

July 25, 2014

Board of Elementary and Secondary Education
Massachusetts Department of Elementary and Secondary Education
75 Pleasant Street
Malden, MA 02148

Dear Board:

On behalf of the Salem Academy Charter School Board of Trustees, I respectfully request your approval of an amendment to change our charter to increase our maximum enrollment cap from 372 to 480 students. This change will necessitate our being designated a "proven provider". This change to our charter will be effective upon the approval of the Board of Elementary and Secondary Education, for initial implementation in the 2015-2016 school year.

The Salem Academy Charter School Board of Trustees wishes to make this change in order to accommodate the increasing demand for spaces in the school and to fulfill the school's mission to serve the diverse population of Salem. Thirty-six percent of Salem 5th Graders applied for Salem Academy's sixth grade this year. Forty-four percent applied the previous year make chances of enrollment for non-siblings less than 20%. As Salem struggles to address the issues of a Level 4 district, there is growing discontent with the lack of educational choices in the City, and residents with children are considering moving out of the City.

The Salem Academy Charter School Board of Trustees voted to approve this request on June 25, 2014 at a meeting held in compliance with Massachusetts Open Meeting Law G.L.c. 30A, §§ 18-25. At that meeting, the Board of Trustees authorized me to submit this request on their behalf.

We believe there is ample documentation on file at the Charter School Office supporting Salem Academy Charter School's candidacy for "proven provider" status. Salem Academy Charter School is an academic success, is a viable organization, and is faithful to the terms of its charter. The Department of Elementary and Secondary Education has ranked Salem Academy a Level One school for the past two years, and the Commissioner renewed Salem Academy's charter this past January without conditions. In his summary to the Board, Commissioner Chester wrote "The school is faithful to the terms of its charter and is organizationally viable. The school has participated in exemplary dissemination efforts to share its best practices, implements an exceptionally rigorous and well-documented curriculum, and met a majority of the measures contained in its accountability plan." On the rubric measuring Charter School Performance Criteria, Salem Academy Charter School scored Meets or Exceeds in all categories but the Finance measure of partially meets. The financial concern, cash flow shortage, has been addressed as is evidenced by financial statements in the 2013-2014 Annual Report.

The 2013-2014 year was Salem Academy's tenth anniversary year, and the school has enjoyed stable leadership for that period. The Executive Director is currently in his 9th year at the school. Salem Academy's founder and Head of School (Principal), Rachel Hunt left at the end of June and has been succeeded by Stephanie Callahan who has served in various administrative positions here for eight years. The school's Special Education Coordinator is in her eleventh year, and the Dean of Students is in her fifth year. Board leadership also has been stable with four Board Chairs over 11 years. Most trustees have served two three-year terms, and many former trustees have remained involved on Committees and on the School's Foundation Board.

As a school whose mission is to serve the diverse population of Salem, Salem Academy is proud of its commitment to access and equity. The City of Salem's population is truly diverse: White 74%, Hispanic 15%, African American 5%, Asian 3%. There are populations of Dominicans, Russians, and Middle Easterners here; and 40% of the population is low income. The school population reflects greater diversity than the City of Salem. Salem Academy Charter School's demographics include only 50% White, 34% Hispanic, 11% African American, 5% Asian; 40% low income, 16% Special Education; 6% ELL. Christian, Jewish, and Muslim children come to school here, children of college professors, nurses, musicians, mechanics, and custodians. Some parents are unemployed, and some students are homeless; some students are gay, many have single parents, and some have same sex parents. Salem Academy's CHART documents that the school meets or exceeds most state averages as well as is comparable to the District's demographics.

Salem Academy Charter School is very clear in its outreach to the community that the school welcomes all students regardless of academic proficiency, special needs, English language development, or any other factors that may put students' opportunity for success at risk. The school has developed a variety of programs to address the needs of at risk students, and in the past three years, the overall attrition rate has dropped from 10% or more within the middle and high schools to 4% this year.

Salem Academy opened in 2004 with 88 students in grades 6 and 7. By 2009, enrollment reached the then cap of 308 in grades six through twelve, and grades six and nine became primary entry points. In 2011, The Board of Education approved an amendment to the school's charter increasing the enrollment cap to 372 in order to increase the high school population and allow for a more robust program. The school enrolled 340 students in 2012-2013 and grew to 372 students in 2013-2014. As the school has grown in population, increased the depth and breadth of offerings, and developed its curricular and co-curricular programs, the demand for enrollment at the school has increased proportionately.

The Salem Academy Charter School Board of Trustees requests that the Board of Elementary and Secondary Education approve this request at an appropriate meeting in the Fall of 2014 if possible. Please contact Sean O'Neil at soneil@salemacademycs.org or 978-744-2105 if you have any questions about this request.

Sincerely,

Sean D. O'Neil
Executive Director

Copy: Associate Commissioner Cliff Chuang
Enclosure

Charter Amendment Request Supporting Documentation

Mission and Key Design Elements

Salem Academy Charter School's mission is to serve the diverse population of Salem with a college preparatory program for students in grades six through twelve. Through a unique integration of college preparatory classes with service to the community, Salem Academy graduates informed, articulate, and proactive individuals of strong character.

The essential vision of this school is for students who choose to come here, regardless of social, ethnic, or economic background, to find academic success and to develop the skills, the habits of mind, the attitudes, the strength of character, and the sense of civic responsibility to become successful in college and to become active and constructive participants in an adult society.

