*****Massachusetts Department of***

***Elementary and Secondary Education***

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| Jeffrey C. Riley  *Commissioner* |  |
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# MEMORANDUM

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| **To:** | Members of the Board of Elementary and Secondary Education |
| **From:** | Jeffrey C. Riley, Commissioner |
| **Date:** | January 11, 2019 |
| **Subject:** | Charter Schools – Report on Probation for Paulo Freire Social Justice Charter School |

In January 2018, the Board of Elementary and Secondary Education (Board) renewed the charter of Paulo Freire Social Justice Charter School (PFSJCS) and placed the school on probation, imposing eleven conditions related to enrollment, governance, and academics. This memorandum provides a report on the progress of PFSJCS in meeting these conditions. Because the Department of Elementary and Secondary Education (Department) is awaiting additional information regarding the school’s viability, I plan to follow up in a few weeks with a recommendation for Board action at your February meeting.

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| **Paulo Freire Social Justice Charter School** | | | |
| **Type of Charter**  (Commonwealth or Horace Mann) | Commonwealth | **Location** | Holyoke |
| **Regional or Non-Regional** | Regional | **Districts in Region**  (if applicable) | Chicopee, Holyoke, Northampton, South Hadley, West Springfield, and Westfield |
| **Year Opened** | 2013 | **Year(s) Renewed**  (if applicable) | 2018 |
| **Maximum Enrollment** | 500 | **Current Enrollment** | 275 (as of October 2018) |
| **Chartered Grade Span** | 9-12 | **Current Grade Span** | 9-12 |
| **Students on Waitlist** | 0[[1]](#footnote-1) | **Current Age of School** | 6 years |
| **Mission Statement**  The Paulo Freire Social Justice Charter School (PFSJCS) is a public high school preparing students for college success while inspiring them to be active and effective citizens. We achieve educational excellence and social responsibility for all our students through high expectations and a rigorous academic and social justice curriculum. Our students graduate with strong intellectual and ethical foundations necessary for future leaders of a global society. | | | |

**Report on Probation**

On July 26, 2017, Acting Commissioner Wulfson notified the Board of his intention to place PFSJCS on conditions due to concerns about the school’s organizational viability. The Board did not request to discuss the matter, and the Acting Commissioner subsequently imposed seven conditions on the charter of PFSJCS. In January 2018, due to partial progress in meeting the conditions and the school’s efforts to restore its viability, the Acting Commissioner recommended that the Board renew the school’s charter and place the school on probation with eleven conditions. Below is information regarding the school’s progress in meeting these conditions.

**Condition 1:** Until further notice, PFSJCS must submit to the Department of Elementary and Secondary Education (Department), at [charterschools@doe.mass.edu](mailto:charterschools@doe.mass.edu) or 75 Pleasant St., Malden, MA, 02148, board and committeemeeting agendas, materials, and minutes prior to each board meeting at the same time that these items are sent to the school’s board members. Additionally, if board materials do not already include this information, the school must also submit monthly financial statements. The documents must reflect adherence to the Open Meeting Law.

**Status: Ongoing, with Concerns Noted**

The school has submitted board meeting agendas, materials, and minutes for full board and committee meetings. Initially, the school was submitting a comprehensive set of financial statements, including a detailed Statement of Revenue and Expenses, Balance Sheet, Cash Flow Forecast, and a narrative. Since the school’s business manager left in March 2018, board materials submitted to the Department have only included limited financial statements that lack detail and depth.

**Condition 2:** Until further notice, the school must submit weekly enrollment updates to the Department.

**Status: Ongoing**

The school has submitted weekly enrollment updates to the Department since the imposition of this condition. Beginning in September 2018, at the Department’s request, PFSJCS began submitting weekly enrollment and weekly attendance broken out by grade level. The most recent weekly report, dated January 4, 2019, contained the enrollment and attendance totals by grade noted in the chart that follows.

|  | Grade 9 | Grade 10 | Grade 11 | Grade 12 |
| --- | --- | --- | --- | --- |
| Number enrolled | 85 | 83 | 60 | 61 |
| Percent attendance | 80 percent | 86 percent | 88 percent | 80 percent |

Data submitted by the school shows that over the summer 24 students withdrew from PFSJCS. Since August 27, 2018, the first week of school, 28 additional students have withdrawn and 30 new students have enrolled.

