

BOARD OF REGENTS FOR ELEMENTARY AND SECONDARY EDUCATION
MINUTES OF MEETING
August 25, 2005

A meeting of the Board of Regents for Elementary and Secondary Education was held at the Shepard Building - 255 Westminster Street, Providence, RI 02903 and convened at 4:10 p.m.

In Attendance

J. DiPrete, C. Callahan, P. Guida, R. Camara, A. Beretta, G. Grove, and K. Forbes

Public Remarks:

Steve Nardelli – Executive Director of the Rhode Island League of Charter Schools reported that the league has been working with the supporters of the Beacon Charter School and urged the Regents to re-charter the school.

Richard DiPardo, the President of the Woonsocket Teachers' Guild thanked Dr. Flaherty for his assistance with the Woonsocket Middle School. He told the members of the Board that he is speaking on behalf of the Woonsocket Teacher's Guild. He emphasized that the guild is not asking that the Regents not approve the request to re-charter the Beacon School, but rather to "equalized the playing field" for the students of Woonsocket. He explained that over the past few years, because of increased costs and budget cuts, the school department has already had to cut paraprofessional positions, mostly at the primary grade level. Now, if the Beacon School is allowed to open, Woonsocket will have to decrease its budget an additional \$100,000 – the amount the district will have to pay for Woonsocket students to attend the Beacon School. Mr. DiPardo urged the members of the Board to seek additional funding for Woonsocket students.

John Ward – Chairman, Woonsocket School Comm. Mr. Ward addressed the Board of Regents on the issue of the re-chartering of the Beacon Charter School. [A complete copy of his remarks is attached] Mr. Ward specifically addressed the issue of a recruitment strategy that includes special needs students. He cited statistics from last year's Beacon School population that shows that less than 10% of the student population were special needs students versus the 20% required by law. Mr. Ward also addressed the Beacon School/Woonsocket schools funding issue.

Consideration of Amendments to the Charter of the Beacon Charter School

Chairman DiPrete reviewed the notes from the Board of Regents State and Charter School Committee of August 19th pertaining to the Beacon Charter School. He introduced the members of the Board State and Charter School Committee and members of the Beacon Charter School faculty, Johnson and Wales administration and supporters.

Mr. DiPrete asked Mr. Robert Pilkington to review the changes to the proposal that had been presented to the Regents on the 19th, including a revised budget based on 112 students; a reduced fundraising amount - \$25,000; and a revised personnel number - \$825,846. Steve Cuomo, a Beacon School project consultant talked about efforts to raise money for a permanent school site and the possibility of raising "art based" funding. The group also spoke about the original projections of the total amount of the 2004-2005 deficit. The actual amount was smaller than originally projected because the number of faculty sick days budgeted for did not occur and the cost of consultants and materials was decreased bringing the shortfall to \$80,000. The school plans to pay the \$80,000 through a grant from the Woonsocket city council along with funding from financial guarantors Wayne Daniel and Edward Maggiacomo. Mr. Maggiacomo assured members that he is willing to offer financial support to fill the 2004-2005 gap and any shortfall that might occur in the 2005-2006 school year.

Chairman DiPrete read a statement from absent Board member, Maurice Paradis expressing his concerns about the reinstatement of the Charter, as follows:

“As much as I am a supporter of charter schools and all the wonderful things they can provide for our students – both academically and socially – I have grave concerns about the continuation of this charter school. Before I can voice my support of this school, I would need to have the following information: First of all, it is imperative that the school is able to verify the deficit number from last year. I don’t believe that the \$75,000 number talked about at the last meeting has been verified. Secondly, we need to know how that deficit (whatever it turns out to be) will be filled BEFORE the opening of school and how the school will guarantee that the same thing won’t happen again this school year – if the Regents grant the charter. Is the city council going to guarantee the deficit or does the school have proof that there is another guarantor that will be able to come forward if the school gets into financial trouble again? Additionally, I will also want a guarantee as to the minimum number of registered students.

Without all this information, I absolutely cannot support this charter school.” - Maurice Paradis.

