interaction with instructional content provided by the curriculum vendors.

<i>Student Development</i>	<i>Current Status</i>
29. Student services	<ul style="list-style-type: none"> 21st Century does not have any student services personnel on staff. 21st Century plans to contract with the Chester County IU and other regional districts to provide student services on an as needed basis. 21st Century anticipates contracting with the West Chester Area School District for nursing services (i.e., screenings and record reviews).
30. Opportunities for student socialization	<ul style="list-style-type: none"> Students will be encouraged to participate in local community activities through the YMCA and at their home districts.
31. Physical education requirement	<ul style="list-style-type: none"> 21st Century expects to offer 1.5 Health credits and .5 Physical Education credits online. 21st Century is looking to establish partnerships with YMCAs and other community providers for additional physical education credit opportunities. It is anticipated that students would be able to select an activity from a community organization, 21st Century would approve the activity and then reimburse the student for the associated costs. 21st Century plans to establish a spending cap of \$200-300 per course. (21st Century is also looking to

<i>Student Development</i>	<i>Current Status</i>
	broaden this policy to fine arts and humanities).
32. Extra-curricular activity offering	<ul style="list-style-type: none"> 21st Century does not offer any extra-curricular activities, but plans to encourage student participation in home district activities.
33. Cyber charter school teacher – student ratio	<ul style="list-style-type: none"> 1:20 21st Century anticipates hiring an additional teacher mid October.

<i>Technology Supporting Instruction</i>	<i>Current Status</i>
34. Adequacy of systems to support timely instructional delivery	<ul style="list-style-type: none"> The systems needed to complete the courses are adequate to support timely instruction. Since most of the images are print images, few complications occur. It is anticipated that 21st Century facilitators will be available to smooth over technical problems. The director indicated that the school has experienced some problems with Class.com but believes they will be eliminated when 21st Century contracts with BlackBoard.com to enhance the communication between students and the Class.com system.
35. System maintenance (e.g., servers)	<ul style="list-style-type: none"> Hosted by providers. Will eventually move to an IU-hosted environment.
36. Technical support for students, parents and teachers	<ul style="list-style-type: none"> Provided by the Chester County IU.

<i>Technology Supporting Administration</i>	<i>Current Status</i>
37. Student information system to document information such as: name of family member supervising program, address and telephone number of home education site and evidence child has been immunized	<ul style="list-style-type: none"> 21st Century is currently using a File Pro Database that is managed by the Chester County IU. The school would like to implement PowerSchool for next school year (21st Century would manage).
38. Financial/budget system	<ul style="list-style-type: none"> 21st Century’s financial /budget information

<i>Technology Supporting Administration</i>	<i>Current Status</i>
	is stored in an excel spreadsheet and managed by the Chester County IU.
39. Human resources/payroll system	<ul style="list-style-type: none"> ▪ 21st Century Cyber outsources its human resources/payroll functions to the Chester County IU. However, charter school employees work under policies and procedures established by the charter school Board of Trustees, not the Chester County IU.

<i>Relationship with Home School District</i>	<i>Current Status</i>
40. Procedure for notifying home school district of newly enrolled students	<ul style="list-style-type: none"> ▪ 21st Century will mail/email requests for student transcripts to the home school. ▪ If the enrolling student comes from a school district within Bucks, Chester, Montgomery or Delaware counties, 21st Century will send an email notification. ▪ 21st Century will send the home school district a bill.
41. Partnerships with local school districts	<ul style="list-style-type: none"> ▪ Currently, some local school districts are enabling students to participate in extra-curricular activities.

Governance and Oversight

Evaluation Goal

The goal of the Governance and Oversight evaluation was to verify the existence of a viable cyber school governance structure.

Summary

21st Century Board of Directors will consist of between 12 and 17 members. The Executive Directors of Bucks, Chester, Delaware and Montgomery County IUs will serve as “ex officio” members. In addition, the board will consist of two District Superintendents from each of the four participating Intermediate Units, one or more parent(s) of a 21st Century student and local business and government leaders from southeast Pennsylvania. Currently there are four Executive Directors, eight Superintendents and one community member (previously a Superintendent for Phoenixville School District) on the board. The board plans to elect at least one parent member during October 2001.

