

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

BEFORE THE PUBLIC EDUCATION COMMISSION

STATE OF NEW MEXICO

TRANSCRIPT OF PROCEEDINGS

PUBLIC MEETING

February 10, 2017

9:00 a.m.

Jerry Apodaca Education Building - Mabry Hall

300 Don Gaspar

Santa Fe, New Mexico

REPORTED BY: Cynthia C. Chapman, RMR-CRR, NM CCR #219
Bean & Associates, Inc.
Professional Court Reporting Service
201 Third Street, NW, Suite 1630
Albuquerque, New Mexico 87102

JOB NO.: 7439L (CC)

SANTA FE OFFICE
119 East Marcy, Suite 110
Santa Fe, NM 87501
(505) 989-4949
FAX (505) 843-9492



MAIN OFFICE
201 Third NW, Suite 1630
Albuquerque, NM 87102
(505) 843-9494
FAX (505) 843-9492
1-800-669-9492
e-mail: info@litsupport.com

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

A P P E A R A N C E S

COMMISSIONERS:

MS. PATRICIA GIPSON, Chair
MS. KARYL ANN ARMBRUSTER, Secretary
MR. R. CARLOS CABALLERO, Member
MR. JAMES CONYERS, Member
MR. TIM CRONE, Member
MS. DANIELLE JOHNSTON, Member
MS. TRISH RUIZ, Member
MS. CARMIE TOULOUSE, Member

STAFF:

MS. KATIE POULOS, Director, Charter School Division
MS. AUDREY McKEE, Assistant Attorney General
Counsel to the PEC
MS. ANNJENETTE TORRES, Legislative Liaison

I N D E X T O P R O C E E D I N G S		Page
1		
2		
3	1 Call to Order, Roll Call, Pledge	5
4	of Allegiance, Salute to the	
	New Mexico Flag	
5	2 Approval of Agenda	6
6	3 Approval of Minutes and Transcript	7
7	(Items 4 and 5 tabled.)	
8	6 Report from PED on Financial Monitoring	9
9	of Charter Schools	
10	7 Discussion and Possible Action - PED	98
11	Recommendation to Commence Revocation	
	Proceedings Against La Promesa Early	
	Learning Center	
12	8 Discussion and Possible Action on	176
13	Charter School Amendments	
14	A. Tierra Adentro	176
15	9 Report From Options for Parents and	193
16	The Charter School Division - Discussion	
	and Possible Actions	
17	A. Charter School Division Update	193
18	B. Report on Governing Body Changes	200
19	C. Report on School Closures	206
20	D. Report on Implementation of Monitoring Cycle	
21	E. Report on 2017 Notices of Intent	211
22	10 Discussion and Possible Action to	217
23	Commence Operations for SAHQ Academy	
	and Vote on the Contract and Performance	
	Framework for SAHQ Academy	
24	11 Discussion and Possible Action on 2017	274
25	New Charter School Application Kit	
	Including Evaluation Rubric and Criteria	

1 I N D E X T O P R O C E E D I N G S, Continued

2 12 Discussion and Possible Action on 290
3 Governing Body Changes, Policy and
4 Forms - Contract Provision 8.10(b)

4 13 Report from the Chair 293

5 14 PEC Comments 313

6 15 Open Forum 320

7 16 Adjourn 320

8 REPORTER'S CERTIFICATE 321

9
10 ATTACHMENTS:

- 11 1. Visitors Sign-In Sheets
- 12 2. Open Forum Sign-In Sheet
- 13 3. Printout of Mr. Craig's Presentation
- 14 4. Tierra Adentro - 5-Year Projection Document
- 15 5. NMPED - Committee & Liaison Roles for 2017

16
17
18
19
20
21
22
23
24
25

1 THE CHAIR: Good morning. I call to order
2 this meeting of the Public Education Commission. It
3 is Friday, February 10th, 2017, and it is 9:01 a.m.
4 And I would ask Commissioner Armbruster to do a
5 roll-call vote, please.

6 COMMISSIONER ARMBRUSTER: Commissioner
7 Toulouse?

8 COMMISSIONER TOULOUSE: Present.

9 COMMISSIONER ARMBRUSTER: Commissioner
10 Armbruster is here.

11 Commissioners Conyers?

12 COMMISSIONER CONYERS: Present.

13 COMMISSIONER ARMBRUSTER: Commissioner
14 Peralta is not here.

15 Commissioner Gipson?

16 THE CHAIR: Here.

17 COMMISSIONER ARMBRUSTER: Commissioner
18 Johnston?

19 COMMISSIONER JOHNSTON: Present.

20 COMMISSIONER ARMBRUSTER: Commissioner
21 Crone?

22 COMMISSIONER CRONE: Here.

23 COMMISSIONER ARMBRUSTER: Commissioner
24 Ruiz?

25 COMMISSIONER RUIZ: Here.

1 COMMISSIONER ARMBRUSTER: Commissioner
2 Caballero?

3 COMMISSIONER CABALLERO: Here.

4 COMMISSIONER ARMBRUSTER: That is eight
5 people today. We have a quorum.

6 THE CHAIR: Thank you very much.

7 I will now ask Commissioner Crone to lead
8 us in the Pledge of Allegiance and Commissioner Ruiz
9 in the Salute to the New Mexico Flag.

10 (Pledge of Allegiance and Salute to the
11 New Mexico Flag conducted.)

12 THE CHAIR: We are now on to Item No. 2,
13 which is the approval of the agenda. And I have two
14 changes for the agenda, and we are going to remove,
15 for today, Item No. 4, Approval of the PEC Rules of
16 Procedure. We worked on them yesterday; but they
17 haven't been populated out for the Commissioners to
18 look at the changes. So we'll do them next month.

19 And going along with that, Item No. 5,
20 Approval of Adherence to the Open Meetings Act.

21 So we will postpone them until March.

22 Are there any other changes to the agenda?

23 Seeing none, I will call for a motion to
24 approve the agenda.

25 COMMISSIONER RUIZ: (Indicates.)

1 THE CHAIR: A motion by Commissioner Ruiz.

2 COMMISSIONER CONYERS: (Indicates.)

3 THE CHAIR: Second by Commissioner

4 Conyers.

5 All in favor?

6 (Commissioners so indicate.)

7 THE CHAIR: All opposed?

8 (No response.)

9 THE CHAIR: And there are none in
10 opposition. Thank you very much.

11 Before we begin our regular business, I
12 would like to extend the condolences of the
13 Commission to Commissioner Peralta. His
14 grandfather-in-law passed away this week, and that
15 is why he is not here today. So we extend our
16 thoughts and prayers to he and his family.

17 We are now on to Item No. 5, Report from
18 PED on Financial -- Financial Monitoring of
19 Charters. So -- oh, I am sorry. I skipped. I
20 apologize.

21 I skipped Approval of the Minutes. I was
22 looking at what we weren't doing.

23 Sorry.

24 We are on to Item No. 3, which is Approval
25 of Minutes and Transcript.

1 And A is the approval of the January 9th,
2 2017, PEC Work Session minutes.

3 Do I have a motion -- are there any
4 changes or modifications to those?

5 Seeing none, I will entertain a motion for
6 approval.

7 COMMISSIONER RUIZ: Madam Chairwoman, I'll
8 move to approve.

9 THE CHAIR: Thank you. We have a motion
10 by Commissioner Ruiz.

11 COMMISSIONER TOULOUSE: (Indicates.)

12 THE CHAIR: A second by Commissioner
13 Toulouse.

14 All in favor?

15 (Commissioners so indicate.)

16 THE CHAIR: Opposed?

17 (No response.)

18 THE CHAIR: Seeing no opposition, we move
19 on to B, Approval of PEC Meeting Transcript Minutes
20 for January 10th, 2017.

21 Do we have any corrections to those
22 minutes?

23 Seeing none, I'll entertain a motion.

24 COMMISSIONER CONYERS: (Indicates.)

25 THE CHAIR: A motion by Commissioner

1 Conyers.

2 COMMISSIONER RUIZ: (Indicates.)

3 THE CHAIR: Second by Commissioner Ruiz.

4 All in favor?

5 (Commissioners so indicate.)

6 THE CHAIR: Opposed?

7 (No response.)

8 THE CHAIR: There is no opposition.

9 We move on to C, Approval of PEC Summary
10 Minutes for January 10, 2017.

11 Are there any corrections to those
12 minutes?

13 Seeing none, I'll entertain a motion for
14 approval.

15 COMMISSIONER TOULOUSE: So move.

16 THE CHAIR: Motion by Commissioner
17 Toulouse.

18 COMMISSIONER RUIZ: (Indicates.)

19 THE CHAIR: Second by Commissioner Ruiz.

20 All in favor?

21 (Commissioners so indicate.)

22 THE CHAIR: Opposed?

23 (No response.)

24 THE CHAIR: There is no opposition.

25 We are now onto item No. 6, Report from

1 PED on Financial Monitoring.

2 DEP. SEC. AGUILAR: Good morning,
3 Madam Chair.

4 THE CHAIR: Good morning, Deputy Secretary
5 Aguilar. Director Craig?

6 MR. DAVID CRAIG: Hey, how are you? I've
7 got some handouts for you guys.

8 DEP. SEC. AGUILAR: Madam Chair, thank
9 you. Good morning, members of the Commission. New
10 Commissioners, welcome. It's good to see you.
11 Welcome to the Public Education Department.

12 Mr. Craig will do the bulk of the
13 presentation this morning, Madam Chair. I just
14 wanted to -- I know there have been some questions
15 regarding the work that the Public Education
16 Department does on the oversight -- specifically the
17 question regarding charter schools, but the
18 oversight of all public schools in the state.

19 And so this presentation will focus on the
20 oversight process of -- of all public schools and
21 will be specific to a couple of schools that you
22 have questions about. And then we'll stand for
23 questions.

24 THE CHAIR: Thank you.

25 DEP. SEC. AGUILAR: Thank you. So I would

1 ask -- this is, as you noted, David Craig, our
2 Director of our School Budget and Financial Analysis
3 unit. And I'll turn it over to him.

4 THE CHAIR: Thank you.

5 MR. DAVID CRAIG: Thanks, Madam Chair and
6 Deputy Secretary. This is actually the first time
7 I've gotten a chance to present in Mabry. So this
8 is a nice change of pace for me.

9 Does everybody have an opportunity to get
10 the handout?

11 THE CHAIR: Yes.

12 MR. DAVID CRAIG: I'm going to be going
13 through this, and I'm going to dive a little deeper
14 into what we've got, as far as some of the
15 presentations on the slide. I asked you guys a
16 couple of -- I believe it was a couple of weeks
17 ago -- for the opportunity to be able to present on
18 what my bureau does and what we don't do and clarify
19 some of those items.

20 It looks like you took me up on that. I
21 appreciate it. So, please, you know, if you have
22 any questions, feel free to stop me, and we can
23 address them as we go through.

24 What you have in front of you is kind of
25 my best attempt at putting down all of this stuff my

1 bureau does. My bureau does quite a bit. And I'll
2 try and go through it. And, obviously, for the sake
3 of time and clarity, there's a lot that I didn't
4 cover. And I'll be happy [inaudible].

5 (Reporter requests clarification.)

6 MR. DAVID CRAIG: Okay. I will do my
7 best. Could everybody hear me now?

8 THE CHAIR: Before you continue, we might
9 have a big clip that we can --

10 MR. DAVID CRAIG: Oh, yeah. That would be
11 very helpful, Madam Chair. I -- while we're
12 waiting, I'll say that that was very thoughtful. I
13 was going to try and go through this presentation
14 holding this. And I get distracted; so -- thank
15 you. Can everybody hear me a little bit better now?

16 THE CHAIR: Yes.

17 MR. DAVID CRAIG: Okay. Thank you,
18 Madam Chair and members of the Commission.

19 What I want to start with is giving an
20 overview of what I'm going to discuss today. I've
21 got -- what we're going to go through is core
22 statutory mission. We're set up under statute with
23 certain oversight duties that I'm going to talk
24 about: What we do as far as who's got
25 responsibility for the finances, who's got

1 responsibility for the financial information and how
2 we look at that in my shop.

3 Then we're going to talk about what the
4 statutory consequences are if you don't follow the
5 rules. We -- I want to get some clarity on this
6 issue. I think it would be beneficial for the PEC
7 to see what's our stick. We have some carrots in
8 our bag; but we also have some sticks.

9 Implications for PEC kind of take a deeper
10 dive into what does this all mean for you, what
11 information can my bureau do to help you do a better
12 job as far as oversight of our charter schools,
13 okay?

14 We're going to start with our core
15 statutory mission.

16 What we do is approve the operating
17 budgets for all school districts and charter schools
18 for the upcoming fiscal year. And we do that from
19 April 15th to June 30th. There are some deadlines
20 that are set pretty strictly in statute. We have to
21 have all operating budgets for the next fiscal year
22 approved by midnight on June 30th. And there have
23 been times when my position has been here at 11:59
24 to get that approved.

25 That's a detailed process. We stagger all

1 of the entities in the state, all 199. We have
2 89 school districts and 110, I believe, charter
3 schools that we did this last time.

4 We stagger those from April 15th to
5 June 30th.

6 DEP. SEC. AGUILAR: Madam Chair, a
7 clarification on that. When Mr. Craig talks about
8 110, it also includes those charter schools that are
9 closed that are still -- we still have to keep them
10 going for that period of time.

11 THE CHAIR: Okay.

12 MR. DAVID CRAIG: Thank you, Deputy
13 Secretary. That's 100 percent correct. It also
14 includes locally chartered charter schools who
15 submit a budget for approval to us, as well. They
16 have to submit to us and their local school
17 district.

18 We review and verify the required
19 financial reporting for all school districts and
20 charter schools. So everybody knows that the School
21 Budget Bureau is going to look at your operating
22 budget for the next year. What a lot of people
23 don't know is one of the things we look at is the
24 required quarterly financial reporting.

25 Every school district and charter school

1 is required to submit their revenue reports and
2 their expenditure reports, as well as their cash
3 reports and their cash position every quarter,
4 unless I tell them otherwise. And we'll get to that
5 later under my sticks.

6 And then if you're a school district, you
7 have to submit your tax levy report, which is just
8 another form of revenue that we get. Charter
9 schools do not have the ability to levy taxes.
10 That's not something that we get from the charter
11 schools.

12 And each analyst does this for anywhere
13 between 15 and 20 entities, depending on the
14 fluctuation of the entities that we have in the
15 state. They're signed by each analyst, and they go
16 through, and that's their workload.

17 It's ranged from nine to 25 over the
18 years. As we have more charter schools come on
19 line, it means more work for my bureau; but we're
20 happy to serve.

21 The other major duties that we do is
22 calculating the SEG distribution. Does everybody
23 know what the SEG is?

24 The SEG stands for State Equalization
25 Guarantee. That's the State aid portion, the State

1 monies that we get for operations to schools,
2 oftentimes representing close to 90 percent of the
3 funds that, in a charter school's instance, it's
4 almost 100 percent. They don't get the ability to
5 levy local property taxes, and few get Impact Aid or
6 federal funds that are directly related to that.

7 The Board of Finance suspension.

8 When -- there's provisions in law that
9 allows the Secretary, when we have issues related
10 to, you know, fraud, waste, or abuse, or gross
11 negligence of the finances in a school or school
12 district, the board -- the governing council of the
13 charter school or the school board can be suspended
14 for being able to act on those finances.

15 And those actions are suspended by the
16 Secretary. But we fulfill the function of the
17 day-to-day oversight. We can get into that a little
18 bit later, if you'd like to, as well, of what we do.

19 So let me go into approval of operating
20 budgets.

21 The main oversight mechanism is all set up
22 in the Public School Finance Act, which is, you
23 know, Chapter 8 of the Section 22-8 NMSA. We make
24 changes and ensure composed budgets conform to law
25 and administrative rule.

1 For example, a school district cannot
2 submit something that says, "We're going to use all
3 of our cash balances to fund salaries."

4 You're not allowed to use cash balances
5 for recurring expenses.

6 If somebody does that, we're pushing back.
7 We're going to send that budget back and say, "I'm
8 sorry. This does not meet our guidelines for what
9 makes law and administrative rule work on your
10 operating budget."

11 We communicate changes to budget
12 instructions; so if we have sweeping changes. One
13 of the things we're doing this year is we're going
14 to try and have everybody budget their head
15 administrator salary in one line item. So when I go
16 into my database, and if somebody asks me what a
17 head administrator's salary is, well, I can go pull
18 that, instead of having it mixed between some people
19 coming in on a principal or head administrator.
20 That's a change for this fiscal year.

21 I have to go and communicate that to the
22 school business officials. I have to go change and
23 I have to communicate that through e-mail to all the
24 people at the charter schools.

25 We're going to do that on the same side

1 for the superintendents. What's good for the goose
2 is good for the gander. We'll go ahead and do it on
3 both sides.

4 That's a big part: Communicating changes
5 to budget instructions, you know. And that is
6 ever-changing. Every time the Legislature gets
7 together, they'll have a policy change. They'll
8 say, "Well, we're going to have the teachers'
9 salaries be a minimum of this this year."

10 And then we're going to send budget
11 instructions right out to those guys, saying, "We
12 better see that you guys have a minimum salary of
13 \$34,000, because the Legislature said they want to
14 see it."

15 And so as we get different policy
16 proposals that are in force, we have different
17 budget instructions if they impact the operating
18 budget, okay?

19 I've got this labeled as Misconceptions of
20 Charter School Budget and Verification and Approval.

21 And the Deputy Secretary said,
22 "Misconceptions?"

23 I said, "Well, let's just clarify what it
24 is that we do." Maybe not "misconceptions." Maybe
25 that was too strong of a word. But I want to talk

1 about what we do and what we don't do.

2 Because there is -- although we have
3 strong oversight mechanisms, in New Mexico, we have
4 strong local control mechanisms, too, okay? There
5 are strong responsibilities in the local school
6 districts, and the charter schools have a lot of
7 responsibilities that they have to do, too.

8 And there's some times when we get
9 involved in strong oversight, and some times that we
10 don't. And I'm hopeful that I can try and clarify
11 some of that now.

12 When we go to determine what your state
13 aid is going to be, the SEG, we do that based on
14 some membership reports that are reported through
15 our data system for student membership, called
16 STARS.

17 What we do is make sure that the data that
18 we're using from STARS matches what you're supposed
19 to get through the public school funding formula,
20 which is a complex algorithm that goes through and
21 is outlined in the Public School Finance Act. If
22 you guys ever want to get into a detailed
23 conversation, I'm more than willing. That's one of
24 my favorite things to discuss; but I'll leave it at
25 a high level for right now.

1 We use -- we go through and verify that
2 what you've reported on your membership reports is
3 going to match and ensures what you're going to get
4 through the State aid formula. We spend a lot of
5 time on that.

6 We go through, and we'll match what -- our
7 bureaucratic form is a 910B5 form. We'll make sure
8 that reflects what you asserted -- we have the
9 charters -- we actually take the membership, the
10 student data, and we send it to the schools, school
11 districts. And we say, "We need you to sign off on
12 this and certify that this represents the data that
13 you're going to get funding on."

14 We go through and make sure that that's
15 all correct. We don't want to have a clerical error
16 result in tens of thousands of dollars being
17 reduced. That shouldn't happen on our watch.

18 We verify cash as linked to audited
19 amounts. If folks are reporting they have a cash
20 balance to me on the fourth quarter that is
21 different than what shows up in their audit, you can
22 bet we're going to ask why. We want to know exactly
23 why your tracking and reporting to us differs from
24 what you told the financial auditors. That's a good
25 part of what we do.

1 Ensure FTEs. Does everybody know what an
2 "FTE" is? That's the job staff. We ensure that's
3 coded correctly. If you've got somebody lined up as
4 a principal, they shouldn't have that FTE split and
5 be doing time as a janitor. That's a miscoding
6 issue. If you've got somebody split and have FTEs
7 that add up to 1.5, you better have a contract at
8 the school that shows the person gets 1.5 under
9 contract. That's something that we do.

10 We'll set a budget if one is submitted.
11 If we get into a standstill with somebody, that,
12 say, well, we don't -- we're not going to -- we
13 can't come to an agreement. We don't agree with
14 what the superintendent and their administration has
15 proposed for a budget, and the school board is not
16 going to approve it.

17 Then at that point in time -- and this has
18 been done, up to and including big districts -- we
19 will set a budget for them. Often, we'll use the
20 one from the previous year, make some changes
21 required by law, and set a minimum budget. That is
22 something we're required to do under law and are
23 required to do. School districts are not going to
24 operate without a budget, or charter schools, in
25 this state.

1 What we don't do. And I use the word
2 "charter schools"; but this goes for school
3 districts, too.

4 We won't force a charter school to
5 initially budget non-State revenues. We have to see
6 an operational fund revenue. If somebody wants to
7 say, "Well, I'm not going to budget my special
8 education bureau money right now," they're allowed
9 to submit a budget without doing that, and
10 budget-adjustment-request those funds later, as they
11 receive them, because there's no requirement under
12 State law to budget all their federal funds.

13 There are requirements for operational and
14 State monies, okay?

15 Another thing we're not going to do.
16 We're not going to use the budget to influence
17 day-to-day instruction. So we don't get into, when
18 somebody submits a budget, "How are you expending
19 these instructional dollars? What sort of
20 instructional program are you using?"

21 That is a local control issue. A local
22 charter school is allowed to make the determinations
23 of what their programmatic level and programmatic
24 instruction is going to be.

25 I heard some conversation up here when we

1 were doing the revocation hearing, a Commissioner
2 and members of the Commission, regarding the
3 instruction of one of the school districts and
4 whether or not that conformed to Separation of
5 Church and State. That is not something we would
6 ever get into in my shop. And I thought, "Boy,
7 that's a good example of something we would never do
8 in my bureau."

9 But if we -- if somebody did, however,
10 have a year-to-year drop in, like, percentage
11 distribution of the amount of money that they had
12 devoted to salaries and expenditures for teachers
13 that was significant, we would ask a lot of
14 questions about that; because we do try and look at
15 dollars going into the classroom and to ensure that
16 we don't have overinflated administrative
17 expenditures.

18 So if you think of it just as a macro
19 level of finances and not micromanaging the
20 day-to-day operations, that's a big -- that's a big
21 separation of what we do and do not do. And we
22 don't overstep our local control charter school
23 priorities.

24 If somebody comes to me and says, "Dave, I
25 need to be able to move -- I've got some -- I've got

1 some challenging kids this year. I'm going to have
2 to put a social worker into my operational budget
3 and move some money around out of general supplies
4 and materials."

5 They have the local control to make that
6 priority, as long as their governance council
7 approves it. We're not going to say -- if it's
8 allowable under the law, and they meet the
9 requirements that we have set up of the test of not
10 over-expending -- I'll get to that later -- we're
11 going to let them do that.

12 It's always a balance, more of a
13 partnership with our entities. You know, we say,
14 "Okay. I hear what you're saying. Sometimes
15 there's a prohibition in law that trumps your local
16 control."

17 And if there is not, we allow them to do
18 it, okay?

19 So a review of required financial
20 reporting. I talked about the revenue, the
21 expenditure reports, the cash monitoring report that
22 we give. Charter schools must report a variety of
23 those items to their governing bodies, as well. And
24 a lot of that gets rolled up into the revenue and
25 expenditure reports.

1 For example, one of the things that
2 they're going to report that we won't see is the
3 accounts payable, or a check-listing item. A lot of
4 times that's routinely reported to the governing
5 council. Works the same way in school districts.

6 That's not something that would ever come
7 up. It's assumed that the governing council has
8 responsibility for oversight of finances at that
9 level, okay?

10 What we see is the expenditure line item
11 that those payables, once they're approved and
12 reviewed by the governing council, hits, okay?

13 Another thing we do is we're required to
14 report to -- an administrative rule. Those are the
15 cash reports. All I'm saying here is, so you have
16 one set of reports that is set up for the governing
17 council and one set of reports for me. And
18 sometimes some people get some information that's
19 very detailed in nature at the local level that we
20 may not see up in mine.

21 However, that doesn't mean that when we
22 see some variances at the high level, that we might
23 not drill down and say, "Hey, can I please see your
24 cash reconciliation for this month? Your cash
25 report isn't making any sense."

1 That is something that very routinely
2 happens.

3 Charter schools must submit revenue and
4 spending. I covered that. This is all
5 self-reported information. And I just noticed I
6 spelled "information" wrong. I went over this four
7 times, and I never caught any spelling errors. Ah,
8 that just gets me.

9 All right. So I apologize, Commissioners.

10 But this is all self-reported information.

11 For example, if someone decides to engage
12 in malfeasance and make false statements to me, you
13 know, that may not be something we catch until we
14 have a variety of information that we can levy
15 against.

16 For example, you know, we've had some
17 schools and school districts that have made cash
18 reports and indicate that everything is fine in
19 their school district. And when we get into a Board
20 of Finance suspension, we find out, well, something
21 much different was going on. They hadn't
22 reported -- they hadn't done any reconciliations for
23 many years.

24 If somebody is engaged in actual
25 deception, unless we have multiple information

1 sources that can help us identify it -- and we do
2 our best. It's very difficult -- you know, it's the
3 fraud triangle that you guys I'm sure have had
4 training on before.

5 But what we do is we help ensure -- the
6 information is self-reported. Just because it's
7 self-reported doesn't mean it's not fair to value.
8 We report this information out to stakeholders like
9 yourself, to Katie, to inform her decision-making.
10 We report it out to legislators. We routinely use
11 it to do data analysis on whether or not we've got
12 enough dollars going into instruction. We report it
13 up to the federal level. And it's reported out at
14 the National Center of Education and Statistics to
15 inform federal policy-making of what's going on in
16 the states.

17 So we do some data-scrubbing. But just
18 because it's self-reported information and the
19 charter schools are responsible for the accuracy of
20 it doesn't mean it's not used by a lot of
21 stakeholders. And so we take it very seriously, the
22 reporting functions.

23 Again, you know misconceptions of the
24 financial report review process.

25 You know, what we do and don't do with

1 those revenue expenditures and cash reports. What
2 we do is to review to ensure that the cash is tagged
3 to audited amounts. We work back to the yearly
4 audit figure. If you rolled forward a figure from
5 your audit, then we better see you open up July 1
6 with that figure. If you have a variance there,
7 we're going to ask questions about, "Okay. Well,
8 what audit adjustments did you have that you're not
9 reflecting on one of these categories?"

10 And then we'll ensure salary expenses are
11 tied to the coded FTE. There are some line items
12 that should always have a job class. And I won't
13 get too wonkish; but there's expenditure line items
14 that we do, okay? We want to take a look at each of
15 those and make sure that those people fit, and it
16 makes sense.

17 Another thing we do is ensure that the
18 expenditures conform to the budget.

19 If you submitted a budget saying that
20 we're going to spend \$100 -- and I'll use low
21 numbers, because it gives a good illustration.

22 If you submit a budget to me that says you
23 have \$100, and then we look at your functions. If
24 you say, "Across administrative support services, we
25 said that we're going to -- we're spending \$110,"

1 we're going to ask questions.

2 Either you didn't do something on my end
3 that you're supposed to, like budget adjustment
4 request and move money around in your budget, or you
5 need to take a look at disencumbering some funds, or
6 you've over-expended your budget, and we're going to
7 notify you that you're in violation of the law,
8 okay? That's what we look for.

9 It's high-level reviews for responsiveness
10 in cash flows. What we're looking for here is have
11 you just not submitted the report, and you're not
12 adhering to any of the time lines? If we call you,
13 are you ignoring my calls? Those are the kinds of
14 levels of responsiveness.

15 If I pick up the superintendent, and he's,
16 "Oh, yeah, yeah. It's going to be there in
17 another -- it'll be in there another two months,"
18 and that's happened five reports in a row, I'm
19 probably going to schedule a meeting with that
20 business official, and we're going to talk about
21 responsiveness and what obligations are under the
22 law.

23 The other thing we've looked at is cash
24 flows. Are school districts timely filing for
25 federal reimbursements? We'll take a look at it.

1 If the operational fund, if State funds --
2 so, as an aside -- and the federal funds that
3 schools and charter schools receive is on a
4 reimbursement basis. They'll often use operational
5 funds to cover expenditures on that until they can
6 get their funds from the federal funds.

7 If they don't submit timely information
8 and get their reimbursements from the federal funds,
9 it could impact what they have budgeted for those
10 operational funds.

11 So that's something we look at, too.
12 How's your cash flows looking? Do you have enough
13 money? Do you have -- in a school district sense,
14 do you have oil and gas revenues plummeting? Do you
15 have the money to cover the general obligation bond
16 that you have coming due that you sold with an
17 expectation of that?

18 So we're taking a look at these reports to
19 try and monitor if the going concern is having
20 issues with their ability to meet their obligations,
21 okay?

22 What are we not going to do?

23 We don't tell them how to spend their
24 money. They have local control. This is -- when
25 the charter school is authorized or a school

1 district has a board of finance, they have full
2 authority to spend those State Equalization
3 Guarantee dollars how they see fit. We don't get
4 into, again, the micromanaging of a school district.
5 If somebody does something illegal, and it doesn't
6 pop up on those required financial reports, that
7 would be something that they would have to be
8 responsible for, okay?

9 We don't force schools to request
10 reimbursement on federal funds. We can lead the
11 horse to water. We can't make them drink it, okay?
12 That's the best way I can think to say it.

13 I mean, there are many, many school
14 districts that, well, you're just kind of sitting
15 there in May, and, like, you haven't filed a request
16 for reimbursement. The budget analyst has contacted
17 you quarterly that you have these funds out there.

18 Susan's shop, you know, the federal
19 flow-through people have tried their best to get you
20 to get their funds, and you still haven't filed it.

21 Now, sometimes we'll pick up the phone and
22 escalate that to the Deputy Secretary level if we
23 need to. But often, you know, we can't make people
24 do that; and so there's times where people will
25 leave money on the table.

1 DEP. SEC. AGUILAR: And, Madam Chair and
2 Commissioners, that's actually a pretty significant
3 problem for our school districts and charter
4 schools, our -- our -- our federal grants -- our
5 grants management bureau that flows the money out
6 for all dollars that go out of the Department.

7 Reimbursements -- they process somewhere
8 in the neighborhood of 9,000 to 11,000
9 reimbursement -- requests for reimbursements a year
10 from all the districts and charter schools. They
11 process -- they receive 7,000 of them, of the 11,
12 after May 15th.

13 And so sometimes Commissioners hear about
14 cash flow issues and reimbursements taking a long
15 time. The first thing we look at is those --
16 districts are allowed to request reimbursement twice
17 a month, every two weeks. Some districts and
18 charter schools do. And those reimbursements take
19 18 to 22 days to get money out the door, good --
20 good -- then we have others that don't submit proper
21 data. Those take a little bit longer.

22 But the biggest complaint we have are
23 those 7,000 that are submitted after May 15th. And
24 we have until -- well, there's two things. After
25 May 15th and before July 1, that's a big chunk. And

1 then there's another piece, where folks say they
2 submit is after July 1. And that triggers a whole
3 different process of payment, because now you're
4 paying a prior year bill from a future -- from a
5 current year pot of money. And you can't just do
6 it; it requires a lot of paperwork.

7 And so those reimbursements hang out
8 there. But if you think about 7,000 out of 11,000
9 being requested after May 15th, that causes the big
10 backup.

11 And so those are the cash flow issues that
12 David's group tries to identify. If it looks like
13 they're going to happen, we start pushing. We can't
14 force them -- horse to water -- but we certainly
15 advise them that you're starting to get a little --
16 little dicey on your cash flow, and you really need
17 to get these reimbursements going through.

18 So thank you, Madam Chair.

19 MR. DAVID CRAIG: Thank you, Deputy
20 Secretary, Madam Chair.

21 The other one is we can never supersede
22 the local autonomy of a charter school to be able to
23 hire or fire or set their salaries or any of -- or
24 contract with who they need to, unless of course
25 we've suspended the Board of Finance, which, you

1 know, we can talk about that.

2 That changes all the rules, because we
3 are -- at that point in time. And those --
4 delegation of the oversight of contracts, hiring or
5 firing the superintendent, who then hires and fires
6 the staff of that school, those are all under the
7 purview of the school -- or school -- school
8 board -- I'm sorry -- governing council in the case
9 of a charter school.

10 And we can't force people to do budget
11 maintenance. Budgets sometimes are just kind of
12 like a room. They get messy. There's times when
13 people will move money in their budgets without
14 filing a budget adjustment request that's necessary,
15 and they'll wait until May 15th to do it all, and
16 then they'll clean it up right before the auditors
17 come.

18 We would prefer to see that done
19 routinely; but there are times when, you know,
20 intervening circumstances can allow us to pressure
21 people to get it done earlier, which I'll talk about
22 in little bit, too.

23 So I hope that I've painted the picture of
24 there's large responsibilities and oversights from
25 my bureau. We are responsible for a lot of the

1 operational funds that go out; but there are a lot
2 of responsibilities that is at the governing council
3 level.

4 I want to kind of highlight that, because
5 I think that sometimes people don't recognize how
6 much responsibility is actually -- and what is
7 actually expected from charter school governing
8 councils, particularly of interest to this -- and
9 school boards -- but of interest to this PEC as
10 governing councils.

11 Who is responsible for the accuracy of
12 financial statements after the audit is complete?
13 When we get our audit, who is responsible for all of
14 the balanced fund statements reflecting a cash
15 position that's positive?

16 Well, the charter school management and
17 governing body is responsible for all of that.
18 They're responsible for the accuracy of the
19 reporting to my bureau. All of that is at the local
20 level.

21 Who's responsible for the operating
22 budgets -- I just said that.

23 Yes. Similarly, the charter school
24 management are ultimately responsible for their
25 day-to-day budgeting and the accuracy of their

1 financial reporting.

2 We can see when there's problems. And
3 we -- some of my staff has been there so long,
4 there's not many new tricks that people could come
5 up with. But I'll tell you that we can instruct
6 people to make changes. We can tell people, "Look.
7 Thou shalt do things according to law."

8 That doesn't mean that we're always --
9 that we're going to get 100 percent compliance,
10 because at the end of the day, the responsibility
11 lies at the local level.

12 What happens if something bad happens?

13 What happens if the charter school doesn't
14 submit an operating budget? That's a big one.

15 Well, provisions in State law says we set
16 one for them under the Public School Finance Act.
17 State law envisions that no charter school and no
18 school district is going to go without an operating
19 budget.

20 What if a charter school doesn't submit
21 their required reports, their cash reports, their
22 revenue reports, their expenditure reports? Or what
23 if they just don't answer any of our phone calls
24 when we ask them why they're not submitting any?

25 Well, we would document that. We would

1 start setting up a file and that -- I guarantee if I
2 go up to any one of my analysts and say, "Where are
3 we at, and who do we have an issue with," they would
4 give me a list of three people. "Well,
5 So-and-So" -- usually, the usual suspects.

6 Just like in every organization, we have
7 people that are high-performers and low-performers,
8 and we do our best to help them with compliance if
9 we can assist them with technical assistance. And
10 then if we can't, we have forms of compliance. One
11 of them is moving them to monthly reporting. And I
12 would have them report their revenues and
13 expenditures and their cash report quarterly.

14 Well, there's another provision of the
15 administrative rule that says I can move them to
16 monthly for those reports, because I need more
17 frequent monitoring of those finances. And if
18 somebody is unable to do quarterly reports, I may
19 very well, counter-intuitively, move them to
20 monthly, to force them to get into the habit of
21 reconciling this monthly, so that, then -- because
22 they're supposed to be doing it anyhow to inform the
23 quarterly report. And that's one reason.

24 The other thing is I may need more timely
25 monitoring for the cash flow issues I just talked

1 about previously. If somebody is unable to put
2 together their required reports and finances to my
3 bureau under State law and administrative rule, it's
4 likely there's other issues going on in that
5 business office that I need to get involved with,
6 okay?

7 What happens if a charter school engages
8 in financial -- which brings me to my next point.
9 What happens if a charter school engages in
10 financial mismanagement? There is fraud. There is
11 embezzlement. There is gross negligence. They're
12 not reporting to the school governance council what
13 they're supposed to be doing, or there's a
14 pattern of behavior ignoring the legal requirements
15 that are necessary to adhere to federal law for
16 federal grant requirements. That sometimes happens.

17 We'll suspend the governing body from
18 acting as a board of finance. The Secretary can
19 make a decision when the totality of the
20 circumstances -- that's an in-depth process that is
21 involved on our side, a lot of back and forth
22 between myself and the analyst. Analyst and I will
23 meet regularly to determine whether or not this
24 rises to the level of fraud, waste, abuse, or gross
25 negligence, or gross mismanagement of funds, and

1 we'll make a recommendation internally to my bureau.

2 Once that happens, I said, "Yes, we've got
3 an issue here. I'm going to go talk to Deputy
4 Secretary Aguilar on that."

5 There is a back-and-forth again and
6 probably involves me being able to produce
7 information that shows what we are concerned about
8 as far as what we think has been going on. And it
9 includes outside information; correct?

10 We'll have something that the financial
11 auditors will call up to the Deputy Secretary or
12 myself and say, "We found this. What did you
13 guys" -- have them go back and look at the
14 information that we have to match. Like I said,
15 it's more of a pattern or a quilt -- a patchwork, if
16 you will -- of information that informs this.

17 So we can suspend them from acting. And
18 at that point in time, the PED oversight assumes the
19 oversight and control of the school's finances and
20 what happens if the school's financial audit is
21 submitted late. This is the other stick I have. If
22 you're 90 days late, I can start withholding SEG.

23 That was something that was very serious.
24 We had an issue, I want to say, five or ten years
25 ago that the Deputy Secretary might remember in

1 which we had 10 or 15 school districts that hadn't
2 submitted audits for multiple fiscal years. And
3 there was the thought pattern of, "Well, what bad
4 thing happens if I don't submit it?"

5 And so we put in law -- the Legislature
6 and the Governor put in law a mechanism by which we
7 can start holding people accountable by reducing or
8 withdrawing from them State aid in order to get them
9 into compliance with the audit rule, so that the
10 auditor and the financial oversight mechanism under
11 that function of government is enforced.

12 We have never had to do that. I'll just
13 say that, Commissioners. Generally, a letter from
14 me saying, "You're coming up, or you're late, and
15 we're going to start withholding your State aid
16 funds," is enough to get compliance, okay?

17 What other steps do we have if a charter
18 school is in noncompliance with elements of law or
19 regulation? Very few, if none, okay?

20 I can -- I can tell them, "Look, you're
21 heading down a bad path. We're starting to put
22 together a packet of information that says -- it's
23 looking like there's gross mismanagement."

24 But the ability to be able to do something
25 short of actually taking an ax to their ability to

1 act as a Board of Finance are very few, okay?

2 We can basically say, "This is an improper
3 cash report. Please resubmit." And so the
4 mechanisms I have in law to enforce people are very
5 few. But that is -- I will say this. It tends to
6 be a bit of a deterrent when the PED will have to
7 come and take over your finances. And generally, we
8 can get people to get into compliance if we need to,
9 okay?

10 That's the main mechanism we have.

11 What are the implications for you guys,
12 for all this information? "Okay. That's great,
13 Dave. You do all those wonderful things. What does
14 that mean for the PEC?"

15 Well, the review and verification process
16 has oversight responsibilities related to what we do
17 in conforming to budget expenditure rules.
18 Sometimes if you guys have questions about what are
19 they doing as far as what are they budgeting, what
20 are they showing they're expending in teacher items,
21 we can produce that information for you. I can work
22 with Katie to get that information for you.

23 If you have questions related to things
24 like an instructional program, I don't have
25 information in my bureau. And so I want to be clear

1 of what I can produce for the PEC and what we can't,
2 okay?

3 The review is designed to implement the
4 Public School Finance Act. What we're trying to do
5 is ensure that people get all of the State aid
6 formulas that they have, and they're in conformance
7 with State law regarding not running up huge
8 deficits, that they're in a positive cash position.

