

PROJECT IN CED



THE WEST OAK LANE CHARTER SCHOOL PHILADELPHIA, PA

February 20, 1999

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ACKNOWLEDGMENTS

First of all, I would also like to thank my GOD for without him the timely miracles that happened during this project would have never been achieved, including the birth of my daughter Sydney Mechelle. On a personal note, I would like to acknowledge and thank my husband, Todd Reynolds for his understanding, patience, spiritual support, and love, which helped me through the difficult times.

The development of the West Oak Lane Charter School was an extremely challenging project. It was a concerted effort among many people. I am particularly grateful to the Ogontz Avenue Revitalization Corporation's Board of Directors who allowed me to use this initiative as my project in the New Hampshire College's Community Economic Development Program. Likewise, I would like to thank the members of David Miller's 1997 - 1999 Project Class who challenged my ideas, partners, and endurance every step of this project.

For their tireless dedication, I would like to acknowledge and thank the West Oak Lane Charter School Board of Trustees. The volunteer board members gave of their time and talents weekly for approximately six months. Their commitment to this project and professionalism should be commended. Thanks also to the OARC staff for their commitment during this period. At some points, this project seemed as if it were not meant to succeed. However, we remained focused and solution-oriented, instead of being overwhelmed with the numerous obstacles we faced during critical stages of this project.

I would also like to thank Drexel University Foundations Technical Assistance Center. Their leadership during the critical juncture of this project played a vital role in coordinating the educational components and business operations of the school. Thanks to the their team for also staying committed to the children and the principles of the school. Special thanks to the new administrative team for their leadership, which had an immediate and positive impact to the school. The parents and teachers should also be thanked for their commitment to the school during its start-up stages.

Last, but not least, I would be remiss if I did not acknowledge Pennsylvania State Representative Dwight Evans and his staff for having the foresight, leadership, and courage to pass this legislation when so many doubted.

Thanks also to the community supporters, volunteers, Friends of OARC, consultants, and legal representatives who helped the organization immensely during this period. Your steadfast commitment to the Ogontz Avenue Revitalization Corporation is deeply appreciated.

WEST OAK LANE CHARTER SCHOOL

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West Oak Lane Charter School

ABSTRACT

In June 1997, the Commonwealth of Pennsylvania passed Act 22, which allowed for the creation of charter schools, an innovative educational alternative to public schools. Recognizing this opportunity to meet the concerns of its target community, the Ogontz Avenue Revitalization Corporation (OARC) devoted all of its resources to develop the West Oak Lane Charter School.

The primary outcome of this project was the opening of an elementary charter school on September 15, 1998. To make this project a reality, OARC sponsored the development of the school, which not only included the successful renovation of the school's facility, but also required staff to perform a host of administrative tasks that were not foreseen. This was a comprehensive project that required the collaboration of staff, board members, community activists, volunteers, and other stakeholders of the community.

This document summarizes the process that OARC embarked upon to develop the school. It further highlights the major challenges, assumptions, outputs, and recommendations for other community development corporations to consider when sponsoring the development of a charter school.

SUMMARY

The target community for this project were residents with elementary school-aged children living in the West Oak Lane neighborhood. If an effective strategy to improve the quality and choices of public education available for children in this neighborhood is not developed, then these students will fail to acquire basic educational skills. Therefore, the purpose for developing the West Oak Lane Charter School was to provide an alternative form of public education available to children within this community. The school's theme is focused on science and technology providing the students with the skills required to effectively compete in the 21st century.

Residents have expressed dissatisfaction with the Philadelphia Public School System in regards to academic achievement, fears about safety, facilities in need of upgrades and repairs, and the quality of education being offered to their children. Parents' concerns about education have become so paramount within the community that some residents have relocated to adjacent counties that border West Oak Lane with a better educational delivery system. The desired condition for this community is to build a charter school to encompass grades K-12 and to accommodate over 1300 students from the community.

In meeting this demand, OARC began the planning phase of developing the school in June 1997. It was OARC's original intention to develop the school in partnership with The Edison Project (Edison) and educate students in grades K-5. To achieve this goal, OARC would have to obtain and develop a suitable school site, obtain sufficient capital dollars and operational support, and hire a strong administrative team.

If this project were successfully completed, there would have been several major outputs. First of all, there would have been the development of an elementary charter school able to educate 600 students in grades K-5. The capital needs and start-up operational dollars would have been obtained as Edison would have played a major role with assisting the school financially. Also administratively, the school would have been operated efficiently as Edison would have provided professional development training for the staff, the school's policy and procedures, and support for the school's administrators.

