

REVISED POLICY STATEMENT LAKE WALES CHARTER SCHOOLS

Board of Trustees, Lake Wales Charter Schools, Inc.

BACKGROUND

As the 1990s were playing out, public education in Lake Wales was in decline. Worse still, the decline was accelerating as more and more concerned parents sought better education for their students in out of town schools. As family interest followed their students out of town, local support for public education was also in decline. In 2003, the Lake Wales community sought to reverse the decline by forming a system of charter schools to take responsibility for its public education.

I. NO EXCUSES

Beginning in 2003, the community organized and campaigned for votes of teachers and parents in favor of converting the governance of its public schools from the county's school board to a local board. Teachers in five of the seven Lake Wales public schools voted to convert. The subsequently conducted parent votes favored conversion by more than 70 per cent in each of the five schools. The Polk County School Board later voted 4-3 to grant five charters to the community's nonprofit corporation known as Lake Wales Charter Schools, Inc. (hereinafter "System"). The System's design called for each school to report to the same board, thereby creating a community school system. The System accepted its first students in August of 2004. Several years later, a sixth charter for a middle school was granted, thereby fulfilling the original design for the K-12 public school system that is in existence today.

As a result, the Lake Wales charter system assumed responsibility for the quality of the public education in the in the six charter schools, subject only to the Polk District's oversight. If the System's educational offerings turn out to be inadequate, there's no one else to blame. In short, the charter schools have no excuses.

II. EDUCATIONAL LEADERSHIP

Public education, perhaps more than any endeavor, is, top to bottom, a people business. The best schools have the best people, not the best rules or procedures. A number of schools across the country have excelled in spite of difficult environments. The achievement is always – without exception – because of outstanding leadership and the ability to attract and retain the best people.

Normally, central school administrations are top-down operations. By comparison, the Lake Wales System operates based on a servant-leadership model where the charter office

operates as a service organization for the benefit of the schools, classrooms, and teachers so they can perform to their highest potential.

A. Superintendent

The Board's most important responsibility is to select an outstanding Superintendent. The Superintendent is the Chief Executive Officer for the System. The Board supports the Superintendent and assesses his or her performance. The Superintendent's most important responsibility is to recruit, select (with Board approval), and retain inspirational educational leaders as principals of the schools.

The Superintendent is the representative and the spokesperson for the System to governments and to the public at large. The Superintendent is directly responsible for the selection and retention of the central staff. With staff assistance, the Superintendent is ultimately responsible for: finance, budgets, vision, innovation, strategic planning, transportation, food service, insurance, health benefits, staff development, grant writing, reports, compliance with law and policy, records, facilities, arranging for board meetings, inventories, data base, school calendar, and duties as assigned by the Board of Trustees.

B. Principals

The principals are the keys to the success of the System. That is because they have the responsibility for attracting, supporting and retaining outstanding classroom teachers. The classroom is where the magic happens. All the rules, procedures, programs, methods, and catchy phrases in the world are incapable of bailing out a school inflicted with poor or mediocre teaching.

The System gives each principal the responsibility and control of the school's budget and personnel. The revenue side for each school is determined by the per student allocation received for the students enrolled in that particular school. In exchange for the grant of authority, the principal is held accountable to the Superintendent and Board for results. Accountability occurs by objectively measuring student performance and demeanor against the performance and demeanor of like schools with a like demographic. The real educational leaders will welcome the challenge.

C. Teachers

The whole purpose of the System is to put the most inspirational, motivational, and effective teacher in the classroom. Teachers are in the position to make a huge difference in a young person's life. The System will expend every effort to provide the conditions that attract outstanding classroom teachers: the inspirational school leader, positive school culture, comradery and collaboration with other outstanding teachers, respectful students ready to learn, opportunities for professional development, and a supportive school community that appreciates the value classroom teachers bring to the endeavor.

