MEMORANDUM

December 23, 2020

To: Members of the Board of Trustees

From: Susan Miller Carello, Executive Director, SUNY Charter Schools Institute

Subject: SUNY Charter Schools Institute Update

Revisions

The SUNY Charter Schools Institute (the “Institute”), under the provisions of the State University of New York Board of Trustees’ (the “SUNY Trustees’”) delegation of duties to the Institute, has reviewed and will approve the following revision request:

- Lewis Katz New Renaissance Basketball Academy Charter School, to be located in Community School District 7 and opening in the 2021-22 school year, has requested to change its name to the Earl Monroe New Renaissance Basketball Charter School.

Updates

2021 Request for Proposals for New Charter Schools

As required in statute, the Institute anticipates releasing the draft 2021 Request for Proposals (“RFP”) for public comment. After considering public comments, the Institute will finalize the RFP with an anticipated release in January 2021. There are 95 charters available for applicants seeking to open and operate a charter school outside of New York City. Two application rounds are currently scheduled for 2021. The Institute anticipates presenting proposals recommended for approval to the SUNY Trustees in May or June 2021. The earliest opening date for any school approved in this cycle is fall 2022.

New Roots Charter School Probation Status

On December 18, 2019, the SUNY Trustees voted to place New Roots Charter School on probationary status due to low enrollment, fiscal mismanagement, and admitting students outside permissible grade range. The remedial action plan contains mandatory terms and conditions, and provides the Institute with timely financial reporting. The Institute received and reviewed the June 30, 2020 audited financial statements. The audit, for a second year, reported the external auditor’s opinion that the education corporation is a going concern based on low enrollment, outstanding debt owed to the N.Y.S. Teachers’ Retirement System, and uncertainty regarding collection of any of
the district per pupil receivables from prior years. The school has hired a financial consultant to assist with record keeping and attempts at collecting old receivables. The auditor noted that record keeping has improved. The school implemented marketing and recruitment strategies but the COVID-19 pandemic affected enrollment, which currently stands at 114 students. This is similar to 2019-20 actual enrollment, but below the chartered enrollment of 160. The Institute will continue to monitor operations during the 2020-21 school year.

**Overview of Financial ‘Watch List’ During COVID-19 Pandemic**

The Institute utilizes the existing five-year SUNY Fiscal Dashboard based on audited financial statements (currently through June 30, 2019) as the starting point for fiscal monitoring. The Institute identifies those schools with a status of ‘Fiscally Needing Monitoring’ as well as any charters with a negative trajectory for two prior years. The Institute is currently reviewing June 30, 2020 audits and updating the SUNY Fiscal Dashboard and the ‘Watch List’ based on these most recent reports.

The Institute also tracks historical enrollment data, which schools self-report, and compares it against chartered and budgeted enrollments (see item below). If charters report quarterly enrollment struggles, the Institute will equate the drop in per pupil income, and identify those charters which cannot easily absorb the loss for the ‘Watch List.’ Additionally, unaudited quarterly financial reporting is due Nov 15th, Feb 15th, May 15th and Aug 1st each year. The quarterly financial reporting shows actual vs. budgeted revenues and expenses, which the Institute reviews to identify those charters that are off track from budget. With education corporation board review and approval, charters may revise budgets on a quarterly basis as needed during COVID-19. The Institute will identify those charters that have needed to revise budgets in the ‘Watch List’ tracker, reach out to those that appear to be struggling, and assist with troubleshooting strategies.

As the fiscal year rolls out and the Institute obtains more data, the finance team will closely monitor the status of ‘Watch List’ charters and maintain touch points with those in need of close monitoring. As necessary, the Institute will communicate with education corporation boards regarding any serious concerns or developing trends, and request more documentation around a plan to course correct the financial condition of the charter. If a charter reaches the point where financial viability is clearly deteriorating, the Institute can recommend remedial action or probationary status, and follow processes in the charter agreement to rectify the situation.

If a charter school on the ‘Watch List’ will be under renewal review, the Institute will request additional documentation to detail the plan to course correct the financial condition of the education corporation or individual school. The Institute will review the plan and test it for reasonableness and feasibility. The Institute legal and fiscal teams will perform due diligence to assure viability and possibly recommend conditions be placed on any renewal recommendation under consideration if necessary.

**Ongoing Enrollment Tracking For Operating Charters**

Due to the COVID-19 pandemic, the Institute made an additional request of schools and received BEDS enrollment data as of October 7, 2020, and then received the financial Q1 data on November 15, 2020. The next reporting date will be February 15, 2021. This reporting shows actual
enrollment for the SUNY portfolio as a whole running above budgeted, which was projected at 105,094.

**Audit Update**

The Institute received all financial audit reports in a timely manner. The external auditors found minimal internal control and management letter items that education corporations are addressing and which the Institute will monitor. All charters received unqualified opinions from auditors except, as noted above, New Roots Charter School, which the Committee placed on probation in part as a result of New Roots’ financial situation.