

DEPARTMENT OF EDUCATION

In Re: The Resubmitted IDEA Cyber Charter School: Cyber Charter School Application: 2006

Background

Amendments to the Charter School Law (“CSL”), 24 P.S. §§17-1701-A – 17-1751-A, that became effective July 1, 2002, include new Subchapter (c), which sets forth new provisions for the establishment and oversight of cyber charter schools. *See*, Act of June 29, 2002, No. 88, §14, adding 24 P.S. §§17-1741-A to 17-1751-A (“Act 88”). Pursuant to Act 88, the Department of Education (the “Department”) has the authority and responsibility to receive, review and act on applications for the creation of a cyber charter school. Act 88 requires that cyber charter school applicants submit applications to the Department by October 1 of the school year preceding the school year in which the cyber charter school proposes to commence operation. After submission of an application, the Department is required to hold at least one public hearing and grant or deny the application within 120 days of its receipt.

- On October 2, 2006¹, The IDEA Cyber Charter School (“IDEA”) submitted an application to operate as a cyber charter school.
- The Department provided 30 days notice of a public hearing that was held on December 4, 2006.
- At the hearing, IDEA presented the Department with information about its application. Department personnel who had reviewed the application also posed questions to IDEA’s representatives.

¹ The application was timely filed on October 2, 2006 because October 1, 2006 was a Sunday.

Conclusions of Law

Background

On October 2, 2006, the proposed IDEA Cyber Charter School (“IDEA”) 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

- **IDEA has essentially addressed how it would effectively provide appropriate curriculum and supports to English Language Learners (“ELLS”). However, the resubmitted application does not show the necessary alignment to PA Standards for English Language Learners. There is continued concern that IDEA may not be able to implement curriculum-specific instructional lesson plans and a professional development program prior to a September 2007 opening.**
- **The application submitted by IDEA failed to substantively detail how it will meet its obligation to provide special education programs and services to students with disabilities and failed to address key areas of special education policy and procedure. 24 P.S. §17-1747-A(13).**
- **IDEA’s truancy policy is unclear. 24 P.S. §17-1719-A(7); §17-1747-A(14).**
- **IDEA has failed to provide sufficient information to identify a school day. 24 P.S. §17-1719-A(12).**

- **IDEA failed to meet the requirements of section 1747-A when it failed to provide an adequate description of the technical support that would be available to students and parents. 24 P.S. §17-1747-A(9).**
- **IDEA’s re-submitted application did not attach verification from the Department of State that IDEA amended its Articles of Incorporation.**
- **IDEA’s resubmitted application failed to support the technical framework necessary to operate a successful cyber environment.**
- **IDEA failed to meet the requirement that it provide a financial plan for the proposed cyber charter school. 24 P.S. §17-1719-A(9)**

Discussion

Summary of the Proposed IDEA Cyber Charter School

- IDEA proposes to enroll students from all 501 school districts
- The proposed cyber charter school will be located in Johnstown
- IDEA proposes serving students in grades K-12
- IDEA proposes to enroll 1300 students in the first year of operation, increasing to 1890 by the fifth year
- The proposed IDEA Cyber Charter School will feature a 365-day school year and a customized plan of instruction for every student.

The entire proposed IDEA Cyber Charter School application is available for viewing on the Department’s website at:

[http://www.pde.state.pa.us/charter_schools/cwp/view.asp?a=147&Q=60553&charter_schoolsNav=|567|&charter_schoolsNav=|](http://www.pde.state.pa.us/charter_schools/cwp/view.asp?a=147&Q=60553&charter_schoolsNav=|567|&charter_schoolsNav=)

Curriculum

The original IDEA proposal states on page 52 that the school is interested in attracting migrant and immigrant students, yet the proposal does not adequately plan to meet the special needs of English Language Learners. There are many requirements under NCLB. These include the home language survey, planning for the program, selecting a core ESL curriculum, identification and assessment of students, programming for students, tracking of student proficiency levels, exiting students from the program, and maintenance of the database of Primary Home Language Other Than English (PHLOTE) students. Generally speaking, IDEA's original application showed that IDEA was unprepared to meet the needs or legal requirements of this population.