21st Century currently has a viable cyber school governance structure as evidenced by its 13 member advisory board whose members are experienced in educational management. However, it is unclear whether the educational administrator board members will have time to attend meetings and/or participate in sub-committees given their current operational responsibilities.

21st Century is in the process of developing a parent Advisory Committee that will provide input on procedures, processes and programs. It is estimated that the Committee will have at least seven parent representatives.

Evaluation Criteria and Findings

The table below identifies the key criteria used to evaluate each cyber charter school and a description of how each school met these criteria.

<i>Governance and Oversight</i>	<i>Current Status</i>
1. Documentation and description of school governance organizational structure	<ul style="list-style-type: none"> ▪ Currently there are four Executive Directors, eight Superintendents and one Community member (previously a Superintendent for Phoenixville School District) on the board. ▪ Additional parent/community members have not yet been selected. ▪ 21st Century is in the process of developing a Parent Advisory Committee that will provide input on procedures, processes and programs. It is estimated that the Committee will have at least seven parent representatives.
2. Experiential make-up of advisory	<ul style="list-style-type: none"> ▪ All 13 members of the board are experienced in

<i>Governance and Oversight</i>	<i>Current Status</i>
board	<p>both education and education administration.</p> <ul style="list-style-type: none"> ▪ Board members represent Delaware, Bucks, Chester and Montgomery Counties. ▪ There is currently limited student recruiting and charter school marketing experience among the board members.
3. Assessment of frequency and extent of input governance units have over instructional policy	<ul style="list-style-type: none"> ▪ The board will meet on the fourth Tuesday of every month. ▪ As of September 30th, there had been four meetings. ▪ The board reached the quorum required to vote on policy decisions three of the four meetings. ▪ According to board interviews, the board members had input into the Charter School Application and helped define the instructional program. ▪ The board has the responsibility of approving staff and evaluating the school Director. ▪ The board has established two sub-committees to make policy recommendations. ▪ The board will advertise all meetings in the paper (most likely the Philadelphia Inquirer) in accordance with the Sunshine Law.
4. Clarity of legal and procedural requirements	<ul style="list-style-type: none"> ▪ The board has documented legal and procedural requirements/bylaws. ▪ 21st Century has a solicitor from Lamb Windle and McErlane to provide legal counsel/advice as needed.

Cost Analysis

Evaluation Goal

The goal of this evaluation was to analyze the cyber charter school costs. We have documented the results of our procedures in the table below.

Summary

21st Century has prepared a preliminary budget that estimates per student spending of approximately \$5,861 in contrast to receiving tuition payments of \$6,800 per student from contributing school districts and \$98 per student in other revenue sources.⁷² This budget includes an estimated dividend of \$1,037 (or 15% of total tuition) to be repaid to the contributing school districts. As 21st Century began school in the Fall of 2001, no actual operating expenditures are available.

Note: 21st Century's preliminary budget was developed several months ago on the assumption of enrolling 180 students. Although currently only 61 students are enrolled, the budget has not been updated. Thus, the budget cannot be assessed for reasonableness, as the assumptions used to create the budget are no longer valid.

The school is financially supported by the Intermediate Unites of Bucks, Chester, Delaware an Montgomery counties. Each IU contributed \$10,000 to the start-up of the school. However, there is no formal agreement between 21st Century Cyber School and the four IUs.

The 21st Century Cyber Charter School is housed at the Chester County Intermediate Unit. The Chester County IU has waived rent and fees for services for 21st Century's first year of operation. Chester County IU is providing technical support services, insurance and business management services (finance, budgeting, HR and payroll) free of service for the school's first year of operation. As a result, the budget information provided by the school does not include all first year operating costs. 21st Century anticipates that it will enter into a rent and service agreement with the Chester County IU next year. Specifics for the agreement have not yet been determined, however 21st Century estimates that 8% of its operating budget will be used to cover the rent and business management services that will be provided by the Chester County IU. If 21st Century were to include the 8% management fee in its per student cost for this year, its per pupil expenditure would be \$6,344 per student.

If the cost for rent and business management services provided by the Chester County IU was included in the FY02 budget, estimated expenses would increase by \$99,328, reducing the dividend to sending schools by \$552 per student. Thus the dividend that sending schools can expect in the future will likely be less than projected in the first year budget. Given the numbers provided by 21st Century, sending districts would receive closer to \$485 per student rather than the original estimate of \$1037.