Evidence that Salem Academy Charter School is faithful to its mission, vision, and educational philosophy is manifested in the integration of a rigorous, standards based academic program, meaningful service initiatives that put academic pursuit into practice, and attention to development of strong character based on the school's norms reflected in the acronym REACH – Responsible, Empathetic, Assertive, Cooperative, and Honest.

Salem Academy's request to increase its maximum enrollment cap from 372 to 480 students is consistent with the school's mission in that it is a response to the demand for spaces here by the Salem population. The mission has not changed; the population we seek to serve has demonstrated a high level of demand for our program. That said, however, we do believe that larger high school population will allow us to offer greater breadth and depth of academic choices as well as a more robust extracurricular and social program. Our current configuration of 372 students places approximately 186 students in the middle school and 186 in the high school. An enrollment of 480 students would place 216 in the middle school and 254 in the high school with flexibility of 10 spaces to accommodate variations in retention and attrition.

As indicated in our cover letter, the DESE has ranked Salem Academy Charter School a Level One school for the past two years, and in the process of renewing the school's charter, the DESE ranked Salem Academy at the meets or exceeds level on all but the Finance elements of the Charter School Performance Criteria rubric. Finance was ranked "partially meets" on the basis of cash flow issues and lack of cash reserves, and that issue has been addressed as evidenced in the financial statements included in the school's Annual Report.

Access and Equity

Salem residents are seeking spaces here but are becoming disillusioned with the limited probability of getting in, and some residents with children are considering moving out of the City. Thirty-six percent of Salem 5th graders applied for Salem Academy's sixth grade this year. Forty-four percent applied the previous year. With siblings filling the first 33 of 60 spaces, only 27 spaces remained making chances of enrollment for non-sibling Salem residents less than 20%. As Salem struggles to address the issues of a Level 4 district, there is growing discontent with the lack of educational choices in the City. The March 2014 enrollment lottery was a particularly depressing event when a large audience of hopeful students and parents sat patiently listening to names being drawn, only to find themselves on long waiting lists. In the past three years, Salem Academy has been able to accept approximately 78 new students each year. This has filled the new sixth grade each year with 60 students, backfilled minimal attrition from the coming 7th and 8th grades, and started the 9th grade with 60 students. Applications from Salem residents for new 9th grade spaces have increased from 26 for 2012-2013 to 47 for last year and 42 this year. Again, with a 33% chance of 9th grade entry, there is skepticism in the community regarding the possibility of getting in, and so some families do not bother to enter the lottery.

We believe that increasing our capacity to 264 students in the high school will address the skepticism issue, and further developing our curricular, extra-curricular, social, and athletic programs will make the program more attractive to potential 9th and 10th grade students. Historically, students who began at Salem Academy in 6th grade have been more successful in our high school than students who began in 9th grade. Clearly, the middle school experience here has enabled those students to acquire skills that supported their performance in later years. Still, Salem Academy Charter School's mission is to serve the diverse population of Salem, and we believe an increase in our enrollment cap to 480 students will give us the opportunity to invite many more 9th grade students to begin their high school experience here.

Salem Academy Charter School asks parents of all students to complete a simple "Family Satisfaction Survey" in mid-winter of each year. Like many surveys, the return rate for the past four years has been low: 26%, 17%, 31%, 22% respectively. This past year 51% of parents completed the survey. It had the same ten questions every year with a scale of 1 being the lowest to 5 the highest. On Question 1, "Is Salem Academy serving its mission?", parents responded with 4.7. The average score for all ten questions was 4.5. Question 6, "Extracurricular activities, arts, athletics, and enrichment programs are sufficiently varied and appropriate to meet students' needs" rated the lowest score of 3.8. This specific question has drawn the lowest score each year for the past five years.

Parents are sending a clear message that they are seeking more from our high school program than superior academic preparation. They and their children want a "traditional high school experience", one that includes opportunities for students to pursue unique special interests, to play on athletic teams, to perform on stage, and to have active, wholesome social lives. We see evidence of this in the attrition that occurs from 8th grade to 9th grade. Our goal for this group has been 80% retention; last year it was 86%; but at this point this year it is close to 70%. We believe that a larger pool of high school students, 240 – 260, compared to our current population of 183, will allow us to offer the more "traditional high school experience" our families seek.

Salem Academy Charter School carries out an aggressive recruitment program each year to ensure that all Salem families know of the opportunity to attend the school. At the forefront of the recruitment materials is the statement: **Salem Academy welcomes all students regardless of academic proficiency, special needs, English language development, or any other factors that may put students' opportunities for success at risk.** Communications include direct mail to Salem households, newspaper ads, posters, printed materials, open houses, our web site, and Facebook. Simple, one page, enrollment forms for the March lottery are invited from September 1 through March 1. Multiple strategies are in place to ensure every student the opportunity for success here. These include honors and Advanced Placement course options as well as before and after school tutoring programs, small group "Academic Prep Learning Center Classes," credit recovery opportunities, and summer programs.