9 It's not designed to enforce elements of
10 the Charter Schools Act that you guys may be
11 interested in; but there may be some elements that
12 as you guys do your oversight responsibilities, may
13 be of value to you, okay?

14 Next, the ultimate oversight of the
15 charter school finances and funds lies with the
16 governing bodies. If somebody is improperly
17 spending funds, that is something that is a
18 governing council responsibility, and they should be
19 held accountable for that. We hold them accountable
20 for that.

21 That's, as I said, the main mechanism by
22 which we enforce compliance with provisions of the
23 Public School Finance Act. If there's any questions
24 regarding oversight of school finances, I'm going to
25 be talking to the governing council, okay?

1 I'm generally not going through the
2 superintendent first, because we work with the
3 business officers and superintendent, and that's our
4 main point of contact. But if we need to, and we're
5 questioning whether or not there's oversight, I'll
6 touch base with the Deputy Secretaries.

7 I'll say, "I think we need to have a
8 conversation about what they're seeing at
9 such-and-such charter school or such-and-such school
10 district as far as their routine financial
11 reporting." Because the oversight of the day-to-day
12 finances lies with the governing council.

13 Please, go ahead.

14 DEP. SEC. AGUILAR: And, Madam Chair,
15 along that line -- and members -- this year, we
16 provide training to the new charter governing
17 bodies. This year, I did the training myself. I
18 thought it was relatively successful, and we're
19 going to continue doing that.

20 One of the things we've found over time --
21 and it's -- it is almost in every situation -- if
22 you recall a few years ago, we had some issues with
23 the McCurdy school. We have -- we had some issues
24 with the Southwest -- the Southwest schools. We had
25 some issues last year with CEPi. We have a current

1 issue with La Promesa.

2 What we're finding out -- and that's why
3 this -- this board training is actually very
4 important, and that's why I'm sort of -- not that --
5 I believe I was an exemplary teacher, but I don't
6 have that measurement right now.

7 But the reason that I've taken charge of
8 that is to really impart the -- the importance and
9 the immediacy of their responsibilities. A lot of
10 our governing board members are -- they're
11 well-intentioned, and they -- they want to do great
12 things for kids. But they forget that there is a
13 very specific and a very serious responsibility
14 having to do with -- with oversight of their
15 finances. And so they let -- "We have a great head
16 of school. We have a great teaching staff. They
17 know what they're doing."

18 And so what happens is that -- that
19 oversight that's really needed slips away from them.
20 And then once it slips away so far, they're at a
21 point of no return.

22 So I wanted just to reinforce that piece,
23 that this responsibility is with the governing body,
24 and we want to work with them more often, with more
25 urgency, to make them recognize that this isn't --

SANTA FE OFFICE
119 East Marcy, Suite 110
Santa Fe, NM 87501
(505) 989-4949
FAX (505) 843-9492



MAIN OFFICE
201 Third NW, Suite 1630
Albuquerque, NM 87102
(505) 843-9494
FAX (505) 843-9492
1-800-669-9492
e-mail: info@litsupport.com

1 we want it to be fun. We want the school to be fun.
2 We want their job to be fun.

3 But -- but we have to remember that -- and
4 I think people forget this -- most of our schools,
5 and all of our districts, are multi-million-dollar
6 business enterprises. And the heads of school are
7 the CEOs of a multi-million-dollar enterprise.

8 And the governing boards are the board of
9 directors of a multi-million-dollar enterprise. And
10 sometimes folks forget that. And it's a serious
11 business. So while they're responsible -- and when
12 we notify them when we see anomalies -- it is their
13 responsibility, and we want to work with them more.

14 I thought this training this year was
15 really good for new members. We're going to try to
16 schedule some ongoing training for existing members
17 to sort of reinforce that.

18 THE CHAIR: Thank you.

19 DEP. SEC. AGUILAR: Thank you,
20 Madam Chair.

21 MR. DAVID CRAIG: So we're hitting on all
22 sides.

23 Now, I'm coming to you and saying -- like,
24 the previous side was, "What can I do for you?"

25 I can probably give you some budget

1 information. I can give you some expenditure
2 budget-to-the-actuals data. Are they in line with
3 their budget? Are they going to be able to hit
4 their revenue projections?

5 Something that I think you guys could do
6 is help get that oversight. Enforce that. When
7 somebody says, "Hey, you know, we had no idea this
8 was going on," okay, so what information were you
9 getting from the charter school? This is what law
10 says that you're supposed to be getting. You're
11 supposed to be getting accounts payable. You're
12 supposed to be getting information on personnel
13 changes in the school. Where are you getting that?
14 If not, why not?

15 Those are the kind of questions I think
16 the PEC would be very well served by asking of
17 governing councils.

18 So let me jump right into it. We've got a
19 fact pattern of a really good case study that just
20 recently happened.

21 DEP. SEC. AGUILAR: I'm sorry. I want to
22 interrupt at that point. The case study that
23 Mr. Craig is going to talk about is La Resolana. Do
24 you have a problem with, that? Because we have a
25 hearing coming later? But I think it would fit in

1 well -- not a hearing. We have a --

2 THE CHAIR: You have an appeal.

3 DEP. SEC. AGUILAR: An agenda item.

4 THE CHAIR: I don't, because we're not
5 involved in that appeal.

6 MS. McKEE: We're not involved in the
7 appeal.

8 THE CHAIR: So we're fine. Because the
9 appeal is not with us; it's with APS.

10 DEP. SEC. AGUILAR: Thank you. I just
11 wanted to be clear before --

12 COMMISSIONER CABALLERO: But, question:
13 We don't, as a body, have any appeal process beyond
14 where they're at now?

15 THE CHAIR: La Resolana is -- renewed with
16 Albuquerque Public Schools. So we have no
17 involvement in that appeal, because they're no
18 longer authorized through the State.

19 COMMISSIONER CABALLERO: Okay. Thank you.

20 DEP. SEC. AGUILAR: Thank you,
21 Madam Chair. Sorry for the interruption.

22 THE CHAIR: That's fine.

23 MR. DAVID CRAIG: I appreciate that.

24 Madam Chair, members of the PEC, that's why we have
25 lawyers. Keep me on the straight and narrow; right?

1 But --

2 DEP. SEC. AGUILAR: I would argue that,
3 Madam Chair.

4 MR. DAVID CRAIG: Madam Chair, members of
5 the PEC, I picked La Resolana, because I figured it
6 would be of interest to you guys, and I figured that
7 that was a lot of questions that you guys had.

8 You know, I put down the fact pattern.
9 I'm sure a lot of you guys are familiar with it, but
10 I'll rehash it for the purposes of the record.

11 You had a State-chartered charter school
12 in La Resolana Leadership Academy, and sought
13 renewal to be a local --

14 THE CHAIR: I think I just need to
15 slightly correct that; because their charter expired
16 with us, and they were -- didn't their charter
17 expire with us?

18 MS. POULOS: Madam Chair, Commissioners,
19 their charter will expire at the end of this fiscal
20 year.

21 THE CHAIR: I stand corrected. Yes.

22 MS. POULOS: They sought renewal with APS,
23 and they were not renewed.

24 THE CHAIR: Yes. I stand corrected.

25 MR. DAVID CRAIG: Madam Chair, members of

1 the PEC, I apologize if I'm incorrect here. They
2 sought to be a locally chartered charter school
3 under APS, and they submitted documentation to APS
4 as part of that review process and renewal process
5 similar to what probably what guys look at when
6 somebody decides they're going to renew with you.

7 They reviewed -- the APS folks reviewed
8 that and said, "Oh, wow. You guys' expenditure and
9 encumbrances have exceeded your budget authority by
10 \$210,000."

11 They notified, I think, Katie on
12 December 8th. And they said, "This is a deficit,
13 you know. You guys can't approve them."

14 The School Board voted, "Well, we're not
15 going to approve you on that."

16 So let's talk about what we did when we
17 got this information.

18 Their quarterly report showed encumbrances
19 and expenditures that were exceeding total yearly
20 expenditures of some of their line items. So as
21 part of our process -- now that you understand what
22 we do -- we said -- and is everybody familiar --
23 I'll try and give you a brief -- "encumbrance" is
24 intent to expend. "Expend" is, "I've expended,"
25 okay.

1 It's sort of like setting up a liability
2 or saying, you know, "Wife-of-mine, we're going to
3 buy a new microwave. So let's set aside the money,"
4 okay?

5 So they -- they said that they were over
6 on some line items.

7 And we said, "You have to correct this.
8 This is an improper report. We're going to -- we're
9 going to not approve this, because you guys have to
10 get into compliance on some of these line items."

11 And so, you know, they have to disencumber
12 some encumbrances. So we said, "You're not going to
13 have the revenues necessary to meet what you say
14 you're going to spend. You're going to have to
15 disencumber -- these plans of what you're going to
16 spend have to be disencumbered; because if you
17 disencumber, you'll be in the black, okay?"

18 And La Resolana will show a deficit until
19 the revenues for the year have been received,
20 because what La Resolana was doing was taking a unit
21 of analysis from a year. They were budgeting yearly
22 expenses and encumbrances; so saying, "I'm going to
23 take the whole contractual amount that I have for,
24 say, my ancillary services provider, and I'm going
25 to encumber it in the beginning."

1 In order to determine whether they're
2 going to close the year in the red, you're going to
3 have to look at the total revenues they're projected
4 to receive for the year, because they've gotten
5 encumbrances and expenditures that total for the
6 year. So we're projecting them to close the year
7 with a modest operational cash balance.

8 Now, there have been a number of solvency
9 issues happened since then. This analysis looked at
10 the final unit value. We're going to have to look
11 at them again with the cash balance credit.

12 Let's talk about what we didn't do in this
13 process. We didn't get into the middle of the APS
14 renewal process; although we disagreed with APS on
15 that review of finances, it should -- there were
16 many other issues that were considered as part of
17 that letter. I didn't feel it was appropriate for
18 PED to say, "APS, you're wrong on that," because,
19 again, the responsibilities for the finances lie
20 with the governing council and with the school.

21 They should have been able to communicate
22 to people, "No, no, no, we're not \$210,000 in the
23 red. What we are is over-encumbered. Let us come
24 back and we'll show you some reports that show,
25 look, we have a positive cash position."

1 And that, for whatever reason, didn't
2 happen. And it's not appropriate for any more than
3 APS getting inserted into your renewal and
4 revocation process would be appropriate either.

5 What we also didn't do was require
6 La Resolana to reflect expenditures of revenues on
7 that same-time basis. We're not going to say,
8 "La Resolana, you have to show us only encumbrances
9 and expenditures for the quarter to match revenues
10 on the quarter." There's nowhere that I have any
11 authority to do that in law.

12 The unit analysis has been, and always
13 will be, "Are you going to close the year in the
14 black?" Not the quarter, okay?

15 DEP. SEC. AGUILAR: Madam Chair, I want to
16 add some clarification, some examples to that.

17 If you remember back in 2009, the State
18 was in a -- the "Great Depression" or the "Great
19 Recession." There were some threats against the
20 then -- the then Secretary of Finance and
21 Administration that she should be jailed for writing
22 worthless checks.

23 THE CHAIR: Right.

24 DEP. SEC. AGUILAR: Okay? And the same
25 thing is being discussed in the current situation.

1 The rulings that came out -- I don't know if they
2 were court rulings or auditor rulings.

3 But the decision was made at that time
4 that the -- the State and its governmental entities,
5 which includes charter schools and -- can't -- they
6 can't deficit-spend; but the books have to be
7 reconciled at the end of the school year.

8 And so we give -- so you might have a
9 school, like La Resolana or another charter school,
10 who has budgeted -- they've encumbered, but yet
11 their allocations come from the State 1/12 at a
12 time. And so if you try to look at the encumbrances
13 and cash on a realtime basis, they'll almost always
14 be out of whack. And then they'll get closer and
15 closer and closer, and on June 30th, then they
16 finish in the black or whatnot.

17 The job of Mr. Craig's bureau is to sort
18 of manage that glide path -- I'm quoting Stan Rounds
19 from Las Cruces -- managing that glide path so that
20 we ensure that when they get to June 30th, that
21 things are good.

22 Now, what La Resolana did is they
23 over-encumbered, and the glide path was never going
24 to meet. And so by unencumbering -- by
25 disencumbering and getting it aligned, that's where

1 it comes where they'll be in the black, albeit by a
2 small amount. But they certainly were never in the
3 red by \$200,000, ever. And I just want to be very
4 clear to the Commission about that.

5 MR. DAVID CRAIG: And that makes my job
6 harder; right? I mean, if it was on a realtime cash
7 basis, and you could only expend cash as you got it,
8 it would make my job much easier. It would make the
9 charter schools and the school districts much more
10 difficult. The whole process of requests for
11 reimbursement we talked about with federal funds
12 would be large disruptions to the program. But we
13 do our best.

14 And so I want to talk a little bit about
15 school closure and what happens in school closure.

16 As a lead-in to this, I have that we --
17 they had set some sort of GoFundMe account. I
18 wanted to talk a little bit about that.

19 THE CHAIR: I'm sorry. The school set up
20 a GoFundMe account?

21 MR. DAVID CRAIG: The La Resolana, yes.
22 We're not allowed to do that, Madam Chair. I
23 understand that's a larger discussion at the
24 national level, currently; but we're not allowed to
25 use our positions to get GoFundMe accounts.

1 PED, we asked them to cease and desist
2 that while we explore the donations. Currently, we
3 have a lot of questions of whether or not those type
4 of accounts match equalization requirements under
5 the law.

6 We said, "That's enough of that."

7 That was our step with La Resolana. Then
8 we have to add them to budget maintenance. We're
9 just with Justine Vigil and the Vigil Group, who is
10 their licensed business officer, to make sure that
11 they get into compliance with what our reports are
12 and get that glide path straight.

13 So that's what we did with them. They
14 could have told -- again, you know, my hammer is the
15 Board of Finance suspension, you know. We can only
16 instruct; we cannot, you know, enforce.

17 If the school begins the closure process,
18 what we'll do is secure access to the bank accounts.
19 This happens with every school district that we do.

20 My bureau says, "Okay. Give me the
21 signatory authorities off the bank accounts," so
22 people can't sweep the accounts or do anything that
23 is egregious; and if they do, we'll have a tracking
24 of it. We can enforce it through the required
25 federal channels.

1 And then we get access to your accounting
2 information system. I have strong contacts with
3 AptAbility or Visions, and I'll call them up, and
4 I'll say, "Remove them from the ability to be able
5 to access their account and information system so
6 they can't do malfeasance on the general ledger."

7 The next step we do is financial
8 documentation for the audit. We start actually
9 going in and making sure that everything that we see
10 is going to be able to produce auditable expenses.

11 And you wouldn't think that that is
12 actual -- actually too much trouble, because people
13 are operating -- a lot of people are operating with
14 vendor files that are a little bit incomplete when
15 we get into their Board of Finance.

16 Those are the big three. That's hardly
17 all of it. We have to secure all of the financial
18 records up here. That, you get into the
19 storage-of-records issues.

20 Closure is a big deal. There's a lot -- I
21 mean, it's not well-thought-of on probably your
22 guys' end, because you're more included about
23 keeping them going.

24 When we get into the closure process,
25 there is a large administrative burden on PED to get

1 a lot of things done, because you have a lot of
2 masters to serve as far as the data that's in that
3 school to do runout after they're done.

4 One of the things we do -- and I wanted to
5 let you guys know this -- is we do this when we do a
6 Board of Finance suspension, too. We'll immediately
7 move to restrict expenditures. There is a line item
8 in the budget, as well as on the accounting
9 information system, that says, "This is money I'm
10 not going to spend, no matter what."

11 We'll move money out of their cash into
12 restricted expenditures to pay -- help pay -- offset
13 some of the costs that are associated with closure,
14 as well as to ensure that the school closes in a
15 positive cash position.

16 The only time in which this has been --
17 this could be insufficient would be if somebody has
18 expended -- has created so many liabilities before
19 we got involved that there's clearly just plain
20 enough not enough cash to handle all of the
21 outstanding obligations. If that happens, that's --
22 you know, I guess I would have to say that I needed
23 to get involved sooner. I missed the glide path,
24 okay?

25 Again, now, going to my earlier points, I

1 can only work with the information I have on my
2 instrument controls, if you will. If somebody
3 engages in malfeasance and purposely lies, then
4 that's not something I can do.

5 That concludes what I have presented for
6 you guys. I'm sure you have a ton of questions, and
7 I'll be happy to answer as many of them as I can,
8 Madam Chair, members of the PEC.

9 THE CHAIR: Thank you. And I appreciate
10 the clear-up with this. Because I think without a
11 doubt, when we looked at the preliminary reports
12 that were coming out from La Resolana, there was a
13 lot of questions about, "How come we didn't know
14 about this?"

15 And I've got a clearer picture of why --
16 what happened, and the fact that it's not the -- the
17 big cash problem that was -- was originally reported
18 to us. And that was our concern, that if this was
19 an ongoing problem, how come we didn't know about it
20 last year? So I appreciate that.

21 MR. DAVID CRAIG: Madam Chair, may I
22 respond?

23 THE CHAIR: Uh-huh.

24 MR. DAVID CRAIG: Yeah. If you -- the
25 unit of analysis for the APS in that thing was that

1 they were looking at a point of time. If you want
2 to do an analysis like that, we can certainly help
3 you and assist you with the data necessary to help
4 you do an analysis like that. That is not the
5 default position, as the Deputy Secretary said.
6 We're more concerned about the unitive analysis on a
7 yearly analysis, okay?

8 THE CHAIR: Okay. And I guess we're
9 certainly opening up a conversation to try to figure
10 out what are the best questions that we need to ask
11 through our performance framework in the financial
12 framework so that we can get a clear picture at the
13 end of every year so that we've got a better handle
14 on the -- the health, the management of the schools
15 and we're looking at a redo of that contract.

16 So I think in the near future, I'm going
17 to appreciate a number of conversations so that we
18 can -- we can get that right.

19 DEP. SEC. AGUILAR: And, Madam Chair, I
20 think that's the right thing to do. I think we need
21 to set specific standards and tests, and how -- and,
22 you know, what that looks like.

23 The other thing that David just touched on
24 for, like, a half-a-millisecond was, in addition to
25 all the work that our school budget group does on a

1 daily basis working with our school districts and
2 charter schools, the one thing that -- the next big
3 indicator -- and you probably saw it in the paper
4 the last couple of days since our audit was just
5 released --

6 THE CHAIR: Right.

7 DEP. SEC. AGUILAR: Our audit findings,
8 and what do those findings look like and what are
9 they focused on. And so one of the things that
10 we're doing -- and we'll provide it to Director
11 Poulos to distribute -- is -- is a breakdown of the
12 audit findings by charter school, the -- the serious
13 and significant of those findings.

14 As you read the paper, there's always --
15 it's how things are presented. And so year over
16 year from the FY '15 audit to FY '16, there was a
17 reduction from 195 findings to about 172. If you
18 just take a -- just quick math, that's less than
19 three findings per district -- per charter school.

20 If you then look at -- and some have
21 closed already. But if you look at the audits for
22 La Promesa, you look at the audit for CEPi, you look
23 at the audits for the Southwest Schools -- which
24 actually look much better than they did last year,
25 but still -- and, you know, there's nine findings

1 here, ten findings here, when you add all of those
2 together -- and we'll have that analysis for you --
3 and take those out of the 172, now, you're looking
4 at 140 findings amongst 90 -- 60 -- we have the
5 close- -- the closed schools, too -- but about 60
6 charter schools. Or you take those out of the mix,
7 now, you have 140 findings amongst, you know, 50
8 charter schools. And it's -- it's two findings for
9 each.

10 I'm not discounting that they're not
11 important. They absolutely are. And I would like
12 to see them as zero. But it shows that we're --
13 talk about another glide path. It shows that we're
14 on a good glide path to getting these issues
15 resolved.

16 And so you have to look at the audit, the
17 significance of those findings. There were 30 --
18 I'm sorry; I'm misspeaking. There were 11 or
19 12 charter schools that no one ever talks about that
20 had no findings. And so we should applaud that
21 work, as well. So we're going to provide you with
22 that.

23 So if you look at the cash -- the
24 financial reporting, in whatever standards you set,
25 and then compare that with audits, then you get a --

1 then you get a better picture of what the condition
2 really is.

3 THE CHAIR: Right.

4 MR. DAVID CRAIG: The other thing, I want
5 to give one more plug, Madam Chair Gipson, and PEC,
6 is the oversight of the oversight, the oversight of
7 the governing council, of what that is. If your
8 financial mechanism could help try and get an idea
9 of what charter school governing councils are doing
10 on their end, that should be something that you guys
11 consider, I would recommend.

12 THE CHAIR: Correct. And that's certainly
13 a part of the fabric of the conversation is -- and I
14 appreciate the focus on the training for the
15 governing councils, because there's no doubt that's
16 something that we're keenly aware of, that
17 there's -- there needs to be greater focus on the
18 attention. This is really important and critical
19 work that they're doing.

20 And, you're right. There's many that
21 altruistically get involved in a charter school, and
22 they don't fully understand what the ultimate
23 ramifications are and the extent of the financial
24 oversight that they are responsible for. And we are
25 certainly looking at how the oversight is with

1 the -- with those governing councils.

2 DEP. SEC. AGUILAR: And, Madam Chair --
3 and the biggest point that board members don't
4 realize, and when you tell them, their eyes get
5 really big, is that they have personal liability.
6 And they forget that. This isn't, "I'm trying to do
7 well for my kids," which is a great and noble
8 gesture; but you also do have personal liability.

9 THE CHAIR: Yes.

10 DEP. SEC. AGUILAR: And there's insurance,
11 and there's those sorts of things. But still, you
12 do have that liability; so...

13 THE CHAIR: Correct.

14 Commissioner Toulouse?

15 COMMISSIONER TOULOUSE: Madam Chair, I
16 think, as Deputy Secretary Aguilar knows, and I
17 think Director Craig and I have had some talks, I
18 have been concerned for now into my fifth year on
19 audit findings and the fact that we don't really
20 hear about those in a way -- we've had better luck
21 in the last year or so.

22 But trust me. I can read an audit, and I
23 can tell you which findings are important or not.
24 And I still don't get to see those. Especially
25 repeat findings bother me. You should not have

1 repeat findings.

2 And I think part of the problem comes,
3 too, with the training that we do give. I think we
4 need to look at doing some changes over the next
5 several years to the law that says five hours is
6 enough training for a -- you know, a governing
7 council member; because in my years in state
8 government and all the budget training I got, it
9 still took me several years through budget trainings
10 that were longer than a one-day session, much less
11 longer than five, is actually figure out the
12 bureaucratic ramifications of a budget that is using
13 public money.

14 And I would hope we can work on that. I
15 know I've sat through some of the trainings that
16 have been done by the Coalition. People do a good
17 job. But there -- everybody isn't there. They
18 don't get all of the pieces of it.

19 And I also think it might be helpful for
20 the ones of us interested, if -- I know we have all
21 of our work studies booked up. But if we had a
22 session where we were given that same training that
23 is given to a governance council member so that
24 everybody here understands what somebody brand new
25 coming in knows, you know.

1 We have -- you know, there are several of
2 us with different levels of budget experience, and
3 then other people who have much less. And I think
4 it might be helpful to all of us to fit that in, so
5 that we know what we're expecting people to do.
6 Because I have grave concerns that people are making
7 mistakes because they don't know better. And the
8 only way to fix that is to give them help, because I
9 know how hard it is to get governance council
10 members.

11 DEP. SEC. AGUILAR: Madam Chair and
12 Commissioner, we actually agree with you. And I'll
13 offer myself to provide that training to this
14 Commission anytime after March 18th.

15 THE CHAIR: Thank you. I appreciate that
16 thought. And it might be of value if Commissioners
17 had information where they could even go where there
18 is training being held; they could avail themselves
19 of that as well. But I certainly -- and we will
20 absolutely take you up on your offer.

21 DEP. SEC. AGUILAR: Thank you,
22 Madam Chair. And just another comment. We are
23 working to prepare the Spring Budget Workshop as we
24 speak.

25 THE CHAIR: Right.

1 DEP. SEC. AGUILAR: I've directed our
2 audit manager to -- to put together at least one,
3 but perhaps two, sessions that I will teach. And we
4 want to make it mandatory for all charter business
5 officials and heads of school and extend an
6 invitation to any governing board members that would
7 like to attend.

8 But we feel like it's necessary. We're
9 now getting to the point where it needs to be
10 mandatory and not optional, and so we'll be working
11 on that.

12 THE CHAIR: Thank you. I know there's a
13 number of us that are planning on attending that
14 workshop. So I look forward to being in your class.
15 So -- Commission- -- Director Poulos?

16 COMMISSIONER CABALLERO: Yes. Let me
17 start with the stuff at the end, because that makes
18 a little bit more sense.

19 THE CHAIR: I'm sorry. It -- I --

20 COMMISSIONER CABALLERO: I have to --

21 COMMISSIONER JOHNSTON: She recognized
22 somebody else.

23 THE CHAIR: I recognized Director Poulos.
24 Her hand with up first. Thank you.

25 COMMISSIONER CABALLERO: Oh, okay.

1 MS. POULOS: I just want to address a
2 couple of things. All Commissioners have a disk
3 sitting next to them. That is the PED's 2016 audit.
4 So you have access to that, in addition to having
5 access to it online. That's all 11 volumes; so you
6 will have to look through.

7 We did provide a summary of audit findings
8 last year. And as the Deputy Secretary indicated,
9 we will be providing that again.

10 The other thing that I thought was
11 important for the Commission to know is that we are
12 working on a governing board training rule that
13 would go into the New Mexico Administrative Code,
14 that it proposes many things, including increasing
15 the number of hours, mandating certain areas of
16 training, including ethics and budget that must be
17 met annually.

18 We have made that available to many
19 stakeholders, and we are waiting for and getting
20 feedback, including feedback that says, "No, you
21 can't increase the number of hours, and we can't do
22 more than five."

23 So we know we're going to get that kind of
24 feedback, and we're going to balance what's right
25 for the State and the kids and governing bodies, and

1 we will be providing that to you. We wanted to get
2 some feedback from our stakeholders as far as the
3 schools before we sent it to you so that we could
4 incorporate that feedback, and you could get a
5 second draft.

6 THE CHAIR: I would appreciate if we could
7 be part of that; because I think we're part of the
8 stakeholders in that.

9 MS. POULOS: Yeah. I wanted you to
10 have -- what I was hoping is you got a more
11 cleaned-up version, rather than spending your time
12 on the earlier version. But if you'd like for us to
13 send that to you now, we will do that.

14 THE CHAIR: Okay. Thank you.

15 Commissioner Caballero?

16 COMMISSIONER CABALLERO: I do agree we
17 need to see proposed policy changes as a Commission
18 prior to having it put out for approval and public
19 comment. I think that's part of our charge.

20 Let me -- let me start towards the end of
21 your presentation on some of the questions.

22 You mentioned the closure procedures being
23 very cumbersome. Do you foresee the Commission
24 being involved in drafting out and laying out that
25 procedure a little bit more clear?

1 MR. DAVID CRAIG: Well, I'll just be
2 honest, Madam Chair, and Commissioner Caballero, I
3 hadn't thought about it. I've been so busy trying
4 to figure out how to do the process that I hadn't
5 given much thought as to who would be involved in
6 policy proposals and how they would be drafted.

7 I would encourage you to work with
8 Director Poulos if you have any concerns developing
9 policies around the closure process. There is some
10 guidelines in law. However, with regard to
11 finances, at least -- and I don't get as involved in
12 some of the elements that aren't finances -- those
13 are pretty strictly how you pay for outstanding
14 liabilities, pretty much mirror what we have to
15 follow in federal law anyhow.

16 As far -- I would be happy to work with
17 Director Poulos in giving her kind of a list of some
18 of the things that we have to do on my end that may
19 be considered for -- for future policies. But it's
20 not something I've spent a lot of time with,
21 Madam Chair, and Commissioner Caballero.

22 THE CHAIR: Great. And just so that
23 Commissioner Caballero knows, that when closure does
24 begin to take place, we get a detailed report of
25 what is being done, and we get a time line as to

1 when it's going to be done, and the Director gives
2 us regular updates as to what has been completed,
3 what still needs to be completed.

4 And it covers a multitude of areas, like
5 the facilities, the records, the staffing, the
6 finances. So we do get regular updates about --
7 about those. Director?

8 MS. POULOS: Madam Chairwoman, I do want
9 the Commission to know the planning year -- or
10 sorry, not planning year -- the closure checklist,
11 which is implemented and does govern the closure
12 process, not necessarily all of -- so there's the
13 balance.

14 But that actual document was created by
15 the Commission and approved by the Commission. And
16 it's on the Commission's website. If the Commission
17 would like to schedule a work session where we do
18 that, I don't believe it's one of the items that
19 we've put on our schedule, it may be something the
20 Commission needs to discuss about whether that's --
21 it's time to look at that and make revisions.

22 THE CHAIR: Right. So I would encourage
23 the Commissioners to take a look at that. And we
24 can look in the future if we feel that there's
25 something that -- that there are revisions. But as

1 we've, you know, unfortunately had to go through
2 closures, I don't recall recently any concerns
3 with -- with the checklist. But it's certainly
4 worth a review, and we can have a discussion about
5 that at a future date.

6 DEP. SEC. AGUILAR: Madam Chair, on that
7 point?

8 THE CHAIR: Certainly.

9 DEP. SEC. AGUILAR: On that point, and to
10 your point, Mr. Caballero, the cumbersome nature
11 isn't with the pieces that are on the checklist. As
12 I noted, they're the financial pieces.

13 THE CHAIR: Right.

14 DEP. SEC. AGUILAR: So with CEPi as an
15 example, we had an IRS liability. Dealing with the
16 IRS is like pulling your own teeth out. And so that
17 became cumbersome.

18 The other thing that is really
19 cumbersome -- and we're working with our auditor to
20 deal with it -- is TLC. Do you remember TLC, The
21 Learning Community? It was closed three years
22 ago -- four years ago. It is only now coming off of
23 our books as a -- as a component unit, because --
24 only because we finished the closure process.

25 We paid off the bills. We did all we

1 needed to do. We then paid the auditor for their
2 work. And now we had a financial transaction that
3 needed to be audited the following year. And this
4 was like -- and so then they audited their one
5 transaction. We paid them for that.

6 And then -- so finally, we got them to
7 admit, "Look, this is stupid." And it's now finally
8 coming off. So there are just some technical --

9 THE CHAIR: Right.

10 DEP. SEC. AGUILAR: -- accounting things
11 that are just amazingly cumbersome that just cause
12 problems. But the one thing -- if the Commission
13 wants to be thoughtful and helpful, the one thing
14 that we are having difficulties with is -- is the
15 securing of -- of student records.

16 For example, CEPi was a school -- it was a
17 State-chartered charter school, physically located
18 in APS. However, APS has said, "We don't want the
19 records."

20 And so what's happening now is we have the
21 records stored at the Department. But we're now the
22 custodians. So as a child transfers from -- I mean,
23 it's already happened -- but transfers to Rio Grande
24 or transfers to West Mesa or transfers to La Cueva,
25 now, APS is making records requests of us. And we

1 have no staff assigned as a records, you know,
2 person.

3 And so it's just -- that's the singular
4 thing that -- that the Commission could be helpful
5 with, if we modify the rule or statute.

6 But we would like to see that the school
7 district in which a charter school physically
8 resides shall be responsible for not the financial
9 records; we're okay with that. But the student
10 records. And those are significant records. I mean
11 they lead to graduation. There is just so much that
12 we believe that that should be the responsibility of
13 the local district.

14 So with that, Madam Chair, thank you.

15 COMMISSIONER TOULOUSE: Madam Chair?

16 COMMISSIONER CABALLERO: Let me -- let
17 me -- I had the permission --

18 THE CHAIR: I'm sorry. I'm sorry. I
19 wanted to ask other Commissioners if they had
20 questions first.

21 COMMISSIONER CABALLERO: Right. And I
22 think an issue that the Chair dominates at the
23 beginning, and then the rest of us are --

24 THE CHAIR: I'm sorry.

25 COMMISSIONER CABALLERO: -- having to

1 compete for -- having to compete for -- for
2 questions. And so --

3 THE CHAIR: Commissioner, we're not
4 competing for --

5 COMMISSIONER CABALLERO: I didn't finish.
6 And, of course, she had to clarify -- he had to
7 clarify. Unless you're telling us that we can only
8 ask one question at a time --

9 THE CHAIR: Correct. And then we can go
10 back. But it is only fair for each Commissioner --

11 COMMISSIONER CABALLERO: Right. And that
12 should apply to Chair, also. You cannot dominate,
13 and then let the others just have one question.

14 THE CHAIR: I appreciate your thought.

15 COMMISSIONER CABALLERO: Go ahead.

16 THE CHAIR: Commissioner Johnston.

17 COMMISSIONER JOHNSTON: Thank you. This
18 is a white knuckle for me, because I'm so
19 passionate. I must first tell you how much I
20 appreciate, during all of my education history, the
21 support of PED and Budget, both in a traditional
22 school district, and as a charter school leader, and
23 a number of years in very, very unpleasant
24 circumstances.

25 It's definitely a partnership. It is

1 definitely a training process. I respect so the
2 requirements. And we talk about how cumbersome
3 budget is. But at the bottom line, it is very
4 elegant. And because of that, it's like playing a
5 piece on the piano. Every key has to be hit at
6 exactly the right moment. And you cannot skip a
7 key, and you cannot take it -- it's just -- it's the
8 ground of our being in every district and charter
9 school, because you cannot provide excellence to
10 students if you don't understand where every penny
11 goes and have planned for changes throughout the
12 fiscal year; because we are dealing with other
13 people's money and with State money. And that
14 changes because of the budget.

15 So I really want you to note how much I
16 appreciate and how much I understand. The passion
17 that I feel as a member of this Commission, as we've
18 talked a great deal about governing councils -- and
19 we do need to train them. They need to understand
20 the importance that the head of school understand
21 budget.

22 Budgets are all tight, and charter schools
23 are small. And so we form alliances with firms to
24 help us with school business management.

25 Personally, I do not feel that a head --

1 as a head of school, that that can ever be abdicated
2 to anyone else. Someone can help you with the
3 preparation; but as the head of school, you are the
4 person in charge. And every month, you present to
5 that governing council exactly where you are
6 budgetarily, which requires that you need the
7 records.

8 Gross mismanagement, to me, it's
9 unforgivable. And I know that charter schools who
10 have had difficulty historically want that second
11 chance to recover. But if you are in that
12 situation, as a Commissioner, I really am going to
13 question; because it -- it just catches up with you.
14 And if you're not accountable to it every moment, to
15 that budget, you cannot educate kids to the level
16 where we -- we're obligated, because you have to
17 know where every dollar is.

18 The point I wanted to make, in addition to
19 appreciating, is that the governance council
20 training is imperative; because I feel that these
21 governing councils must, when they're looking for
22 heads of school, diligently research how much
23 information the applicants have about school budget
24 and how committed they are to this daily, everyday
25 work; because every day when you get up, you've got

1 to look at that budget so you can provide a
2 sustainable educational environment for students, an
3 instructional environment.

4 I compliment you greatly. We have a great
5 deal to do. The School Budget Workshop, ASBO, your
6 commitment to supporting -- to supporting PED, I
7 thank you all, and I really appreciate what you do.

8 THE CHAIR: Commissioners, any other
9 questions?

10 Commissioner Armbruster?

11 COMMISSIONER ARMBRUSTER: Madam Chair.

12 First, let me thank you for putting this
13 in English. Some of us like that in English.

14 But I had a question, which is, is there a
15 place online where salaries and what people are
16 spending for various things are available for the
17 layperson, both for charter schools and traditional
18 schools? Or is that kind of you have to ask for it.

19 MR. DAVID CRAIG: Madam Chair and
20 Commissioner Armbruster, there's actually two places
21 that that's available. One is on the Sunshine
22 Portal, which is the NM Sunshine Portal. We
23 upload -- we're required by law to upload our
24 financials and quarterly reports onto that, as we
25 have them available.

1 The other time, if you're looking for
2 historical data, is the Stat Books. If you go onto
3 the PED website and search the A-through-Z Index,
4 and you just look up "Stat Books," you'll be able to
5 pull up a list of financial information by state
6 fiscal year. And you can have a plethora of
7 financial information. And if you get into
8 headaches about navigating it, feel free to call me,
9 and I'll be happy to give you an idea of where you
10 want to be looking for things.

11 And that's not uncommon, by the way.
12 Stakeholders often use the Stat Books, and they
13 often call my -- outside of the PEC, I get
14 superintendents, I get legislators, I get people
15 calling me saying, "David, where could I find this
16 on the Stat Books?" And I'll show them. Anytime,
17 I'll be happy, Commissioner Armbruster, and
18 Madam Chair Gipson.

19 COMMISSIONER CABALLERO: I still have
20 questions.

21 THE CHAIR: That's fine. Commissioner
22 Caballero.

23 COMMISSIONER CABALLERO: All right. Thank
24 you.

25 I have a -- just a question for either one

1 of you. In -- I'm beginning to feel that a lot of
2 the problems lie at governing councils. And
3 maybe -- do you have any correlation of when
4 training is given, whether the schools that don't
5 have all their governing councils -- or any of their
6 governing councils in training -- do they end up
7 with having a lot of these problems that we're
8 talking about?

9 DEP. SEC. AGUILAR: Madam Chair and
10 Commissioner, actually, yes. One of the big pushes
11 by the Director has been to improve the training for
12 board members, because the -- a few years ago, prior
13 to -- to 2010 -- but a few years ago, we ran into
14 the trouble, like, with the Southwest Schools. They
15 were -- that was a school -- a set of schools, four
16 schools, that was dominated by a director who told
17 people, "Don't worry about it. I'll take care of
18 it. I've got it under control."

19 And the members of the board said, "Okay.
20 Well, that's good. Don't bother us unless you have
21 to."

22 And when the FBI showed up at their
23 doorstep, the board members were totally
24 flabbergasted and said, "Oh, my gosh. What's going
25 on?"

1 And so -- and I've met every one of those
2 board members. And some have left, and some still
3 remain. All of them are committed parents,
4 committed community members, business people. But a
5 director said, "Don't worry about it. I'm -- if I
6 need you, I'll call you. Otherwise, you're going to
7 keep moving forward."

8 From that, from those experiences, and
9 from recent experiences in other schools, it's clear
10 that board members -- because they're not elected;
11 they're appointed, and so -- and generally, the
12 initial appointment, or the initial governing board,
13 you get somebody that wants to start a charter
14 school. They're very committed to what they're
15 doing. They put a board together. And it's a board
16 of committed people that may not have the experience
17 necessary.

18 And so what happens is they're not really
19 trained, and then there's not provisions to remove
20 bad board members. If a vacancy occurs, it's the
21 board that then appoints someone else that they
22 know. And it's not based on qualifications or
23 things of that nature.

24 So the need for more intensive training is
25 there. The Director has recognized it and is

1 putting those trainings together.

2 The other thing is -- and I just wanted to
3 bring this -- I don't know that you're aware of
4 this. But the Taos Academy Charter School in Taos,
5 in their -- in their charter, or their contract
6 or -- I'm not sure the exact document -- that a
7 requirement that the board be made up of one
8 attorney -- have at least one attorney on it, one
9 public accountant on it, and then three parents or
10 something of that nature.

11 And so there are professionals that can
12 help guide the board in certain areas that seem to
13 cause problems with charter schools.

14 And so it's obviously not a legal
15 requirement; but it's something that might be
16 considered by other founding bodies as they think
17 about how they move forward.

18 COMMISSIONER CABALLERO: The other thing
19 is in the audits of the charter schools, do you see
20 often enough line item for error and omissions
21 insurance for board members? Or is that something
22 that is not done at all?

23 DEP. SEC. AGUILAR: Madam Chair and
24 Commissioner, it doesn't show up as a line item.
25 There's insurance; but it's not a singular item.