This concern has been essentially addressed. The textbook entitled *Ellis Essential* and *Ellis Academic* has been identified as the core resource for instruction. Although this essentially addresses the Department's initial concern, it will still be necessary for IDEA to align these materials to the PA Standards for English Language Learners, just as was done for the other content areas. The school is planning to utilize the *Stanford English Language Proficiency Test* as the screening, which is acceptable, although there is another resource, *WAPT*, which is a screening tool closely aligned to the PA statewide annual ESL assessment (*ACCESS*).

An additional requirement, of which IDEA does not appear to be aware, is that all ESL students must participate in the annual PA ESL assessment (*ACCESS*). This should have been included under the "Large Scale Assessment Policy" section of the application. There must also be an approved Board policy for ESL, a professional

development plan for ALL teachers around ESL, and appropriate planning for ESL within the School Strategic Plan, which is not evident in the revised application.

The original IDEA proposal discusses IDEA's plan to design instruction through a Constructivist model, incorporating Understanding by Design, Covey's 7 Habits of Highly Effective Teens, and Love and Logic. The need for extensive professional development is identified in the application; however, it may not be realistic to accomplish the intended level of development for an opening in Sept. 2007. It is still questionable whether IDEA can provide the necessary professional development and the development of instructional lessons plans to the listed specifications for a September 2007 opening date.

Special Education

The original application submitted by IDEA provided information on the overview of its special education program; however, it failed, in some instances, to adequately address programmatic details it intended to execute in the cyber environment.

In the Appendix Section J-1 of the original application, IDEA indicated that it would adopt (unsigned by the board president) policies related to special education. It further indicated that the "board of directors reserves the right to prescribe policies and the Executive Team provided operational details throughout the procedures." With the exception of the due process compliant notice and an IEP facilitation request sheet, IDEA provided no other policies, forms or detailed procedures that outline how IDEA would provide special education in the cyber environment. The policy

statement and narrative simply restated the law without providing any mechanism of how the above would be accomplished.

In addition, the original application failed to adequately provide the programmatic details to address, at a minimum, the following: Detailed screening and child find procedure, Assistive Technology, Interagency Agreements, Continuum of Placement Options, Staff and Parent Training Opportunities, Detailed Confidentiality Policy, Independent Evaluations at Public Expense.

The re-submitted application still fails to show any sufficient details on how IDEA will administer special education in the cyber environment. IDEA has listed an initial complement of special education and related staff, and has plans for expanding based on caseload and disability needs during the first two years. It has also expanded on its philosophy service provision on how it will meet the needs of students with disabilities; however, absent specific policies and procedures tailored to this school, it leaves too much to chance that IDEA has properly considered and addressed at least the majority of nuances related to cyber special education.

Truancy

In its denial decision, the Department advised IDEA that its truancy policy was unclear and that IDEA should, at a minimum, read the Department's Basic Education Circular entitled Compulsory Attendance and Truancy Elimination Plan ("Truancy BEC"), which should help IDEA understand its responsibilities. Although IDEA provided a truancy policy in its revised application, the policy does not evidence that IDEA understands the relationship between IDEA and a student's school district of residence with regard to truancy issues. As described in the Department's Truancy BEC,

a charter school, including a cyber charter school, must report to the student's school district of residence when a student has accrued three or more days of unlawful absences. The resident school district has the responsibility to enforce the compulsory attendance laws in accordance with the Public School Code, which includes instituting proceedings against parents/guardians for violation of compulsory attendance laws.

IDEA's truancy policy makes no mention of reporting three or more days of unlawful absences to a student's school district of residence for enforcement of compulsory attendance laws.

IDEA's School Day

In the Department's denial decision it noted that IDEA did not identify what constitutes a school day at IDEA. Section 1719-A of the Charter School Law requires that an applicant provide information about the length of the school day. Section 1747-A requires that an applicant provide a description of how the cyber charter school will define and monitor a student's school day.

In its revised application, IDEA provides a calendar that shows the number of teacher days and the number of days from which a student can choose the 180 days the student wants to attend IDEA. However, this does not define a school day, which is when during each day the teachers and administrators would be available to students. Therefore, IDEA failed to provide any information about the length of the school day and how the school day would be defined.

Bylaws and the Number of Trustees

In its revised application, IDEA explained that the Articles of Incorporation stated that there would be thirteen directors for the first year of operation of the nonprofit corporation. IDEA states that now that the corporation is in its second year, IDEA

modified the original Articles of Incorporation to reflect the requirement of the Bylaws that the Board be comprised of five to seven members.

