

To: Georgia Charter School Commission
From: Robert Henderson – Chair – Imagine Port Wentworth Community Academy Board
RE: Imagine Port Wentworth Community Academy
Response to Charter Application Denial by Savannah Chatham County School Board
Date: July 22, 2010

On July 7, the Savannah Chatham County School Board (SCCSB) voted to deny the charter application submitted by the Imagine Port Wentworth Community Academy (IPWCA). Attached to this letter is a copy of the denial recommendation presented to the SCCSB by the SCC school district. Below is our response to each of the issues identified as the rationale for denial by the SCCSB, followed by IPWCA's response.

SCCSB concluded that IPWCA failed to adequately meet 29 of the 60 Georgia Department of Education (GDOE) charter petition requirements, but did not provide specific information regarding the reason for their conclusion on those 29 requirements. They did provide a general list of concerns and this letter provides IPWCA's response to those concerns.

Issue 1 (a)- "The proposed school's capacity to meet projected enrollment and sustain enrollment is not conveyed in the petition"

We believe this issue was adequately addressed in the application, which includes the following information:

Over the past several years, the city of Port Wentworth has been one of the fastest growing communities in the tri-county area, with an 11.1% population increase in a twelve month period. Other nearby communities have also experienced rapid growth.

Within the Port Wentworth area, one elementary school currently serves both Port Wentworth and Pooler residents, in addition to accommodating ESOL students from 10 feeder schools in the area. The school was built to support approximately 480 students and, as of October 2009, had an enrollment significantly greater. Middle school students are zoned for Mercer Middle School, located in Garden City, which failed to meet AYP in 2008. Similarly, high school students are zoned for Groves High School, also located in Garden City, which failed to meet AYP 4 of the last 5 school terms.

There is a great deal of interest in the having this charter school in the city of Port Wentworth. A petition in support of the school has been signed by over 2,000 Port Wentworth residents and families representing over 600 Port Wentworth students who have already expressed interest in attending the School.

The city's anticipated continued growth and strong support for the school, as evidenced by pre-enrollment activity, give us the confidence that enrollment targets at IPWCA will be met. Imagine schools currently helps educate over 37,000 students across the country with many school having waiting lists and nearly all schools operating economically. Imagine has experience in marketing to families and meeting enrollment targets.

In addition, and a primary motivator for charter school legislation to begin with, is the fact that enrollment risk is entirely carried by the charter school. Charter Schools that operate effectively have

adequate revenue streams to operate and build waiting lists over time – just as Oglethorpe Charter School has done; those that operate poorly fail to attract enough students and eventually go out of business – as they should. While we are confident we can meet the enrollment targets included in the petition, we also recognize that our and Imagine’s ability to effectively operate IPWCA depends on it.

IPWCA will host community informational meetings, open house events, and participate in various events throughout Chatham County in order to ensure that city and county families have the opportunity to know about and feel welcome to be part of our school. We expect to utilize local newspapers, radio, e-blasts, our website and television, as well as various community newsletters. In addition, we will continue to canvass neighborhoods, attend community functions, post informational flyers, and update our website.

Our Charter School will recruit through a public information campaign that provides information to the Chatham County community. This will include direct mailings, public advertisement, the local and community press and informational meetings at a variety of locations using both English and Spanish where appropriate. All of these media will be selected with an eye toward ensuring that our demographic represents a racial/ethnic balance reflective of Chatham County.

We don’t believe the SCCSD conclusion regarding “enrollment risk” is a valid basis for denial.

Issue 1 (b)- “Petitioners have not provided an adequate plan for securing a facility and ensuring that it would be ready for school opening”

The SCCSD provides no basis for reaching this conclusion. Schoolhouse Finance, Imagine Schools’ Facility affiliate, has thus far successfully built and financed over \$250 million in new school facilities in 11 states and the District of Columbia. Imagine Schools and Schoolhouse Finance are leaders in constructing and financing new charter facilities.

As IPWCA will receive no state or local monies for its facility, we must use the per student allocation received to pay for everything: textbooks, teachers, administration, and buildings. Imagine charter schools deliver a high quality education for less money than is being spent on government-operated schools. We believe that a high quality school building is an important ingredient in fulfilling our mission to help parents educate their children. Imagine school buildings provide safety, stability, a long-term presence, and a high-quality learning environment for children. Just as government-operated schools use bonds to finance schools, Imagine Schools (through Schoolhouse Finance) uses its credit to provide the financial backing for long-term leases and building purchases. Each school’s lease rate is based on the actual costs to purchase, construct or renovate the school building and associated land.