Salem Academy consistently has had high attendance rates averaging 95.5 over the past four years. As the high school program has grown and course credits become important factors compared to middle school assessments, the retention rate has increased from 1.6 in 2010 to 2.3 in 2013. Salem Academy students have rarely dropped out of school; however, despite our best efforts, we lost one student in 2012 and two in 2013. We set a priority on ensuring a school culture that supports learning, and we hold students to high standards of civilized conduct. Simultaneously, we want students in class, and so we are constantly balancing the use of detentions, in-school suspensions, and out of school suspensions as disciplinary responses with counseling oriented responses to behavior. Over the past four years, the percentage of in-school suspensions has changed from 11.3 in 2010 to 16.8 in 2011 to 13.3 last year, down to 12.9 this year. The percentage of out of school suspensions has declined significantly from 17 in 2011 to 10.7 in 2012, to 9.1 in 2013, to 9.4 in 2014. Salem Academy has never expelled a student. One student last year withdrew rather than face possible expulsion for commission of a felony at school. The school's Student Services Team, comprised of the Principals, the

Counselors, the Special Education Coordinator, the Dean of Students, and the nurse meet weekly to identify any students in need of intervention and to initiate strategies for addressing their needs. This Team works hard to engage parents and all other possible resources to work with at risk students. In planning for increased enrollment, Salem Academy is anticipating need for an additional staff person working with the Dean of Students to support a positive school culture.

Historical Enrollment

	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
6th	55	54	55	61	66
7th	54	50	56	62	62
8th	63	49	54	62	62
LS	172	153	165	185	190
9th	49	48	51	63	61
10th	35	44	42	43	52
11th	36	32	22	36	34
12th	15	31	29	21	35
US	135	155	144	163	182
Total	307	308	309	348	372

Projected Enrollment

	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
6th	60	72	72	72	72
7th	62	72	72	72	72
8th	56	72	72	72	72
LS	178	216	216	216	216
9th	61	72	72	72	72
10th	55	54	65	65	65
11th	45	50	49	60	60
12th	33	42	47	46	57
US	194	218	233	243	254
Total	372	434	449	459	470

Salem Academy Charter School’s primary entry points are 6th grade and 9th grade. Current practice is to begin with 60 students in 6th grade and backfill through the ninth grade. When students are retained in the same grade for a second year, the enrollment in that grade may exceed the projection, and the following grade will likely fall below the projection. The enrollment projection assumes 10% attrition except from 11th grade to 12 grade when attrition rarely exceeds three students.

With an increase in enrollment to a maximum of 480 students, Salem Academy expects the 6th grade and 9th grades to continue to be the primary entry points. Sixth grade will begin with 72 new students, and the school will backfill any attrition through the 9th grade. Projections here reflect anticipated enrollment of 470 students; the maximum cap of 480 is intended to allow for variations in projected retentions and attrition.

Enrollment Policy

No change will be required in the existing, approved Enrollment Policy.

Compliance

Salem Academy is current and in full compliance with the terms of its charter and all applicable state and federal laws and regulations. Evidence is available in the recent Charter Renewal documents.

Dissemination

Salem Academy recently completed a dissemination project with the Salem Public Schools funded by a Commendation School Grant. This project focused on standards based curriculum and assessment in middle school math and the use of data to inform instruction.

More recently, in July 2014, Salem Academy Charter School was named a recipient of a \$364,400 Dissemination grant that will allow the school to partner with the Salem Public Schools and share best practices in standards based curriculum and assessment.

Student Performance

As indicated, Salem Academy Charter School has been a Level One school for the past two years. The school's performance on MCAS is well documented. In addition, however, it should be noted that Salem Academy has participated in the MMSI-APTIP (Massachusetts Math and Science Initiative Advanced Placement Teacher Incentive Program) for the past three years. As a result of this program, 76% of graduates for the past four years have taken at least one AP course in high school, and 56% of graduates in the past four years have earned qualifying scores on at least one AP exam in high school. In 2011 and again in 2012, Salem Academy was ranked among the top twelve high schools in the state in the Washington Post's Challenge Index, a measure of effectiveness in preparing students for college. This past year, 70% of students in Salem Academy's grades 11 and 12 were enrolled in a least one Advanced Placement course.

Program Delivery

Salem Academy Charter School employs a variety of supports to meet students' academic needs. Prior to enrollment, student are tested in English and math to assist in determining class placements. Sixth graders who are proficient begin Spanish, and those who need additional skill development in math or ELA are placed in Academic Prep Learning Center classes in their first year here. In middle school, all math and ELA classes are 80 minutes long each, ensuring extra time in those subjects, and a rotational tutoring system is in place after school ensuring that struggling students get the extra help that they need.

In the high school, there is a system of "Bonus Block" classes that provide opportunities for students to focus on areas of need. Those enrolled in AP classes spend Bonus Block on the AP courses; struggling students attend the classes where they need the most help. High school and middle school students also benefit from an extensive volunteer tutoring program funded here by the Amelia Peabody Foundation. Tutors meet individually or in groups with students before and after school.

Salem Academy has fully compliant special education and ELL programs and fully expects to add the necessary staff to accommodate increased enrollment in each of these programs.