Attendance rates for grades 9-11 are far below statewide averages of approximately 95 percent and below rates for Holyoke Public Schools of approximately 92 percent for grades 9-12. Paulo Freire Social Justice Charter School’s rates of chronic absenteeism[[2]](#footnote-2) have been high and increased in 2018. The rate of chronic absenteeism for the 2016-2017 school year was 36.6 percent. The 2017-2018 chronic absenteeism rate for all students was 58.8 percent and 64.4 percent for economically disadvantaged students.

As of January 4, 2018, PFSJCS enrolled 289 students, out of a currently approved 500 maximum enrollment. The table that follows shows PFSJCS’s enrollment since inception.

Oct 1 Enrollment and End of Year (EOY) Full Time Equivalent (FTE) Across Charter Term

| FY2014 | | FY2015 | | FY2016 | | FY2017 | | FY2018 | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Oct 1 | EOY FTE | Oct 1 | EOY FTE | Oct 1 | EOY FTE | Oct 1 | EOY FTE | Oct 1 | EOY FTE |
| 152 | 148 | 243 | 252 | 314 | 314 | 328 | 334 | 270 | 290 |

**Condition 3:** By February 28, 2018, the school must establish an escrow account in an amount determined by the Department in consultation with the school to pay for any potential closing, legal, and audit expenses associated with closure, should that occur.

**Status: Partially Met**

On February 26, 2018, the school notified the Department that $169,229 was set aside as part of the school’s budgeting process for potential closing, legal, and audit expenses. The school has not established an escrow account as outlined by the condition.

**Condition 4:** By February 28, 2018, the school must submit financial planning documents for FY2019 and FY2020 using enrollment projections that take into account the school’s historical enrollment trends.

**Status: Met, with Concerns Noted**

On February 26, 2018, the school submitted minimal evidence to meet this condition. Paulo Freire Social Justice Charter School submitted projected budgets for FY2019 and FY2020 based on projected enrollments of 320 and 334 respectively. The school also submitted bar charts showing actual enrollment from FY2014 to FY2018 that did not correspond to data previously reported to the Department. The bar charts also showed expected enrollment from FY2019 to FY2023. The financial planning documents submitted did not provide sufficient detail or narrative to analyze the intersection of past enrollment and future financial planning.

**Condition 5:** By April 1, 2018, the school must assess its enrollment trends over time and actual levels of demand and submit an amendment request to address, as appropriate, the school’s maximum enrollment including enrollment by grade, a growth plan if needed, and any changes in the districts in the school’s region.

**Status: Met, with Concerns Noted**

On March 30, 2018, the school submitted minimal evidence to meet this condition. Paulo Freire Social Justice Charter School submitted five-year enrollment trends based on SIMS (Student Information Management System) data for October, March, and June for FYs 2014-2018. On the same date, the school also submitted a request to amend the districts it serves to remove Westfield and Northampton and include Springfield, due to the fact that in recent years nearly 20 percent of PFSJCS’s enrollment included Springfield residents[[3]](#footnote-3). Further, the school requested a change to its maximum enrollment from 500 to 400 and a corresponding change to its growth plan. The submitted growth plan envisioned PFSJCS enrolling 320 students in FY2019 and growing by 15-25 students each year until the maximum enrollment of 400 was met in FY2023. The request contained minimal analysis of PFSJCS’s enrollment trends and confined itself to an examination of average annual enrollment, input gathered from staff and parents, and a discussion at two meetings of the board of trustees in January and February 2018.

After multiple conversations between PFSJCS and Department staff regarding the school’s actual enrollment trends, level of demand, and the data points that best support enrollment projections, the school submitted a revised amendment request on July 29, 2018. The resubmission did not change the request to remove Westfield and Northampton and include Springfield, but did outline a new maximum enrollment of 375. Additionally, the school submitted evidence that it was planning for an enrollment of 320 in FY2019, but it had created FY2019 budgets for enrollment of 310 and 320. In September 2018, as it awaited a decision on its maximum enrollment request, PFSJCS requested a revision to its growth plan for 310 as the FY2019 annual enrollment target. I approved this revision to the school’s growth plan on October 15, 2018. Any requests for changes to maximum enrollment and districts served are subject to approval by the Board. I will make a recommendation to the Board on those requests for our February meeting.

