



To: Board of Education

From: Kelly Ruppel, MMSD Chief of Staff

Re: Draft IMACS Contract Questions Memo

Date: July 18, 2017

Below are responses to primary Board Member questions from the July 10, 2017 Special Meeting to review the DRAFT Isthmus Montessori Academy Charter School (IMACS) Contract. We look forward to discussing further during Board Member briefings this month.

1. BOE Question: Can you provide a detailed explanation of the changes in the budget from January 30, 2017 version to the June 2017 version?

During the January 30, 2017 Board Meeting, the Administration stated that the IMACS proposal did not meet the expectations stated in the Charter School Original Proposal Rubric. The Financial Operations section and the Student Body and Demographics sections were both areas in the plan where the Administration and IMA were directed by the Board to continue to work on a few items in the plan as a contingency of the charter approval during contract negotiations.

- Financial Operations: The Charter Review Committee was concerned that the budget allocation for staffing was not adequate. We didn't have enough information to help solidify the number of teachers that would be needed for the Montessori model.
- Student Body and Demographics section: The Charter Review Committee was concerned that the high enrollment estimate, specifically in the upper grades, for the first few years might not be met. Additionally, we had concerns regarding the fast growth proposed over the next five years. Fast growth generates enrollment revenue risk for IMACS/district, state revenue timing issues for the district, and instability in the surrounding elementary schools.

Attached is a detailed line item analysis of all the items that changed. Please note three key changes to the budget:

1. Changes in enrollment estimates (see question #2 for explanation)
2. Adjustments in the number of allocated staff
 - a. General Teacher Allocation: IMACS did not provide their detailed class size ratio expectations prior the January vote. Once we received them, we were able to accurately calculate the number of teachers that would be needed to sustain a section according to the Montessori model.
 - b. Support Staff: Once we had enrollment projections, the estimated number of English Language Learners (ELL) and special education students (SPED) was then entered into our standard OMGE Dept. and SPED Dept. formulas. These formula allocations, combined with standard flexibility decisions, resulted in new support staff allocations.

3. Title, IDEA, and Food Service have been removed from the template
 - a. While these items were included in the MMSD template provided to IMA, they caused a lot of confusion in the budget. Legally, these are restricted-purpose funds and are not available for general budget balancing.
 - b. When the school does qualify for this funding, the funding will follow the student and be expected to be above and beyond the schools base budget. For example, if there is a high need student who needs a 1:1 SEA, the IDEA funding will follow the student to ensure they have their needs met.

The IMACS cost per student averages \$8,636 per year over the five year projection. This amount exceeds the charter policy target, which ties charter expenditures per pupil to the open enrollment transfer amount per pupil. However, at \$8,636 per pupil, IMACS would have expenditures per pupil below the MMSD elementary average (see attached).

The IMACS budget is a 'pro forma' budget presenting a theoretical revenue stream (open enrollment transfer amount per pupil plus other revenues) versus direct expenditures. This pro forma budget does not reflect the actual budget impact for MMSD, which is based on other factors, such as the revenue limit formula, three-year rolling average of enrollment, impact on equalization aid, etc.

2. BOE Question: Why has the enrollment estimate changed from January 30, 2017 to the June 2017 estimate? Would a bigger school be more sustainable?

The district would consider these enrollment projections a 'small school'; however, we have also considered any school over 150 students to be sustainable in past discussions regarding other schools. Therefore, the internal goal was to create a school greater than 150 students in every operational year, and growing incrementally to be above 200 by the time the five year contract is over with the understanding that the Board could always make the school bigger in the next contract.

It is impossible to judge where a 'sustainable enrollment for revenue' number would be without knowing what number of new students MMSD receives through IMACS (which increases MMSD's 3rd Friday count and revenue limit) and what number of current MMSD students simply transfer schools (current students wouldn't generate new revenues, they would transfer from other MMSD schools and presumably decrease the costs to run those other schools). In fact, as noted above, the open enrollment revenue figure that is required per BOE policy does not accurately capture the actual MMSD revenue impact. At this time, we are assuming IMACS enrollment will be comprised of up to 85% current MMSD students, who will enter IMACS through the lottery, and that the remaining students will be new to MMSD.

