

ATKINSON, ANDELSON, LOYA, RUUD & ROMO

A PROFESSIONAL LAW CORPORATION

ATTORNEYS AT LAW

20 PACIFICA, SUITE 1100
IRVINE, CALIFORNIA 92618-3371
(949) 453-4260

FAX (949) 453-4262
WWW.AALRR.COM

CERRITOS
(562) 653-3200

FRESNO
(559) 225-6700

MARIN
(628) 234-6200

PASADENA
(626) 583-8600

PLEASANTON
(925) 227-9200

RIVERSIDE
(951) 683-1122

SACRAMENTO
(916) 923-1200

SAN DIEGO
(858) 485-9526

OUR FILE NUMBER:
005495.00514
24353863.1

Ronald.Wenkart@aalrr.com
(949) 536-2220

July 12, 2019

VIA EMAIL ONLY

Erika Vanderspek
Dean of Academics
Inspire Charter Schools
1740 E. Huntington Drive #205
Duarte, California 91010

Re: South Coast Academy I Charter Petition

Dear Ms. Vanderspek:

The Irvine Unified School District (“District”) has asked me to follow up and request additional information following your presentation at the public hearing regarding the propose South Coast Academy I Charter Petition on July 9, 2019. The District would appreciate it if you would provide a written response to the questions in this letter by July 19, 2019.

1. At the public hearing, a statement was made that Inspire does not verify completed work and does not follow the independent study requirements in the Education Code.
 - a. What systems, policies, and procedures does Inspire have in place to ensure that the students (not others) enrolled at South Coast Academy I are completing the work and that Inspire is complying with the Education Code requirements for independent study programs?
 - b. Please provide us with complete documentation.
2. At the public hearing, a statement was made claiming that Inspire gives parents money in the form of a fund that parents can draw from to purchase textbooks, equipment, supplies and curriculum. The statement implied that parents are improperly using these funds to purchase religious curriculum and materials and are also using the funds for recreational (non-educational) purposes.
 - a. What systems, policies, and procedures does Inspire have in place to ensure that public school charter funds are being spent in a proper manner and that a gift of public funds is not taking place?
 - b. Does Inspire require parents to produce receipts for all purchases?

Erika Vanderspek

Re: South Coast Academy I Charter Petition

July 12, 2019

Page 2

- c. Does Inspire maintain copies of the receipts parents submit?
 - d. Has Inspire conducted an audit of these funds to be sure that they are properly spent?
 - e. How much money is given to each student?
3. At the public hearing, a statement was made at the public hearing that Inspire pays its administrators very high salaries. The San Diego Union Tribune published an article that states that Inspire founder Nick Nichols receives an annual salary of over \$514,000.
- a. Please provide us with salary information on all Inspire administrators, including Mr. Nichols, receiving compensation in the form of salary and other benefits that receive more than \$100,000 in annual compensation.
 - b. Please include their name, title, job description, salary, deferred compensation, retirement, medical and dental benefits, and other benefits for the last three calendar years.
4. At the public hearing, a statement was made that Inspire schools have low test scores. The CDE website indicates that in English Language Arts, 50% of students in California meet or exceed state standards. Inspire schools' test scores range from 26-42% (below the state average and below the District's average). In Math, 39% of students in California meet or exceed state standards but Inspire Schools test scores range from 16-23% (below the state average and below the District's average). Please provide us with documentation that shows that Inspire's test scores have risen.
5. You indicated that the South Coast Academy I budget is based on an assumption that 10% of the student population will qualify for special education services.
- a. What is the current percentage of special education students enrolled in Inspire Schools in California?
 - b. You indicated that in many cases students receive speech therapy, occupational therapy (OT), and physical therapy (PT) online and that the parent provides the services after being instructed online as to how to deliver the services. How many Inspire students receive these services in this manner?
 - c. Do the students' IEPs indicate that these services are received online?
 - d. You indicated that if online services are not sufficient, then Inspire provides a therapist to provide the services. In how many cases has this occurred?

