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CVCS BOARD MEETING MINUTES
Wednesday, July 20, 2010 at 7:00-8:00 pm
Chicago Virtual Charter School
38 S. Peoria, Chicago, IL 60607

Board of Directors meeting called to order at 7:00 pm by Board president Earl Fredrick. Members present: Rudy Martin, Mary McCann, and Kevin Bargon by phone. Also present: Craig Butz, Leah Rodgers, and Darren Reed from K12, Rachel Velazquez, Estefania Bortolin, and Board Administrator Farland Jenkins.

Special Announcement

Dr. Fredrick expressed appreciation to Ms. Rodgers for her service as acting Head of School during the past school year. He then welcomed Dr. Butz, new Head of School.

Consent Agenda

1. Consent agenda
 - 3.1 Approval of insurance policy binder
 - 3.2 Course promotion policy second reading
 - 3.3 Honors AP policy second reading
 - 3.4 Approval of Learning Coach handbook (pending final management review)
 - 3.5 Teacher contract language and format
 - 3.6 Acceptance of terms of EEOC complaint resolution
 - 3.7 PAC report
 - 3.8 Management Submission: Evidence of Public notification and posting of Board policies up for review and Board meeting minutes
 - 3.9 SGSA report
 - 3.10 Acceptance of employee handbook (pending legal review)

Action: Ms. McCann motioned to approve all the items on the consent agenda with the exception of item 3.10 Acceptance of employee handbook (pending legal review). Mr. Martin seconded. Unanimous Aye.

Financial Report

- 4.1 June Board schedules
- 4.2 KEG analysis and invoice review
- 4.3 FY 12 Budget
 - 4.3.1 Assumptions
 - 4.3.2 Staffing and position control

- 4.3.3 Funding projections
- 4.3.4 Financial analysis of student turnover
- 4.3.5 Current Special Education enrolment
- 4.4 Audit update

Discussion:

Mr. Jenkins indicated that KEG teacher costs were consistent with projections at the end of the third quarter. Ms. Rodgers stated that the costs for KEG English teachers are low because CVCS has its own English teacher. Dr. Butz mentioned that it is very common in small on-line schools that a teacher in a certain subject area can teach multiple grade levels and 93 students by industry standards is very low. Dr. Fredrick expressed concern that CVCS would hire additional teachers and replace KEG services.

Dr. Butz discussed staffing. Revenue is higher for students in higher grades. In the long term, as lower grades matriculate to the high school grades, CVCS would have to turn away 8th grade students if they are not prepared to staff those grades. Dr. Butz recommended the enrollment cap in the high school grades be expanded to 150 students. This would allow for the expansion of high staff including core teachers in science and social studies. This would build capacity moving forward. The shifting in grade levels from the younger grades would increase revenue substantially, offset the cost of the 2 additional core teachers, reduce the number of KEG courses per student. This would also reduce the number of students in the younger grades where we are currently sufficiently staffed. This represents an addition of one FTE. Having core subject teachers at the high school level will improve achievement. In the long term, this reduces costs and deficit. This is reflected in the budget.