Schoolhouse Finance generally leases buildings from third party owners for at least 15-25 years in order to provide a long-term, stable location.

- Each individual school (in this case IPWCA) sub-leases the building from Schoolhouse Finance only for the period that its individual charter is valid (usually 5 years).

- The school is not taking on a bigger or longer term obligation than it can handle, and the financial burden needed to secure a stable, long-term and high quality building is shouldered by Schoolhouse Finance.
- Schoolhouse Finance does not generate a net surplus (it lost \$2.5 million in SY 2009) and is operating solely to provide quality school buildings for Imagine schools. Its purpose is to “bridge the gap” between the financial market’s credit requirements and the minimal credit quality of stand-alone charter schools.

Consistent with the approach outlined above, Schoolhouse Finance intends to enter into a long term lease for a building and land for use by IPWCA, which in turn will sublease the facility from Schoolhouse Finance. The IPWCA facility will be approximately 55,000 square feet (heated and air conditioned space) located on a site of between 7 and 10 acres. Negotiations for property meeting IPWCA’s need are underway, with three attractive options available in northern Port Wentworth. Schoolhouse Finance and IPWCA will not enter into any binding agreements for property or construction until charter approval has occurred. We estimate that lease payments for the facility will represent between 17 and 20% of the IPWCA revenues. Schoolhouse Finance has successfully financed and had constructed or renovated over \$250 million in new school facilities over the past 5 years. Included in these projects are facilities built or renovated in Atlanta, Mableton, Smyrna and Marietta, Georgia during the past 5 years.

The estimated timeline for site control, acquisition and construction of the facility is expected to be as follows:

- December 2010: Charter approval by Georgia Charter Schools Commission.
- December 2010: IPWCA board enters Lease Agreement with sub-Landlord (Schoolhouse Finance – copy of draft sublease included as Appendix “G”)
- December 2010: Landlord Closes on Purchase of Property and releases Construction Contractor to finalize construction drawings and apply for Site development and construction permits (some design work may precede Charter approval by the Commission).
- February 2011: Construction Permits Approved – Construction begins.
- July 2011: Construction Complete – Certificate of Occupancy Received.
- July 2011: Furniture, Equipment, Technology received and installed
- August 2011: School Opens

We don’t believe the SCCSD conclusion regarding “provision of a facility on time” is a valid basis for denial.

Issue 1 (c) - Composition of the charter school’s Governing Board does not meet Material Terms of SCCPSS IBB by ensuring parents/guardians are ½ of the membership by year 3.

We can find no such requirement in GDOE regulations and do not believe it is a valid reason for denial. The IPWCA Bylaws and Charter define the manner in which new board members will be selected and parents/guardians will be included as potential board members. If the GDOE has such a requirement that we have overlooked, we are open to consider a revision to the charter and bylaws.

Issue 1(d) – “Academic performance-based goals and measurable objectives do not meet the requirements as mandated by charter schools rules and GDOE requirements”.

We acknowledge that our charter application to the SCCSD failed to provide grade level performance-based goals and measures, but the application now being submitted to the Commission has been expanded to address this requirement.

Issue 1 (e) – “The petition does not meet the state and federally mandated requirements for serving students with disabilities or ESOL students, nor does the petition meet requirements for Supplemental Educational Services and remediation.”

We believe this requirement was adequately met in our initial application and without additional specifics from the SCCSD, are unsure of their rationale for this issue being a basis for denial. We have however expanded the discussion in the application submitted to the Commission.

Issue 2 - “Available data does not support significant academic achievement gains by Imagine schools nationwide. For 2008-09, fifty-eight percent (58%) of Imagine schools did not make AYP; this included seventy-six percent (76%) of Florida Imagine schools did not make AYP”

Imagine Schools believes the best measure of a school’s effectiveness in academic improvement is through measurement of annual same student learning gains. However, we will address the concern raised regarding Imagine Schools’ AYP results, including appropriate context. This context was also provided to the SCCSD and does not appear to have been considered as part of their assessment.

With regard to Florida Imagine Schools, 76% did not meet AYP in 2008/9. However, 77% of all FL schools failed to meet AYP and thus Imagine outperformed the state of Florida. All four Imagine schools in Georgia met AYP in 2009/10.

From a national perspective, 55% of Imagine Schools did not meet AYP in 2008/9 (influenced heavily by Florida results). However, some additional context explains this result.