Erika Vanderspek

Re: South Coast Academy I Charter Petition

July 12, 2019

Page 3

- e. Were the students' IEPs amended to reflect the change in service delivery?
 - f. You also indicated that a 30 day special education assessment is done and then Inspire informs the parent as to whether Inspire is able to provide services to the student in the charter school environment. How many students have left the Inspire charter school program as a result of the 30 day assessment (see page 33 of Petition)?
6. At the public hearing, you indicated that Inspire is currently serving 2,500 students in Orange County and 500 students living in the City of Irvine.
- a. Please provide us with documentation of the enrollment of 2,500 students.
 - b. Are the 2,500 students in addition to the 500 students projected for enrollment in South Coast Academy II?
 - c. Would that make the total number of students served in Orange County 3,000 students?
 - d. With a projected enrollment of 2,500, how many teachers do you expect to hire?
 - e. What will be the student-teacher ratio?
 - f. What does the typical day for a teacher look like?
 - g. How many hours per day does a teacher work?
 - h. How is their time accounted for by Inspire?
 - i. Are teachers paid by the hour or a monthly salary?
 - j. How does their salary compare to teachers at Irvine Unified?
 - k. What is their salary range?
 - l. How does Inspire ensure that the teachers are meeting with students every 20 days?
 - m. What systems does Inspire have in place to ensure teacher-student contact?
 - n. Do teachers work out of their homes or do they have an office location?
 - o. Where do they meet students?

Erika Vanderspek

Re: South Coast Academy I Charter Petition

July 12, 2019

Page 4

- p. When they visit a student's home, must the parent be present?
 - q. What systems, policies, and procedures does Inspire have in place to ensure the safety of students when a teacher visits a student in their home, particularly with respect to physical or sexual abuse?
 - r. How are distractions minimized at these locations?
 - s. At the coffee shops, are charter school funds used to pay for food or beverages?
7. At the public hearing you indicated that South Coast Academy I will contract with Inspire for services.
- a. What is the relationship between South Coast Academy I and the Inspire organization?
 - b. Is the charter school required to contract with Inspire or may it contract with other vendors for services?
 - c. Are the charter board members independent from Inspire?
 - d. What authority does Inspire have over the charter board members?
 - e. Are fees paid to Inspire by the charter school?
 - f. Please provide us with a detailed breakdown of the fees and the services provided for that fee.
- 8.
- a. Has Inspire conducted audits of its schools in California in the past?
 - b. Did the audit make any recommendations for changes in Inspire's practices?
 - c. What were those recommendations?
 - d. Please provide us with copies of all audit reports for the last three years.
9. The question of graduation rates came up at the public hearing.
- a. What is the graduation rate for each of Inspire's California schools for the last four years?
 - b. On page 42 of the Petition you indicate that the graduation rate will be maintained above 70% every year. Is that goal for all subgroups or the goal for all students?

Erika Vanderspek

Re: South Coast Academy I Charter Petition

July 12, 2019

Page 5

- c. Has Inspire been able to reach that goal at all of its schools the last four years?
10. At the public hearing, you indicated that Inspire offers Advanced Placement (AP) courses.
 - a. How many AP courses has Inspire offered for each of the last four years at each of its California schools?
 - b. How many students at Inspire schools have taken AP classes?
 - c. What was the pass rate on the AP tests for each test at each school for the last four years?
11. At the public hearing, the issue of Career Technical Education (CTE) courses was discussed.
 - a. Does Inspire offer Career Technical Education (CTE) courses?
 - b. How many CTE courses has Inspire offered at each of its California schools in each of the last four years?
 - c. What courses were offered?
 - d. Were certificates conferred?
 - e. How many and what type of certificates were conferred on students?
12.
 - a. Does Inspire offer physical education, sport, or student body government activities?
 - b. Does Inspire offer student clubs?
 - c. Please provide us with documentation of these activities.
13. At the public hearing, the issue of laboratory science instruction was discussed.
 - a. Does Inspire offer laboratory instruction as part of its Science curriculum?
 - b. Where is this laboratory instruction provided?
 - c. Does the lab instruction meet state standards?
 - d. Please provide us with documentation of this instruction and how it is provided.