Culture and Family Engagement

Salem Academy Charter School places high priority on creating and maintaining a school culture that supports learning. At its core, students are expected to behave in a respectful and civilized manner and to abide by the rules and regulations of the school. In a broader context, we ask students to embrace the norms reflected in the acronym REACH. These are Responsible, Empathetic, Assertive, Cooperative, and Honest. Teachers talk with students about these norms in every class, and there are “REACH Reviews” for Lower School students each week identifying both positive and negative behaviors as they relate to the REACH norms. At Community Meetings, students are often given REACH awards for positive behavior, and in the Upper school, students can earn dress down days and other privileges for sustained positive behavior. Behavioral expectations are defined clearly in the student handbook, and the disciplinary system responds quickly to breaches in behavioral standards. Salem Academy employs two school adjustment counselors, a nurse, a Dean of Students, a Health Teacher, and a nutritionist, all of whom pay attention to the physical, social, and emotional health of our students. These adults, the Special education Coordinator, and the two principals form a Student Services Team that meets weekly, identifies students of concern, and employs strategies to support students in need. The planning for the proposed increase in student enrollment has included the addition of another adult in the Dean of Students office.

Salem Academy begins the school year for new students with a family “intake interview.” This is a meeting between teachers and or counselors with each new student and his or her family as a “get to know you” meeting and an invitation to communicate regularly regarding the student’s progress. The school sponsors other events including a new parent reception, a pot luck supper, an open house, and an orientation program to acclimate new parents, and the school sponsors PTS (Parent, Teacher, Student) conferences at the mid-point of each grading period. Parents also are given access to their child’s Connections (Homeroom) teacher and are encouraged to maintain communication with this person. Parents are encouraged to contact teachers directly by email with questions or concerns at any time, and the Dean of Students, Counselors, and principals welcome parent involvement. An increase in enrollment will inevitably result in an equivalent increase in the demand for time given to parents, and so Salem Academy does anticipate increasing the administrative support staff to ensure that parent involvement is supported.

Capacity

The enrollment increase will impact the Lower School by increasing class sizes from the current 20 or 22 students per class to a maximum of 24 students per class. ELA and Math teachers will have a total load of 72 students up from 60; and teachers of other subjects will see increases from the current 80 to 96 students. It will not affect the number of classes or content or subject a teacher is expected to teach. It will increase the caseload for the special education teachers from 12 or 13 to perhaps 15 students per teacher per grade, but that increase will be offset by the addition of another paraprofessional in the Lower School. In the Upper School, the enrollment increase will also impact the sizes of existing classes before it creates the need for additional classes. In order for the school to offer the breadth of program needed now, many classes especially at the upper levels, are under-subscribed. We will see an impact at the 9th and tenth grade levels, increasing the grade enrollment from 60 to 72 students. Depending on ability levels, this could mean three sections of a subject with 24 students per class, or it could mean four sections with an average of 18 per class. Typically, we have had smaller math classes to accommodate the needs of struggling students. Our budget projects the addition of three FTE teachers in the Upper School.

Salem Academy Charter School’s administrative structure includes an Administrative Team but also leans heavily of distributed leadership in the form of Grade Level teams and Curriculum Teams. All teachers

participate on the grade level team or teams related to their teaching assignments, and all participate on Curriculum Teams defined by the subjects they teach. There is also an Academic Leadership Team made up of the Curriculum Team leaders. All of these sub-groups meet at least once each week and are very much involved in institutional planning and decision making. Parents too are involved through discussion at monthly meetings of the SFC (School, Family, Community,) the school's parent organization.

Implementation of the enrollment increase is largely a matter of scheduling at each grade level. The increase will be spread across all seven grades, and so the impact will not be dramatic in any one grade, subject, or function of the school. Anticipating the enrollment increase, we already have increased our Dean to full time-year round administrative status, our College Counselor from part time to full time, and our Academic Operations person to from part time to full time. In addition, we have increased our reading teacher to 75% time, added a full time learning specialist with experience in strategies for at risk students, and we have hired a nutritionist to improve the quality and delivery of our food service operation. We recognize the inevitable need for more services through our Dean of Student's office, particularly in light of our efforts to reduce traditional disciplinary responses that remove students from classes. We are exploring options in search of the most effective solutions to address those needs, but we know now that will involve increased staffing.

With approval by the Department of Elementary and Secondary Education in the fall of 2014, Salem Academy Charter School will advertise an increase in the enrollment for the coming year and encourage students to enter the lottery at all levels for those additional new spaces. As the chart on page three indicates, in the 2015-2016 school year, Salem Academy would enroll 72 new 6th graders instead of 60. We would add sufficient students to grades 7, 8, and 9 to begin those grades with 72 students each. This would be an initial increase of 66 students. We will have enrolled 126 new students to accomplish this, the 78 new students we currently enroll each year and 48 additional. In the next year, 2016-2017, we will expand the high school enrollment by ensuring a starting class of 72 instead of 60, and in the two subsequent years, we will see modest increases as the large populations in the 9th and 10th grades move up to 11th and 12th. There will be no change in the methods of implementation or in the point persons responsible for enrollment related matters. The Executive Director and Communications Coordinator will remain responsible for recruitment. The Head of School, Upper School Principal, and Academic Operations Director will remain responsible for staffing, course selections, scheduling, and teacher assignments. Salem Academy has increased its enrollment by 30 or 40 students almost every year for the past ten years, and so this enrollment increase is very much business as usual.

Since the enrollment increases are in many cases filling out undersubscribed classes, the accompanying staffing increases are minimal.