Again, the charter school budget template does not reflect the actual financial impact of IMACS on MMSD. Rather, it simply compares projected charter school cost per student against the open enrollment transfer amount as required per Board policy.

Attached is the previously provided Enrollment Model. This model does our best to balance the following factors:

- Reasonable projection on enrollment size for the first year and growing for the following years, to reduce risk in the enrollment projections;

- Disbursed impact on surrounding schools, to reduce the risk of a large impact on any one elementary school;
- Montessori model requirements for sections balance: IMACS has an expectation regarding the ratio between the number of sections in their lower grades versus the number of sections in their upper grades; and
- Staffing and IMACS class size ratios: Care was taken not to trigger the need for a new teacher by triggering IMACS class size caps by only a few students.

3. BOE Question: What are the IMACS Demographic Assumptions?

The January IMACS demographic proposal can be found on page 8, and their recruiting plan is on pages 8 and 9. The proposals stated in this plan are the basis for assumptions that drive budget decisions for ELL and SPED students. This proposal states the following:

- Target school demographics are: 1% American Indian; 12% Asian, 18% Black, 12% Latino, 16% Multiracial, and 41% White. Additionally IMACS stated that they have enrollment goals of 14% Special Education, 20% English Language Learners, and 57% Free and Reduced Lunch.

Through the course of our work over the last five months, we generated the following data model based on the proposed transportation zone to substantiate the IMACS demographics assumptions.

Picture of IMACS Proposed “transportation zone”

The possible attendance area is limited to MMSD elementary attendance areas on MMSD's north-side.

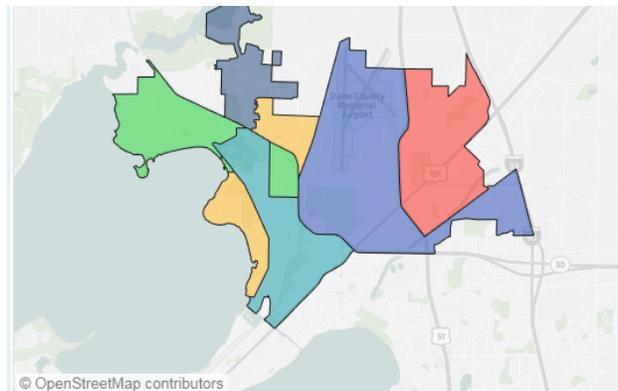
To change the attendance areas, use the drop down below. The map and summary of race/ethnicity demographics will adjust according to t..

Attendance area

(Multiple values)

Attendance area

- EMERSON
- GOMPERS
- HAWTHORNE
- LAKE VIEW
- MENDOTA
- SANDBURG



Model 1 is an estimate “Scenario Enrollment for demographics” assuming 85% of students selected in the lottery are from within these six elementary school neighborhoods. Estimates include the assumption that between 10% and 15% of the 85% would come from each school in the transportation zone. (The remaining 15% would be assumed to be Madison residents recaptured with a balance among MMSD averages for demographics.)

Model 1

School type	Attendance area	Asian	Black or African Ameri..	Hispanic or Latino	Two or more races	White
Scenario enrollment		10%	25%	23%	10%	32%
MMSD	Emerson	5%	21%	13%	15%	47%
	Gompers	10%	18%	20%	9%	42%
	Hawthorne	17%	28%	24%	9%	22%
	Lake View	16%	23%	19%	8%	34%
	Lapham					
	Lindbergh					
	Lowell					
	Marquette					
	Mendota	6%	38%	19%	11%	26%
	Sandburg	5%	20%	41%	10%	24%
	Schenk					

School type	Attendance area	Low-income	English Language Learner	Receiving special edu..
Scenario enrollment		63.09%	30.57%	16.098%
MMSD	Emerson	57.97%	16.65%	17.462%
	Gompers	54.93%	33.46%	10.832%
	Hawthorne	68.47%	40.89%	15.271%
	Lake View	72.96%	35.93%	15.741%
	Lapham			
	Lindbergh			
	Lowell			
	Marquette			
	Mendota	74.38%	24.50%	19.183%
	Sandburg	70.22%	43.53%	18.442%
	Schenk			

Model 2 is a similar estimate as Model 1. However, this estimate assumes that the 15% of students not currently from within MMSD, are 100% white and have no ELL, FRE, or SPED status (extreme case).