OARC successfully completed the renovations of the charter school's facility; however, this once abandoned supermarket is owned by an independent landlord that did not want to sell the property. Because of the facility's constraints, the school's enrollment was reduced to 548 students in grades K-4.

The West Oak Lane Charter School was able to obtain enough resources to meet its up-front operational expenses. However, there is still a funding gap to settle the entire renovation costs incurred by OARC on behalf of the school. These funds were previously committed to OARC by an out-of-state lender, but later were reduced significantly because of conflicting language in the charter school legislation. Although OARC owns a substantial amount of real estate, most of the organization's developments already have liens or are restricted because of governmental funding sources invested.

Because neither OARC nor the school owns the school site, there is a lack of sufficient collateral to serve as a secondary source of repayment required by most lenders to grant additional financing. Nevertheless, the school's operational budget supports the repayment of a loan to settle the outstanding costs and support for school expansion. A local lender has expressed a sincere interest in providing the financing for this project on the strength of the charter's financial viability and OARC's track record. It is probable that a decision will be granted by February 26, 1999.

The school also experienced growth pains during its initial months, as there was turnover with key administrators. Recognizing this weakness, the West Oak Lane Charter School Board of Trustees hired new leaders who complemented one another's skills and who had the ability to handle a multitude of tasks simultaneously.

This overall project has changed tremendously from its inception. Because of ongoing conflicts with Edison and challenges associated with securing a facility for the school, Edison thought that the project was an insurmountable venture to undertake in a few months. Likewise, they recommended that the school opening be postponed to September 1999. OARC disagreed with Edison and engaged the consulting services of Drexel University/Foundations Technical Assistance Center to help in the development of the school. This required OARC to invest a lot more time and resources to the project far beyond what had been previously anticipated.

In order for any sponsoring community organization to take on such an initiative, it is critical that the financing sources are 100% in place and that sufficient time is allotted to develop the facility. The selection of the school's leader is also essential to maintaining a supportive school atmosphere conducive to learning and in meeting the core objectives of the school's curriculum.

DEFINITION OF THE PROBLEM

TARGET COMMUNITY

The target community for this project were the residents with elementary school-aged children residing within the city limits of Philadelphia. Specifically targeted were residents of West Oak Lane and adjacent neighborhoods in the northwest quadrant of the city. Approximately 99% of the residents in this community are African-American. The target area in West Oak Lane is bordered on the North by Cheltenham Avenue (which is the city/county border), the South by Stenton Avenue, the West by Vernon Road, and the East by North Broad Street. The median income for households is approximately \$35,000, which compares favorably to the city's median income of \$29,000.

PROBLEM STATEMENT

Within this target community, there is a lack of high quality, public, educational alternatives for school-aged children. *If an effective strategy to improve the quality and choices of public education available for children in this community is not developed, then these students will fail to acquire the basic educational skills needed to compete in the 21st century. Likewise, perpetuating a future generation ill prepared to enter the workforce.*

The source of this community's problem stems from the ineffectiveness of the Philadelphia Public School District. By developing a concise, challenging educational strategy, this will enhance the students' effectiveness to compete in the future job market. Also, these students will be fortunate enough to become exposed to a variety of career opportunities at an earlier age, as well as obtain the basic skills required for admission to institutions of higher learning and various technical training programs.

ASSUMPTIONS

As OARC embarked upon this project, the following assumptions were made in July 1997:

1. Residents within the community would support the development of an elementary charter school to accommodate 600 students in grades K-5.
2. Residents were so dissatisfied with public education in Philadelphia that they were opting to relocate to adjacent suburbs with a high, quality public education system.
3. The establishment of the West Oak Lane Charter School would be a collective effort among OARC, the Edison Project, and LaSalle University.
 - OARC would be responsible for selecting a school site, fundraising, monitoring construction activities, and having the facility opened by September 1998.
 - The Edison Project is a for profit management company public and charter schools formed in 1992 to assist in the development of the core curriculum and capital commitment to this initiative. Edison will provide curriculum, computers, technological support, personnel, and management services to the school. Edison will also invest more than \$1 million in up-front capital to support activities including, school enrollment, teacher recruitment and selection, policy development, leadership training for key administrators and faculty, the provision of instructional materials and school and home technology. Edison capital will also be made available for expansion to the Junior (6-8) in 1999, Senior (9-10) and Collegiate (11-12) Academy levels between 2000 and 2003.
 - LaSalle University would be the local educational supporter for this project that would advise OARC and the West Oak Lane Charter School Board on curriculum issues suggested by Edison.
4. The school would be sponsored by OARC in partnership with Edison. However, OARC's involvement will decrease as the school's officials are hired to deal with operational issues in September 1998.
5. OARC will have the political support for the project.
6. OARC would be approved to operate a charter school, despite the fact that efforts may be hampered by the Philadelphia School District's adverse feelings towards charter schools and discomfort with for-profit school management firms.
7. Although OARC will play a major role in the fundraising efforts for developing the facility, based on the organization's history, track record, political alliances, and the financial strength of Edison, OARC should be able to raise the necessary capital dollars.
8. Because of the school's start date of September 15, 1998, OARC would seek to establish a temporary facility for the school outside of the target community. OARC will locate and develop a permanent site in the West Oak Lane neighborhood by fall 1999.