Staffing Model

Enrollment Projection

	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
Lower School	178	216	216	216	216
Upper School	194	218	233	243	254
Total	372	434	449	459	470

	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
Administration	5	5	5	5	5
Admin Support	5	5	○ 6	6	6
Teachers	32	● 33	○ 34	▪ 35	35
Special Ed	11	● 12	○ 13	13	13
Student Support	5	● 6	6	6	6
Total	58	61	65	66	66

Current teaching staff, not counting Special Education, in the Lower School includes: 3 English Language Arts; 1 English Language Development; 3 History/Social Studies; 3 Math; 3 Science; .5 Spanish; and 2 Electives. Total 15.5 FTE

Current teaching staff, not counting Special Education, in the Upper School includes: 3 English language Arts; 1 English Language Development; 3 History/Social Studies; 2.5 Math; 2.5 Science; 2.5 Spanish; and 2 electives. Total 16.5 FTE.

- In 2015-2016, an increase in Lower School class size will require no additional classroom teachers. It will represent an increase in the number of special education students enrolled in the Lower School, and we have projected the need for an additional paraprofessional beginning in 2015-2016. The increased enrollment in the Upper School will require 3 teachers in each subject and so the net increase will be one FTE Math and Science teacher. In 2015-2016, a total increase of 62 students, from 372 to 434, will require the addition of an Assistant Dean of Students (note student support).
- In 2016-2017, an increase of 15 additional students in the Upper School require the addition of a clerical position supporting the academic program (Academic Support), an additional Spanish Teacher, and an additional Special Education teacher.
- An increase of 21 more students over the course of 2017-2018 and 2018-2019 will be in the 11th and 12th grades and will require an additional teacher in the electives (“Choice Block”) program.

Governance

The Salem Academy Charter School Board of Trustees meets monthly except in August of each year. Meetings are publicized and held in accordance with Open Meeting Laws. Minutes of the meetings for the 2013-2014 school year are attached. The Board has a clear understanding of the differences between governance and administration and has acted in good faith as stewards of the school. Standing committees of

the Board include Trusteeship, Education, HR, Facilities, Finance, and Development. A Strategic Planning Committee was created in 2009 and spent a full year developing a long range strategic plan for the school. The Board revisits the plan each year at a winter retreat, and in the spring of 2013, the Board reaffirmed priorities in an afternoon retreat with the faculty, staff, and selected parent representatives. When the school's founder, Rachel Hunt, announced in October 2013 that the 2013-2014 school year would be her last year at the school, the Board and Executive Director created a document defining the needs and goals for a new Head of School and a Principal of the Upper School. The Executive Director appointed a new Head of School, Stephanie Callahan, who had been in administrative positions here for seven years, and he created a search committee for a new Upper School Principal. Two members of the Board served on the Search Committee along with stakeholders from each of the school's constituent groups. The Search Committee reached consensus; the Executive Director made the appointment; and the Board ratified both appointments with a vote of confidence.

The Board of Trustees has played an active role in the planning that has resulted in this proposal to increase the school's enrollment. Following detailed discussion at the June 25, 2014 meeting, on a motion duly made and seconded, the Board voted to submit this proposal for an amendment to the school's charter to increase the maximum enrollment to 480 students.

Finance

Salem Academy Charter School is a financially viable organization and has operated with a close to break even budget for the past years with one exception. In January of the 2009-2010 school year, we learned of an 8.5% reduction in our expected tuition income resulting from errors made by the sending district that affected that year's funding formula. With the school year half over and contracts in place, this resulted in a \$350,000 deficit that year. While this could have closed the school, we were fortunate to have the support of our major vendors and our bank, and over the next two years, with lean budgeting and careful management, the school was able to recover from the loss. Recent financial statements will show that FY 2013 closed with a six figure surplus and FY 2014 will as well. Still, the school has no current reserves and so cash flow each quarter requires use of a credit line to meet our obligations.

There is no downside risk financially to the enrollment expansion proposed. The current budget is stable and replicable without an enrollment increase. The proposed increase will generate tuition sufficient to fund the additional costs of personnel and space needs that will become necessary. The following five-year projection assumes a conservative increase in tuition income of 2%. It will more likely be 2.5% to 3%. The projection addresses a school priority to increase faculty and staff salaries to competitive levels by planning for 5% salary increases. The projected budget also provides for the additional rent necessary to ensure sufficient space for the expanded enrollment and programs.

Salem Academy Charter School currently occupies a 35,000 square foot building leased from Shetland Properties. Concurrent with the enrollment expansion, Shetland Properties has agreed to build a new 15,000 square foot arts and athletics complex for our use as an additional leased facility. It will be located in a current parking lot adjacent to our current building, and so it will be a short walk from building to building. All Salem Academy Charter School space is fully accessible to individuals with disabilities. There will be no additional transportation needs resulting from the proposed expansion other than putting more students on busses that are not now fully utilized. Salem Academy Charter School students benefit from the Salem Public Schools' Salem Transportation program on the same basis and at the same cost as the district students.

