

AGENDA ITEM EXECUTIVE SUMMARY

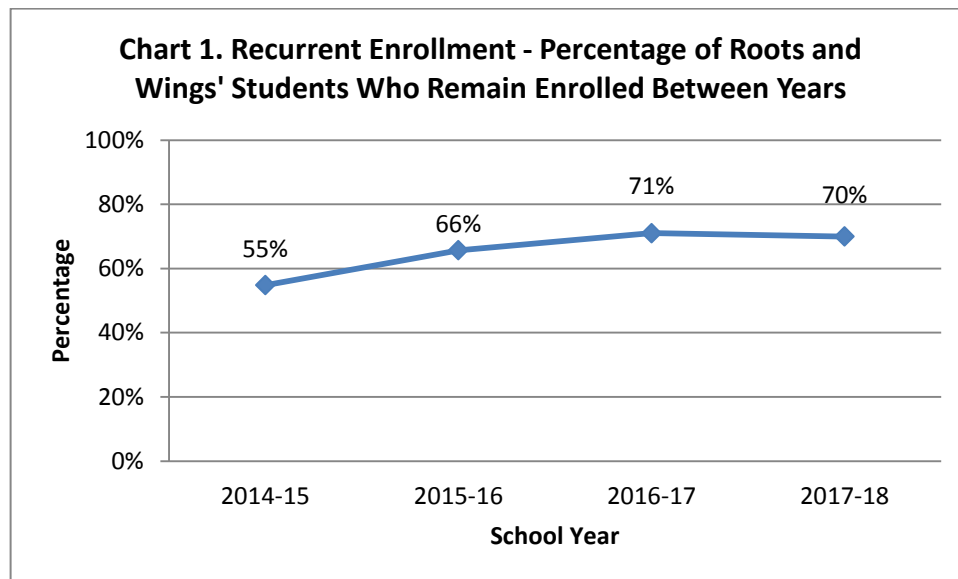
- I. Public Education Commission Meeting Date: November 17, 2017
- II. Item Title: Discussion and Possible Action on Schools Required to Provide Monthly Financial Reporting - Roots and Wings Community School
- III. Executive Summary and Proposed Motions:

School History

Roots and Wings Community School (Roots and Wings) opened its doors in the fall of 2001. Questa Independent School District initially approved the charter unanimously in 2000. In December 2015, the school’s charter was renewed by the PEC. According to the school’s contract “RWCS is an Expeditionary Learning inspired school...RWCS provides project based learning - learning that is connected to real life problems with real life solutions.”

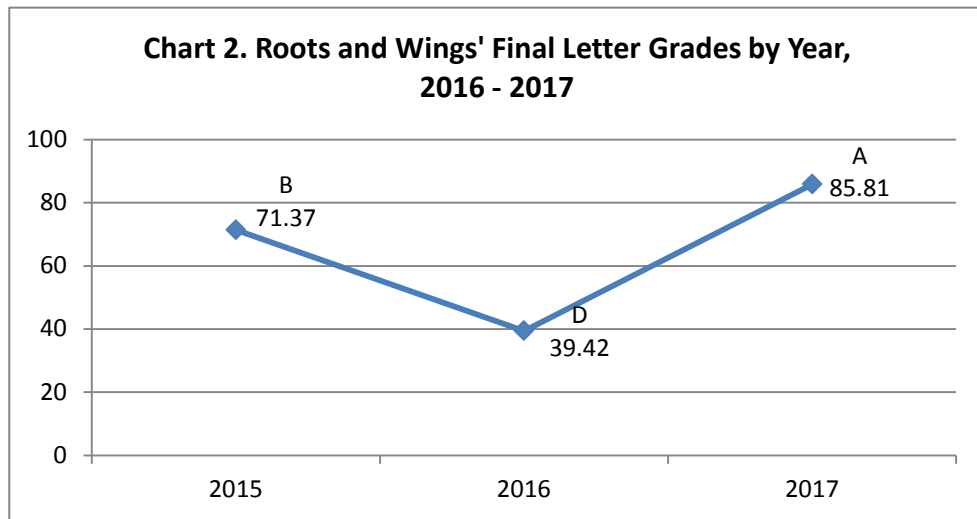
The school is authorized to serve grades K-8. The school’s enrollment cap is 50. According to the SY2017 End of Year STARS report, the school had 50 students enrolled at the end of SY17. The school’s reported data indicates that between 2016 and 2017, the school retained only 71% of eligible students.