1 But I would guess that based on the facial
2 expressions of -- of the new board members when I
3 gave the training earlier and made two comments --
4 one is, "You're personally liable for this," their
5 eyes got this big (indicates).

6 And then the question is, "Do you have E&O
7 insurance?" And their eyes got this big (indicates)
8 because no one knew.

9 And so my guess is is that some charters,
10 do and some charters don't. I would recommend E&O
11 insurance for all boards, and then the training that
12 it is a personal liability.

13 COMMISSIONER CABALLERO: Okay. Thank you.
14 Thank you.

15 The other question that I'm a little
16 confused is -- and this would be my last one, and
17 I'll wait for another board to -- if they have
18 questions, and I have one more after this one -- is
19 the GoFundMe effort by the charter school, and it
20 was stopped. And I'm not quite sure why it was
21 stopped.

22 DEP. SEC. AGUILAR: So, Mr. -- Madam Chair
23 and Commissioner. So school -- school boards --
24 boards of finance -- so school boards and
25 State-chartered charter schools that have their

1 boards of finances can accept donations. But those
2 donations cannot be budgeted into the operational
3 account.

4 This GoFundMe site was set up specifically
5 to raise money to erase the \$200,000 deficit, which
6 meant that it would be going into the operational
7 account. And monies going into the operational
8 account are limited to four sources: The State SEG,
9 the Federal Impact Aid, the local mill levy, and any
10 forest reserve. That's what makes our formula
11 equalized.

12 So it wasn't that it was just a GoFundMe
13 account. It was a GoFundMe account to fix the
14 operational fund. And that's not allowable.

15 COMMISSIONER CABALLERO: Okay. Thank you.

16 DEP. SEC. AGUILAR: Because, Mr. Chairman
17 [verabtim], I think I saw a GoFundMe site for APS
18 last week.

19 COMMISSIONER CABALLERO: They're
20 everywhere.

21 THE CHAIR: Right. But they have to be
22 for extras; correct?

23 DEP. SEC. AGUILAR: Yes.

24 THE CHAIR: Trips and perhaps supplies.

25 DEP. SEC. AGUILAR: For non-operational

1 purposes, Madam Chair.

2 THE CHAIR: Yes. Thank you.

3 Commissioners, any other questions?

4 Commissioner Toulouse?

5 COMMISSIONER TOULOUSE: Madam Chair, I'd
6 like to ask, how difficult would it be to come up
7 with a -- and have the Secretary promulgate a rule
8 that said any closed school's records have to go to
9 the district where the school resides; because it
10 makes no sense for them to be here. Because what do
11 they have to be? Held for 70 years or something
12 like that?

13 THE CHAIR: It's a long time.

14 COMMISSIONER TOULOUSE: It's a huge amount
15 of time. And outside of putting them into State
16 Archives, you know, it seems to me that there needs
17 to be -- that that ought to be able to be done
18 through rule-making, shouldn't it?

19 DEP. SEC. AGUILAR: Madam Chair and
20 Commissioner, I don't have the answer to that. But
21 we'll look into it. That would be a good way to do
22 it. And the time frame is for all eternity, not
23 70 years.

24 THE CHAIR: Oh, my goodness.

25 DEP. SEC. AGUILAR: Seriously. And the

1 problem is -- and the problem with us having them is
2 if we were to store them in archives, the process of
3 sending someone over there, opening up the box,
4 removing the document, and then recertifying the
5 remainder of the contents gets -- gets cumbersome.

6 And so -- but we'll look into that. And
7 I'll ask the Director to report back next time, once
8 we look into that piece.

9 THE CHAIR: Commissioner Johnston?

10 COMMISSIONER JOHNSTON: Thank you,
11 Madam Chair. Just a brief observation.

12 Director Craig, you said that you were
13 working with the budget so that in the line item
14 areas, that now, the salaries of the head
15 administrators would have to show within the context
16 of the one line item; is that correct?

17 MR. DAVID CRAIG: Madam Chair and
18 Commissioner Johnston, that's correct. That's going
19 to be knew for FY '18. And I'm going to have a
20 bunch of problems, probably, trying to get people to
21 conform to that. Because whenever we change a
22 process -- and I'm just as big of a creature of
23 habit as any business officer, I guarantee you.

24 The operating budget process is almost a
25 yearly calendar. And when you start throwing new

1 things in there, people start getting a little bit
2 weary.

3 So I'm getting in front of it now to
4 communicate, "Yes, we're going to require you to
5 budget, and I can provide you with a line item
6 budget, if you would like it; but it's pretty
7 detail-oriented."

8 We do that on the superintendent side,
9 too. There's never been a requirement, because
10 frankly, we've never needed one. Superintendent has
11 always been budgeted in the Superintendent line
12 item. We're going to require head administrators to
13 budget in that line item, too.

14 COMMISSIONER JOHNSTON: And I would thank
15 you. That is long overdue. I appreciate that.

16 DEP. SEC. AGUILAR: Just a context, why is
17 that important?

18 We've received requests for the
19 Legislature, for example. "We would like to see the
20 salary of all head administrators."

21 And we can't go and push a button and it
22 all comes out. We've got to have staff go and look,
23 because some of them are coded as principals; some
24 of them are coded as superintendents; some of them
25 are coded as something else. So it becomes a hand

1 process. It's just -- it's an efficiency -- it's an
2 efficiency measure.

3 THE CHAIR: And I appreciate that; because
4 I know I've been -- I've received questions from
5 some GCs, when they're looking at trying to
6 establish a -- a salary for a head administrator.
7 "Where can I go to even see what other head
8 administrators" -- so it might help with other
9 charters in trying to figure out where -- how much
10 they should place a particular administrator in a
11 salary.

12 DEP. SEC. AGUILAR: And, Madam Chair,
13 salary. I'm going to give David just a little more
14 work that he didn't expect coming in. One of the
15 things we do publish in the Stat Book that he
16 mentioned are the salaries of all superintendents in
17 the state. This would then give us the opportunity
18 very quickly to publish the salaries of all head
19 administrators, as well, in the Stat Books. This
20 gives us -- that way, it's just a query. We print
21 it out, and we get it published in there; so...

22 THE CHAIR: Thank you. I appreciate that.

23 COMMISSIONER JOHNSTON: Do those salaries
24 that exist include stipends that these
25 administrators receive?

1 DEP. SEC. AGUILAR: Madam Chair and
2 Commissioner, no, they're the base salaries.

3 COMMISSIONER JOHNSTON: Thank you.
4 Transparency is important to me in that area,
5 because it's just important to me. So I appreciate
6 you working at that.

7 THE CHAIR: Commissioner Caballero?

8 COMMISSIONER CABALLERO: Thank you. There
9 was a mention in Page 4, Misconceptions of Financial
10 Report Review Process, at what you do not tell
11 schools to do: How to spend their money, how to
12 hire and fire, and so forth.

13 My experience, from being in school
14 boards, is that budget -- breakdown budget
15 expenditure are policy-latent; they're policy
16 directions on the expenditure of budget.

17 So how would a school ensure that they're
18 conforming to budget and continue to have their
19 flexibility? Because, obviously, there are ways
20 that they don't conform budget-wise, and you have to
21 step in.

22 But how do they manage to have the
23 flexibility that they want, but have to conform with
24 budget?

25 MR. DAVID CRAIG: Madam Chair and

1 Commissioner Caballero, that's an excellent
2 question. Thank you for that.

3 Because I was trying to keep this pretty
4 high-level. And, you know, my predilection is to
5 get very detail-oriented very quickly. And
6 consistently, was trying to say here is that what we
7 won't do is tell you what type of teacher you have
8 to hire or what type of ancillary service you have
9 to provide, or what instructional program or
10 instructional materials you have to do.

11 What we will do is go and take a look at
12 all of your fund codes and all of your function
13 codes and match that against federal grant criteria,
14 statutes in law, administrative rule.

15 So if someone at a charter school is very
16 interested in what the budget requirements are,
17 there's three places I would point them. One is to
18 State statute, the Public School Finance Act. The
19 second is to the Section 6 of the Administrative
20 Code that has to do with elementary and secondary
21 education; it's particularly the budget and finances
22 of that.

23 All of these outline the legal
24 requirements of what is required to produce to my
25 bureau. And, Commissioner Caballero, I'll be happy

1 to write this down for you to get you this.

2 And the other is -- I'll send you a
3 link -- is the Public School Budget and Accounting
4 Manual. That outlines all the requirements that we
5 expect from a business manager when they develop an
6 operating budget.

7 It's quite extensive. If I were to bring
8 it down here, it would be about this big,
9 Commissioner Caballero (indicates). It's a lot.
10 And it's something we expect to have a professional
11 capacity to do. That's why we license business
12 officials.

13 And there's a licensure process by which
14 you have to prove that you have an understanding of
15 Generally Accepted Accounting Principles, as well as
16 understanding of operating budgets, particularly as
17 they apply to education finances, okay?

18 It is -- it is by no means as easy as, you
19 know, "I can just conform to some basic set of
20 principles."

21 The list of requirements, to your point,
22 are very extensive, okay, and require extensive
23 knowledge to be able to understand.

24 COMMISSIONER CABALLERO: Thank you.

25 THE CHAIR: Thank you. I guess a concern

1 that many of us have is without actually
2 micromanaging things and not putting a burden on
3 your departments to have to report out, our concern
4 is how do we find out in a timely fashion, and what
5 we need to know, that a school is not -- the path is
6 not going to mesh at the end of the year, so that we
7 get a better handle on what needs to -- what needs
8 to be addressed and can be addressed in a more
9 timely fashion, perhaps by a little push from us,
10 you know, which may help.

11 DEP. SEC. AGUILAR: Right. So,
12 Madam Chair, so -- actually, that's a good -- thank
13 you for that. That's actually a good question.

14 I get a report from Mr. Craig; not every
15 week, but as -- as needed. But issues that are
16 raised -- and they can be what might even appear to
17 be a pretty benign issue.

18 But issues are raised to me on probably a
19 weekly basis, that the analyst was talking with this
20 person, or the analyst noted, or the analyst was
21 looking at cash reports, or the analyst saw a budget
22 adjustment come in that's a little odd.

23 We have those conversations all the time.
24 And then we determine if there are schools on that
25 list that are -- that should be put on a watch. We

1 call it a "watch." It's not a formal list. It's
2 not a big red paper on the wall.

3 But -- and then the analyst -- as
4 Mr. Craig mentioned earlier, we can put them on
5 monthly reporting. We can work, in some cases --
6 and this goes -- this is a little contrary to what
7 David said. We can't really force them to do
8 things.

9 The one thing that we do and will force a
10 district or charter school to do is to hire a
11 different -- a different contract business manager,
12 if we don't feel that -- that their current business
13 manager is being able to attend to the -- to the
14 budgets.

15 And so -- and they could probably say no,
16 absent us taking over their Board of Finance. But
17 no one's done it yet. Because if I have to call
18 them about it, there's a problem -- I mean, it's a
19 serious problem. And so -- and I don't -- I really
20 take -- it's a serious responsibility that I take.

21 And so -- and then we notify Katie.
22 Katie, also, as her staff goes out, might say, "We
23 saw this. Do you think it's important? Or is it
24 kind of something we just don't need to worry
25 about?"

1 David's staff can take a look at it really
2 quickly and say, "No, I think we're okay with that."
3 Or, "Huh, we hadn't noticed that." That goes to
4 looking at their budget, looking at the cash
5 reports, looking at their audit, looking at the site
6 visits from the CSD staff, sort of a broad-based,
7 are there indicators there that are problematic or
8 not? And so -- and then how do we move forward on
9 that?

10 THE CHAIR: So I guess I still have that
11 question in terms of what can we ask in terms of a
12 report out to us so that we can get -- without
13 overburdening your departments in terms of requests,
14 so that we can see and hopefully help address those
15 concerns before we get to an end of a year, and
16 you're now coming to us because we need to look at
17 possibly revoking.

18 DEP. SEC. AGUILAR: That's a fair
19 question. And I don't want to answer it just off
20 the top of my head, because I may give you an overly
21 broad idea, or something that's so specific that
22 it's not going to be attainable. So let us work on
23 that. And we'll work with the Director to get on
24 your next work session.

25 THE CHAIR: Okay.

1 DEP. SEC. AGUILAR: And I think it's going
2 to take some time sitting around the table and
3 talking about it. And then we can come up with what
4 that might look like.

5 THE CHAIR: All right. Thank you. I
6 appreciate it.

7 Commissioner Toulouse?

8 COMMISSIONER TOULOUSE: Madam Chair, I
9 know we're taking up time. What hit me, how many
10 schools do you have on monthly reporting at any one
11 time? And how long does it take to come off?
12 Because that might be a point at which we would want
13 to know if you've put somebody on, so they could
14 also go on our list of Schools of Concern; because I
15 know that gets attention pretty quickly if our
16 agenda comes out and the school name -- as a School
17 of Concern. You know, people pay attention.

18 So I'm just curious as to how many at any
19 one time and how long?

20 MR. DAVID CRAIG: Madam Chair and
21 Commissioner Toulouse, currently, I believe we have
22 about -- I would say -- I would have to look at my
23 report. So what I can do is generate a report that
24 shows me exactly who's on of school districts. But
25 I would say we have about, including school

1 districts, anywhere from 10 to 20 school districts
2 and charter schools on monthly reporting.

3 It's a lever that I don't pull as much as
4 I probably -- I could pull it more often if I needed
5 to. Again, I kind of use it the same way that the
6 Deputy Secretary uses the Board of Finance
7 suspension, which is, you know, you're going to get
8 on monthly if we don't start getting compliance and
9 responsiveness.

10 So it's not the best measure; but it is a
11 measure of people we're concerned about. What I
12 will caution you with is the second part of your
13 question. How long are they on monthly? Until they
14 can get it right.

15 I've had some school districts that have
16 been on monthly my entire tenure. And it's possible
17 they may be there after I retire. I mean, if you
18 can't get it straight -- and, well, at some point in
19 time, if you -- if you're on monthly for that long,
20 we're going to talk about what you need to do to
21 improve and put you on a Corrective Action Plan or
22 something to escalate the situation.

23 So I should -- I'm being facetious a
24 little. But there are people that have been on
25 there a while that do just the bear minimum to stay

1 out of trouble with me, but not enough to get off of
2 monthly. And we have to push those people sometimes
3 to get them to do it.

4 But I would be very hesitant to kind of
5 set time lines by which, "Oh, well, you could..." --
6 it's sort of like a Board of Finance suspension.
7 Until I get it right, we're not going to give it
8 back. I'm sorry.

9 COMMISSIONER TOULOUSE: I was just curious
10 with the idea of get people to get off it more
11 quickly or not. I mean, to me, it sounds like a lot
12 of what you're doing is what you do when you're a
13 supervisor, and you have an employee that's barely
14 making it. And you write them up and they give them
15 a six-month correction plan. And they get back up
16 to just bear minimum at six months, and they
17 maintain it just long enough to get off that plan,
18 and then they drop right back down, and then you
19 have to start again.

20 So I just wondered. Those are the ones we
21 need to look at, too.

22 MR. DAVID CRAIG: That helps.

23 Madam Chair, and, Commissioner Toulouse,
24 what a great analogy. But, yeah, I would like to be
25 part of the discussion to come in and we'll have you

1 talk about that. I believe that can be a tool. I
2 don't think giving a list of monthlies would give
3 you the complete picture to the point of trying to
4 get multiple data sources to inform decision making.

5 Okay. I'll just leave it at that.

6 THE CHAIR: Commissioner Johnston?

7 COMMISSIONER JOHNSTON: Thank you,
8 Madam Chair. Perhaps it's because I'm so passionate
9 about finance. But I feel like the vehicle we have
10 in place right now, with Charter Schools Division,
11 of concerns that are brought to us, I have -- I have
12 been following any financials that have come out.
13 And I appreciate what's happening now.

14 I think training, like we were talking
15 about, of our group would perhaps help us see those
16 more quickly. But we do have a mechanism now. And
17 I'm right, aren't I, Director? You give us that
18 information about budget, with our -- when there's a
19 concern that comes up, just generally.

20 MS. POULOS: When I have the information,
21 I absolutely bring that and share it with the
22 Commission.

23 COMMISSIONER JOHNSTON: So I appreciate
24 it. But training, I think is -- thank you.

25 THE CHAIR: Commissioners, any other

1 questions? Comments? Thank you so much for this
2 extended time. We appreciate the -- your
3 willingness to keep this conversation going forward,
4 and I look forward to further conversation about
5 this.

6 Thank you very much.

7 With that, Commissioners, if we could take
8 a 10-minute break? Thanks.

9 (Recess taken, 10:43 a.m. to 11:02 a.m.)

10 THE CHAIR: So I will call us back to
11 order. And we are now on Agenda Item No. 7,
12 Discussion and Possible Action, PED Recommendation
13 to Commence Revocation Proceedings Against
14 La Promesa Early Learning Center.

15 So I will ask those from La Promesa who
16 wish to come down, please do so, and remind you to
17 please identify yourself for the record.

18 And I will also remind, or let people know
19 in the audience, that Ms. McKee is here from the
20 Attorney General's Office. She is not a
21 Commissioner. She is not a voting member. And when
22 we are seen talking, we are not talking about a
23 vote. She is not influencing a vote. We are
24 talking about Open Meetings Act and general
25 procedures.

1 Director?

2 (A discussion was held off the record
3 due to audio technical difficulties.)

4 THE CHAIR: Director?

5 MS. POULOS: Madam Chairwoman,
6 Commissioners, today, the Public Education
7 Department is recommending that the Public Education
8 Commission commence revocation proceedings against
9 La Promesa Early Learning Center.

10 As the Commission knows, the Board of
11 Finance of La Promesa Early Learning Center was
12 suspended back in August. And as you also know from
13 the materials that we've provided, both this month
14 and last month, NMSA 22-8B-39G, does indicate that
15 when a governing body of a State-chartered charter
16 school is suspended from acting as a Board of
17 Finance, the Department shall consider commencing
18 proceedings before the Commission to revoke the
19 charter of the State-chartered charter school in the
20 case of a State-chartered charter school that has
21 engaged in serious or repeated mismanagement,
22 improper recording or improper reporting of public
23 funds under its control.

24 The Fiscal Year 2016 audit was made public
25 on Wednesday, the 8th. In that audit, we learned

1 that the school has received a disclaimed audit.
2 While the school indicated it would take steps to
3 correct the 2015 audit findings, the school had
4 multiple repeat findings, and the auditors noted
5 throughout that the school made no progress on
6 correcting prior year audit findings.

7 The school's audit findings included a
8 material weakness for the internal control
9 structure. The school's audit found two significant
10 deficiencies, including purchase orders and internal
11 control over cash disbursements.

12 The purchase order significant deficiency
13 is a multi-year repeat finding, which the auditor
14 noted, the school did not make any progress in
15 addressing.

16 In the school's Fiscal Year 2016 reporting
17 for the PEC for the financial performance framework,
18 the school noted that it had no invoices that were
19 pending for more than 90 days in the current year.
20 However, the audit did note a substantial number of
21 invoices that were past due and incurred substantial
22 late fees and fines.

23 The school's audit also found six issues
24 of non-compliance, including travel and per diem,
25 chief procurement officer, budgetary conditions,

1 personnel files, cash management, and audit
2 committee membership.

3 The travel and per diem is a multi-year
4 repeat finding which the auditor noted the school
5 has not implemented policies to resolve this finding
6 in the current year.

7 The auditor also -- I'm sorry, I
8 apologize. In the school's Fiscal Year '16
9 financial reporting to the PEC for the financial
10 framework, the school noted that it had not exceeded
11 budgetary authority; however, in the audit, it was
12 indicated that the school did exceed its budgetary
13 authority.

14 The issues identified in the audit appear
15 to be significant and point to the inability of the
16 school to manage themselves. PED believes there is
17 adequate information to demonstrate that the school
18 has failed to meet generally accepted standards of
19 fiscal management and has violated provisions of law
20 from which the charter school was not specifically
21 exempted.

22 As a result, PED is making the
23 recommendation today that the Commission schedule
24 and hold a hearing to determine whether revocation
25 is appropriate for the charter of La Promesa Early

1 Learning Center.

2 THE CHAIR: Thank you. And before the
3 school begins, I'll ask the Deputy Secretary, are
4 you here to address some of these issues? And is
5 there something that you would like to say now?

6 DEP. SEC. AGUILAR: Madam Chair, it can be
7 now or later at your convenience; but, yes, the
8 answer is, "Yes."

9 THE CHAIR: Commissioners, I'll ask.
10 Would you like to hear from the Deputy Secretary
11 prior to the school, or --

12 COMMISSIONER ARMBRUSTER: I think after.

13 COMMISSIONER CABALLERO: I would prefer
14 after.

15 THE CHAIR: Okay. Thank you.
16 Good morning.

17 MS. PATRICIA MATTHEWS: Good morning,
18 Madam Chair, members of the Commission. My name is
19 Patricia Matthews of Matthews Fox, the law firm
20 representing La Promesa.

21 MR. CHRIS JONES: Good morning,
22 Madam Chair, members of the Commission. My name is
23 Chris Jones. I'm the head administrator at
24 La Promesa Early Learning Center.

25 MS. PATRICIA MATTHEWS: Madam Chair,

1 members of the Commission, thank you for the
2 opportunity to give a statement this morning before
3 you make a decision or move forward with the
4 recommendation that's on the agenda today.

5 Before you vote, La Promesa asks that the
6 Public Education Commission consider a report that
7 was in the Albuquerque Journal this morning
8 regarding the FY 2016 audit report from the Public
9 Education Department. In response to the number of
10 charter schools' audit findings, Deputy Secretary --
11 and Secretary Aguilar's comment that they are on the
12 increase, the Journal reports the State Auditor,
13 Keller, commented that closing low performing
14 schools is costly, so PED should invest more on
15 properly training those schools and their governing
16 councilss and provide more support on the front end.

17 I think it's interesting that the
18 presentation that I just sat through, and you all
19 just sat through for almost an hour and a half
20 actually rang home that that's exactly what is
21 happening, that apparently, it's coming to fruition
22 that, in fact, more training needs to be provided,
23 more oversight needs to be provided, and on a timely
24 basis.

25 I think that Commissioner Gipson's

1 questions at the tail end of the investigation hit
2 home. We still don't even have an answer on how the
3 Commission will get timely information about when
4 schools are not performing financially, et cetera,
5 and how does that process work.

6 So I think that the presentation I heard
7 this morning sort of plays into where La Promesa is
8 today, based on some of its history.

9 Now, we agree with the statement and
10 suggest that the Commission -- that if the PED and
11 CSD invested more time in implementing all the rules
12 and regulations it continues to promulgate, there
13 would likely be better outcomes for students.
14 Specifically, PEC imposed a condition on this
15 particular charter requiring that the Charter School
16 Division conduct two audits per year. That has not
17 happened.

18 Last year, there was only one audit, and
19 that was in the spring. And there were no findings
20 by the Charter Schools Division regarding their
21 financial condition, which is hard to understand
22 when the FY -- and you all recall that the FY '14
23 and '15 audits came out practically simultaneously.
24 Those are the audits that Ms. Poulos brought to your
25 attention where those repeat findings came from.

1 The repeat findings came from a period of
2 time where two audit years came out together. I
3 don't think I need -- maybe for the new
4 Commissioners, that's helpful to know.

5 But the FY '14 and '15 audit came out
6 together. And so because the audit findings of '14
7 weren't released until sometime in '15, and '15 was
8 released sometime in '16, making changes -- or
9 corrections -- to the school's internal procedures
10 perhaps were delayed. We'll just say it that way.
11 So it's important to understand that that backdrop
12 exists for this school.

13 So even after the audit findings for
14 FY 2014 and '15 were released, the Charter Schools
15 Division didn't bring anything to the Commission's
16 attention. At that point in time, why wasn't there
17 a Corrective Action Plan or some significant steps
18 toward bringing to light concerns with the school's
19 financials brought to the Commission's concern?

20 And, that's -- again, it's this -- the lag
21 and the implementation of the actual requirements
22 that are out there that I think is -- it's not just
23 affecting this school; but I think it affects
24 schools, charter schools, probably districts,
25 statewide. There's a lag; there's not follow-up,

1 et cetera. And some of these schools are getting
2 caught up in that.

3 This year, the Charter Schools Division
4 hasn't even yet conducted a site visit at this
5 school, despite the audit that happened in August,
6 which seems kind of remarkable, given that they're
7 the ones who should be providing you, their
8 authorizer, with information about their financial
9 situation.

10 So, certainly, there is precedence by this
11 Commission, and your vote today is to consider
12 whether or not to go forward with the revocation
13 proceeding.

14 And I think there's some confusion about
15 the technicality about what that means. We're not
16 voting to revoke; but we're voting to revoke to go
17 to a hearing. I think that's a difference without a
18 difference. I don't think that's the right --
19 whatever that thing is called.

20 I think that, certainly, when you -- what
21 your action will cause today is effectively going
22 forward on a revocation.

23 So, certainly, I just want to make sure
24 that, you know, why are we doing this today is the
25 question? This school had its Board of Finance

1 suspended in August. So why are we moving forward
2 today? Why did the audit change the decision of the
3 Public Education Department? And I'm sure
4 Mr. Aguilar will -- would like to speak to that.

5 But, certainly, there's precedence by this
6 Commission -- and I'm giving this for the benefit of
7 the new Commissioners -- that charter schools who
8 had had their Boards of Finance suspended exist
9 today. And those charter schools, frankly, if you
10 look at their audit findings and the level of
11 significance of those findings, are far more
12 substantial, in my opinion. And we can debate that
13 at a later date. And that's not my point here.

14 But the point is that they have been
15 allowed to go through a corrective action process.
16 And, in fact, those schools have not only been
17 allowed to do that, because there was effectively no
18 immediacy, I suppose, on the part of the Department
19 to move forward on a revocation; but they were
20 allowed to complete their Corrective Action Plans
21 and been renewed.

22 And I think that's significant. And
23 during the presentation by Mr. Craig and
24 Mr. Aguilar, those schools -- McCurdy, and the
25 Southwest Schools -- they were brought to your

1 attention. Those schools still exist today, even
2 with the fact that the FBI came in and took records
3 from a particular school. That school is still open
4 and operating today. And they haven't recommended
5 revocations for that particular school.

6 Now, although there's not -- this is not
7 the sa- -- the PEC has not offered any -- or the PED
8 has not offered any information to suggest that the
9 circumstances giving rise to the audit findings in
10 FY '16, that they are continuing today. That audit
11 was for 2016. You don't have information before you
12 today to indicate whether or not -- and Mr. Craig,
13 and maybe Mr. Aguilar will say so -- but we
14 certainly received no -- and Mr. Craig said this
15 during his discussion, that he would call the
16 school. He would make sure that they knew that they
17 were in trouble, and they weren't doing what they
18 were doing to be doing.

19 That hasn't happened. Since this school
20 was suspended in August of 20- -- of last year, they
21 have not been notified by the Department, Mr. Craig
22 or other -- that they are not complying with the
23 Department's corrective action requirements. So
24 there's no truth to the fact that these issues that
25 the auditor saw in the FY '16 audit are necessarily

1 continuing in FY '17. And I think that's important
2 for the Commissioners to consider.

3 So according to the -- and now, I want to
4 move to the procedural place where we are today,
5 because we don't -- we're not here to argue the
6 merits. We have audit findings. That is not
7 something we can dispute.

8 But what we're talking about is
9 procedurally, where should this be before the
10 Commission? Should we be revoking -- or moving to
11 revoke today? Or is there some other process that's
12 been applied to other charter schools in similar
13 situations?

14 And the answer is, "Yes."

15 If you look at your charter -- the
16 contract, that's where we have to start, because
17 according to the charter school contract, the
18 threshold question before the Commission today is --
19 before they respond to the Public Education
20 Department's recommendation, is whether or not there
21 are exigent circumstances to close this school
22 immediately.

23 So before you take the step of voting to
24 commence that revocation proceeding, we're asking
25 you to review and consider some of the relevant

1 provisions of your contract with this school.

2 The following provisions govern
3 circumstances giving rise to a decision to revoke.
4 And that is in Section 4.03, subparagraph A, of your
5 contract with La Promesa.

6 It provides that the Authorizer is
7 required by the Charter Schools Act to maintain
8 criteria, processes, and procedures that the
9 Authorizer and its designee will use for ongoing
10 oversight of organizational, financial, and academic
11 performance of the school.

12 According to these criteria, processes,
13 and procedures -- or, accordingly, these processes
14 are set forth in Article 7 -- or I'm sorry --
15 Article 4, Article 5, and Article 8 below, and,
16 actually, in Article 11, primarily.

17 If you look at Article -- so that is --
18 how the PEC proceeds today when deciding to revoke,
19 even with PED's recommendation, is governed by the
20 terms of the -- of -- the processes and procedures
21 that are outlined in the contract.

22 And so those processes and procedures are
23 governed under Article 11 of your contract with the
24 school. And they mirror, or they incorporate, the
25 requirements of the Charter Schools Act at

1 Section 22-8B-12, subparagraph L.

2 Article 11 says -- Article 11.01
3 specifically does say that the Commission is not
4 required to allow a Corrective Action Plan if an
5 unsatisfactory review warrants revocation.

6 And we recognize that. But the contract
7 and the Charter Schools Act delineate between when
8 the Commission should act exigently and when other
9 steps to ensure full due process should be
10 implemented.

11 Section 11.02 of the contract provides for
12 imposition of a Corrective Action Plan, unless the
13 Authorizer determines that the circumstances require
14 immediate revocation.

15 And so I'd like to give you some facts to
16 ponder when you decide whether or not immediate
17 revocation for this school would be appropriate.

18 First of all, we contend that there are
19 neither exigent circumstances, nor reasons for
20 immediate revocation. And we ask the Commission to
21 consider the following:

22 Immediate closure would suggest that
23 there's something that's ongoing at the school
24 evidencing recalcitrance or defiance to follow the
25 Department's directives on correcting the problems

1 that were identified in August and in this audit
2 finding.

3 Moreover, the Department has not
4 identified anything that -- with regard to the 2017
5 fiscal year, where we're doing -- where these issues
6 of the current audit -- or the audit before you
7 today -- are continuing.

8 Currently, the PED is in control of the
9 school's finances; so they're under control of the
10 PED. They have protec- -- the public dollars are
11 being protected by that oversight.

12 The Department has directed the school to
13 hire its current business manager, which is the
14 Vigil Group. I believe most of the Commissioners
15 are aware of the Vigil Group as well-respected. In
16 fact, they were hired at the direction of the
17 Department for this school.

18 There should be no concerns currently that
19 the public funds that are spent by this school are
20 at risk, because the Department is signing the
21 checks. The Department directs the school's
22 finances through the business manager. So any
23 assertions of continued mismanagement or failure to
24 follow general accounting standards is seemingly the
25 responsibility of the Department.

1 A substantial number of the findings that
2 were apparent to the PED in August -- a substantial
3 number of the findings that you see right now were
4 apparent to the Department in August. And they
5 didn't choose to close the school; they chose to
6 suspend the Board and to put the school on a
7 Corrective Action Plan.

8 And I think it's very important to
9 understand, and for the new Commissioners on the
10 Commission, that the personnel responsible for the
11 prior year audit issues are no longer at the school.
12 That is the head administrator, the business
13 officer, and the business manager. As of this -- as
14 of late last year, they were terminated and/or
15 resigned from their positions.

16 The school has recruited new board members
17 with experience relevant to financial management.
18 One of those is a retired brigadier general.
19 Another one is an auditor. We have done training
20 with that school to make sure that they understand
21 the immediacy and the importance of what's going on
22 with the school. They continued to hang in there,
23 understanding how significant their particular
24 situation is currently and how precarious it is.
25 They're not shirking the responsibilities or trying

1 to argue they're not responsible for the findings.
2 They are taking it very seriously.

3 The Head Administrator has been working,
4 since they took over the Board of Finance, with the
5 PED cooperatively and with the Vigil Group. We have
6 developed -- and the school has developed and passed
7 new internal controls and financial policies. They
8 were passed by the governing board this last
9 meeting. Many of the audit findings have already
10 been addressed, and a Corrective Action Plan has
11 been in place.

12 And I think it's important, during this
13 period of time, the Department has not raised any
14 concerns that what we're doing is out of line.

15 And Mr. Craig even noted to you during his
16 discussion that if there was a problem with the
17 school not responding to his directives, he would
18 make sure they knew he was serious. And this just
19 hasn't come up.

20 And what is most confusing about where
21 this recommendation came from is as early as
22 January 27th of this year, Mr. Craig sent an e-mail
23 to Mr. Jones, which is in your packet, saying,
24 "Here's the things that you need to fix, and we look
25 forward to working forward -- working with you on a

1 plan to reinstate your Board of Finance."

2 If the Department thought that there was
3 exigent circumstances to close this school, why
4 would the Director, who just sat before you, say,
5 "We're looking forward to putting you on a plan to
6 get this school going forward"?

7 And he knew full well all of the audit
8 findings that are before you are in this
9 current-year audit.

10 The PED's recommendation does not
11 articulate an urgent situation, where it's
12 appropriate to immediately revoke. So according to
13 the contract, the process for imposing a corrective
14 action today should be to put the school -- give the
15 school notice of unsatisfactory performance, give
16 them the opportunity to respond, as -- as is forth
17 in Section 11.02A through D with a Corrective Action
18 Plan within ten days.

19 And, in fact, Mr. Jones has already, on
20 his own, instituted a Corrective Action Plan and is
21 in -- if I understand, currently in the process with
22 the Division Director working on a further
23 Corrective Action Plan, now that the audit findings
24 are out, to respond.

25 And so you would have that in front of

1 you. And then from that point, you can either
2 decide the school is not taking this seriously, or
3 that's not sufficient, and then move to revoke, or
4 require the school to complete the Action Plan.

5 And then at that point, if they don't
6 follow the Corrective Action Plan and fix -- get
7 their Board of Finance back within the time line
8 presented, or do whatever conditions you deem
9 appropriate on that action plan, then it would be
10 appropriate to move to revoke.

11 And I believe that is what you have done
12 in other circumstances where the Department has
13 suspended a Board of Finance with significant audit
14 findings.

15 So in conclusion, we ask -- and I'm going
16 to let Mr. Jones speak. And maybe you don't want me
17 to talk anymore, and maybe you have questions for
18 him. Because I do recall at the last meeting,
19 Commissioner Toulouse did request information about
20 the school's academics. And Mr. Jones is certainly
21 here today to prepare to speak with you about that,
22 if that's something the Commission would like to
23 talk about.

24 So I'll pause here, get direction from the
25 Commission as to how you would like for the school's

1 presentation to proceed, or if you have questions
2 for me.

3 THE CHAIR: Commissioners, does anyone
4 have any questions directly to Ms. Matthews at this
5 point?

6 Okay. Seeing none, Mr. Jones, certainly
7 continue.

8 MR. CHRIS JONES: Good morning,
9 Madam Chair, members of the Commission. Let me
10 apologize. I'm suffering from a sinus infection.
11 So if you cannot understand what I'm saying or if my
12 words are muffled, please forgive me. I will try to
13 enunciate to the best of my ability, considering my
14 nasal passages are a bit congested at this time.

15 I just want to reiterate that we have
16 taken this situation very seriously. On
17 August 12th, we were given an initial financial
18 oversight plan. We have abided by that oversight
19 plan. We have worked very closely with the Vigil
20 Group, as well as Mr. Craig, to ensure that we are
21 compliant. There has not been resistance from the
22 school when it comes to the management of finances.
23 We have followed the processes put forth. And I
24 truly do believe that the actions that we have taken
25 have definitely demonstrated our knowledge of the

1 seriousness of the situation; and, not only that,
2 but the fact that we want to work to correct the
3 problems that were found.

4 To this date, we still do not have a
5 formal Corrective Action Plan. However, we did take
6 it upon ourselves to develop one, because we did
7 note the urgency of the matter, and we wanted to act
8 very quickly to ensure that the things that happened
9 in the past did not continue.

10 I do want to say, also, that we have
11 management actions that are associated with the
12 current audit, with the FY '16 audit. Our
13 management responses had dates. And those dates for
14 completion were June 2017.

15 However, understanding the severity of the
16 situation of those findings, we have acted more
17 expediently to ensure that we have policies in place
18 to ensure that we are getting the required training.
19 So I do feel that we have made a good-faith effort
20 to go above and beyond what is required of us at
21 this time.

22 I also would just ask, before I touch on
23 the academics, that you give us a fair opportunity
24 to address some of these issues that have been noted
25 and been presented to you by Director Poulos.

1 In terms of academics, if it's okay if I
2 can speak to that at this time, I do want to
3 reiterate that we have met our performance framework
4 indicators. And I did provide you with a packet
5 that will demonstrate that our students, in the
6 first two short-cycle assessments, were able to meet
7 their performance framework indicators.

8 I do also want to remind members of the
9 Commission that these indicators were negotiated
10 with the Public Education Commission when we were
11 reauthorized. And the point of these indicators is
12 for the school to go ahead and prove that our
13 students are growing and making substantial growth.
14 And I do believe that we've demonstrated that.

15 Last year, as well, our ACCESS scores will
16 provide information that our English Language
17 Learners, which our school does have over 70 percent
18 English Language Learners population; over
19 100 percent economically disadvantaged population is
20 what we serve -- they have also met their English
21 language development goals in the previous school
22 year.

23 So I do feel that the efforts of myself
24 and my administrative team, as well as my staff, who
25 has worked diligently to address the needs of our

1 students in these tough times for our school, I do
2 feel that we are getting ourselves back on track,
3 and I do ask that you review what I have submitted,
4 and I do ask that you allow for additional time to
5 prove that we are a school who is not only
6 compliant, but are serving our students at a high
7 level.

8 THE CHAIR: Commissioners, any questions
9 at this time?

10 COMMISSIONER CABALLERO: Yes. Can you
11 tell me a little bit more on the improvement of
12 student performance?

13 MR. CHRIS JONES: Sure. Yes, sir.

14 MS. PATRICIA MATTHEWS: Do you want to go
15 through the documents?

16 MR. CHRIS JONES: Yes, Commissioner
17 Caballero. I would like to, if you would give me an
18 opportunity to pull up my documents, I would like to
19 summarize the document that was provided to you.

20 I apologize, members of the Commission.
21 Sometimes technology can be your best friend, or it
22 can be one of your worst enemies.

23 MS. PATRICIA MATTHEWS: Katie, did you
24 happen to have a copy of the packet? I apologize;
25 but I did not print it out. That's why I didn't

1 print it out.

2 MR. CHRIS JONES: Thank you, Director.
3 Thanks.

4 THE CHAIR: Can I just tail into that
5 particular point? While you're addressing the
6 student assessment, to expedite things, if you could
7 also address the significant decrease in student
8 growth, lowest performing students, between last --
9 '14 and '15 school year, when you're -- when you're
10 talking about assessment? I'd appreciate it.

11 MR. CHRIS JONES: Sure. If I may --
12 Madam Chair, members of the Commission, if I may
13 invite my assistant principal to join us. I do want
14 to mention and put on record that I did accept this
15 position. In September, I was named permanent
16 director. I was not at La Promesa in the previous
17 school year. So for me, I can only address what
18 we're doing currently, and I could not personally
19 speak to the performance of students in the previous
20 school year.

21 THE CHAIR: Thank you. And let me just
22 remind you to identify yourself for the record.

23 MS. JACKIE RODRIGUEZ: Good morning. My
24 name is Jackie Rodriguez. I'm the assistant
25 principal at La Promesa. I'm in my second year as

1 the assistant principal of La Promesa Early Learning
2 Center.