III. BOARD OF TRUSTEES

The bylaws require Trustees to have within the Board membership expertise in finance, law, business and education. The Trustees hire and supervise the Superintendent who serves at the pleasure of the Board. As more fully detailed in the bylaws, the Trustees are responsible for setting policy, ensuring legal and ethical integrity, effective organizational planning, assisting in implementing and monitoring the plan's goals, articulating the mission and purpose of the schools to the public, approving the annual budget and ensuring that proper financial controls are in place, and supervising the business side of the enterprise.

A. Personnel Issues

Because of our small town setting, Board members will hear both compliments and complaints from the community about teachers, coaches, and principals. Some voicing displeasures expect action. It is important for Board members to appreciate the scope of their responsibilities in such instances.

Trustees may not intrude upon the day-to-day operation of the System and may not influence or seek to control personnel decisions within the System. The Board's only personnel responsibility pertains to the performance of the Superintendent, who is accountable to the Board for the overall performance of the System. The direct responsibility for the performance of specific personnel within the System is spelled out above in Section II of this Policy Statement pertaining to educational leadership. The comments from the community are, however, important. They comprise part of the information available to Board members concerning the Superintendent and the overall performance of the System.

B. Supervising the Money

Fiscal Responsibility. The original organizers of the charter system established a priority that they passed on to their successors: No Funny Business with the Money. There is little difference between theft and incompetence --- the System is out the money either way. Nothing can more effectively destroy the credibility and mission of the System than wasted or misspent funds resulting in dollars lost to the classroom.

Per Student Funding. The public's education funds come to the System on a per student basis. This means that the students raise the money, not the Board or the administrators. The students are too young to handle their money, so the Board handles it for them. The System's bylaws identify Board members as trustees, not directors. The choice was deliberate. Trustees have a legally enforceable fiduciary duty to act in the best interests of their beneficiaries. The beneficiaries are the students of the Lake Wales Charter Schools. In this way, the System avoids the mindset that inflicts school administrators elsewhere who act as if the money is theirs rather than belonging to students.

Charter Office. Consistent with the servant leadership model (*See* Sec. II), student generated revenue is first assigned to the schools, followed by a school's payment of a proportionate fee to the central office to fund the services rendered to the schools. The service fee covers: a) activities to facilitate performance of great schools, and b) performance of those functions that can be more cost-effectively accomplished by the System rather than in duplicate fashion by the schools. This approach works against a top-down central administration and in favor of the classroom. The Board eventually approves all budgets and is able to see to it that the right balance is in place.

Balanced Budgets. Each school is operated on a balanced budget. The revenue generated by students is first assigned to the school where those students are enrolled. The principal is in charge of the school's budget, sets the school's priorities, and determines how the revenue received is to be expended. The System's Chief Financial Officer is available to serve as a mentor for the principal and the school's financial secretary.

Chief Financial Officer. The Superintendent is responsible for hiring the Chief Financial Officer whose integrity, competence and dedication must be without question. The CFO mentors the principals with handling their budgets, serves as Treasurer for the corporation, handles the finances for the System-wide functions, consolidates all finances for System and Board analysis, and is responsible for all outside reporting on behalf of the System as a whole.

Full Disclosure. The System's books are kept open and subject to scrutiny from the public and those in the system. No hidden or obscured funds. Fund categories are accurately labeled so their usages can be readily appreciated. Full disclosure to the System's employees provides them with assurance they are being treated fairly.

Auditors. The System's auditors owe their allegiance to the Board. They report directly to the Trustees, not to the Superintendent or Chief Financial Officer. This is because ultimately, the buck does not stop with the Superintendent or the Chief Financial Officer. The buck stops with the Board of Trustees. Accordingly, the auditors and their assessment of the financial health of the System is of crucial importance to Board members.

IV. RULE OF GOOD JUDGMENT

The System will comply with all state and federal laws, rules and regulations. The System will also generate accurate and timely paperwork as required by federal, state and local governments. This means there are plenty of rules to deal with without adding more of our own.

While it is popular to complain about a bureaucracy, many folks are deep down more comfortable in a structured environment with its one-size-fits-all rules and procedures. There's a certain amount of safety and security in it. (If I follow the rules and procedures they impose upon me, and it doesn't work, it's their fault, not mine. I just did what they told me.)