Budget Projection

BUDGET PROJECTION	FY 15 372 Students	FY 16 434 Students	FY 17 449 Students	FY 18 459 Students	FY 19 470 Students
Income					
4001 - Tuition	4,838,880	5,758,267	6,076,431	6,335,999	6,617,599
4110 - Federal Grants	160,000	186,620	193,070	197,370	202,100
4150 - Private Grants	160,000	168,000	176,400	185,220	194,481
4900 - Other Income	97,000	101,850	106,943	112,290	117,904
Total Income	5,255,880	6,214,737	6,552,844	6,830,879	7,132,084
Expenditures					
5000 - Salaries and wages	3,210,510	3,505,816	3,825,106	4,076,362	4,280,180
5050 - Payroll Taxes - Fringe Benefits	465,560	525,872	573,766	611,454	642,027
5200 - Professional Fees	203,000	209,090	215,363	221,824	228,478
5250 - Rent	584,200	853,805	875,150	897,029	919,455
5251 - Facilities - Utilities	245,430	252,793	260,377	268,188	276,234
5300 - Administrative Expenses	125,240	128,997	132,867	136,853	140,959
5400 - Equipment & Furniture	71,710	73,861	76,077	78,359	80,710
5550 - Student expenses	243,700	292,846	312,057	328,577	346,545
8050 - Contingency Fund	96,778	115,165	121,529	126,720	132,352
Total Expenses	5,246,128	5,958,246	6,392,291	6,745,366	7,046,939
Net Ordinary Income	9,752	256,491	160,553	85,513	85,145

Assumptions

2% increase in tuition

5% increase in salaries

Personnel additions as noted

3% increase in operating exps

October 30, 2014

RE: Salem Academy Proven Provider Data Display for Review; Follow up Questions

Academic: Please provide additional context to the school’s response to the dip in MCAS Mathematics performance in 2013.

It is clear that there was a significant dip in MCAS Math scores in 2013. In the aggregate, proficiency levels went from 70 in 2012, to 65 in 2013, to 72 in 2014. In contrast, Salem Public Schools saw an increase in 2013 with a 45 in 2012, 47 in 2013, and then a dip to 38 in 2014. The state remained fairly stable. Similar patterns are evident in growth percentiles but with higher scores.

When we disaggregate our math performance, we see the same patterns for low income students and for students with disabilities. The state averages remain stable, but the Salem district tends to decline.

When we follow each student cohort from 6th grade through 8th grade, we again see a consistent dip in 2013 performance followed by an impressive increase in 2014 performance. The 2013 dip therefore appears to be consistent in all grades, all subgroups, and all student cohorts in grades six through eight. It is not the case in 10th Grade. The 10th Grade scores are consistently 30 points or more higher than the middle school grades and do not reflect a dip in 2013. Reviewing performance from 2006 through 2014, we see a steadily upward cumulative increase of approximately 20 points in performance.

This leads to middle school curriculum and instruction. In 2012, 2013, and 2014, the same teachers taught 6th, 7th, and 8th grade math. In 2013, we implemented the Common Core curriculum and the first year of educator evaluation. One of the teachers was placed on a directed improvement plan. In 2014, we saw the results of targeted teaching and the benefit of having already seen what Common Core assessment on MCAS would look like (2013). We modified a senior math teacher’s schedule to allow him time to mentor the other teachers. We believe that the combination of improvements in standards based common core curriculum, targeted instruction, and standards based assessment accounts for the increase in 2014 and will support continued improvement of student performance.

Student Enrollment:

Salem Academy Charter School’s mission is to serve the diverse population of Salem. The school is located intentionally on the edge of the “Point Neighborhood”, a low income, primarily Hispanic area of the city. Many of our students walk to school. Historically, Salem Academy’s ethnic demographics have been comparable to or exceeded the minority populations in the district schools.

Year	Hispanic		African American		Asian	
	<u>SACS</u>	<u>SPS</u>	<u>SACS</u>	<u>SPS</u>	<u>SACS</u>	<u>SPS</u>
2014	34.3	36.3	10.0	5.2	3.8	2.9
2013	36.9	35.0	9.0	4.9	5.0	2.7
2012	37.3	31.9	9.9	5.0	3.9	2.7
2011	33.7	31.5	10.7	4.7	3.6	3.0
2010	32.2	32.4	10.3	4.4	2.3	3.2

In terms of students from families whose first language is not English, Salem Academy’s population has ranged from 21.4% to 28.2% in the past five years and has met or exceeded the CHART Comparison Index

every year. In comparison to the Salem Public Schools, it is important to note that Salem prides itself on offering parents a choice of schools that offer distinctly different key design elements. Nathaniel Bowditch School (k-8) specializes in English Language Learners and in the past five years has enrolled from 32.5 to 51.3 percent students for whom English is a second language. In contrast, the Saltonstall School is grounded in the theory of multiple intelligences, attracts students from a different segment of the city population, and in the past five years has enrolled only 12 to 17.3 percent of students from this pool of families.

There is a significant difference between students whose families' native language is not English and students who are English Language Learners. Many of the former group include parents who now speak at least some English if not proficient English, and they include students who often speak English quite well. English Language Learners are most often students who have moved to this country just recently. In Salem, typically, there is a transient population of families from Dominican Republic, and the English Language Learners in this city are students who come to Salem in the summer or during the school year from their home countries. It is very difficult for these students to enroll in Salem Academy Charter School because they need to register for the lottery held in March of each year for entry the following year. This forces these students into an immediate placement in the Salem Public Schools.

Some English language learners will still enter the lottery and transfer to Salem Academy the next fall. In addition, some are siblings of currently enrolled students and move to the top of the applicant list guaranteeing admission at the next vacancy. As a result, Salem Academy has enrolled from 1.7% to 5.1% ELL students in the past five years with a current population of 4.6%. This compares to 32.5% at Nathaniel Bowditch and 10.2% at Saltonstall. Collins Middle School and Salem High School have smaller numbers this year with 9.4% and 8.8% respectively. The Comparison Index is 7.2%.