Erika Vanderspek

Re: South Coast Academy I Charter Petition

July 12, 2019

Page 6

14. The 2019-20 Cash Flow/Budget, based on an enrollment of 2,500 students, shows income of \$22 million. The Cash Flow/Budget projects growth each year reaching 3,662 students in 2023-24.
 - a. How was this projection calculated?
 - b. Please provide us with previous audits and growth figures for existing Inspire schools in neighboring counties.
15. The 2019-20 Cash Flow/Budget shows proceeds from factoring in July and August of approximately \$3.4 million.
 - a. What is the source of these funds?
 - b. Is an additional \$1 million forecasted for operational costs 2020-21?
 - c. What is the reason for the increase of \$1 million?
 - d. Is the charter school paying interest on a loan to Inspire?
 - e. If so, what is the interest rate and the cost of the loan?
 - f. What are the terms of repayment?
 - g. Please provide us with all documentation related to these funds including the names of all individuals involved in the transactions.
16. Table H of the Petition shows a Staffing Summary but does not list the salaries of administrators, teachers, and other employees.
 - a. What is the salary range for each of positions listed?
 - b. What is the total cost of these positions for each school year?
 - c. What is the teacher salary range?
 - d. How does the teacher salary compare to teachers employed by the District?
17. In reviewing Tables H and I of the Petition, it appears that there are 18 full time positions (FTEs) for certificated pupil support salaries and \$270,000 is budgeted, therefore, the salary for each position would be an average of \$15,000 per year.
 - a. Is that correct?

Erika Vanderspek

Re: South Coast Academy I Charter Petition

July 12, 2019

Page 7

- b. If the average cost were \$72,500 (the listed teacher salary), the cost would be \$1,305,000, and would eliminate most of the projected ending balance, is that correct?
 - c. Please explain how the \$270,000 figure was calculated.
- 18. In reviewing Table J of the Petition, it is unclear which employees will receive health benefits.
 - a. Please clarify which employees will be receiving health benefits.
 - b. The cost of health benefits appears to be \$7,500 per FTE which seems very low; how was this cost calculated?
 - c. Please clarify which positions will be receiving retirement benefits (e.g. STRS, social security, etc.)?
- 19. Table K of the Petition lists books and supplies. Textbooks are listed at \$201,875 or \$80 per student for 2,500 students.
 - a. How was this figure calculated?
 - b. Is the amount consistent with Inspire's costs at its other schools?
 - c. If online materials are being used, how was the cost calculated?
- 20. Table L of the Petition describes expenses for utilities, maintenance, and janitorial services.
 - a. What is the rent per square foot for the facility being maintained?
 - b. Where is the facility located?
 - c. Please provide us with a copy of the rental agreement.
- 21. Table M of the Petition lists Special Education Encroachment as \$109,630. How was this amount calculated?
- 22. As described in a June 28, 2019 San Diego Union Tribute Article, a parent named Karen Akpan, living in Beaumont, used charter school funds to go to Disneyland, the San Diego Zoo, Sea World, Legoland and Medieval Times. Did Ms. Akpan receive this money from an Inspire school?

Erika Vanderspek

Re: South Coast Academy I Charter Petition

July 12, 2019

Page 8

- a. Does Ms. Akpan's child attend an Inspire school?
 - b. If Inspire did give this money to Ms. Akpan, did Inspire obtain a refund of the money?
 - c. Did any parents of Inspire students use money from Inspire for similar recreational activities?
23. An article dated April 28, 2017, available at <http://www.kpbs.org>, states that at Inspire Charter School-South in El Cajon, 315 of the school's 525 kindergarten students have a personal belief exemption and are not vaccinated.
- a. Is that statement accurate?
 - b. The article quotes Dr. Nick Nichols, Executive Director of Inspire Charter Schools as not being surprised by the high number of students who are not vaccinated. Is that an accurate statement?
 - c. Does Inspire follow California law and require its students to be vaccinated?
 - d. What is the current percentage of unvaccinated students in Inspire schools?
 - e. Please provide us with a copy of Inspire's vaccination policy.
24. On the Inspire website, it indicates that Inspire is sponsoring a dinner show at Medieval Times in Buena Park.
- a. Was this show paid with charter school funds?
 - b. How was it paid for?
 - c. Was the cost for parents, students and guests paid with charter school funds?
 - d. Please provide us with the documentation of the cost of this event and whether parents used their own funds for this event.
- 25.
- a. Does Inspire employ related family members?
 - b. What is Inspire's policy regarding nepotism?
 - c. Are any employees of Inspire related to Nick Nichols either by blood or marriage?