Ms. Bortolin discussed the highlights of the budget. The basic funding has not changed much. It was noted that the salaried and positions are included in the budget. The SGSA funding reflects a carryover from last year of \$100,000. We have permission from CPS to carryover the funds. The funds can only be used for salaries. A claim will be filed to receive funding at this level for future years. Special education positions will be hired in house and will be reimbursed by CPS. Salaries reflect natural increases and the change in teaching positions. The teachers will begin paying 25% of health benefits. Ms. McCann and Dr. Fredrick noted that the change in benefits was incorporated in the budgeted, but was not voted on as a change in policy. Ms. Bortolin stated that the change would be made in January, 2012 during the benefits open enrollment period. Ms. McCann indicated that this is a policy issue that needs to be discussed by the board. Insperity had discussed changing the enrollment period to August. Insperity has informed Ms. Bortolin that there would be a fine if the contract period is changed. Dr. Fredrick noted that Insperity indicated that changing to a fiscal year basis would require 2 open enrollment periods in one year. Ms. Bortolin will obtain clarification from Insperity about changing the open enrollment period, and if there will be added fees. Mr. Reed recalled that the benefit change had been discussed during a monthly finance call. Ms. Rodgers noted that staff had completed a survey about the change in benefits and is aware of it. Dr. Fredrick noted that this is a significant change and the board should vote on it. Ms. Rodgers pointed out that the proposed 5% salary increase would offset the cost of the benefit increase for staff. Dr. Fredrick stated that the board should take a vote to either support or not support this position. Mr. Bargon noted that teachers had been informed of the change and is open to it. Also, benefit rates are relatively low for CVCS teachers and the employee share is not significant. Ms. Bortolin said that most coverage costs are \$85 to \$100 per month. Mr. Martin suggested that the change in benefits be approved. Ms. Bortolin pointed out that the change in percentage could be made at the beginning of the fiscal and would not have additional costs from Insperity. Ms. McCann stated that this should have been presented to the board. The board is responsible for employees and will sign the new agreement in January. Ms. Bortolin will forward the paperwork to the board. Dr. Fredrick indicated that a special meeting will be needed to adjudicate this issue. Changing benefits had been discussed. The budget process should have been different this year. A special meeting needs to be called to evaluate the documents. It was requested that the documents be forwarded to the board for review and another meeting will be scheduled. Mr. Reed stated that the budget has been accepted in totality in the past. It would be preferable that the budget be approved in total or a

precedent will be set. Dr. Fredrick agreed but noted that if the budget process had begun in January, this issue would have been resolved. Ms. McCann mentioned that the salary rate increases also need to be approved. Mr. Martin stated that it could be voted on under budget assumptions. Mr. Bargon mentioned that the 5% had been discussed and that there is a commitment by K12 to support this. Dr. Fredrick stated that the budget process will be different next year. Action should be taken at this time for the purpose of executing teacher contracts.

Action: Mr. Martin motioned to approve the budget with the assumption that the teachers will pay the 25% benefit cost and the 5% increase in pay. Dr. Fredrick seconded.

Discussion: Dr. Fredrick noted that this is a preliminary budget to be submitted to CPS. The final budget will not be submitted until October 1st. There will be revisions because there are not final numbers on funding or enrollment.

Roll call vote: Mr. Bargon, Aye. Mr. Martin, Aye, Dr. Fredrick, Aye. Ms. McCann, Nay. Motion carries.

Discussion: Ms. Bortolin said that the board restricted fund of \$25,000 will be retained in the budget. The board position has been added under board administration and governance.

Board Business

4. Board Business (Action items)
 - 4.1 Academic strategic plan request
 - 4.1.1 Consistent with CPS accountability plan
 - 4.1.2 Metrics and frequency of reporting
 - 4.2 Staffing
 - 4.2.1 First reading, Position control policy
 - 4.2.1.1 Approval requirements for position changes
 - Budget impact
 - Funding source
 - Academic strategy justification
 - 4.2.2 Salary Schedule
 - 4.3 Vision statement
 - 4.4 Uniform policy request
 - 4.5 Annual Board agenda development for presentation at August 2011 meeting
 - 4.6 Service agreement acceptance pending CPS endorsement
 - 4.7 Board member conduct policy, 1st reading

Discussion: Dr. Fredrick had requested a position control form. The board will review the form and policy for the August meeting. Mr. Jenkins noted that the financial analysis of position turnover will reflect total costs by month. Dr. Fredrick requested that this information should be included with the enrollment report in the future. Ms. McCann inquired if the cost of student turnover is higher if the student remains for several months. Dr. Fredrick noted that the cost varies depending on how long the student remains with the school. The special education student enrollment was 38 students as of the last day of school. Dr. Fredrick requested a quarterly update of special education student enrollment because it is a budget cost driver. Ms. Bortolin provided an update on the audit. The cost of the audit has not changed from last year. The work papers are in preparation. They auditors will be on site on August 29th. Dr. Fredrick requested an academic strategy plan that will be consistent with the CPS plan for metrics and frequency of reporting. Dr. Fredrick inquired if it is reasonable to have the plan by the August or September meeting. Dr. Butz would like to develop a proposal to be presented to the board at the next board meeting in relation to metrics that we be reported taking into accountability CPS' and K12's. He will determine what the most pertinent information is to be shared monthly, quarterly and annually. There has been input from

the board. Beginning in September once student data is obtained, the reports will be presented. Mr. Martin suggests that the information be presented in a consistent manner that would provide for yearly comparison.