IDEA noted that it had attached a copy of the modifications to the Articles of Incorporation. The only attachment is a letter to the Department of State stating that IDEA was informing the Department of State about modifications that needed to be made to the Articles of Incorporation. However, there is nothing from the Department of State verifying that the letter was actually filed by the Department or that it was an acceptable document by which IDEA could amend its Articles of Incorporation. In addition, the IDEA letter states that the modifications were to the Articles of Incorporation for the IDEA Cyber Charter School but the original Articles of Incorporation were for the IDEA Charter School.

Technology

The IDEA resubmitted application fails to address several key concerns regarding technology. There was no evidence of an RFP for Web site development costs and management. IDEA claims all website management will be conducted in house. There is no indication in the Job Descriptions for school personnel as to who is to complete this work. There is no indication of what the budget implications will be on the hiring of a website management position, or of any budget considerations required to maintain the web site.

There continues to be no clear distinction on what constitutes internal network costs in IDEA's proposed budget. The applicant indicated that costs were derived from a technology consultant who no longer is a part of the applicant's team. Overall costs in this category were unknown to the applicant's team at the time of the oral presentation.

There is no indication of what Special Equipment costs include. Costs are assumed for internal network development, but no further information is provided in the updated response. The line item in operating expenses in the budget is over \$1.5 million. There is no indication from where this amount is derived, especially since the RFPs have not been publicly submitted.

The resubmitted application did not include an updated Acceptable Use Policy for staff/administrators. The response indicates that the Acceptable Use Policy is attached, but it is not found in documents provided by IDEA to PDE.

The resubmitted application contained no evidence on how the Student management solution from Pearson was evaluated and selected. There is no indication on how certain curricular materials will be selected to assist students' curriculum, or how these items will interface with the proposed technology from the RFP.

Financial Plan, Finances and Budget

The proposed School's financials continue to be unsupported and not fiscally realistic. The target population is ages 5 – 18 (K-5 – 12), and the school projects 1,300 students in the first year; 1,430 in the second year, 1,570 in the third year, 1,720 in the fourth year; and 1,890 in the fifth year. On page 45 of 62 of the resubmitted application, IDEA states that it has structured its budget to begin the first year with 650 to 700 students. This is a 50% drop in the original enrollment projection.

The new budget also cuts back on salaries and benefits from \$7,086,620 to \$5,749,900. This is a cut of 18.9%. This doesn't reconcile with the projected decrease in enrollments. IDEA decreased enrollment by 50%, but the total expenses only decreased by 4.7%. The revised Budget Operating Expenses actually increased from \$6,320,700 to \$7,025,306, for an increase of 11.1%.

The cash flow projections do not calculate correctly. Aside from this, IDEA continues to base its revenue from school districts on an annual per-pupil amount of \$6,544 for 975 non-special education students and \$15,063 for 325 special education students. IDEA did not change its cash flow projection for a drop in enrollment of 50%. The school will never cover the \$12,163,244 of expenses it has projected with revenue based on its new student projection.

IDEA has actually increased its failure to meet the requirement that it provide a financial plan for the proposed cyber charter school.

The IDEA budgeted positions for Finance Director at \$65,000, and Comptroller at \$45,000 are unrealistic and unsupported in terms of the financial page. IDEA provided no supporting documentation with its financial page.

Although the Help Desk is to be outsourced, IDEA has budgeted for 3 positions at a total of \$118,800.

IDEA continues to project revenues based on 1,300 projected students, yet includes the following budget items:

- Camp Meetings for 1,300 participants at \$520,000
- Standardized Tests at \$300,000
- OT/PT and psychological services at \$400,000
- Special equipment/networking and infrastructure at \$1,529,116
- Computers and peripherals (far exceeding enrollment projections) at \$1,845,580, and,
- Lease at \$240,000

IDEA continues to use its own accounts instead of the Pennsylvania Manual of Accounting, State Chart of Accounts for revenues and expenditures.

Therefore, for the reasons cited above, the cyber charter application for the IDEA Cyber Charter School is denied.

Secretary of Education

Gerald L. Zahorchak, D.Ed.

Date