



## Conclusions of Law

On October 1, 2007, the proposed Lighthouse Cyber Charter School submitted to the Department an application to operate a cyber charter school. The Department is to evaluate the application based on the following criteria:

- (i) The demonstrated, sustainable support for the cyber charter school plan by teachers, parents or guardians and students.
- (ii) The capability of the cyber charter school applicant, in terms of support and planning, to provide comprehensive learning experiences to students under the charter.
- (iii) The extent to which the programs outlined in the application will enable students to meet the academic standards under 22 Pa. Code Ch. 4 (relating to academic standards and assessment) or subsequent regulations promulgated to replace 22 Pa. Code Ch. 4.
- (iv) The extent to which the application meets the requirements of section 1747-A.

### *Conclusions*

- **Lighthouse failed to provide a complete and detailed description of its business practices and policies related to its management structure and its use of a third-party to provide business services.**
- **Lighthouse failed to provide supporting details or other creditable information on how it arrived at its enrollment projections used to determine budgeted revenue.**
- **Lighthouse's proposed 5 year budget contained discrepancies and questionable assumptions that prevented assessing the viability of the overall financial plan.**
- **Lighthouse failed to state how the student information system was identified and what technical support program is available prior to potential partnering with YES.**
- **Lighthouse's Acceptable Use Policy provides a "loophole" to the school's responsibility.**
- **The application states that "interesting and innovative ways" will be implemented to meet state standards; however, there is a lack of the description and consistent planning that shows alignment to the standards and assessments.**
- **PA English language proficiency standards for ELLs, an overlay to state standards, are not referenced in the instruction and assessment of ELLs.**
- **Mathematics and world language requirements are missing completely. The only statement included is that world language study will be encouraged. Mathematics requirements are not listed.**

- **There are various parts of the application that provide either incomplete or confusing information.**

### **Discussion**

#### **Summary of the Proposed Lighthouse Cyber Charter School**

- Lighthouse Cyber Charter School proposes to enroll students in grades K-12
- The administrative headquarters for the proposed cyber charter school will be in Hershey, Dauphin County, Pennsylvania
- The maximum projected student enrollment for year one is 400 students, increasing to 1000 students by year five
- Lighthouse Cyber Charter School intends to enroll students from all 501 Pennsylvania School Districts
- Lighthouse Cyber Charter School proposes to provide a democratic model that gives every stakeholder a voice in all aspects of the school; an Environmental/Agricultural integrated curriculum; Ethics/Character Education for all students, and learning opportunities that are embedded in meeting the needs of “real life” situations

#### ***Finance and Budget***

Lighthouse intends to use the services of Foundations, Inc. to provide accounting and business manager related services. The application contains an outline of the services that Foundations provides under a business manager services package. The information is general in nature and does not describe the specific details of the roles and responsibilities of both parties and the associated financial arrangements. There is no written contract or proposal to evaluate the level of services and responsibilities that will be assigned to Foundations and the extent of oversight by the governing board.

Lighthouse projects enrollment of 400 students in the first year, 500 in the second year, 700 in the third year, 850 in the fourth year, and 1000 in the fifth year of operation. The estimated enrollment numbers are a critical component of Lighthouse’s financial plan and evaluating their reasonableness is instrumental to assessing fiscal viability. The application

contains no information to support the enrollment projections presented in the financial plan. Achieving enrollment amounts less than projected could result in significant deficits affecting the financial viability of the school. Based on the per student variable costs identified in the assumptions, a moderate shortfall of student enrollments would result in an operating deficit.

The budget information provided by Lighthouse used the 2006-07 charter school tuition rates of the Derry Township School District in estimating student revenue. The rates used would be appropriate if all students enrolled in Lighthouse were from that school district rather than being state wide. Utilizing the average 2006-07 charter school tuition rates from all school districts, the revenue estimate would be \$267,780 less than the amount budgeted by the school. This would have the effect of changing the school's projected \$79,527 surplus for the initial year of operation to a deficit of \$188,253.

The cash flow analysis provided with the budget information showed cash shortfalls for several months during the 2008-09 fiscal year. However, the budget does not include any interest expense for short term borrowings.

Lighthouse indicates the intent to use Provost online software and courseware. The quotation received from Provost indicates \$600 per student for software and \$1500 per student for courseware. There is no clear trail to where these amounts are included in the budget. The assumptions identified by The Lighthouse do not specifically identify this category within the budget or indicate in which categories the amounts are included.

The application does not clearly address the process that will be used to deliver and recover computer equipment and books to/from the students and whether the activity has been considered within the budget document.

Insurance costs were included in the budgets without any documentation supporting the amounts shown or detailed evidence of insurability.

