



buildinghope

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School Review Summary

The following School Review was created by Building Hope Services, LLC as a recommendation to the school. The recommendations listed below should not be construed as legal or financial advice, but simply suggestions for areas of the school to consider. If the school has specific questions, the school may wish to seek out professional advice.

School Name		
The Academy for Classical Education (Macon, Georgia)		
Requested By	Site Visit Date	Summary Completed On:
Pat Kelly, Chief Financial Officer	Tuesday, January 22, 2019	Monday, February 11, 2019

The Academy for Classical Education (ACE) requested Building Hope to conduct a school review of their school located at 5665 New Forsyth Road, in Macon, Georgia. This review was prompted by a request from their bondholders who were concerned about the school's failure to meet bond covenants of the debt-service ratio and the cash-days-on-hand. Building Hope requested numerous documents which were reviewed, after which a site visit was conducted on Tuesday, January 22, 2019. The information provided below is a summary of what was provided and what was observed during the site visit.

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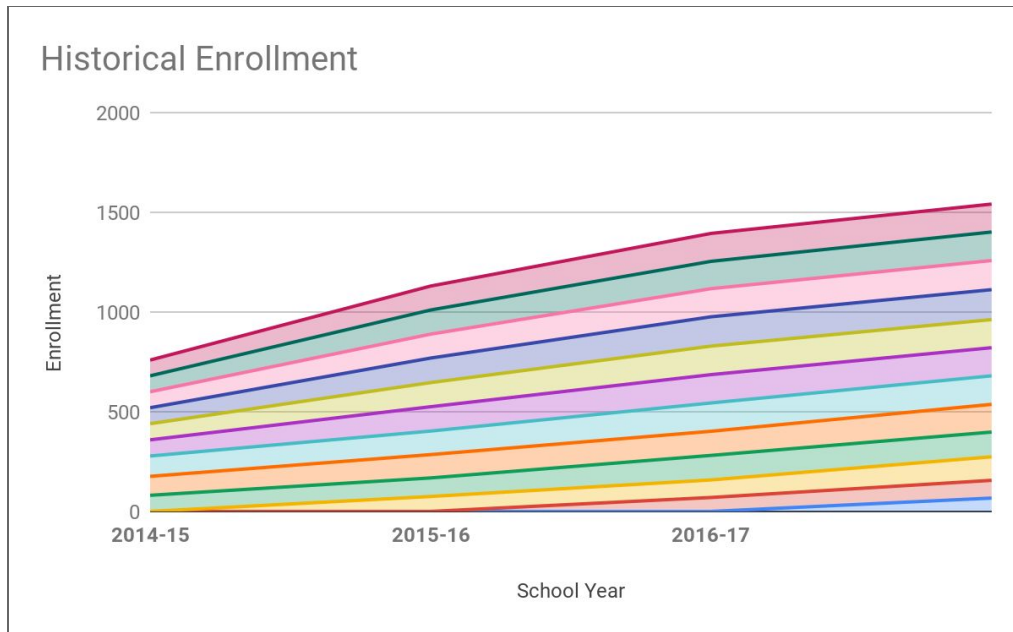
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Official State School Data

In order to provide a snapshot of the school's performance, we've researched ACE using data available from the State of Georgia to obtain the following data regarding the school.

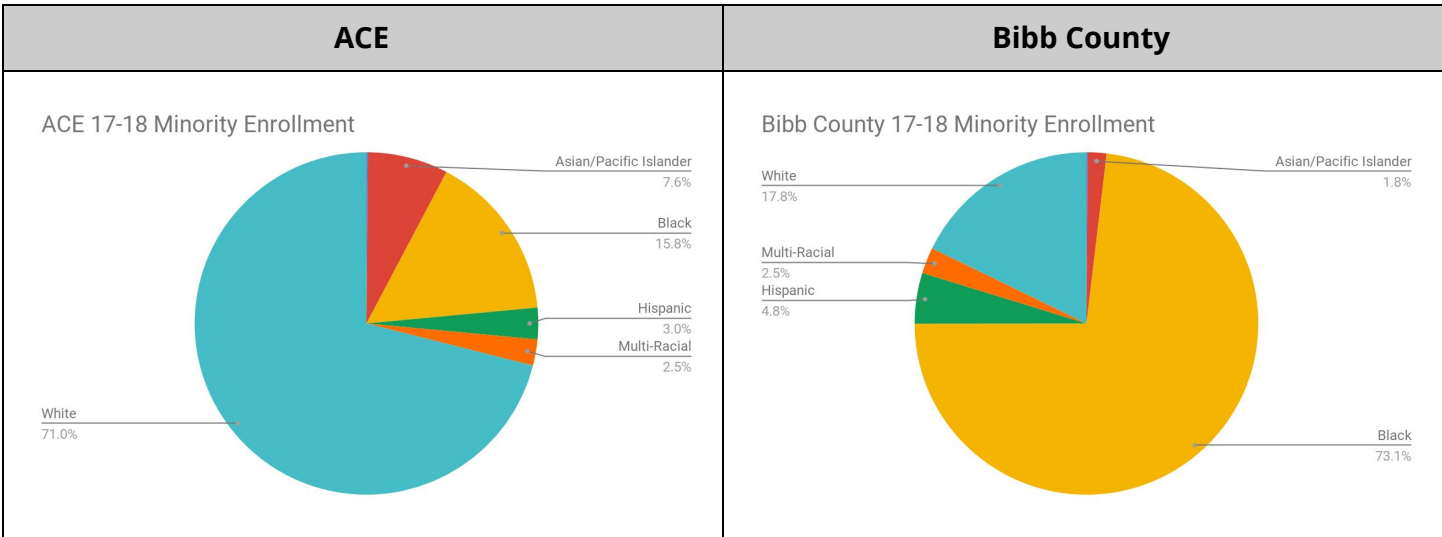
Enrollment Data

ACE opened in 2014, and the state reports their total enrollment that year was 759 students. The following chart represents their school growth over the last four years. The 2018-19 data was not yet available on the state's data website:

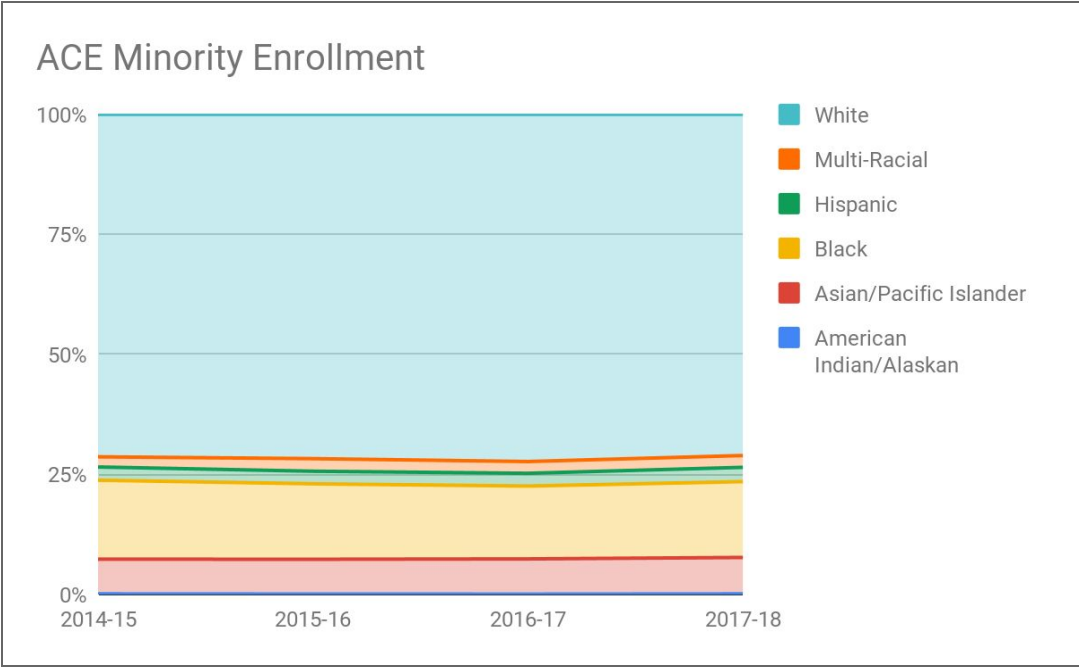


	2014-15	2015-16	2016-17	2017-18
Elementary (K-5)	481	727	850	861
Middle School (6-8)	278	328	386	406
High School (9-12)	0	75	158	274
Total Enrollment	759	1130	1394	1541

ACE currently enrolls approximately 29% minority students. ACE is located within Bibb County, which by way of comparison has a minority rate of 82%.



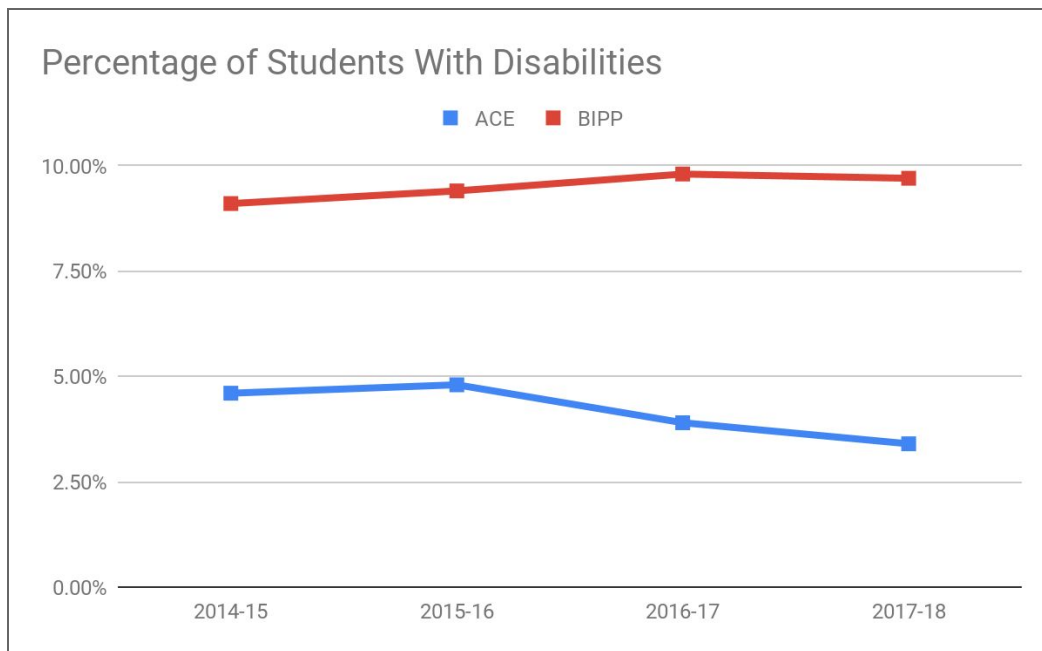
The school's minority enrollment as a percentage of total enrollment has stayed relatively stable over the course of the years for which data is available from the state.



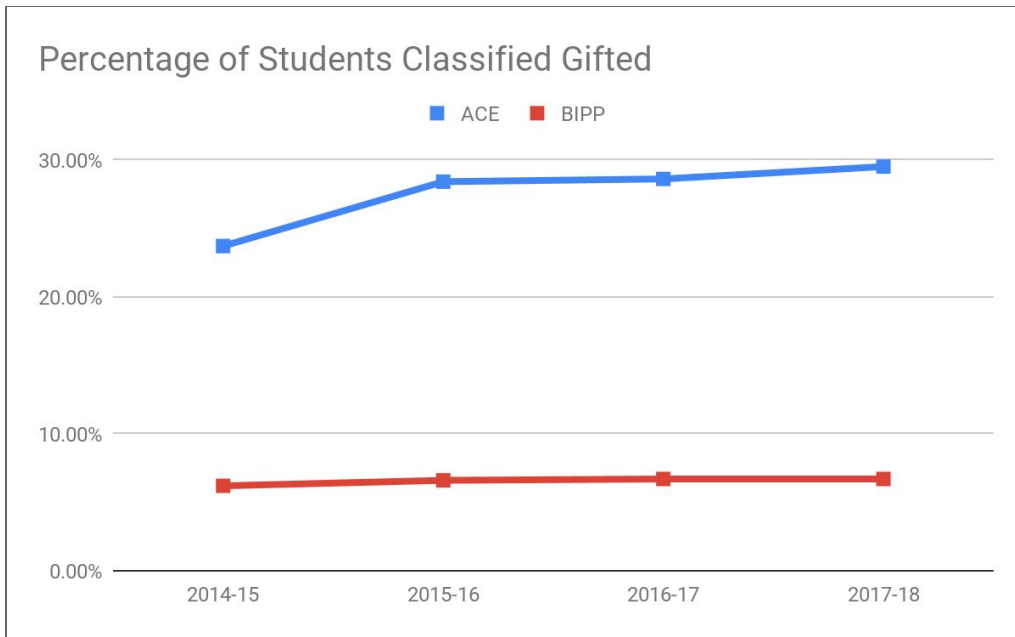
Some of the other demographics which are reported on by the state include special populations such as students who qualify for free and reduced lunch, disabilities, English language learners, etc. The following table represents this data as compared between ACE and Bibb County in the 2017-18 school year.

	ACE	Bibb Cty
Free Reduced Lunch	99%	99%
Students with Disabilities	3.40%	9.70%
Gifted Students	29.50%	6.70%
Limited English Proficient	2%	3%
English as a Second Language	1.00%	1.80%
Remedial Ed Middle School	0%	17.70%
Remedial Ed High School	0%	7.00%

Of particular note, it was observed while reviewing available demographic data that while the district's rates of students identified with disabilities have been trending upward, the enrollment rate for ACE has been trending down.



In contrast, the enrollment trends for ACE students who are classified as gifted have been slightly increasing at ACE whereas they have remained mostly stable within the district.



