



School of Education
UMKC Charter School Center

April 2, 2012

Ms. Betty Brown, Governing Board President
Mr. Shane Knight, Elementary Principal
Mr. Nehemiah Thomas, Secondary Principal
Derrick Thomas Academy
201 East Armour Boulevard
Kansas City, MO 64111

Dear Betty, Shane and Nehemiah,

This letter is to officially notify the governing board of directors and the school administration officials at Derrick Thomas Academy (DTA) that UMKC, as the charter school sponsor, has not received any official notification of action taken by the governing board of directors regarding the financial issues that were addressed by the sponsor at the December 20, 2011, school board meeting.

On October 21, 2011, I sent a corrected letter to Betty Brown, indicating that DTA had been placed in the criteria as a financially stressed school district by the Department of Elementary and Secondary Education (DESE). Dr. Steve McClure, Assistant Director, and I attended your monthly governing school board meeting on December 20, 2011, at 6:00 p.m. and during the meeting I gave you an overview of your budget and financial situation. The Annual Secretary of the Board Report (ASBR) has indicated to the sponsor and to DTA officials that Derrick Thomas Academy is currently meeting the established criteria for being financially stressed. The ASBR reflects a deficit fund balance in the amount of \$646,495.13. Currently, and in the past years, Derrick Thomas Academy has been in violation of multiple provisions of the Missouri Charter School laws and the sponsor has tried to work with DTA officials and the past governing board president so the students, parents, staff members, and community are not being penalized for their actions.

The following are issues that have not been officially addressed in writing to the sponsor as of April 2, 2012:

1. Deficit fund balance in the amount of \$646,495.13
2. Repayment plan for incurred debt with Edison Learning (the repayment plan should not impact the quality of teaching and learning at DTA)
3. Minimum of 3.0% fund balance each year starting in 2011-2012

School officials have failed to meet the following established timelines:

1. Budget and educational plan for the remainder of the school year (2011-2012) must be submitted to the sponsor no later than forty-five calendar days from notification at the governing school board meeting on December 20, 2012 (Due on February 4, 2012).
2. The governing school board must submit to the sponsor monthly updates (January, February, March, and April of 2012) on the repayment plan progress between EdisonLearning and DTA school officials and the governing school board. **The sponsor has not received one official verbal or written update from the DTA school officials who are responsible for overseeing this financial situation. This lack of effective operational and management strategies continues to be a major issue even though the governing board has added additional administrative support.**

Charter School Laws are being violated:

5. 160.405.5(4)

Be financially accountable, use practices consistent with the Missouri financial accounting manual, provide for an annual audit by a certified public accountant, publish audit reports and annual financial reports as provided in chapter 165, provided that the annual financial report may be published on the department of elementary and secondary education's Internet website in addition to other publishing requirements, and provide liability insurance to indemnify the school, its board, staff and teachers against tort claims. A charter school that receives local educational agency status under subsection 6 of this section shall meet the requirements imposed by the Elementary and Secondary Education Act for audits of such agencies. For purposes of an audit by petition under section 29.230, a charter school shall be treated as a political subdivision on the same terms and conditions as the school district in which it is located. For the purposes of securing such insurance, a charter school shall be eligible for the Missouri public entity risk management fund pursuant to section 537.700. **A charter school that incurs debt must include a repayment plan in its financial plan;**

Note: The past governing board president was asked by the sponsor (three different times) over a two-year period of time to provide a budget and educational plan of action for separating from EdisonLearning which would include **how the debt incurred would be paid off over time.** Allen Village School provided such an

all incurred debt. DTA officials did not work out a plan with Edison Learning on the repayment of debt prior to separation which was against the sponsor's recommendation. At the current time, the DTA officials have not provided evidence to the sponsor or DESE that a settlement has been achieved with Edison Learning. This makes it impossible for DTA to provide the legally required repayment plan beyond this year's budget, and thus, it is considered a financially stressed school district. This is a clear violation of the charter school law and has placed the charter school in a financially difficult situation.

6. 160.405.6

The charter of a charter school may be amended at the request of the governing body of the charter school and on the approval of the sponsor. The sponsor and the governing board and staff of the charter school shall jointly review the school's performance, management and operations at least once every two years or at any point where the operation or management of the charter school is changed or transferred to another entity, either public or private. The governing board of a charter school may amend the charter, if the sponsor approves such amendment, or the sponsor and the governing board may reach an agreement in writing to reflect the charter school's decision to become a local educational agency for the sole purpose of seeking direct access to federal grants. In such case the sponsor shall give the department of elementary and secondary education written notice no later than March first of any year, with the agreement to become effective July first. The department may waive the March first notice date in its discretion. The department shall identify and furnish a list of its regulations that pertain to local educational agencies to such schools within thirty days of receiving such notice.