There was an extended discussion about the viability of the school. The Board expressed numerous concerns and questioned, in depth, the level of Johnson & Wales involvement. The Board also spoke on the issue of the “focus” of the school. Board members urged the school’s staff and administrators to focus on the running of the school and the academics of the students, at least for the first couple of years, rather than try to concentrate additional efforts on raising money for a permanent site. Other concerns addressed (and agreed to be resolved) were:

- Woonsocket City Council would provide a letter or resolution to the board guaranteeing \$50,000 in funds to be used to eliminate the \$80,000 deficit for the 2004-2005 school year.
- Mr. Maggiacomo and Mr. Daniel – would be responsible for the remaining amount that would be deposited in an escrow account on Monday.
- The board asked for clarification from Mr. Maggiacomo and Mr. Daniel as to the nature of these funds – a loan or a gift? – Mr. Maggiacomo told members that the funds would be considered a loan to be repaid IF the school shows a surplus at the end of the year.
- The Regents asked that a letter of credit from the guarantors be obtained and placed on file with the Department of Education before the first day of school. There was a discussion concerning the percentage amount of letter of credit/ i.e., 10% or 15% of the total operating budget. It was agreed that it would be 15%.
- Commissioner McWalters emphasized that no public money could cover any of the 2004-2005 deficit.
- Regent Callahan spoke about the impact that reinstating this charter would have on the Woonsocket public schools. She said that if the Regents re-charter the school, there should be additional funding to assist the district.
- Regent Beretta asked for clarification of the actual amount of the shortfall from the 2004-2005 school year. He specifically asked who is paying the school’s attorney fees. [The attorney for the Beacon School, Mr. Dickinson told the group that he was doing the work without a fee.]
- Regent Forbes asked how the funding for the school would be restored in the state budget. Commissioner McWalters told the group that, if approved, the Governor would reinstate the state share as part of a supplemental budget.

- Regent Camara asked for details about the lease of the school building and again urged that the focus of the school be kept on the operation of the school before discussion begins to address a building project of this magnitude. There was an extended discussion about the “new” building, how it would be funded and the time line. The school agreed to take out of the application all of the references to a new facility and will revisit the question during the next Regents’ review.
- The group also asked that a letter from the Auditor General be obtained prior to the opening of school verifying the financial “soundness” of the school and that all charter school requirements be abided by.

Chairman DiPrete asked RIDE Chief of Staff, Jennifer Wood to revise the original motion for approval indicating the specific conditions to be met and restrictions imposed for consideration. In the meantime, the board will continue with the agenda and come back to a discussion and vote of a revised proposal.

Approval of the FY 2007 Capital Budget

Regent Camara told Board members that the Finance Committee of the Board had met earlier in the day and reviewed the details of the Capital Budget, as follows:

- RIDE is responsible for the repair, renovation, and improvement of fixed assets used by the state’s career and Technical Centers and the Rhode Island School for the Deaf. The capital budget for FY 2007-FY 2011 is \$68,832,786, of which \$29,000,000 is from bond funds supporting improvements to the Metropolitan Career and Technical Center and \$15,000,000 from bond funds to repair and improve the state’s Career and Technical Centers. The group then briefly reviewed each of the projects, as described in enclosure #5.

Regent Callahan questioned the MET School/Providence Career and Tech \$900,000 line item for FY 06-FY 08. Ms. Callahan asked if there are any stipulations on the use of any of the original \$29 million bond connected to the Acquidneck Island project for renovations or updating. The RIDE Director of Finance, Carolyn Dias, told the group that the original bond proposal was to renovate the MET school at the Shepard bldg.; for a second MET school in Providence; and for a satellite MET school in Acquidneck Island.

MOVED AND SECONDED: THAT, the Board of Regents for Elementary and Secondary Education Approve the FY 2007 – FY 2011 Capitol Budget, as presented.

VOTE: Approved Unanimously.

Budget Update

The group discussed the timeline for the approval of the FY ‘07 budget. It was decided that there would need to be two budget meetings scheduled (after the Saturday retreat) but before the 15th of September deadline. Ms. Dias explained that the department can file a budget “contingent on the Regents approval” based on the two committee meetings and Saturday Retreat.

