

Lake Oconee Academy Board of Governors
Special Called Meeting
5:30 PM, April 20, 2020

The meeting was opened by Mark Lipscomb. The meeting was held in the High School Building. In attendance in person were Mark Lipscomb, Richard Schmidt and Otho Tucker. Due to Covid-19 social distancing and lockdown rules, attending electronically via Google Hangouts were Byron Lombard, Kim Larkin, Freddie Evans and David Mapp.

- A. Call to Order. Chairman Mark Lipscomb called the special called meeting to order at 5:30 PM.
- B. Establishment of Quorum/Roll Call. Governors Mark Lipscomb, Freddie Evans, David Mapp, Byron Lombard, Kim Larkin, and Richard Schmidt were in attendance. Also present was CEO Otho Tucker. In addition, a call-in number was published in the meeting notice for the purpose of allowing the public to attend. Certain members of the public were in attendance via conference call, but no count or identification was made.
- C. Agenda:
1. Dr. Tucker read a statement regarding the dispute between the Greene County Board of Education (BOE) and LOA regarding funding for students for the FY 20/21 school year. That statement is attached. The essence of the statement is that the BOE has indicated that it will not fund the matriculation of a forth class in sixth-grade above the amount of 1006 students which is required charter contract.
 2. Mark Lipscomb read a proposal to allow children to matriculate for the FY 20/21 school year at a rate consistent with previous years, including a forth class in sixth-grade and a forth class in K-4 and kindergarten.
 3. Dr. Tucker read a recommendation for a motion to enroll up to 1051 students for the FY 20/21 school year. Following discussion, Byron Lombard made the following motion: Motion to enroll up to 1051 students for the 2020-2021 school year as stipulated in the Lake Oconee Academy executed Charter Contract, dated June 24, 2016, and to take such action as is necessary to enforce the terms of the executed contract, including engaging counsel to assist LOA in this regard. Seconded by Kim Larkin. The motion carried unanimously.
- D. Adjournment. There being no further business, Richard Schmidt made a motion to adjourn the meeting. Seconded by Kim Larkin. Motion carried unanimously and the meeting was adjourned.

To: The LOA and Greene County Community

From: Dr. Otho Tucker

Date: April 19, 2020

Re: The Rest of the Story...

In the April 16, 2020, edition of the *Greensboro Herald-Journal* and the *Lake Oconee News*, the Chairman of the Greene County Board of Education, Mike Lynch, offered only part of the story about ongoing conversations with Lake Oconee Academy (LOA) regarding our request for funding for additional students. I write now to fill in the missing pieces and provide a more complete account, drawing on available evidence, common sense, sound financial logic, and what is morally right.

Taxes, Fund Balances, and Increased Revenues

Mr. Lynch argues that the lack of available funds prohibits support for more students at LOA. Actually, the Greene County Board of Education (BOE) has sufficient funds to easily meet LOA's requests without increasing the millage rate. In fact, if those students were registering at the Greene County Schools, they would have to be paid for under any circumstances.

The BOE has disclosed that its reserve Fund Balance should be in the range of \$7 million. To meet this projected need, the BOE levied a tax increase in 2018 that produced an increase in tax revenues totaling \$3.5 million for that year, which continues to be received each subsequent year. In 2019, due to growth in the tax digest from new homes, the BOE received additional tax revenue of \$1 million. In the last three years alone, from their tax increase and digest growth, the BOE tax income has increased by an additional \$5 million, more than 25 percent.

Since current budget projections were provided by the BOE to LOA, the BOE has learned of unbudgeted revenues from Title & Ad Valorem Taxes (TAVT) and other revenues totaling \$1 million not reflected in their earlier projections. That additional revenue alone places the desired Fund Balance level for the BOE in excess of their targeted goal.

The projections show that even with adding another 30 students at LOA, and not considering the additional revenue noted above, the Fund Balance is still sufficient and not threatened by affording LOA the funding to maintain seating for currently enrolled students.

Another area to note is the projection of a \$30 million increase in the tax digest for 2020. Similar forecasts compiled over a year ago were debated between LOA and the BOE, as the BOE's projection also then showed a \$30 million increase in the tax digest that actually increased more than double that amount -- to \$67 million! Current known information indicates that the tax digest will realize about the same increase from growth in 2020, thus generating an additional \$1 million.

The BOE has notified LOA that it will not spend any of these additional funds educating Greene County students at LOA. The BOE has suggested that LOA absorb the cost of these 30 additional students and their matriculation to the next grade level. This is wrongheaded and unnecessary, given the BOE's available funds.

To be clear, budget projections and practicing appropriate, conservative approaches are fundamentally important, especially given uncertainties associated with COVID-19; but, they should not be used to incite fear or to create the appearance of a nonexistent financial hardship.