The Lake Wales System has only one overriding rule: The Rule of Good Judgment. The Polk District's rigid and complex rules and exceptions designed to cover every circumstance are

consulted and serve as useful guidelines for carrying out the Rule of Good Judgment. After consulting the guidelines, our administrators are free to make efficient decisions that are appropriate for the circumstances at hand. Educational leaders with good judgment who welcome discretion and responsibility and don't mind being held accountable for results will thrive in such an environment.

V. UNIVERSITY STANDARD

Our standard for performance will be the university standard – a higher standard than the normal public school standard. The university standard is not a foreign concept. Most of the System's employees hold at least one degree from a four-year institution. Our employees are familiar with how universities do business.

The university standard means that our written and spoken word must be of high quality. Our communications must be accurate and understandable, free of any grammatical or spelling errors, properly organized and spaced and, in general, convey an educated and professional impression. Our public appearances, communications, meetings, and public events will be evaluated by others in formulating their judgments as to our competence. Many will use that judgment and assessment as an indicator for determining the quality of education that we provide in our classrooms. The quality of our spoken and written word is one of the most important opportunities we have for enhancing our credibility and reputation with the public.

V.I. INTERSCHOLASTIC ATHLETICS

Lake Wales has a proud history and tradition with respect to interscholastic athletics. The student athlete is influenced by parents, coaches, and teachers. This Article of the Board of Trustees' Policy Statement is designed to promote a working partnership for the benefit of the athlete, school and community.

It is an honor and a privilege to wear the orange and black and to represent Lake Wales as an athlete. It is not a right, and carries with it certain responsibilities. Before an athlete can participate in a sport, the athlete, parent or guardian, and coach will sign a binding Contract of Conduct to assure that they each will represent Lake Wales in a way to bring credit to the school and community.

The Board of Trustees of the Lake Wales Charter system hereby adopts by reference the administrative policies of the Florida High School Athletic Association, Inc., as if they were fully set forth herein.

The principles embodied in the Contract of Conduct will be used as guidelines by the Selection Committees who will utilize the principles concerning the recruiting, selection and retention of coaches. The principles are as follows:

1. Recognition that coaches and athletes are inescapable leaders and role models and each must accept the responsibilities that come with that status.
2. Fair, hard play at all times, showing the respect for opponents, officials and spectators that we would hope to receive in return.
3. Conduct with the highest degree of character on and off the field. Sportsmanship and the lifelong lessons of competition are the primary reasons for high school athletics.
4. Be modest and considerate in victory; be gracious in defeat.
5. Faithful completion of schoolwork is practical evidence of commitment to school and team.
6. Interscholastic athletics is preparation for life as an adult. A coachable athlete will become an employable adult.
7. The athlete and parents will agree for the athlete to submit to random testing for alcohol, drugs and illegal substances.
8. This policy has zero tolerance for insubordination.
9. Playing time is the exclusive responsibility of the coach and staff.

The contracts will be kept in the Athletic Director's office throughout the athlete's participation. The school is authorized to administer sanctions to the athlete, coach or parent for failure to perform the contract.

Adopted on August 24, 2015 --*Certificate of Amendment to the Revised Policy Statement of Lake Wales Charter Schools.*

VI. OVERCOMING THE FLORIDA EDUCATION DEFICIT

A. The Deficit

If Lake Wales' students are to compete in the nation's marketplace, they should have the same advantages and the same resources dedicated to their educations as have been devoted to the educations of their competitors. Hopefully our resources would be greater than the national average, but at the very least, they should be equal to average.

