

## **Governance**

### 1. Amendment to Bylaws to Remove Sole Statutory Member

*The Charter School acknowledges the District's concerns and in the future the Charter School will notify, submit a material revision request to, or otherwise seek authorization from the District to initiate changes that could materially alter the charter.*

### 2. The Amended Bylaws and Compliance with Senate Bill 126 / Education Code Section 47604.1

*The Charter School is aware of the new requirements under Senate Bill 126 ("SB 126") and understands that it must comply with those new requirements.*

*The Charter School's First Amended Bylaws provide certain minimum requirements in accordance with the laws applicable to California nonprofit public benefit corporations. This does not preclude the Charter School from nonetheless complying with the heightened charter school requirements under SB 126. While the Charter School does not believe that an amendment to its First Amended Bylaws is necessary for it to nonetheless comply with SB 126, the Charter School will make such amendments if the District still believes that they are necessary.*

## **Relationship Between Charter School and Provenance**

*In recent years, structural changes have been made to increase local control and accountability to allow the Charter School to be more responsive to community concerns. The Charter School no longer has Inspire Charter Schools ("ICS") as a sole statutory member, and decision-making is in the hands of the Charter School's Board of Directors and administrative leaders.*

*Under the current Services Agreement, Provenance provides the Charter School many of the same staff support and resources previously provided by ICS, ensuring continuity in the academic programs and infrastructure offered to families choosing the Charter School for their children's education. This not only increases local control, it also aligns better with the changes in state law emphasizing transparency in governance.*

*The Charter School looks forward to working with the new Superintendent of the District to answer his questions regarding the Services Agreement between the Charter School and Provenance.*

## **Facilities**

The Charter School has engaged a licensed commercial real estate broker to search for available space that could serve as an administrative office within the District boundaries. At this point, the broker has not identified any available space within the District that can meet our needs. Enclosed with this response is a copy of the letter form the broker, Kevin C. Lynch, dated January 31, 2020, stating that due to lack of commercial development within the District boundaries, they have not been able to find a

location for the school. The Charter School would like to discuss with the District the possibility of a facilities use agreement for the use of certain District space.

The Charter School is removing all references to the District's physical address on the Charter School's website and other documentation that is disseminated to students, families, or the public.

The Charter School utilizes 14261 Danielson Street, Poway, California exclusively for board meetings. This is a non-instructional, business purpose. Consequently, there are no charter school instructional or other student-oriented operations carried out at that site as contemplated by Education Code section 47605(a)(4). No revision of the charter is necessary, material or otherwise, for this business office use. The Charter School is closing down the space at 353 E. Park Avenue #201 in El Cajon, California.

There is no authority expressly prohibiting a non-instructional administrative or business office within the County and outside the District boundaries, or that would require material revisions to the charter that would list the locations of all limited temporary events such as student testing or special education assessments. If that were the case, particularly in the non-classroom based setting it would be necessary for the District to be constantly processing requests for material revisions. For these reasons, the Charter School respectfully disagrees with the District's interpretation of Education Code section 47605(a)(4). Unlike instructional activities that affect local school districts, business activities may be lawfully conducted in any location with appropriate commercial zoning for that purpose.

## **Supplemental Request for Information**

### Governance

1. What were the specific concerns that the California Charter Schools Association ("CCSA") raised as part of its Non-Academic Accountability review process regarding Inspire Charter Schools' governance and operations?

*CCSA stated their initial concerns included 1) potential conflicts of interest within operations and governance, 2) independent study record keeping and student records, 3) safety and background checks, including vendors, 4) resource center locations, and use of vendors and 1 day/week "Enrichment Academies," 5) fiscal health, stability, and general fiscal practices, and 6) the overall organization's rapid growth and lack of stability which creates challenges in addressing the other structural issues.*

*[Per the 8/30/19 [CCSA's letter of concerns](#)]*

2. CCSA recommended that Inspire participate in a third party assistance management audit to address continuing areas of concern regarding its school and central office

structure, policies and processes, leadership capacity, and internal controls. Did Inspire implement this recommendation? Why or why not?

*In September 2019, CCSA recommended Inspire engage FCMAT in a Management Assistance audit. Leadership met with FCMAT representatives about conducting a managerial review. However, days later, several county superintendents engaged with FCMAT to call for an AB-139 audit, which supersedes a management assistance audit.*

3. Did CCSA make any other recommendations in connection with its concerns regarding Inspire's governance and operations? If so, what were those recommendations? Did Inspire adopt or implement any of those recommendations? Please explain in detail.