9. OARC's founder is a viable contender in the 1999 mayor's race, which places this project under public scrutiny.
10. The students enrolled in the school would be above average and their parents would be supportive of change and new ideas.

PROJECT GOALS

GOAL STATEMENT

Students living in the West Oak Lane neighborhood in Philadelphia attend schools in the Martin Luther King Cluster, a division of the Philadelphia School District. A May 1996 assessment report of Philadelphia's public schools indicated that this cluster ranked among the lowest performing in the city. Over 50% of its students graduated from high school at or below an eighth grade reading and math competency level. This assessment has not only discouraged employers from the Philadelphia area, but it has also increased residents' demands for improvement in the quality of public education, as well as desires for additional public education choices.

The development of the West Oak Lane Charter School was a response to the urgent need for Philadelphia's public schools to enable city students to meet demanding academic standards. The West Oak Lane Charter School Board of Trustees contends that opportunities for quality learning should be extended to all children on an equal basis. Therefore, the overall stimulus for this initiative was to provide a new model of collaboration among parents, students, and the community for the betterment of public education.

There were three different goals for this project in the areas of site selection and facility development, project financing for capital costs and up-front operational expenses, and general administration. With regards to facility development, OARC had to secure a facility by May 30, 1998 and retrofit the space to meet the educational needs of the school by September 15, 1998. OARC was not afforded an opportunity to purchase an abandoned supermarket that sat idle within the community for over a year. There were only three months before the first day of school so the construction schedule was collapsed as much as possible. Because OARC developed the site, this bypassed many of the restrictions imposed on charter schools, which allowed for the facility to be constructed on schedule.

The second goal was to secure the appropriate financing for the project, which was a two-fold process. First of all, OARC was charged with raising the \$2.0 million in capital dollars to revitalize the abandoned supermarket. Despite the fact that the legislation was strongly endorsed

by Pennsylvania Governor Tom Ridge as a going concern for the state, many local lenders thought that charter schools were a fad. There was little sensitivity among lenders throughout the state to the long-term capital financing needs that was required to develop the site. Instead, OARC relied upon fundraising, an OARC contribution, and a loan from a charter school financing company called Equi-Mor Holdings, based in Arizona.

Also, OARC was responsible for raising start-up operational dollars. Because all Philadelphia charter schools had been granted "conditional charters" on February 9, 1998, the West Oak Lane Charter School could not obtain any aid from the state until these conditional items were settled. Unfortunately, a few of the items, such as the certificate of occupancy, could not be obtained until the site had been acquired and a local development team was in place. However, the school /OARC could not hire a firm without having the resources to pay them for their services. As a result, OARC was able to obtain a \$225,000 bridge loan from the Delaware Valley Community Reinvestment Fund, which was secured by the \$438,000 in state start-up funds the West Oak Lane Charter School would receive once the school charter had been officially approved. These funds were also used to hire staff, educational consultants, and to purchase items for the school.

The final goal focused on the school's administration. It was critical for a strong leadership team to be hired and effectively carryout the day-to-day activities of the school. Furthermore, an enrollment list of over 800 prospective students was established in case some parents decided that they did not want their child attending the school. Again, it was the overall goal of the school to open on September 15, 1998 with 600 students in grades K-5 creating 60 permanent jobs.

The future vision for OARC was to expand the school and accommodate grades K-12 and up to 1300 students over the next five years to eventually develop the West Oak Lane middle and high schools. In order to achieve this goal, this would require the renovation of other abandoned sites within the community.

PROJECT PURPOSE – METHOD

Purpose Statement

The purpose for developing the West Oak Lane Charter School was to provide a better quality education to children in the West Oak Lane community. Based on a series of community meetings, residents were opting to relocate to adjacent suburban counties because the quality of public educational choices for school-aged children was not available in our neighborhood. The philosophy for the West Oak Lane Charter School is that all children are capable of learning at high levels, if they are taught by caring, skilled educators and challenged by an engaged curriculum with ambitious standards.