**Condition 6:** ByApril 18, 2018, all members of the board of trustees must participate in training on the Open Meeting Law offered by the Office of the Attorney General.

**Status: Met**

On June 11, 2018, the school submitted evidence that ten members of the school’s board of trustees participated in a webinar training on the Open Meeting Law offered by the Office of the Attorney General between March 15, 2018, and April 18, 2018. At the time, there were 12 members of the board of trustees. Two of the members who did not participate were student members of the board, both of whom resigned in June 2018.

**Condition 7:** By May 31, 2018, the board of trustees will work with the Department to obtain approval of its bylaws.

**Status: Met**

Members of PFSJCS’s board of trustees worked with the Department and prior to the May 31st deadline provided a final version adopted by the board of trustees that sought to address Department feedback. The Department is in the process of finalizing the bylaws with board members.

**Condition 8:** By June 1, 2018, the school must submit to the Department a comprehensive evaluation of its mathematics, English language arts, and science programs. Such comprehensive evaluation must be conducted by an external consultant(s) acceptable to and approved in advance by the Department.

**Status: Met**

On June 1, 2018, PFSJCS submitted a draft evaluation of its mathematics, English language arts, and science programs. The evaluation was conducted by SchoolWorks; the Department had provided approval of SchoolWorks in advance. The evaluation documented ineffective practices regarding instruction, school culture/safety, and leadership and governance. The evaluation found that the school was developing its practices in terms of support for students with disabilities and English learners. Additionally the evaluation found the school was developing in its abilities to provide educators opportunities to learn. None of the areas covered by the evaluation were found to be effective or highly effective by the external consultant.

**Condition 9:** By June 29, 2018, the school must submit to the Department for approval an action plan to improve academic performance. Such action plan must specify the strategies to improve mathematics, English language arts, and science performance for all student groups. The action plan must set clear and specific implementation benchmarks, with a clear timetable and deadlines for completion of key tasks sufficient to allow the school's board of trustees and the Department to monitor implementation.

**Status: Met**

On June 26, 2018, PFSJCS submitted an action plan that met the requirements of the condition. The action plan was created through the school’s contract with SchoolWorks and connected to the comprehensive evaluation. The action plan specified three priority areas for the 2018-2019 school year: provide teachers with professional development, collaboration time, and feedback to improve student learning; define, implement, and monitor supports provided to students through a response to intervention model; and create effective organizational structures for communication, development of team goals, and clear roles and responsibilities.

**Condition 10:** By November 1, 2018, the school must demonstrate actual enrollment sufficient to meet its budget, maximum enrollment, and any approved growth plan for enrollment. Should the school fail to do so, the Commissioner and the Board of Elementary and Secondary Education will consider revoking the school’s charter during the 2018-2019 school year, with the revocation to take effect by the end of the 2018-2019 school year based on failure to meet this single condition alone.

**Status: Not Met**

Preliminary SIMS data for October 1, 2018, indicate that PFSJCS enrolled 275 students. Weekly enrollment reports submitted by the school show that as of November 2, 2018, PFSJCS enrolled 272 students.

As noted above, PFSJCS revised its expectations for FY19 enrollment from the originally projected 320 down to 310 through an amendment to its growth plan that I approved on October 15, 2018. The school’s pending request for a change to its maximum enrollment also set a target for 310 for the 2018-2019 school year. The school has not met its planned FY2019 enrollment by at least 35 students, or 11 percent of its expected enrollment total. Further, the school had pre-enrolled and received initial FY2019 tuition payments for 320 students. Similar to previous fiscal years, the school will face decreased tuition payments (a reduction from approximately $406,000 to $312,500 monthly) from December 2018 through the remainder of the school year, which is a significant decrease in revenue.