Note: The governing board of directors for DTA separated from Edison Learning during the 2010-2011 school year and did not request the prior approval of the sponsor. The sponsor found out this action was taken through DTA school officials after the separation had already taken place and been approved by the governing board, but not by the sponsor. This is a clear violation of the charter school law and has placed DTA in a financially difficult situation which could have been avoided through proper planning with the sponsor.

3. 160.405.7(1)

A sponsor shall revoke a charter or take other appropriate remedial action, which may include placing the charter school on probationary status, at any time if the charter school commits a serious breach of one or more provisions of its charter or on any of the following grounds: failure to meet

VIOLATION OF LAW.

Note: Since school officials have failed to meet two required timelines thus far, it is the expectation that the UMKC sponsor officials would receive no later than May 1, 2012, a feasible draft budget and educational plan that clearly demonstrates that incurred debt can be paid off without impacting the quality of teaching and learning at DTA and a repayment plan of incurred debt that has been agreed to by EdisonLearning, the governing board of directors at DTA, and DTA school officials. The plan must address all financial issues mentioned in this letter and DTA must be able to prove the charter school will have a minimum of a 3% balance at the end of the 2011-2012 and 2012-2013 school years. The lack of a draft budget and educational plan to the sponsor by May 1, 2012, for incurred debt, repayment plan, maintaining a 3% balance, and addressing the potential lawsuit with the Kansas City Missouri School District will result in non-renewal of the DTA contract at the end of the 2012-2013 school year.

DTA is a charter school that is currently on academic probation and it is still not clear to the sponsor that state assessment results will produce the outcomes that will keep this school open beyond the 2012-2013 school year. It is a charter school that has not consistently assured that the needs of special education children are met in compliance with federal and state laws and regulations. It is a financially stressed school district and is facing non-renewal if these issues cannot be resolved. It is a charter school that has operated outside the charter school laws and has not been willing to work with the sponsor in a manner that benefits everyone in the school. It is a charter school that has not allowed the sponsor to provide timely information to the State Board and DESE to demonstrate that the sponsor is in material compliance with all requirements of sections 160.400, 160.420, and 167.349.

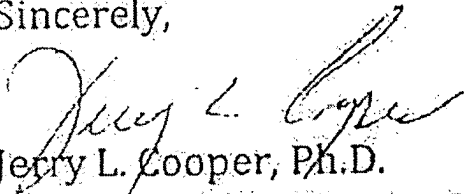
DTA is a charter school that rarely reports requested information to the sponsor within the forty-five day time limit which is a clear violation of the law. This is a charter school that the sponsor has worked with and has given as much leeway as possible so the charter school officials at DTA can continue to function at a high level, but the results of the sponsor's efforts have done little to change the outcomes of the charter school.

In closing, the UMKC Charter School Center officials are giving the governing board and school officials notice that a final budget and educational plan must be received by UMKC Charter School officials no later than June 1, 2012. This plan must clearly demonstrate that any incurred debt has been paid off with EdisonLearning and/or a repayment plan of incurred debt has been agreed to by

necessary fund balances to address the lawsuit settlement with the Kansas City Missouri School District and ensure that DTA will be able to maintain a 3% balance at the end of the 2011-2012 and 2012-2013 school year and for years forthcoming. **Failure to provide the required budget and educational plan will result in the non-renewal of the charter for Derrick Thomas Academy at the end of the 2012-2013 school year (June 30, 2013).**

Last, but not least, Dr. Steve McClure will be sending a "financial team" to DTA to conduct a financial audit of your charter school during the month of April to ensure any financial information that is received from DTA school officials is accurate and that school officials have used practices that are consistent with the Missouri financial accounting manual.

Sincerely,



Jerry L. Cooper, Ph.D.

Director, UMKC Charter School Center

cc: Curt Fuchs, DESE Coordinator of Educational Services
Dr. Wanda Blanchett, Dean, UMKC School of Education
DTA Governing Board of Directors
Dr. Steve McClure, Assistant Director, UMKC Charter School Center
Susan Kasper, Special Education Coordinator, UMKC Charter School Center
Gene Vinson, Instructional Coordinator, UMKC Charter School Center