### ***Technology***

Virtual Student's Student Information System ("SIS") from Provost was listed in the application as "intended to use" and a price quote was provided. At the hearing, representatives stated that Lighthouse would be using Provost. However, there is no evidence how the SIS was identified or how the pricing was determined.

There is no evidence of an established technical support program. It was stated that the "intent... over time" was to partner with Generation YES. However, it has not been determined what is to be supported and by whom in the interim.

There is concern over the Parent/Guardian Permission portion of Acceptable Use Policy, which states that the charter school is not responsible for the actions of individual users or information they may access. There is concern that this provides an unacceptable "loophole" to Lighthouse so that it is not responsible for students' actions on a school-owned system. Lighthouse should be ensuring that student work is done by students on school-owned systems that include proper filtering and other technology checks.

There is no indication that hardware specifications include a network card for broadband access if not Lighthouse is not using wireless connections.

There is no evidence of what the Professional consultant(s) is providing to Lighthouse.

### ***Special Education***

Although sufficient information has been provided about the special education program, it is recommended that the following areas need improvement: (1) continue to develop the

transition aspects of its program and attend PDE's summer institute on transition; (2) confirm commitments for service providers with respect to contracted special education services; and, (3) increase parent training opportunities related to the special education process.

### ***Curriculum***

The proposal provides explanations of philosophy, beliefs, and feelings that do not delineate nor define clear pedagogy and consistent plans for implementation of research based curriculum and instruction aligned to PA standards for all students including those with diverse needs. Various delivery models, standards such as readiness model, dynamic delivery model, RTI, integrated life skills curriculum, representative democracy, and serious gaming, are peppered throughout the document with no linkage or cohesion within the curriculum. Assessments to support academic standing and showcase student needs are not clearly defined or listed with the exception of PSSA and 4Sight Benchmarks. There is no evidence that shows that the proposed curricula (Provost, Destination, and Calvert) are aligned to one another as well as the PA standards. Alignment within the chosen curricula is important for consistency and cohesion across student instructional programs.

There is no program plan for English as a second language that includes how the school will initially identify, enter, exit, and monitor students identified as English language learners (ELLs). A program plan must be ready to be implemented regardless of whether the school thinks that potential ELLs will not apply. The plan needs to include the assessment(s) and multiple criteria that will be implemented when an ELL enters the school. The plan must follow the state guidelines available at [www.pde.state.pa.us/esl](http://www.pde.state.pa.us/esl) and the PA School Code Chapter 4.26 and Basic Education Circular (BEC).

Lighthouse must incorporate into the school's plan that students must have 4 years of

mathematics. Lighthouse must also incorporate into the school's plan that it shall provide instruction in at least 2 languages in addition to English, at least one of which shall be a modern language and at least one of which shall be offered in a minimum 4-year sequence in the secondary program (middle level and high school).

## *Legal*

In Appendix E, the job description for the Administrative Advisor sets forth performance responsibilities. In two of the bulleted responsibilities, reference is to the principal rather than the Administrative Advisor. Thus, it is not clear whether those particular responsibilities are to be those of the Administrative Advisor, or of another person who will be a principal.

Also in Appendix E, the job description for the Executive Advisor includes a category of qualifications; however, the listed items are not qualifications but are job duties. Thus, it is not clear what the qualifications are for the Executive Advisor. In addition, the Executive Advisor has the responsibility to supervise and evaluate staff but there is no indication whether this person will be required to possess a supervisory certificate.

In Appendix L, survey questions ask for information about PA Cyber. Obviously, this reference to PA Cyber is inappropriate.

In Appendix W, there is reference in the Human Resources Policy to the Agora Cyber Charter School. Again, this reference to Agora is inappropriate.

Lighthouse states in its application that it intends to investigate the feasibility of providing its unique, non-educational services to other cyber charter schools and brick and mortar schools in Pennsylvania at the other school's expense. It is stated that the students benefiting from these services will not be enrolled in Lighthouse. At the hearing, when asked about these non-educational services, a Lighthouse representative stated that this could eventually be the agricultural curriculum that might be sold to others. However, Lighthouse cannot sell curriculum without obtaining approval from PDE.

*Accountability*

Regarding accountability, there is a discrepancy with Lighthouse’s description of graduation, attendance, and participation in the state assessment as Non-Academic Measurable goals. Lighthouse agreed at the hearing that these should be Academic measurable goals.

**Therefore, for the reasons stated above, the cyber charter school application for the Lighthouse Cyber Charter School is denied.**

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Diane Castelbuono  
Deputy Secretary  
Office of Elementary & Secondary Education

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Date