On November 1, 2018, PFSJCS submitted a revised FY2019 budget and revised five-year fiscal projection to account for the change in enrollment. The assumptions in the revised financial documents were based on enrolling approximately 277 students in FY2019. In December 2018, the school submitted an FY2019 cashflow statement based on the decreased enrollment. The cashflow statement shows budget cuts intended to ensure financial viability through FY2019. Based on the documents submitted, the Department has concerns regarding the school’s finances and its capacity to budget, monitor, and report its finances accurately. The school has not consistently submitted documents requested by the Department and some documents have contained errors.

**Condition 11:** By December 31, 2019, the school must demonstrate that it is an academic success by providing evidence that the school has exhibited significant and sustained academic improvement in mathematics, English language arts, and science.

**Status: Not Yet Applicable**

**Additional Evidence**

Based on evidence gathered as part of monitoring the school’s performance during its probation, the Department has serious concerns regarding lack of enrollment demand, financial instability, governance practices of the board of trustees, and the school’s lack of academic success. Each area is discussed below in further detail.

I visited the school on December 10, 2018 to observe instruction and meet with students. During my time at the school, I heard from students that they value the safe and supportive community provided by PFSJCS.

**Enrollment Concerns**

As noted in prior memoranda to the Board, in the current school year, PFSJCS continues to demonstrate a lack of demand for enrollment.

* Between FY2015 and FY2019, the school pre-enrolled more students than it served, requiring the school to adjust its tuition calculations and make financial adjustments mid-year.
* Each year, PFSJCS has recruited an additional 30 to 50 students during the year and ended each school year with more students than were enrolled at the beginning of the year.
* In FY2019 the school remains under-enrolled; as of October 2018, the school enrollment is 275 students, 45 students fewer than the school reported pre-enrolled (320 students) in March 2018 and 35 students fewer than the school’s newly approved growth plan (310 students).
* During the past three years, PFSJCS’s attrition rates have been higher than the median of comparison high schools (7.1 percent) and higher than statewide averages (8.5 percent). In the summer of 2017, the school had an attrition rate of 20 percent for all students. The attrition rate for rising grade 10 students was 27.7 percent. In the summer of 2018, the school had an attrition rate of 14.3 percent for all students, with a slightly higher rate for rising grade 10 students of 15.7 percent. Since the beginning of the current school year, 28 students have withdrawn, approximately 10 percent of the student population.

**Financial Concerns**

Paulo Freire Social Justice Charter School continues to have persistent financial concerns, resulting in part from the lack of demand for the school and its low enrollment.

* In FY2019, the school budgeted for tuition payments of $378,869 per month. The school has been receiving $406,096 per month due to higher than budgeted per pupil tuition. Now, however, the school’s tuition will decrease by approximately $93,500 per month to approximately $314,700 per month from December 2018 through the remainder of the school year because the school was serving 275 students on October 1, 2018. This adjustment is necessary to correct the overpayment the school received for the first five months of the year based upon its pre-enrollment report.
* This revenue reduction raises concerns about the school’s ability to provide an effective program to its students.
* On December 2, 2018, the school provided a brief summary of planned FY2019 budgetary cuts including salary cuts due to leaving vacant or cutting teaching positions, leaving some administrative positions vacant, and ceasing some school activities. Additionally, the landlord released the school from its rent obligation for December 2018.
* As with all Massachusetts charter schools, the school’s annual tuition will be adjusted again in June to reflect the total number of students served during the school year.

Other concerns exist regarding the school’s organizational and financial viability. Past fiscal audits, site visit reports, and Board memoranda have cited concerns about the school’s finances, but PFSJCS has not properly staffed its finance office to meet statutory requirements and the conditions imposed on its charter in connection with probation.

* All charter schools must submit annual, independent financial audits by November 1 of each year. As of January 11, 2019, the school has not yet submitted its FY18 financial audit. In a letter to me, the school stated that the audit was late because the school’s contracted business manager was terminated in March 2018 and the new vendor providing business management has had difficulty with the school’s systems and paperwork.
* The school has not yet submitted its FY2018 Charter School End of Year Financial Report, which by statute was due on November 21, 2018.
* Financial submissions related to probationary conditions provided minimal evidence.
* The school’s prior audits since opening in FY2014 have reflected findings and concerns throughout regarding the financial management, oversight, and viability of the school.
* The school’s [Financial Dashboard](http://www.doe.mass.edu/charter/finance/dashboard/) displays moderate and high-risk indicators from FY2014-FY2016. Though the indicators improved in FY2017, the under-enrollment and budget constraints mentioned above, as well as the late audit, may result in moderate and high risk indicators for FY2018.