In 2012, the Florida Legislature appropriated an average of \$3,273 per student for the purpose of educating K-12 students in the state. With D.C. counted among the states, that appropriation ranked Florida 48th out of 51. Florida's federal funds (\$1,154 per student) ranked it 30th of the 51, and its local funds (\$4,650 per student) ranked the state 27th of the 51. Total funding came to \$9,077 per student, ranking Florida 45th of the 51.¹

Florida's schools have only 83.6% of the average national expenditure to work with for the benefit of their students. This means that the Florida Education Deficit is 17.4% of the national per student expenditure, or \$1,827 per student per year. During a thirteen-year public

¹ Source: U.S. Census Bureau, 2012 Census of Governments: Finance – Survey of School System Finances, p. 11.

school career, the total deficit comes to \$23,751 for each Florida student. The availability of that funding would make a huge difference in what could be done for each student.

Railing at public officials for the Florida Education Deficit is a waste of time. Our elected officials represent the Florida electorate. Compared to the national average, our electorate has 1) a lower per capita income, 2) higher median age, and 3) a greater number of out-of-state transplants who educated their kids up north. This means that education does not enjoy the priority here that it does elsewhere. These demographics show no signs of changing. (If a courageous legislator voted to increase taxes to generate revenues to bring Florida's education funding up to the national average, that legislator would, in all likelihood, soon be out of a job.) The trick is to adopt a policy that enables public schools to prevail in spite of the education deficit. As stated at the beginning: No Excuses.

B. A Policy for Overcoming the Deficit

The Lake Wales Charter Schools' policy employs a three-step strategy designed to make up for the Florida Education Deficit: 1) A small and efficient administration making more funds available to the classroom, 2) Assurance that the charter schools are receiving all of the public funds to which they are entitled, and 3) Supplementation of public funding with private funding.

1. Small and Efficient Central Administration

One of the unfortunate realities of large school district bureaucracies is the proliferation and specialization of administrators. The more administrators, the more each must specialize. The more specialists, the greater number of administrators who must meet and interact with each other in order to make system-wide decisions. While the administrators are convinced these meetings are terribly important, the time spent and the delays incurred result in entangling the higher paid administrators in the enterprise for greater periods of time.

By pushing as much decision-making as possible out to the schools and keeping the central administration lean, each central administrator in the Lake Wales System can perform as an integrated thinker with better knowledge of the big picture. Fully informed decisions can be made more efficiently among fewer administrators and those administrators are better able to communicate with the Board and public about the overall mission and performance of the System. Lower administrative costs means more funding for the classroom.

2. All Public Funding to Which Entitled

Funding for public schools comes from a complex mix of state (35.53%), local (43.32%) and federal (18.14%) sources.² The strategy calls for the System to be alert to the complexities of educational funding in order to assure its student families that their students are receiving the funds to which they are entitled.

² FLORIDA DEPARTMENT OF EDUCATION, FUNDING FOR FLORIDA SCHOOL DISTRICTS, (2012-13); *See also* Memorandum, Robin Gibson, Funding for Florida Public Charter Schools, (Jan. 7, 2013) (amended, October 2013) (on file with author).

a. State Funds (35.53%)

Historically, Florida's free public schools were controlled by county school boards and funded by ad valorem taxes levied by the school boards against the property of their individual counties. Fla. Const., Art IX, Sec. 4(b). This system produced considerable discrepancies between rich and poor counties.

The legislature remedied the discrepancies by creating the Florida Education Finance Program. (FEFP) which produces uniform funding for students throughout Florida regardless of county wealth. Each county receives a certain amount of state funding. Poorer counties receive more, richer counties receive less. In exchange for receiving state funds, each county concedes its constitutional authority to set its local millage to the legislature, which then sets each county's millage against that county's property. This is termed the "required local effort" for the FEFP formula. FS 1011.71(1). Even if a school board wanted to levy more in the way of its local effort to benefit its schools, it is forbidden by the FEFP law from doing so. The individually tailored combination of state funds with the required local effort produces uniform per student funding across the state.

No matter what school boards might like to think, control of both state and local funds generated for public schools has now passed to the legislature. The district's job has been relegated to complying with legislative mandates and limitations. The funds provided by the state are as follows:

FEFP Funds (Operating Funds). The State's contribution to the FEFP formula come from the legislature's appropriation from the General Revenue Fund (sales taxes), Educational Enhancement Trust Fund (lottery money)³ and a smaller amount from what is called the State School Trust Fund.