Performance Assessment Data

The state assessment performance data shows that ACE is consistently outscoring students in the Bibb County as a whole. Where as 62.4% of ACE students are either proficient or distinguished in English Language Arts, only 24.2% of Bibb County Students as a whole meet the same distinction in the 2017-18 school year. The following table compares the same type of comparison between ACE and Bibb in the four core subject areas:

	ACE	Bibb
English Language Arts	62.4%	24.2%
Mathematics	61.2%	23.0%
Science	60.5%	21.2%
Social Studies	52.4%	19.8%

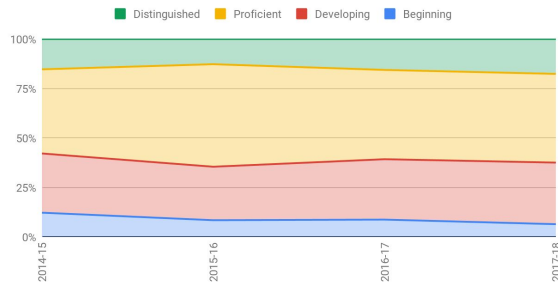
Of particular note is that the percentage of students who have scored at the “Beginning” level on state assessments is significantly smaller than the equivalent numbers at the county. Another positive point is that the trend lines in the first three subjects listed above are showing that ACE continues to make improvements over the four years of data available. Social Studies scores did go down slightly in 2017-18 for ACE. Below are tables for each of the four subject areas breaking down the performance of both ACE and Bibb County as a comparison of how ACE has significantly outperformed the district.

English Language Arts Performance Levels Comparison

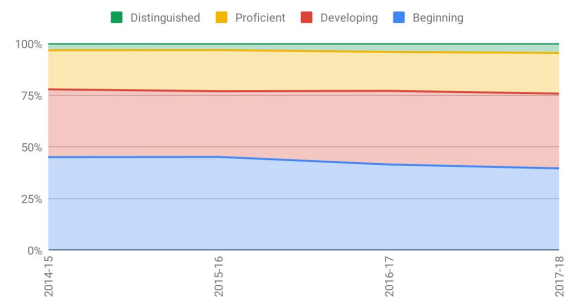
ACE Scores

Bibb Scores

ACE English Language Arts Performance Levels



Bibb County English Language Arts Performance Levels



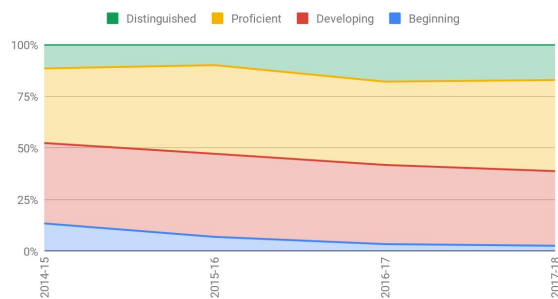
	14-15	15-16	16-17	17-18	14-15	15-16	16-17	17-18
Beginning	12.3%	8.5%	8.8%	6.5%	45.1%	45.2%	41.5%	39.7%
Developing	29.9%	27.0%	30.5%	45.1%	32.8%	31.8%	35.6%	36.2%
Proficient	42.5%	51.8%	45.1%	44.8%	18.9%	19.9%	18.8%	19.7%
Distinguished	15.3%	12.7%	15.6%	17.6%	3.2%	3.1%	4.0%	4.5%

Mathematics Performance Levels Comparison

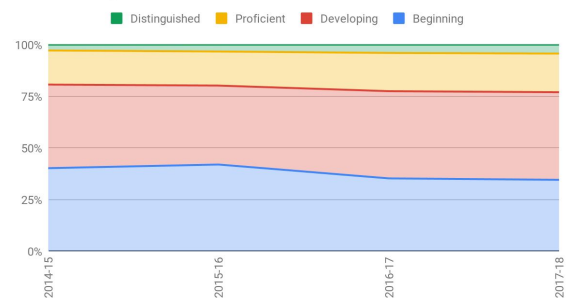
ACE Scores

Bibb Scores

ACE Mathematics Performance Levels



Bibb County Mathematics Performance Levels



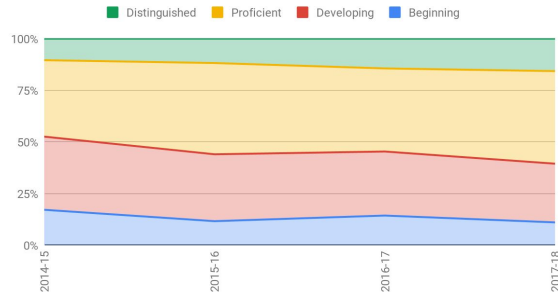
	14-15	15-16	16-17	17-18	14-15	15-16	16-17	17-18
Beginning	13.5%	7.0%	3.5%	2.7%	40.2%	42.0%	35.3%	34.6%
Developing	38.9%	40.2%	38.3%	36.1%	40.4%	38.2%	42.2%	42.4%
Proficient	36.1%	42.9%	40.3%	44.1%	16.5%	16.5%	18.5%	18.7%
Distinguished	11.5%	9.9%	17.9%	17.1%	2.8%	3.3%	4.0%	4.3%

Science Performance Levels Comparison

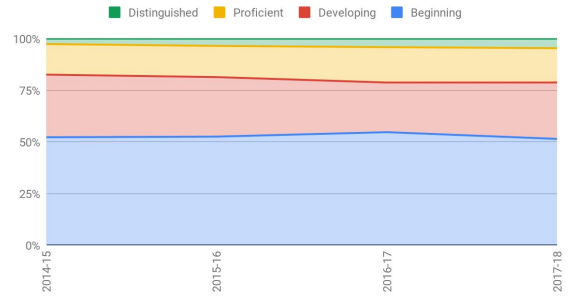
ACE Scores

Bibb Scores

ACE Science Performance Levels



Bibb County Science Performance Levels



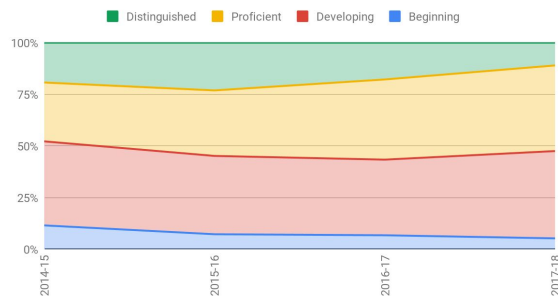
	14-15	15-16	16-17	17-18	14-15	15-16	16-17	17-18
Beginning	17.2%	11.7%	14.4%	11.1%	52.3%	52.6%	54.7%	51.5%
Developing	35.4%	32.4%	31.0%	28.4%	30.3%	28.8%	24.0%	27.3%
Proficient	37.0%	44.2%	40.2%	44.8%	14.8%	15.1%	17.1%	16.6%
Distinguished	10.4%	11.8%	14.4%	15.7%	2.6%	3.5%	4.1%	4.6%

Social Studies Performance Levels Comparison

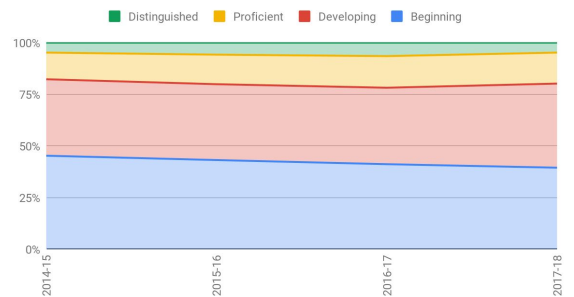
ACE Scores

Bibb Scores

ACE Social Studies Performance Levels



Bibb County Social Studies Performance Levels

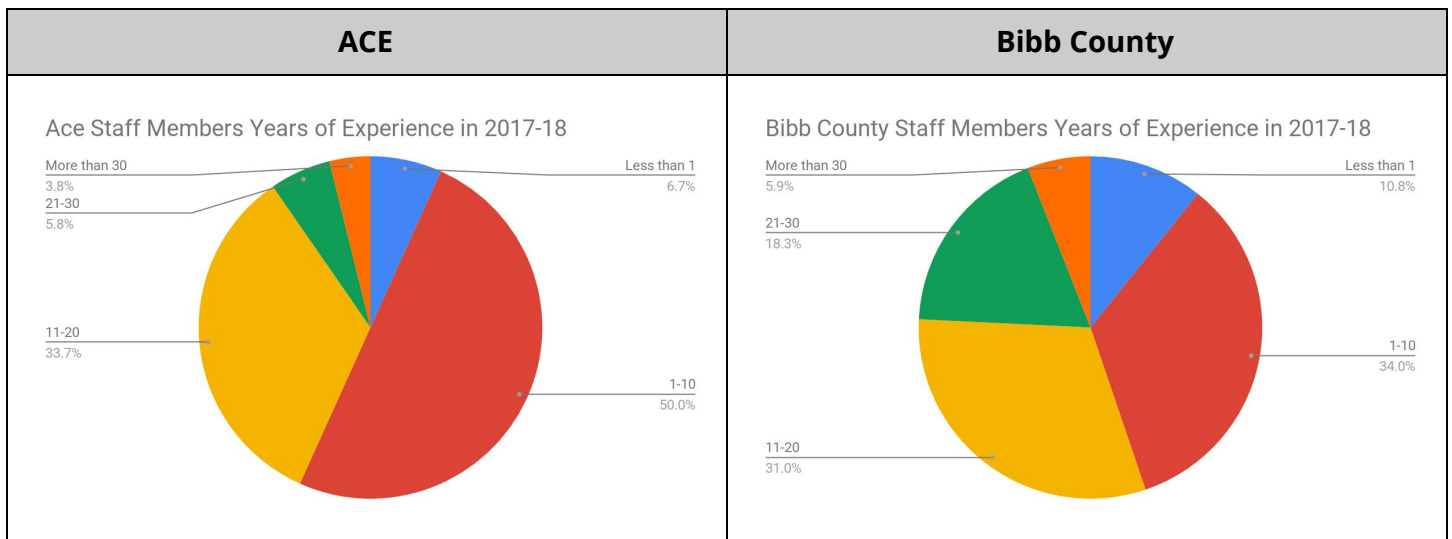


	14-15	15-16	16-17	17-18	14-15	15-16	16-17	17-18
Beginning	11.6%	7.3%	6.8%	5.3%	45.3%	43.2%	41.2%	39.5%
Developing	40.7%	37.9%	36.6%	42.2%	37.0%	36.7%	37.0%	40.7%
Proficient	28.5%	31.7%	38.8%	41.4%	12.9%	14.3%	15.3%	15.0%
Distinguished	19.3%	23.1%	17.8%	11.0%	4.8%	5.8%	6.5%	4.8%

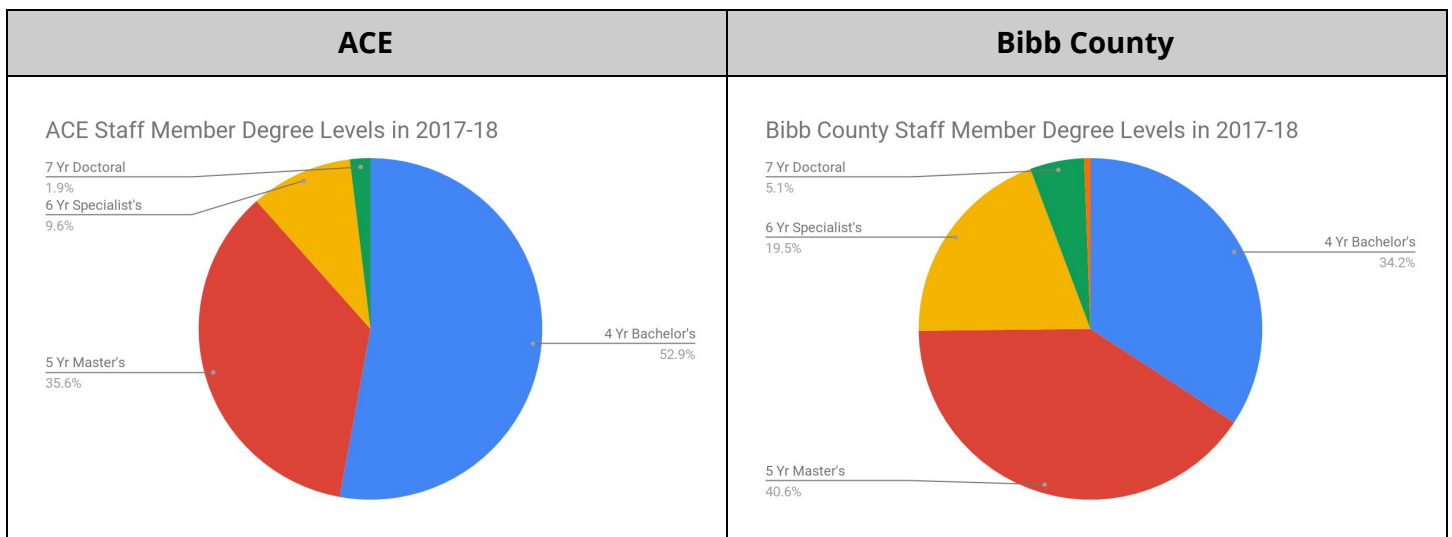
Staffing Data

The Georgia Department of Education also makes available data on the staff employed at all public schools. As a result, it was possible to compare the staffing levels and composition of ACE as compared to the Bibb County School District. Available data includes statistics about employee certification and experience, as well as the racial composition of school staffing at individual schools and for districts/LEAs as a whole.

While looking at the years of experience, the average years of experience of staff members at ACE is approximately 18 years, whereas at the district the average is 17 years of experience.