⁷² Chester County IU is providing technical support services, insurance and business management services (finance, budgeting, HR and payroll) free of service for the school's first year of operation. As a result, the budget information provided by the school does not include all first year operating costs.

In addition to the rent/business services agreement mentioned previously, 21st Century anticipates entering into an agreement with the Chester County IU for additional services as needed (i.e., special education and psychometric services). If student demographics continue to expand across the Commonwealth, 21st Century will look to establish similar agreements with regional IU units.

21st Century currently contracts out all of its curriculum content. The most expensive high school level course is estimated at \$300 per student; the most expensive college level course is estimated at \$550 per student.

Employees of 21st Century are actually employees of the IU since 21st Century is not a legal employer with an employer identification number and taxpayer status.

Evaluation Criteria and Findings

The table below identifies the key criteria used to evaluate each cyber charter school and a description of how each school met these criteria.

<i>Cost Reasonableness</i>	<i>Current Status</i>
1. Consistency of financial plan with operating plan	<ul style="list-style-type: none"> ▪ The operating plan was developed based on an enrollment of 180 students. Given that 61 students are currently enrolled, the budget should be revised and should be updated monthly based on current enrollment and enrollment projections. It might be difficult for the school to meet its financial plan if more students are not enrolled. Fixed costs such as salaries and benefits, purchased services, and infrastructure cannot be effectively leveraged if enrollment projections are not realized.
2. Average annual operating cost	<ul style="list-style-type: none"> ▪ Projected costs of \$5,861 do not appear to be unreasonable based upon the non-special education expenditures for the Chester Upland SD of \$5,269 for FY01. If 21st Century were to include the 8% management fee in its per student cost for this year, its budget would be \$6,344 per student. ▪ Given the significantly decreased enrollment versus plan (67% less), budgets must be recalculated and monitored on a monthly basis to project more accurate financial performance.

	<ul style="list-style-type: none"> It is likely the actual cost per student may be higher than projected.⁷³
<p>3. Financial, in-kind, and management relationships with partnering institutions</p>	<ul style="list-style-type: none"> There are no for-profit management companies involved with this school. 21st Century does receive aforementioned services from the IU in return for 8% of revenues, which is a negotiated amount. This fee is waived for FY02. 21st Century is actually operated as a program of the IU with intention of becoming a separate entity prior to beginning FY03.
<p>4. Start-up cost appropriateness and comparison</p>	<ul style="list-style-type: none"> The initial start-up budget is \$40,000 was borne equally by 4 IUs - \$10,000 each. In addition to budgeted items, the Chester County IU is providing space, administrative support and general accounting support free of charge. Given that 21st Century is actually operated as a program of the IU rather than a separate entity, the budget appears to be sufficient.
<p>5. Financial soundness of backers</p>	<ul style="list-style-type: none"> The backers of the school are the four IUs sponsoring the school as a program. The financial statements of the four IUs appear to be sound.
<p>6. Reasonableness and completeness of annual budget/operating expenditures (e.g., Per capita revenues, Special education aid, Other revenue sources, Salary projections, Technology expenses, Curriculum provider expenses, Inflation and raises)</p>	<ul style="list-style-type: none"> None of these costs can be accurately evaluated given the reality that the budget provided to KPMG Consulting does not reflect the true operations of the school. The school is operating at 67% less than projected enrollment. Budgets should be updated based upon realistic enrollment figures.
<p>7. Adequate plan exists for program and fiscal audits</p>	<ul style="list-style-type: none"> The budget includes \$13,000 for an audit. This is reasonable and in-line with costs for similar sized entities.
<p>8. Adequate insurance</p>	<ul style="list-style-type: none"> The budget includes \$6,000 for liability/blanket insurance. However, all insurance will be covered by the Chester County IU this year. Therefore this money will not spent on insurance this year. Per review of the IU's certificate of insurance, insurance coverage appears to be adequate.

⁷³ Chester County IU is providing technical support services, insurance and business management services (finance, budgeting, HR and payroll) free of service for the school's first year of operation. As a result, the budget information provided by the school does not include all first year operating costs.