Major Outputs

The major outputs that would exist if this project were successfully completed were in the areas of site selection/facility development, financing, and administration.

Site Selection/Facility Development

1. Secure a facility by May 30, 1998 and revitalize it to meet the school's educational needs by September 15, 1998.
2. Open an elementary charter school for children in grades K-5 located in the West Oak Lane community.

Financing:

1. Secure \$2.0 million to pay for capital development costs.
2. Secure start-up capital for the school's up-front operational expenses

Administration:

1. Hire strong leadership
2. Develop an enrollment list of 800+ students

Major Players

The West Oak Lane Charter School Planning Group was composed of ten concerned citizens that have a vested interest in the community. The initial planning team was composed of five volunteer members of the West Oak Lane Charter School Board of Trustees, three staff members from OARC, and PA State Representative Dwight Evans.

OARC is a non-profit community development corporation founded in 1983 by State Representative Dwight Evans. The mission of OARC is to create and stimulate economic development to improve the quality of life for the West Oak Lane community. OARC takes a holistic approach to community revitalization beyond housing and commercial development. Providing excellent schools for our children is a crucial element of OARC's community development efforts to retain residents in this community.

Andrea Thomas-Reynolds, Executive Director of OARC, was the acting school administrator until a principal was hired. Reynolds' responsibilities were to coordinate and obtain facility financing, organizational development, pursue non-profit status, recommend legal representation to the board of trustees, and served as the liaison with the Board Members. In addition, Reynolds prepared financial statements for the school, applied for \$438,500 in aid from the Commonwealth of Pennsylvania, and assured that the charter school was complying with regulations for final adoption of the charter in August 1998.

John Ungar, Director of Economic Development of OARC, (Attorney), was responsible for a variety of tasks from purchasing furniture to reviewing legal documents. Specific efforts focused on the recruitment of staff and students, maintaining records for student enrollment, prepared legal drafts and organizational papers (i.e. Articles of Incorporation, by-laws, etc.), researched Act 22 and applicable statutes. In addition, Ungar served as the liaison with the School District of Philadelphia, and assisted Reynolds with any other tasks that developed during the process.

Jack Kitchen, Director of Real Estate Development of OARC, was responsible for locating probable school sites and recommended the development team. Kitchen was also responsible for developing a facility in tandem with school policies and communicating

issues that may develop with Reynolds. In addition, Kitchen was responsible for negotiating contracts with a guaranteed maximum price, negotiating lease agreements, and was OARC's representative that was at the site on a daily basis.

The following people constituted the initial Board of Trustees (See Appendix A). The Board was organized in November 1997 and had more of a strategic planning and oversight role. The founding members were **Sharmain Matlock-Turner (Trustee President)**, **Horace Smith (Trustee Vice-President)**, **Vall Adams (Trustee Secretary)**, **Marlene Owens (Trustee Treasurer)**, and **Ron Drayton (Community Representative)**. Kathy Clupper was added on to the board in June 1998 for her expertise in Financial Management, but she later resigned in September 1998 because of time conflicts with other obligations.

Pennsylvania State Representative Dwight Evans assisted OARC in promoting the school to the local media, assisting in legislative consultations needed to advance the project, and in a fundraising role as needed.

PROJECT BACKGROUND

In June 1997, the Commonwealth of Pennsylvania passed Act 22. (See Appendix B). This legislation permitted the establishment of charter schools in the state and was sponsored by PA State Representative Dwight Evans. The OARC Board of Directors held a strategic planning meeting on June 24 and June 25, 1997 and elected to sponsor the development of the West Oak Lane Charter School. In pursuing this endeavor, OARC applied for a \$25,000 Charter School Planning Grant sponsored by the Pennsylvania State Department of Education for assistance.

Based on OARC's history of success and commitment to improving the quality of life within the community, the organization was able to prepare the planning grant application successfully. In mid-September 1997, OARC received confirmation that it had been approved for the planning grant. However, OARC would have had to spend \$25,000 by November 15, 1997, the date the formal charter school applications were due to the School District of Philadelphia and the Pennsylvania Department of Education. Due to the short-time frame allotted, OARC was able to use only 50% of these proceeds.

Nevertheless, as a community development corporation, OARC lacked the educational expertise and required to develop the school. Recognizing this weakness, OARC investigated many private educational companies to assist with finalizing the school application. Eventually, OARC elected to engage Edison and formed a partnership committed to this initiative.