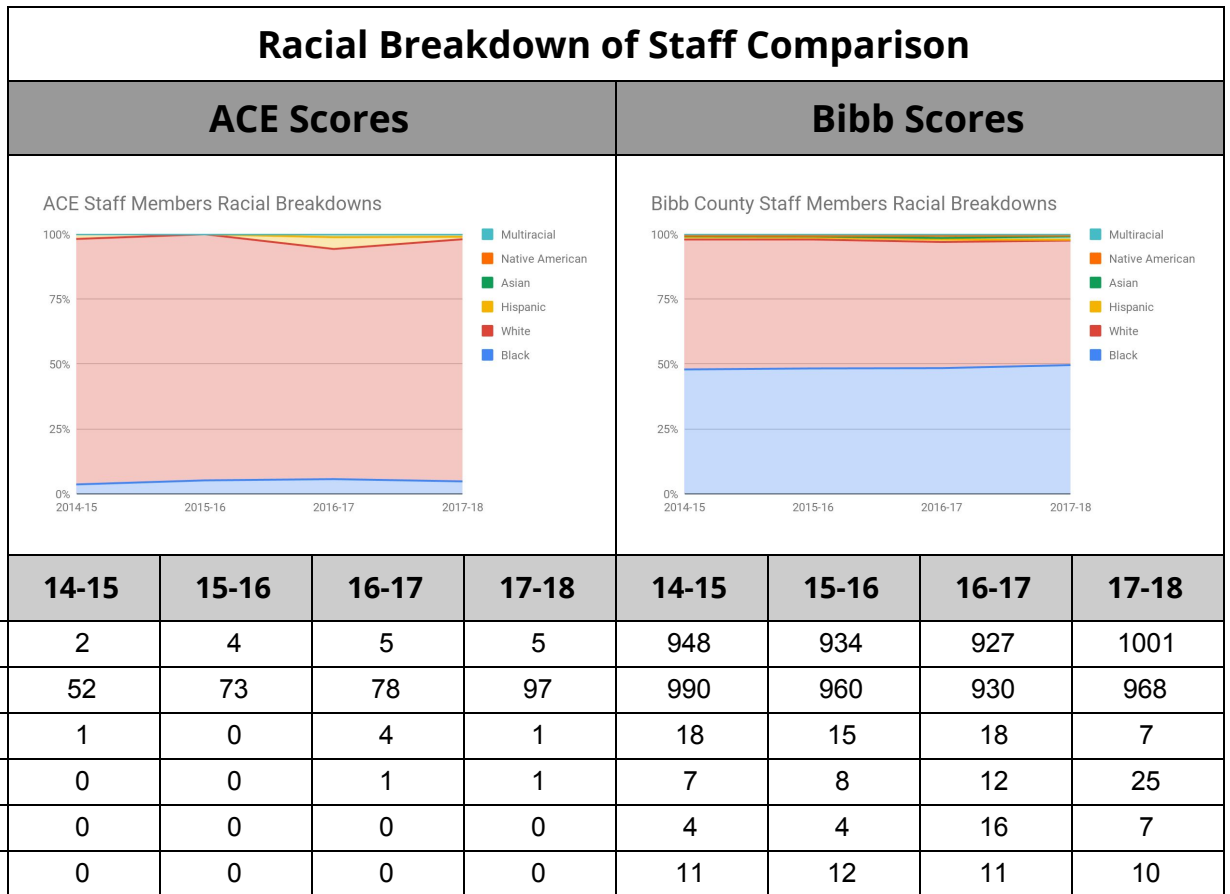


The majority of staff members at ACE hold a 4-year degree, whereas the largest percentage of category for staff members in Bibb County are employees with a 5-year Master’s degree.



The racial backgrounds of the staff members at ACE is significantly less diverse than that at Bibb County as a whole. Whereas 93.5% of the staff at ACE are classified as “White”, only 50.1% of the staff members in Bibb County are classified as such. There has been not been an increase in the racial diversity of the staff members in ACE since opening, during year 1 the percentage was 94.5%.

Racial Breakdown of Staff Comparison



Financial Data

Georgia Department of Education also releases financial data regarding schools. Unfortunately, the revenue numbers are not available from the state source regarding ACE's revenue therefore actual revenue numbers cannot be compared from this data source alone. The total revenue, per pupil, in Bibb County Was:

14-15	15-16	16-17	17-18
\$7,677.64	\$7,955.73	\$8,600.11	\$9,105.54

The state does report on the expenditures for both ACE and Bibb County. If the spending is averaged out to the amount spent per student, the average spending over the last four years was:

	14-15	15-16	16-17	17-18
ACE	\$7,830.96	\$7,778.46	\$8,271.16	\$9,009.21
Bibb County	\$6,539.74	\$6,380.77	\$6,884.96	\$7,248.03

The following table represents the overall percentage of expenditures in various categories in the 2017-18 school year to compare ACE's expenditures as compared to Bibb County's.

	ACE	Bibb County
Debt Services	8.0%	0.3%
General Administration	0.0%	3.0%
Instruction	69.2%	63.6%
Instructional Support	0.0%	6.5%
Maintenance and Operations	1.7%	9.0%
Media	0.4%	2.0%
Pupil Services	3.9%	3.3%
Renovation and Capital Projects	11.0%	0.0%
School Administration	5.8%	7.7%
School Food Services	0.0%	0.1%
Transportation	0.0%	4.6%

Review of Documents

The documents which were provided and reviewed as part of this report include:

Without Comments	With Comments (See Attached)
<ul style="list-style-type: none"> • ACE Application - State • ACE Application - District • ACE Strategic Plan 2017-2022 • FS18 Reissue of Bond Covenants / Audit • FY19 ACE Organizational Chart • Three Year Budget Projections if district authorized • Three Year Budget Projections if state authorized • 2018-19 Enrollment and Waiting List numbers • 2018-19 ACE Budget 	<ul style="list-style-type: none"> • ByLaws • Executed Charter Contract • Faculty Handbook (2017-18) • Student Handbook (2018-19) • Financial Policies and Procedures Guide •
Board Meeting Minutes	
1/09/2017, 1/18/2017, 1/21/2017, 1/27/2017, 2/16/2017, 3/20/2017, 4/17/2017, 7/18/2017, 8/21/2017, 11/13/2017, 3/20/2018, 4/25/2018, 8/23/2018, 9/11/2018, 11/15/2018 12/17/2018	5/15/2017, 6/20/2017, 8/16/2017, 9/18/2017, 10/17/2017, 12/11/2017, 2/26/2018, 4/9/2018, 5/21/2018, 5/31/2018, 6/18/2018, 7/16/2018, 8/23/2018, 9/17/2018, 10/15/2018





Report Details

The report below is broken down into the following categories:

<u>Educational Plan</u>	<u>Business Plan</u>	<u>Business Plan</u>
Mission/Vision Climate Curriculum & Assessment Special Programs	Governance Management and HR Student Recruitment	Facilities Budget Financial Management

The narratives were written based on observations from the site visit conducted as well as from reading through the documents which were provided during the process. In addition to the narrative responses below, you will also receive annotated copies of the provided documents with suggestions you may wish to consider.

The suggestions below are just that ... things you may wish to consider as you move forward and continue to expand upon the program your school offers. If an area seems as though it may be in violation of Charter School Law or a significant deficiency, that is made clear in the narrative, otherwise the suggestions are just things you may wish to consider to ensure the effective operation of your school. To assist with the decision-making process an icon appears next to each suggestion indicating the level of priority:

	<p>Low Priority</p> <p>These are items you may wish to consider long term. For example, within the next year or two, you may want to consider trying to complete these suggestions.</p>
	<p>Medium Priority</p> <p>These are items you may wish to consider completing within the next several months as they are more significant areas.</p>
	<p>High Priority</p> <p>These are high priority items that you should probably consider within the next month or two.</p>
	<p>Urgent Items</p> <p>Anything listed as urgent are things you should probably consider immediately. This indication will only be provided for items where the school might be a violation of rules or laws or could get into trouble if something isn't changed.</p>

After reviewing this report, if you should have any questions or concerns, you may contact Building Hope for assistance or additional follow up. We are also willing to meet with the school administrator and/or Board of Directors to discuss the suggestions provided.

Educational Plan

Mission / Vision & Purpose

The Academy for Classical Education (ACE) opened in 2014 and was founded by two retired educators who saw what they perceived as a need for a ‘back-to-basics’ style of education. The simply stated vision is that ACE is “a place where teachers can teach and students can learn.” This vision is located throughout the school and came through in conversations with the school’s administration. The stated mission statement for ACE is **“to build the foundation of knowledge and critical thinking skills necessary for children to become independent learners for life.”** They wrote in their application to the state to become their authorizer:

The defining feature of ACE is a culture committed to excellence in the classroom, in the arts, and on the playing field, providing a truly holistic experience for all students. Coursework is designed to challenge and enlighten students of all ages. Extracurricular trips that support the curriculum are embedded at all levels from Kindergarten to the twelfth grade. Students experience information from text, teacher, and through experiences.

This mission seems to be embedded into daily practices where the culture is focused on instruction and academic performance. In addition to the administration being able to articulate the mission of the school, it appears as though the leadership on the governing board is committed to the mission and the success of the school as well.

The school has a written strategic plan which is titled “Strategic Plan 2017-2022” which lays out specific goals for the organization. The document lays out the detailed process the school went through to identify the strengths and weaknesses of the organization and to determine the goals as outlined in the document. The goals are broken down into four categories and are listed in the table below. Also as part of this review, we have reviewed the Board Meeting minutes since January 2017. Items which have been discussed by the Governing Board within the last six months are indicated in bold within the table.

Initiative 1	Initiative 2
<p>Governing Board and School Development</p>	<p>Protect the Learning Environment</p>
<ol style="list-style-type: none"> 1. Continue to increase student, faculty, and governing board diversity 2. Provide ACE families with viable transportation options 3. Develop, implement, and monitor a comprehensive onboarding policy and procedures for new board members 4. Develop, implement, and monitor a plan to improve public relations 	<ol style="list-style-type: none"> 1. Consistently monitor, disaggregate, and report a variety of academic data points to stakeholders and community 2. Consistently monitor and report the fiscal health of the school to stakeholders and community 3. Work toward obtaining the designation of a Blue Ribbon School of Excellence

Initiative 3	Initiative 4
Resource Development	Parent Participation and Volunteerism
<ol style="list-style-type: none"> 1. Develop a viable Foundation 2. Foster the growth of athletic booster clubs and the Parent Teacher Organization 3. Seek additional grant opportunities and community partnerships to continue to grow and build the academic, fine arts and athletic departments of ACE 	<ol style="list-style-type: none"> 1. Develop, implement, and monitor a plan to increase parent participation and volunteerism 2. Continue to encourage and monitor parent/family participation and volunteerism

Recommendation: Enhance Board focus on Strategic Plans

Our first recommendation for ACE as part of this review is that the Board put more focus on the strategic direction of the organization. It appears to this reviewer that the majority of the conversations that are occurring at the board meeting are reports and items which come up in the daily operation of the school, more so than the strategic future of the organization. Given that the school has put the time and effort into developing a specific and well laid out strategic plan, we would suggest the school spend more regular time reviewing the plan and benchmarking the progress towards the goals laid out therein. We would recommend a regular item on the agenda to review the status of the goals, the next steps that need to be taken, who is assigned those tasks, and whether the subtasks identified within the plan have been met, and if not what is being done to rectify that. In the governance section below we will talk about the importance of a data dashboard, we would suggest that specific benchmarks and progress towards the strategic goals should be a key indicator included in your data dashboard. The school as a whole could also use these goals more deliberately. For example, we noticed that on the walls in the conference room were charts representing your progress towards academic accomplishments, maybe some visual representation of your progress towards your strategic objectives/goals would also be advantageous.



School Climate / Discipline

The climate at ACE is very conducive to both teaching and learning, as their vision statement indicates. Students were very well behaved, and nearly every classroom we entered during the site visit we observed students were engaged and on task. There were only a few exceptions to this, and even then when the teacher brought them back to task, the students quickly stopped conversations and gave their attention to the teachers.

When we arrived at the school, it was clear that a great deal of attention has been given to planning routines and activities at the school to ensure things run smoothly and according to plan. There are three entrances to the property for parents dropping their children off at school, and each was monitored, and staff was assisting with traffic. Student drop off was smooth and there was not a large que of cars waiting to drop kids off, things flowed very smoothly. It was apparent that staff members had been given specific assignments to be in specific locations/tasks during these routine times, both outside for traffic and inside for student supervision. The review team explored the school before school started and

found that there were numerous staff members posted around the building, ready to greet students and maintain order.

Staff seemed positive and to have a good rapport with students calling them by name, welcoming them to the classrooms, and interacting with them in positive ways throughout the day.

Both reviewers were particularly impressed with the smoothness of afternoon dismissal as well. Given that ACE does not provide transportation to students, all parents must be picked up by families or carpools. The school utilizes an online system called "Silent Dismissal" whereby staff members input the codes of cars coming into the parking lot, teachers display which parents are in line on a screen, and the students are dismissed from their classrooms. Once the cars get to the front of the line, the students are usually outside and ready to load into the car. To dismiss the 1,700 students only took about 25 minutes, and was extremely orderly.

It is clear that building a culture of respect, professionalism and academic pursuits is important to the leadership of ACE. Mrs. Laura Perkins, the Cofounder, and Principal, spoke frequently about the desire to treat her teachers as professionals and the need to stay focused on academics. Mr. Thomas Gaither, the governing board chairman, also talked about the importance of culture, and the work that Mrs. Perkins has put in to build the culture of the school. He did talk about how the eventual transition of the leadership may result in a hiccup in the school's culture, but believes that the foundation has been laid to be able to weather any hardship that may come.

During our visit we did not witness any student discipline issues. The school does have a policy with regards to how discipline will be handled and provides parents with a very clear code of conduct document which lays out expectations and consequences for misbehavior.

One item stood out to this reviewer while reading the application to renew the charter contract with the school district. The application indicated the school was in line with the district with regards to the racial breakdown of disciplinary suspensions from school. The application included data from 2014-15 that showed that 66% of suspensions were to white students compared to 7% in Bibb County, and 26% to black students at ACE and 88% to black students to Bibb county as a whole. This raised questions in this reviewer's mind regarding how those percentages hold up when compared to the racial makeup of the school's population since ACE has a significantly lower minority enrollment than the district does. We found data regarding K12 Student Discipline available at: <https://gosa.georgia.gov/downloadable-data> and compared the numbers.

		ACE			Bibb County		
		White	Minority	Variance	White	Minority	Variance
2014-15	% of Population	71.3%	28.5%	6.9	17.2%	87.5%	5.15
	% of Discipline	64.5%	35.5%		10.8%	91.4%	
2015-16	% of Population	71.7%	28.1%	23.95	16.6%	86.6%	3.9
	% of Discipline	47.8%	52.1%		11.6%	89.4%	
2016-17	% of Population	72.3%	27.6%	17.35	19.8%	86.1%	4.45
	% of Discipline	55.0%	45.0%		14.2%	89.4%	

Note, we acknowledge the percentages do not add up to exactly 100% as a result of the way the data is reported and summarized. Variances are the average between the absolute values of the differences between the percentage of discipline versus the percentage of the population. For example, if 71% of the student population would have been white, and 71% of the discipline issues were for white students, the variance would be 0.