Salem Academy has invested heavily in developing a high quality English Development Program with two full time ELL licensed teachers and nearly 100% of our 36 core academic teachers having completed the RETELL training. We are engaged currently in a series of new outreach efforts to our non-English speaking families in an effort to attract more ELL students to our school. For example, we recently held a "family night" when our ELL students brought their parents and siblings to the school for an evening orientation and community building event. We have a holiday party with ethnic food and family portraits planned for December.

Salem Academy Charter School's low income population has remained relatively stable over the past five years ranging from 36.0 in 2010 to 44.5 in 2012 and 41.1 in 2014. In fact, the ten year average from 2004 to 2014 is 40%. The comparison index began at 46.4 in 2010 and rose steadily to 53.2 in 2014. Clearly, the Salem Public School District has experienced a significant increase in the past five years of its low income population. If we disaggregate the data, we see that the low income population at Saltonstall moved from 38.4 in 2010 to 41.8 in 2014, almost identical percentages to Salem Academy Charter School. Collins Middle School, however, went from 58.7 to 61.2; Salem High School went from 49 to 59.5; and Nathaniel Bowditch went from 63.9 to 75. The dramatic increases in English Language Learners and low income families at Nathaniel Bowditch School would suggest that the City of Salem is experiencing an increase in its immigrant population. In contrast, the demographics suggest that Saltonstall School is attracting the children of more affluent, primarily white (Average 70%) and possibly better educated parents.

A significant factor impacting the enrollment statistics is that Salem Academy Charter School experienced an increase of 64% applicants in the March lottery following the announcement in fall of 2011 that Salem Public Schools had been ranked a Level Four district. When Salem Academy achieved Level One status, applications jumped another 13%. Many of these new applicants were from high achieving students whose parents had lost confidence in the Salem Public Schools. With a higher percentage of high achieving students

in the lottery, a higher percentage of affluent, white students made it through the lottery and took places that might otherwise have gone to more needy students.

Salem Academy Charter School's population of students with disabilities has declined over the past five years from 21.5 percent to 14.3 percent. As in the ELL Program, Salem Academy has made a significant investment in its special education program. With 53 students currently enrolled¹, we have a Special Education Coordinator, six learning specialists, three paraprofessionals, two adjustment counselors, a reading teacher, a part-time speech and language therapist, and a full time intervention specialist. We practice an inclusion model although we have created substantially separate learning situations for individual students when appropriate.

While the Salem Public Schools are in the 21% to 26% range, it is notable that Nathaniel Bowditch, with its high ELL population, has a special education population similar to ours at 14.6. The CHART Comparison Index shows Salem Academy above the line in from 2010 to 2012 and the below the line by about 3 percentage points in 2013 and 2014. The gap narrowing target is 18% which translates to a target of 14 more students in the program. It is very possible that the same phenomenon that affects the low income population also affects the special education population. A greater number of parents of high achieving students are seeking spaces here, and so they are crowding out needier students in the lottery drawing.

In response to enrollment data and issues of access and equity, Salem Academy is increasing its outreach efforts in a variety of ways as described in the Recruitment and Retention section of our Annual Report. Salem Academy Charter School's mission is and will remain to serve the diverse population of Salem. While it appears that there has been some conversation with the Charter School Office regarding new opportunities for flexibility in enrollment practices for the purpose of increasing diversity, it seems clear that the best efforts at recruitment will still be impacted by the statistical realities of the lottery drawings.

Financial Dashboard

Salem Academy's five year Financial Summary as presented on the Financial Dashboard is accurate and informative. Please note that in FY 2011, Salem Academy suffered an unexpected loss of approximately \$350,000 resulting from errors made by the sending district's calculations. This was discovered mid-way through the school year, too late to make significant cuts in the budget, contracts, or operations. We were forced to use all available cash and credit to make it through the year, and it has taken the last two years to recover. The FY 14 audit will show that school improved its net position by approximately \$100,000.

One of the most difficult financial challenges has been managing cash flow as indicated with a red flag in Item 2. Unrestricted days cash. For the past two years, we have had to borrow up to \$500,000 on our credit line to meet the last month's expenses each quarter. Having now accumulated some operating cash and with the Department of Education's new policy of monthly tuition payments, we are back on a solid operating protocol with a predictable and sufficient cash flow to meet our obligations without using the credit line. This also addresses the red flagged area of Item 7. Debt to Asset ratio. Salem Academy no longer needs to borrow to fund its operations. This has been a significant improvement.

Item 3. Percentage of program paid by tuition is a double edged sword. With a yellow flag here, we enjoy the benefits of philanthropic support, but we recognize that we are at risk if we depend on philanthropic support that may not materialize to support current operations. In practice, we have budgeted only for a portion of a grant that we have received each year for the past eight years from a Salem based foundation that includes

¹ The school subsequently reported its population of students with disabilities increased to 63 students this school year.

Salem Academy Charter School in its defined purposes. While we have been fortunate to receive additional grants from other sources, we do not include them in our budget until the funds actually have been received. This is addressed in the Management Discussion and Analysis portion of our Auditor's Report.