Action: Mr. Martin motioned that Dr. Butz produce a proposal for academic strategy consistent with CPS and CVCS metrics to present at the next board meeting. Ms. McCann seconded. Unanimous Aye.

Action: Ms. McCann motioned to adopt the position justification form including a document date. Mr. Martin seconded. Unanimous Aye.

Discussion: Dr. Fredrick mentioned that the mission and vision statement be a part of the budget process. The mission and vision statement should be reviewed at the August or September meeting. Dr. Butz noted that that is a process that should involve all stakeholders of the school. This could take some time to work the group. Dr. Fredrick suggested that the mission and vision statement should be reviewed on an annual basis. The review should be incorporated into the budget process for next year. Dr. Butz stated that the schools activities should support the mission and vision statement. Ms. McCann stated that the salary schedule given to the board does not show criteria. The board had previously requested that management work with Insperity work together to develop the schedule. Mr. Reed said the K12 does not typically set salary schedules based on experience and education. K12 will follow up with Insperity. The schedule should show salary ranges and criteria. Ms. McCann stated there should be some logical rationale. Mr. Reed stated that equity in salary does not always equate to equity in teachers' delivery. Dr. Fredrick suggested that management consider whether some type of uniform for students would be appropriate. Dr. Butz will discuss this with staff when they return. A survey will be made of parents, teachers, and students. A recommendation will be made to the board at the September meeting. Dr. Fredrick requested that an annual calendar be developed by Mr. Jenkins and management. A structure should be presented at the August meeting.

Action: Dr. Fredrick motioned that an annual board agenda is to be developed. Mr. Martin seconded. Unanimous Aye.

Discussion: Dr. Butz clarified that there will be collaboration between Mr. Jenkins, Ms. Bortolin, and Dr. Butz in developing the agenda. Dr. Fredrick said that the new service agreement, even if approved, is pending CPS approval. The copy sent to CPS was unsigned specifically for the purpose of CPS review. CPS has met with K12 and CVCS legal counsel to refine the agreement. Mr. Reed suggested that a signed agreement be sent to CPS to demonstrate that both parties in agreement.

Action: Mr. Martin motioned that the service agreement be approved pending CPS endorsement. Mr. Bargon seconded.

Roll call vote: Mr. Bargon, Aye. Mr. Martin, Aye, Dr. Fredrick, Aye. Ms. McCann, Nay. Motion carries.

Discussion: The board member conduct policy will be presented at the August meeting as the board member responsibility policy for second reading. Ms. McCann wants to be sure that conflict of interest is included in the policy.

Action: Ms. McCann motioned to accept the policy as first reading with the addition of an annual conflict of interest endorsement. Mr. Martin seconded. Unanimous Aye.

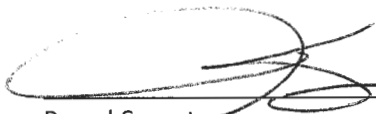
Head of School comment: Dr. Butz thanked the board for their confidence and giving him the opportunity to lead the school. He is very impressed with all the staff members, their excitement, and their desire to see the program as it is in the vision statement. To be a role model for online hybrid education. We need to make sure that we move towards that goal all the time. Management needs to be better prepared to enable the board to take action. We will meet to develop a strategy on how to make sure the board is better informed to make decisions. Dr. Butz has requested that Mr. Reed work with him to have various departments within K12 make presentations to the board. K12 needs to inform the board as to what they do to support the school. This will enlighten the board

as to what they are receiving as a service from the management company and open lines of communication that are going to be very important. Dr. Butz would like to see the process of the board agenda preparation streamlined. It is obvious that the staff and the board are committed to making CVCS a great school. The bottom line has to be student learning. A lot of the pieces are in place to assure that this is and will continue to be a beacon for what this type of education can be.

Action: Mr. Martin motioned to adjourn. Ms. McCann seconded. Unanimous Aye.

The meeting was adjourned at 8:21 p.m.

Respectfully submitted,



Board Secretary
Justin Solomon

8/17/11
Date