Uncertified 2018 day indicates that the school retained only 70% of eligible students between 2017 and 2018.

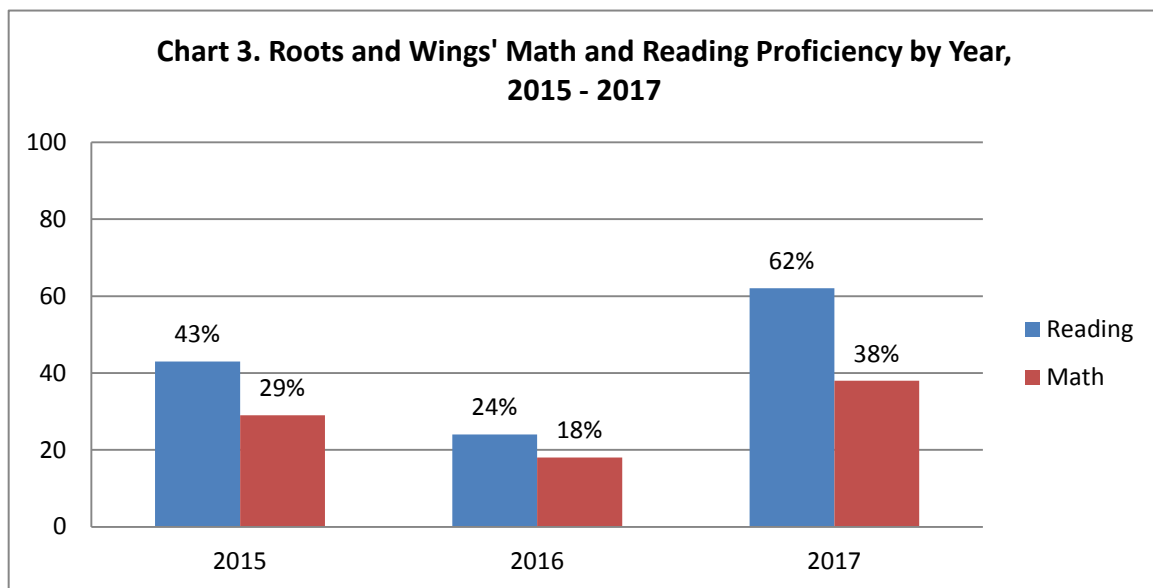


School Performance

Chart 2, below, illustrates Roots and Wings’ overall school grade from 2016 through 2017. The school’s final grade has fluctuated from a B to a D to an A.