Erika Vanderspek

Re: South Coast Academy I Charter Petition

July 12, 2019

Page 9

- d. If yes, please provide us with the names of all related family members and their positions with Inspire or Inspire schools.
 - e. Do other Inspire administrators and supervisors have family members who are employed by Inspire?
 - f. Please provide us with the names of all related family members and their positions.
26. Page 50 of the Petition indicates that the charter school will be operated by South Coast Academy, a California Nonprofit Benefit Corporation, the sole member of which shall be South Coast Academy.
- a. Please clarify what this language means?
 - b. Does this allow Inspire or another entity to control the charter board?
 - c. Can Inspire or another entity appoint board members?
 - d. Can Inspire or another entity dismiss board members?
 - e. Who are the individuals who control South Coast Academy, a California Nonprofit Benefit Corporation?
 - f. Are they the same individuals who serve on charter school Board of Directors?
 - g. Do any of these individuals have any positions or affiliation with Inspire?
27. Page 51 of the Petition states that members of the Board of Directors are responsible for major fundraising events.
- a. What does that entail?
 - b. Are members of the Board of Directors required to donate money to the charter school?
 - c. Are member of the Board of Directors required to solicit donations from others?
28. The Irvine Unified School District has received information that Inspire has been served with a Notice of Violation for operating multiple resource centers in Ventura County in violation of Education Code section 47605.1. Section 47605.1(c) authorizes a charter

Erika Vanderspek

Re: South Coast Academy I Charter Petition

July 12, 2019

Page 10

school to operate only one resource center in an adjacent county. The Notice of Violation states that Inspire has been operating four resource centers in Ventura County.

- a. Prior to receiving the Notice of Violation was Inspire aware that Education Code section 47605.1(c) limited resource centers in Ventura County to one resource center?
 - b. Did Inspire establish the four resource centers in Ventura County knowing that Education Code section 47605.1(c) limits resource centers in adjoining counties to one resource center?
 - c. Has Inspire operated any resource centers in excess of the limitations in Education Code section 47605.1 in any other counties?
 - d. Has Inspire been operating any resource centers in Orange County? How many? Where are they located?
 - e. The Notice of Violation state that the percentage of Inspire student who meet College/Career Readiness standards is 9.4% (the rate for the State of California is 42.2%). Is that percentage correct? What is the reason for such a low percentage?
 - f. Has Inspire received any other Notice of Violation letters from a school district or county office of education? If so, please provide us with a copy.
29. The Petition included 50 teacher signatures. Only four of the 50 teachers hold a single subject teaching credential, none of which hold a science credential.
- a. How does Inspire intend to hire a sufficient number of single subject credentialed teachers?
 - b. How many 7-12 students does Inspire project it will enroll?
 - c. How many single subject credentialed teachers will Inspire need based on this projection?
 - d. How does Inspire intend to hire sufficient numbers of science and math teachers and other single subject credentialed teachers?
 - e. Does Inspire currently have a sufficient number of single subject credentialed teacher for each subject area at its existing schools?

Erika Vanderspek

Re: South Coast Academy I Charter Petition

July 12, 2019

Page 11

- f. Please provide documentation that Inspire has a sufficient number of single subject credentialed teachers at each of its currently operated schools.
30. The school district has received information that a student in one of the Inspire schools was also simultaneously enrolled at Calvary Chapel El Monte Homeschool Academy during the 2018-19 school year. The student received credits for the 7th and 8th grade and sought to enroll in the 9th grade for the 2019-20 school year.
- a. Was Inspire aware that this student was dually enrolled at both schools during the 2018-19 school year?
 - b. Did Inspire authorize the student to enroll in both programs?
 - c. Does Inspire have a policy or practice with respect to dual enrollment in Inspire and a private school?
 - d. Does Inspire have other students who are dually enrolled in Inspire and a private school at the same time?
 - e. Did Inspire authorize these other students to dually enroll in Inspire and a private school?
 - f. Does Inspire have a written contract or an oral agreement with Calvary Chapel El Monte Homeschool Academy or any other private school?
 - g. Please provide us with copies of all contracts Inspire has with private schools.
 - h. Does Inspire have any employees who also work for Calvary Chapel El Monte Homeschool Academy or any other private school?
 - i. Please provide us with the names and contact information for all such employees.
 - j. Have any Inspire employees also provided services to student on behalf of any private school?
 - k. Please provide us with the names and contact information for all such employees.

ATKINSON, ANDELSON, LOYA, RUUD & ROMO

Erika Vanderspek

Re: South Coast Academy I Charter Petition


July 12, 2019

Page 12

Thank you for your cooperation in providing us this information.

Sincerely,

ATKINSON, ANDELSON, LOYA, RUUD & ROMO

A handwritten signature in black ink, appearing to read "Ronald D. Wenkart". The signature is written in a cursive style with a large initial 'R'.

Ronald D. Wenkart

RDW:scy

cc: Terry Walker, Superintendent