Committee Reports

- a. **School Administrator & Teacher Quality and Support Committee** – Regent Forbes asked that the group check their calendars before Saturday to schedule a meeting of the School Administrator and Teacher Quality and Support Committee to discuss “cut” scores. She stressed the importance of having as many Regents as possible attend the meeting.

b. Committee On Academic & Student Programs

Regent Callahan reported that at the next meeting of the committee, the group would have a legal review of the High School and Middle School regulations.

c. Progressive Support and Intervention

RIDE Director of Progressive Support and Intervention, Mary Canole, distributed materials on the department PS&I work. Commissioner McWalters told the Board that he is expecting a request to assist Johnston.

Continuation of Discussion of Amendments to the Charter of the Beacon Charter School

RIDE Legal Counsel, Jennifer Wood distributed a revised Motion for Conditional Approval of Amendments by the Board of Regents with Specific Conditions to be Met and Restrictions Imposed. Ms. Wood reviewed each section of the proposal with the Board and the group discussed the proposed changes.

MOVED AND SECONDED: THAT, the Board of Regents for Elementary and Secondary Education conditionally approve the amendments to the Beacon Charter School including a new governance structure which adds Johnson and Wales University as a co-sponsor for the school and authorize the Beacon Charter School to operate during the 2005-2006 school year and beyond under new management as set forth in the amendments to the charter contingent upon the following conditions being met:

- 1) The City Council of the City of Woonsocket will approve a resolution no later than August 30, 2005 committing to provide funds not to exceed \$50,000 to resolve any and all outstanding deficit amounts incurred by the Beacon Charter School during the 2004-2005 school year;**
- 2) The City Council of the City of Woonsocket will in fact appropriate funds as discussed in paragraph one of the Motion at their next meeting at which such appropriations can be undertaken and said appropriation shall be approved by the Mayor consistent with the local governance process of the City of Woonsocket;**
- 3) The private guarantors shall place in an escrow account the amount of \$32,000 no later than August 30, 2005. Such payment shall be a donation to the Beacon Charter School, an incorporated 501(c)(3) entity and shall not be subject to repayment by the Beacon Charter School from any public source of funds.**
- 4) The Beacon Charter School budget for the 2005-2006 school year shall be amended to reflect a cash reserve of \$70,000 and this amount shall be presumed available to address any contingent liabilities, including any and all outstanding judgments arising out of pending litigation.**
- 5) A Letter of Credit from the private guarantors in the amount of 15% of the operating budget of the school for the 2005-2006 school year, as set forth in the amendments to the charter, shall be obtained and a copy placed on file with the Rhode Island Department of Education for Elementary and Secondary Education and the Office of the Auditor General no later than the first day of school for the 2005-2006 school year as set forth in the amendments (September 12, 2005). Funds available pursuant to this Letter of Credit shall be made available to the Beacon Charter School should the school incur a deficit at any time during the 2005-2006 school year as determined by the Office of the Auditor General. Any such deficit incurred at any time during the 2005-2006 school year, as verified by the Office of the Auditor General, shall be resolved through recourse to the funds guaranteed by the Letter of Credit and not through any supplemental appropriation from the State of Rhode Island general fund.**

- 6) The Rhode Island Department of Elementary and Secondary Education shall receive a letter from the Office of the Auditor General prior to the opening day of school set forth in the amendments (September 12, 2005) certifying that (a) Johnson and Wales University is an eligible and appropriate entity to serve as a charter school sponsor under Rhode Island law; and (b) that the Office of the Auditor General has reviewed the amended proposed budget for the operation of the Beacon Charter School during the 2005-2006 school year (submitted on August 24, 2005) and that this budget meets the requirements of law used by the Office of the Auditor General to review the proposed budgets of other charter schools operating in the State of Rhode Island.

Should any of the conditions set forth in this Motion not be met within the time frames set forth in the Motion, then this conditional approval by the Board of Regents of the amendments is null and void, the Beacon Charter School is not authorized to operate for the 2005-2006 school year, and the status of the Beacon Charter School reverts to its current condition, that is, that the charter has been surrendered and the school is not authorized to operate as a public charter school in the State of Rhode Island.