**Governance Concerns**

Paulo Freire Social Justice Charter School has had repeated turnover in leadership and board membership, which has impeded its ability to effectively manage the school and negatively affected the school’s academic performance.

* Since its founding in 2013, the school’s board has had three different chairpersons and additional turnover in the board’s membership. Only two of the current members have served on the board since its founding. The majority of board members have served only one full year and are now entering their second year of service. Currently, there are seven approved members of the board and four individuals awaiting approval from the Department.
* Since opening in the 2013-2014 school year, PFSJCS has employed three executive directors and four principals.

Evidence collected by the Department demonstrates that the school’s board is still working to develop the systems, structures, and capacity to effectively govern the school.

* During its first five years of governance, the board demonstrated an inability to oversee and govern the school due to a lack of effective communication between the board and school leadership; an inability to obtain requested data to monitor academic success, finances, and enrollment; problems with adherence to the Open Meeting Law and the school’s bylaws; and an inability to properly monitor the fiscal health of the school.
* While the board has met some of the conditions imposed in January 2018, as documented above, board members continued to struggle to govern the school effectively as of late May 2018. As required by conditions, an external consultant evaluated the school’s program, including its governance practices. The consultant’s report notes that the board was not providing effective oversight of the school’s program. In late May 2018, the board’s membership was still familiarizing itself with roles, responsibilities, and the types of knowledge required to oversee a public charter school. The evidence gathered by the consultant denoted a board that was not yet able to govern or provide effective oversight of the school’s program or leader.
* Board minutes collected as part of the probationary conditions reflect little board engagement with the school leader or other staff reporting directly to the board, little engagement with data, and few instances of board subcommittee reports. Further, board minutes reflect the kinds of conversations, planning, and challenges typically observed at a brand new charter school, not a charter school currently in its sixth year of operation.
* The school’s current lease in Holyoke will expire in July 2019. The school’s landlord will not extend the lease, and the school has been seeking a new location outside of Holyoke. Over the summer, the school requested an amendment to relocate to Chicopee. Because the school did not submit adequate evidence of considerations for impact on the school’s finances and enrollment, I declined to approve the request. Despite conducting a process to solicit a facility in Holyoke in early fall 2018, PFSJCS again is seeking a facility outside of Holyoke for the next school year. This raises additional concerns about school enrollment and whether it will face increased challenges in enrolling enough students.
* As noted above, one of the responsibilities of boards of trustees is to ensure a timely financial audit that meets statutory requirements. PFSJCS has not yet submitted the FY18 audit, which was due by statute on November 1, 2018.

**Lack of Academic Success**

As a grade 9-12 school, PFSJCS students have taken the grade 10 Legacy MCAS in English language arts (ELA), mathematics, and science and technology/engineering since the school opened. Performance on the MCAS has not improved over time but, rather, has declined.

* In 2018, PFSJCS is performing in the 4th percentile and is designated as requiring assistance or intervention.
* In 2018, the school had very low assessment participation of less than 90 percent for all students and some subgroups.
* As shown in the table below, in 2016, 2017, and 2018, PFSJCS students performed below state averages for proficiency.
* Data are unavailable for the high needs subgroup at the school.
* Comparatively, Holyoke High, the high school in the school’s sending district, performed the same as, or better than, PFSJCS in 2017 and 2018; please see the table below for comparisons.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Percent Proficient and Advanced for Grade 10** | | | | | | |
| **Year** | | **2014** | **2015** | **2016** | **2017** | **2018** |
| **ELA** | **PFSJCS** | **93** | **99** | **87** | **84** | **83** |
| Holyoke High | 82 | 86 | 86 | 84 | 85 |
| State Average | 90 | 91 | 91 | 91 | 91 |
| **Math** | **PFSJCS** | **60** | **79** | **63** | **49** | **42** |
| Holyoke High | 64 | 64 | 63 | 57 | 55 |
| State Average | 79 | 79 | 78 | 79 | 78 |
| **Science** | **PFSJCS** | **-** | **72** | **40** | **37** | **43** |
| Holyoke High | 55 | 58 | 50 | 51 | 48 |
| State Average | 71 | 72 | 73 | 74 | 74 |