The data, when analyzed over the three years, show that there is significantly higher number of consequences given to non-white students for behavioral issues when compared to the student population. This was most pronounced in 2015 when non-white students represented only 28% of the population, but 52% of the behavioral consequences issued.

The racial makeup of the school was indicated as a potential concern in several of the documents that were reviewed. In fact, the SWOT analysis done as part of the strategic plan indicates that the first internal weakness is “student diversity,” followed by “Board diversity” as the second weakness. The 2017-18 school year data is the most recent data available from the state. For the purposes of the tables below, we are defining minority as anyone who does not identify themselves as white.

	ACE	Bibb County Schools
Minority Students	26.7%	81.7%
Minority Staff	6.7%	48.0%

To examine if part of this difference could be based on where ACE is located within the county, we examined US Census records for a radius of both 5 and 10 miles from ACE, as well as Bibb County as a whole.

	Radius Around ACE		Macon-Bibb County
	5 Miles	10 Miles	
White Population	74%	48%	41%
Minority Population	26%	52%	59%

This data does demonstrate that ACE is located in a more predominantly white community than the county is as a whole and that the student population attending the school does fairly closely represent the most area most adjacent to where the school is located.

	ACE Population	5 Mile Radius Census	10 Mile Radius Census
White	71%	74%	48%
Black	16%	20%	47%
American Indian/Alaska Native	0%	0%	0%
Asian	8%	4%	2%
Native Hawaiian/Pacific Islander		0%	0%
Multi-Race	2%	1%	1%
Other		1%	1%
Hispanic	3%	**	**

*** Hispanic origin is reported differently on the census data*

That said, however, diversity is extremely important in a school to encourage students to consider and think about alternative perspectives in their academic pursuits, and the school is significantly underrepresented in the number of minority staff members, so it is something the school should continue to focus on. Please see below in student recruitment and human resources for additional suggestions in these areas.

Recommendation: Appoint a special committee to analyze racial discrepancies at the school

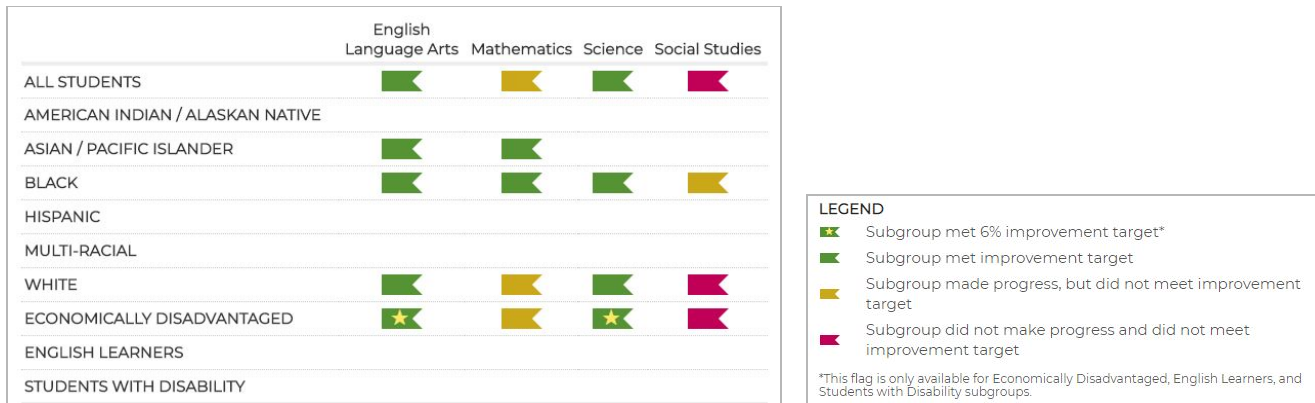
Given the apparent pressure the school has felt from the district and internal stakeholders regarding the diversity at the school, and given the behavioral data described above, we would recommend that the school consider appointing a committee (with careful consideration given to the diversity on that committee itself) to analyze more in-depth how the diversity is or is not representative of the community and what could be done about it. We recommend this conversation include analyzing behavioral data to determine if some sort of training must be done amongst the staff as a whole, or individual staff members need additional interventions, etc. In addition, the committee could work on helping to devise ways of increasing staff representation, and stress the importance of remembering to keep the goal of a more diverse staff and student body front and center among the school’s decision making agenda.



Curriculum & Assessment

On the whole, ACE seems to perform well academically, as measured by the state’s standardized assessments. These generally high levels of overall performance occur both in terms of aggregate percentages for the school as a whole as well as for each specific grade band measured by the state’s assessments, especially when compared to the local traditional school district and the state as a whole. This reflects, in part, the hard work of a seemingly dedicated staff and leadership, especially given significantly lower levels of average per pupil expenditure for ACE as compared to Bibb County schools as a whole (with ACE having a two-year per pupil average of \$6,795 as compared to just over \$9,000 for the District, as indicated by state’s [College and Career Readiness Performance Index](#) reports.) Given the high number of gifted students and low diversity levels at ACE, we would assume that the school would outperform its peers.

That being said, high academic performance is not consistent across important demographic subgroups. According to state data, there were several areas in which ACE did not meet the student improvement targets that would have been expected (most notably in Social Studies and Mathematics). If the school wanted to focus on increase academic rigor there are numerous practices which could be implemented at the school in order to increase academic rigor, and consistent instructional practices across the school.

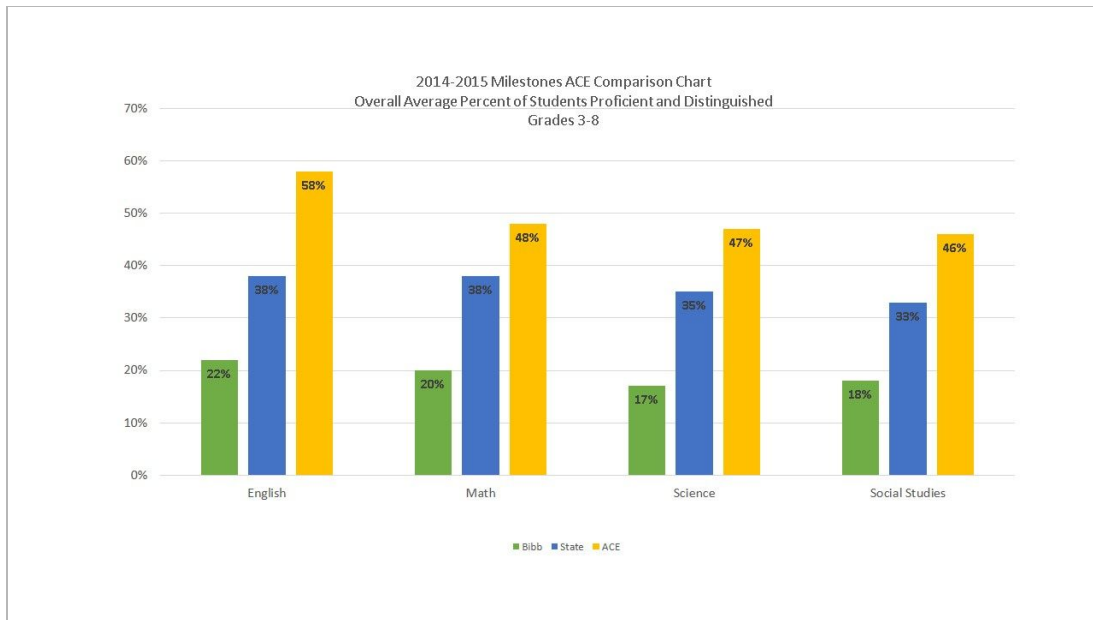


Additionally, direct comparisons of academic performance at ACE against that of the local district are difficult, if not impossible, to make for a variety of reasons, not least of which is that comparisons by demographic subgroups are masked by the District having qualified for the Community Eligibility Provision under federal guidelines. Whereas, for example, the school is listed as enrolling up to 99% of students designated as eligible for Free- and Reduced-price Lunch services, the school estimates that only 25-30% of its actual student population meets FRL eligibility guidelines. Similarly, ACE seems to enroll a much smaller percentage of students in particular subgroups that likely require greater supports in order to meet state performance benchmarks (eg, 3.4% of students at ACE are identified as having Disabilities compared to 9.7% for the District schools and 34% of District students are identified as needing Early Intervention services compared to 4.7% at ACE.)

Recommendation: Conduct deeper analyses of the school’s data assessments, particularly to monitor the academic progress of students in demographic subgroups

Currently, it appears as though the school places emphasis on broad measures of overall student performance (as indicated, for example, on large full color posters visible in multiple locations throughout the school that demonstrated aggregate student performance across grade levels on standardized state assessments, similar to this graph displayed on the school’s public website as in the graph below). This data, while accurate, does somewhat mask important needs among subgroups of students that merit increased attention and support.





A more detailed analysis of benchmark data will likely indicate other areas in which increased attention by school leadership, including the school’s lead-teachers at all grade levels, could benefit the school. Perhaps most of value would be attention to increased analysis of student data across multiple subgroups (eg, classroom, grade, and especially demographic subgroups, including ethnic minorities and English Learners). The insights gained from this analysis will be of great value and can inform decision-making and allocation of resources, such as for differentiated professional development for groups of staff members. Additionally, data analysis should be utilized across the school to closely measure student academic progress, especially for important demographic subgroups. Conversations with teachers indicated that they use, in the words of one teacher, “a bunch” of data to monitor their students, but little specifics were evident outside of numerous small group intervention groups observed in the primary grades. In addition, from conversations with the Principal it appears as though the ownership of these data conversations currently primarily falls on the grade level leaders, perhaps using resources associated with the [Looking Together at Student Work](#) protocols. It may be beneficial to formalize protocols regarding data analysis at the administrative level to ensure adequate analysis is being completed and that all stakeholders see how important this data analysis is to the overall operations of the organization.

Recommendation: Institutionalize focus on consistent, research-based instructional best practices

Another area on which school leadership may wish to focus would be to develop a consistent set of research-based instructional practices teachers across all grades utilize to support individualized attention for all students. During our conversations, the Principal indicated she is not a big believer in the idea of “non negotiables” for her staff. She believes that teachers need to be given the professional autonomy they need to teach their classes. While this is commendable, there does appear to be a lack of consistent instructional approaches used across the school. For example, it is fairly common in most schools now to find a requirement about common board configuration (i.e. the standard being taught for the day is specifically listed on the board, along with other key data the administrators might want teachers to focus on. Another common practice in most schools we visit are data binders and lesson plans available so that when administrators enter the room they can see the teacher has plans in place



and that assessment data is being used appropriately. There may well be other instructional practices the school may wish to implement.

We would recommend reviewing research such as Professor John Hattie's [Visible Learning](#) which is a meta analysis of over 800-educational studies which attempts to rank the most (and least) effective instructional strategies according to the research. According to his research, the most effective practices to focus on include:

1. Focusing on collective teacher efficacy
2. Utilizing self-reported grades (having students evaluate their own performance)
3. Teacher estimates of achievement (immediate and effective feedback from teachers on performance)
4. Cognitive task analysis
5. Response to intervention
6. Piagetian programs
7. Jigsaw method

School leadership reports that work in this area has been initiated and that developing a consistent set of instructional practices school-wide, such as for fostering student engagement, is a part of their current professional development program and we encourage this to continue. The school has recently adopted a school wide book study as part of their PD work, which this year focuses on [Focus: Elevating the Essentials to Radically Improve Student Learning](#) by Mike Schmoker. Observations conducted in classrooms across all grade levels indicate some of the practices associated with Schmoker's work, but none that were consistent. In fact one reviewer made note that of the 30+ classrooms he visited, only two classrooms visited were observed utilizing a practice that the Principal indicated the staff was currently working on, which was the use of tools such as popsicle sticks to generate random student selection as a way of fostering student engagement.

Recommendation: Differentiate professional development regarding instructional practices

As the school works to institute consistent instructional best practices, we would recommend thought be put into what practices not only work well within the mission of ACE, but also has a strong research base of efficacy. Once specific strategies are identified, we would recommend that that school consider a differentiated form of professional development whereby staff are "assigned" (or self select) which instructional practices they want to focus on based on their own needs identified within their evaluation process. We believe this may yield more productive results than having the entire staff focus on a single book study. Again, we believe this is something the administration should participate in actively to ensure staff understand the importance of this professional growth.



Recommendation: Elevate data analysis to be included as an administrative function

The school already seems to have assets in place to support this work, including a full-time 'Compliance Monitor' whose responsibilities include preparing and administering the State-mandated assessment calendar and the school's internal assessments, as well as staff dedicated to supporting the school's Response to Intervention (RtI) program. The CM reports having developed a team of teachers at each



grade level who run lead on assessments, “a few” of whom could step up to fulfill her role if needed (although no formal succession training plan is in place). This person could be a very useful asset for supporting a rich school wide culture of data analysis and data-informed instructional planning. A few early grades classroom seemed to be utilizing instructional tools already that offer individualized student data, including RAZ Kids and EasyCBM, that could be used to support this work.

One of the suggestions we make in the human resources section below is to re-examine the administrative organization of ACE. If that recommendation is considered, we would highly recommend that the concepts of data analysis be elevated to an administrative task. While it is certainly good to have grade level leads working with teachers to regularly look at and understand the data, we think by having an administrative focus, there is a higher level of dedication to monitoring the progress, and it emphasizes to all staff how important constantly monitoring the progress students are making is to the school as a whole.

Special Programs / Populations

The school currently works with both special education and gifted students. The Principal said that often families with special education students do self-select to not attend ACE once they see the level of rigor and academic accountability at the school (for example, the homework requirements). She feels this is a big part of the reason that the special education numbers of the school are lower than that of surrounding schools. Similarly, the rigor may be of particular interest to families of gifted students who may select the school for those reasons. Mrs. Perkins feels that a big part of the reason the school's gifted numbers are so much higher than that of other schools is because they do not shy away from testing any student who shows a propensity for being gifted. Indeed, the school reports being committed to ensuring that all gifted students are identified.