Section Two: Restrictions on the Operation of the Beacon Charter School Imposed by the Board of Regents as a Condition of their Approval of the Amendments and Authorization to Operate Under New Management:

Should all of the conditions set forth in Section One of this motion be met in full within the time frames set forth in Section One the Beacon Charter School is authorized to operate under new management for the 2005-2006 school year and beyond subject to the following restrictions imposed by the Board of Regents:

- 1) Authorization for enrollment of students for the 2005-2006 school year is capped at no more than 115 students to be enrolled by the submission of the October enrollment figures to the Department of Elementary and Secondary Education. Enrollment for the 2006-2007 school year and the 2007-2008 school year shall be capped at the numbers set forth in the amendments (140 and 180 respectively) and the sponsors shall be required to return to the Board of Regents for further approval should they seek to enroll students in numbers greater than those set forth in the amendments as included in this paragraph.
- 2) The Board of Regents is expressly NOT approving the amendments proposed by the sponsors in Appendix G relating to a role for the Beacon Charter School in the capital improvements to the Stadium Building, nor are the Regents approving any portion of the amendments which reference the Stadium Building as the presumed future site for the school. Any involvement in the capital improvement of the Stadium Building by the Beacon Charter School is deemed to be legally inappropriate and financially overly ambitious for a school of this size and in light of the history of prior financial mismanagement of this school. The Regents conclude that no eligibility for publicly funded school housing aid is appropriate for the capital improvements to the Stadium Building and that all references to the same are hereby stricken from the amendments.

Instead, the Regents require that the Beacon Charter School operate in leased space, whether in the current location in the parish building or, in future as a tenant in another facility (including the Stadium Building if appropriate and available), incurring only reasonable and ordinary rent at the prevailing rental rate for space appropriate in size and character to the operation of a school of the size and with the programmatic requirement of the Beacon Charter School as set forth in the amendments. Should the Beacon Charter School at a future time wish to undertake a capital campaign and move from leased space to space that is purchased by the school the Beacon Charter School is expressly required to return to the Board of Regents with a specific plan for capital development which will require a separate approval of the Board prior to its implementation.

3) As required by R.I.G.L. 16-77-4 the Beacon Charter School shall ensure that its student demographics mirror those of the Woonsocket Public Schools, particularly with regard to serving students with special needs and disadvantaged students. The Beacon Charter School shall submit a student demographic report to the Rhode Island Department of Elementary and Secondary Education no later than October 15, 2005 and if that student demographic report indicates that Beacon Charter School has enrollments disproportionate to those required by the charter school statute then the Beacon Charter School shall file a corrective action plan with the Department to correct any enrollment imbalances during the 2006-2007 school year.

4) The conditional approval of amendments and authorization to operate granted herein is a probationary approval. The school is subject to the filings of quarterly progress reports which shall be submitted to the Rhode Island Department of Education's Charter School Coordinator and reviewed by the State and Charter Schools Committee. Should these progress reports cause the Commissioner to conclude that the continued operation of the school is not appropriate based on these progress reports then the Commissioner shall immediately convene an expedited revocation hearing pursuant to R.I.G.L. 16-77-1 et seq.

The Regents note but are without authority to address the fiscal impact on the City of Woonsocket, the Woonsocket School Committee and other northern Rhode Island communities of the conditional approval of the amendment and would request and expect that the executive and legislative branches of the State of Rhode Island consider that impact when constructing the supplemental appropriation necessary to implement this action of the Board in conditionally approving the amendments to the Beacon Charter School and authorizing it to operate, with restrictions, under new management and sponsorship.

(Regent Guida left at 7:15 pm)

VOTE: Approved 5 to 1. [Regent Callahan voted against.]

Executive Session

As per R.I.G.L. 42-46-5-(1), the meeting adjourned at 7:40 p.m. for Executive Session.

The meeting reconvened to open session at 8:09 p.m.

Adjourn

With unanimous consent the meeting adjourned immediately at 8:10 p.m.