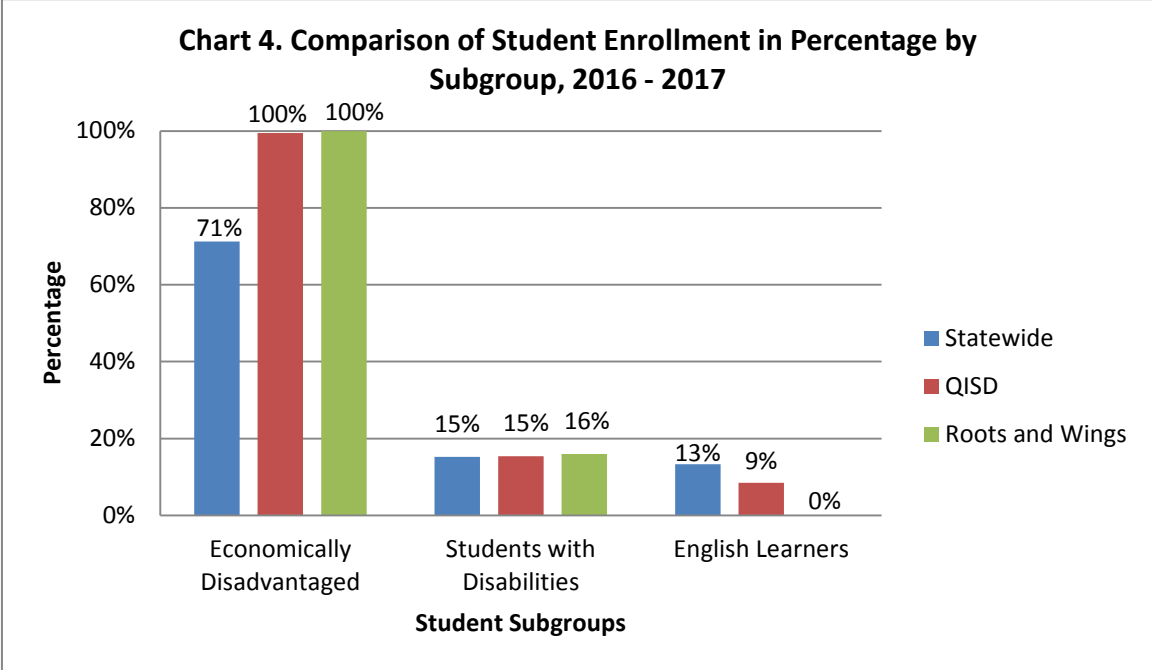


In 2017, the statewide results reported 28.6% of students were proficient in reading and 19.7% of students were proficient in math. Roots and Wings' 2017 report card indicates that 62% of students were proficient in reading and 38% of students were proficient in math. In 2016, 24% of Roots and Wings' students were proficient in reading and 18% were proficient in math.

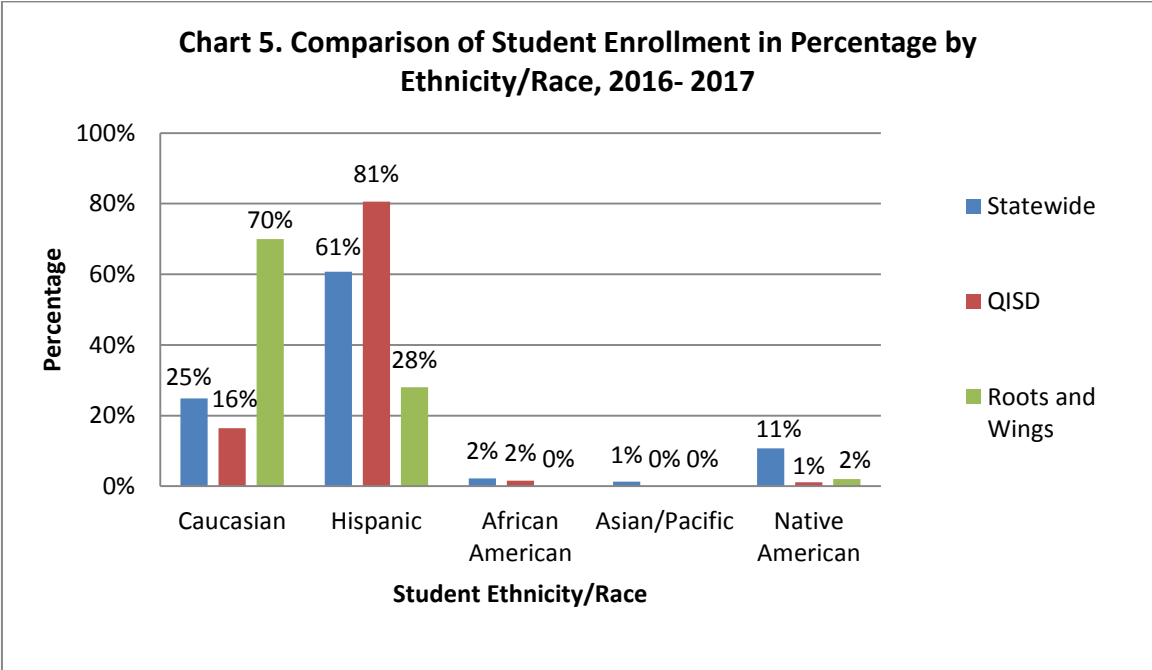


Student Demographics

Student demographics and subgroup enrollment for Roots and Wings for the 2016-17 40<sup>th</sup> day reporting, as compared to Questa Independent School District (QIDS) data is provided below. Roots and Wings has an equivalent population of economically disadvantaged students and students when compared to the local district. Roots and Wings serves a substantially lower percentage of English Learner students as compared to the both the local district and statewide percentages. See Chart 4, below.



Roots and Wings’ student demographic data also illustrates that it serves a substantially higher Caucasian population when compared to the surrounding district and statewide. The school’s overall ethnic diversity is significantly different from the state and local district.