3 MR. CHRIS JONES: They're at the end.
4 This is quite the packet, Members of the Commission.

5 THE CHAIR: It was.

6 MR. CHRIS JONES: It was, wasn't it? I'm
7 looking for the overall student performance.

8 COMMISSIONER CABALLERO: I could share my
9 packet with you, if you'd like.

10 MS. POULOS: I have another one.

11 COMMISSIONER CABALLERO: You have another
12 one?

13 MS. POULOS: Yeah.

14 MR. CHRIS JONES: What I'm looking for is
15 the pie charts and the bar graphs.

16 THE CHAIR: Page 68 and 69? Are those the
17 charts you're looking for?

18 MR. CHRIS JONES: The bar graphs will give
19 us an overall snapshot of school performance.

20 THE CHAIR: Because there are some on 69,
21 as well. So I don't know which pie charts you're
22 looking for.

23 MS. POULOS: Bar graphs. Those are in the
24 140s. So looking at 144, I think is what you're
25 looking for.

1 MR. CHRIS JONES: 144. Thank you.

2 Okay. I apologize. So what we're looking
3 at on Page 144 is where we go ahead and -- we're
4 looking at the reading comparative growth of our
5 students. And with that in mind, we also have --
6 below the bar graphs that you're looking at, we have
7 our performance indicator goals.

8 Right below, you'll see that there is a
9 Does Not Meet standard, a Meets standard, and an
10 Exceeds standard.

11 In bold for you, you have the Meets
12 standard, which calls for between 75 to 89 percent
13 of students to show growth in reading. The same
14 goal holds true for mathematics.

15 The way this is calculated is by looking
16 at one of our reports from Discovery Education. And
17 within that comparative growth report, students are
18 identified as making average growth, above average
19 growth, or below average growth, which is indicative
20 of a school year in the amount of growth that takes
21 place in one school year.

22 Now, what you're seeing in front of you,
23 with our average and above average growth, is an
24 85 percentage rate for reading, which shows that
25 between Test A and Test B, 85 percent of our

1 students, according to the negotiated agreement with
2 the Public Education Commission and the reports from
3 Discovery Education, show that our students had
4 already made one year's growth within that short
5 time frame.

6 So that is the first graph that I wanted
7 to bring to your attention. And, again, it does
8 show that 85 percent of La Promesa students between
9 kindergarten and eighth grade made average or above
10 average growth.

11 The next would be mathematics, and that is
12 on Page 147. Now, the same standards do apply in
13 this instance. And in this case, it does show that
14 between Test A, which was administered in September
15 of 2016, and November of 2016, when Test B was
16 administered, it shows that 86 percent of La Promesa
17 students made average or above average growth in
18 mathematics.

19 So what we are looking at and what we have
20 in front of us is evidence that our students have
21 already met the negotiated performance indicators.
22 That packet was also provided to you at one point in
23 the past. It was sent directly to Chairwoman
24 Gipson, especially for the new Commissioners to
25 review.

1 However, right below, you will see the
2 standards that we were to meet, and you will also
3 note, through these bar graphs, that we have met our
4 goals in both reading and mathematics.

5 MS. JACKIE RODRIGUEZ: I don't have the
6 reports in front of me; but thinking -- and I do
7 know the report you were referring to is the D to F
8 grade -- or C grade to F grade for this school year.
9 I don't have it in front of me. But what I do
10 remember, if you look at the school percentage of
11 proficient students, we did make gains from one year
12 to the next.

13 THE CHAIR: Okay. From what I'm reading,
14 there was a significant drop in the growth of the
15 lowest percent from the year before last and last
16 year. So that's what I was asking to address.

17 So there didn't appear to be -- there was
18 a decrease in the number of students --

19 MS. JACKIE RODRIGUEZ: And you're looking
20 at the school growth in this report?

21 THE CHAIR: Correct.

22 MS. JACKIE RODRIGUEZ: Okay. So I can't
23 speak from -- as I told you, I was only here last
24 year. But from this report from last year moving
25 forward, we have taken steps to identify and

1 readdress data and look at our lowest performing
2 students in a different way than we did last year --
3 and I could speak to that -- in identifying and
4 establishing early interventions and providing
5 resources in the hands of our teachers that they
6 didn't have prior to that.

7 I see that there will be a significant
8 increase in our Quartile 1 students, which are our
9 lowest performing students. We not only looked at
10 PARCC, which is the only data that's pulled into
11 this report; we looked at our Discovery Education
12 assessments from both Test A, Test B; and we're
13 currently in the process of doing data analysis for
14 Test C, which just completed this week, as well as
15 our Istation, which is another test we have with our
16 kinder through third grade students.

17 So our teachers are looking at many pieces
18 of data to identify the Quartile 1 students to help
19 increase that performance indicator within that
20 grade reporting.

21 MR. CHRIS JONES: Madam Chair, members of
22 the Commission, might I also touch on something else
23 that is in your packet, as well?

24 A School Improvement Plan was approved by
25 our governance council, and is included in your

1 packet beginning on Page 212. 212.

2 What you will see in front of you with our
3 School Improvement Plan is the fact that the school
4 acknowledges the growth, or lack thereof, when it
5 comes to Q1 students, which are our lowest
6 performers, as well as our Q3 students.

7 What we have determined as a school is
8 that it was very important for us to focus a lot of
9 our energy, a lot of our professional development, a
10 lot of what we do in terms of resources, on
11 identifying the needs of our Q1 students and Q3
12 students. However, that does begin with identifying
13 these students.

14 And it's important that our teachers --
15 and many of you who are educators do understand that
16 there's a lot of data available. There are a lot of
17 reports; but it's a skill to read those reports.
18 Having data in front of you does not mean that it's
19 going to influence your instruction.

20 Now, with that in mind, what we have done
21 is we focused a lot on understanding those reports,
22 so our teachers can identify who are your lowest
23 performing students, who are truly your Q1 students,
24 and who are your Q3 students; from that point,
25 creating a plan of action to address the needs of

1 these students through early interventions, through
2 differentiated instruction.

3 And so as opposed to looking at the
4 overall picture of student proficiency, we have
5 isolated these students to ensure we're meeting
6 their individual needs. By that, we have more
7 referrals to our SAT team to make sure we're putting
8 our brains together and working on these
9 interventions.

10 That is a Student Assistance Team, for
11 those of you who aren't familiar with the SAT
12 process. That is a series of interventions between
13 four to six weeks, in which we really do focus in on
14 the growth of our kids, and we monitor it through
15 progress monitoring.

16 That's one instance. And not only that,
17 but with our Q3 students, we have utilized a lot of
18 our technology-based programs, project-based
19 learning, other things that we've instituted this
20 current school year to make sure that our students
21 who are capable are getting their needs met, as
22 well. So we're helping them to accelerate instead
23 of stagnate.

24 And we understand the importance of
25 meeting their needs. And so we have focused, as I

1 mentioned previously, our energy and our efforts on
2 identifying these kids and making sure that we are
3 serving them at a high level, as well.

4 We, like you, want all of our students to
5 succeed. Regardless of our demographic, we want to
6 ensure that all of our kids have a chance to make
7 it. We want our kids reading at grade level. We
8 want all of our kids to either find a really stable
9 and suitable career or enter college. We want the
10 same thing, and we are going to work diligently to
11 make sure we identify these kids, work with their
12 families, and give them the education that they, of
13 course, deserve.

14 But it is, of course, an ongoing process,
15 and it's a challenge. And when you're in the
16 classroom on a daily basis, it's a very difficult
17 job. However, we are accountable to our students
18 and to our families. We have held our enrollment.
19 Our families have not been deterred by the media
20 coverage. They have not been deterred by our
21 "F" letter grade. Our families are very much in
22 tune with the programs that we offer. And they come
23 to our Parent Connection nights on a monthly basis,
24 and they participate in workshops along with other
25 highly qualified teachers who are instructing them

1 on ways in which they can support their students at
2 home, because it does take a community.

3 So we're aware of the Q1 and Q3 growth.
4 And we are -- through the School Improvement Plan,
5 you will find we are addressing those things.

6 THE CHAIR: Commissioner Caballero?

7 COMMISSIONER CABALLERO: One question.
8 You mentioned the percentage of Hispanic students
9 you have in your school. What is that percentage
10 again?

11 MR. CHRIS JONES: Right now, according to
12 our data, and if you were to look at our district
13 report card, it is above 70 percent of students who
14 are English Language Learners.

15 COMMISSIONER CABALLERO: Oh. And you did
16 mention you have 100 percent low-income?

17 MR. CHRIS JONES: We have 100 percent of
18 our students classify, or qualify, as economically
19 disadvantaged or low-income.

20 COMMISSIONER CABALLERO: Do you have a
21 handle of how many of those low-income students,
22 Hispanic, fit into your assessment of needing
23 individual help?

24 MR. CHRIS JONES: Sure. And, Commissioner
25 Caballero, we do serve -- I would say -- and I would

1 have to look, so please forgive me -- the majority
2 of our students are Hispanic. So we have about a
3 97 percent Hispanic population.

4 So when we look at those numbers, they all
5 fall into either Q1, Q3. So the majority of our
6 students are Hispanic. And so for us, it is
7 important to look at the ethnicity of our students.
8 But the majority of them who are Q1 students are
9 Hispanic; because that's the institution that we
10 are, and that's the population that we serve.

11 COMMISSIONER CABALLERO: And I understand
12 you're new in your position. What -- what has been
13 your challenge in faculty, having known that you
14 have these challenges? And if you can elaborate a
15 little bit on that, and maybe give me a sense of
16 what your parents' involvement in the school is?

17 MR. CHRIS JONES: Commissioner Caballero,
18 that is a really good question and an important
19 question to consider.

20 When our Board of Finance was suspended,
21 of course, we had many issues. And let me just
22 revert back to finance and say we had to work
23 through some very immediate issues with payroll.
24 And we did that with David Craig and the Vigil
25 Group.

1 We actually prioritized our list. Our
2 teachers received payment up to five days late of --
3 our Board of Finance was suspended. And for all of
4 us, you can only imagine how difficult it is to
5 maintain morale when not only you see your school on
6 the news, and there's a possibility that your school
7 is in jeopardy of closing. At that time, that
8 wasn't the conversation; but one can only infer.

9 However, our staff, we were able to rally
10 back, and we were able to really focus on the needs
11 of our kids. And what we did is we were very
12 transparent. Myself, as a new head administrator, I
13 called many meetings with my staff, and I let them
14 know exactly what was going on.

15 When we had issues with delayed payments,
16 I also let them know exactly what had happened. So
17 for me, the biggest challenge was maintaining
18 morale; because it's a difficult job to be in there
19 on the front lines every single day with students,
20 and you cannot afford to take days off when you are
21 in that position, mentally or physically. You have
22 to be present.

23 So for me, that was the biggest challenge.

24 After that came trying to change the
25 culture and making sure that we all understand where

1 our students are when it comes to their performance,
2 understanding how to read the data, and
3 understanding how to influence our instruction based
4 on the data that we had in front of us.

5 So that would definitely be the most
6 difficult thing that we dealt with, that I dealt
7 with as head administrator.

8 I did lose one teacher. We lost a
9 second-grade teacher. And as you can only imagine,
10 trying to replenish that position -- considering all
11 of our media coverage, that was very difficult.

12 We are a dual-language, 50/50 immersion
13 program. It is very difficult to find bilingual
14 teachers who are highly qualified. And I will tell
15 you I am proud to say we are fully staffed. We are
16 fully staffed with highly qualified individuals that
17 possess the qualifications. That's difficult to do.
18 For us, morale was the biggest issue.

19 As far as parent involvement is concerned,
20 members of the Commission, you can tell by our
21 previous turnout at the previous meeting, by some of
22 the media coverage, if you have sat back and
23 watched, our parents are fully committed to what
24 we're doing. They come. We have a really good
25 turnout at every single one of our Parent Connection

1 events. They come out; they contribute; they come
2 out to learn as much as they can. They support the
3 school in many, many ways, from joining our PTA, to
4 assisting with these functions that we have at
5 school, to volunteering. We have a really good
6 commitment when it comes to our parents.

7 And, yes, they are well aware that we have
8 an "F" letter grade. However, many of our students
9 have been with us for years and years. And they
10 have a complete understanding of the academic
11 program. They have a complete understanding of our
12 staff, of our administration, and they understand
13 our commitment. So for us, that has been our number
14 one asset, which is our community, which is our
15 families, also.

16 THE CHAIR: Commissioners, any other
17 questions? I have a question, going back to
18 assessment.

19 You -- when you mentioned your Discovery
20 scores and that each -- or 85 percent, about, had
21 achieved a year's growth, my question is, can you
22 give me any sense of how far below grade level your
23 students were?

24 Because we've all had this discussion that
25 just a year's growth -- if you are five years

1 behind, a year's growth is applaudable; but it's not
2 moving us in the direction that we want.

3 So can you give me any sense of how far
4 below your -- what was your average below grade
5 level?

6 MR. CHRIS JONES: Madam Chair, members of
7 the Commission, the Discovery Education assessment
8 does not provide grade-level equivalents. So one
9 thing we cannot do is we cannot determine the exact
10 grade level in which our students are functioning.

11 What we can do is we can also determine
12 proficiency rates of our students. So when you look
13 at overall proficiency, you can determine who's at
14 grade level when it comes to meeting those
15 particular standards at that particular moment in
16 time.

17 In addition to grade-level proficiency, we
18 have this growth. And I think the importance of
19 understanding why this was agreed upon was because
20 of our institution, the population that we serve.

21 They learn for half of the day in Spanish,
22 half of the day in English. So we have many goals.
23 Biliterate and bilingual students, that's one of our
24 goals, and that's part of our mission.

25 As far as giving you raw data of the

1 number of students who are at a second-grade level
2 or a third-grade level, the only thing we can
3 provide you -- and I would be happy to provide you
4 with -- are separate graphs that indicate the level
5 of proficiency at each grade level.

6 However, that is not a part of the
7 agreed-upon goal that was a part of the
8 reauthorization process. We are very cognizant of
9 the fact that some of our students are below grade
10 level, and we are addressing that. We want
11 100 percent proficiency for all of our students.
12 Please understand that.

13 Now, all we can do is make strides toward
14 reaching that goal, which, based on my
15 understanding -- and I'll be the first to admit to
16 you that I, like many other head administrators,
17 don't know the formula when it comes to the
18 value-added model. I could not compute that for
19 you; I could not speak to that.

20 However, that's often dangled when it
21 comes to public -- public information. When we
22 share, we hold up a value-added score, and we say,
23 "You're an 'F.'" But that isn't realistic. That
24 isn't a realistic picture.

25 I can tell you that we do want all our

1 students to become proficient. And I would be more
2 than happy to share with you the growth our students
3 have made when it comes to proving they're at
4 Achievement Level 3, which means they are
5 proficient, or Achievement Level 4, which means
6 above proficiency, that they have exceeded
7 expectations. And I would be happy to share that
8 information with you at this time -- at a later
9 date.

10 THE CHAIR: At a later date.

11 MR. CHRIS JONES: Excuse me.

12 THE CHAIR: Commissioner Toulouse?

13 COMMISSIONER TOULOUSE: Madam Chair, I
14 know with the switch from the younger students to
15 "Ice" this year, it's a whole different kind of
16 test. Are you able to compare previous results from
17 DIBELS to the "Ice"? And are you finding, with
18 these students who are English Language Learners and
19 whatever, you are having a harder time administering
20 that test?

21 MS. JACKIE RODRIGUEZ: The benefit of
22 Istation is we do have it both in English and
23 Spanish. So when we make decisions based on our
24 Quartile 1, we make our decisions based on their
25 language proficiency or their primary language at

1 home.

2 We are identifying quartile in two
3 different ways. So to address both the bilingualism
4 and the biliteracy piece, as well as looking at
5 Quartile 1 and research with language acquisition,
6 we play with all those factors to ensure we're
7 giving them the quality instruction.

8 So Istation has been a great tool. I
9 don't know, off the top of my head -- we can provide
10 graphs and provide that, as well, and look at the
11 growth from the end of the year till now, because
12 our teachers are using it consistently.

13 But we definitely look at Istation in both
14 the English development and Spanish development and
15 their biliteracy and identify the students for the
16 SAT process in using those tools to make sure we're
17 identifying the students appropriately, as well.

18 A student that is bilingual typically
19 takes five to eight years to acquire a second
20 language. So those are some of the factors we take
21 into account when we're making the SAT referrals and
22 looking at and ruling out the fact that they have
23 not yet acquired the language.

24 So we do look at Istation. In comparison
25 to DIBELS, we haven't looked at it from year to

1 year. However, we are looking at Istation
2 consistently for --

3 COMMISSIONER TOULOUSE: Oh. I was
4 thinking for our purpose, for us to see that there's
5 been growth, we sort of need to figure out a way to
6 see it.

7 The other part I was thinking about -- not
8 necessarily the bilingual; and I know you do it once
9 a month, I guess -- is the technology aspect for
10 many of our young students who are either not
11 technically literate or it's the first time they get
12 to play on a computer. I was wondering about the
13 time it takes to do that.

14 MR. CHRIS JONES: Commissioner Toulouse?
15 May I also inject that it was very difficult for us
16 to implement Istation. It was rolled out maybe a
17 month prior to the school year beginning. It
18 required a lot of training, and it was really a
19 tough time for our teachers to make the transition.

20 It is a technology-based assessment. They
21 do recommend that you take it whole-group, similar
22 to the way that the PARCC assessment is
23 administered. So it's a change for our students.

24 Discovery Education is the same type of
25 test, and it does require certain technology skills;

1 not only that, but perseverance and staring at a
2 screen for that period of time.

3 I will tell you one of the things that
4 we've done is we have also implemented other blended
5 learning components to ensure our students have
6 screen time and can adjust their eyes and persevere
7 through these tests.

8 PARCC is a long assessment that's very
9 difficult, very rigorous. If you do not know how to
10 operate the mouse and use the tools on the screen,
11 you have very little chance of performing well.

12 With us, we have implemented, Grades 5
13 through 8, a blended learning component that calls
14 for a lab rotation model. And students have learned
15 both face-to-face from teachers, as well as through
16 the online curriculum.

17 So we're trying to expose them to the
18 trend in education, which is to embed technology.

19 So, Commissioner Toulouse, I would
20 reinforce that it is a difficult fete. It's a
21 challenge for our students.

22 COMMISSIONER TOULOUSE: I'm speaking from
23 experience in that I have a niece who is a
24 first-grade teacher in one of the schools whose
25 turnover is basically, she doesn't have the same

1 kids now she had at the first of the year, and
2 probably won't at the end, that they can't do it as
3 a group. She's having to do it individually, and
4 the time it is taking with each of these students to
5 do the assessment.

6 And -- but my other concern here, as
7 administrator, is being able to compare progress
8 from year to year, which when they change like that,
9 you can't.

10 I'm aware -- by the time they get to
11 Discover, they should know more. But I'm also
12 thinking about a five-year-old grandson who I'm not
13 sure has the attention span to sit in a group and do
14 it, as opposed to sitting there with somebody
15 saying, "Okay, do it, do it, do it."

16 And so I do have a certain knowledge I'm
17 speaking from; because I'm interested in us really
18 knowing where the kids are, and not whether they've
19 developed certain skills that may help them later,
20 but it's not necessarily what they're learning up
21 here.

22 So, thank you very much.

23 THE CHAIR: Commissioners, any other
24 questions?

25 If not, I'll ask the Deputy Secretary to

1 provide the information he's here to --

2 DEP. SEC. AGUILAR: Thank you,
3 Madam Chair.

4 I want to address a number of issues that
5 the Public Education Department has raised. And
6 then I want to respond to a couple of comments that
7 were made.

8 The first thing I want to talk about a
9 little bit is -- and we had a little bit of a
10 presentation earlier -- is are the responsibilities
11 of the Public Education Department. It's not a
12 singular-focus department. And so the different
13 components, the Secretary under her broad provisions
14 under the law, and the responsibilities of the
15 Department under its broad provisions of the law,
16 oversee all of public education in the State of New
17 Mexico.

18 And those components are varied. You've
19 had the opportunity -- you've worked with one
20 division all the time, the Charter Schools Division.
21 And they have a set of responsibilities that's
22 focused on the charter school law and the
23 implementation of those provisions.

24 The School Budget and Finance Analysis
25 Bureau that you heard from this morning, Mr. Craig,

1 is focused on a different point.

2 And so it's easy to conflate comments and
3 discussions and e-mails that are made over time as
4 saying, "Well, the Department is speaking out of
5 both sides of its mouth."

6 Actually, the Department has different
7 responsibilities. The group that responds to me --
8 and Mr. Craig is part of that group -- has a
9 responsibility for fiscal oversight of all public
10 education in the State to ensure that the public
11 trust is preserved and that dollars are spent
12 appropriately.

13 It would be a breach of that
14 responsibility for us to have taken over the
15 La Promesa Charter School and then allowed
16 everything to continue to degrade, just so we could
17 get to a revocation situation.

18 So the nature of that part of the
19 Department is to, in fact, identify problems. It's
20 to work with the school and to make recommendations.

21 And so the idea that -- that Mr. Craig
22 would communicate to the -- to the -- the school
23 that, "We want to work to get you off of -- off
24 of -- Board of Finance back to you," that's
25 absolutely true. We're not in the business of

1 running schools. And so the work that he does is to
2 get the school back on a solid footing.

3 And it's also the job of the Charter
4 Schools Division to implement the provisions of the
5 Charter School Act, which are different. And so
6 it's not either/or; it's both.

7 And so I think that's really an important
8 component to think about as we have this discussion
9 today.

10 A number of comments were made by both
11 Ms. Matthews and the director of the school that are
12 interesting and, I think, need some clarification
13 and some response.

14 And so let's be clear, Madam Chair.
15 The -- what we're talking about in front of us now
16 are the information that you're considering to make
17 your decision has a lot to do with the charter
18 school audit that was released on Wednesday. And
19 that audit is a disaster. And there's no other word
20 for it.

21 The idea that a public entity of any level
22 and of any size would have a disclaimed audit,
23 which, in layman's terms, means that the books are
24 in such bad condition that an auditor cannot make --
25 cannot form an opinion, either a good opinion or a

1 bad opinion, because the information is not there.

2 And so does that go back to FY '16? Yes.

3 Did the takeover of the Board of Finance
4 take place in FY '17, about a month and 12 days
5 later? Yes.

6 But does that mitigate the fact that
7 actions have not been taken? Or actions that
8 were -- have been -- have been taken, or
9 thereabouts, were the -- on the initiative of the
10 school, or were they out of the initiative of the
11 Public Education Department? And that is a key
12 component.

13 I saw some e-mails go back and forth over
14 the last few months that -- over the last few days,
15 actually -- that would suggest that, well, the --
16 you know, Mr. Craig has -- has told the school that
17 they have been responsive to his requests.

18 That's true. But the school has not acted
19 on their own initiative to solve these problems.

20 Let's be clear. The idea of hiring a new
21 business manager was not the idea of the school; it
22 was a directive by the Public Education Department.

23 The idea of getting payroll under control
24 was not the initiative of the school; it was as a
25 directive of the Public Education Department and its

1 oversight.

2 Those are key components. The idea that
3 you were just told that the school felt so compelled
4 to get to implement the -- their Corrective Action
5 Plan in response to this in -- in January of this
6 year, because they felt the imperative, one month
7 earlier, when this audit was submitted to -- to the
8 State Auditor for his consideration as part of the
9 overall audit, reflects a number of comments that
10 talk about the school has taken no action to
11 accomplish this goal in this year.

12 And when you look at the management
13 responses -- and they're -- I'm going to point to
14 just a couple. But they're -- I'm sorry. I have
15 the same problem as Mr. Craig.

16 When we look at -- this is not the right
17 audit. If you can find the right one for me? This
18 is the Health Sciences.

19 So when you think about -- and I can
20 paraphrase from memory, because I read this thing.

21 When you think about -- as the management
22 response, "Management is aware of the situation.
23 Management is working with the -- management is
24 working -- management is aware."

25 Let's go with purchase orders, which is

1 purchasing -- that's what -- that's what started
2 this whole problem. There's a condition; there's a
3 criteria; there's a recommendation.

4 Management response. "Management is aware
5 of the issues concerning the issuance of purchase
6 orders prior to ordering goods and services.
7 Currently, management is working alongside the
8 governance council to review policies and procedures
9 in place. Once this review is completed, the
10 school's current director and contracted business
11 manager will take responsibility for the
12 implementation of any new policies or revisions of
13 policies, as well as responsibility for reinforcing
14 current policies and procedures that do not need
15 revision."

16 The anticipated completion of this process
17 is June 2017, one full fiscal year gone without any
18 action.

19 Now, was action taken? I haven't seen the
20 board minutes. I would assume that there was;
21 because I don't expect that folks are going to
22 testify to you that things happen. [Verbatim.]

23 But this wasn't done in December, when the
24 Public Education Department made their first
25 recommendation that you should consider a revocation

1 hearing for this school.

2 A month ago, the time line -- and only a
3 month ago -- the time line was the end of the fiscal
4 year. Now, a month later, because of under threat
5 for this, "Oh, by the way, we got it taken care of."

6 We look at other findings regarding travel
7 and per diem compliance. The school personnel did
8 not follow established procedures.

9 Internal control structures. This is --
10 this is the main finding that caused the disclaimed
11 audit. Journal entries and associated supporting
12 documentation could not be located. Bank
13 reconciliations were done outside of the accounting
14 software.

15 You talk about the possibility of fraud,
16 waste, and abuse when you don't reconcile within
17 your accounting software.

18 Now, I'm not saying that's not being done
19 now; but it's being done because the Public
20 Education Department has mandated that it be done.

21 So when you think about the ongoing
22 situation, I just -- and we talk about corrective
23 action, because the comment was made that the Public
24 Education Department has not asked for corrective
25 action.

1 When the FY '15 audit came out last year,
2 the Public Education Department contacted every
3 single charter school to ask them to create a
4 Corrective Action Plan to deal with their individual
5 audits -- audit findings. Those are submitted.

6 La Promesa's has not -- did not submit a
7 Corrective Action Plan. I can't tell you why. They
8 chose not to -- not to submit a Corrective Action
9 Plan.

10 Does that look like it's taking things
11 seriously? It does not.

12 We talk about -- new governing boards.
13 I'm glad they have a new governing board. I'm glad
14 they have new people in place. But the fact of the
15 matter is that -- what's the word? -- if not -- if
16 not for the actions of the Public Education
17 Department, it's unclear to me that the school has
18 the capacity to take its own initiatives to get
19 things done.

20 And even under our -- even under our
21 watch, payroll is one of the most significant pieces
22 of activity that needs to take place on a daily
23 basis. And although the school is under a contract
24 business manager, the head of school is still
25 responsible for payroll. And just yesterday, two

1 teachers did not receive their direct deposit.

2 So what's going on? Right? And the
3 business manager may stand up and say, "That's my
4 fault. Making payroll is the responsibility of the
5 head of the school."

6 And so it is just -- I used this in the
7 paper the other day -- I didn't mean to -- I meant
8 to -- it's breathtaking that there's a thought that
9 improvement is taking place.

10 So, Madam Chair and members, under the
11 provisions of the Charter School Act, it's not clear
12 to me that -- it's clear to me that the public trust
13 in the expenditures of money at this moment are
14 being -- are being held; but it's being held because
15 of the work of the Public Education Department, not
16 because of the school.

17 I want to talk about two other things that
18 are really important. I'm not just a finance guy;
19 I'm a teacher. This -- so when I taught, we used
20 the -- what was called "Star" interim assessments.
21 It was on a computer. It was the state of the art
22 at the time. This is 20 years ago.

23 And so as I sat with my colleagues and we
24 looked at the results of assessments -- and we were
25 doing it beginning of the year, middle of the year,

1 end of the year -- we were looking for growth. And
2 we were sitting around saying, "I don't understand
3 how these interim assessments can result in children
4 being proficient."

5 And then when the SBA -- that was the test
6 being given at the time -- that so many of them were
7 below proficiency, and some not even approaching
8 proficiency, it's because those -- some of those
9 assessments are not necessarily aligned with the
10 assessment.

11 And so it's unclear to me, as an educator,
12 how a school that has been chronically failing can
13 say, in one year, "All of our students are now
14 proficient because of our interim assessment," when
15 that has not proven out when they take the Standards
16 Based Assessment, now the PARCC. It's unclear to me
17 how that gets -- how that argument can be made.

18 And then, secondly, it's easy to show a
19 couple of graphs. Staff tells me that there's no
20 background -- no supporting documentation for those
21 graphs that said there's movement.

22 The other thing that I found a little
23 concerning -- and this -- for a moment, I'm going to
24 step aside as the Deputy Secretary of Public
25 Education, and I'm going to talk as a Hispanic

1 New Mexican.

2 The comment was made we have high Q1 and
3 Q3 because we have a high Hispanic population. I
4 take offense to that.

5 That's the only comment I'm going to make
6 on that, Madam. And I'm going to step back into my
7 Deputy Secretary's role.

8 Okay. I have a problem with that comment
9 that was made.

10 Now, finally, Madam Chair -- and this is a
11 big one; it's going to take a couple of minutes,
12 because I really want the Commission to understand
13 it.

14 VAM is not dangling out there, the
15 value-added model. The core -- the core structure
16 of the school grading system, as it looks at things,
17 is it looks at the performance of a demographic of
18 children as it's compared to similar cohorts in
19 differing parts of the state, and it compares the
20 growth of those cohorts.

21 And so if you -- if you have a group of --
22 of ELL, high-poverty students, and you have that
23 demographic, and you're moving them from A to B, and
24 there's a teacher in Deming with the same population
25 and moving them from A to B, but there's a

1 difference, your school grade is -- accounts for
2 that.

3 And so it's not just a static measure --
4 well, growth isn't a static measure. But it's not
5 just a measure of growth in and of your own little
6 community; it's compared to how you're doing
7 compared with students around the state.

8 So if you're growing; but compared to that
9 same kid, same type of kid in other parts of the
10 state that's growing more, your grade will reflect
11 that.

12 And so the idea that we have interim
13 assessments that are -- that are showing growth and
14 proficiency, and we don't understand -- and our
15 parents, some who have been with us for seven years,
16 are still with us, because they see the value to the
17 academics that we're providing -- and I'm
18 paraphrasing a little bit; I didn't write the
19 whole -- but that was just said.

20 If you're not improving the academic
21 proficiency of your students over a seven-year
22 period, and the last three years are up and down, a
23 "D," a "C," and now an "F," it's unclear to me that
24 this school is meeting the needs of the kids, which
25 is the primary goal, and, from a fiscal perspective,

1 is meeting the needs of the citizenry of New Mexico.

2 And so based on that, Madam Chair, those
3 are my comments. But based on that, I would urge
4 that this Commission consider revoking the charter
5 of this -- of this school.

6 Thank you, Madam Chair.

7 THE CHAIR: Thank you. And I believe
8 Commissioner Caballero had a question earlier; so --

9 COMMISSIONER CABALLERO: Right. And I'll
10 start off with you may feel an affront to this whole
11 notion of "Hispanic" and the needs that they have --
12 and low-income, because you may be Hispanic, but you
13 may not have come from a low-income family.

14 There is a big difference in the challenge
15 in the schools on how to teach these kids. That
16 school is teaching bilingual, dual-language, which
17 adds another challenge.

18 Now, when they finish school, they're
19 going to be much better off than the New Mexicans
20 that do not know how to speak Spanish. And I can
21 tell you that what we speak in New Mexico is not
22 Spanish. It's another -- it's another -- a
23 linguistically derived of Spanish. And so there is
24 a challenge. There is a challenge.

25 And you may be looking at the school that

1 PED has to follow. But I'm looking at the purpose
2 of charter schools, where they talk about at-risk
3 students. We're trying to create something new that
4 will help at-risk students. And that's their
5 challenge.

6 And to come and say, "Well, all the
7 initiatives have come from PED," but we're here
8 listening to the grievance -- or the purpose of a
9 probable revocation -- because PED is involved. In
10 other words, every single review we have is because
11 of a review and exceptions. But not every review
12 and exceptions that we consider go through a
13 revocation.

14 But your position is that no initiative
15 from the school, because this was done by PED.
16 Well, of course, we wouldn't be here if it wasn't
17 done by PED.

18 So I take that as -- as trying to convince
19 us for no evidence-based.

20 I want to hear from the Department what
21 you did since August, since you dissolved the
22 financial council. If they have been negligent,
23 fraudulent, since you took over the school and its
24 finances, I will listen.

25 And the purpose why I asked about the

1 student performance is that I look at the purpose of
2 charter schools, and I take that to heart. I'm
3 supposed to adhere to that.

4 You may be adhering to something bigger in
5 the public schools. But here in the Commission,
6 we're looking at this, which is very -- very
7 precise.

8 And so my other question is, okay, that
9 audit was released on Wednesday. And then what did
10 you do since December? You just mentioned since
11 December. But nothing concrete, nothing
12 evidence-based of how all the problems that
13 persisted prior to a new director -- because if
14 you -- if the problems were the director, the
15 problems were the financial office, and there has
16 been some changes, then what new can you say since
17 the new director, the new financial office, the new
18 board, that can tell you that we should continue on
19 another hearing to revoke?

20 DEP. SEC. AGUILAR: So, Madam Chair and
21 Commissioner Caballero, thank you for that. A
22 couple of things. You addressed two specific
23 issues. I want to address the first one.

24 The first one is yes, I'm Hispanic. And,
25 yes, I was born into poverty. And I was born into a

1 pretty severe situation in Bernalillo, New Mexico.
2 I taught in Bernalillo, New Mexico. I understand
3 mobility. I understand at-risk. I understand
4 dual-language instruction. And I understand the
5 issues that are raised with that.

6 So it wasn't said flippantly. It was said
7 because I believe that our kids need to learn, as
8 well. So don't take that -- it wasn't said as being
9 flippant, and it wasn't being said as a Hispanic
10 who's had a silver spoon in his mouth. I ate the
11 beans and chile every day with papas, just like
12 everybody else. Please understand that's where I
13 come from.

14 The second thing I want to talk to you
15 about is it's important to understand, you're asking
16 for evidence about mismanagement. What I -- the
17 point that I was trying to make is, is that at the
18 direction of the Public Education Department,
19 changes have been made. A new business manager was
20 hired, following the procurement codes.

21 The points that I'm trying to make is that
22 as -- a month ago, in December, when -- prior to the
23 conversation about potentially having the Commission
24 consider revocation, the -- the written responses --
25 they're not my responses; they're not PED's

1 responses; they're the response of management -- is,
2 "Yes, we're aware of it. We're going to work with
3 it; and six months from now, we'll have a solution."

4 The point that I was trying to make is
5 now, under the threat of a revocation hearing,
6 these -- these actions were then done.

7 And so it's not an indicator to me that
8 they were done because -- and I can only look at
9 what I have in front of me -- that they were done in
10 response to extraordinary concern about getting
11 things done right; but, rather, "Oh, we have a
12 hearing in front of the Commission next month.
13 Maybe we should hurry up and get them done."

14 And so it's just an indication that -- and
15 also the other thing. If something gets done for
16 you, there's no initiative that you take. And that
17 appears to be what's happening.

18 The head of school, when we call and say,
19 "We need a meeting, something's not going right,"
20 he's actually very responsive. But he's responsive
21 to our requests. There's no initiatives coming.
22 "Hey, I'm seeing this happening. I'm seeing this
23 happening. Why don't we get together and improve
24 some things?"

25 COMMISSIONER CABALLERO: Isn't that the

1 fact -- with every school that comes here and that
2 we're reviewing, isn't that the fact that they're
3 responding to your requests as PED, which is your
4 job to do?

5 DEP. SEC. AGUILAR: Madam Chair and
6 Commissioner, no, I don't think so. There's -- as
7 Mr. -- as Mr. Craig testified earlier today, there's
8 law and statute, and generally accounting -- you
9 know, all that stuff, General Accounting Principles,
10 and all that sort of thing. Those are the
11 requirements that everyone should have and should be
12 followed. And most of our school districts and
13 charter schools do that.

14 When things go so awry that they need
15 extraordinary intervention, that's when we have to
16 step in.

17 So, yes, at that moment, it's in a
18 response to PED; but it's a function of -- of a
19 greater ongoing problem.

20 COMMISSIONER CABALLERO: I do believe
21 that -- that you can say I have this attitude
22 towards their lack of responsiveness when we talk
23 about the prior administrator, when we talk about
24 the prior office of finance. I can say I agree with
25 you.

1 But to say that everything that has been
2 done is only done out of coercion from you to them,
3 I think is overstating. It's a personal opinion on
4 your part. But to back that up, I don't see
5 anything that they have been non-responsive, and the
6 only reason why they respond is because they have
7 the gun to their head.

8 But let me tell you, every single charter
9 school has a gun to their head, because they all
10 have to comply with standards, all of them. So you
11 cannot, unless we talk about the ones that are gone,
12 say that those were non-responsive, because they
13 were non-responsive.

14 And I read the exceptions. And all of
15 those are prior to this new administration.

16 So you show me, besides your attitude on
17 how you feel their acting coercively, you show me
18 how they're not being responsive and responsible.

19 DEP. SEC. AGUILAR: Well -- and,
20 Madam Chair and Commissioner, thank you. I actually
21 gave you an example.

22 At the end of FY '16, July 1, June 30th,
23 when the -- in fact, prior to that, the -- our audit
24 group, as part of our responsibility to help -- to
25 oversee and assist school districts and charter

1 schools with audit findings and whatnot, requested a
2 Corrective Action Plan from all of our charter
3 schools.

4 This was a charter school with some pretty
5 severe problems in its '15 audit. And they chose
6 not to submit a Corrective Action Plan, and, under a
7 new administrator, still has not. So I think
8 that -- I don't have a laundry list; but I think
9 that's one pretty significant example.

10 COMMISSIONER CABALLERO: So the new
11 administrator came in when?

12 DEP. SEC. AGUILAR: I don't know,
13 Madam Chair and Commissioner. He was there --

14 COMMISSIONER CABALLERO: So to me, it is
15 key to show if, in fact, the school has taken
16 corrective measures.

17 You know, I understand that the school --
18 and it's been admitted they were doing very bad.
19 But when they say, "We're doing corrective
20 measures," and you sit there and say, "No, they're
21 not, because my attitude is that we forced them" --
22 which I don't think is valid. I think you need to
23 put some meat behind that attitude.

24 And so from the time the administrator,
25 new administrator, came in, the new board, the new

1 financial officer, I don't see anything that would
2 indicate that they're doing the same dumb stuff they
3 were doing before.

4 DEP. SEC. AGUILAR: And, Madam Chair and
5 Commissioner -- so we'll prolong this conversation.
6 I'm okay with it. I'm having fun in visiting with
7 you.

8 But the idea of hiring a new business
9 manager, this is -- first of all, it's not an
10 attitude. It's something that I believe in.

11 But second of all, the idea of hiring a
12 new business manager was a requirement that was put
13 on the -- on the -- on the school. They had a
14 contract business manager in place when we took them
15 over on August the 12th. They had a second business
16 manager or assistant business manager on staff. And
17 they were moving forward for a short period of time.

18 But they were moving forward with those
19 two people. And as we got more and more into
20 their -- into their finances and the activities
21 after August the 12th, it became clear to us that we
22 needed to require that they hire a -- a different
23 business manager.

24 And that's when -- to Ms. Matthews'
25 comments, that's when the Vigil Group -- the Vigil

1 Group does a lot of work for us and with us. So at
2 that point in time, because the contract business
3 manager that they had hired before we took them
4 over, and the business manager that was on staff in
5 their business office at the time we took them over,
6 as we went forward, couldn't get the work done. And
7 at that point in time, we asked that they hire a
8 contract business manager.

9 So it's not a gun to their head. It's
10 things weren't being done, and we needed to get it
11 taken care of, and so that's what we did.

12 We've done the same thing with Española.
13 Their business manager, after we took them over,
14 couldn't get things done. And so we hired a
15 contract business manager.

16 We did the same thing with the Southwest
17 Charter Schools. Their business manager they had in
18 place really couldn't get it done. We hired a
19 contract -- we had the school hire a contract
20 business manager.

21 So it's a common practice, because,
22 generally, schools don't get into these situations
23 because they have the capacity; it's because they
24 don't have the capacity.