Mrs. Perkins indicated that the school does not turn away students who come to the school with special needs. She gave specific examples of students who were diagnosed with Autism who initially the parents and school shared concern for how the student would do, but the student has since thrived. She said often the special education students who do attend the school do very well given the academic program. Given the small number of ESE students at ACE, state data was not disaggregated to reflect performance levels of special education students. (A minimum threshold of ten students is required to provide aggregated data in order to prevent individual student data from being identifiable). She also pointed out that the school will meet the requirement of an IEP of a family who selects ACE, pointing to another student who requires a full-time one-on-one assistant, and that the school is currently providing such services for one student.

Similar to the observations reflected in the previous ‘Curriculum & Assessment’ section, the school may benefit from an increased focus on student progress across all demographic subgroups, especially in light of the school's current plans to transfer their authorizer from the local school district, and become a state authorized charter.

If the school does indeed transfer to authorization by the state, they will receive not only additional per pupil funding but will also assume significant new responsibilities and requirements currently held by the local school District as the LEA for special education purposes. A school of this size and complexity will need to have very detailed and comprehensive plans in place to manage this transfer of responsibility,

especially as it relates to requirements regarding high-needs populations. At the least, as its own LEA the school will assume liabilities related to any potential failure to fully provide required services for Exceptional Student Education (ESE) services that currently incur to the District.

Recommendation: Start developing a comprehensive special education plan and procedures

Especially if the move to the state authorizer is approved, we would recommend as soon as possible beginning to develop a comprehensive written plan for meeting the needs of special education students to ensure the school stays in compliance with the Individuals with Disabilities Act. Mrs. Perkins indicated that she has already hired a specialist for special education who will be able to help the school with meeting these needs. We would strongly recommend adopting a written special education plan. This is not our area of expertise, so we can not offer specific suggestions on this plan, however, it may be advantageous to hire a consultant who has such expertise to ensure the school is proactively dealing with any issues that may arise in the future. Special education is one of the most litigious areas of education. There is a consultant who works out of Tallahassee, FL who works with both school districts and charter schools throughout the country whose specialty is Special Education, Collaborative Educational Network, Inc. The director is Christy Noe and she can be reached at christynoe@outlook.com.



Recommendation: Develop and implement strict protocols for ensuring confidentiality of student-identifiable data

During our observation, one thing we did notice which was of particular concern, especially given the strong protections individual students have under state and federal FERPA guidelines, was the observed display of student assessment data for individual students by name. One reviewer was able to identify by first and last name the students who performed consistently at the bottom of the performance band on several math assessments, as displayed on an assessment chart posted outside of an upper grades math class.



All students, but especially those underperforming their peers in any way, deserve to have the confidentiality of their academic performance protected at all times and student-identifiable assessment data should never be displayed publicly, especially in ways that will identify students underperforming their peers.

Organizational Plan

Governance

As part of this review, we attended a meeting of the Finance Committee and the Governing Board Meeting on Tuesday, January 22, 2019. We were impressed by the professionalism and knowledge of charter school issues that was displayed by the Governing Board. It is clear that especially Mr. Gaither, the chairman, and other board members as well have a detailed understanding of charter school requirements for Georgia and the political atmosphere surrounding charter schools in the state. Mr. Gaither was able to discuss charter school revenue streams much more in-depth than the staff members even were able to. Both meetings were run very efficiently and encouraged participation and input from the stakeholders while staying focused on the agenda. The board seemed to have a good grasp of the operations of the school, although we didn't have any in-depth conversations about operations with any of the board members.

As part of this review, we were provided copies of the Board Meeting minutes going back to January of 2017. Those minutes which raised questions or thoughts are included as attachments to this report with annotated notes.

One thing that stood out while reviewing the minutes was that there were frequently items which were tabled, more than this reviewer typically sees at other charter schools. Upon noticing this anomaly I went back and reviewed the minutes again to find any items which had been tabled until a later date, and then looked to see if those items were indeed addressed in future meetings. Going back to July, 2017 the minutes represented 18 times when items were tabled. Some of those items were repeatedly tabled from meeting to meeting. The items which were tabled which do not seem to have resolution included: adopting Read 180 or an alternative, purchasing busses, charter renewal, arbitrage agreement, key man insurance, and governing board member policies.

Recommendation: Develop a board agenda docket system to organize future agenda items

We would recommend developing a document that is accessible by the administration and perhaps some board members (a collaborative platform such as Google Suite or SharePoint works very well for this type of document). Any time an item is tabled, or when someone realizes that an item needs to be discussed by the board, it could be added to this document. When the agendas are being established for the Board, the chairperson and/or designee could refer to this document to ensure all items are addressed. This can also be very helpful to organize regular items which need to be addressed on an annual basis, such as the approval of the annual audit, review of academic performance scores, renewal of teacher contracts, and annual compliance issues.



The Governing Board also makes regular use of executive session. It appears that most of the instances in which this has been used is allowed for under state statute. According to the Government in the Sunshine manual from the Georgia Municipal Association, there are only six topics which can be moved into executive session:

1. to discuss pending or potential litigation with legal counsel and to discuss or vote on settlement;
2. to discuss or vote on authorizing negotiations to purchase, dispose of, or lease property;
3. to discuss or vote on the acquisition, disposition or lease of real estate by the city;
4. to discuss hiring, compensation, evaluation or disciplinary action for a specific public officer or employee;
5. to interview an applicant to be executive head of a department; or
6. to discuss records that are exempt from disclosure.

There were a few instances noted in the minutes of topics moved to the executive session which did not fall into these categories, so we would caution the board to be careful about these exceptions. In addition, there are specific requirements when moving into executive session, specifically that the minutes reflect:

- the specific reason for closing the meeting must be stated in the minutes;
- the minutes must reflect the names of the members of the governing authority present
- and those voting to close the meeting;

These items were followed almost all of the time. Usually the Board also reported out the resulting motions, but this was not always the case. The statute does not appear to require that this be done. The manual does indicate that "... closed meetings are the exception and not the rule," so we would also advise the Board to consider the use judiciously to ensure transparency in operations wherever possible.

Another point that was noted during the review of the meeting minutes was the lack of reporting on the primary "business" of the school, educating students. Of the 30 meetings we reviewed the minutes for, only three noted a report of academic performance.

A significant portion of the meetings seem to be taken up by review of reports (such as the cash on hand report and the ESPLOST, or Education Special Purpose Local Option Sales Tax, update, as well as pressing current issues, such as pending litigation, construction projects, contracts which need approval, etc. There were a few, very minor references to completing and reviewing a strategic plan, and some references to approving policies, but the vast majority of the time was not devoted to future focused topics. One of the trainings we do with governing boards asks board members to evaluate what percentage of their time is spent on the following tasks:

- Day-to-Day Operations
- Strategic Planning
- Financial Oversight
- Establish Policies
- Overseeing Administrator
- Other

We then ask Governing boards to discuss where their time would be most advantageously spent and how processes can be put into place to ensure that the previous time available at Governing Meetings is dedicated to what is most important. We suggest that financial oversight, strategic planning and as necessary, establishing policies are the primary time focuses for a Board, followed by overseeing the administrator. In ACE's case, it appears as though the evaluation of the school's administrators has been delegated to the Chairperson. While reviewing the minutes, almost no time was spent on strategic

planning, and it appears as though while time was spent on actual financial oversight, there is little actual discussion in these areas, and mostly just listening to and acknowledging the staff reports.

Recommendation: Consider using a consent agenda

It appears as though the State of Georgia does allow public entities to utilize a consent agenda. A document produced by the Georgia Municipal Association specifically addresses the use of such a tool here: <http://bhope.link/gaconsent>. While using a consent agenda, items which are routine and simply require formal documentation that the Board has approved, but may not necessarily require Board discussion can be placed on the “consent agenda” section of the agenda. At the start of the meeting, the Board would review the agenda, and if any individual board member had a question or felt the need to discuss any of the topics on the consent agenda, they would ask for it to be “pulled” from the consent section. After everyone has a chance to pull items, the Board would then vote to approve the complete agenda. All items remaining on the consent agenda (items not pulled) are automatically approved, and no discussion is necessary on any of those items. If this methodology is used, we strongly recommend that written information about each of the consent agenda items is given to the Board prior to the meeting. This is particularly helpful for approving contracts, minutes, resolutions, etc., and can free up additional time to discuss strategic priorities of the Board.



Recommendation: Consider requiring written reports prior to meetings

Another way that time can be saved at the governing meetings is to request written reports for routine items. Reports from the school's administration, from Board Committees, facilities updates, and financial information can be shared in written form with the Governing Board Members prior to the meeting so that the time at the Board Meeting is spent only asking relevant questions, not reviewing the basic information. In order for this to be done well, we would recommend that the Board provide explicit direction on what types of information should be included in those reports.



Recommendation: Develop a data dashboard of key indicators the board wants to know

The Board holds the ultimate responsibility for ensuring the school is complying with its charter and operating in a financially responsible way. In order to ensure things are operating appropriately it is important that the Board have all of the information it needs to monitor the schools' progress. Currently, it appears as though the CFO is providing a regular “Cash Flow” report to the governing board, with additional detail provided to the Financial Committee, and the Principal will occasionally provide information on items. There does not appear to be a routine way of additional information being shared with the Board. We recommend that the Governing Board come up with specific data points it wants to have available, and what information it wants from the administration and specifically provide a list of what should be reported on. Some of the information that may be helpful in these reports include:



- Detailed financial reports
- Enrollment Numbers
- Academic performance data (formal assessments and progress monitoring summaries, see below)
- Facilities Updates
- Heads up on potential HR issues

- Compliance assurances (authorizer deadlines and whether they have been met)
- Parent / Staff / Faculty Survey Results
- Attendance numbers at special events
- Progress on strategic goals/subtasks

By having these specific data points, the Board can ensure it has the information it needs to make informed decisions and decide when more intervention is necessary. Again, we would highly recommend that most of this data be provided in written reports so that the meeting time is only spent by asking relevant questions which Board members may have after reviewing the data.

Recommendation: Consider requiring a board packet be distributed before board meetings

In order for the above recommendations to be effective, it is important for the Governing Board to establish routines and deadlines for sharing information with the board prior to the meetings. We recommend that the Board establish a routine that works for the staff and members, such as:



- 10 days prior to a meeting - a draft meeting agenda is circulated to board members asking for additional items to be added to the agenda.
- 5 days prior to a meeting - a packet of information be distributed to all board members. This packet would include all reports, agenda, agenda details, minutes from the last meeting, any contracts or documents to be approved within the consent agenda.

Having a routine schedule ensures that materials are distributed to Board members, and that Board members know when to expect materials so they can set aside time to read them prior to the meeting.

Recommendation: Board should more actively monitor academic progress

As described earlier in this report, ACE is performing academically very well in terms of overall percentages of students achieving at or above proficiency on standardized state assessments. If one were to only look at the comparison between ACE and other Bibb County schools, the school appears to be hitting a homerun. This appears to be the data which has been shared with the Board according to the meeting minutes. However, if you look at the comparison of ACE's performance on the expectations targets, such as the "beat the odds" measurement, ACE does not score as impressively when compared to other schools. If you look more specifically at progress measurements, which track how much growth individual students demonstrate in key content areas, there are several areas where ACE students are not showing adequate growth. For example, if you look at the progress score for ACE elementary students, the state has assigned a score of 78.3, where as the Bibb County score was 85.2. This means that the district is doing a better job of ensuring students are making adequate progress than ACE. As a result, we would recommend the governing board put into place some academic progress indicators on its data dashboard that would monitor student growth and progress. For example, the school is currently using EasyCBM as a progress monitoring tool, so a possible first step could be to ask the administration to include a summary of the data provided by that system at the classroom- and grade-level. Another possible data point could be to ask the administration to identify the lowest performers at the school (set a specific percentage such as lowest 10 or 25% of students), and ask them to report on the progress towards academic standards this subgroup of students is making. Another suggestion would be to ask for



that data to be aggregated by demographic subgroup, as it is for the results of state assessments. As the saying goes: "What gets measured gets done."

The minutes of the Board indicated on three separate occasions a discussion of the charter school renewal. Once, the Principal indicated that conversations had occurred with the district and that things were on track, and then two other conversations were tabled. It was brought up by most of the senior staff members and the Governing Board that the school is trying to get their charter renewed with the State Authorizer instead of Bibb County starting the next fiscal year (2019-2020). However, nowhere in the minutes were these discussions documented. There were other examples of topics which appeared to have been discussed outside of meetings as well. Another specific example would be that several people indicated the idea of succession/leadership planning was something that the board has discussed. However, little to no evidence of those conversations was evident in the minutes reviewed. We could not find any specific prohibition of this in the Georgia sunshine statute but would caution the Board to be cognizant of the idea of operating in the sunshine and ensuring transparency in governance.

One of the key responsibilities of the Governing Board is ensuring that effective operations are in place to guarantee future success of the organization. This is often accomplished, in part, through the passage of effective policies. We define policies as the Governing Board's directions to the staff about how the organization is to be run. ACE's Governing Board has on several occasions passed various policies according to the minutes that were reviewed. However, at the start of this review copies of the organization's policies were requested, the only policy that was provided was the "Fiscal Policies and Procedures," which appears to have been written by Prestige Preparatory Schools Network of America, LLC in 2013. No other documents related to policies were provided. The Bylaws specifically reference a document titled "Policies and Procedures of the Board," which was specifically requested from the school but we were told the document couldn't be located.

Recommendation: Develop a comprehensive structure for organizing board approved policies

We highly recommend the organization develop a specific structure for which policies will be adopted and create an actual "policy manual" which is all inclusive of all policies ever adopted by the organization over time, and provides a structure that can be added to over time as additional policies are approved. The "Fiscal Policies and Procedures" document does have a structure, but it deals only with the fiscal management of the organization, many of the policies which were passed in the last two years may not fit within that structure. As part of a contract with the State of Florida, our organization developed a comprehensive sample policy manual which is available at <https://charter.support/document/policy-manual/>. This document could be referenced as an example of a structure which might also work at ACE. Note that manual is broken into 11 separate chapters, and each policy is added within an outline structure into one of those chapters. That manual is broken out as:



1. Foundation
2. Governing Board
3. Employment Manual
4. Student Policies
5. Teaching and Learning
6. Management
7. Fiscal and Operational Management
8. Facilities
9. Transportation
10. Food Service Program
11. Before and After Care

We believe that this will be increasingly important if the school is approved as a state authorized charter school. For example, one staff member indicated to us that in the absence of a school policy the Board follows the Bibb County policies. This may not be appropriate going forward as a state approved charter school, so this may be an ideal opportunity to devote time to developing a comprehensive policy manual. The sample policy manual referenced above might also provide you with additional ideas of policies that ACE may wish to consider. Additionally, we would recommend codifying many of the items referenced in the school's parent and student handbook into "Board Approved Policies." Having clear and documented policies to which staff and families can refer protects not only the school (to hold staff accountable) but also provides assistance to administrators as they defend practices to potentially disgruntled parents or other stakeholders.