In the fall of 1997, OARC and Edison worked together and finalized our application for submission to the Philadelphia Board of Education. On February 9, 1998, OARC received notification that the West Oak Lane Charter School received “conditional” charter approval. (See Appendix C). Providing the school obtained its 501(c)(3) non-profit status, a copy of an executed lease agreement, occupancy certificates, appropriate insurance, criminal background checks on all staff, and sufficient student enrollment, a four-year charter would be granted.

During the months of February through May 1998, OARC and Edison worked closely on our contractual agreement and the selection of a facility. Kitchen aggressively pursued two viable locations for the school, only to have both deals fall apart during the critical stages. As each month went by without finalization of the facility, Edison grew more and more skeptical of OARC’s ability to obtain a viable location for the school ready for occupancy the same year.

Recognizing that Edison may not remain as its partner, OARC engaged in preliminary discussions with Drexel University/Foundations Technical Assistance Center, a non-profit agency which provides technical assistance for public charter schools located in Philadelphia, PA and Moorestown, New Jersey. It was at this meeting that Reynolds learned of Equi-Mor Holdings, a private lender based in Scottsdale, AZ that provides financing for public charter schools.

Meanwhile, OARC encountered even more problems with its partner. Edison did not supply the start-up director or financial support that were previously committed. As a result, Ungar began the recruitment process for school administrators, teachers, and students. There were discussions about opening the school in 1999; however, the Philadelphia School District had not established any provisions for the postponement of opening a school beyond the year

approved. OARC was aware of another charter school that was in this predicament that was obligated to open in the year of designation or reapply the following year.

Fearing that OARC would have to go through this process again and not knowing how many charters would be granted the following year, OARC felt strongly that it should continue to work towards opening the school on schedule. Besides, there had been several community meetings and residents had high expectations of the school opening in 1998 in the neighborhood. Because Edison was not comfortable with the timeline, Edison gave OARC until May 20, 1998 to obtain a series of documentation. (See Appendix D) This included obtaining a bona-fide agreement for a school site, a commitment letter from a financial institution to fund the renovation costs, and written confirmation on the per pupil allocation in writing from the Philadelphia School District.

Kitchen was finally able to obtain a site for the school. Ironically, it was one of the original sites OARC had previously proposed, but had been rebuffed by Edison. Unfortunately, the facility could not accommodate 600 students, but would sufficiently cover 548 students (approximately 28 students per class). It was OARC's desire to purchase the 40,000 square foot facility and lease the renovated site to the West Oak Lane Charter School. However, the landlord refused to sell the building, but was willing to lease the facility to OARC, who in turn would sublease to the school. This was not the most desirable strategy for OARC; however, because of the time constraints on the project and determination to develop the school, OARC embarked upon one of its biggest developmental challenges.

OARC obtained a \$2.0 million commitment letter from Equi-Mor Holdings, executed the lease and engaged in a sublease agreement with the West Oak Lane Charter School. OARC was responsible for renovating the site to meet the school's needs. This was an extremely risky undertaking since the long-term charter had not been granted and will prove to be a menace to the organization in the months ahead. Because the charter school was new, OARC had to take on the role of developing the school because of its developmental track record. (See Appendix E).

Although OARC was able to get all the items requested by Edison, there were other matters that strained the partnership. Edison did not feel confident that the facility could be

developed and in operation by September 15, 1998. Despite the fact that OARC was able to obtain a guaranteed maximum price on the construction, Edison was not comfortable that the costs could be contained at that price. In addition, there were verbal disputes and concerns of the financial management of the school. There was also discomfort by the West Oak Lane Charter School Board of Trustees with the overall “cookie-cutter” product offered by Edison. There was no flexibility in their curriculum and Edison thought any surplus in funds realized at the end of the year should be provided to them instead of reinvested back into the children.

Therefore, based on the challenges associated with developing a facility, conflicts with the reporting structure, management fees, school start date, and other financial disputes, it was mutually decided upon that Edison would not be the best choice for assisting OARC with developing the school within the time period allotted. Also there were changes in the administration at LaSalle University, who ceased their participation in this project.

By June 1998, OARC had decided to move forward. Technically at this point, OARC had to inform the Philadelphia School District of this change in partners and submit documentation of any proposed curriculum changes for approval. (See Appendix F). OARC formally engaged the Foundations TAC to assist with the overall development of the charter school. Because Foundations TAC also worked with other charter schools that the Philadelphia School District had approved and the fact that we were intending to honor as much of the original proposal as possible, the school district eventually approved this change.