First, Imagine students arrive well behind grade level:

- 73% of new students transferring into Imagine Schools are behind grade level in math; 45% in the lowest quartile.
- 68% of new students transferring into Imagine Schools are behind grade level in reading - 43% are in the lowest quartile]
- Half of new students transferring into Imagine Schools are in the bottom 28% of all students nationally.

As AYP is based on testing proficiency and ignores a student’s annual starting point, it takes time to get annual gains that will allow a student to reach proficiency. This means multiple years for students who are years behind. Imagine is a fast-growing organization (62% of schools have been open 3 years or less), so with students far behind grade level, Imagine’s new schools should not be judged on AYP results right away. This is especially true for Florida, where 59% of Imagine schools are one or two years old and 64% are three or fewer years old.

While Imagine measures and cares about AYP – they believe a better measure of a school’s effectiveness is same student learning gains, where Imagine has impressive performance results. In the 2009-10 school year just concluded, 69 of 71 Imagine schools averaged same student reading and math learning gains of 1.0 or more. Said another way, 97% of Imagine schools met or exceeded national expectations of 1 year of learning gains per year.

We believe SCCSD has no basis for denial of the IPWCA charter based on Imagine Schools’ academic performance.

Issue 3 – “Four (4) of the eleven (11) Material Terms as required by local policy IBB have not been met and assured by the petition.”

No specifics were provided by the district with the exception of Governing Board makeup, which was addressed in the response to Issue1(c) above.

Issue 4 – “The charter school does not propose a unique nor innovative educational program for the school district.”

We disagree with the SCCSD conclusion.

OCGA 20-2-2061 states: “It is the intent of the General Assembly to increase student achievement through academic and organizational innovation by encouraging local school systems to utilize the flexibility of a performance based contract called a charter.”

Imagine Schools’ unique organizational operating philosophy wasn’t given any consideration by the SCCSD. We believe SCCSD doesn’t consider organizational innovation relevant while we believe it is even more important than a unique academic program because it’s empowering impact on staff members has a multiplying impact on effectiveness.

Imagine Schools is an intentionally highly decentralized organization where principals and staff make most operating decisions based on their student and family needs. Decisions are guided by 5 Measures of Excellence where Outputs (and not Inputs) are what matter most. At an Imagine School, these measures are: Academic Achievement, Parent Satisfaction, Character Growth, Economic Sustainability and Shared Values of Integrity, Justice and Fun. People who are believed-in enough to be given the freedom to make important decisions grow in effectiveness and confidence quickly as does the organization as a whole. An empowering environment reveals the remarkable abilities of most people and results in a team that learns how to succeed, adapt to changing conditions and remain effective regardless of the circumstances.

Our approach to academic performance is also unique. It starts with pre-testing of all students at the start of the school year (using Stanford 10) to give the teachers baseline data. From this, teachers determine where each individual student stands, so the teacher can use differentiated instruction to address their strengths and weaknesses. Benchmark testing through the year augments the teachers’ understanding of how well students are learning and end-of-year testing allows calculation of same-student learning gains by which we evaluate school and teacher performance and make adjustments.

Issue 5 – “Based on documents presented in the petition and documented management issues nationwide, there is a lack of confidence in the proposed management organization’s business model that appears to include elaborate school real estate transactions, high facilities costs, high management and operations fees, low spending on classroom instruction, tight control of school finances and board relationships, and limited local oversight.”

We disagree with all of these supposed issues of concern raised by SCCSD. And while SCCSD’s description of the concerns lack adequate specificity to allow a more focused response, we address each based on the limited information provided by SCCSD.

- Real Estate- While financing of charter school facilities is a relatively new process, Imagine’s method for doing so is neither complex nor “elaborate” (as the SCCSD concluded).

Schoolhouse Finance, Imagine’s facility division, does not generate a net surplus (it lost \$2.5 million in SY 2009) and is operating solely to provide quality school buildings for Imagine schools. Its purpose is to “bridge the gap” between the financial market’s credit requirements and the minimal credit quality of stand-alone charter schools. Schoolhouse Finance generally leases the buildings for at least 15-25 years in order to provide a long-term, stable location. The individual school then sub-leases the building from Schoolhouse Finance only for the period that its individual charter is valid (usually 3-5 years). Therefore, the school is not taking on a bigger or longer-term obligation than it can handle, and the financial burden needed to secure a stable, long-term and high quality building is shouldered entirely by Schoolhouse Finance. We would be happy to explain our process in more detail if it would be helpful.