Once these policies are approved, it is important that staff members are held accountable for operating according to the established policies. There are numerous instances within the "Fiscal Policies and Procedures" document that seem outdated and, consequently, are likely not being followed by the school as a result of modernization and changes in the school's operations. If this is the case, the staff really should bring this to the Board's attention so that the policies can be addressed. Otherwise, staff members should be expected to be operating according to established policies. It may also be advantageous to establish a schedule whereby these policies are periodically reviewed in case future updates are necessary.

Recommendation: Review and revise any approved policies which need changes

Given that some policies are outdated and may not reflect current operations, or the operations which will be required once the school becomes a state-approved charter, we would recommend going through a process of updating and revising your current policies to ensure they represent current operations. This will be a significant undertaking, and we would recommend discussing a process before engaging in the task. Perhaps tackling only one or two chapters per meeting for the next several months to attempt to complete a more comprehensive policy document would be an option.



Management and Human Resources

ACE employs approximately 165 people during the 2018-19 school year. This number was obtained by evaluating a staff list and removing people listed in duplicate positions. The operations are run by Mrs. Laura Perkins (Principal) and Mrs. Esterine Stokes (CAO) who originally founded the school. Both of whom are retired administrators from the Bibb County public school system. They additionally have a Chief Financial Officer and a Dean of Compliance. They have 10 additional office staff members to assist with the operations, 92 academic staff members, 21 para professionals and assorted other positions such as athletics, library, security, etc.

In 2018 the school adopted a new organizational chart. The 2017 chart showed that nearly all employees reported directly to the Principal. The new chart does provide a more reasonable breakdown whereby the department chairs and the CAO report to the Principal, the CFO reports jointly to the Principal and the Governing Board. Teachers report to the CAO. The school has office staff who separate out the responsibilities of Payroll and Human Resources as separate positions, and both of those staff members report to the CFO along with a variety of other positions such as the Business Manager, security and

facilities, safety, etc. Mrs. Perkins indicated that she is still responsible for writing all of the teacher evaluations.

During a conversation with the Board, the idea of salaries was broached. Currently the school attempts to meet the salary of the district, but is lower than the district. Their hope is to adopt the state salary schedule guidelines and to be able to pay their teachers equal to what they would receive at district schools. The Board Chair indicated this is a serious concern for fear of losing teachers to higher paying jobs elsewhere. While this may be a legitimate concern, I would recommend reading the book Drive by Daniel Pink. He contends that salary is less a motivator than most people think, once basic needs are met for employees. He explains that allowing staff to be self directed (which Mrs. Perkins values), a desire for mastery and making contributions (which is inherent in the teaching profession, and doubly supported by ACE's vision), and having a sense of purpose are sometimes more important than increased salary. His research shows that after the basic needs of an employee are met, increased financial reward can actually lead to diminishing cognitive skills if those other areas are not adequately addressed.

As ACE looks at the overall picture of rewards and benefits for staff members, and as it looks to recruit additional staff in the future, we would recommend that capitalizing and highlighting these non-financial benefits is extremely important. I've met many teachers who make less than they could at a district school but choose to stay teaching at charters because of those intangible benefits of being in an environment where "teachers can teach." That said, increasing salaries is a noble goal, we would just caution you to not focus solely on monetary compensation.

Another thing that stood out while reviewing the minutes of the Board meetings was a decision to increase the salary of the Principal and CAO. I was surprised by the low rate even after the increase, and looked up the average Principal pay rate for Bibb County, and found that the average salary for a Principal in Macon, GA is \$97,112. One of the things we frequently advise new charter schools to consider is to set the Principal's salary as a ratio of what the teachers are making. For example, if on average, teachers make approximately 95% of what they would make if they were working for the district with equal experience, certification, etc. Then a target for the administration would also be approximately 95% of what they would be making if they were working for the district. This type of a comparable analysis can be a helpful starting point. Below I will suggest the school consider a written succession plan for when Mrs. Perkins decides to retire. Having an equitable salary for the new person will be something the Board will need to consider.

During conversations with the Principal and Board the idea of succession planning came up a few times. Mrs. Perkins seems very vibrant and passionate about the school, and said she still has "a few good years in her" with regards to running the school. Often charter schools struggle when transitioning from their founding leader to a new leader with regards to maintaining focus on the mission, maintaining a strong culture and helping staff to work with new leadership. Mr. Gaither indicated he was aware that when Mrs. Perkins did decide to retire there could potentially be a change in the culture, but believed the school was strong enough to withstand that. This reviewer would agree with that assessment. However, we do feel it would be beneficial to develop an actual plan for succession. Mr. Gaither indicated that there have been informal conversations around this, but no reference to it could be found in the Board minutes.

Recommendation: Develop a written succession plan to prepare for leadership change

The Bill and Melinda Gates Foundation partnered with Plattner Communications to research and write a manual on charter school succession that the ACE Governing Board and leadership may wish to review. The document is available at: <http://bhope.link/succession>. We would recommend that the board have a conversation with the leadership about timelines, identifying potential in house candidates who may be good candidates to begin grooming for leadership, or whether it would be more advantageous to look outside of the organization. One person indicated during the site visit that there was a potential plan to bring someone in a year before Mrs. Perkins leaves to work side-by-side with her to help the transition occur smoothly. If your budget would allow for such a plan, that would be fantastic, however, we would assume that this would be a costly decision. As the school works on plans, the financial implications should also be considered (such as the possibility that a new person will require a higher salary, if you have two people serving the budget implications, etc.).



Recommendation: Adopt official human resources and payroll policies

As indicated in the Governance section above, we highly recommend that the governing board review their entire policy manual, structure and what they have already passed. However, we think this is especially important with regards to the areas of human resources and payroll. I asked the HR director, the payroll director and the CFO for a copy of the employment policies, but no one knew that the school had adopted such policies. Some payroll policies do exist within the finance manual that was provided. I was told that the school typically relies on the district's policies. We would recommend, at a minimum, policies which cover the following topics:



- Non-discrimination/Anti-harassment
- Compensation and Benefits
- Leaves (i.e. FMLA, Bereavement, Jury Duty, etc.)
- Employee Behavior/Discipline

While talking with the payroll department, it was indicated that all staff members are paid via a salary in equal installments. They did indicate that some employees are required to complete timesheets. When I asked about the clarification of exempt versus non-exempt employees, there seemed to be some confusion of how that is handled at the school. Therefore, we would recommend that as the school is adopting employment policies that it take time to consider how the policies affect exempt versus nonexempt employees. Teachers and the administration would be specifically exempt from federal wage and hour laws, meaning that they do not need to be paid overtime, they simply get a set rate for working every day they work, which makes a salary calculation fairly easy. However, many school employees (ACE referred to them as "non-classified" employees) are not considered exempt from these rules. For example, most of your office staff, paraprofessionals, and support staff would likely be considered non-exempt. The United States Department of Labor has numerous fact sheets available to help with determining who is or is not exempt, and they can be found at:

<https://www.dol.gov/whd/fact-sheets-index.htm>.

Another important consideration to remember is that exempt employees cannot be docked for a partial day's pay. The time off policies that were explained in the employee handbook stated that full-time employees earn 6.34 hours per month of sick time. This is fine, however, if an employee uses all of their

sick time, and they need to take half a day off. Federal regulations, however, specifically prohibit an employer from docking only half a day's pay for an exempt employee. Each day the exempt employee either did or did not work for the purposes of salary calculations. We would recommend your policies accurately reflect these regulations.

Recommendation: Consider a "Paid Time Off" policy as opposed to Sick/Personal Time

Speaking of the sick time and personal leave calculations, one of the recommendations we typically make to new charter schools who are deciding on their employment policies is to consider adopting a flat "Paid Time Off" policy (PTO) as opposed to designating between different types of leave. The reason for this is very specific to schools. When a teacher misses a day of work, it can be disruptive to the educational environment for the students. Finding and having a substitute teacher usually means a lost day of instruction in many cases. However, if the day off can be planned farther in advance, it can usually mediate some of the losses. If a teacher is out of personal time, but wants to take a day for something that would not theoretically be classified as a "sick day" many will have no qualms about "calling in sick" that morning. Finding a sub last minute like this causes the educational disruptions. So allowing teachers, as professionals, to manage their pool of PTO how they seem fit may help to alleviate some of those "fake" last minute sick calls, and allow teachers to plan in advance.



In the minutes, there was also an indication that an employee was leaving and was due a large amount of money in accrued sick and vacation time. These kinds of unexpected expenses can be difficult to absorb into the budget, and do not allow the school to adequately plan. We would recommend considering alternatives to help the school budget more effectively.

One of the things we have seen some schools do is to incentivize teachers annually for not using their PTO. These schools will pay their teachers either a set rate or their actual daily rate for every day of PTO they did not use. While this will cost the school some money at the end of the year, it is usually easier to plan for than the unexpected payouts as were indicated in the minutes. You likely have data on the number of days off each of your teachers typically use, and you can budget based on the averages. The amount of the payout is offset somewhat by the reduced amount you would need to pay substitute teachers. This plan also has the added benefit of incentivizing staff for not using their paid time off, which has additional educational benefits for students.

Recommendation: Consider adopting a written set of formulas or manual for calculating staff time

Another thing that we see often schools run into issues with is calculating the pay for employees who start or leave mid-year, or who need to be docked a days pay. The Payroll staff person explained that she does these calculations, and while we didn't double check her work during this review, the way she explained that process appears to be correct. While reading the payroll process in the financial policy manual we could not find any codified rule about these calculations. We recommend the Board add these to their policy manual or to a separate document which lays out the calculations so that staff members could verify the totals on their own if they had any questions. We have a sample of such a document available at: <https://charter.support/document/sample-compensation-manual/>.



Recommendation: Consider adopting a formula for calculating number of teaching positions

During visits to the classroom, this reviewer noticed that it appeared that the class sizes in the elementary / primary levels were higher than those at the high school. The following table is the average class sizes of the classes visited the day of the site visit:



	Average Students
Primary (K-2)	17.4
Intermediate (3-5)	17.3
Middle School	15.6
High School	16.9

We understand that this represents only a snapshot, and that because of absences or special situations there are probably more students enrolled in each class than who were present. When asked, Mrs. Perkins explained that the target is a class size of 20 students per class. Kindergarten classes are supplemented with an additional paraprofessional, Grades 1 and 2 share a paraprofessional between two teachers, and grades 3-5 all share a paraprofessional per grade level.

Research clearly indicates the benefits of lower class sizes, and keeping class sizes low is a great goal to have in a school's operation. However, lower class sizes have significant impacts on the budget. Given that this report was spawned by the idea of a failure to meet financial covenants we feel it is necessary to point out that this is one area for potentially significant savings from the school's budget. When asked, Mrs. Perkins said that the school has traditionally not touched class sizes, and that she would prefer to reduce administrative staff than teaching staff.

We recommend that the leadership and Governing Board have a discussion about setting ratios and limits on the class sizes and how the school makes the official decisions on the number of teaching positions to have at the school. In Elementary grades, this typically can be calculated based solely on class size for classroom teachers. A ratio such as the following is one possible scenario:

Kindergarten (With full time Parapro)	20 students
1st - 3rd grades	18 students
4th - 8th grades	22 students
9th - 12th grades	25 students

Specialists in the elementary grades can be calculated based on the number of minutes each section of students receive a specialty area divided by the number of minutes a full time teacher can teach in a full time schedule. For example:

	# Sections	Minutes per special per week			
		Art	Music	Foreign Language	Phys. Ed.
Kindergarten	7	30	30	30	150
1st Grade	7	30	30	30	150
2nd Grade	7	30	30	30	150

3rd Grade	7	60	30	30	150
4th Grade	7	60	30	30	150
5th Grade	7	60	30	30	150
Total Minutes To Teach		1,890 minutes	1,260 minutes	1,260 minutes	6,300 minutes
# Teachers*		1.1	0.7	0.7	3.4

* Assuming teachers can teach up to 1,875 minutes per week

Middle School and High School classes generally need to be calculated in a different way. What we suggest to schools is a formula such as:

Seats required = [Number of Students] x [Periods Per Day]
of classes to teach = [Seats Required] / [Class Size Limit] (Round up)
of Teachers Required = [Classes To Teach] / [# a teacher can teach per day]

In your case:

Seats required = (438 middle school + 403 high school) x 7 periods = 5,887 seats
Number of classes to teach = 5,887 / 20 = 295 classes
Number of teachers required = 295 / 6 = 49.2 teachers

If you were to use a class size limit of 22 students for middle school, and 25 for high school, the math would drop to:

Seats required = MS: 438 x 7 = 3,066. HS: 403 x 7 = 2,821
Number of classes to teach = MS: 3,066 / 22 = 140. HS: 2,821 / 25 = 113
Number of teachers required = (140 + 113) / 6 = 42.2

Using the calculations above, I analyzed the current staffing level of ACE to determine if the teacher staff level is appropriate. The following table represents the current number of teachers and what I would expect to see the teacher numbers be based only on the math indicated above.

	Enrollment	ACE Actual Teachers	Expected Teacher 1:20
Grades K -5	864	43	43.2
K-5 Specials		6	5.9
Grades 6-12	841	55	49.2

It is important to note, however, that the realities of scheduling a middle and high school is never cut and dry. While only 49.2 teachers for grades 6-12 is indicated, it may be possible that due to the individual course selections, certification requirements, and individual student schedules, it is not possible to fill every class to the class size limit, so as the board adopts a process for setting these numbers some wiggle room must be allowed for. Based on these calculations, I **do not** think that ACE is over-staffed with the current student ratio of 1:20.