Specifically, TAC focused on developing a selection process for the hiring of school administrators and teachers, developing school policies and procedures, and recommended curriculum that will focus on the school’s theme of “science and technology”. In addition, Foundations TAC was also hired to provide technical assistance on accounting matters, organizational management and oversight, professional development training for the staff, and to develop a lottery process for the students. (See Appendix G).

Kitchen acquired a project development team that OARC had used in the past. These contractors were known for producing top quality work and completing aggressive projects on time. Kitchen monitored the construction and made on the sight changes to expedite the construction and in ways that proved to be more cost effective for the school.

As for administrative activities, the charter school received notification from the Internal Revenue Service that it had been granted its non-profit status; therefore, meeting one of the requirements for final charter approval. (See Appendix H). Reynolds worked on securing financing and Ungar worked on enrollment. Also, the Board of Trustees met for an average of 8.0 hours per week from March 1998 – September 1998 to develop the school's policies and procedures.

After OARC had decided to proceed forward with opening the school in 1998, the Philadelphia School District passed a resolution allowing charter schools to postpone the opening of all charter schools selected for up to one year. However, by this time, 450 students were signed up for the school and their records had been released from their previous schools.

RESULTS

Major Outputs - Results

The major outputs that would exist if the project was successfully completed are as follows:

Site Selection/Facility Development

1. *Secured a facility by May 30, 1998 and revitalized it to meet the school's educational needs by September 15, 1998.*

OARC was able to secure a facility by the specified date and opened the school on September 15, 1998 as originally planned.

2. *Open an elementary charter school for children in grades K-5 located in the West Oak Lane community.*

Due to facility constraints, the school could only accommodate 548 students, thus reducing the grades to K-4. Nevertheless, OARC negotiated a deal with the landlord to acquire the adjacent store space in January 1999. This space will be renovated for next fall as the school expands to the fifth grade. (See Appendix I).

Financing:

1. *Secured \$2.0 million to pay for capital development costs.*

OARC was scheduled to close on the \$2.0 million loan with Equi-Mor Holdings, Inc., on June 30, 1998. This loan was to be secured by the financial viability of the charter with its yearly operating budget of over \$3.0 million. However, there was conflicting language in the legislation with regards to the tax credit Equi-Mor would be entitled to for granting this request. Because of the newness of the law, this made the original transaction difficult to administer.

As a result, Equi-Mor Holdings, Inc. loan was reduced several times because OARC could not supply sufficient collateral. Finally, OARC used one of its development projects, which was debt free as collateral. Unfortunately, this transaction was treated like a regular commercial deal and Equi-Mor Holdings would only lend on 80% of its \$1.2 million value.

By this point, two months had passed and the contractors were 80% complete with the project and had only received 10% of the total project costs. Therefore, OARC was eager to close on the loan, despite the fact that it was over \$1 million shy of the original amount.

OARC tried to get other financing for the improvements; however, OARC could not supply sufficient collateral to meet general lending requirements other than the revenue stream of the school. Also, OARC refinanced many of the school's purchases, which freed up cash to apply on this obligation. Nevertheless, there are fees outstanding for these improvements, so this goal was not achieved 100%. However, we are negotiating a financing arrangement with a local lender.

2. Secured start-up capital for the school's up-front operational expenses

In regard to the second goal, OARC was able to obtain a \$225,000 short-term bridge from the Delaware Valley Reinvestment Fund (DVCRF) to assist with some of the development and operational costs. (See Appendix J). Therefore, this goal was achieved.

Administration:

1. Developed an enrollment list of 800+ students

OARC was able to develop an enrollment list of 850 children in the community so this goal was achieved.

2. Hired strong leadership

In regard to leadership, the school administrators that were hired for the start of the school year proved to be inappropriate for the charter school climate. Within the first two months of the school, the principal and assistant principal had both resigned. Unfortunately, this required Foundations TAC and OARC to assume responsibility for the day-to-day operations until a new principal was hired.

The West Oak Lane Charter School made the search for a new principal a priority. The Board's recommendation proved to be a true asset to the organization. Dr. Margaret Briggs-Kenney has an impeccable history of working as an elementary school principal in Philadelphia. She is well respected by the parents and is a member of the community. She has hired a top-notch supporting staff including a director of operations to deal with the business

issues of the school. This goal was achieved by January 4, 1999, the date the new members of the administrative team began working at the school. Since then, there has been a noticeable difference in the climate of the school.

CONCLUSIONS/RECOMMENDATIONS

PROJECT CHANGES

There were three major changes with this project, which were critical to the development of the West Oak Lane Charter School. The first major change came about in late May 1998 when OARC made a conscious decision to continue moving forward with the development of the school without the assistance of Edison. Foundations TAC has proven its effectiveness with the West Oak Lane Charter School. Foundations TAC served in a consulting role advising the Board of Trustees on major issues.