25 And when we take them over, even if they

1 have a new head of school or whatever, if it's
2 progressing in such a way that it doesn't get done,
3 then that's one of the requirements we do. So
4 it's --

5 COMMISSIONER CABALLERO: Madam Chair, I
6 know you're going through an explanation of your
7 process. And I'm kind of familiar with the process.

8 But, Madam Chair, I don't know if you
9 would want -- I see a lot of disagreements on -- on
10 what's just being said; because I'm trying to -- to
11 narrow -- narrow down the issues on whether the
12 school has been non-responsive and still negligent
13 since they embarked with the new administration.

14 And there's, in the back, a disagreement,
15 I don't know, Madam Chair, if you want to hear from
16 them and have that information given to the
17 Commissioners.

18 THE CHAIR: I want to remind the
19 Commissioners that this was -- this part of the
20 meeting was to determine whether we should have an
21 in-depth hearing, whether there was enough
22 information to have that in-depth hearing. This is
23 not the revocation hearing.

24 So I think at this point in time, that
25 additional information would come in if we

1 determined that there would be a revocation hearing.
2 And I know there's other Commissioners that do have
3 questions.

4 Commissioner Johnston?

5 COMMISSIONER JOHNSTON: I think
6 Commissioner Armbruster was first. She went --

7 THE CHAIR: I thought Danielle was.
8 Sorry.

9 COMMISSIONER ARMBRUSTER: That's okay. I
10 had two questions I wanted to ask the CSD Director,
11 and then just wanted to make a comment after that.

12 My two questions, Katie, are does the CSD
13 or PED know whether the school met its goals last
14 year? And, secondly, were the ELL students'
15 proficiency goals met?

16 MS. POULOS: Madam Chairwoman,
17 Commissioner Armbruster, when you say were the ELL
18 proficiency goals met, are you talking about the
19 school-specific indicators? 'Cause they have both
20 the math, the reading, and the ELL.

21 COMMISSIONER ARMBRUSTER: Perhaps all.

22 MS. POULOS: Okay. Then I do have the
23 information that the school self-reported at the end
24 of last year. As the Commission knows, we've
25 struggled to ultimately get -- from most of our

1 schools -- the support documentation.

2 So, again, this is the school's
3 self-reported information, that 87 percent of
4 La Promesa Early Learning students met the
5 schoolwide math goal. And the benchmark for meeting
6 the standard was 75 to 89 percent.

7 So, again, that was 87 percent for the
8 schoolwide math goal last year on their short cycle.
9 And then 85 percent for their short-cycle reading
10 goal last year met the growth or proficiency
11 targets. So both of those would have been marked as
12 meeting their standards.

13 The other goal that the school has is a
14 goal related to students obtaining at least one full
15 year's growth in English language proficiency. The
16 school did indicate that they did not meet that
17 standard. I don't know the exact numbers; but it
18 was -- it was somewhere between 60 and 69 percent of
19 the students met their full year's growth or their
20 proficiency level on ELL standards, which led the
21 school to be a Does Not Meet for their overall goal.

22 MR. CHRIS JONES: That's incorrect.

23 THE CHAIR: Excuse me?

24 COMMISSIONER CABALLERO: Do we have the
25 documentation?

1 THE CHAIR: Excuse me. But I recognized
2 Commissioner Johnston for a next question.

3 COMMISSIONER JOHNSTON: Thank you,
4 Madam Chair. Are the results of this audit public
5 information? May I speak to the audit findings?

6 DEP. SEC. AGUILAR: Madam Chair, they are
7 on that disk.

8 COMMISSIONER JOHNSTON: So I may speak to
9 them. I feel it's important, because we are here
10 today because we are looking at considering
11 "commence revocation" proceedings. And the reason
12 for this is because the school has failed to meet
13 generally accepted standards of fiscal management
14 and violated provisions of the law for which the --
15 from which the school was not specifically exempted.

16 I -- I told -- I said earlier that budget
17 is sacred to me. And I'm looking at this audit, and
18 I'm trying to be objective. But I think that the --
19 the folks who were in attendance today need to see
20 that findings of this audit -- these are samples.

21 And the amounts of money that were handled that are
22 either non-accounted for or were handled in a -- in
23 a sloppy way:

24 24 disbursements to administrators, total
25 of \$342.

1 One payment for \$150 paid late, in which
2 case there was a \$10 late fee.

3 Reimbursement overpaid by \$8.

4 Three purchase requisitions totaling
5 \$55,000 that were not signed off on.

6 Three purchase requisitions totaling
7 \$4,000, dated after the purchase.

8 Four disbursements totaling \$86,000, where
9 there was no evidence of quotes.

10 Two disbursements totaling \$21,000 paid to
11 vendors that did not agree to amounts stated in the
12 contracts.

13 \$105,000, where there was not a contract
14 available to determine if the payments were valid.

15 I'm still on Page 1.

16 Travel and per diem: 12 travel and per
17 diem disbursements, one overpaid by \$29.

18 Two disbursements totaling \$2,000. There
19 was no documentation to determine.

20 Internal controls.

21 Journal entries could not be located.

22 Bank reconciliations done outside of the
23 accounting software.

24 The Federal Form 941 for quarters in 2016
25 could not be located.

1 Education retirement -- this is teachers.
2 Education Retirement Board contribution forms for
3 June and July could not be located.

4 24 disbursements, \$9,000, \$2,000, \$36,000,
5 where there was not documentation. \$152,000, where
6 there was no supporting documentation.

7 Personnel files of teachers. Three
8 personnel files were missing authorizations for
9 payroll deductions.

10 Three personnel files missing a signed
11 employment contract.

12 Two missing evidence of certification, one
13 with a Form I-9 was missing, one with a W-4 missing,
14 three -- three were not available. No file.

15 From a budgetary standpoint, this lack of
16 attention to detail over a period of time.

17 Your mission is absolutely imperative.
18 Dual-language proficiency and dual-language literacy
19 is an absolute necessity. And with this, you are at
20 risk of not providing a concrete, excellent program
21 to students, because you're not -- you know. And
22 we're here today looking at proceeding to that
23 hearing because of these.

24 And I have not listed everything. This --
25 this is significant budgetary. And that's what

1 we're here about. So I thought it was important
2 that these amounts be read.

3 THE CHAIR: Thank you.

4 Commissioner Armbruster?

5 COMMISSIONER ARMBRUSTER: Thank you,
6 Madam Chair. I think that the school's not had a
7 good structure for a very long time. And it's not a
8 new charter school. It's not, like, two or three
9 years old.

10 And I think it's nice that they have a new
11 administrator; but that administrator may leave next
12 year, if his charter school is approved. But the
13 overall charge to the PEC is that charter
14 authorizing is about the past performance and not
15 promises of the future. And we've gone through this
16 on the renewal factor, as well.

17 So those are my concerns. I didn't have
18 to say them, because, thank you, Director Aguilar,
19 for saying all the things I was going to say. So --
20 but that's my concern is what is our -- our charge.

21 COMMISSIONER JOHNSTON: And, Madam Chair,
22 my conclusion is, is every one of those dollars that
23 I mentioned was placed in that budget to support
24 students. And all of that, as a total, was not able
25 to get to students. And that's a concern.

1 THE CHAIR: Commissioners, are we ready
2 for a motion?

3 Oh. Commissioner Conyers. Sorry.

4 COMMISSIONER CONYERS: I just have a few
5 comments.

6 As often happens, I'm conflicted on these
7 situations. But when I first heard the report from
8 the director, I'm thinking, "Well, that's not good."

9 And so then the school people talk, and
10 they say, "Well, we're taking care of things."

11 And I think, "Oh, well, okay. That sounds
12 good."

13 And then I hear Deputy Aguilar -- Deputy
14 Director Aguilar say, "Well, not so much," you know,
15 on that. And so it makes it difficult.

16 And so I guess my question to you, Deputy,
17 is you used the term "capacity." Are you -- is it
18 your feeling that the school does not have the
19 administration and the governing body does not
20 really have the capacity to -- to do the things that
21 they really need to do to -- to make it better or to
22 make it okay?

23 DEP. SEC. AGUILAR: Madam Chair and
24 Commissioner, I don't know the governing board
25 members. And as I mentioned, the director of the

1 school has been -- has been cooperative and, I
2 think, has some very good interests of the children
3 at heart.

4 But, again, the -- over the last few
5 months, there seems to be a lack of initiative to
6 get these done. There's been good responsiveness to
7 Mr. Craig and others when we ask -- when the Public
8 Ed asks for things to be done. But there seems to
9 be a lack of initiative on moving this forward.

10 And so I can't speak about the governing
11 board body. I do have some concerns, again,
12 about -- about the capacity of the administration,
13 in general, to take care of all of these issues.
14 And I know that there's -- that they're numerous.
15 There are instructional issues; there's financial
16 issues. There's a number of things.

17 And I can't speak to the capacity of the
18 instructional component. But with regard to the
19 financial component, I'm not left with a sense of
20 the confidence that -- that left to their own
21 devices, that we wouldn't be in a similar situation.

22 COMMISSIONER CONYERS: Thank you.

23 MS. PATRICIA MATTHEWS: Madam Chair, I
24 just feel like that last comment, that particular
25 line of comment -- and I understand the board is

1 ready -- or the Commission -- is ready to vote --
2 but that is an absolute fallacy. And I think that
3 the school needs to have the opportunity to respond
4 to that particular question. It may not make one
5 bit of difference to the rest of you. But it's out
6 there on camera.

7 And everyone is sitting here listening to
8 it and assuming what Mr. Aguilar is saying about the
9 lack of interest or initiative by Mr. Jones and the
10 governing body is the truth. And I feel like that's
11 unfair. It's disparaging. And I think at a
12 minimum, he ought to be able to respond to that
13 before the vote is taken.

14 But that's -- I'm asking for your
15 indulgence on that particular issue, 'cause I do
16 think it's very unfair.

17 THE CHAIR: I appreciate the comment. But
18 at this point in time, I think we're ready to make
19 the motion.

20 COMMISSIONER RUIZ: Madam Chairwoman, I
21 move to commence revocation proceedings against
22 La Promesa Early Learning Center and schedule a
23 revocation hearing for a date no later than March
24 the 15th, 2017.

25 The revocation proceeding shall determine

1 whether there is sufficient evidence to demonstrate
2 the charter should be revoked because the school
3 failed to meet generally accepted standards of
4 fiscal management and/or has violated provisions of
5 law from which the charter school is not
6 specifically exempted, and/or engaged in serious or
7 repeated mismanagement, improper recording, or
8 improper reporting of public school funds under its
9 control, and whether the school has failed to make
10 sufficient academic growth.

11 COMMISSIONER ARMBRUSTER: Second.

12 THE CHAIR: There's a motion by
13 Commissioner Ruiz and a second by Commissioner
14 Armbruster.

15 Commissioners, discussion on the question
16 of revocation? Seeing no --

17 COMMISSIONER TOULOUSE: Madam Chair, I
18 think the question is not on revocation, but to hold
19 a hearing.

20 THE CHAIR: To hold a hearing. I stand
21 corrected, yes.

22 Seeing no further comments, Commissioner
23 Armbruster, roll-call vote, please.

24 COMMISSIONER ARMBRUSTER: Commissioner
25 Ruiz?

1 COMMISSIONER RUIZ: Yes.

2 COMMISSIONER ARMBRUSTER: Commissioner

3 Toulouse?

4 COMMISSIONER TOULOUSE: No.

5 COMMISSIONER ARMBRUSTER: Commissioner

6 Conyers?

7 COMMISSIONER CONYERS: No.

8 COMMISSIONER ARMBRUSTER: Commissioner

9 Gipson?

10 THE CHAIR: Yes.

11 COMMISSIONER ARMBRUSTER: Commissioner

12 Johnston?

13 COMMISSIONER JOHNSTON: Yes.

14 COMMISSIONER ARMBRUSTER: Commissioner

15 Crone?

16 COMMISSIONER CRONE: Yes.

17 COMMISSIONER ARMBRUSTER: Commissioner

18 Armbruster votes "Yes."

19 Commissioner Caballero?

20 COMMISSIONER CABALLERO: No.

21 COMMISSIONER ARMBRUSTER: We have five

22 votes for and three votes against. The quorum is

23 five. I mean, the majority is five.

24 THE CHAIR: So the motion passes with a

25 five-four vote?

1 COMMISSIONER ARMBRUSTER: Five-three.

2 THE CHAIR: Five-three vote.

3 Thank you for the correction. Thank you
4 very much. We appreciate it.

5 Commissioners, we have one, I think, short
6 amendment request. But it is 12:40. So I will
7 entertain your desires on whether you want to hear
8 that amendment before we break for lunch, or you
9 would like to break for lunch.

10 COMMISSIONER TOULOUSE: Madam Chair, I
11 would like to hear the amendment. That school also
12 returns.

13 THE CHAIR: Commissioner Johnston?

14 COMMISSIONER JOHNSTON: Yes.

15 THE CHAIR: So I think we're good with
16 this. I think the school appreciates it, as well.

17 So we are now on to Item 8. We are on to
18 Item No. 8, Discussion of Possible Action on Charter
19 School Amendments.

20 And this is Tierra Adentro. Good
21 afternoon.

22 MS. POULOS: Madam Chairwoman,
23 Commissioners, Tierra Adentro of New Mexico is
24 requesting to amend Section 8.01A(i), little "i,"
25 "one," operational structure of its contract.

1 The school is asking to conditionally
2 increase the enrollment cap to 550. The school has
3 requested that the cap be increased on a conditional
4 basis, that condition being that the school is able
5 to obtain a facility approved for occupancy of 550.

6 The school notes the rationale for this is
7 that they are working with the investor -- with
8 investors -- to prepare, obtain a permanent
9 facility.

10 The challenge with that relationship is
11 the investors want to see that the school is already
12 approved to have the enrollment that would sustain
13 that facility. The challenge, obviously, from your
14 end is we -- we do have some schools that have been
15 grandfathered in under enrollment caps that exceed
16 the building capacity; but this Commission has been
17 working to have enrollment -- enrollment caps that
18 are based on the building capacity.

19 So we find ourselves in a challenging
20 situation. Certainly understand it from the
21 school's position; also understand why we would want
22 that limit from the Commission's position.

23 You will note that the school has
24 academically performed well. They, over the last
25 three years, received two "B's" and a "C" letter

1 grade. And we've certainly provided information
2 about the demographics, which are pretty comparative
3 to the local school district. And you do have in
4 your materials their amendment request, as well as
5 the minutes from their governing board.

6 COMMISSIONER TOULOUSE: And, Madam Chair,
7 I need to be recused from this vote, as I have a
8 conflict of interest.

9 THE CHAIR: Thank you. We all understand.
10 Good afternoon. Thank you for coming.

11 MS. VERONICA TORRES: Good afternoon,
12 Madam Chair, members of the Commission. My name is
13 Veronica Torres, if you don't remember me. And I am
14 from Tierra Adentro Charter School. And I am the
15 Executive Director.

16 MS. TERESA ARCHULETA: Good afternoon,
17 Madam Chair, members of the Commission. I am Teresa
18 Archuleta, principal of Tierra Adentro. We also
19 have here our business manager, Michael Vigil, and
20 our lawyer, Andy Sanchez.

21 MS. VERONICA TORRES: So as Director
22 Poulos was stating, it's kind of the
23 chicken-and-the-egg thing that we're at right now.
24 We are looking to move into a permanent site that
25 would be approximately 42,000 square feet in the

1 Sawmill/Old Town area of Albuquerque, New Mexico,
2 which as you know our mission in cultural
3 preservation would be a great location for us. We
4 have, in the past, already notified all of you of
5 that move, of course.

6 We are working right now with investors.
7 And like Director Poulos was stating, from an
8 investor's point of view, they want to make sure
9 that our performance contract has that capacity of
10 550, knowing that going to this new site, they
11 won't -- they won't give us money unless we have
12 that in place in our performance contract.

13 That's why we are here today. What we do
14 want to say is on the condition -- let's say Plan B,
15 it all falls through. We go back to the original
16 enrollment cap that you have in our performance
17 contract right now, which is 430.

18 That's what we're asking you to do, is
19 vote on the condition that we do obtain this new
20 facility, and on that condition, we could have that
21 550 enrollment cap.

22 THE CHAIR: Thank you. And I would just
23 like to add that I was part of a conversation with
24 the investors. And they did indicate their concern
25 that they would not be able to financially support

1 this without them being able to show that they could
2 meet that 550 capacity.

3 So with that, are there any questions by
4 the Commissioners?

5 COMMISSIONER TOULOUSE: Madam Chair?

6 Now, as I understand it, this would -- if
7 you got the facility and the increase, this would
8 allow you to lower the -- the age grades? Would
9 this let you go lower? It would not. It would just
10 increase your sixth through twelfth?

11 MS. VERONICA TORRES: Yes, Commissioner.

12 COMMISSIONER TOULOUSE: So you would not
13 have the lower grades.

14 MS. VERONICA TORRES: No.

15 MS. TERESA ARCHULETA: Commissioner
16 Toulouse, members of the Commission, that would be
17 another amendment, or a new process that we would
18 follow. We will talk about that in the future for
19 adding on grades. But at this time, this enrollment
20 cap is just for Grades 6th through 12th.

21 THE CHAIR: Commissioner Caballero?

22 COMMISSIONER CABALLERO: Yes. Is this a
23 proposed lease or buying of property?

24 THE CHAIR: I think it's a purchase, is it
25 not?

1 MS. TERESA ARCHULETA: Yes, it is for a
2 purchase. Yes.

3 THE CHAIR: Right. And currently, you're
4 leasing.

5 MS. TERESA ARCHULETA: Yes. Yes, we are
6 leasing right now.

7 THE CHAIR: All right. Commissioner
8 Johnston?

9 COMMISSIONER JOHNSTON: Thank you,
10 Madam Chair. What was your 40-day enrollment?

11 MS. VERONICA TORRES: 288.

12 COMMISSIONER JOHNSTON: And your 80-day
13 enrollment was the same?

14 MS. VERONICA TORRES: Yes, I believe so.

15 COMMISSIONER JOHNSTON: And your cap is
16 currently 430.

17 MS. VERONICA TORRES: 430. And,
18 Commissioner, if you'd like, we do have our growth
19 plan. And we brought copies for everyone. If you'd
20 like to see it, we worked with the Vigil Group.

21 May I approach and pass them out?

22 THE CHAIR: Sure. While you're doing
23 that, can -- what does your building currently allow
24 for? So is there a reason why you're at the 280
25 number, and your cap -- you're significantly below

1 your cap now? Is that because of building
2 constraints?

3 MS. TERESA ARCHULETA: I'm going to ask
4 our budget manager to come up and explain how we've
5 been working with building our program; because as
6 we are also looking for funding for building and
7 growing our students, we also don't want to
8 overwhelm our program and not do well by our
9 students.

10 So, Michael Vigil, please come to --

11 MR. MICHAEL VIGIL: Good afternoon,
12 Madam Chair, members of the Commission. I'll answer
13 the question that you've asked.

14 So currently, we are rather strapped
15 because of the facility. We're not able to grow.
16 It is packed. And so this would allow us to grow.

17 I would point out in the past five years,
18 the school has exceeded its projection that we've
19 submitted to the PED. And in the two years we
20 didn't meet the projection, one year, we were under
21 by two students, and one year, we were under by
22 seven students.

23 So when it comes to projecting the number
24 of students at this school, the school has been very
25 accurate in actual projecting the number of kids

1 that it -- it accepts into the school.

2 The plan that was handed out to you is a
3 strategic plan that we provided to the investors
4 that would finance the new facility. Basically,
5 what it would do is it would take the school to a
6 larger size, but gradually.

7 I believe it's very important. I use the
8 same -- when I used to work for Albuquerque Public
9 Schools many years ago, I used to say, "We don't
10 plan a budget. We budget our plan."

11 Going back to our instructional plan, our
12 educational plan that's there, we built this budget
13 among -- to meet the needs of the instructional
14 program that the school offers. And so we want to
15 grow it slowly, so we can get the right teachers in
16 place. We want to grow it so that we can provide
17 the correct program for our students and not hurt
18 it, at the same time meet the requirements of the
19 investors and get the facility that the school so
20 desperately needs.

21 THE CHAIR: Well, does anyone else have a
22 first question?

23 Commissioner Caballero?

24 COMMISSIONER CABALLERO: Madam Chair.

25 How do you -- just it may be a dumb

1 question. But how do you grow your facility as you
2 grow your enrollment?

3 MS. VERONICA TORRES: No. Go ahead.

4 MR. MICHAEL VIGIL: So,
5 Commissioner Caballero, what we would do is as we've
6 done with many of the other schools, that we phase
7 in grades, grow as we grow. It would include having
8 a comprehensive marketing plan for the school. The
9 school currently provides performances all over.
10 And, I mean, we're at schools; we're at functions;
11 just all of these type of things. So it's getting
12 the word out that we will be accepting more
13 students.

14 Currently -- that's number one.

15 Number two, when people find out that
16 we're going to have a new facility that isn't right
17 off Central, in the building it's located, I believe
18 the students are going to want to say, "Hey, we have
19 this new facility. We have" -- it's marketing our
20 plan, and it's maintaining the fidelity to the
21 program.

22 So people will say, "Not only are you
23 going to have this new facility, you are still going
24 to have the same program you have there, and I've
25 seen what it does, so I want to start coming to your

1 school."

2 COMMISSIONER CABALLERO: So as you go, as
3 your enrollment grows -- Madam Chair -- do you build
4 on? Or you just take over more -- more property?

5 MS. VERONICA TORRES: Madam Chair, members
6 of the Commission, good question. Yes and yes.

7 So as programming grows -- so you know as
8 educators and as students grow, we do hire more
9 teachers. Because we're so concentrated in the
10 flamenco arts, currently, we house pretty much every
11 licensed flamenco teacher there is, with the
12 exception of myself being an administrator now.

13 But we are currently growing in the
14 community as far as the arts is concerned, and then,
15 obviously, academically.

16 So yes, your question is as we grow
17 programming and the building is built, we'll start
18 to fill up those numbers. If we exceed that,
19 obviously, that's where wait lists occur and all
20 those things. And, obviously, we'd love to build in
21 numbers; but we want to be respectful of the cap.

22 MR. MICHAEL VIGIL: Madam Commissioner and
23 Commissioner Caballero. So we would grow grade
24 levels. We're going to come up with a master
25 schedule. And we will fill all the spaces. We will

1 take the current facility to its max capacity.

2 And then, as we move into the new
3 facility, we're going to fill in those spaces to
4 where we're at max capacity there, so that we use
5 all the facility. We don't want to just rush in and
6 fill it up in one year, because it may hurt the
7 program.

8 THE CHAIR: And just remind me. When
9 is -- what is your anticipated move-in?

10 MS. VERONICA TORRES: Fall of 2018.

11 THE CHAIR: '18. So that you're looking
12 to build to the max where you are while you're
13 building?

14 MR. VIGIL: Right.

15 THE CHAIR: Commissioner Johnston?

16 MS. TERESA ARCHULETA: Madam Commissioner,
17 members of the Commission, if you refer to that
18 projection sheet on the years, for each year, we are
19 going to go to that -- that cap number. And we do
20 want to go to the highest capacity in the current
21 building we're at. It wouldn't be 550 in this
22 building that we're in right now.

23 But we do -- we do want to move to --
24 that's so we have a huge -- and I do want to give
25 public recognition to Albuquerque Public Schools.

1 We have worked with them in terms of they have
2 allowed us to recruit from elementary schools from
3 the APS area. So that for students that do really
4 find that commitment to art and need art to
5 encourage them, they have also supported us, as
6 well.

7 So that -- right now, I believe we have
8 30 lottery applications in our inbox, for next year.
9 And so that's the most we've ever had as of
10 February. So we're feeling pretty confident that we
11 will meet those numbers.

12 THE CHAIR: Okay. Thank you.

13 Commissioner Johnston?

14 COMMISSIONER JOHNSTON: Thank you,
15 Madam Chair.

16 What is the current building's maximum
17 capacity?

18 MS. VERONICA TORRES: Madam Chair, members
19 of the Commission, I don't know if you know this,
20 Commissioner. We -- we house three main buildings.
21 We have our main academic building. We have a dance
22 annex and music and art. In adding those all
23 together, we can reach that capacity of the 430.

24 When we opened, we only had that main
25 building, which I think capacity would be 287. But

1 at any given time, we don't have 287 kids in that
2 building. They're spread through the three annex
3 buildings.

4 MS. TERESA ARCHULETA: Commissioner
5 Johnston, we also have the online evening program
6 you all know so well. Because it's at a different
7 time, we definitely can have the safety of the
8 numbers, not going over capacity in that area, too.
9 So that helps us with the different scheduling.

10 COMMISSIONER JOHNSTON: And that was my
11 next question. And, of course, I've -- let's see.
12 The first one was -- you answered. That's the
13 maximum capacity.

14 Oh. Are you currently at a standstill,
15 then, with accepting? Do you have a waiting list?
16 For this year. Or are you --

17 MS. VERONICA TORRES: Madam Chair, members
18 of the Commission, this year, we've exhausted our
19 wait list. But as Principal Archuleta was stating,
20 we're already getting a new wait list for next year,
21 with new lottery apps coming in.

22 COMMISSIONER JOHNSTON: But if somebody
23 came to you this year --

24 MS. VERONICA TORRES: We would accept
25 them.

1 COMMISSIONER JOHNSTON: You have room for
2 them. So you are not just packed right now; but you
3 are getting there.

4 MS. TERESA ARCHULETA: Commissioner
5 Johnston, members of the Commission, what we do is,
6 because we also have turnover in our community, as
7 well. So our spaces do -- and we do feel that it
8 also shows commitment to the student if we accept
9 them now, that we will keep them probably the
10 following year. And so we have made that
11 commitment.

12 COMMISSIONER JOHNSTON: So you do have
13 room. Thank you.

14 THE CHAIR: Commissioner Armbruster?

15 COMMISSIONER ARMBRUSTER: Yeah. I just
16 want to understand this. I think it's involving
17 math.

18 So right now, you could have 400 and, say,
19 30, but you don't because -- why?

20 MS. VERONICA TORRES: So when we opened in
21 2010, we started with 150 students. And
22 incrementally, with our business office, we have
23 gone up anywhere between 20 and 30 students. We did
24 that on purpose to not hurt our programming. We
25 didn't want to, all of a sudden, shoot up to 430,

1 just 'cause we could. We felt that would have hurt
2 our programming.

3 So we did a gradual increase that mirrors
4 somewhat what you're seeing there, to the 550.

5 COMMISSIONER ARMBRUSTER: And the reason
6 we want to go up to 550 in a sense is that it's
7 financially better so that you can build this
8 school, and then you -- and you need sort of that
9 crucial cutoff point of SEG funds or whatever. Does
10 that sound right?

11 MS. TERESA ARCHULETA: Commissioner
12 Armbruster, members of the Commission, yes. What we
13 have found in talking with our governance council,
14 we still want to remain small, because that is one
15 of the attractions to our school and to a charter
16 school. But we also recognize that there's -- a lot
17 of the community is really wanting us to grow a lot
18 bigger.

19 And as you heard from Commissioner
20 Toulouse, we need to get an elementary going in
21 there, as well. And so that comes not from us; that
22 comes from the community.

23 And so, definitely. But we definitely, in
24 listening to all the conversations that we've been
25 here quite a bit, you can hear when schools do move

1 fast, there are repercussions. And so we want to
2 make sure that we're thoughtful. Our governance
3 council, our foundation, our community are all on
4 board, the PEC, Charter School Division, we've got
5 to move kind of -- I always believe the tortoise
6 wins the race.

7 So that's where we are. We do want to
8 move to 550, because that's how we moved from 430.

9 And also, you know the bill that's out
10 there right now will affect us, is the small school
11 size adjustment. So we want to get out from under
12 that, as well.

13 COMMISSIONER ARMBRUSTER: And so the new
14 building will maximize the amount of students you
15 have at 550? Like, it's not built for 610 or
16 something like that? Is that correct?

17 MS. VERONICA TORRES: That is correct,
18 Madam Chair.

19 THE CHAIR: Commissioners, any other
20 questions?

21 With that, I'll stand for a motion. If
22 not, I'll propose it.

23 Okay. Here we go. I move to approve the
24 amendment request presented by Tierra Adentro of
25 New Mexico Charter School to increase its enrollment

1 cap conditioned on the school's ability to obtain a
2 facility to its approved, for up -- to --
3 facility -- that is -- it should be "that is"
4 approved for occupancy of 550.

5 COMMISSIONER RUIZ: (Indicates.)

6 THE CHAIR: And there's a second by
7 Commissioner Ruiz. So I will stand for a roll-call
8 vote in favor of granting the Tierra Adentro Charter
9 Amendment.

10 COMMISSIONER ARMBRUSTER: Commissioner
11 Caballero?

12 COMMISSIONER CABALLERO: Yes.

13 COMMISSIONER ARMBRUSTER: Commissioner
14 Gipson?

15 THE CHAIR: Yes.

16 COMMISSIONER ARMBRUSTER: Commissioner
17 Armbruster votes "Yes."

18 Commissioner Conyers?

19 COMMISSIONER CONYERS: Yes.

20 COMMISSIONER ARMBRUSTER: Commissioner
21 Johnston?

22 COMMISSIONER JOHNSTON: Yes.

23 COMMISSIONER PERALTA: Commissioner Ruiz?

24 COMMISSIONER RUIZ: Yes.

25 COMMISSIONER ARMBRUSTER: Commissioner

1 Crone?

2 COMMISSIONER CRONE: Yes.

3 THE CHAIR: Okay. That is seven votes
4 for, and zero votes against. The motion passes.

5 Thank you so much. Have a great
6 afternoon.

7 MS. VERONICA TORRES: Thank you so much.

8 THE CHAIR: Commissioners, we will adjourn
9 for lunch. Shall we say -- try for 1:45?

10 COMMISSIONER ARMBRUSTER: Sure.

11 THE CHAIR: Thank you.

12 (A recess was taken at 1:00 p.m., and
13 reconvened at 2:20 p.m., as follows:)

14 THE CHAIR: Okay. I'm going to call back
15 into session this PEC meeting.

16 And we are on to Item No. 9, Report from
17 Options for Parents, Charter School Division,
18 Discussion of Possible Action with, first, the
19 Charter School Division Update.

20 MS. POULOS: Madam Chairwoman,
21 Commissioners, just want to start with an update on
22 our staffing. We are very excited. On March 1st,
23 we have someone who will be starting with us who has
24 previous administrative experience in a
25 district-authorized charter school and just comes

1 with glowing recommendations. So we are
2 super-excited and wish that it was a March 1st
3 already.

4 We also are on the verge of being ready to
5 make an offer to fill the General Manager position.
6 I think we've found the right candidate for that.
7 Just have a few pieces of work I have to do this
8 weekend to make that happen.

9 We have one more position that we will be
10 opening that's with DFA waiting to be posted. And
11 that will fill all of our vacancies. That -- for
12 that reason, we are working to transition Phillip
13 and Marc over to primarily working on the training,
14 technical support, and assistance.

15 And so yesterday morning, before I met
16 with you, I spent time with them going over a
17 30-item list of things that they now need to have
18 big project plans for and get going to support our
19 charter schools, our governing boards, our school
20 leaders, our parents, all of it.

21 So we're really excited that that's work
22 that we can now get really focused on.

23 The team has been in the middle of their
24 site visits. And we do continue to have support
25 throughout PED on doing those site visits, which is

1 really exciting that we're getting comprehensive
2 teams going out with us. We have made some changes
3 to how we're conducting the site visit that have
4 been very positive. We're hearing that feedback
5 from the schools, and it's also just making it much
6 easier for us to do the job.

7 So first and foremost, before we go, we
8 are gathering a lot of data and getting that put
9 together. Laurel, who's been supporting us on the
10 administrative side, has been doing all of that
11 work.

12 And so we go knowing what we should see or
13 where we think there are problems. Staff files,
14 teacher salaries, licensure, all of those -- those
15 pieces. Student attendance, truancy, any of those
16 issues. And we get really targeted.

17 So if it's a school that appears to have
18 some attendance and truancy issues, because of the
19 data and numbers that we have, we really dig into
20 that section.

21 If it's a school that we're not too
22 worried because the numbers don't indicate a
23 problem, we're not digging in as deeply. We're
24 really focusing our time.

25 But we're also starting out every site

1 visit with an entrance interview, where we go ahead
2 and let them know, "Here are issues that show up in
3 our data as areas that might be of concerns for us."

4 We ask them to tell us what we should see,
5 where we should see it, you know, give them the
6 flags and let them know we're going to look more
7 heavily into those staff files to see, you know, if
8 we can resolve the issues.

9 We're finding sometimes it's just an issue
10 with reporting into STARS; and sometimes it's an
11 issue that they didn't realize. And so we're
12 working to get those fixed.

13 So I think, all in all, it's been a really
14 positive experience. And we're providing both the
15 technical assistance and the monitoring.

16 And I think it's -- as far as I've heard,
17 really meaningful, both on our end and on the end of
18 the schools.

19 So lots of the great stuff going on. I
20 think that's it. Is there anything else, Phillip?

21 MR. PHILLIP GLOUDEMANS: Just I will
22 reflect the fact, members of the Commission, that
23 we've received lots of positive feedback from the
24 schools. And, in fact, we've had -- you know, some
25 schools that are migrating to the districts have

1 told us that if this was the process for the past,
2 they probably would not have migrated; they would
3 have stayed with us. And some schools would like us
4 to continue this process in the future.

5 THE CHAIR: Thank you. Appreciate that.

6 MS. POULOS: So if you don't mind, I'll go
7 on.

8 THE CHAIR: Absolutely.

9 MS. POULOS: So the next piece that we
10 have is the report on governing body changes. We
11 have two schools here: Monte del Sol Charter School
12 and Cariños -- actually, before I do that, if you
13 don't mind, in your binder, as always, there is the
14 kind of ongoing monitoring document. You will
15 see -- it looks like it's in gray; if you were
16 looking at the colored document, it would be in
17 red -- updates, specifically updates in relation to
18 the recent non-renewal decisions.

19 So on Sage Montessori Charter School, the
20 school did submit a Notice of Appeal. And the --
21 that hearing has not been scheduled yet, as far as I
22 know. Sage. I'll check my calendar.

23 THE CHAIR: No, it has -- we do -- yes.

24 MS. POULOS: We do? Okay.

25 THE CHAIR: The signed document hasn't

1 gone out. So I received a preliminary e-mail for --
2 but the official documents have not gone out to the
3 school or to the PEC. But it is -- it has been set
4 for, I want to say, March 30th.

5 MS. POULOS: Okay.

6 THE CHAIR: Okay.

7 MS. POULOS: With Estancia Valley
8 Classical Academy, that appeal hearing had been set
9 for February 16th, but has been continued to March
10 2nd at 1:30 p.m.

11 And you will note, with all these
12 schools -- and we'll go over that in a few
13 minutes -- the PED has entered into a contract to go
14 through -- for support through the closure process
15 for each of the schools.

16 And so Sandy Beery is doing that work
17 under contract to go through that closure checklist
18 to guide the schools through that.

19 Uplift Community School has chosen not to
20 appeal. So that school will be closing at the end
21 of this fiscal year.

22 And, again, Sandy Beery is working
23 directly with them to support them. And we are
24 getting information from that school. They're
25 following the closure protocols, and they're being

1 responsive.

2 La Resolana Leadership Academy, as you
3 know we've discussed, was authorized by you, is
4 still authorized by you through the end of this
5 fiscal year, applied for renewal with APS and was
6 denied.

7 They have also filed an appeal, and I
8 believe that we -- we do not have a hearing date for
9 that one yet, either.

10 Just on other notes, we also have an
11 appeal from New Mexico Virtual Academy, which is
12 authorized by Farmington.

13 So there's definitely a lot going on in
14 the charter appeals front.

15 We do also have, just for the schools that
16 were recently renewed, the ones that you put
17 conditions on, we are looking for those schools to
18 have reported on kind of the Corrective Action
19 Plans. With this most recent reporting, we are
20 going to look at those in Web EPSS. That was two
21 days ago, and just follow up with those. If you
22 would like, we can add an item to next month's
23 agenda to report on that. But we can discuss that
24 and see if that's what you want.

25 THE CHAIR: Okay.

1 MS. POULOS: So then you will see -- and
2 we're going to try to -- we're still playing
3 catch-up. But now that we have Laurel on our team,
4 she's doing an awesome job of the governing body
5 resignations. One of the items that you will see
6 appearing is any school that has a governing body
7 vacancy, because we've received notification of a
8 vacancy, either a resignation or a removal, then
9 you'll see the number that we have currently of
10 their board members, and then you'll see the
11 deadline for filing the vacancy based on that
12 45-day.

13 What we're going to try to do is make sure
14 this is kept up-to-date for you, so that you can see
15 any concerns. And so this is a good time for me to
16 transition, which is we do have some concerns with
17 the two schools that are on the agenda today.

18 Both of those are below their statutory
19 required five board members. Both -- or at least
20 Monte del Sol -- I feel like "Stranger Things" is
21 happening here.

22 THE CHAIR: Could it possibly be the
23 wireless one?

24 MS. POULOS: Try that. We'll keep trying.
25 So I'm going to -- you can hear me; right? And

1 Cindy?

2 THE REPORTER: Oh, yes. Thank you.

3 MS. POULOS: So Monte del Sol does have a
4 vacancy that's extended beyond the 45 days.

5 THE CHAIR: Right.

6 MS. POULOS: So if you look at -- then if
7 we move on to those materials that are the next
8 item, Monte del Sol, you know, we've had several
9 vacancies. I won't go through all of them, because
10 you've had the materials. But we do have the
11 outstanding ones.

12 I did want to point out to the Commission
13 that as I read these letters, they raised some
14 concerns for me. And so I thought it would be
15 prudent for the Commission to ensure that they look
16 at these. And it may be that they want to add this
17 school to next month's agenda to have some
18 conversations with them.

19 THE CHAIR: I'm -- I'm definitely
20 concerned with the -- with the migration off, the
21 necessity to remove --

22 MS. POULOS: This is fun.

23 COMMISSIONER RUIZ: I don't have a foot.

24 COMMISSIONER JOHNSTON: Excuses, excuses,
25 excuses.

1 THE CHAIR: We should not be laughing.

2 That being said --

3 COMMISSIONER JOHNSTON: Continuing.

4 THE CHAIR: -- I think I'm comfortable
5 with putting them on and having a conversation with
6 them next month.

7 COMMISSIONER JOHNSTON: And may I ask a
8 question, just for clarification?

9 THE CHAIR: Sure.

10 COMMISSIONER JOHNSTON: What I was
11 reading, the entire board is being replaced. And we
12 had three resignations at the same time; am I
13 correct?

14 MS. POULOS: On Monte del Sol?

15 COMMISSIONER JOHNSTON: Yes.

16 MS. POULOS: Yes. As far as we know,
17 there were three at the same time. They failed to
18 fill those by the required due date. Two new board
19 members were designated in early January, which left
20 one vacancy remaining. That vacancy -- sorry -- an
21 additional vacancy occurred in January with the
22 removal. So then there were two: One that was
23 overdue to be filled, one that was just vacant.

24 THE CHAIR: I think, if I do my math
25 correctly, there may be one person still standing

1 from the original. I think.

2 COMMISSIONER JOHNSTON: Because that -- it
3 looked to me like it was all new, and the letters
4 were concerning.

5 THE CHAIR: I think we had three off. I
6 think it's -- I was never good with word problems.
7 I think -- I think there might be one person that is
8 still --

9 COMMISSIONER JOHNSTON: Okay, thank you.

10 THE CHAIR: -- the same. But that would
11 be the most.

12 COMMISSIONER JOHNSTON: Yeah.

13 THE CHAIR: So I think it merits a
14 conversation. So --

15 COMMISSIONER TOULOUSE: Well, if you look
16 at these -- Madam Chair, if you look at the letters
17 from the people who were withdrawing there, it shows
18 concerns. And I think --

19 THE CHAIR: Right, it does. Yeah.

20 COMMISSIONER TOULOUSE: -- we need to get
21 on top of --

22 COMMISSIONER JOHNSTON: Yes.

23 THE CHAIR: Yeah. Yeah, you're absolutely
24 correct. So I appreciate that.

25 COMMISSIONER ARMBRUSTER: What if we don't

1 use these at all and just turn them off?