However, if the class sizes could be increased to 22 for middle school and 25 for the high school, the school would likely reduce the teaching staff by as many as 7 teachers saving in the vicinity of \$300,000 per year. Consequently, this is about the same amount that the school has targeted for their "Legacy

Fund” fundraising drive, perhaps maintaining lower class sizes could be another tangible effect the school could share with their donors.

Regardless of which direction the Board decides to go, we would recommend adopting some sort of formulas or process for calculating staff to ensure that in the future, as leadership changes and the school continues to evolve that there is some standard by which these decisions are made. Similarly ratios can also be set for office staff. For example, some schools we work with have a cut off, that if a school has more than x students, then it has 1 AP, if it has more than y it then earns a second AP, etc.

Recommendation: Make a concerted effort to increase the racial diversity amongst the staff

As described in the culture section above, according to state data, 93.3% of the ACE staff are white. This is compared to 52% in Bibb County Schools and 48% of the community within 10 miles of where ACE is located. We feel this is an issue in light of the concerns that have been addressed in the past at Governing Board meetings, and from the district regarding racial diversity. This was also a recommendation given to the Board in October, 2017 by the Georgia Charter School Association, but doesn't appear to have been addressed after those recommendations were provided.



The Learning Policy Institute released a paper in 2018 which indicates that research highlights that teachers of color help close achievement gaps for students of color and are highly rated by students of all races. This report, which is available at <http://bhope.link/teacherdiversity>, lays out the key benefits to diversifying the teaching force, including:

- Teachers of color tend to boost the academic performance of students of color, including improved reading and math test scores, improved graduation rates, and increases in aspirations to attend college.
- Students of color and white students report having positive perceptions of their teachers of color, including feeling cared for and academically challenged.
- Greater diversity of teachers may mitigate feelings of isolation, frustration, and fatigue that can contribute to individual teachers of color leaving the profession when they feel they are alone.

In particular, we recommend the school review the areas of the report that highlight strategies that might help increase recruitment and retention of teachers of color. The school may also wish to seek out recruiters and consultants who specialize in the areas of recruiting minority teaching staff to help diversify the staff. Having a more diverse academic staff will also help to make students of color feel more comfortable and represented at the school, and help to increase student enrollment numbers as well.

Recommendation: Consider the administrative staffing structure

The final recommendation we have with regards to management and human resources is to consider examining the administrative structure of the school. What the school is doing now seems to be working well. The Principal is able to manage the varied responsibilities of operating the school with the staff structured the way it is. However, as the leadership transitions at some point in the future, new leadership may not be as skilled at juggling as much as Mrs. Perkins seems able to do. Compared to other schools the size of ACE, we believe that the school has an extremely lean administration. For example, most



schools that size would have a series of Vice Principals to assist with curriculum or student discipline. This may not be necessary for ACE, but we would recommend this be a detailed conversation between the leadership and the Board with regards to what is best to maintain the success that ACE has achieved.

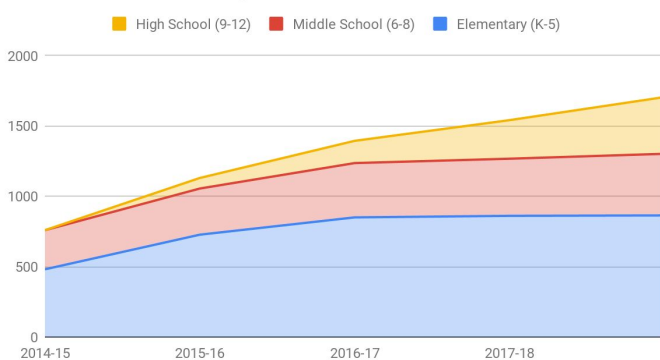
One structure that some schools have chosen to adopt is a “CEO” executive level who reports directly to the governing board and oversees the operation of the organization as a whole, and an educational leader under the CEO who would oversee the academic performance of the school. In your case, you may want to have a “Grammar Head of School” and an “Upper Head of School” to match with the classical education model structure. The CEO’s office would deal with the business of running a multi-million dollar not-for-profit organization, and the head of school or academic leaders would stay focused on the instructional best practices and ensuring the teachers are focused on instruction.

Given that the school is considering becoming a state-authorized charter, this may be an appropriate time to review the administrative structure. As you leave the auspices of the district, there will be additional demands and requirements that the school will need to take on in exchange for the additional revenue. Mrs. Perkins has explained that they’ve already started considering these changes, and have done things like hire a Special Education Specialist with experience with compliance requirements who can take over the LEA role of the Special Education department. Special Education is one area that will have significant ramifications as you become your own LEA, as special education parents do tend to be litigious and the laws are extremely complicated and detailed. Another area for consideration is federal programs, such as administering Title monies, National School Lunch Program, state reporting, etc. These additional responsibilities will need to be built into the organizational chart, and overseeing these additional responsibilities will additionally tax the leadership.

Student Recruitment

ACE has had an impressive amount of growth over the four years it has been in operation, having opened with only 759 students and having grown this year to over 1,700 students.

ACE Enrollment History



	14-15	15-16	16-17	17-18	18-19*
Elementary (K-5)	481	727	850	861	864
Middle School (6-8)	278	328	386	406	438
High School (9-12)	0	75	158	274	403
Total Enrollment	759	1130	1394	1541	1705

** 2018-19 data is reported from the school, not from the state*

In addition to the healthy enrollment numbers, the data shared as part of this review also indicate that the school currently has a waiting list of 971 students, all of whom are in the K-8 grades (no waiting list for the high school).

As discussed in the culture section above, there is some question about the school's racial breakdown. This has been discussed by the Governing Board. In fact, in October, 2017 the Georgia Charter School Association made the following possible recommendations:

1. Amending the Charter to provide a preference for enrollment to include children in the district's head start programs.
2. Increasing the diversity among the administrative and teaching staff.
3. Creating a community advisory board.
4. Incorporate cultural competency training.
5. Weighting the lottery.
6. Provide a transportation (busing) option.
7. Recruitment Program targeting specific areas.
8. Media campaign.

From the minutes, it appears as though the board has taken on recommendations 7 and 8 through the use of the COX Communication program (see below). There was some conversation about the possibility of starting a community advisory board, but it does not appear, according to the minutes, that this has been completed. The Board has discussed transportation, but not found an option that would work.

There was no indication that the other recommendations had been discussed by the Board.

While it is possible that the school could make the case that the current enrollment is fairly representative of the geographic location that the school is centered in (see climate section above), we do think that the board should continue to focus on recruiting additional minority students.

Another issue that the school should consider, if it has not already, is the *appearance* of "cherry picking". Based on the processes explained to us by the administration, we do not have any reason to believe that the school actually is cherry picking it's students, however, if one were to look only at the enrollment data in comparison to Bibb County, it would be easy to come to that assumption. Whereas Bibb County has only 6.7% of students in the gifted program, ACE has 29.5%. Whereas the district has 9.7% of it's students in special education, ACE only has 3.4%. As the school works to review its recruitment strategies, it may need to consider how to try to recruit not just a more racially diverse student population but an academically diverse population as well.

Recommendation: Review the other recommendations from the GCSA

We recommend that the board perhaps schedule a workshop to discuss the other options that are available to it with regards to the options suggested by the GCSA. Perhaps some of these options could be incorporated into the charter contract as the school works to either renew with Bibb County or become a state authorized charter. It may also be advantageous for the school to ask GCSA to come and update their recommendations, or offer other suggestions they may have given the current realities of the school.



Recommendation: Reconsider COX Communication as the only marketing tool

The school is currently using COX Communication as the primary recruitment/marketing avenue to inform the community about the great things ACE has to offer. The school talked about this at several governing board meetings and in the application for renewal to Bibb County. Although I can not find the source for the information, I recall reading that the school had spent \$5,000 on recruitment last year and was planning an additional \$1,000 for the upcoming year. In addition, the leadership also indicated that they will reach out to black churches to ask them to share with their congregations information about the school.



One staff member indicated that they had noticed an increase in the number of minority students enrolled after initiating the COX Communications program. However, according to the data provided by the school for the 2018-19 school year (state data is not yet available), the minority rate is unchanged at 29% from 2017-18 to 2018-19. While there was an increase in the number of black students, the overall percentage stayed at exactly 15%, with the additional 14% being made up by other racial backgrounds.

One report of the COX Communications platform indicated that the school's advertisements were experiencing a click through rate (CTR) of 0.21% for their advertisements. In December, 2017 this had resulted in 149 visits to their website. To this reviewer, that number seems extremely low, even though the minutes indicate that this is "more than five (5) times the 'Benchmark' rate for education." I did some research, a website (Wordstream.com) allows you to compare your CTR to industry averages. I used that to compare the school's results, and was told that it was 4.55% LOWER than would be expected for education advertisements. I further found a page from Google AdWords that indicates the typical CTR for display advertisements in the education arena is 0.53%, and 3.78% for search related advertisements. As another comparison, I am currently running a Google AdWords campaign to advertise for the Charter Support Unit Building Hope runs. We are using search terms such as "Charter Schools" and targeting the advertisement to people who are likely to be educational professionals. Our click through rate is 5.54%. This ad has generated 278 clicks to our site in the last month for a cost of \$373.72.

We would recommend that the school investigate other platforms to see if they are able to get better results in other ways. Many schools have reported to us that social media advertising on platforms such as Facebook, Instagram, Google and Twitter have been worthwhile investments with regards to recruiting students. Most of these platforms allow advertisers to target extremely specific demographics, which may help the school to target its resources more effectively and help to recruit underrepresented populations.

The only other form of paid marketing that this reviewer has found to be effective for charter schools are direct mailings with specific calls to action. For example, the school could schedule a series of open houses, and then send brochures and invitations to families inviting them to come to the school for the open house to learn more about the amazing programs you have to offer. Mailing lists may be able to be obtained from Bibb County of students, and if they are unwilling/unable to share, more generic mailing lists can be purchased online from numerous vendors.

Business Plan

Facilities and Security

ACE is situated on a beautiful 40 acre piece of land north of Macon, GA. The property was a former financial institution building where credit cards were produced and has been completely retrofitted into a school. The layout and design of the building is very well thought out, leaving common areas for grade levels to congregate, and separation of younger students from older students. The campus feels very safe and well considered. The building appears to be well maintained and clean.

Recommendation: Consider hiring a firm to conduct a security audit

Given the current climate and national focus on school shootings and safety, and given the large number of large exterior windows at the ACE campus, we would recommend that the school consider hiring a firm that specializes in school security to come and do a security audit of the school to make recommendations for future consideration regarding school security. One organization that I have some experience with is the School Safety Advocacy Council (<http://www.schoolsafety911.org/>). I believe they charge \$3-5,000 for a complete safety audit (although I could be off on this number). I have attended a few of their trainings and have always found them informative.



Overall, the campus did feel safe. The school hires two part time security guards who were former members of the sheriff department. During the site visit they either blended in well with other staff members, or we did not notice them. The school has locked all exterior doors, and visitors must be buzzed in from the office to the school itself. The majority of the classrooms we visited were locked, however, they were more likely to be locked in the High School wings than the elementary wings. After visiting 26 classrooms I started to notice this difference and started keeping track. Of the final 15 rooms I visited, nine were unlocked and six were locked.

The recommendation of a security audit is more from the perspective of caution than a specific concern that was raised during the visit. During the morning arrival, we were able to walk around the campus outside without any staff members questioning us (we had not yet checked into the office), we were able to see in to the classroom windows very clearly, and some rooms have very few areas where students could hide out of the site of these windows. We suspect that one mediation that may be recommended from the audit is blinds on the exterior windows.

Recommendation: Consider alternatives to backpacks in the halls

At several places in the building, particularly in the middle and high school wings, students had left their backpacks on the floor in the hallway, and in some places it made narrow passageways. In the event of a emergency evacuation such as a fire, these blockages could cause a problem.



Recommendation: Ensure someone on staff is familiar with local/state building code requirements

We acknowledge that we are not familiar with Georgia Building Code requirements. This reviewer is very familiar with Florida's codes, and there were several issues that may have caused a concern during an inspection from a fire marshal there. However, these may not be a concern under Georgia requirements. The school may already have someone on staff who is intimately familiar with all of these recommendations, but if not, we would recommend having someone trained in these areas, or including these traits in a future hire. Some of the concerns that were noted that would be issues in Florida were:



- Only one classroom observed had an evacuation map posted.
- Did not see any posted emergency protocols for substitutes or visitors
- Every electrical room that was checked had items stored in them
- Several areas of the school had items hanging from the ceiling tiles
- Some rooms had an excessive amount of paper hanging on the walls (Florida requires it be less than 20% of a wall covered in paper).
- Some room doors were propped open
- One classroom had electrical cord usage that could violate code
- Several rooms had Christmas lights strung in the room
- A janitor's closet in the elementary building was left open with chemicals accessible

While this list may seem extensive, I will say that overall I noticed fewer issues at ACE than I typically notice at most schools I review.

Budget

As part of this review, the approved annual budget was analyzed, along with budget forecasts for two separate scenarios, having the state authorize the charter, or renewing with Bibb County. In addition, the reviewers also examined the budget-versus-actual report which was shared with the Finance Committee prior to a scheduled Board meeting on January 22, 2019.

The currently approved budget appears to be in line with what we would expect to see at a charter school the size of ACE. There only a few minor issues that raised potential questions while reviewing the numbers:

- There are large number of special fundraising amounts (\$300,000 for the Legacy Fund + \$850,000 for the "Special Revenue Fundraising". The special revenue fundraising appears to offset the \$636,650 set aside for "Special Revenue Activities." Based on the narrative accompanying the budget document, it appears as though these are likely pass through funds for money collected for field trips, extra curricular activities and special events.
- There are three "Supplies" lines which seem to encompass academic and administrative supplies:
 - Instructional Supplies - \$78,015
 - Administrative Supplies - \$60,000
 - Office Supplies - \$45,000
 - Totaling \$183,015, or approximately \$107.34 per student.
 - As a very general rule of thumb we recommend schools we work with to expect around \$50 per student for academic supplies and around \$25 per student for office/administrative

supplies. However, ACE may be classifying other items into these categories that are typically incorporated into other line items.