*During the CCSA Non-Academic Accountability Process, CCSA inquired about the composition and operation of the individual school boards. At the time the boards were comprised of three members with no overlap across the entities. Boards met on a quarterly basis. Boards have always complied with the Brown Act and Political Reform Act and maintained Conflict of Interest policies. Inspire was advised to increase the board size to five members and increase meetings to a monthly basis. The school boards increased to five members in at the start of the 2019-2020 school year and increased meetings to a monthly basis starting in the 2019-2020 school year.*

*CCSA stated they would appreciate the opportunity to review the organization's financial status, but CCSA never followed up with that request.*

[CCSA's letter of concerns](#)

[Inspire's response to CCSA Concerns](#)

4. Did Inspire Charter Schools previously function as a charter management organization? Please explain.

*Prior to July 1, 2017, Inspire Charter Schools was both the parent company and the operator of Inspire schools. After July 1, 2017, Inspire Charter Schools worked with the Blank Rome legal team to restructure the organization to have individual Charter School Boards that had Inspire Charter Schools as the Sole Member Entity. At that time all agenda items related to the corporation were approved by both the charter boards and also Inspire Charter Schools board. In July of 2019, both the Inspire Charter Schools and the Individual Charter School boards voted to remove Inspire Charter Schools as the sole member statutory member Entity.*

*These structural changes have been made to increase local control and accountability to allow the Charter School to be more responsive to community concerns. The Charter School no longer has Inspire Charter Schools as a sole statutory member, and*

*decision-making is in the hands of the Charter School's Board of Directors and administrative leaders.*

5. Does Inspire Charter Schools currently function as a non-profit public benefit corporation? Why or why not?

*Yes, Inspire Charter Schools is a non-profit public benefit corporation. However, Inspire Charter Schools is currently inactive. Steps are being taken to complete the voluntary wind-up and dissolution of the corporation.*

6. What is Inspire Charter Schools' relationship or connection to Provenance or Inspire District Office?

*There is no relationship between Inspire Charter Schools and Provenance.*

*Pacific Coast Academy looks forward to working with the new Superintendent of the District to answer his questions regarding the Services Agreement between PCA and Provenance.*

7. From an organizational standpoint, how does Provenance/Inspire District Office differ from the former Inspire Charter Schools?

*Prior to July 1, 2017, Inspire Charter Schools was both the parent company and the operator of Inspire schools. After July 1, 2017, Inspire Charter Schools worked with the Blank Rome legal team to restructure the organization to have individual Charter School Boards that had Inspire Charter Schools as the Sole Member Entity. At that time all agenda items related to the corporation were approved by both the charter boards and also Inspire Charter Schools board. In July of 2019, both Inspire Charter Schools and the Individual Charter School boards voted to remove Inspire Charter Schools as the Sole Member Entity.*

*During the 2017 - 2018 school year, Provenance did not provide any support services. It was in its initial phase of existence. Provenance became the support provider for the 2018-2019 school year after both Provenance and the independent Charter School Boards approved the Services Agreement. Provenance continued as the support provider for the 2019-202 school year after both Provenance and the independent Charter School Boards approved the Services Agreement. We have attached both board approved Services Agreements.*

*Provenance is a separate non-profit benefit corporation that provides educational support services to charter schools. Provenance and Inspire Charter Schools are two separate non-profit benefit corporations with no relation to each other.*

8. Did Inspire Charter Schools provide the same services to the Charter School as Provenance/Inspire District Office does currently? If not, what was different?

*Inspire Charter Schools provided management, oversight, and educational services of Pacific Coast Academy. Provenance only provides educational services with contracted schools, including Pacific Coast Academy.*

9. Please provide a copy of the most recent services contract between Charter School and Inspire Charter Schools.

*There is no services contract between Pacific Coast Academy and Inspire Charter Schools. However, attached to this response is a copy of the current service agreement between Pacific Coast Academy and Provenance.*

#### Inspire District Office

10. What services are subcontracted out by IDO to third parties for the Charter School under the Services Agreement? For each subcontractor, please specify the name of the company or contractor and type of service(s). Please also provide a copy of the current subcontractor agreement or contract.

*The subcontracts of Provenance are not records in Pacific Coast Academy's possession.*

11. Section 6 of the Services Agreement between the Charter School and IDO specifies that the Charter School shall reimburse IDO for direct "pass-through" costs and expenses incurred in performing services. Please provide all invoices from IDO to the Charter School for the costs contemplated in this section since the effective date of the services Agreement (i.e. July 1, 2019).

*No invoices have been created at this time, but we do anticipate submitting those "pass-through" invoices to the school and will provide a copy to you as well.*

12. Please provide a detailed explanation as to how IDO's 11.5% licensing fee was derived and why this percentage of the Charter School's revenue is a reasonable charge for such licensing. Please also provide a detailed list of what is provided to the Charter School in exchange for that licensing fee. Please also specify the dollar amount the Charter School paid to IDO (or Inspire Charter Schools) for the licensing fee in fiscal years ending 2017, 2018, and 2019.