PECO Funds (Capital Funds). PECO (Public Education Capital Outlay) funds for construction and to pay off bonds that have previously financed construction of public education facilities for universities through to public schools come from a dedicated source: motor vehicle licenses and gross receipts taxes. In recent history the legislature has annually appropriated other PECO funds *to the Commissioner of Education for distribution to start-up charter (including Edward W. Bok Academy) in order to help fund facilities that meet certain criteria and serve students in buildings not provided by the District.*

PECO Maintenance Funds require a legislative appropriation, and have dwindled to zero in the last several years. This means that maintenance funds for school facilities must come out

³ Although lottery funds are part of the formula, they are all but spoken for. They finance the School Recognition Program (cash for FCAT performance), and are dedicated to pay several bond issues that have been floated for the benefit of public schools --- Classrooms First, School Capital Outlay, Class Size Reduction, and Educational Facilities. Lottery funds have also been committed to pay off bonds that finance projects for the State University System and Florida colleges. Left over lottery funds make up the so-called "enhancement funds" to be paid to School Advisory Committees. As a practical matter the money runs out and these enhancement funds are simply not available.

of the local capital improvement funds where each school board may levy no more than 1.5 mills against the taxable value for school purposes. (See below).

Transportation Funds. The complex state funding formula for transportation to public schools *specifically includes charter schools*. FS 1011.68. The formula is based on each district's pro rata share of students eligible for transportation. Detailed eligibility requirements include students living more than two miles from school, unless the student living within the two-mile zone meets the criteria for hazardous walking conditions. FS 1006.23.

Administrative Fee for District Services. Charter schools are required to pay an administrative fee to the District in exchange for receiving services the District is required to provide to charter schools. FS 1002.33(20). The District deducts the fee from FEFP funds before transmitting those funds to the charter schools. The amount of the fee, originally considered excessive by the charter schools, has been whittled down by the legislature and is no longer a bone of contention.

Strategy for Maximizing State Funds:

- FEFP funds and transportation funds are distributed according to strict formulas based on enrollment counts. Our System must be diligent about accurate enrollment counts. If the counts are short, funds will be lost.
- The distribution of PECO capital and maintenance funds is discretionary with the school board. They need to be monitored for fairness.
- Safe, conservative investment of the System's reserve funds in order to bring about the best possible return on investment without risking loss.
- Avoid double billing by the District to the System for services by checking against services the District is required to provide to the System in exchange for the administrative fee deducted from the FEFP funds.

b. Local Funds (43.32%)⁴

Required Local Effort. The local contribution to the FEFP formula for the schools' operating funds comes almost entirely from property taxes levied by school boards as instructed by the state. FS 1011.62(4). In 2012, the Polk School Board levied 5.2440 mills.

Discretionary Current Operating Levy. In addition to the FEFP's required local effort, the legislature annually specifies an additional levy it will allow for operations. FS 1011.71(1). In 2012, the Polk School Board levied the allowed maximum of 0.748 mills.

Discretionary Local Capital Improvement Levy. The legislature also allows local school boards to levy up to 1.5 mills for district schools, *including charter schools at the discretion of the school board*. FS 1011.71(2). In 2012, the Polk County School Board levied 1.5 mills as allowed by the legislature. The money generated may be spent for construction, maintenance, school buses, equipment, computer hardware and software, lease purchase payments for school

⁴ All millages pertain to the 2013 taxable year.

sites, loan payments, environmental compliance, leasing portables and buildings, and library media center needs for a new school.

Discretionary Capital Improvement Levy. In the event the district runs short in its capital improvement projects funded above, it may levy a maximum of an additional 0.25 mills to meet the shortfall, but must forego the discretionary current operating levy that would have otherwise been allowed in the appropriations act. Other complex restrictions apply. FS 1011.71(3)(a).