2 THE CHAIR: Mine's not on. Let's try
3 again.

4 MS. POULOS: Okay. So for Cariños
5 governing -- so for Cariños Charter School governing
6 body, again, we have concerns because they are under
7 the statutorily required number.

8 In August, they had one vacancy. They've
9 failed to fill that by the required date. They
10 also -- and we're really trying to get schools to
11 get in the habit of, you know, following this
12 process. We're not there yet.

13 They did designate a new member on
14 November 9th. Then we have not received the
15 necessary documentation. So one of the concerns
16 this raises is whether they continue to be, you
17 know, qualified as a Board of Finance, because they
18 haven't completed all of the right assurances.

19 On October 24th, another vacancy was
20 created. And then a new board member was designated
21 on the 9th. So they were kind of even.

22 And, again, the documentation has been
23 submitted. On January 11th, we received
24 notification of a new vacancy. Another new vacancy
25 was created on January 26th, because a board member

1 was removed. And so they're not necessarily out of
2 compliance on the time line, the 45 days, for -- for
3 filling those vacancies.

4 But certainly, there's a lot of turnover.
5 It is concerning. And, again, there's also some
6 concerns of how the board is governing itself in the
7 communications that are being provided.

8 THE CHAIR: Correct. There -- you're
9 absolutely right. At least one letter indicates
10 that there's -- there's a little bit of disorder
11 there. So there is a concern that they're not
12 acting appropriately as a board.

13 So I think that also deserves a
14 conversation.

15 COMMISSIONER TOULOUSE: Madam Chair, that
16 was also a school that it came to us recently --

17 THE CHAIR: Correct.

18 COMMISSIONER TOULOUSE: -- who had had
19 absolutely no attention from the school district for
20 their years of operation. So I think there's
21 probably some getting used to us, too. And we
22 actually have requirements of the governance
23 council.

24 THE CHAIR: For those new to the
25 Commission, they had been a district-authorized

1 school, came to us last year to renew with us. And
2 one of the difficulties we had was that there was
3 very little monitoring. We had very little
4 information on the school, because they had just
5 kind of been left to be on their own.

6 So they -- we kind of appreciated the fact
7 that they were looking for help. But it's apparent
8 that they still need quite a bit of direction. So I
9 think it's -- it's a conversation well worth having.

10 Thank you.

11 MS. POULOS: So that -- it's turned off.

12 Okay. So, Madam Chair and Commissioners,
13 the next report is the report of school closures.
14 So I did provide you kind of a little update on
15 those schools as non-renewals.

16 I -- as I stated with all of these
17 schools, we have contracted with Sandy Beery, who
18 has quite a bit of experience with helping schools
19 through the closure process. And so she is
20 continuing to do that with these four schools.

21 Obviously, with the schools that are in
22 the appeals process, probably moving a little more
23 slowly. But I do have, from Sandy, the -- just a
24 write-up of each one. I don't know if you want me
25 to share that, or at the next meeting, we will have

1 the checklist, and we'll start going through that.

2 But right now, she met with them over the
3 past two weeks and just kind of started explaining
4 to them the checklist and what they need to do. So
5 we don't have the completed checklist yet; but if
6 you'd like, I can read through the little blurbs she
7 wrote for me about where they are.

8 THE CHAIR: I think we're good with the
9 checklist next month, aren't we?

10 MS. POULOS: Okay. Great.

11 THE CHAIR: That's fine.

12 MS. POULOS: So, Madam Chair and
13 Commissioners, the report on the implementation of
14 the monitoring cycle.

15 So a few months ago, we voted to kind of
16 go through this cycle. The intent of this was to be
17 much more formative in nature; so earlier
18 communications, communications across the PED, so
19 that as concerns are coming up, they're getting
20 addressed.

21 I will say our rollout has been a little
22 bit challenged. We are still struggling to get our
23 tool, our communication tool that we thought would
24 work well, for this to work. We thought when we put
25 information in, the schools could see it. We

1 learned that was not the case. Then we had to send
2 it out manually. It got out later than we would
3 like.

4 One of the things -- I know some schools
5 are expressing concerns. We are getting concerns
6 from throughout PED.

7 So I'll use licensure as an example. And
8 so we got data from Licensure about their 40-day
9 reviews and how many discrepancies there were, and
10 their 80-day reviews, and whether any of those were
11 repeats.

12 We communicated that out to the schools
13 with a statement that said that they should look at
14 that information. There was the initial struggle
15 there, where they tried to and they couldn't -- and
16 we weren't aware of that -- and use that information
17 as a tool to identify -- or to self-assess their
18 performance and necessary corrective actions.

19 Some of them felt, "Well, we already fixed
20 our discrepancies, so we don't have to worry about
21 that."

22 But what we were trying to get schools to
23 do is actually plan more ahead. So we see, year
24 after year, the same discrepancies.

25 So by 40-day, they have teachers that

1 still haven't applied for licensure. So they're
2 hiring teachers that don't have the proper
3 licensure, and they're not implementing processes
4 internally to make sure that they take the steps to
5 get the licensure applications in, to get the
6 waivers in, and to do all the things that would
7 prevent there from being a discrepancy at the 80-day
8 or the 40-day.

9 And so we're really looking for them to
10 self-assess in that way of what protocols and
11 procedures do we need to put in place so that this
12 doesn't continue to be something that we see or
13 something that we see at 40- and 80-day.

14 We are, too, struggling with some of the
15 information in-house. So we thought we had gotten
16 information; but I think there was miscommunication
17 or a misunderstanding. And so we were getting
18 information that said they were out of compliance.
19 They were getting different information. And so we
20 are working on clearing that up.

21 I think, certainly, as the bureaus
22 increase communication, which hasn't really been a
23 great skill of ours in the past, we have to work out
24 these kinks and make sure one another understands
25 what we're doing and what we're looking for.

1 So that's kind of the update on that
2 initial piece. As I said, we are using the STARS
3 data and all the information that schools supply to
4 help us in our site visits. We've done quite a few
5 at this point. I think we're probably up to around
6 20 or so.

7 And we are working to, in real time, get
8 that information and data and concerns into their
9 Web EPSS. So, again, as soon as we fix the kink of
10 them not being able to see what we put in, they're
11 able to see it. Again, what we encourage them to
12 do, and hope they're doing, is self-assess. Why did
13 this concern -- why did the CSD or the other PED
14 bureaus walk away with this concern, and what can we
15 do to address that?

16 I think we have had some positive feedback
17 from schools. We've had schools who, you know, are
18 struggling to agree with us or want to implement
19 what we're -- what we're encouraging.

20 And so, certainly, there's going to be
21 those communications. And we are working to make
22 sure that those communications get in within the
23 45 days of the visit.

24 We have not been able to go to many
25 governing board meetings, just because we've been so

1 focused on the site visits; but we are trying to
2 work those in, especially when we're traveling.

3 And, lastly, we are working with the
4 schools and communicating with the schools to ensure
5 that they are putting their performance data for
6 their school-specific goals in Web EPSS now, at the
7 semester, because we were going to have two
8 reporting times: One in the midyear, one at the end
9 of the year, so that they were keeping up with that.

10 We have found at least a few of our
11 schools may not be implementing their performance
12 goals. They may not be implementing the
13 assessments. And so that's something that we're
14 going to follow up with in maybe bringing that
15 information to you at the next meeting.

16 THE CHAIR: Okay. Thanks.

17 MS. POULOS: Any questions?

18 THE CHAIR: I don't think so. Any
19 questions?

20 Okay. We're good.

21 MS. POULOS: All right. I think the last
22 one I have is Notices of Intent.

23 So we have received nine notices of
24 intent. One, I believe, was just a -- a courtesy
25 copy for an application that's going to be going to

1 a school district. I believe that is the Torreon
2 Chapter Early College Charter High School. I
3 believe they are intending to submit that to the
4 local school district.

5 THE CHAIR: Oh, it does say Cuba, yeah.

6 MS. POULOS: And I did not receive it on
7 our form. So that's another indication of that.

8 I do want to talk briefly about two of
9 them. Those are the last two that are intended to
10 be located in Gallup.

11 So we did receive those on the 12th,
12 notified the individual, and they notified us that
13 they had looked at the public notice explaining the
14 deadline for the Notice of Intent that was on the
15 Charter School's Public Notice section.

16 The Charter Schools Public Notice section
17 has not been updated in years. So all of those
18 public notices are going to the PED public notices.
19 They didn't see them there.

20 Thank goodness Phillip and Marc will now
21 be working on our website, and all of those notices
22 will be going to both places.

23 So they saw a notice. They didn't see
24 that the date was from 2015, I guess, or '14, or
25 some other year. So they believed, based on that

1 public notice, that the deadline was the 12th.

2 So I don't know what the Commission wants
3 to do about that. One thing to note is that
4 applicant is the superintendent of the local school
5 district. So the local school district did have
6 notice. I don't know -- at this point, I know that
7 applicant -- I mean, if -- I think it would be
8 helpful for that applicant to know what the
9 Commission's position may be on those applications,
10 so that they don't spend a substantial amount of
11 time if the Commission is not -- the statute, just
12 to kind of help you -- and I know we've gone
13 through --

14 THE CHAIR: It says "may."

15 MS. POULOS: -- says "may." So it states
16 that the application may not be accepted if the
17 notice was not received by the deadline.

18 THE CHAIR: Excuse me?

19 COMMISSIONER ARMBRUSTER: When was the
20 deadline again?

21 THE CHAIR: The 10th.

22 COMMISSIONER ARMBRUSTER: And this is the
23 12th.

24 THE CHAIR: I know the only other time --
25 and it wasn't a date issue. It was the notice

1 didn't go to the superintendent. That issue came to
2 us, and we certainly said no.

3 I think if -- personally, I think if there
4 was the possibility of a confusion because the
5 website had not been updated, I think it's fair and
6 reasonable to let the -- let the two days go;
7 because it's not necessarily the school's fault, the
8 individuals involved fault, that -- you know, it
9 hadn't been updated, so that they did do some due
10 diligence and looked. It just --

11 COMMISSIONER TOULOUSE: Didn't notice the
12 year?

13 THE CHAIR: Well, I don't know. I can't
14 answer whether they noticed the year or not. I
15 don't want to speak for them. I'm trying to be
16 unusually kind and reasonable. So take it while you
17 can.

18 So does any other Commissioner have any
19 comment or question about it?

20 Commissioner Caballero?

21 COMMISSIONER CABALLERO: I agree with you.
22 The Commission has a responsibility to put out good
23 information. They relied on the information that we
24 provided.

25 Yes, it's not a date; but we have to be

1 responsible and let them come in. It's not like
2 they're a week or a month late. And they were going
3 with -- with our information.

4 THE CHAIR: Right. I will -- I will let
5 the Commissioner know that when I taught, I didn't
6 take things late. The word didn't exist in my
7 vocabulary. But I fully agree that this was not --
8 there was a miscommunication somewhere. And I think
9 it's only -- it's fair.

10 Commissioner Toulouse?

11 COMMISSIONER TOULOUSE: Madam Chair, I
12 would normally agree -- and I will agree with the
13 group on this, that we can take it. But I think if
14 somebody is a superintendent of schools and doesn't
15 bother to check what the year is or what website
16 he's actually looking at, I have certain concerns,
17 especially when I also know that this is a
18 superintendent of schools, who has not been
19 particularly positive about charter schools when
20 we've held hearings in that district, that if -- you
21 know, I have some concerns about this.

22 But if we want to let him have the two
23 days, I would let him have them. But I would worry
24 about the quality of the applications.

25 Thank you.

1 THE CHAIR: Okay. I don't -- I guess we
2 should take a vote on this, yes or no.

3 MS. McKEE: Well, I don't think it's a --

4 THE CHAIR: It hasn't been proposed as a
5 motion; but I think you can communicate our --

6 MS. POULOS: It's discussion and possible
7 action. Item 9 says, "Discussion and Possible
8 Action."

9 THE CHAIR: And possible action. But I --
10 is -- I don't think it's something we really have
11 to --

12 COMMISSIONER CABALLERO: Madam Chair, you
13 can ask if there's any opposition to that and let it
14 go by, and that should resolve it for you.

15 THE CHAIR: And we can note it.

16 Do we have any opposition to allowing
17 the -- these two schools to proceed?

18 COMMISSIONER JOHNSTON: May I just add a
19 comment to that?

20 THE CHAIR: Sure.

21 COMMISSIONER JOHNSTON: I'm very
22 opinionated about charter schools. But if I -- my
23 knowledge tells me that he is a good superintendent.
24 He's a strong superintendent. Am I correct?

25 THE CHAIR: I don't think we want to enter

1 into that conversation.

2 COMMISSIONER JOHNSTON: Okay. Well,
3 that's just a positive.

4 THE CHAIR: I don't think we want to enter
5 into that conversation.

6 COMMISSIONER JOHNSTON: All right? No?
7 No conversation?

8 THE CHAIR: Okay. Seeing no opposition to
9 the school proceeding in the application process,
10 you can communicate that to them. And it -- I'll
11 just express a challenge to try to open two schools
12 at the same time.

13 COMMISSIONER ARMBRUSTER: Right.

14 THE CHAIR: You know -- but that's --
15 we'll see. Okay. Thank you.

16 We are on to, now, Item No. 10. And thank
17 you for all of that. And thank you for the work
18 with the monitoring process. I know it's -- it's
19 always difficult to deal with a new baby.

20 MS. POULOS: You know, we want to increase
21 communication.

22 THE CHAIR: Right. Exactly.

23 MS. POULOS: And it improves school
24 performance.

25 THE CHAIR: So we are on to Item No. 10,

1 Discussion of Possible Action to Commence Operations
2 for SAHQ Academy and vote on the contract and
3 performance frameworks for SAHQ Academy.

4 Good afternoon.

5 Director, whenever you're ready.

6 MS. POULOS: Madam Chairwoman,
7 Commissioners. So for those of you that are new and
8 aren't as familiar with the circumstances, SAHQ
9 Academy was approved as a new applicant in 2014, in
10 September of 2014. The school continued through the
11 planning year process. And at the end of the first
12 planning year, the CSD recommended that the
13 Commission suspend the charter for that school for
14 one year to give them an additional year of planning
15 to be prepared to open the school.

16 The Commission did that. We have
17 continued to work with this applicant team, this
18 school team, through this year, since the meeting of
19 the Commission. And we have been working back and
20 forth quite a bit and -- to address concerns.

21 The school has resolved a number of the
22 concerns that CSD had and that were related to
23 conditions that the Commission imposed when they
24 approved the new application.

25 So we have worked with the school, and we

1 believe they have provided legally compliant
2 policies, that they have provided a school schedule
3 that does align with the program that was outlined
4 in the new application, that they have taken steps
5 to help us understand the relationship, and to, I
6 think, formalize the relationship between SAHQ
7 Academy, SAHQ Backers and SAHQ.

8 However, CSD does continue to have some
9 outstanding concerns that we have expressed to the
10 applicant team. They have provided examples of
11 similar facility use arrangements between
12 nonprofits. And we are not contesting that. We're
13 simply continuing to express concerns because of the
14 close relationship between those three
15 organizations.

16 We do continue to have concerns about the
17 lease amount. The initially proposed lease had a
18 base amount, and then it had, on top of that, the
19 lease reimbursement payments for the number of
20 students that were enrolled.

21 The lease has now been changed. And the
22 lease that's been put in front has a lease amount
23 that is -- financial amount that's not based on any
24 number of students. But it does increase year after
25 year.

1 However, the lease seems to indicate that
2 the square footage use and amount remains the same.
3 And so it's pretty substantial increases year after
4 year after year.

5 That raised concerns for us.

6 There is one difference in the program as
7 compared to what was proposed in the application;
8 and that is the application did not indicate
9 half-day Fridays. But the school's program does
10 indicate that they will have half-day Fridays. But
11 at this point, they have put forth and committed to
12 a program that does indicate it will meet minimum
13 instructional hours.

14 So at this point, you know, CSD believes
15 that the school can be adequately prepared by the
16 opening date. Certainly, if the Commission chooses
17 to vote to commence operations at this time, CSD
18 does recommend that we use some specific conditions;
19 that is, that they meet the checklist items that are
20 on the Planning Year Checklist that need to be
21 completed two years prior to the date of opening,
22 that they have a signed contract with a licensed
23 head administrator beginning full-time employment by
24 July 1st, that their governing body meet the
25 governing body training requirements for Fiscal

1 Year '17.

2 I will say that their governing body comes
3 to almost all of the trainings that the CSD offers.
4 So they are certainly working on that, and probably
5 already meet those requirements. That they would
6 submit projected membership with documentation to
7 support those projections by March 31st, that they
8 submit the budget by May 1st, and that if they are
9 finding that their projections are not coming to
10 light, that they submit a budget that will align
11 with those actuals, or closer to those actuals,
12 again, because we have seen many of our schools
13 struggle in the first year because they think
14 they're going to get 140. They get 70, and it
15 really challenges the schools.

16 And then by the 120th day of the school
17 year, that they get approval of their
18 health-and-wellness plan.

19 That's one piece. I don't know if you
20 want us to stop at that point. Or do you --

21 THE CHAIR: Can I just ask? Did I not see
22 a health-and-wellness plan?

23 MS. POULOS: It has not been approved by
24 the Coordinated School Health and Wellness Bureau.

25 THE CHAIR: Okay.

1 MS. POULOS: And they have a process that
2 they go through with schools to do back and forth
3 and get those. So they've been working on it.

4 THE CHAIR: So there has been a
5 submission.

6 MS. POULOS: Yes.

7 THE CHAIR: I thought that was part of the
8 materials that we received, that one had been
9 submitted.

10 MS. POULOS: Submitted. Yes, absolutely.

11 THE CHAIR: But it just hasn't been
12 approved on this end.

13 MS. POULOS: On the Coordinated School
14 Health and Wellness Bureau.

15 THE CHAIR: Okay. All right. Just so I'm
16 clear.

17 MS. POULOS: I'll just go ahead and touch
18 on the next piece, which is the contract.

19 So you'll see in the materials that CSD
20 was -- felt that they were unable to recommend
21 approval of the material terms of the contract, as
22 written, because those continued to contain language
23 that conflicted with the academic program, and then,
24 also, because based on a suspension, the term should
25 have been moved to expand from 2017 to 2022.

1 The school has, after conversations this
2 week -- and you'll see those materials at the very
3 back of this tab, right in front of the Tab 11 --
4 provided a proposed charter school contract
5 amendment that would address those concerns, and
6 then if you so choose, motion language that could
7 address that.

8 Again, that's right in front of, not
9 behind, Tab 11. Right in front of, not behind.

10 FROM THE FLOOR: We brought copies, if --

11 THE CHAIR: We have it. We did find it.

12 FROM THE FLOOR: Okay.

13 THE CHAIR: But I think we'll take a look
14 at that after -- because I think -- especially
15 Ms. McKee will have to be given a little bit of time
16 to take a look at it.

17 But that's a separate item. So we'll just
18 address the commencement of operations at this point
19 in time, okay?

20 With that being said, please, I'll remind
21 you to introduce yourself -- identify yourself for
22 the court record.

23 MS. ANN McCOLLUM: I'm Ann McCollum. I'm
24 an attorney with Matthews Fox.

25 MS. CHARLOTTE RODE: Charlotte Rode,

1 Founder, one of the founders of SAHQ Academy.

2 MR. DAVID BEACH: David Beach. I am Chair
3 of the Governing Council.

4 MS. PATRICIA MATTHEWS: Patricia Matthews,
5 Matthews Fox.

6 MS. ANN McCOLLUM: We're prepared to
7 respond to the outstanding concerns, and also, we
8 have some comments or questions about the
9 conditions. Is that something that you'd like for
10 us to do?

11 MS. PATRICIA MATTHEWS: Madam Chair, if
12 you don't think we need to respond to the comments,
13 unless it's important to the rest of the
14 Commissioners, we will; but --

15 THE CHAIR: I don't -- but let's put on
16 the back burner the conditions, just to see whether
17 they're going to become conditions. So, you know,
18 let's -- we'll -- we'll hold onto that for a second.
19 But I would like for you to address, if you could,
20 some of the concerns which brought us here again
21 today --

22 MS. ANN McCOLLUM: Okay. Okay.

23 THE CHAIR: -- because there are obviously
24 those questions that related to the -- the -- I
25 always -- I get confused with Backers/Founders --

1 but that separation of --

2 MS. ANN McCOLLUM: Okay.

3 THE CHAIR: -- entities. There was that
4 concern that was addressed. And there may still be
5 some academic questions.

6 MS. ANN McCOLLUM: All right.

7 THE CHAIR: -- that are there. So...

8 MS. ANN McCOLLUM: Madam Chair, we are
9 happy to address those. What we have is brief.

10 After our -- the meeting in January, we
11 met with Mr. Gloudemans and Mr. Duske and
12 Ms. Poulos, and -- for several hours to -- and it
13 was actually a very productive meeting -- to go
14 through the concerns that were in your packet in
15 January.

16 And -- and the -- and one of the things,
17 of course, was the -- what has been characterized as
18 a conflict-of-interest concern. To that point,
19 Ms. Rode has resigned from the governing council.
20 She has submitted -- the school has submitted
21 documentation that we have put that -- changes to
22 the board of the foundation through the Secretary of
23 State.

24 That happened last May, or -- right? It
25 was in May at a -- at a GC -- at a governing council

1 meeting, where the board was -- was changed; in
2 other words, any conflict was erased. But they
3 wanted us to show that we had submitted it to the
4 Secretary of State. So --

5 THE CHAIR: Can I just ask -- because --
6 are you talking the governing council of the school?
7 Or --

8 MS. ANN McCOLLUM: No, the foundation
9 board.

10 THE CHAIR: Or the foundation. Right.
11 Okay.

12 MS. ANN McCOLLUM: So -- so Ms. Rode was
13 on the governing council board and submitted her
14 resignation. There was an appearance of a conflict
15 of interest. We didn't think there was; but that's
16 fine.

17 So, you know, we did that. And then for
18 the foundation board, the names that were registered
19 originally had changed. The leadership of the board
20 of the foundation has changed.

21 So we submitted -- and that was changed
22 back in May. So we submitted to the CSD
23 documentation that we had also submitted that to the
24 Secretary of State.

25 We provided a description of the entities,

1 which I want to review very briefly. But before I
2 do, we also provided a signed, executed MOU to --
3 that defines the relationships between the
4 foundation and the school.

5 In the description of the entities, I
6 just -- I want to make clear that -- because I --
7 you know, that's been confusion.

8 There's really two entities. There's the
9 foundation, which is registered with the Secretary
10 of State, as SAHQ Backers. And I note why there's
11 confusion. So -- but we need to clarify that.

12 And then there's the school, which is SAHQ
13 Academy, which is the school. So we can say the
14 school and the foundation.

15 The foundation owns the building, and the
16 foundation runs a program for kids after school, a
17 sports program that they've been doing for how many
18 years?

19 MS. CHARLOTTE RODE: Since 2011.

20 MS. ANN McCOLLUM: Okay. So what's called
21 "SAHQ," alone, or "SAHQ Gym," that's actually a
22 program of the foundation in the building that the
23 foundation owns.

24 And then -- so the agreements -- the legal
25 agreements for those relationships are the lease.

1 The school will lease from the foundation the space
2 in the building.

3 And I'm going to let you describe that,
4 actually, before I --

5 MS. PATRICIA MATTHEWS: Just the lease?

6 MS. ANN McCOLLUM: The lease and the
7 facilities use agreement.

8 MS. PATRICIA MATTHEWS: There's a lease
9 between the charter school and the foundation. And
10 that's the lease that I'll talk about in just a
11 second that Katie -- or Ms. Poulos -- was referring
12 to.

13 And then there's a facilities use
14 agreement, which is a way for the nonprofit to use
15 the facility for after-school programs -- and
16 before-school programs?

17 And when we developed the facilities use
18 program, we used what APS does. So we used the
19 rates. We looked at -- you know, we looked at other
20 contracts. We wanted to ensure that what the
21 foundation was paying was not an anti-donation
22 issue. And so that's why we used the APS documents,
23 and we used their rate.

24 So that defines that relationship, which
25 is a leaseback from the nonprofit from the charter

1 school.

2 So there's two legal documents that govern
3 contractual relationships, which is the facilities
4 use agreement from the -- from the foundation to the
5 school -- or from the school to the foundation --
6 and then the foundation and the school have an
7 underlying lease.

8 And that was the easiest way to do it. We
9 wanted to make sure the legal identity of what they
10 were using was kept separate so that we avoided
11 issues of the anti-donation clause. So that's why
12 we structured it the way we did.

13 Then, of course, as Ms. McCollum has
14 already stated, that we entered into a document
15 which is called a Memorandum of Agreement, which
16 documents what these two parties are going to do
17 together.

18 Then it also incorporated a provision from
19 the charter -- the charter itself, the application,
20 what the foundation will be doing for the school on
21 a cooperative basis voluntarily. And Ms. Poulos
22 asked us to put that into this agreement.

23 So I believe, from my perspective as their
24 attorney, that we have made sure that the
25 separateness of the entities are defined

1 contractually.

2 If you'd like for me to speak about the
3 lease issues and concerns, I will be happy to do
4 that at this time.

5 THE CHAIR: Yeah. I --

6 MS. PATRICIA MATTHEWS: Maybe it's not a
7 concern.

8 THE CHAIR: It's normally not --

9 MS. PATRICIA MATTHEWS: I agree.

10 THE CHAIR: -- within our purview that we
11 look at the dollar amount. In fact, this is, I
12 think -- in fact, in the short term I've been here,
13 this is the first time it's ever been questioned
14 what the amount was. I -- you know.

15 So it's -- it's a new conversation that
16 I'm having. And I don't -- you know, I don't even
17 know if that's the conversation we're supposed to be
18 having, to be perfectly honest; because we've never
19 looked at the -- the dollar amount that a school is
20 paying. That, to me, has also been the purview
21 of --

22 MS. PATRICIA MATTHEWS: I think the
23 suggestion -- and CSD can jump in, if they'd like --
24 is that for some reason, the rates look like they do
25 because of a particular relationship. And so I want

1 to explain where those numbers come from, because I
2 think that would be helpful for the Commission to
3 understand how we set the rate for the rents.

4 One of the things that we've seen in the
5 past -- and I've been doing this since 1999 and
6 working with charter schools on leases for that
7 long. But what happened in the past is some schools
8 would look at, "Okay, we're going to have this
9 number of kids, your 1, your 2, your 3"; so the
10 landlord was willing to tie lease payments to the
11 per mem generated funding for the school in order to
12 give the school sort of a kick-up. And it's just
13 been fairly recently that the Capital Outlay council
14 has viewed that as scamming, versus helping.

15 And so unbeknownst to the folks who put
16 this lease together, which was -- I did not
17 participate in it. In fact, I believe the lease
18 probably came largely off of the PSFA's website and
19 looks like the form lease that was used on the
20 website; most of the terms came from there. The
21 structure of the rent was tied -- they tried to tie
22 it to a base rent, plus the number of kiddos that
23 the school would roll in.

24 Well, that was looked askance at. I don't
25 even know if it was the Division; it might have been

1 folks up the chain.

2 So all I did was take those numbers and
3 calculate it into a rent, okay? And so what happens
4 is it does escalate. But when you look at the
5 rent -- so the base rent of this school, for the
6 very first year, is below -- and I'm going to call
7 it "market rate," for charter schools in
8 Albuquerque.

9 And where did I get that number? I got
10 that number from the Public School Facilities
11 Authority. And they have calculated the annual
12 square footage rates for every charter school in
13 Albuquerque, and they've come up with a mean and an
14 average. And so the \$8 per-square-foot that you see
15 the first year is below average. And then by the
16 time you get to the fifth year, they're about market
17 rate. And so that's how we translated that.

18 Now, that said, the primary impetus for
19 the lease itself was to convey the relationship and
20 making sure there is a contractual relationship so
21 that you all knew what was going on here.

22 The board has not approved this lease yet.
23 So we are having to take back the concerns about the
24 rate and maybe take another look at how the rent
25 escalates and have those conversations with the

1 board; because Mr. Beach and his board have not
2 voted on this.

3 Obviously, they can't sign it until July
4 1, anyway, or make it effective. So if that's a
5 concern, we can make that representation. But the
6 primary purpose -- and you're right, we don't
7 normally have lease rates as an issue. But I think
8 that was the concern of the Division, and that's why
9 the rent was brought up.

10 But I wanted to satisfy you with what
11 information I know and how the lease rate was
12 justified and determined. We came up with a number
13 based on a market rate.

14 THE CHAIR: I guess my concern was, was
15 the issue partly that the budget's not going to be
16 able to meet that rate, and was that one of the
17 reasons why the concern was -- there was a concern
18 that the -- it's a budg- -- it will be a budgetary
19 issue as time goes on.

20 MS. POULOS: Madam Chairwoman,
21 Commissioners, no.

22 THE CHAIR: Okay.

23 MS. POULOS: Again, I think it's -- from
24 what Ms. Matthews said, it is the base rate, plus
25 the number of kids they anticipate having in that

1 lease reimbursement payment. I will say that raises
2 concerns to the CSD -- and, I believe, to PED, I
3 believe, because I had the conversations -- where
4 rates -- and this comes from some conversations that
5 are bigger -- right? -- which is are charter
6 schools -- so as everybody knows, there was lots of
7 discussion about the lease reimbursement payments
8 this year.

9 If our charter schools are getting into
10 leases that are based on the lease reimbursement
11 payments, rather than leases that are based on a
12 nexus to the market value of the property, it raises
13 concerns, especially as you think about the state of
14 our finances as a government and the availability of
15 money.

16 And that's where the concern comes from,
17 and that the rate is being based on what we
18 anticipate we're getting as the lease reimbursement,
19 versus the value of the property. This is part of
20 what we feel like our boards need to be savvy enough
21 to -- to be able to properly negotiate leases and do
22 those types of things.

23 We also -- you know, certainly, with this
24 one in particular, had concerns which, again, I
25 think, have been addressed, about the relationship

1 between those entities.

2 MS. PATRICIA MATTHEWS: And, Madam --

3 THE CHAIR: So I guess my question would
4 be, do you have an idea of what the difference would
5 be with the lease if it was based on not the lease
6 reimbursement, but on the market value? Or are they
7 close? Or --

8 MS. PATRICIA MATTHEWS: It is based on
9 market value. It is a fallacy to argue that rent is
10 set by the value of the building. It's a complete
11 fallacy. I can have a piece of garbage in Santa Fe
12 and set my rent at whatever I want to set it for;
13 but it has no basis to what the value of that
14 building is. It's per-square-foot, whether or not
15 it meets code, does it meet Educational Occupancy,
16 does it meet the adequacy standards.

17 I'm happy to provide the documentation to
18 you. This is the PSFA's -- they don't go, at all,
19 anywhere in this document from the PSFA to the
20 PSCOC, and look at the overall value of the building
21 leased. It is the lease -- it's what a market --
22 buyer will lease it for or a renter will lease it
23 for, not what the building is valued at. And so I
24 want to be -- this was provided to the Charter
25 Schools Division.

1 So I appreciate that. I think what --
2 they're, in good conscience, wanting to say we've
3 got to start looking at leases and what charter
4 schools have been paying. That's PSFA's purview and
5 PSCOC's purview. Whether or not we're going to make
6 changes to this lease program is a bigger question.

7 I think your question, is it fair, is it
8 market rate, our answer is it meets what PSFA
9 determines is the median -- right now, it's below,
10 and it will go up to about average for overall by
11 the last year.

12 So I -- I appreciate -- I appreciate this
13 conversation; but I think it's a bigger conversation
14 and not necessarily something the Commission has
15 traditionally been involved in.

16 THE CHAIR: Right, right.

17 Commissioners, are there any other
18 questions on the lease?

19 Okay. Is there anything else you wish to
20 add before we have --

21 MS. PATRICIA MATTHEWS: I want to make
22 sure the Commission has -- can articulate, or if
23 they have an articulated concern about a conflict,
24 please bring it up. Because we feel like, a little
25 bit, we're shooting in the dark about what is the

1 problem; because we've done what we thought the
2 school was required to do. And they have two
3 attorneys right now. And I will tell them if they
4 have a conflict.

5 THE CHAIR: Commissioner Caballero?

6 COMMISSIONER CABALLERO: This is not
7 working?

8 THE CHAIR: It's not.

9 COMMISSIONER CABALLERO: Okay, we'll
10 project. My only question is, will you have the
11 ability to pay those lease rates -- I understand
12 they'll be going up as the enrollment goes up.
13 That's one question. I have two.

14 MR. VIGIL: So my name is Michael Vigil.
15 Madam Chairman, Mr. Caballero.

16 So we built the tentative budget during
17 the application, so that we will be able to cover.
18 So as any charter school or any school district will
19 do, we're going to get the rules that they give us
20 now at the Spring Budget Workshop. And we'll
21 balance the budget. And in that budget will be not
22 only the State Equalization Guarantee, but there's
23 going to be instructional materials, assistance,
24 IDEA B, Title I; you're getting a bunch of funds.

25 So we'll build the budget so that we will

1 be able to afford the facility. I don't see a
2 problem in doing that. And, you know, as indicated
3 earlier, this is a lower rate -- as you know,
4 Mr. Aguilar said, we work with the PED for a number
5 of schools. So we have over 30 schools. And this
6 will be one of the lowest rates we're paying of all
7 of the schools we pay lease on.

8 APS itself, just as an example, on the
9 schools that they're lending their old facilities to
10 charge per-student lease reimbursement. Your deal
11 with them is if you use their facility, you give
12 them 100 percent of the lease reimbursement,
13 whatever it is. And it's a fluctuating rate based
14 on membership, not based on any market rate.

15 So the biggest school district in the
16 state is doing it based on membership. So what
17 we're trying to do is make it market rate. And we
18 did contact a local realtor and ask, "What is the
19 going square footage of that area for commercial
20 property or for a school?" Because it was a school
21 in the past.

22 And what they told us, it was \$12 to \$13 a
23 square foot, currently. We're at \$8, substantially
24 less. So I don't understand the concern of the CSD
25 when we did talk to the people, we did look at APS,

1 we did look at PSFA. So we did look to the experts
2 to give us numbers. And the budget -- in five years
3 from now, it would be my hope that the State does
4 recover, and we get the SEG and everything moving up
5 again, so that the rates are going to probably be
6 much greater than what they are now if, just, the
7 economy improves a little bit.

8 So I can give you all my confidence that
9 the budget will be built and balanced based on
10 enrollment increases.

11 COMMISSIONER CABALLERO: And my second
12 question is, do you feel that your team, both the
13 attorneys on board and the governing board, have
14 done their due diligence in the leasing
15 relationships with -- between the entities? -- I
16 think there's two -- and what the contracts that are
17 being proposed? Those have been handled, and you
18 feel secure that you've done all the due diligence
19 that needs to be done?

20 MR. VIGIL: Madam Chair, Commissioner
21 Caballero, my personal opinion is yes. You know,
22 I've worked with charters for a number of years.
23 There aren't too many facilities in Albuquerque that
24 you can get a building. So you can go get a
25 warehouse and start building walls, or you can go to

1 an existing school.

2 But APS will not give you any schools.

3 They have told us, "You're a State charter. You're

4 not going to get one." I know. I hired the guy

5 that is in charge of facilities master plans in

6 Albuquerque. He has told me direct, "We do not have

7 schools available for you."

8 We found a facility that was a school.

9 And it's lower, it's cheaper than what the other

10 schools are paying. So I feel that they -- we've

11 done as much as we can. I know schools that are

12 currently in leased facilities looking for permanent

13 facilities, just like Tierra Adentro that just sat

14 here. They can't find a building to lease; they're

15 going to have to build their own building. That's

16 the problem we're running into in Albuquerque.

17 It sounds like an easy problem. Go get a

18 commercial property. It doesn't work that easily.

19 People are misled if they think you can get a

20 commercial property and make a school.

21 So, yes, my professional opinion is we've

22 done the due diligence that's necessary.

23 COMMISSIONER CABALLERO: One little

24 question. Is this a lease option to buy, or just a

25 straight lease?

1 MR. VIGIL: It's a straight lease at this
2 point. We have discussed -- at the governing
3 council meetings, I've -- I do challenge them. I'm
4 one of the business managers. We give them so much
5 information sometimes, we bury them in numbers,
6 which sometimes is just as bad as not giving them
7 numbers.

8 But we give them a lot of information.
9 And I have challenged them. I want them to think
10 ten years out. You've achieved this, and you come
11 back for renewal. Where do you really want to be?
12 Will you have the facility you need? What do we
13 really need? I start thinking strategically as we
14 grow our school.

15 And so those are the types of questions I
16 will ask them; so --

17 MR. DAVID BEACH: I'd like to address it
18 as well. Again, I'm David Beach. I'm the governing
19 council chair. And as the chair, I think the
20 governing council is very comfortable with that
21 facility. You know, we have our meetings there. We
22 know it's a good facility.

23 And I worked for CNM. And it's kind of
24 modeled after what we have done with CNM with our
25 stimulus centers downtown. It's a wonderful

1 location for enhancing the comfort of the students
2 around education in that area.

3 So -- so -- and the use of that facility,
4 I think there's plenty of square footage to be able
5 to handle that many students.

6 THE CHAIR: Commissioners, any other
7 questions?

8 MS. ANN McCOLLUM: If I can just
9 address -- okay, just the very last concern was --
10 was the half-day schedule. And that was negotiated
11 in the contract. And so I think that's one of the
12 reasons we felt comfortable -- like, it had sort of
13 already been negotiated. So that's why it's still
14 in there.

15 But -- and with the half-day Friday, it
16 exceeds the instructional hours.

17 THE CHAIR: Commissioner Toulouse?

18 COMMISSIONER TOULOUSE: Madam Chair, I
19 want to say -- my questions are answered. My
20 concerns are not necessarily answered; but the only
21 way that part's going to get answered is if we go
22 ahead and let you open and get started and see how
23 it works.

24 So you've -- if you can see the hairs I'm
25 splitting there, I can see you've answered. But

1 whether it'll work -- but I'm -- at this point, I'm
2 saying what I wasn't sure I was ever going to say.
3 I am willing to let you get started. But I want us
4 to keep a close eye until we see how all of this
5 works out. Thank you.

6 THE CHAIR: Commissioners? I'm -- I guess
7 I'm one of those ones having a little difficulty
8 navigating through this; because --

9 MS. PATRICIA MATTHEWS: That's confusing,
10 what you have. So if I could talk to Ms. McKee and
11 explain to her about the motion.

12 THE CHAIR: Let me ask -- because I see on
13 the website, Ms. Rode is still listed as a coach.
14 So I get confused with this -- you know, "coach,"
15 "founder," you know -- so I -- that concerns me.

16 MS. CHARLOTTE RODE: Can I address that?

17 MS. ANN McCOLLUM: Uh-huh.

18 MS. CHARLOTTE RODE: I appreciate that. I
19 have been volunteering in Albuquerque for 32 years.
20 I volunteer from the time I wake up in the morning
21 till the time I go to bed. I don't leave the
22 facility until 8:00 or 9:00 at night as a volunteer.
23 And I serve kids all day, every day, on top of all
24 of this that we're trying to do and go raising money
25 to try to pay for lawyers and pay for a sprinkler

1 system in the building.

2 And so, yes, I'm -- will continue to
3 volunteer for the youth program. We do have
4 non-familial board members for the youth program.
5 And I am not -- and I wasn't originally on the board
6 for the school and only became a member of the board
7 to navigate some issues that we had in the planning
8 year.