### Additional Academic Analysis

**Department's Standards of Excellence.** The state's letter grading system, required by law starting in 2012, results in each school being assigned a letter grade of A, B, C, D, or F annually. According 6.8.10 NMCA, pursuant to 22-2E-4 NMSA, governing bodies of charter school are required to "prioritize resources of a public school rated D or F toward proven programs and methods linked to improved student achievement until the public school earns a grade of C or better for two consecutive years." Since the school earned a D in SY16 and a B in SY17, the school's governing body must still meet its statutory obligation to prioritize its resources to improve its student achievement.

### Financial Performance Evaluation

During the fiscal year 2018 operating budget development process, PED became aware that Roots and Wings' FY17 cash position was estimated to be \$500. Analysis by the PED School Budget and Finance Analysis Bureau found that Roots and Wings' financial position stems from Roots and Wings' failure to rightsize expenditures despite a decrease in available funding. The school's loss of Bilingual Multicultural Education program funds has further decreased the availability of funds and has made the PED's School Budget and Finance Analysis Bureau concerned about the school's ability to scale back expenditures to amounts generated under the formula in the current year and potentially place the school in a negative position at year-end.

The School Budget and Finance Analysis Bureau moved Roots and Wings to monthly reporting beginning in July 2017 to ensure the school will close FY18 with a modest operational fund cash balance. The school is required to submit following reports on a monthly basis: revenue report; expenditure report; and cash report. PED established that the focus of the school's monthly reporting is on ensuring cash flows allow for a net positive position at year end and on ending the year with a modest cash position.

### Recommendation

PED is recommending that the Public Education Commission take action to actively monitor the fiscal performance of this school and provide Roots and Wings' governing body a reasonable opportunity to remedy the financial problems described above.

The PEC may wish to require to school to create a plan to improve the governing body's ability to monitor and oversee the school's monthly fiscal reports, which should include specific training on public school finances, financial requirements, and financial reports; specific actions by the finance committee and the whole board; and specific targets for financial reserves. The PEC may also wish to require the school to submit monthly reporting to the PEC, including monthly reports on actions taken to improve financial management, budget adjustments required to adjust for decreased availability of funds, and updated year end position forecasts.

### Proposed Motions

- Move to require the Roots and Wings Community School to take action to remedy the financial problems identified by the PED's School Budget and Finance Analysis Bureau, specifically the school must:
  - o create a plan to improve the governing body's ability to monitor and oversee the school's monthly fiscal reports, which should include specific training on public school finances, financial requirements, and financial reports; specific actions by the finance committee and the whole board; and specific targets for financial reserves; and
  - o submit monthly reporting to the PEC, including monthly reports on actions taken to improve financial management, budget adjustments required to adjust for decreased availability of funds, and updated year end position forecasts.



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HANNA SKANDERA  
SECRETARY OF EDUCATION

SUSANA MARTINEZ  
GOVERNOR

July 24, 2017

Roots and Wings Community School  
35 La Lama Road  
Questa, NM 87556  
Ms. Lexi Miles, Interim Director  
Ms. Charlotte Archuleta, Business Manager

Dear Ms. Miles and Ms. Archuleta:

During the fiscal year 2018 (FY18) Operating budget development we learned that Roots and Wings Community School is projecting to close FY17 with only \$500 in cash. This was largely the result of not rightsizing expenditures due to a decrease in available funding. When coupled with the loss of Bilingual Multicultural Education program funds, we are concerned about the school being able to scale back expenditures to amounts generated under the formula in the current year and potentially place the school in a negative position at year-end. As Ms. Archuleta is aware, this issue was raised as part of the charter school's operating budget technical review. We are moving Roots and Wings Community Charter School to monthly reporting beginning with the month of July 2017 in order to ensure the school will close the year with a modest Operational fund cash balance.

The school will be required to submit each month the following reports: revenue report; expenditure report; tax levy receipt report (generally not applicable to charter schools such as yourself); and cash report. The focus of the school's monthly reporting for the rest of the fiscal year will be on ensuring cash flows allow for a net positive position at year end and on ending the year with a modest cash position. At such time when we are satisfied that the school no longer needs the more frequent monitoring, the school's reporting status may change to submitting reports each quarter.

Sincerely,

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School Budget and Finance Analysis Bureau  
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