Model 2

School type	Attendance area	Asian	Black or African Ameri..	Hispanic or Latino	Two or more races	White
Scenario enrollment		9%	22%	20%	9%	40%
MMSD	Emerson	5%	21%	13%	15%	47%
	Gompers	10%	18%	20%	9%	42%
	Hawthorne	17%	28%	24%	9%	22%
	Lake View	16%	23%	19%	8%	34%
	Lapham					
	Lindbergh					
	Lowell					
	Marquette					
	Mendota	6%	38%	19%	11%	26%
	Sandburg	5%	20%	41%	10%	24%
	Schenk					

School type	Attendance area	Low-income	English Language Learner	Receiving special edu..
Scenario enrollment		57.09%	27.57%	14.00%
MMSD	Emerson	57.97%	16.65%	17.46%
	Gompers	54.93%	33.46%	10.83%
	Hawthorne	68.47%	40.89%	15.27%
	Lake View	72.96%	35.93%	15.74%
	Lapham			
	Lindbergh			
	Lowell			
	Marquette			
	Mendota	74.38%	24.50%	19.18%
	Sandburg	70.22%	43.53%	18.44%
	Schenk			

In both scenarios, the estimated demographics are equal to, or more diverse than, the enrollment goals IMACS projected in their January plan.

4. BOE Question: How does the 4K programming work? Is there a reimbursement to the district for the ½ day that isn't MMSD?

IMACS's proposal is to run the lottery for the MMSD AM 4K, which would trigger the .6 reimbursement for these students.

After the AM session is complete, both the 3K and 4K students who are enrolled in the optional IMA Inc. wrap around care program will physically move to the IMA Inc. portion of the building for the programming for the rest of the day. MMSD will not incur any costs after the 4K AM session is complete; therefore, no reimbursement is needed. The IMACS contract guarantees the district funding is used for the 4K AM costs.

Please see the attached for the detailed 4K addendum IMACS has submitted to be included in their proposal.