*Provenance did not provide any services during the 2017 - 2018 school year. Provenance started to provide services during the 2018 - 2019 school year. The fees for*

*the 2018 - 2019 school year were proposed by Provenance, budgeted for, and based on costs anticipated and the value of goods and services to be provided, and ultimately approved by both the Provenance Board and the Independent Charter School's governance boards. For the 2019-2020 school year, Provenance proposed fees based on historical costs, the value of the goods and services to be provided and these were approved by both the Provenance Board and the Independent Charter School's governance boards.*

*These services and goods are listed in the attached Services Agreement. It includes items that have no readily available substitute, and are a model of service to the families that is unique to the independent study marketplace. Families that are looking for a personalized education centered around the interests, specific needs, and learning styles of each child have connected with the community outreach/ "marketing" efforts driven by Provenance, which has trademarked the Inspire brand. Affiliation with the Inspire brand has significantly impacted Pacific Coast Academy's growth over the years.*

*With the broad range of services Pacific Coast Academy is able to present a polished, professional, and welcoming "face" to the public, families, and school staff.*

*Pacific Coast Academy did not spend any money for the licensing fee in the fiscal years ending in 2017, 2018, and 2019.*

13. Has IDO completed a Form 990 and provided it to the Charter School? If so, please provide a copy of the completed form.

*Provenance does not have any completed 990 forms. The 2018-2019 school year was the first year Provenance provided support services, and the deadline to file 990 forms is May 15, 2020.*

14. Has IDO staff filed annual financial interest disclosures, consistent with Section 9 of the Services Agreement? If so, please provide the District with a copy of the most recently filed annual financial interest disclosures.

*Provenance has an adopted conflict of interest policy. Attached is the adopted Conflict of Interest Policy.*

*Since Provenance only provides educational support services, and consultants file form 700s when identified by the schools as persons who develop recommendations which are routinely followed by the schools, no Provenance staff have been asked to file.*

*Attached is the adopted Conflict of Interest Code for Pacific Coast Academy that specifies the Form 700 filers.*

15. Did the Charter School use independent legal counsel in the negotiation of the Services Agreement with IDO? If so, who or what firm did it use?

*The school did not use independent legal counsel to negotiate the approved Services Agreement.*

16. Did IDO use independent legal counsel in the negotiation of the Services Agreement with the Charter School? If so, who or what firm did it use?

*Provenance did not use independent legal counsel to negotiate the approved Services Agreement.*

#### Staffing

17. Please provide copies of the employment contracts for all Charter School administration.

*Contracts can be found in the attached folder.*

18. How many teachers are currently employed by the Charter School? Please provide a list of all teachers currently employed by the Charter School.

*The staff list can be found in the attached folder.*

19. What controls are in place to ensure appropriate staffing ratios, consistent with the independent study requirements under Education Code sections 51745 *et seq.*?

*Founded on the guidance received from Jonathan Yu with the State Board of Education, team members who are full-time certificated employees who provide direct instruction or direct instructional support to students are identified. Employee work hours are collected and the additional hours that they may work throughout the remainder of the year are extrapolated to determine if the employees meet the required work schedule of a minimum of six-hours per day and 175 days per fiscal year. This can be updated after each payroll. Those who meet the qualifications of a FTE but fall short of the minimum hours worked will be assessed a partial FTE count and no FTE will exceed 1.0. The total FTE count is used to compare only against the average daily attendance for independent study students who are 18 years of age or less.*

#### Facilities

20. Does the Charter School provide supplemental classes and educational services to students in a physical location? Where?

*Pacific Coast Academy has an approved Resource Center in Orange County that is in compliance with all laws surrounding resource centers. Approximately 100 students attend this resource center twice a week to receive supplemental educational support from a credentialed teacher.*

*The address for this resource center is: 102 Baker Street, Costa Mesa, CA 92626. This resource center was included in the Material Revision to the Pacific Coast Academy charter approved by Dehesa Board on 12/13/18.*

21. Where does the Charter School house its library materials now that the site located at 13915 Danielson Street #100 in Poway, California is closed to students and families? How do Charter School students and families access these materials?

*The library materials are still housed at 13915 Danielson Street #100 in Poway. However, the location is closed to families and staff. Due to the closure, an online solution is currently being developed in which families will be able to see the materials available and the items can be mailed instead of an in-person pick up. Currently, Provenance, as part of the service agreement, fulfills library requests by delivering items to a variety of mobile library locations (local parks). These mobile locations are much like the idea of a Book Mobile going into the community bringing the materials near them for pick up. The locations are not permanent, have no lease, and not in a building.*