- Facilities Cost – Though final agreements have not been negotiated, we expect the lease cost for IPWCA to be at or less than equivalent Class A commercial rates in the Chatham County and to be less than 20% of annual school FTE revenues. The SCCSD incorrectly concludes that these represent “high facilities costs” and failed to provide any rationale for reaching that conclusion. In addition, lease rates are based directly on the landlord’s underlying costs to acquire, construct and finance the facility.
- Imagine Management Fees – among Charter Management Organizations, these overhead costs or fees range from 9 to 15% or so. IPWCA’s planned annual payment of 12% of FTE revenues to Imagine Schools for services and support is based on actual Imagine national administrative and support costs allocated across all schools (and representing functions that the schools do not have to handle themselves).
- Spending on Classroom Instruction – We don’t understand the meaning or relevance of this criticism. Imagine schools are achieving significant academic success and, based on the SCCSD criticism, are apparently doing so at a cost less than the amount being spent by SCCSD. Our position is that the amount of money spent in a classroom is not a primary determinant of the effectiveness of that classroom in educating children.
- “Tight control of school finances, board relationships, limited local oversight” (text directly from the SCCSD denial recommendation). – We believe SCCSD raised this as a concern based on recent articles in the press; however, SCCSD did not request any information from Imagine to

assist them in addressing the concerns. In any event, in an attempt to respond to what we believe is the concern, we point out the following:

- The charter will be held by the IPWCA board – a Georgia Non Profit Corporation, which will operate in accordance with its own bylaws (included as an attachment to the charter application)
- The IPWCA board is made up of Chatham County residents and will be in the future
- Imagine will work for the IPWCA board, under an operating agreement that the board will negotiate following charter approval, but essentially in the form attached to this charter application.
- We acknowledge that Imagine Schools will take a significant role in opening and operating the school, but that is what the IPWCA board prefers. There is no prohibition against such an arrangement and on the contrary, there are many examples of charter schools which have failed to perform effectively as a result of inadequate resources – financial and otherwise. Teaming with Imagine assures us that we will have the resources to succeed and be sustainable.

Attachment 1

Recommendation from Savannah Chatham County (SCC) School District Administration to SCC School Board. Approved by the SCC School Board on July 7.

Meeting: 07/07/2010 REGULAR BOARD MEETING
Category: 8 GOAL 1 - TO IMPROVE ACADEMIC ACHIEVEMENT
Agenda Action
Type:

Agenda Item Content

Imagine Port Wentworth Community Academy submitted a petition to establish a K-8 charter school in the Savannah-Chatham County school district. The proposal was submitted to the Savannah Chatham Public School System (SCCPSS) for consideration on March 8, 2010. On May 5, 2010, Imagine Port Wentworth Community Academy was granted an extension. On June 2, 2010, a revised petition was submitted, and on June 18, 2010, a second revised petition was submitted for review. Based on a thorough review of the Imagine Port Wentworth Community Academy's second revised charter petition by the administrative staff, it is my recommendation that the Board deny the petition for the following principal reasons:

1. Administrative staff review of the Georgia Department of Education's (GDOE) charter petition requirements determined that 29 of the 60 requirements were not adequately met. Significant concerns include:
 - (a) The proposed school's capacity to meet projected enrollment and sustain enrollment is not conveyed in the petition;
 - (b) Petitioners have not provided an adequate plan for securing a facility and ensuring that it would be ready for school opening;
 - (c) Composition of the charter school's Governing Board does not meet Material Terms of SCCPSS IBB by ensuring parents/guardians are ½ of the membership by year 3;
 - (d) Academic performance-based goals and measurable objectives do not meet the requirements as mandated by charter schools rules and GDOE requirements;
 - (e) The petition does not meet the state and federally mandated requirements for serving students with disabilities or ESOL students, nor does the petition meet requirements for Supplemental Educational Services and remediation.
2. Available data does not support significant academic achievement gains by Imagine schools nationwide. For 2008-09, fifty-eight percent (58%) of Imagine schools did not make AYP; this included seventy-six percent (76%) of Florida Imagine schools did not make AYP;
3. Four (4) of the eleven (11) Material Terms as required by local policy IBB have not been met and assured by the petition.
4. The charter school does not propose a unique nor innovative educational program for the school district.
5. Based on documents presented in the petition and documented management issues nationwide, there is a lack of confidence in the proposed management organization's business model that appears to include elaborate school real estate transactions, high facilities costs, high management and operations fees, low spending on classroom instruction, tight control of

Attachment 1

school finances and board relationships, and limited local oversight.

THUS,

BE IT RESOLVED, upon the recommendation of the Superintendent, that the Board of Education deny the charter school petition as submitted by Imagine Port Wentworth Community Academy on July 7, 2010.