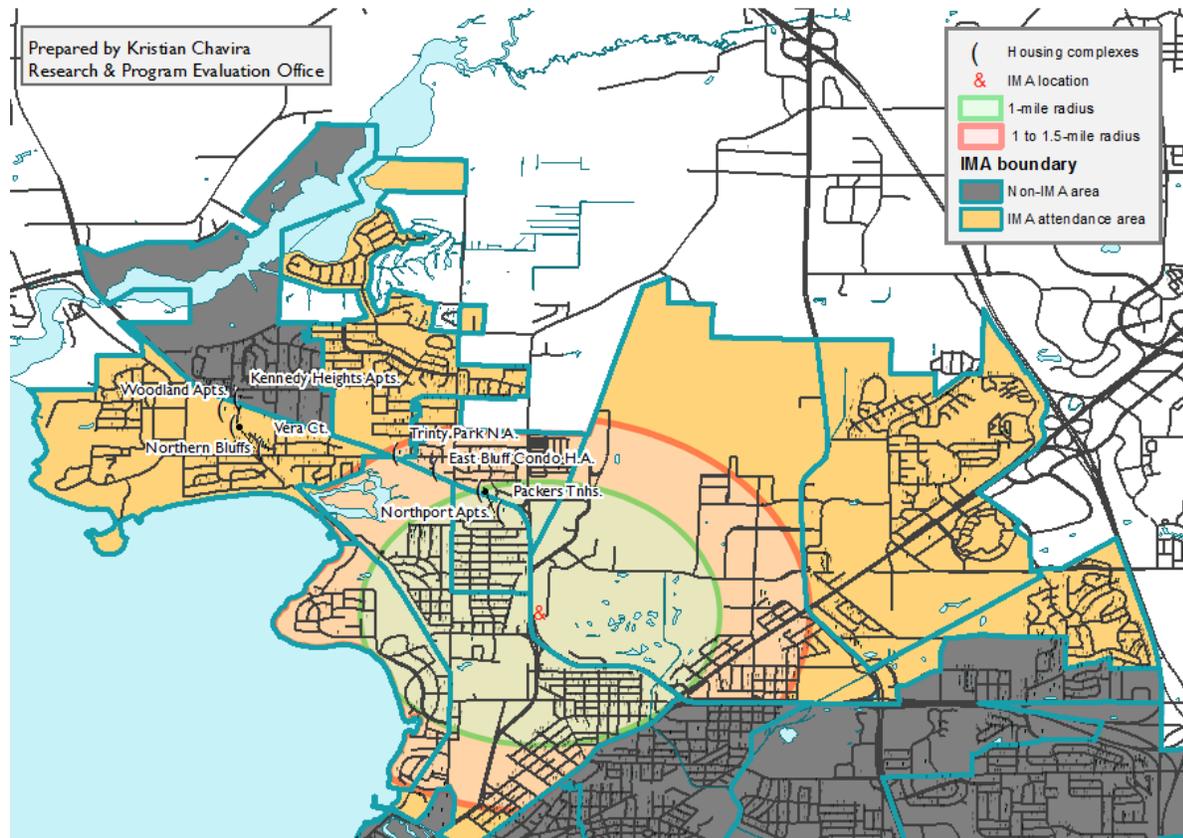
5. Who does the proposed 4K model privilege for the 4K enrollment and lottery? What affect does this have on the 5K lottery?

IMACS families enrolled in 4K AM session are provided the option to enroll in the IMA Inc. wrap around care for the afternoon. IMACS low income families would be eligible to receive both State subsidies and other subsidies for free access to the IMA Inc. wrap around care program for the three and four year olds after the IMACS AM portion of the day is complete. These grants are critical to removing access barriers to enrollment at IMA Inc. wrap around care, similar to any wrap around care facility in Madison. These subsidies help to ensure that low income families have full access to 4K. In this program, a child receives an MMSD accredited 4K, full wrap around care for free, and transportation to and from for those in the transportation zone. We anticipate that this will generate a high demand from our low income families into IMACS 4K lottery. Finally, please note that undocumented students are eligible for funding under these grants and subsidies.

Please see the attached for the detailed 4K addendum IMACS has submitted to be included in their proposal for more details.

6. Does the current transportation proposal adversely affect low income families?

Map of the 1.5 circle radius of the school is provided below. (A note of caution – MMSD transportation for the 1.5 miles is based on a GIF system calculation not available at this time, so this is approximate.)



According to the above map, there are low income properties both within and outside of the 1.5 mile zone. As mentioned in the meeting, two of the low income properties Northport Apts and Packers Townhouses are within the 1.5 mile radius.

Please see attached for the full analysis, and question #7 below for more information.

7. IMACS is on a main six lane road, Packers Ave. Should this road be considered hazardous and what affect would that have on question #6 and/or the transportation budget?

Technically, the Dane County Sherriff's Dept. is the official source for determining what roads are considered hazardous for Dane County schools. However, we do know that previous rulings have determined that Packers Ave was determined hazardous for walking to Emerson and Lake View Elementary. Therefore, we can make some reasonable assumptions that it will be considered hazardous.

If that is the case, much of the area within the 1.5 mile radius will need to be transported. Based on our current transportation analysis, we do not believe this would generate new transportation expenses; it could actually be less costly to transport students, using shorter routes, within the 1.5 mile radius than it would be to transport students as far out as parts of Mendota and Sandburg.

Overall, the number of bus routes will depend on the attendance area, and the geographical concentration of students within that area (which is to be determined through the lottery). These are the key variables.

We assume that Packers Avenue will present an unusual hazard, resulting in many students within 1.5 miles being eligible for transportation.