9 And so there was never the intention of me
10 being -- running the school. I'm founding a school
11 based on a passion for children and for my community
12 that I have lived every day for the last 32 years.
13 And so I will continue to spend my days devoted to
14 children. And that will be through coaching. It'll
15 be through tutoring. It'll be through mentoring,
16 and it will be through doing whatever I can to make
17 this school successful.

18 And, Carmie, I wel- -- I want to prove to
19 you that we are going to make you proud. And we're
20 going to come back here, and we're going to be
21 discussing things that are going to raise the floor
22 of education in New Mexico. And I appreciate the
23 opportunity.

24 I don't want anybody to be uncomfortable
25 with what we're doing. But if anybody deserves the

1 right to serve children at this point, it would be
2 the people that are on the ground volunteering day
3 in and day out -- that's all we are in our youth
4 program is 100 percent volunteers, and we always
5 have been -- is those people that have volunteered
6 their lives to serve children who otherwise wouldn't
7 have the mentorship or the place to go after school,
8 or during the summer.

9 They -- our volunteers are there 12 hours
10 a day during the summer for camp.

11 And you just don't find too many people
12 like that out in the world. And I am honored to be
13 part of that group. And I'm saddened that it makes
14 you uncomfortable. But I wouldn't change it for
15 anything in the world.

16 THE CHAIR: I think I -- I'm sorry. I was
17 just going to say I think I have to agree with
18 Commissioner Toulouse, that at this point in time,
19 it's just a matter of playing it out to see, you
20 know. I will add that my bigger concern is this was
21 a school who, at the public input hearing, said that
22 every teacher is going to be a certified trainer.

23 MS. CHARLOTTE RODE: They are. Every
24 trainer is going to be a teacher.

25 THE CHAIR: A Certified Athletic Trainer?

1 That was my question at the public input hearing.

2 MS. CHARLOTTE RODE: You asked the
3 opposite, if our trainers were going to be teachers.

4 THE CHAIR: Okay. But that wasn't --
5 Commissioner Armbruster?

6 COMMISSIONER ARMBRUSTER: Yes. I'm okay.
7 But I'm concerned about who is the -- whatever word
8 you want to use -- principal -- whoever is in charge
9 of the school; because I think there have been a
10 couple of different people. And why are they not
11 there? Who is there?

12 THE CHAIR: No one is being paid to be
13 there.

14 COMMISSIONER ARMBRUSTER: So the people
15 who were there stopped because you weren't approved?
16 Is that how that --

17 MS. CHARLOTTE RODE: There were quite a
18 few people who don't have the stomach for this kind
19 of process --

20 COMMISSIONER ARMBRUSTER: I imagine.

21 MS. CHARLOTTE RODE: -- because it is
22 challenging. And it's hard. And when you're
23 talking about volunteer hours and just the hope --
24 like, you have to maintain hope. When you're coming
25 up here and getting what we've gotten for the last

1 several years, you have to have people who can
2 really stay standing.

3 So we have had some turnover. But we also
4 have had some people who were steadfast, this being
5 one of them. And we also have some amazing people
6 who are involved in our academic and our
7 administrative components of developing it.

8 So we have some very strong individuals
9 involved from the academic standpoint,
10 administrative, and board member, and legal;
11 although I wish we needed them less.

12 COMMISSIONER ARMBRUSTER: So once we get
13 the vote and you open, then you're going to be
14 looking for an administrator and these
15 teacher/trainer people? Is that the right sequence?

16 MR. DAVID BEACH: We're looking. We
17 have -- just to make a comment -- that's our job,
18 right? We're going to do our due diligence to
19 evaluate candidates as they come up. And I'm sure
20 we're going to select a very good candidate to be
21 our director for this school.

22 THE CHAIR: Commissioner Toulouse?

23 COMMISSIONER TOULOUSE: Madam Chair, I
24 just want to tell them, since you know the concerns
25 I've had. You are in my district. And I am always

1 willing to come visit the school. I never show up
2 on my own, because I'm not there to evaluate. These
3 people go and do that.

4 But if I get an invitation, I show up.
5 And about half the schools which is seven or
6 eight -- there's a total of about 15 or 16 in my
7 district -- about half of them have invited me in,
8 and I have come in.

9 So after you get started in the fall, I
10 would be quite happy -- if you chose to invite me;
11 if not, that's fine -- to know that I will come if
12 I'm invited. Thank you.

13 COMMISSIONER JOHNSTON: May I?

14 THE CHAIR: Commissioner Johnston?

15 COMMISSIONER JOHNSTON: Thank you,
16 Madam Chair. I'm new; so I'm coming in on this.

17 So we have components. We have a
18 volunteer program that has been in place for any
19 number of years that has worked with students in
20 sports activities.

21 MS. CHARLOTTE RODE: Sports and tutorings,
22 uh-huh.

23 COMMISSIONER JOHNSTON: Sports and
24 tutoring. You wish to expand or add a program that
25 is a school that is a charter school that's housed

1 in the same facility you've been using; is that
2 correct? I mean, another entity is coming into it.

3 MS. CHARLOTTE RODE: That's not correct --

4 COMMISSIONER JOHNSTON: Okay.

5 MS. CHARLOTTE RODE: -- in the semantics
6 of it.

7 MS. PATRICIA MATTHEWS: I think
8 probably -- it's really important to keep -- because
9 that's where you get into trouble --

10 COMMISSIONER JOHNSTON: That's where I'm
11 trying to understand.

12 MS. PATRICIA MATTHEWS: -- where you begin
13 to talk about it in loose terms. Because most lay
14 people would describe it just like you described it.
15 But the problem then becomes concerns about
16 conflicts of interest, when people don't understand
17 the legal descriptions and definitions.

18 And that's why we have worked so hard to
19 be very clear that there is an entity, a legal
20 entity, called the "Foundation." Yes, it existed in
21 this facility with programs.

22 COMMISSIONER JOHNSTON: I had that.

23 MS. PATRICIA MATTHEWS: It is not -- it is
24 not morphing into a school.

25 COMMISSIONER JOHNSTON: I knew that. I

1 understood that.

2 MS. PATRICIA MATTHEWS: Okay. Just to be
3 very clear. So that the nonprofit will continue as
4 the foundation and landlord and continue with the
5 programs.

6 COMMISSIONER JOHNSTON: The volunteer
7 program will continue.

8 MS. PATRICIA MATTHEWS: Correct. And
9 you'll have a charter school governed by a governing
10 body who hires a separate head administrator to
11 operate that school.

12 COMMISSIONER JOHNSTON: But that school
13 will be in that same facility.

14 MS. PATRICIA MATTHEWS: That's correct.

15 COMMISSIONER JOHNSTON: Okay. Okay.
16 Thank you.

17 THE CHAIR: I think you could write a
18 book. "SAHQ for Dummies."

19 MS. ANN McCOLLUM: Here it is. I've got
20 two volumes.

21 MS. CHARLOTTE RODE: I am going to make a
22 T-shirt.

23 COMMISSIONER ARMBRUSTER: Fundraiser.

24 THE CHAIR: Commissioners, any other
25 questions?

1 Don't create a GoFundMe account and
2 confuse us even more.

3 I'm sorry. Was there something you wanted
4 to add?

5 MS. PATRICIA MATTHEWS: Yes, ma'am.

6 THE CHAIR: Okay.

7 MS. PATRICIA MATTHEWS: And I'm not sure
8 if I want to go through this now. But the vote
9 would be with the conditions or not. So you're
10 going to --

11 THE CHAIR: Or not. Okay.

12 MS. PATRICIA MATTHEWS: I would like to
13 address some of the conditions, whenever it's
14 appropriate.

15 COMMISSIONER JOHNSTON: I was ready to ask
16 that question, Madam Chair.

17 THE CHAIR: Okay. Let me try to address
18 it and see if I --

19 COMMISSIONER JOHNSTON: Please.

20 THE CHAIR: Because from my perspective --
21 and I'll let people know I play "Patty's Perfect
22 World."

23 From my perspective, everything that's
24 part of the conditions is part of the normal
25 Planning Year Checklist and what every school has to

1 do. So my motion wasn't to have those.

2 MS. PATRICIA MATTHEWS: That are on here?

3 THE CHAIR: Correct.

4 MS. PATRICIA MATTHEWS: I would be happy
5 with that.

6 COMMISSIONER JOHNSTON: And I would ask
7 that question. Why? Why would you be happy not to
8 have those on here if there is the expectation --

9 THE CHAIR: All the schools do that.
10 That's part -- we have not put those, because
11 schools do that as part of the planning year; so
12 it's part of the motion that they have to complete
13 the Planning Year Checklist. So why reiterate that
14 as a condition when it's already a condition that
15 they have to complete the Planning Year Checklist?

16 COMMISSIONER CABALLERO: I agree with you.
17 I think it's --

18 THE CHAIR: It just seems like it's --

19 COMMISSIONER CABALLERO: It's redundant,
20 and it doesn't look good for the parties just
21 starting a school, that -- it -- it has the
22 conditions; but they -- everybody knows that all the
23 new schools have to follow. And it's strict, and
24 there's a list and --

25 THE CHAIR: But these are all things that

1 are already in the Planning Year Checklist that
2 schools have to do. And if we make a condition that
3 they have to comply with the Planning Year
4 Checklist, then they've done those.

5 MS. McKEE: So just for clarification,
6 Commissioner Johnston, the Chairwoman is -- she
7 still wants to keep in with the condition that all
8 items on the Planning Year Checklist be completed.
9 She's not excluding that.

10 THE CHAIR: Right. Right.

11 COMMISSIONER JOHNSTON: Oh.

12 MS. McKEE: What she is excluding would be
13 this motion and then incorporating all of these
14 conditions.

15 THE CHAIR: Commissioner Toulouse?

16 COMMISSIONER TOULOUSE: Madam Chair, I
17 think this is coming up now, and it's one of my
18 reasons I'm still bothered we're doing this now;
19 because normally, we do all "commence operations" in
20 our June meeting, where all of this has already been
21 complied with, and we tell everybody, "Go forward
22 and start your school."

23 And I think probably the concern -- I'm
24 not trying to speak for CSD. But I think probably
25 the concern is, is we're doing this at a time we

1 never do this to give this "commence operations"
2 approach is to make sure this gets done.

3 But I do think, with the condition that
4 all Planning Year Checklist be completed, is all we
5 need. But I think if we'd never brought this up
6 until June, we wouldn't be confused with making sure
7 this is all done now.

8 THE CHAIR: Okay. But I'll just remind.
9 It was -- the agreement was we would address this in
10 December. That was the agreement. So that's why
11 we're kind of out of sync with all other schools in
12 terms of commencement of operation. That was an
13 agreement that we, as the Commission, had come up
14 with.

15 So are we ready? Oh, okay. Okay.

16 So I move that the Public Education
17 Commission approve a Commencement of Operations for
18 SAHQ Academy with the condition that all items on
19 the Planning Year Checklist be completed no later
20 than two weeks prior to the scheduled first day of
21 school, as verified by a site visit.

22 COMMISSIONER RUIZ: (Indicates.)

23 THE CHAIR: And there is a second by
24 Commissioner Ruiz. She had her hand up before I
25 even finished.

1 Any -- Commissioners, any questions?

2 Comments?

3 COMMISSIONER JOHNSTON: I have a question.

4 THE CHAIR: Certainly.

5 COMMISSIONER JOHNSTON: I'm looking at the
6 list. And with the motion stated the way it is,
7 these dates of March the 31st and May the 1st and
8 June -- do those remain in place? That's a
9 clarification; because there are some deadlines that
10 are internal between now and --

11 COMMISSIONER TOULOUSE: That's the
12 checklist.

13 THE CHAIR: That would be part of their
14 Planning Year Checklist.

15 COMMISSIONER JOHNSTON: And this is
16 considered -- you have a very brief planning year.
17 Okay.

18 MS. ANN McCOLLUM: So I have a copy of the
19 two-week requirements on the checklist. And so our
20 assumption, with your motion, is that this is what
21 they have to complete.

22 THE CHAIR: Are there dates on that?

23 MS. ANN McCOLLUM: No.

24 MS. CHARLOTTE RODE: It's the two weeks
25 prior to opening. That's what it is, two weeks

1 prior.

2 MS. ANN McCOLLUM: This is the Planning
3 Year Checklist that every school completes when
4 they -- and I'm happy to share this with you. I
5 didn't make copies.

6 THE CHAIR: When the budgets are due in.

7 COMMISSIONER JOHNSTON: Projected
8 memberships and all of those. So we don't have, in
9 our motion, and we don't have these specific dates,
10 these deadline dates.

11 MS. ANN McCOLLUM: The dates are in the
12 law.

13 THE CHAIR: The dates are in the law, yes.

14 COMMISSIONER JOHNSTON: Okay. So all of
15 these dates -- I guess I need to ask Director
16 Poulos. Are these dates the legal dates that were
17 put in the recommendations?

18 MS. POULOS: Madam Chairwoman,
19 Commissioners, the dates on the budget issues --
20 items -- not "issues," "items" -- are those that are
21 closest to what we could get from our budget office;
22 because I think there's windows that they operate
23 within.

24 What I'm getting from my team is there is
25 one concern that is not on the Planning Year

1 Checklist that you may want to consider, which is
2 having the head administrator that is a licensed
3 individual hired and starting July 1st, 2017. And
4 this -- and I think -- you know --

5 MS. PATRICIA MATTHEWS: We have no problem
6 with that condition.

7 MS. POULOS: The reason this is on is
8 because we have had concerns across new schools.
9 But this school, this applicant team, has had some
10 challenges with those individuals.

11 THE CHAIR: I have some -- part of me has
12 some concern that we've never made that a condition
13 with any other school that they have to do that. If
14 that's something we have to look at in the near
15 future in requiring of schools when we do
16 commencement of operations, and that's something
17 that we absolutely want to require, I think that's
18 fine.

19 But I think to put this on this individual
20 school at this time isn't something that we've --
21 we've entertained, and we certainly didn't do with
22 any other school that we've recently -- no, we
23 didn't commence operation with any school. I take
24 that back.

25 So -- but I -- I appreciate the -- the

1 thought, and I -- and I think we've had some
2 preliminary talk on that. And I don't mind looking
3 at it for being part of a requirement going forward.
4 But I'm -- I'm not that comfortable putting it in at
5 this moment in time.

6 But I'll ask the rest of the Commission if
7 it -- if they want the motion amended -- amended to
8 include that.

9 COMMISSIONER CABALLERO: I don't think
10 it's necessary.

11 THE CHAIR: Well, I'll -- is there anyone
12 opposed to --

13 COMMISSIONER CABALLERO: Not having it.

14 THE CHAIR: Not having it. Yes. Thank
15 you.

16 COMMISSIONER JOHNSTON: I need a
17 clarification, just -- so if we leave that one out,
18 what we're saying is that if you're unable to find a
19 licensed administrator by July 1, the beginning of
20 the new school year, you would be able to begin
21 school without an administrator, a licensed
22 administrator? Is that what we're saying, is if
23 they don't have anybody, by leaving that out? For
24 any school.

25 THE CHAIR: Well --

1 COMMISSIONER TOULOUSE: Madam Chair, in
2 the four years now -- this is my fifth -- we've
3 never had that requirement. And normally, people
4 have -- sometimes, at least, a temporary one.

5 THE CHAIR: Correct.

6 COMMISSIONER TOULOUSE: They have somebody
7 available. I can think of one, I know there's been
8 a problem. But in general -- but that's never been
9 a requirement. And I'm concerned that we're going
10 to put it on one school now, where in the four years
11 I've been seeing us do this, we have not put that
12 requirement on.

13 THE CHAIR: They would not -- it is
14 possible that they wouldn't have a contract for a
15 full year for a licensed administrator. But as
16 Commissioner Toulouse has said, there have certainly
17 been schools who haven't been able to find a
18 full-year contracted individual, that they've had
19 temporary license administrators. And that happens,
20 unfortunately, regularly. But that happens with
21 schools.

22 COMMISSIONER JOHNSTON: No, I -- that's
23 why I was looking at you. Have you explored -- if
24 you're unable to find a full-time person,
25 contracting with someone who is licensed to help you

1 open the school?

2 MS. PATRICIA MATTHEWS: Madam Chair and
3 Commissioner Johnston, actually, this school has
4 hired -- what? -- two? -- and had to let them go
5 because we couldn't have a contract. So they seem
6 to attract folks. And I think they -- and they are
7 in Albuquerque, so there is that benefit.

8 COMMISSIONER JOHNSTON: So you have had
9 two that have been interested?

10 MS. CHARLOTTE RODE: Three that have been
11 interested.

12 COMMISSIONER JOHNSTON: But you couldn't
13 offer a contract because of the status of the
14 school. All right. Thank you.

15 THE CHAIR: Actually, there was a
16 projected contracted licensed administrator that
17 participated in the negotiations that we did last
18 fall. But, understandably, very few people can
19 afford to just hang out waiting for the job. So,
20 yes.

21 COMMISSIONER JOHNSTON: And I will state
22 that I know that -- I sense -- I don't know. I do
23 know you, Mr. Beach. You don't know that I know
24 you. I do know you. I'm from Moriarty.

25 MR. DAVID BEACH: Oh, okay.

1 COMMISSIONER JOHNSTON: I sense that you
2 will do your due diligence. It concerns me that we
3 allow any charter school to open without a licensed
4 head administrator. That's a general concern to me;
5 so --

6 MS. PATRICIA MATTHEWS: Unfortunately,
7 it's a chicken-and-an-egg thing.

8 COMMISSIONER JOHNSTON: Okay. Thank you
9 very much.

10 THE CHAIR: Commissioners?
11 Commissioner Armbruster, roll call vote,
12 please.

13 COMMISSIONER CRONE: What's the motion?

14 MS. McKEE: Go ahead and read it again.

15 THE CHAIR: Move to -- that the Public
16 Education Commission approve Commencement of
17 Operation for SAHQ Academy with the condition that
18 all items on the Planning Year Checklist be
19 completed no later than two weeks prior to the
20 scheduled first day of school, as verified by a CSD
21 site visit.

22 COMMISSIONER CRONE: Thank you.

23 THE CHAIR: Commissioner Armbruster?

24 COMMISSIONER ARMBRUSTER: Thank you.

25 Commissioner Conyers?

1 COMMISSIONER CONYERS: Yes.

2 COMMISSIONER ARMBRUSTER: Commissioner
3 Gipson?

4 THE CHAIR: Yes.

5 COMMISSIONER ARMBRUSTER: Commissioner
6 Toulouse?

7 COMMISSIONER TOULOUSE: Yes.

8 COMMISSIONER ARMBRUSTER: I'm sorry. I
9 couldn't hear you.

10 COMMISSIONER TOULOUSE: Yes. I can't --

11 COMMISSIONER ARMBRUSTER: No. Someone
12 coughed.

13 COMMISSIONER TOULOUSE: My asthma is
14 kicking in, Madam Secretary.

15 COMMISSIONER ARMBRUSTER: Commissioner
16 Armbruster votes "Yes."

17 Commissioner Johnston?

18 COMMISSIONER JOHNSTON: Yes.

19 COMMISSIONER ARMBRUSTER: Commissioner
20 Crone?

21 COMMISSIONER CRONE: Yes.

22 COMMISSIONER ARMBRUSTER: Commissioner
23 Ruiz?

24 COMMISSIONER RUIZ: Yes.

25 COMMISSIONER ARMBRUSTER: Commissioner

1 Caballero?

2 COMMISSIONER CABALLERO: Yes.

3 THE CHAIR: Motion passes eight to zero.
4 Congratulations. When you publish that book, give
5 me a copy.

6 MS. CHARLOTTE RODE: You'll be in it.

7 MS. ANN McCOLLUM: So are we going to do
8 the contract?

9 THE CHAIR: Yes. We now have to move on
10 to -- we now have to move on to the contract and
11 performance framework.

12 And there is -- I will -- it's not even
13 numbered. I -- it's the -- it's right before Tab 11
14 for the Commissioners, the charter school contract
15 that we're looking at.

16 So, Director, do you wish to say anything?

17 MS. POULOS: So in the beginning, I did
18 mention that -- many, many hours ago, it feels
19 like -- CSD found themselves in a position where we
20 felt we could not recommend the contract as it was
21 being put forth. That was because CSD felt there
22 were terms in that contract that did not reflect the
23 academic program the school was committed to
24 implementing.

25 And after conversations with the school

1 and the council, the council proposed that the
2 Commission -- that we put in front of the Commission
3 the opportunity to approve the contract with certain
4 amended terms.

5 And so I think I'll let Ms. Matthews speak
6 to that. In the case that those proposed amended
7 terms are part of this, CSD can recommend that that
8 contract be approved.

9 And we don't have any comment on the
10 performance framework.

11 MS. PATRICIA MATTHEWS: Madam Chair,
12 members of the Commission, I have sort of put two
13 documents in front of you. One of them, I thought
14 if we had a first amended -- amendment to the
15 contract, and it was clean, the document exists.

16 All I did was take the concerns that the
17 CSD brought up and struck the language. We changed
18 the effective date. So then if you vote on the
19 contract and then vote on the First Amendment to the
20 contract, it corrects the date. It takes out the
21 language about the blended learning question that
22 was in the contract after it was negotiated.

23 And then there was a question about the
24 flexibility of anytime-anywhere learning that the
25 Division had. So I put a provision that that be

1 struck.

2 And then the only other thing that they
3 had concerns about were, I believe, the timing. So
4 we changed those just by amendment, so that we don't
5 have to go all the way back through the negotiation
6 process, et cetera.

7 So that was the thought of just doing a
8 simple amendment to the contract to do, effectively,
9 what we, as attorneys, would call "cleanup work."
10 And so that's what I did.

11 So I have a proposed motion. You could do
12 it simply by motion, or you could vote on the
13 contract and then immediately vote on the First
14 Amendment to the contract. Or I -- obviously, I
15 will defer to your counsel.

16 THE CHAIR: Right. Me, too.

17 MS. McKEE: But the original contract has
18 not ever been voted on.

19 MS. PATRICIA MATTHEWS: No, ma'am. That's
20 what we have to vote on today. That's why I thought
21 it was a little awkward to have a First Amendment
22 before we voted on the contract. So Katie and I
23 were sort of like maybe that's the right way to do
24 it.

25 MS. McKEE: Okay. All right. So what

1 page does that start on?

2 COMMISSIONER ARMBRUSTER: Mine says 20.

3 MS. McKEE: So far, all of the

4 Commissioners --

5 MS. PATRICIA MATTHEWS: Madam Chair,
6 members of the Commission, maybe it's helpful for
7 the other Commissioners to know that Commissioner
8 Armbruster and Commissioner Gipson and former
9 Commissioner Shearman were on the committee that
10 developed this contract that's in your packet, as
11 well as the performance framework. So the only
12 thing we're proposing to address the Division's
13 concerns is this amendment.

14 THE CHAIR: And I guess my question is did
15 I not hear the Director say that the performance
16 framework would not --

17 MS. POULOS: We had no comment on the
18 performance framework.

19 THE CHAIR: Okay. I -- so I did not hear
20 that correctly. Okay. All right.

21 COMMISSIONER CABALLERO: Madam Chair?

22 THE CHAIR: Commissioner Caballero?

23 COMMISSIONER CABALLERO: Yes. If members
24 of the Commission have already gotten together as a
25 group to go over a contract that the contract has

1 been vetted, I don't see a problem bringing --
2 voting on the contract and the amendment. Maybe the
3 amendment can be explained, and then just take it
4 all as one document; because a contract and the
5 amendment to the contract is one document. I don't
6 see a need to vote for one and vote for the other,
7 so that we just discuss the amendment.

8 THE CHAIR: I'll leave that to you.

9 MS. McKEE: My preference is, because it's
10 an amendment, is to vote on the contract and then
11 vote on the amendment. I just think it makes it
12 cleaner.

13 COMMISSIONER CABALLERO: All-righty.

14 MS. McKEE: The date would have to be
15 changed, though, on the contract.

16 MS. POULOS: That's part of the amendment.

17 THE CHAIR: That was part of the
18 amendment.

19 MS. McKEE: Okay.

20 THE CHAIR: So I move that the Public
21 Education Commission accept the contract between the
22 New Mexico Public Education Commission and Student
23 Athlete Headquarters Academy. I'm leaving the date
24 out for now, because that's in the amendment. Or
25 do -- shall I add -- put this date and that we're

1 amending it in the second motion? Because this
2 original contract was populated for these dates.

3 COMMISSIONER TOULOUSE: Madam Chair, could
4 you say "previously negotiated"?

5 THE CHAIR: "Previously negotiated"?
6 Okay.

7 So I move that the Public Education
8 Commission accept the contract between the
9 New Mexico Public Education Commission and the
10 Student Athlete Headquarters Academy, previously
11 negotiated.

12 (Chair consults with Ms. McKee.)

13 THE CHAIR: Okay. Try this one more time,
14 Cindy.

15 So I move that the Public Education
16 Commission accept the contract between the
17 New Mexico Public Education Commission and the
18 Student Athlete Headquarters Academy, dated
19 July 1st, 2016, through June 30th, 2021.

20 Do I have a second?

21 COMMISSIONER CRONE: (Indicates.)

22 THE CHAIR: Commissioner Crone seconds.

23 Commissioners, any questions? Comments?

24 COMMISSIONER JOHNSTON: Comment.

25 THE CHAIR: Commissioner Johnston?

1 COMMISSIONER JOHNSTON: I have read your
2 contract. It's very exciting. My experience with
3 schools similar is with fine arts students, students
4 who had to be away not because of athletic
5 competitions or trainings, but because of
6 performances.

7 That is my sense of urgency for this head
8 of school and having someone in place; because while
9 this is very, very exciting, it is going to require
10 that due diligence in ensuring. And it -- when it
11 works, it's magical for young people. And so I
12 commend you; but therein lies my concern with that.

13 Thank you.

14 THE CHAIR: Commissioner Armbruster?

15 COMMISSIONER ARMBRUSTER: Okay.

16 Commissioner Caballero?

17 COMMISSIONER CABALLERO: Yes. And I will
18 reserve my comments till the end of the --

19 COMMISSIONER ARMBRUSTER: Commissioner
20 Johnston?

21 COMMISSIONER JOHNSTON: Yes.

22 COMMISSIONER ARMBRUSTER: Commissioner
23 Toulouse?

24 COMMISSIONER TOULOUSE: Yes.

25 COMMISSIONER ARMBRUSTER: Commissioner

1 Ruiz?

2 COMMISSIONER RUIZ: Yes.

3 COMMISSIONER PERALTA: Commissioner

4 Conyers?

5 COMMISSIONER CONYERS: Yes.

6 COMMISSIONER ARMBRUSTER: Commissioner

7 Armbruster votes "Yes."

8 Commissioner Crone?

9 COMMISSIONER CRONE: Yes.

10 COMMISSIONER ARMBRUSTER: Commissioner

11 Gipson?

12 THE CHAIR: Yes.

13 COMMISSIONER ARMBRUSTER: The vote is
14 eight to zero. Motion passes.

15 THE CHAIR: Motion passes eight-zero.
16 Congratulations. One final -- I'm sorry. I thought
17 you were reserving until after the amendment.

18 COMMISSIONER CABALLERO: I just want to
19 say that the concept is very, very good, to me,
20 personally. I lived in a very bad neighborhood, a
21 lot of gang activity. I wasn't that good -- I was
22 always a good student, but I was terrible, and not
23 until I was forced by the coach to get into sports.

24 And the reason I got forced, because I had
25 so many demerits that the principal decided to bring

1 in all the bad guys that had too many demerits to
2 work out by the end of the school year and forced
3 them to join the track team. Forced them.

4 And she got permission from all our
5 parents to do so. And so that began -- that was in
6 the sixth grade. And I stayed running until college
7 years, two years at the University of Texas at
8 El Paso. And so I made it, because of sports. Had
9 I not, a lot of my friends ended up life in prison;
10 so...

11 MR. DAVID BEACH: Thank you.

12 MS. CHARLOTTE RODE: I'm going to have you
13 come talk to our kids.

14 COMMISSIONER CABALLERO: Okay.

15 THE CHAIR: Okay. One final item. And
16 that is the amendment.

17 Commissioners, do we have any questions,
18 comments, about the amendments?

19 Okay. With that being said. I move that
20 the Public Education Commission approve the charter
21 contract for SAHQ Academy with the following
22 amendments:

23 1. The contract term shall be July 1,
24 2017, to June 30, 2022.

25 2. Section 3-2, Term of the Contract --

1 Term of the Charter -- Page 12, is modified by
2 changing the effective date to July 1st, 2017, and
3 the last date of the contract term to June 30, 2022.

4 3. Section VIII.1(a)(i), Operational
5 Structure, Page 33, is modified by deleting the
6 following statement: "The school is a blended
7 learning school. Students' on-campus schedule will
8 be set by school staff based on whether or not the
9 students are on pace with their course
10 requirements," which appears in the table at (i),
11 "Operational Structure," adjacent to the words,
12 "Length of School Day."

13 4. Section VIII.1(a)(iii) -- or no --
14 three (i)s. Educational Program of School,
15 Educational Approach, Page 34, is modified by
16 deleting the phrase, "With the flexibility of
17 anytime, anywhere learning," in the following
18 sentence: "The school provides academic classes to
19 students in a highly interactive digital format."

20 5. Section X.1, Renewal Time Line and
21 Process, Page 55, is revised by changing the renewal
22 application submission date to October 1, 2021, and
23 the date by which the Commission must vote on the
24 school's renewal application date to January 1,
25 2022.

1 Do I have a second?

2 COMMISSIONER RUIZ: (Indicates.)

3 THE CHAIR: Commissioner Ruiz seconds.

4 Any discussion?

5 Commissioner Armbruster, please?

6 COMMISSIONER ARMBRUSTER: Commissioner

7 Toulouse?

8 COMMISSIONER TOULOUSE: Yes.

9 COMMISSIONER ARMBRUSTER: Commissioner

10 Crone?

11 COMMISSIONER CRONE: Yes.

12 COMMISSIONER ARMBRUSTER: Commissioner

13 Gipson?

14 THE CHAIR: Yes.

15 COMMISSIONER ARMBRUSTER: Commissioner

16 Conyers?

17 COMMISSIONER CONYERS: Yes.

18 COMMISSIONER ARMBRUSTER: Commissioner

19 Armbruster votes "Yes."

20 Commissioner Johnston?

21 COMMISSIONER JOHNSTON: Yes.

22 COMMISSIONER PERALTA: Commissioner Ruiz?

23 COMMISSIONER RUIZ: Yes.

24 COMMISSIONER ARMBRUSTER: Commissioner

25 Caballero?

1 COMMISSIONER CABALLERO: Yes.

2 COMMISSIONER ARMBRUSTER: The motion
3 passes eight to zero.

4 MS. PATRICIA MATTHEWS: May I say
5 something?

6 A, I very much appreciate the Commission.
7 I'm saying this on behalf of Charlotte, because I
8 know she can't talk right this second. I also want
9 to say "thank you" to Phillip and Katie who helped
10 us dot every "i" and cross every "t" on this
11 application. I do want to thank the Charter Schools
12 Division, as well.

13 THE CHAIR: Thank you very much.

14 MS. ANN McCOLLUM: Thank you.

15 THE CHAIR: Commissioners, we're going to
16 take a ten-minute break. Thank you.

17 (Recess taken, 4:00 p.m. to 4:12 p.m.)

18 THE CHAIR: The record should note that
19 Commissioner Caballero is no longer with us.

20 Thank you. "No longer with us" sounded a
21 little too definitive there.

22 We are on to -- I can't see clearly now --
23 we are on to Item No. 11, Discussion of Possible
24 Action on the 2017 New Charter School Application
25 Kit, Including Evaluation Rubric and Criteria.

1 Director?

2 MS. POULOS: Madam Chairwoman,
3 Commissioners, I just want to commend the group that
4 was here yesterday on the unbelievable amount of
5 effort, concentration and time put into this, as
6 well as into the Rules of Order. I think there were
7 some really important and very valuable discussions
8 that occurred yesterday.

9 So what you have in front of you, in
10 Item 12 [verbatim], is what we hope is a -- an
11 application kit that can be approved, with changes
12 that were discussed on the record yesterday -- or
13 discussed during the work session yesterday.

14 What -- all parts are in here. Part A, B,
15 C, D. What isn't printed out here, but what was
16 included in your materials -- it wasn't -- it was
17 included in your materials -- is the required forms
18 for Appendix -- I could look at this and tell you --
19 the required forms for Appendix F and G. That's the
20 budget. And I remembered that you guys did want a
21 shorter budget form. I found it from many years ago
22 I think it works.

23 THE CHAIR: Okay.

24 MS. POULOS: So if I just talk quickly,
25 and then we can figure out how we want to go from

1 here.

2 In Part A, the changes that we
3 incorporated are found on Page 2. They are not
4 track-changed. They are the changes that we
5 discussed at length, I think, in our November
6 meeting about the technical review and the idea that
7 if an incomplete application is submitted, we'll
8 tell the school that.

9 They can come and contest that with you;
10 but we're not going to move on with input hearings.
11 We're not going to move on with, you know, that
12 \$7,000 review by external reviewers.

13 So I worked closely with the record from
14 our prior conversation. So this reflects everything
15 that was in that record.

16 That is really the only change in here,
17 except that last year's kit did say -- instead of
18 "scoring," it said "substantive review." I know how
19 this Commission feels about that phrase, and so I
20 actually just went ahead and changed that to
21 "scoring," so they could understand what that was.

22 And then we did, yesterday, talk about --
23 on the time line, we have just adjusted the dates so
24 that they reflect this year's dates over the last
25 year's, but then did reflect that the Commission

1 would receive the applications that are submitted to
2 us by June 6th, so that you would have time with
3 those, and that the Commission would receive the
4 preliminary analysis of the written application, I
5 believe four days before the capacity interview.

6 And then the same would be the case with
7 the preliminary analysis of the capacity interview:
8 At least four days prior to the Community Input
9 Hearing, which gives you time prior to that input
10 hearing.

11 Those were the only changes that were
12 reflected in Part A.

13 In Part -- and you should have that very
14 next.

15 Part B, nothing was changed, except "2016"
16 to "2017." No changes at all to that.

17 Part C, which we covered at length
18 yesterday, what I did was, with input from other
19 bureaus, did put those -- the rubric on Page 3 of
20 Part C that would identify "meets criteria,"
21 "approaches criteria," and "falls far below."

22 Based on our conversation, 100 points for
23 "meets," 50 for "approaches." We did make changes
24 to the "falls far below" criteria in our tracked
25 changes to say that, "Insufficient detail to

1 understand the proposal includes...," and listed
2 those things out. Specifically, we wanted to get at
3 some of the concerns we've seen in past years with
4 plagiarized or cut-and-pasted, either materials,
5 information, or statutes and regulations. So really
6 getting them to understand that's not what we're
7 looking for.

8 On the minimum scoring expectations, we
9 did change some language so that it would say the
10 application -- or the -- no response is evaluated
11 "Falls far below." I think we had some conversation
12 today about whether no more than three responses may
13 be evaluated as "Approaches," and also whether it's
14 the right threshold at 90 percent of the available
15 points. I can talk to that.

16 Then yesterday, we went at length and
17 talked through how we weighed out the expectations
18 and the total points. The group, yesterday, did
19 identify changes in point values and some changes in
20 language. I did hand you tracked changes today; so
21 you can see those. I did not print out a full other
22 copy of that; but those tracked changes reflect the
23 conversations that we had yesterday. And I sent
24 those out to the Commission yesterday to take a look
25 at in electronic format.

1 The only other thing that I think is
2 important to note is that we did remove any points
3 for including appendices. In the past, I think you
4 got 4 points if you included all of them. We
5 removed any points from that, because it's a minimum
6 requirement.

7 And then the other thing that we did do is
8 school size has always been the very first prompt in
9 the application -- or Academic section. We actually
10 thought that the mission should come first and be
11 more apparent and important.

12 It was then decided that the school size,
13 which is just basics of what grade levels are you
14 going to start would actually be moved to the budget
15 and be the first item in the budget, because it made
16 sense there.

17 So that's that. I also provided each of
18 you some spreadsheets last night and printouts today
19 that kind of laid out and might help us explore this
20 idea, "Is the 90 percent threshold right?"

21 So what you can see in that is all the
22 different possible configurations of total points.
23 There's more, but I kind of tried to just stick to
24 the big ones.

25 And then some examples of prior year

1 applicants. And you can kind of see there's not
2 many that made it. There are some that did hit
3 that -- that 90 percent threshold.

4 What I think is really important is if you
5 look at the very bottom of the one that's easier to
6 read -- and I have one -- you'll see where I've
7 identified, for each of those scenarios, the total
8 points, what 90 percent of the total would be, and
9 as a result of that, what the allowable point loss
10 would be. So you can kind of play some scenarios
11 out in your head.

12 I also did with it 95 points.

13 And then, in the smaller, harder one to
14 read, the four columns on the end basically lay out
15 this.

16 You could have an applicant that missed or
17 got scored as "Approaches" the criteria in
18 12 responses, as long as they're not heavily
19 weighted, and they would still hit that 90 percent
20 benchmark; just barely, but they would, especially
21 if they had bonus points. Because we talked about
22 treating transportation and food as a bonus to
23 incentivize that.

24 So the Commission may feel, well, 12
25 responses being "Partially meets" or "Approaches" is

1 actually too lenient; right? Because that's being
2 three in each. So you may want to bump up beyond
3 that 90 percent threshold and make it a 95 percent
4 threshold, which would then require they're not
5 missing 12. Again, they could still miss by a few;
6 but it's definitely a more rigorous threshold.

7 The discussion we did have was that this
8 was, again, not a guarantee that you get approved.
9 It is, "You must hit this threshold to get
10 approved."

11 THE CHAIR: Correct. It's not a
12 guarantee. It's just --

13 MS. POULOS: A bar. A minimum.

14 THE CHAIR: Exactly. So I guess the only
15 question I have is -- it's playing with numbers.
16 And I don't want to prolong this -- if we -- what
17 would happen if we made it -- what are we talking --
18 no more than three, which would be a total of 12?
19 So are we talking about possibly saying no more than
20 two "Approaches"? Because if it was no more than
21 three it, would be a total of 12 possible?

22 MS. POULOS: So the way that the language
23 currently reads is, "No more than three are
24 evaluated as 'Partially meets' or 'Approaches' in
25 any section of the application."

1 So I think that's -- I actually think
2 that's fine; because you don't want all of the
3 others -- so you don't want them to score 95 percent
4 by being, you know, totally clean in all the
5 sections except the Academic. And in the Academic,
6 they miss four or five or whatever, but they're
7 still -- but they're only -- you know. And so
8 they're -- so they're not ready for their academics;
9 but they hit that scoring threshold.

10 I don't know. I think I'm okay -- I think
11 the three makes sense. You certainly don't want
12 them -- I wouldn't -- let me say that -- I wouldn't
13 want them to be able to hit "Approaches" on 12
14 responses --

15 THE CHAIR: That's just it. Yeah.

16 MS. POULOS: -- and get passed. That's
17 what I think we need to play with there, then, is
18 actually, the threshold, the 90 percent.

19 THE CHAIR: See, that's what I was getting
20 at. Do we keep it at three and make it 95? Or do
21 we make it two and keep it at 90? You know, I don't
22 know which is the best way to go.

23 MS. POULOS: I think the two and 90. No
24 matter what, they would meet that; right? So, like,
25 if -- if they did not get more than two in any area,

1 they would absolutely be hitting the 90. So it
2 doesn't end up being a catch -- for, like, another
3 circumstance.