- I was shocked at the high cost of participation in the Teacher Retirement System of Georgia, but did verify on their website that the contribution rates for 2019 are indeed 20.9%. The participation rates have been steadily increasing since 2002. The school may want to examine whether participation in the TRS is required for ACE, and perhaps an alternative program would be more advantageous such as an employee sponsored 403(b) or 401(k), if that is a possibility.

Regarding the two budget forecasting scenarios, the primary difference between the two scenarios are the revenue generated from the QBE Funds (Quality Basic Education). Under the state authorizer plan, the school is anticipating approximately \$8,700 per student, and the district plan only \$7,554. The state authorized plan does not include any additional funding amounts, such as Title funding, IDEA funding, NSLP Reimbursements, etc.,. With regards to expenses, the state authorized plan does include more staff (presumably to cover the additional compliance requirements), extra lunch equipment, and additional software to assist with the compliance requirements. The bottom line shows that the school would not reach their cash on hand requirements until 2021 if they were to stay with the district authorizer, whereas they could potentially meet it during the 2019-20 school year with the state funding plan. Likewise, the debt service ratio would not be met under the district funded plan until 2021, whereas it would be met in the 2019-20 school year with the state funded plan. Both budgets do continue to rely on a significant amount of fundraising through the "Legacy Campaign." The district plan calls for \$250,000 whereas the state plan calls for \$175,000. The district budget projects a net revenue of only 0.88% of expenses, whereas the state plan projects approximately 7.06%.

Recommendation: Consider establishing budget requirements

We recommend that the leadership and Board discuss the budgeting process and establish internal rules which govern the budget process. For example some possible rules the Board may wish to consider:



- The Board will not approve a budget which projects greater expenditures than revenue. (With exceptions made for special purchases being made outside of these parameters on capital items)
- The Board will not approve a budget that does not meet the bond covenants established within the bond documents.
- The Board requires that a "reserve fund" expense be established and that at least 1% of the schools state revenue be deposited into that account to deal with unexpected expenses.

Recommendation: Consider establishing a budget without fundraising amounts, use fundraising as supplements

Another one of the goals that I would recommend, but that may be difficult for ACE to do at this time, is to establish a rule that the approved budget for general funds need to be balanced on state and federal revenue alone, not including fundraising activities. Fundraising can be taxing on families when done year after year, especially at the levels that ACE is proposing in the budget forecasts. We would recommend that a separate "Internal Account" be setup where additional purchases and supplemental materials, staff, etc. can be paid from as a result of fundraising. We also would recommend breaking out the Special Revenue expenditures and revenue into a separate fund budgeted outside of the general fund.



Recommendation: Consider a more detailed budget calculator tool to develop the budget

It appears as the budget documents and forecasts are created primarily based on previous expenditures and historical performances, not necessarily on educational priorities. When looking at the forecast, for example, it is not possible to determine how many teachers are represented, how the salaries are calculated or what the potential raises may be for individual staff members. When we work with schools we have developed templates, which are unfortunately state specific, which calculate revenue based on enrollment, calculate some of the expenses (i.e. textbooks, supplies, etc.) based on the estimated enrollment, and have specific calculators for things like staffing. Other items are assumed on an annual increase rate, such as insurance. We unfortunately do not have such a tool available for the state of Georgia, but would be willing to share the templates we have for Florida, for example. One example that we have created is extremely detailed and was created for the state through our Charter Support Unit, and was developed as a Question and Answer survey format where people unfamiliar with budgeting can enter in answers to specific questions and have the tool spit out a budget based on the necessary accounting codes. That can be found at:



<https://charter.support/document/budget-template-tool/>. The purpose of the additional calculator will be to allow the leadership, finance committee, and governing board to talk about educational priorities, and what the school needs, as opposed to starting the budget based on what was spent last year. Starting over from zero, and deciding what is essential and what are “nice to haves” that could perhaps be moved to the fundraising goals budget may help the school establish a budget that meets the requirements of the bond covenants and any other rules that the Board wishes to impose on itself as suggested above.

Recommendations: Research and include federal funding levels if authorized by the state

As will be indicated in the next section, we recommend that your staff become more familiar with various revenue sources that they will have access to upon becoming a state sponsored school, such as federal Title funds, IDEA Funds, and the NSLP program. None of these revenues have been built into the state budget forecast and could help to offset some of the costs and allow the school to develop a budget that does not rely so heavily on fundraising.



Financial Management / Oversight

ACE has a Chief Financial Officer who oversees the business management of the school. Mr. Kelley appears to have a lot of experience and monitors the finances of the organization very closely. He acknowledges that the cash flows of the organization are tight and he needs to carefully watch money in and out deadlines. He also acknowledges that they were aware of the bond covenant requirements of 45-days cash on hand and the 1.0 debt service ratios. He thought that the school was going to meet the debt service ratios, but they missed it by a very small margin, but admits that they expected that they would not meet the cash on hand covenants. While they've been working to try to meet these goals, he admits that they will likely not meet the cash on hand requirements again this year as they were burdened with \$125,000 in unexpected expenses when the school experienced a serious sinkhole under the lower school building which needed to be repaired.

Everyone who we spoke to about the area of Georgia charter school financing at ACE indicated that understanding the funding formula is extremely difficult, and that there is very little transparency with regards to how the funding is determined from Bibb County and allocated to ACE. They have indicated they have made numerous attempts to reach out to various associations and legislative leaders and staffers to try to get a better understanding of the funding formula, but they have not been able to get an adequate description.

Recommendation: Seek out training for CFO on funding sources

Considering the school is expecting to become a state-authorized charter school for next year, we would highly recommend the school seek out training for the CFO and/or other members of the administrative staff to learn more about school funding, not just from the Quality Basic Education (QBE) formula used in Georgia but also various federal pots of money that the school will become eligible for such as Title 1, Title 9, Title 2, IDEA Funds, NSLP, etc. The nuances of operating these programs and the reporting requirements are all unique and detailed. In order to ensure the school is receiving the funding it is due from these various sources it will be important that staff members have a strong background in them. Right now, both the CFO and the Principal deferred the conversation of funding to Mr. Gaither (Board Chairman) who has spent more time researching these issues than the staff. We recommend that that the staff build this capacity as well.



Recommendation: Board request and review more detailed financial data as part of the data dashboard and more closely monitor the financial requirements

Ultimately the Governing Board is responsible for the financial health of the organization in setting a budget and monitoring the funds of the school. In reviewing two years worth of board meeting minutes, it appears that the most regular and significant form of financial information the Board receives is the typically three month cash-on-hand projection from the school's CFO. Additional information is currently shared with the financial committee as well, which typically meets on the same day as the Governing Board, but there were no instances of the committee making any report to the Governing Board about the financial health of the school. At a minimum, we are strong advocates that the Governing Board should always receive a Balance Sheet and Budget Versus Actual P&L report. We also strongly advocate that governing board members be trained in how to read and understand these reports so that they can ask educated questions about the information once it is presented. In addition, we would recommend the board discuss if there are other indicators that the Board needs to see with regards to financial data and add that to the data dashboard requirements as explained in the governance section above.



While it appears the Board seems to have a good grasp of the financial matters of the school based on our observations at the meeting we attended, the review of the board meeting minutes did raise some concerns about the financial oversight the Board was providing to the school. For example, in July, 2018 the Board was presented with information about the sinkhole and told that the cost for repairing the damage would be \$75,000. However, that number has since raised to \$125,000, and no where in the public meeting minutes does this increase of \$50,000 get explained, discussed, or approved.

The board was made aware of the fact that the school would not meet its bond covenants, but did not take any concrete actions to fix the issue and work to meet the requirements immediately. Instead additional spending has been considered. For example, in August, the Board agreed to "conceptually"

contribute some funds towards the \$70,000 required for a box/concession stand for the baseball team. While visiting the school, the reviewers were impressed with the building, supplies and materials they've been able to accumulate to support their educational program. I would say they have far more materials than most fifth year charter schools we have visited. We understand that much of this was purchased with the assistance of ESPLOST money, however, we doubt that all of it was. Therefore, we would recommend that the Board should be doing a better job of monitoring and staying up-to-date with these commitments. The budget should be able to identify the exact amount of money needed by the end of the year to establish the required cash-on-hand requirements, as well as the revenue/expense ratios needed to meet the debt service ratios. The Board can use these calculations to establish a budget line item to ensure monies are set aside each month for these purposes.

Another task the Board might want to consider is rather than only creating an annual budget summarizing expenditures, to break the budget down by Monthly expenses. Several times Mr. Kelly explained to both the financial committee and governing board that several expenses the school has are front-end heavy (i.e. school supplies, textbooks, etc.) where items are purchased at the end of the year, which makes the percentage of the budget high at the start of the year, but which evens out by the end of the year. This is certainly true and happens at most schools. Given the extremely tight cash flows being experienced, the Board may want to project their budget out on a monthly basis, so on the budget itself the supplies are specifically listed as being more expensive at the start of the year. This does typically work with regards to an annual budget thanks to the way payroll typically falls for the summer and is accrued. Creating this type of budget and creating a Budget versus Actual based on these year-to-date numbers would also allow your budget versus actual report to be much more accurate.

Recommendation: Board should follow up on audit findings

In addition to more closely monitoring the budget and financial covenants, we would also recommend that the Board spend more time exploring any findings identified in audit reports. For the last two years the Board has had the same audit finding: "The Official Code of Georgia Annotated (OCGA) §45-8-12 requires all depositories of public funds to pledge securities of not less than 110% of the uninsured deposited public funds." Mr. Kelly assures the reviewers and the Board that this issue has been resolved and the bank has updated the accounts to ensure this does not happen again, however, the same assurances were issued after the audit of the 2017-18 books. We would recommend the Board put into place a way of following up on these types of findings to ensure they are addressed in the future.



Recommendation: Discuss and map out adequate delegation of duties

During our visit, Mr. Kelley explained the delegation of duties currently being used to ensure proper accounting of school funds (especially with regards to incoming money). Right now there are usually three people involved. The front desk staff collect the money and makes a receipt, and gives the funds to the financial secretary. This person prepares the deposit and gives it to the CFO. The CFO typically reviews and takes it to the bank. The financial secretary then records it into the general ledger (currently QuickBooks Online). This is typical for many charter schools, however, most charters are smaller than ACE. We would recommend the Board may want to discuss the delegation of duties and determine if this represents sufficient safeguards against the possibility of money being misappropriated. (Better yet, see the next recommendation). Typically, segregation of duties would indicate that separate people should be reviewing deposits, making deposits, and entering deposits into the general ledger. Given the size of ACE it is conceivable that you could have additional people involved in the process to help safeguard school



funds. However, it is also conceivable that this paper trail is adequate safeguards for the board. Either way we would recommend a discussion on the topic as part of the adoption of new policies as recommended earlier.

Recommendation: Consider becoming a cashless school

Another recommendation that we have been making to schools lately is that they work to try to become a “cashless” school. This would mean that the school has absolutely no dealings with cash, given that cash can be so easily stolen or not properly accounted for. Many schools now offer online payment portals for paying for things like school lunch, field trips, donations, etc. Those who are unable or unwilling to make payments online could make the payments at a payment terminal at the school (you can obtain a credit card machine from your bank or other online merchant, and many vendors now offer tools that can connect directly to smart phones or tablets), or if that is not an option the school may require checks or money orders. This helps to cut down on the need for so much oversight of cash received at the school, and allows for more accurate accounting moving forward. The school’s financial policy also includes policies regarding petty cash, as part of becoming “cashless” we would also recommend removing those policies and not allowing school funds to be used as petty cash. Those few individuals who would need to make immediate purchases could be given a school credit card. There are even credit cards now that are specifically geared towards small businesses which build in protections and accounting that make them far more convenient than traditional credit cards for tracking and approving expenses.



Recommendation: Speed up conversations about National School Lunch Program for next year

Mr. Kelly indicated that the school has been discussing the National School Lunch Program and how the program would work for next year. Currently the school receives their lunches from the district, and the district handles all paperwork, accounting and reporting of the lunch program. Because the county has qualified under the Community Eligibility Provision, all students are eligible to receive a free lunch. If the school becomes a state-authorized charter school there is some question as to whether or not the district would be willing to serve as the sponsor and allow ACE to continue to be a satellite under their program. This is an important conversation to have, as to become an approved sponsor under the NSLP is typically a 3-9 month process depending on your state’s regulations and requirements. It typically requires that the school participate in training, demonstrate the capacity and ability to calculate the qualifications for free and reduced lunch families, ability to develop a menu which meets the requirements of the national lunch programs criteria, and the ability collect funds, serve and account for the food served as required by the program. The school would need to obtain a “POS” (Point of Sale) system, do a rigorous RFP for a food provider, and more. In order to have this all in place in time for the start of the 2019-20 school year, the school should begin now to put plans in place and begin to participate in the trainings to become a sponsor. On the bright side, schools do typically realize a small net gain from the NSLP program when operated effectively, so this could help to assist with balancing the budget.



General Notes

Overall we thoroughly enjoyed our visit to Academy for Classical Education. The school is an extremely well run school, and while we have highlighted several possible suggestions for growth above, we have no doubt that even if these suggestions were not implemented, that ACE would continue to thrive and be place where “teachers can teach and students can learn.” We were impressed by the level of detail and care given to daily operational procedures with students, how you’ve been able to blend the best parts of classical education while allowing your teachers to act as professionals who do not need to follow rote direct instruction lesson formats, and how dedicated your leadership, teachers and Board members are.

We understand this report was brought on by a requirement of the bond holders as a result of ACE not meeting its financial covenants, and that the failure to meet the debt service ratio could be considered a default event. We would strongly encourage the bondholders to provide a waiver of the financial covenants to the school for this. If not for the unforeseen sinkhole (which they are currently in litigation to try to recover funds from), the school would have easily met its debt service ratio. While there are some things the Board could do to reduce spending (i.e. increasing class sizes, re-evaluating the budget based on educational priorities, etc.), the Board appears to be acting responsibly and is open to doing what they need to do to ensure the success of the school. Any of the changes they make could have repercussions on the educational program, which is the bread and butter of what ACE has to offer, and the Board has worked very hard to protect.

We appreciate the opportunity to visit the school, and look forward to providing any additional assistance the school may ask of us.