Item 5. The percentage of revenue expended on facilities is somewhat misleading since the FY13 calculation was basis on enrollment of 344 students, a transitional number in the school's increase from 308 to 372. In fact, the school paid \$100,000 less in rent than reflected in the audit. Our agreement with our landlord tied the enrollment increase to the rent increase, but current accounting principles require averaging the lease payment over the life of the lease. With our current enrollment of 372, the percentage falls to 12%, and if our enrollment increase is approved, taking into account additional lease payments on needed additional space, the percentage should still not exceed 14%.

The FY14 audit included no findings. The FY13 audit included one finding, late payments of MTRS funds. These were the result of cash flow management here as well as some inefficiencies at MTRS, but these have been resolved and there were, and will be, no further delays in MTRS payments. In FY10 there were two findings; one was that we were without a person certified in procurement practices for part of that fiscal year. We had suffered a resignation mid-year. The other was that we had not followed our internal safeguard of requiring two signatures on checks over \$5,000. The auditors found one health insurance payment exceeding \$5,000 paid for by a check with only one signature. We are again in compliance.

RE: Questions Regarding Amendment Request Budget Projection re Facilities

Salem Academy Charter School leases a 35,000 square foot building from Shetland Management in a commercial /industrial complex known as Shetland Park, a waterfront complex of 1.5 million square feet formerly utilized as a cotton mill. Shetland has accommodated Salem Academy's needs for more space as the school has grown, and Shetland is currently in the process of constructing a 15,000 square foot space that will offer Salem Academy five new classroom and studio spaces and a full sized gymnasium . This additional space will accommodate the projected enrollment increase in our proposed amendment. The rent on this facility in FY16 will be \$240,000 and accounts for the increase in projected rent from \$584,200 in FY15 to \$853,805 in FY16.

Projected Enrollment

Salem Academy Charter School's original mission statement defined a "small" school to serve the diverse population of Salem. While "small" is clearly a relative term and a subjective judgment, it has been the subject of ongoing discussion here for the past several years. Our original vision was for a school of 308 students, and we found that we had too few in the high school for a viable program. We were granted an amendment to grow to 372. We find now that we are not meeting the demand for spaces in our middle school, and we still are in need of a critical mass in our high school to fill out the programs we feel are important to a quality high school experience. We are not constrained by space. Shetland Park has more than sufficient space available to the school as needed. We considered projections up to 600 students, but we have maintained a priority on our ability to know every child and to personalize to the degree necessary every student's opportunity for success in this school. Our best judgment at this time is for a school with maximum enrollment of 480 students as defined in our projections.

Salem Academy Charter School Further Comment on Dip in 2013 MCAS Math Scores

In 2012, Salem Academy saw its highest achievement to that date for grades 6-8 on the mathematics MCAS, with students showing high growth in every grade. This was the result of years of targeted refinement of our mathematics curriculum and instruction. In 2013, we transitioned fully to the 2011 Curriculum Frameworks and Common Core. The outcome of this transition was a decrease in student achievement and growth on the 2013 mathematics for grades 6-8. Upon analysis, we found two major factors attributing to this dip in performance: teacher readiness and student readiness.

Implementing the 2011 Frameworks proved to be a challenge for our middle school math teachers. With only one teacher per grade level, each individual was responsible for learning and interpreting the new standards single-handedly. They found this required a great deal of time spent on researching assessment items, question writing, and planning how to teach new material. Our 6th grade teacher gave equal time and coverage to each unit, only to find the MCAS was more heavily weighted towards certain standards (e.g. Equations and Expressions). Our 7th grade teacher was new to Salem Academy and teaching 7th grade math for the first time, without the benefit of being able to use the curriculum from previous years. Ultimately, that teacher found that through her inexperience, she had not provided students with adequate instruction on Statistics and Probability.

Teachers also found that their students, who had not be taught using the 2011 frameworks in previous years, subsequently lacked some of the prerequisite skills needed to master the new standards. For example, our grade 6 students came into Salem Academy as an unusually low performing group in math; roughly 30 percent of our 60 students had earned warning on the 5th grade math MCAS. The lack of student readiness, combined with the rigor of the Common Core, required teachers to teach additional curriculum in order to bring students up to the level of math needed to master the grade level skills and content. This need for remediation impacted the pacing of instruction needed to fully prepare students for the MCAS, something our 8th grade math teacher found particularly challenging.

In response to our 2013 MCAS performance, we implemented several changes to our professional development structure and data analysis processes in the middle grades. We provided additional time (20 hours) for our middle school math teachers to work in a Professional Learning Community (PLC). In this PLC, math teachers engaged in a revamped data cycle, where despite teaching different grade levels, they worked together to plan instruction and assessment, analyze data, and plan targeted responses to that data. We also leveraged our work with the Achievement Network (ANet) in a more strategic way. Teachers set individual goals for each student's MCAS performance and used the ANet assessments and data to monitor and respond to student progress throughout the year. This work was also tied to a new model of supervision and evaluation in which teachers met regularly with our Head of Lower School. For example both the 7th and 8th grade math teachers met weekly with the Head of Lower School for instructional coaching and planning support. Finally, the 6-12 math PLC work focused on performance tasks and employed a model where the team planned a teacher's lesson together, observed the teacher execute the lesson, and then debriefed the lesson together. All of these targeted efforts, in addition to increased familiarity with the 2011 Frameworks and Common Core resulted in the significant increase in 6th – 8th grade math achievement on the 2014 MCAS.