Half-Cent Sales Tax. In addition, school boards are authorized to levy a sales surtax of up to 0.5% for capital outlay purposes if approval is obtained by referendum. FS 212.055(6). The Polk County voters narrowly approved such a surtax on May 13, 2003. The surtax will expire 15 years from the date of its approval. In order to obtain county-wide support, the School Board made representations in advance of the vote in 2003 as to how the proceeds would be spent.

Strategy for Maximizing Local Funds:

- Encourage School Board members to enact the allowable discretionary levies for operating and capital improvement funds.
- Lake Wales charter students comprise 4.36% of the students in Polk public schools and their families therefore comprise 4.36% of the taxpayers funding the discretionary levies. District expenditures of the discretionary funds need to be monitored to assure that Lake Wales' public students receive a proportionate share of the discretionary funds.
- As to the half-cent sales tax, monitor the a) represented expenditures for compliance, and b) benefit received by the charter schools to assure that it is proportionate to the revenue raised from the charter community.

c. Federal Funds (18.14%)

Federal funds are typically used to supplement state and local funds in support of specified education programs. The District normally controls and administers the expenditure of federal funds in its capacity as a qualified Local Education Agency (LEA).

An amendment to the charter law in 2011 enabled the Lake Wales Charter School System to qualify as its own LEA. Fiscal year 2011-12 was the first year the System operated as an LEA. The System received \$994,183 more in the year that it enjoyed LEA status than it did the previous year. This differential is skewed somewhat by the fact that the System also did a better job of qualifying its Title I students for funding in 2011-12. Nonetheless, even after factoring for the Title I increase, Lake Wales students received a substantial increase in federal funding because of its LEA status.

Strategy for Maximizing Federal Funds:

- Assure receipt of the same LEA funding levels for Lake Wales students as are received by students of county districts.
- Pursue federal grants consistent with the mission of the charter schools.

3. Supplementation of public funding with private funding.

Once the public funding has been maximized, the design of the System provides a method for making up for the 17.4% Florida Education Deficit. The charter organizers formed a separate, 501(c)(3) tax-exempt corporation known as the Lake Wales Charter Schools Foundation, Inc. to serve as a direct support organization to generate supplemental private funds for the charter schools. The Foundation's purpose is to financially support the mission of the charter schools by working with the System's recently created Office of Development. The office is staffed by a full time Director of Development and an assistant to the Director.

The Office of Development is responsible for the System's marketing and communications, fundraising campaigns, annual giving, special events, stewardship of donors and funds, private grants, and keeping of financial records pertaining to private giving.

Strategy to Maximize Supplemental Private Funding:

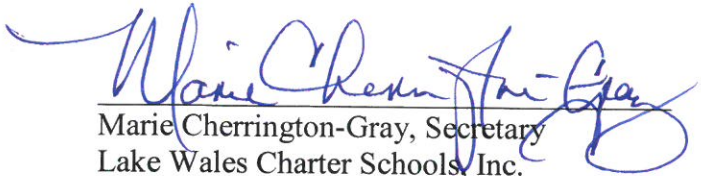
- System-wide support for the responsibilities (above) of the Foundation, its Board and staff.
- Support annual contribution within means from each System employee.
- Members of the charter and foundation boards and each System employee to serve as an ambassador in the community for the purposes of the charter schools.

VII. THE VERY BEST AT HOME

The challenge is clear. Our student population reflects the demographics of Polk County --- and, for that matter, the demographics of the state and nation as a whole. Our diverse student population covers the full spectrum, from the privileged to the deprived. The challenge is to create a community school system that meets each student at his or her level and provides that student with an education that is among the finest available in the country --- and do so right here at home.

CERTIFICATION

I HEREBY CERTIFY that the original Policy Statement enacted at the beginning of the Lake Wales Charter System was revised by this Policy Statement based on the System's actual practice and duly adopted by a vote of the Board of Trustees of the Lake Wales Charter Schools, Inc. on December 15, 2014.


Marie Cherrington-Gray, Secretary
Lake Wales Charter Schools, Inc.