This proved to be the missing component as the West Oak Lane Charter School was a granted a charter for the 1998 to 2002 schools years. Led by Rhonda Lauer, CEO of Foundation, Inc., and Phil Esbrandt, Executive Director of Foundations TAC, the corporation obtained consultants with a variety of specialties to meet the comprehensive needs of the West Oak Lane Charter School. Lauer dedicated an incredible amount of staff time to assist with the successful development of the school. When the school's first principal resigned OARC and Foundations assumed the administrative roles at the school for approximately two months. This was unsettling for the teachers, students, and parents, as there were different administrators at the school each day. OARC staff was operating the community development corporation and the school at the same time, which was an enormous amount of stress.

This led to the second major change, which was the need for strong consistent leadership. Not having the same leader at the school on a daily basis jeopardized the longevity of the school. Parents withdrew their children, teachers sought to unionize the school in an effort to preserve their jobs, students' behaviors were out of control, and there was no cohesiveness among the staff. Furthermore, the school did not have teacher furniture, computers, and books. These were all responsibility areas designated towards the principal. areas for the principal; however, these issues were not addressed timely. This led to parents trying to take over the school, negative press articles, and internal sabotage at the school. The principal informed board members that the school was fine and that these matters had been addressed. However, it was not until parents became vocal at the publicly held board meetings to express their concerns that the Board realized there

were outstanding issues that required immediate action. When Foundations and OARC took over during these interim months, it was apparent that many of the administrative matters represented to the board, as non-issues had not been addressed either. This too was later rectified.

The key components of charter schools are its ability to react to change and to make decisions in a non-bureaucratic process. For example, when the principal resigned in October minutes before a public board meeting, the Board of Trustees and Foundations had embarked upon its search and found the right person for the job within one week. Many of these issues that erupted at the school were settled once the new administrators came on board. Now, the school is set up as if it has been in operation for a long period of time. All outstanding areas (i.e. books, computers, and furniture) have been addressed and many of these issues are no longer outstanding.

However, the teachers did galvanize enough support during the turmoil months to render a union election. The vote was held on February 18, 1999; however, not all of the staff members voted. Abstention votes only enhance the support for a union. As a result, the union was approved by a majority of the people who voted during the election. It would have been better not to have a union at the school because it allows the school more flexibility with curriculum, salaries, etc. The areas the teachers want the union are for job security, to change the school schedule, and to reduce the school day. The latter two items the union can not change because it is part of the charter award from the Philadelphia School District. Likewise, the charter must meet certain criteria to be approved to operate the following year. Because of this, employment contracts can not be extended beyond one year at a time.

Of course, the third major change was when Equi-Mor first indicated to us in July 1998 their inability of providing the \$2.0 million that was previously committed. By this point, construction had already begun, OARC had entered into a long-term lease, and the community residents were excited about the coming of the school. This financing challenge has been an ongoing dilemma for OARC since last summer. Because OARC maintains the fiscal matters of the school, OARC made a recommendation to the Board of Trustees to finance as many items within the school as possible to generate more cash flow. This allowed for the school to realize \$400,00 that was applied to the renovation costs.

Over the past three months, OARC has searched for other financing sources and has finally generated the interests of a local lender. As a commercial deal, this project does not seem fundable because it does not have the traditional sources of collateral. However, the charter is granted for a 4-year period (1998 – 2002) and will have an average yearly operating budget of \$3.6 million. (See Appendix K). Barring any gross negligence on the part of school officials, the charter should remain active until 2002, after which time the school would have to reapply for charter status. The transaction with the local lender seems promising and a final decision will be made by February 22, 1999.

GOALS NOT ACHIEVED

There were two goals that were not achieved with this project. The first goal which is still in progress is obtaining the full \$2.0 million in financing to pay for the renovation costs. Providing the legislation had been clearer with regard to the tax-exempt rate of loans, then the financing from Equi-Mor Holdings would have been granted. Also, there is a state-intercept provision, which currently exists between the PA Department of Education and the Philadelphia School District. This policy allows creditors, such as banks, to go to the state and get the funding owed to them before the funds are dispersed to the school district. This policy does not exist between the charter schools and the school district. Likewise, this inhibits the creditors ability to obtain a comfort level when loan requests from charter schools are submitted with an insufficient secondary source of repayment.

