

Career Academy of South Bend, Inc.  
Minutes of Meeting of Board of Directors  
October 24, 2017

Directors Present: Daniel Adams, Steven Van Bruaene, Thomas Coley, Larry Garatoni, Michael Garatoni, Marian Hodges, Lori Smith

Absent: Larry Davis, Dave Risner

Staff Attending: Alex Hammel, Kim Richardson, Dean Fecher, Jim Cebra, Mary Gilliam

Also Attending: Charles Loeser, Brian Pawlowski, Emily Kleinschmidt

Larry Garatoni called the meeting to order at 5:50 pm at the Career Academy, 3801 Crescent Circle, South Bend.

A. Minutes of Prior Meeting. The minutes of the prior (September 26) meeting were unanimously approved.

B. Financial Statements. Kim Richardson presented financial statements for September, focusing on year-to-date totals (July 1-September 30). Total revenue of roughly 2.9M is roughly \$150,000 over budgeted revenue, due in part to the food service program producing profit whereas the budget assumed break-even.<sup>1</sup> State ADM funding is shown as matching budget since that's what the State has paid to date; there will be a true-up in November based on Count Day enrollment (finalized count of 1,276 compared to 1,225 per July 15 budget, adjusted to 1,275 in September<sup>2</sup>).

Mike asked if it's understood why enrollment exceeded the original budgeted 1225 by 51 students. Alex said a big factor was improvement in how visitors are tracked, i.e., we're more efficient at obtaining contact info for visitors & following up. Another factor is that the high school is attracting more students: in past years few new students came to us after ninth grade but that's no longer the case. Lori asked what schools the incoming students are from. Alex said data on that & related questions will be presented at the next meeting. Dan said for marketing purposes it's important to know why students are coming.

Turning to expenses, Kim noted the YTD total of 2.57M is roughly 76,000 below budget, which is partly a reporting issue since hourly staff cost is allocated equally by month for budget but actual cost is much less in July and August; the variance will decline in future months. Kim noted we're over budget for cleaning services: the current vendor had said that a price reduction would be acceptable, which was the basis for our budget projections, but the vendor then refused, which led us to terminate that relationship as of the end of October. Beginning November 1 there will be a new vendor with rates close to our budgeted cost.

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<sup>1</sup> Food service revenue YTD of \$121,385 exceeded food service cost of 102,354 by slightly less than \$20,000. [Note: food service revenue is restricted, i.e., may be used only for food service costs, but the financial statements do not reflect fund restrictions.]

<sup>2</sup> ADM tuition revenue varies between the three schools since the "complexity" component (based on student demographics) differs: primary school \$1,631.80, middle school \$1,037.63, high school \$726.56, which when combined with the \$5,273 per student/year basic grant results in ADM revenue per student year of \$6,904.80 for the primary school, \$6,310.63 for the middle school and \$5,999.56 for the high school. As a result, by comparison to the July 15 budget (which assumed primary school 650, middle school 350, high school 225 for total of 1225), the finalized enrollment (primary school 648, middle school 334, high school 294 for total of 1276) will reduce primary school revenue by \$13,809.60/year and middle school revenue by \$114,779.60/year while increasing high school revenue by \$413,969.64, resulting in a net increase of ADM revenue by \$299,190/year (24,932.50/month).

As to capital costs, Kim noted the statements show a capital cost allowance allocated equally between months but in fact our costs are largely at the start of the year: the budget provided for capital costs of \$504,240 for the 2017-18 fiscal year, and as of 9/30 our capital expenses were 381,800, largely due to the 296,000 roof repair. Kim distributed a list of capital expenditures through 9/30.

Larry asked if the board would prefer in the future to receive only a consolidated statement with school by school columns as opposed to separate statements. Mike and Tom said that a consolidated statement is sufficient. Alex said the financial statements are in a much better format as a result of Kim's work. The financial statements were approved.

C. School Operations.

1. Enrollment. Alex reported the ADM count of 1276 is finalized and will be used for purposes of ADM tuition for both semesters; unlike last year, the second count day in February is for informational purposes only.

a. Further Admissions. Alex said it's not been decided whether additional students should be accepted. Steven Van Bruane said his experience is that a public school must admit any applicant, regardless of overcrowding. Charles Loeser said a fundamental difference between charter schools and other public schools is that charters have the legal right to limit admissions to a specified number of students per grade, so long as admissions are processed fairly, whereas a traditional public school, which is responsible for a specific geographic district, is required to admit any district resident regardless of class size. Larry asked for a legal review & follow-up at the next meeting.

b. Demographics. For the schools as a whole ("District"), roughly 25% of students are special education.<sup>3</sup> The ethnic breakdown District-wide is roughly 45% white, 1/3 black, 10% Hispanic and 10% multi-racial. Roughly 54% of students are male and 46% female. Roughly 64% qualify for free or reduced-price lunch.

2. Food Service. Mary Gilliam, who's managed food service for the schools since the conversion to Chartwells/Compass USA in January, reported that the implementation of universal free breakfast has worked well: although the state pays only for students qualifying as free/reduced, the greater number of students using the service (roughly 100 high school students having breakfast at the school every day compared to 30 last year) results in a net increase in revenue over expense. Similarly, the implementation of an afternoon snack program at Success (free to all students) has resulted in increased revenue as well as more satisfied students. Student participation is also up for lunches, which Mary believes is due to taking more care to provide menu items that students want. Chartwells also recommends that the schools implement a supper program: because of the extra-long school day and after-school programs, our schools qualify for reimbursement of after-school meals for students who stay at the school. The board expressed its appreciation for what Mary and Chartwells have done and are doing. Mike said research shows a strong connection between good nutrition and academic achievement.

3. School Grade Update. Alex noted that the "A" accountability grades for the high school and middle school and the "C" for the elementary school were under "embargo" (not to be made public) at the

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<sup>3</sup> Alex noted the special ed data in the handout is inaccurate; Larry said we should follow up at the next meeting with confirmed data and analysis.

prior meeting but are now public record. State data<sup>4</sup> shows that of 370 high schools in the state, Career Academy ranked #8 for growth.

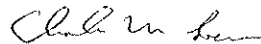
4. Housekeeping Update. Alex reiterated what Kim had said about moving to a new housekeeping vendor, adding further detail.

5. Success Academy Update. Dean reported SASB had parent-teacher conferences last week, they were well-attended, he'll present details next meeting. Phone conferencing was offered and well-received. November 14 will be PBL night, the students will present projects to parents and others. The Saturday before Halloween will be the annual "Monster Bash" party, it's expected there will be a thousand people at the school.

6. Career Academy Update. Jim Cebra reported the high school and middle school also had conferences last week. For middle school, students were responsible for leading the conferences and telling their parents about their progress (with teachers at the table). Jim also reported on sports & music/arts programs. Lori suggested that student artwork be shown on the school FaceBook page, some of the work is very impressive.

D. Charter Accountability Review. Emily presented reviews as to the three schools, using the accountability rubric as detailed at prior meetings. For Success, the standard for instruction is for the first time graded as "approaching" rather than "not meeting." Most of the rest of the factors are the same as before.

E. Questions and Comments. There being no questions or comments, the meeting was adjourned at 7:05 pm.



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Charles M. Loeser, Assistant Secretary

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<sup>4</sup> See <https://www.doe.in.gov/sites/default/files/accountability/af-2017-school-grade-placement.xlsx>