The school’s historical student growth percentile (SGP) data for grade 10 MCAS is displayed in the chart below. The school’s SGP data has declined over time for ELA. The school’s mathematics SGPs show that a majority of students are not demonstrating adequate growth compared to academic peers statewide.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **PFSJCS Median Student Growth Percentile for grade 10** | | | | | | |
| **Year** | | **2014** | **2015** | **2016** | **2017** | **2018** |
| **ELA SGP** | All | 77 | 70.5 | 64.5 | 49.5 | 38.1 |
| High needs | NA | NA | NA | NA | NA |
| **Math SGP** | All | 26 | 35.5 | 47 | 29.5 | 30.3 |
| High needs | NA | NA | NA | NA | NA |

The school’s four-year graduation rate from 2017 is higher than Holyoke High School’s rate but lower than the state average.

|  |  |  |  |
| --- | --- | --- | --- |
|  | **PFSJCS** | **Holyoke High** | **State Average** |
| **4 Year Graduation Rate 2017** | 83.6 percent  N = 73 | 75.4 percent  N= 285 | 88.3 percent |
| **Drop Out Rate** | 0.9 percent  N= 328 | 3.4 percent  N = 1,283 | 1.9 percent |

**Amendment Requests**

As required by the conditions imposed on its charter, PFSJCS submitted a request to amend the school’s maximum enrollment and districts served on March 30, 2018. After conversations with Department staff regarding the content of the request, PFSJCS submitted a revised request on July 29, 2018 to establish a maximum enrollment of 375. Additionally, the school requests an amendment to its charter region, removing Westfield and Northampton and adding Springfield.

On December 4, 2018, PFSJCS submitted a request to relocate from Holyoke to Chicopee. As stated in the request, PFSJCS has been unable to locate an adequate facility in Holyoke and would like to move for the 2019-2020 school year to a facility owned by the Archdiocese. At this time, the Department is soliciting superintendent comment on this request. Charter school requests to relocate to a district in the charter region are determined by the Commissioner, and I will report my action in a February memorandum with any other recommendations regarding the school.

**Recommendation for February**

I cannot bring a recommendation to the Board for vote this month. The Department is still awaiting information from the school’s financial audit, which the auditor began on January 2, 2019. Additionally, I am awaiting comment from superintendents to inform the decision on the school’s request to move to Chicopee. When the Department has a more complete picture of the school’s financial health, I will bring a recommendation to the Board regarding the school’s probation, hopefully by the February Board meeting.

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If you have any questions or require additional information, please contact Alison Bagg, Director (781-338-3218); Cliff Chuang, Senior Associate Commissioner (781-338-3222); or me.

1. As reported on March 15, 2018, in the Massachusetts Charter School Waitlist Initial Report for 2018-2019 (FY19). [↑](#footnote-ref-1)
2. Chronic absenteeism is defined as the percentage of students missing 10 percent or more of their days in membership. In a typical 180-day school year, this is the percentage of students who miss 18 or more days. The chronic absenteeism rate includes both excused and unexcused absences, and is calculated for students in grades 1 through 12. In order to be included in a school’s chronic absenteeism rate, a student must be enrolled in the school for at least 20 days at any point in the school year. If a student is enrolled in multiple schools within the same district in a single school year, however, the student is excluded from school-level chronic absenteeism rates but is included in the district rate. [↑](#footnote-ref-2)
3. The [Acting Commissioner’s January 2018 memorandum](http://www.doe.mass.edu/bese/docs/fy2018/2018-01/) recommending the Board renew PFSJCS’s charter with probation noted as follows. “While a majority of PFSJCS’s students reside in the districts in its region, in 2016-2017, nearly 19 percent of the school’s total enrollment was from a district outside of its region: Springfield. While schools are permitted to enroll outside of their regions, in accordance with M.G.L. c. 71 § 89(n), if more than 20 percent of the school's total enrollment for two consecutive years comes from school districts not included in its original charter, the school's board of trustees must file an amendment request to reflect its actual enrollment patterns.” [↑](#footnote-ref-3)