4 THE CHAIR: Got you.

5 MS. POULOS: So I think it's the other
6 one. I think it's the threshold of points --

7 THE CHAIR: Okay.

8 MS. POULOS: -- that you really want to
9 focus in on.

10 THE CHAIR: Okay. I'm fine with three and
11 95.

12 COMMISSIONER ARMBRUSTER: It's pretty
13 daunting when you hear that. It's, like, no.

14 THE CHAIR: My initial response, "Oh, my
15 God, no one's going to make it."

16 MS. POULOS: But then I laid out scenarios
17 where they can.

18 THE CHAIR: Right. You lay this out, and
19 it's, well, everyone shouldn't make it, anyway. It
20 should be a relatively high bar, because we're
21 talking about students' lives and significant sums
22 of money, so that people should be prepared to be
23 able to do this.

24 And the planning year should not be going
25 back and doing what wasn't properly done in the

1 application, because then there's no moving forward.

2 So I'm personally fine with three and 95.

3 MS. POULOS: While we're talking about
4 that, Madam Chairwoman, just a thought. And we have
5 the Planning Year Checklist on your calendar. I
6 think I've said this before. We firmly believe we
7 should stop calling it a "Planning Year Checklist"
8 and call it an "Implementation Year Checklist."

9 THE CHAIR: It's just a tough term to
10 forget.

11 MS. POULOS: I understand.

12 THE CHAIR: No, I appreciate that. So
13 that being said, are we ready to?

14 MS. POULOS: Did we talk at all -- so let
15 me -- if you don't mind, Madam Chairwoman, the
16 criteria on the Part D? Because we didn't talk
17 about that yesterday. And Part D is the capacity
18 interview.

19 THE CHAIR: Oh, the capacity, yes.

20 MS. POULOS: And that one, we, in the
21 past, had what was intended to be kind of like
22 specialized by groups of questions, criteria. What
23 I found is they really weren't. And so then I
24 proposed these options here.

25 THE CHAIR: Right. You know, when I

1 looked at that, the only thing that really jumped
2 out at me immediately for what was missing was some
3 questioning about the implementation of curriculum
4 and the development of curriculum. And I didn't
5 know whether that's because there's all those
6 opportunities for individualized questions that --
7 you know, part of me likes -- and let me remind you.

8 The individualized questions, are they
9 provided, then, before they get -- they aren't.
10 And, see, that's why part of me doesn't want
11 everything laid out so that they can actually
12 respond, like they did it.

13 MS. POULOS: Yeah.

14 THE CHAIR: So I go back and forth between
15 do I want them to be able to spontaneously respond
16 about their curriculum programming and not have a --
17 you know, a script already made? If the questions
18 are in there pre-made, then they're going to have it
19 scripted, as opposed to -- you know, I guess my
20 concern would be I want to make sure that those
21 individualized questions would cover something like
22 that.

23 MS. POULOS: So I think, absolutely, I
24 could see -- I would see, in only rare cases, and
25 maybe none, where the review team, including the

1 individuals that they include, would not ask them
2 about that. And most of the times, they would,
3 because they'd -- they'd want to understand that,
4 especially because those are such individualized
5 pieces. So they'd want to contrast that.

6 Certainly, I think we can think about, for
7 next year, are there any questions that needed to be
8 added. We haven't changed any of the questions for
9 prior years. We only looked at changing the rubric.

10 So I think if we're not getting that
11 information and feel like it needs to be
12 incorporated next year, let's do that.

13 COMMISSIONER ARMBRUSTER: A living
14 document.

15 THE CHAIR: Any other questions?
16 Comments? Concerns, Commissioners?

17 Okay. I think we're good.

18 MS. POULOS: Do you want to move?

19 THE CHAIR: Yeah. Okay.

20 MS. POULOS: I don't believe I provided
21 you language. I'm sorry.

22 THE CHAIR: That's all right. I think
23 I've got one from Ms. McKee.

24 I move to adopt the Revised Application
25 Kit, including Evaluation Rubric and Criteria

1 presented in today's materials submitted by CSD.

2 MS. POULOS: We need to include --

3 THE CHAIR: Including --

4 MS. POULOS: The revisions from the work
5 session yesterday.

6 THE CHAIR: Yeah, see? That was --

7 MS. McKEE: Yes. Well, I thought that
8 everybody -- let me just start again. My gosh.
9 Because I thought that everything was e-mailed to us
10 with the revisions.

11 MS. POULOS: Yes, it was, last night.

12 MS. McKEE: That's why I -- but I guess
13 that's not.

14 MS. POULOS: It's not printed, today's --
15 yeah.

16 MS. McKEE: All right. Well, yeah, let's
17 just change that. Okay. Hang on.

18 "Presented at the work session"? Yeah,
19 because when you -- when you e-mail these, I
20 incorporate them into today's stuff. But I see
21 where there could be confusion. So.

22 The work session -- and yesterday was the
23 9th; correct?

24 MS. POULOS: Yes.

25 MS. McKEE: Okay.

1 THE CHAIR: Are we good? Okay.

2 So I move to adopt the Revised Application
3 Kit, including Evaluation Rubric and Criteria
4 presented at the Work Session by CSD February 9th,
5 2017.

6 COMMISSIONER RUIZ: (Indicates.)

7 THE CHAIR: There's a second by
8 Commissioner Ruiz.

9 Any discussion?

10 Commissioner Armbruster?

11 COMMISSIONER ARMBRUSTER: Commissioner
12 Conyers?

13 COMMISSIONER CONYERS: Yes.

14 COMMISSIONER ARMBRUSTER: Commissioner
15 Toulouse?

16 COMMISSIONER TOULOUSE: Yes.

17 COMMISSIONER ARMBRUSTER: Commissioner
18 Ruiz?

19 COMMISSIONER RUIZ: Yes.

20 COMMISSIONER ARMBRUSTER: Commissioner
21 Johnston?

22 COMMISSIONER JOHNSTON: Yes.

23 COMMISSIONER ARMBRUSTER: Commissioner
24 Gipson?

25 THE CHAIR: Yes.

1 COMMISSIONER ARMBRUSTER: Commissioner
2 Crone?

3 COMMISSIONER CRONE: Yes.

4 COMMISSIONER ARMBRUSTER: Commissioner
5 Armbruster votes "Yes." That's seven votes.

6 THE CHAIR: It passes by seven-zero.

7 And I would also like to thank everyone
8 that -- I want to thank CSD for all the work done to
9 get prepared for yesterday, and everyone who stayed
10 until their eyes were bleeding yesterday evening to
11 get this work done.

12 But it was -- we walked away feeling like
13 we accomplished something. And now it's really
14 important. So I thank everyone.

15 COMMISSIONER JOHNSTON: Madam Chair, I'm
16 probably out of order. But I would very much like
17 to thank our attorney from the Attorney General's
18 Office for her resilience and stick-to-itiveness and
19 teaching ability. We had two excellent teachers
20 yesterday.

21 THE CHAIR: This was the first Work
22 Session she's attended. I don't know if it'll be
23 the --

24 MS. McKEE: I still haven't recovered.

25 COMMISSIONER RUIZ: We scared her off.

1 THE CHAIR: Okay. We are on to Item
2 No. 12, Discussion and Possible Action on Governing
3 Body Changes, Policy Forms, Contract
4 Provision 8.10(b).

5 MS. POULOS: Madam Chairwoman,
6 Commissioners, so there's the background on this,
7 which is at November, you, as a Commission, voted
8 for changes to the governing body changes policy,
9 because we found some lack of clarity and some,
10 potentially, concerns that we needed to address.
11 You asked me to come back. We've tried this a
12 couple of times. But here we are.

13 So if you look at Page 2 of your
14 materials, you'll see that I have tracked changes on
15 the old policy; so, first and foremost, that we've
16 clearly identified the Commission requires schools
17 to notify the CSD of any and all changes to
18 governing body membership.

19 And then the new proposed policy, really,
20 that was the requirement that schools, at an annual
21 meeting, which is the first meeting of every fiscal
22 year, establish, on the record, how many governing
23 body members they will have. And that becomes a
24 number that cannot change through the school year,
25 but could change again at that next annual meeting.

1 So that, I believe, is laid out kind of
2 with clarity and with the language that we all
3 worked together on.

4 Other than that, there are no real changes
5 to the rest of the policy, which was pretty
6 comprehensive. I think what we did, more than
7 anything, was clarification to the field that any
8 vacancy is any vacancy. I think this policy also
9 helps us with that.

10 THE CHAIR: Correct.

11 MS. POULOS: And then the other thing that
12 we are putting forward to you is just proposed
13 changes to the form, because we found that we're not
14 getting everything that we need. And so we think
15 that the information requested here -- and I
16 apologize. Those 32 T's appear when I have it as a
17 form.

18 But we are asking for the governing board
19 member name, the current personal contact
20 information -- and that's for those liability
21 purposes -- what the action was, the date of the
22 action, the reason for our removal or our
23 resignation, and their terms of service.

24 And then we've clarified the required
25 attachments.

1 Any questions?

2 THE CHAIR: Any questions, Commissioners?

3 Okay. If not, I move to adopt the revised
4 policy statements presented in today's materials and
5 the revised form for making government changes.

6 COMMISSIONER TOULOUSE: (Indicates.)

7 There's a second by Commissioner Toulouse.

8 Any discussion?

9 Commissioner Armbruster?

10 COMMISSIONER ARMBRUSTER: Busy day.

11 Commissioner Johnston?

12 COMMISSIONER JOHNSTON: Yes.

13 COMMISSIONER ARMBRUSTER: Commissioner
14 Conyers?

15 COMMISSIONER CONYERS: Yes.

16 COMMISSIONER ARMBRUSTER: Commissioner
17 Gipson?

18 THE CHAIR: Yes.

19 COMMISSIONER ARMBRUSTER: Commissioner

20 Ruiz?

21 COMMISSIONER RUIZ: Yes.

22 COMMISSIONER ARMBRUSTER: Commissioner

23 Crone?

24 COMMISSIONER CRONE: Yes.

25 COMMISSIONER ARMBRUSTER: Commissioner

1 Toulouse?

2 COMMISSIONER TOULOUSE: Yes.

3 COMMISSIONER ARMBRUSTER: Commissioner

4 Armbruster votes "Yes."

5 That's seven to zero. The motion passes.

6 THE CHAIR: Thank you.

7 We are on to No. 13, Report from the
8 Chair, Discussion and Assignment of Liaison Roles.

9 You've received them. I'll just ask you
10 if you've got any concerns -- and I know at least
11 one Commissioner has addressed -- apparently, there
12 was an e-mail that didn't -- didn't get to me.

13 So if -- if you have any concerns about
14 it, please let me know, and I'll make any
15 appropriate changes, that it's not something that we
16 have to vote on.

17 We had a discussion yesterday at the Work
18 Session, and I think we'll continue, that there's a
19 number of the committees won't be meeting during
20 session and so on. But we're in a budget crisis, so
21 that I think what I'm going to have to do is to
22 assign a lead chair, or some title, so that that
23 person will be the first person up to attend the
24 meetings; also, depending on what -- what that
25 meeting is.

1 But we need to be aware of the amount of
2 monies that we're spending for reimbursement for
3 attendance at these meetings, and that a number of
4 the meetings don't necessarily, on their agendas,
5 reflect any particular topics that directly pertain
6 to charters. And if that is the case, it doesn't
7 really seem necessary that a Commissioner be there
8 in the name of the PEC.

9 And there are times that there might be
10 nothing on the agenda, but that maybe you've been
11 invited to the meeting. That's a whole different
12 story. But we do have to be cognizant of finances
13 when we're -- when we're attending these meetings.

14 I, generally -- I'll give you an exam- --
15 I generally attend the LESC. But if the LESC
16 doesn't have anything that pertains to charters, I
17 don't go, unless someone has asked me to be there
18 because they know they can meet with me at that
19 point in time. But otherwise, because with some of
20 these committees, they don't meet centrally; they
21 meet around the state. So that it's -- it's not
22 just gas that's involved; it's overnight stays and
23 so on.

24 So I think it's for -- for timeliness at
25 this point in time, I'm going to reserve the rest of

1 the discussion till next month and hope we can get
2 deeper into it. All right?

3 COMMISSIONER TOULOUSE: Well, Madam Chair,
4 if you remember, I asked back in October or November
5 for Deputy Secretary Aguilar to provide us money, on
6 how much we are spending. And to date, we haven't
7 seen it. And until I see that, I don't know how
8 much we're spending.

9 THE CHAIR: Right. And I've also put in a
10 request for not just this, but total travel
11 expenses. And I have not received anything at this
12 point in time.

13 So you're right. We need -- we need more
14 clarity on that. So maybe by March, we can have
15 something. I can always hope.

16 Okay. On to the PEC Calendar. I think
17 we've got the Work Session calendar cleared up, do
18 we not?

19 MS. POULOS: Right. So I think we're okay
20 with the Work Session calendar.

21 The Listening Tour. I was hoping that we
22 could get -- really pin that down. I know we gave a
23 general time frame for that, and that was, like,
24 April -- around April 16th-ish was when we were
25 originally looking.

1 And I know -- I believe we discussed
2 three, did we not? So I don't know if we're
3 prepared at this point in time. But it'll be March
4 the next time we meet. And I think it's -- it's
5 only fair to schools that want to come to the
6 meeting, us that have to make family and travel
7 arrangements, that if we could do it today. And it
8 would also give Beverly more opportunity to find
9 places.

10 I know -- and it would help -- I know I
11 said I would check with the Farm & Ranch down by me.
12 And that has to be -- that's in demand. So that if
13 I can have a date as soon as possible, that would
14 really help being able to solidify being able to use
15 that facility. Otherwise, we have to look.

16 So do we have --

17 MS. POULOS: Madam Chairwoman?

18 THE CHAIR: Uh-huh.

19 MS. POULOS: The only date, I will say, is
20 that CSD has already planned to have a rule-making
21 hearing on the governing body training rule on
22 April 17th. And I believe we also have a new
23 applicant training that day. So we are pretty
24 booked for that day, which is a Monday.

25 THE CHAIR: Okay.

1 MS. POULOS: And we do still, the week
2 prior, have two schools that have site visits.

3 COMMISSIONER JOHNSTON: That is the week
4 of the School Budget Workshop. And that's what
5 we've been talking about all day are those finances.

6 THE CHAIR: The 13th, 14th.

7 COMMISSIONER JOHNSTON: I marked -- I
8 don't know. I have the 11th, 12th, and 13th marked.

9 COMMISSIONER RUIZ: That's what I have.

10 THE CHAIR: I thought we were looking at
11 beyond the 16th --

12 COMMISSIONER JOHNSTON: Okay.

13 THE CHAIR: -- for a date, sometime after
14 the 16th for a date.

15 But, of course -- and we -- we have our
16 main meeting on the 5th, because the intention of
17 these meetings were so that we could get input,
18 based on what we've done in the -- at the March Work
19 Session, so that we would have that rough outline of
20 the performance framework. We could have the
21 discussion with the schools, then, during that April
22 time, and that we would hopefully be able to, then,
23 at the May Work Session, iron the greatest portion
24 of that out and hopefully be able to move forward on
25 it maybe in May, but definitely in June.

1 So that being said, we're looking at some
2 time after the 19th?

3 COMMISSIONER ARMBRUSTER: I'm available
4 starting the 19th, but not the 18th, for me.

5 THE CHAIR: Okay. You're available on the
6 19th?

7 COMMISSIONER ARMBRUSTER: Uh-huh.

8 THE CHAIR: Correct. Okay. So let me --

9 COMMISSIONER ARMBRUSTER: I crossed off
10 the 17th, because of CSD.

11 THE CHAIR: We're looking at Albuquerque.

12 MS. POULOS: Las Cruces, and Española.

13 THE CHAIR: -- Las Cruces, and Española,
14 right. If you're not available until the 19th, it
15 would be the best not to start, then, in the south.

16 COMMISSIONER RUIZ: Or that next week.

17 COMMISSIONER ARMBRUSTER: Or go -- if you
18 guys want to start.

19 THE CHAIR: If you traveled on the 19th.

20 COMMISSIONER ARMBRUSTER: I can't travel
21 until, like, 2:00 on the 19th.

22 THE CHAIR: Then you could be in
23 Las Cruces by 6:00. You can be in Las Cruces by
24 7:00, and it's light late; so...

25 COMMISSIONER ARMBRUSTER: Okay. Get a

1 ticket. Charge it on my --

2 THE CHAIR: I'll defer to the rest of you;
3 because if it's up to me, we're going to finish in
4 the south. But that's because it would benefit me.

5 But I'll defer to everyone. Do you want
6 to start in the south and work your way north? Or
7 do you want to start in the north and work your way
8 south? It really doesn't matter to me.

9 COMMISSIONER RUIZ: It doesn't matter.
10 But it has to be that week of the 17th. We can't
11 move it back to the next week, the last week?

12 THE CHAIR: You mean the 24th and 25th?

13 COMMISSIONER RUIZ: The 24th and 25th or
14 the 27th and 28th?

15 THE CHAIR: That doesn't matter to me. It
16 only just makes it just -- I'll ask you this: That
17 makes it difficult to -- to work changes in. And
18 that's a real long week, then. But we could tie it
19 in to when we're going to be moving into the Work
20 Session and just -- but that would make it very
21 difficult to then incorporate any changes and get
22 that done first.

23 So does the Director have any problem with
24 the week of the 24th?

25 MS. POULOS: No.

1 THE CHAIR: Okay. Everyone else okay with
2 that week?

3 COMMISSIONER JOHNSTON: May I just ask?
4 And this is to clarify. Our regular meeting in
5 March is the 10th; in April, it's the 7th.

6 THE CHAIR: In April it's the 7th; and in
7 May, it's the 5th.

8 COMMISSIONER JOHNSTON: So it's not the
9 12th, as is on the calendar. That's what threw me.

10 THE CHAIR: See, I have it on my calendar
11 on the 5th.

12 COMMISSIONER RUIZ: It's on the 12th.

13 THE CHAIR: It's on the 12th? Maybe the
14 5th was talked about at one time, and I put it on,
15 and we changed it later.

16 COMMISSIONER JOHNSTON: I heard the 5th
17 and thought, "Oh, boy, I'm in trouble."

18 COMMISSIONER RUIZ: No. On the 12th is
19 what we discussed.

20 THE CHAIR: You know what happened? If I
21 was looking at the right month, it would help.

22 COMMISSIONER JOHNSTON: What month did you
23 pick to look at?

24 THE CHAIR: I think I was back in March,
25 still. I have it on as the 12th, yes, for May.

1 We're good for the week of the -- sometime in the
2 27th?

3 COMMISSIONER JOHNSTON: The week of the
4 24th, sometime the end of the week. And this is for
5 the Listening Tour?

6 THE CHAIR: Correct.

7 COMMISSIONER JOHNSTON: Okay. And so I
8 think it would be nice to start in the north and
9 finish in the south. That's just me.

10 COMMISSIONER RUIZ: Madam Chair, let me
11 get clarification here. Is this the same Listening
12 Tour that you all did later?

13 THE CHAIR: This is a separate one. This
14 is only to get input from schools, because we're
15 making this major change to the performance
16 framework; so that we're going to do some
17 preliminary work in March at our Work Session.
18 We'll be able to have that out to the schools.

19 And then we'll go out to the schools to
20 get their input on what we've done and possible
21 changes, comments that they have, so that we can
22 then incorporate that and work on that at the next
23 Work Session.

24 COMMISSIONER RUIZ: Okay. Thank you.

25 THE CHAIR: The other one is the Community

1 Input Hearings for the new applications.

2 COMMISSIONER RUIZ: Okay. Thank you.

3 COMMISSIONER ARMBRUSTER: And that's in
4 July.

5 THE CHAIR: And that's in July, correct.

6 So we are looking at the week of
7 April 24th. So it doesn't matter to me. Do you
8 want to start on Monday morning?

9 COMMISSIONER JOHNSTON: Or should we start
10 on Tuesday, so we can travel?

11 THE CHAIR: So Tuesday, the 25th, in
12 Española.

13 COMMISSIONER ARMBRUSTER: That'll be hard
14 for me to get there. Just kidding.

15 COMMISSIONER JOHNSTON: We'll come by and
16 pick you up if it's snowing.

17 COMMISSIONER RUIZ: So the 25th is
18 Española?

19 COMMISSIONER CRONE: Yeah. That's the
20 only one I won't be able to make.

21 THE CHAIR: And we are doing these in the
22 evening; correct? Or are we doing them during the
23 day? I don't think we've really looked at that.

24 COMMISSIONER ARMBRUSTER: No, we didn't.

25 THE CHAIR: Because we're really just

1 talking about the school leaders themselves, and/or
2 possibly governance council people. It's not a
3 public -- necessarily, a public meeting to get
4 people out of the individual school. So are we
5 looking at a day? Daytime?

6 COMMISSIONER JOHNSTON: I don't know what
7 you've done in the past.

8 COMMISSIONER TOULOUSE: It's the first
9 time.

10 COMMISSIONER JOHNSTON: Oh, okay.

11 THE CHAIR: Maybe if we did it early
12 afternoon, so that school leaders could get the
13 school settled -- if they were close enough, could
14 get a school settled and then come to the meeting,
15 if need be. It would -- or at least have time to
16 address some issues that might be going on at the
17 school and get -- even by telephone, get it settled.

18 COMMISSIONER ARMBRUSTER: How many hours
19 do you think this would be at each?

20 THE CHAIR: I don't think it --

21 COMMISSIONER TOULOUSE: Depends on how
22 many show up.

23 COMMISSIONER ARMBRUSTER: I was afraid
24 that was the answer.

25 THE CHAIR: Do you have a thought on that?

1 MS. POULOS: I think maybe putting it out
2 to the field and asking them what they'd prefer, a
3 couple of times.

4 THE CHAIR: If we have the date, that's
5 fine. The only thing it could potentially affect is
6 where people are staying, so that if we go from
7 Española to Albuquerque, if we're meeting in the
8 evening, people are going to stay in -- closer to
9 Española and then move on to Albuquerque.

10 So that's the only thing. But we have
11 time to make those individual arrangements for that.
12 So that's fine.

13 If you want to reach out to the schools
14 and ask them if they -- the only thing I need to
15 know, like ASAP, for down by me, so I can get --

16 MS. POULOS: So let me say this. I'm
17 thinking schools typically -- so this wouldn't be
18 evening or day, like, right in the middle? If you
19 did it at 3:30 for an hour and a half? Then their
20 kids are all gone?

21 THE CHAIR: Right. That's a thought.

22 MS. POULOS: And so they can incorporate
23 it kind of into the workday; but it's not part of
24 the schoolday, and it's not pulling them away.

25 COMMISSIONER JOHNSTON: I -- when are the

1 testing windows?

2 COMMISSIONER RUIZ: Right around there.

3 COMMISSIONER JOHNSTON: That's why I'm
4 asking; because that's going to make it difficult
5 for them.

6 COMMISSIONER ARMBRUSTER: They're always
7 testing.

8 COMMISSIONER RUIZ: Right. We're always
9 testing. I have it here. I'm not --

10 COMMISSIONER JOHNSTON: It's a little bit
11 later, isn't it? You'll double-check? Will you let
12 us know?

13 COMMISSIONER RUIZ: Yes. Because one of
14 them -- the PARCC opens up February the 26th or
15 -5th; and then the SBA; and it goes all the way into
16 mid-March. And the SBA opens right around that
17 time.

18 COMMISSIONER JOHNSTON: The end of
19 school -- because seniors -- that last week, seniors
20 will only have a couple of weeks of school yet. So
21 being late -- we're probably good later in the
22 month.

23 THE CHAIR: So let's say 3:30. If
24 there's --

25 MS. POULOS: So testing windows. I

1 have -- if I can understand this -- sorry. I've
2 never read this test administration. Okay.

3 So we have spring and summer test
4 administration. Okay. So 3/13 through 4/7. 4/7
5 through 4/28 for paper-based testing; and
6 computer-based testing, it's 4/3 through 5/12. So
7 we're definitely in the testing window.

8 COMMISSIONER RUIZ: That's for the SBA or
9 for the PARCC.

10 MS. POULOS: For the PARCC, the
11 paper-based is 4/3 through 4/28. And computer-based
12 is 4/3 through 5/12.

13 THE CHAIR: Right. If we do it at 3:30,
14 then we should be safe. So let's say 3:30 somewhere
15 in Española. Will McCurdy be open? Will the new
16 McCurdy be open?

17 MS. POULOS: I think the new one will.

18 THE CHAIR: We won't go back to the old
19 one.

20 MS. POULOS: If the new one is open, we
21 will; if not, we'll find someplace else.

22 COMMISSIONER TOULOUSE: There's a casino.

23 THE CHAIR: That is Tuesday, April 25th.

24 COMMISSIONER JOHNSTON: We're looking at
25 late afternoon; so travel.

1 THE CHAIR: Like 3:30 in the afternoon.

2 COMMISSIONER CRONE: We can go to the
3 college, if necessary, if you can't get McCurdy.
4 We've got lots of options.

5 COMMISSIONER ARMBRUSTER: Where in McCurdy
6 are we talking about?

7 THE CHAIR: If the new school is open,
8 that's great. I'm not going back to that little
9 room, especially if it's warm.

10 So then Wednesday the 26th.

11 COMMISSIONER ARMBRUSTER: Albuquerque.

12 COMMISSIONER JOHNSTON: Albuquerque.

13 THE CHAIR: Albuquerque? We can do that
14 at 3:30. And we can do Thursday, the 27th, in
15 Las Cruces. That gives you time to meander, gives
16 us time to meander our way down.

17 COMMISSIONER JOHNSTON: And finish up in
18 time to eat dinner.

19 THE CHAIR: Excuse me?

20 COMMISSIONER JOHNSTON: Finish up in time
21 to eat dinner.

22 THE CHAIR: Absolutely. Absolutely.

23 COMMISSIONER ARMBRUSTER: How long does it
24 take to drive there?

25 THE CHAIR: Oh, four hours. It's

1 actually -- we're in Albuquerque; so it's -- no, no,
2 no. From Albuquerque it'll only take you about
3 three -- three-fifteen.

4 COMMISSIONER ARMBRUSTER: No. I was
5 asking from you in Las Cruces to Santa Fe. It takes
6 you how long.

7 THE CHAIR: Four hours. Right, yeah.
8 Okay?

9 So, hopefully, we're set with those dates.

10 MS. POULOS: Madam Chairwoman, do you want
11 me to send out, like -- I'll draft up something and
12 then -- either you can send it out, or I can send it
13 out.

14 THE CHAIR: Yes, that would be great.
15 Yeah.

16 Okay. August meeting. I guess -- why is
17 "August meeting" on here?

18 MS. POULOS: Cancel August meeting.

19 COMMISSIONER TOULOUSE: Usually, we fit
20 one in in the tour.

21 THE CHAIR: We canceled, because we
22 couldn't vote on canceling the August meeting at
23 that time? Is that why "August meeting" is on
24 there? Because I'm confused. Why is "August
25 meeting" on there? I thought we voted to cancel the

1 August meeting already.

2 COMMISSIONER ARMBRUSTER: I thought we
3 were going to have it on the 31st. That was a Work
4 Session.

5 COMMISSIONER JOHNSTON: That's right. We
6 did say August 31st, if we needed it, for a Work
7 Session.

8 THE CHAIR: No, because we do -- because
9 it's August 31st, September 1st, for new
10 applications.

11 COMMISSIONER JOHNSTON: Okay.

12 THE CHAIR: So we don't do a Work Session.
13 We canceled the August 4th meeting, because we'll be
14 meeting at the end of August into the beginning of
15 September, depending on how many days. Depends on
16 how many applications go forward.

17 So it's certainly -- at this point in
18 time, there's a potential for two days, for sure;
19 so -- and I believe we voted to cancel the
20 August 4th meeting.

21 COMMISSIONER RUIZ: We did, yeah.

22 COMMISSIONER JOHNSTON: We did.

23 THE CHAIR: So I think we're -- we're good
24 on that.

25 COMMISSIONER ARMBRUSTER: Because I think

1 we're having a meeting in July in that community
2 input.

3 THE CHAIR: If need be.

4 COMMISSIONER ARMBRUSTER: If need be.

5 THE CHAIR: Sometimes we don't have to
6 have a meeting. Last year, we needed one, because
7 there was a school that needed an amendment. So we
8 did it. So we do, and we don't. It just depends.
9 Right.

10 Okay. I will just mention that -- we were
11 talking about liaison roles. I, unfortunately, was
12 unable to attend the last LESC meeting, because I
13 got turned around by thick fog; so I had to turn
14 around and go home. So I was not able to attend
15 that.

16 But I have been up at the Legislature.
17 And there are a number of charter bills -- or -- and
18 bills that are concerning charters, that have been
19 presented. One does, over time, eliminate the small
20 school size adjustment. The -- the bill to
21 eliminate the Cabinet Secretary and morph the PEC
22 back to a State School Board was killed in Rules; so
23 that isn't going forward.

24 COMMISSIONER TOULOUSE: It was tabled.

25 MS. POULOS: Madam Chairwoman, I just

1 pulled the transcript from last month. You did not
2 vote to cancel the August meeting.

3 THE CHAIR: We just talked about it.

4 MS. POULOS: You talked about it and you
5 said you needed to vote in February.

6 COMMISSIONER TOULOUSE: We have time to do
7 that.

8 THE CHAIR: We do. We do. So I will
9 quick make a motion. It's no big deal.

10 So I will move that the Public Education
11 Commission cancel the August 4th, 2017, Regular
12 Meeting.

13 COMMISSIONER ARMBRUSTER: Second.

14 THE CHAIR: Second by Commissioner
15 Armbruster.

16 Do we have to do a roll-call vote on that?

17 COMMISSIONER JOHNSTON: Before -- and we
18 are meeting on the 31st. Does that need to be in a
19 motion? Because it's separate? That's my
20 discussion.

21 THE CHAIR: We need to see how many --
22 it's on the calendar already, the 1st is.

23 COMMISSIONER JOHNSTON: Yes.

24 THE CHAIR: That'll be determined later,
25 when we know how many schools, so how many days we

1 need.

2 COMMISSIONER JOHNSTON: Got you.

3 THE CHAIR: Okay. All in favor?

4 (Commissioners so indicate.)

5 THE CHAIR: Any opposed?

6 (No response.)

7 THE CHAIR: Seeing no opposition, the
8 August 4th, 2017, meeting is canceled.

9 All right. I have a few notes that were
10 left to me from the Charter Coalition, if I could
11 find them. I just had them.

12 But I will tell you, they are planning a
13 Spring Workshop, a two-day workshop, in May. The
14 information will -- and it's May 30th and 31st.
15 Those dates are set. The information will be coming
16 forward.

17 But just so if you want to pencil that in
18 in your calendars, invitations and information
19 regarding it will come out. But it is focusing on
20 governing councils, in particular.

21 And then they are doing -- sometime in
22 June, date to be determined, they are doing an
23 intensive financial business manager workshop. But
24 they don't have the date set for that.

25 MR. PHILLIP GLOUDEMANS: Madam Chair, what

1 was the dates for the Spring Workshop?

2 THE CHAIR: 30-31 of May.

3 MR. PHILLIP GLOUDEMANS: Thank you.

4 THE CHAIR: They have been doing yeoman's
5 work over at the Legislature for the charter
6 community. And that's why they're not here now.
7 They -- they had several meetings set up.

8 So we appreciate the work that they do to
9 help support charters.

10 And if anyone is still interested, they do
11 have that Legislative reception Thursday evening.
12 They are still accepting RSVPs. And each of you
13 received an e-mail with an invitation. So if you
14 are interested, they -- they told me today that they
15 are still accepting RSVPs.

16 We are on to Item No. 14, and that is PEC
17 Comments.

18 And I'll start with Commissioner Johnston.

19 COMMISSIONER JOHNSTON: Ooh, I knew you
20 were going to do that. I don't mean to trivialize
21 the thanks to the attorney from the Attorney
22 General's Office and from the PEC Division by
23 thanking them so many times. But yesterday's work
24 was amazing.

25 I mean, still at 6:00, we were going

1 strong. And it was a -- it's a pleasure working
2 with this group when we -- when we really, really
3 get in there and work together.

4 I think for this evening, that's it.

5 Thank you.

6 THE CHAIR: Thank you.

7 Commissioner Conyers?

8 COMMISSIONER CONYERS: A question on -- we
9 renewed the item on PEC Rules of Procedure, and
10 that's going to be next month?

11 THE CHAIR: Correct.

12 COMMISSIONER CONYERS: And we're going to
13 get a list of the changes or recommended changes?

14 MS. McKEE: Yes. And that's why we didn't
15 go ahead and do it today, because there are
16 significant changes, and they're hard to, you know,
17 hold in your head when they're just being read.

18 COMMISSIONER CONYERS: So were
19 Commissioners still able to add anything to that, or
20 suggest?

21 MS. McKEE: Sure, sure.

22 COMMISSIONER CONYERS: Okay.

23 MS. McKEE: Those -- the -- the edits that
24 were made in the Work Session are being
25 incorporated. But if you have other ideas, you can

1 e-mail them to Beverly, and she can, you know,
2 disseminate them. You can also bring them up at the
3 meeting, because at the next meeting, there will be
4 a -- everyone will have a copy. And if someone
5 wants to make a motion to accept it, then there will
6 be discussion; so -- but it'll be best if you could
7 do it beforehand, just because it's hard to -- to
8 incorporate something like that at the meeting.

9 COMMISSIONER CONYERS: Well, I'd like to
10 put this out to the Commission. I thought about it
11 yesterday after -- after our meeting. And I'm never
12 looking for more things to do. That's not my
13 agenda.

14 But it occurred to me that it might be
15 beneficial to the Commission if we require the
16 charter schools to do a self-assessment, if we did
17 some type of thing like that with our group, you
18 know, to see how we think we're doing.

19 THE CHAIR: Sure.

20 MS. McKEE: That's a great idea.

21 COMMISSIONER JOHNSTON: Yes.

22 THE CHAIR: Okay. Thank you.

23 Commissioner Toulouse?

24 COMMISSIONER TOULOUSE: Madam Chair, I've
25 been thinking about whether I wanted to bring this

1 up or not. We're running late anyway. We're all
2 going to be in traffic heading out of here,
3 whatever.

4 I want to know what possibly the Charter
5 School Division knows, or somebody knows, about what
6 I read in the newspaper on Monday in the letter to
7 the Española Valley Schools, where Deputy Secretary
8 Aguilar said that the Secretary might have us hold a
9 hearing to advise her on what to do with the
10 situation in the Española Valley Schools.

11 And I'm assuming that -- you know, they
12 quoted the letter that it would be there because of
13 the -- what creates this in the Constitution says
14 whether we advise or whether we consult or whatever
15 with the Secretary, in that very general statement;
16 but it certainly was in nothing else that was given
17 to us.

18 And I'm just curious as to where that came
19 from, where it's going, and what could possibly be
20 happening, because I don't think we have any
21 business in the middle of that whole mess in the
22 Española Valley Schools, because we have not been a
23 party to any of it. And I don't know why we would
24 want to hold a public hearing to advise the
25 Secretary on what might be done on it.

1 So I'm just curious. Have we heard
2 anything?

3 Director Poulos or Madam Chair?

4 MS. POULOS: Madam Chairwoman,
5 Commissioner Toulouse, my understanding is that --
6 and I'm trying to find the provision, so I'll keep
7 looking. There is a statutory requirement for that,
8 in the case that the -- the Public Education
9 Department is considering the suspension of a school
10 board, that that becomes a requirement that's in
11 statute. And so that would be if the -- if the
12 Department were to take that --

13 THE CHAIR: Step.

14 MS. POULOS: -- step, it would be
15 statutorily required that they -- they take this --
16 this piece of that step.

17 COMMISSIONER TOULOUSE: I know that has
18 not happened when the last school board was
19 suspended. So I'm just -- if you could keep us
20 informed on --

21 MS. POULOS: Any information we have about
22 that, we will --

23 COMMISSIONER TOULOUSE: We would probably
24 need at least a two-week-long briefing on everything
25 that went on there before we could possibly hold a

1 hearing.

2 THE CHAIR: And I asked Ms. McKee to look
3 into it. So that's as much as I know at this point
4 in time.

5 COMMISSIONER TOULOUSE: That's it. My
6 curiosity and thinking we probably ought to put it
7 out here.

8 THE CHAIR: Commissioner Armbruster?

9 COMMISSIONER ARMBRUSTER: I just want to,
10 again, thank Katie for my parking place, for coming
11 here at 6:00 in the morning and leaving at midnight
12 to set up parking. That was certainly nice.

13 Thank you.

14 THE CHAIR: Commissioner Crone?

15 COMMISSIONER CRONE: Nothing. And nothing
16 from Trish.

17 THE CHAIR: We are now -- I don't know if
18 that's -- we are now onto the public portion, Public
19 Comments. And I had one person sign up.

20 MS. POULOS: That was not me.

21 THE CHAIR: Oh, I know. I thought you
22 wanted to say something.

23 MS. POULOS: I wanted to get your
24 attention, if you don't mind. Back to the answer,
25 it is provision 22-2-14G, which says, "The

1 provisions of this section shall be invoked at any
2 time the Secretary, after consultation with the
3 Commission, finds..., " blah-blah-blah. And so that
4 is the reason for that.

5 THE CHAIR: Okay. Thank you.

6 MS. McKEE: It doesn't say that the
7 Commission holds a hearing. It says --

8 MS. POULOS: Consultation with the
9 Commission.

10 MS. McKEE: -- "consultation."

11 COMMISSIONER JOHNSTON: That's the way it
12 was stated in the paper. It said that she would --
13 that's the way it was stated.

14 THE CHAIR: The Cabinet Secretary would
15 come before the Commission to see if we had --

16 MS. POULOS: It's provision H, says, "The
17 Commission..." --

18 THE CHAIR: Some ideas of what should be
19 done. It didn't say a formal hearing, no.

20 MS. POULOS: My apologies,
21 Madam Chairwoman. That was G. H says, "The
22 Commission shall consult with the Secretary and may
23 recommend alternative actions for the Secretary's
24 consideration."

25 THE CHAIR: Right. Okay. Thank you.

1 We're back on to the Public Comment.
2 There was one person that signed up, and I do not
3 believe that they're here any longer. They were
4 here until -- I don't know if that's her coat back
5 there, because she was here until very recently.
6 Yeah. So seeing no one, I will entertain a motion
7 for adjournment.

8 COMMISSIONER ARMBRUSTER: I so move.

9 THE CHAIR: Motion by Commissioner
10 Armbruster.

11 MS. McKEE: Any discussion?

12 COMMISSIONER CONYERS: I do have a
13 question.

14 THE CHAIR: All in favor of adjourning?
15 (Commissioners so indicate.)

16 THE CHAIR: All opposed?

17 (No response.)

18 THE CHAIR: Seeing no opposition, we are
19 adjourned.

20 (Proceedings adjourned at 5:09 p.m.)

21

22

23

24

25

1
2 BEFORE THE PUBLIC EDUCATION COMMISSION
3 STATE OF NEW MEXICO
4

5
6 REPORTER'S CERTIFICATE

7 I, Cynthia C. Chapman, RMR, CCR #219, Certified
8 Court Reporter in the State of New Mexico, do hereby
9 certify that the foregoing pages constitute a true
10 transcript of proceedings had before the said
11 NEW MEXICO PUBLIC EDUCATION COMMISSION, held in the
12 State of New Mexico, County of Santa Fe in the matter
13 therein stated.

14 In testimony whereof, I have hereunto set my
15 hand on February 24, 2017.
16

17
18 *Cynthia Chapman*

19 Cynthia C. Chapman, RMR-CRR, NM CCR #219
20 BEAN & ASSOCIATES, INC.
21 201 Third Street, NW, Suite 1630
22 Albuquerque, New Mexico 87102
23
24

25 Job No.: 7439L

SANTA FE OFFICE
119 East Marcy, Suite 110
Santa Fe, NM 87501
(505) 989-4949
FAX (505) 843-9492

**BEAN
& ASSOCIATES, Inc.**
PROFESSIONAL COURT
REPORTING SERVICE

MAIN OFFICE
201 Third NW, Suite 1630
Albuquerque, NM 87102
(505) 843-9494
FAX (505) 843-9492
1-800-669-9492
e-mail: info@litsupport.com