The second goal not achieved was building the school to accommodate grades K-5 during its first year. OARC has addressed this issue by obtaining a lease agreement for the commercial space adjacent to the charter school in the “Dollar Crazy Store”. OARC took over this lease effective January 15, 1999 and this space will be renovated to accommodate the school’s expansion. The estimated cost to retrofit this space is approximately \$400,000. OARC is seeking a loan request from a local lender that would cover the outstanding obligation and the new loan request together. The school’s financials clearly support its ability to repay this debt within three years at a 10% interest rate. The Dollar Crazy Store’s

lease did not end until December 31, 1998, so OARC could not take over the space prior to that date.

LESSONS LEARNED

There are several recommendations for other community groups who are considering such an undertaking. The “lessons learned” are to serve as helpful hints in the areas of laws and regulation, facility financing, board of directors, programs and curriculum, consultants, management operations, opportunities for community development corporations, the importance of political support, and general information. These pointers are outlined in Appendix L.

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Charter Schools Page

<http://edreform.com/charters.htm>

Tally of Charter Schools by State

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Contacts by State

<http://edreform.com/chconorg.htm>

Calendar of Charter School Events

<http://edreform.com/info/events.htm>

Charter School Legislation and Laws

<http://edreform.com/laws/chlaws.htm>



- **Center for Applied Research and Educational Improvement (CAREI) at the University of Minnesota:**
<http://carei.coled.umn.edu/charter.html>http://www.uscharterschools.org/spider/srch_main.htm
http://www.uscharterschools.org/spider/srch_main.htm
National Charter School Study Overview
<http://carei.coled.umn.edu/CharterSchools/NatChrtr.html>



- **Center for School Change at the Humphrey Institute:**
<http://www.hhh.umn.edu/centers/school-change/>http://www.uscharterschools.org/spider/srch_main.htm
http://www.uscharterschools.org/spider/srch_main.htm



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<http://csr.syr.edu>http://www.uscharterschools.org/spider/srch_main.htm
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- **CSU Charter Schools Development Center:**
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http://www.wested.org/policy/hot_top/chart_sch/ht hm cs.htm
 From Paper to Practice: Challenges Facing a CA Charter School
http://www.wested.org/policy/pubs/full_text/pb_ft_pap2pract.htm

Additional Organizations with Charter School Resources

- **American Federation of Teachers (AFT):**
<http://www.aft.org>
 Charter School Laws: Do They Measure Up?
<http://www.aft.org/NS/...>
- **Comprehensive Centers:**
<http://www.wested.org/cc/html/ccnetwork.htm>
- **Education Commission of the States (ECS):**
<http://www.ecs.org>
 Search on the words "Charter Schools"
- **National Education Association (NEA):**
<http://www.nea.org>
 NEA Charter Schools Initiative
<http://www.nea.org/info/csinit.html>
- **RAND Corporation:**
<http://www.rand.org>
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<http://www.rand.org/centers/iet>
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<http://www.nwrel.org/national/>
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<http://www.tc.columbia.edu/>
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<http://www.tc.columbia.edu/%7Eacademic/ceoi/default.stm>
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 A Guide to Charter Activity, by Ted Kolderie
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<http://www.indiana.edu/~iepc/welcome.html>
Analysis of charter school legislation in 19 states and Indiana
<http://www.indiana.edu/~iepc/pubs.html#reform>
- **Little Hoover Commission:**
Study of California Charter Schools
<http://www.lhc.ca.gov/lhcdir/138rp.html>
- **Morrison Institute for Public Policy:**
<http://www.asu.edu/copp/morrison/>
Charter Schools: The Research
<http://edreform.com/pubs/morrison.htm>
- **National Conference of State Legislatures (NCSL):**
<http://www.ncsl.org>
Links to legislatures which can be searched for charter laws
<http://www.ncsl.org/public/sitesleg.htm#sites>
- **Policy Analysis for California Education (PACE):**
<http://www-gse.berkeley.edu/research/PACE/pace.html>
- **Southwest Educational Development Laboratory (SEDL) Policy Planning Service (SPPS):**
<http://www.sedl.org/policy/>
Charter Schools: Early Learnings
<http://www.sedl.org:80/policy/insights/charter9507.html>

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Charter School Page
<http://www.edweek.org/context/topics/charter.htm>

- **Public Broadcasting System (PBS): The Merrow Report**
<http://www.pbs.org/merrow/>
Upcoming Program: "Education's Big Gamble: Charter Schools"
<http://www.pbs.org/merrow/newshow.html>
- **WestEd - Policy Support and Studies:**
Policy News & Notes (search for Arizona and California articles)
http://www.wested.org/policy/n&n/nn_srcs.htm

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