LOA, Funding Reserves, and New Construction

The assertion from Mr. Lynch that it is inappropriate for LOA to carry funding reserves is incorrect. Startup charter schools, like LOA, are autonomous entities, and are mandated by the GA Department of Education to show financial stability, including a fund balance that will cover 60 to 120 days of operation in case of a catastrophic event. If a charter school fails to do this, it can be grounds for revocation of a school's charter.

LOA has systematically, and in conservative increments, built such a fund balance. Charter schools, unlike school districts, cannot simply increase taxes to meet needs or overages. Instead, they rely on their fund balances for emergencies and for capital projects such as building maintenance, safety features, or instructional resources, i.e., textbooks, technology, and other instructional needs.

Charter schools operate on a fixed income until a school district imposes a tax increase or the state increases or decreases funding levels. Both of these happened in the last two years -- a local BOE millage increase and a state teacher pay raise -- with neither the result of action taken by LOA. LOA consistently operates within budget and currently has a 3.5 out of 5 star Financial Efficiency Rating from the Georgia Department of Education, the other schools in Greene County have a 1 or 1.5 star Financial Efficiency Rating.

The record needs to be clarified on new construction as well. The current Charter Contract states that LOA may not ask the BOE for any future assistance for building projects. This is one of the primary reasons why the school maintains a reserve fund. Any new building is the sole responsibility of LOA to fund and construct for the benefit of our students, from donations, and from money normally reserved for teachers and instruction. The BOE has stepped outside of its governance responsibilities and rights by directing LOA on how to use funds.

Caps, Contracts, and Funding Formulas

LOA currently has 1,006 students. LOA's Charter Contract provides for 1,051 students. We have been increasing the student population up to that number at a slow rate in a good faith effort to give the BOE some fiscal planning stability. LOA started with two classes per grade level; subsequently, we went to three classes per grade level. Currently, under our new Charter, we are trying to meet a portion of the tremendous demand by moving to four classes per grade level. We are adding one additional class each year, until LOA reaches four classes of 22 in

each grade level (a total of 88) with a final capacity of 1,144 students, the capacity of our current facilities.

For the past three years, LOA has requested a student enrollment increase from the BOE. In each of those years, the BOE has approved increases that allow currently enrolled students to move up to the next grade level, thus adding that fourth class to each grade level, one grade per year. Currently we have four classes in kindergarten through fifth grade. With each vote and each dollar to date, the BOE has approved the presence of these students at LOA and reinforced their commitment to allowing these students to continue at LOA.

We were surprised to learn months ago (prior to the COVID-19 virus outbreak) that for the 2020-2021 school year, the BOE had proposed to fund just 1,006 students at LOA, the same number enrolled this year, which is 30 students less than the number of students that are advancing to the next grade level for next year and 45 students less than the 1,051 students that LOA's Charter Contract specifies. It is important to note that the Charter Contract is the legally binding document, not the petition to which Mr. Lynch refers, which was superseded by the approved Charter (which can be found on the LOA website, click About, then Board of Governors, then Charter Contract, with the most relevant information on pages 3 and 21).

Similarly, it is important to clarify that the funding formula for charter schools is not "hypothetical" as Mr. Lynch states. It is a matter of state law, based on GA Code Sec. 20-2-2068.1.

One of the most troubling aspects of the BOE's position is their suggestion that LOA should use funds specifically designated by Governor Kemp and the GA General Assembly for teacher raises to cover the instructional costs of additional students. This is clearly inappropriate, and conflicts with the specific intention of the Governor and the Legislature.

Greene County Students, Costs, and Returns on Investments

The projected cost to the School District of \$420,000 is not an additional cost. LOA students are part of the Greene County School System. Enrolling in LOA saves the taxpayers approximately \$4,700 per student, the difference between the lower per-student-cost at LOA (averaging over the last three years \$9,500 per student) and the higher per-student-cost in other Greene County schools (averaging over the last three years \$14,200).

To be clear, these are not simply "additional students" – they are your children, grandchildren, nieces and nephews, and the youngest members of our community. They are not a burden or a "cost" to the school system. They are the reason the school system exists. When Mr. Lynch states that he does not want to "commit to something that we don't have," he is suggesting that there are no available funds, which clearly is not the case. This translates to not wanting to commit to educating children in the school system he was elected to lead – and elected at least in part on the basis of his promise to remove the enrollment caps for LOA.

LOA will graduate 100% of its senior class (58 outstanding young adults) this year and is planning to admit 88 Kindergarten students, which is consistent with elementary class sizes for the past several years. The 88 students in LOA's Bright from the Start PreK program will

matriculate and move directly into LOA's K-12 charter program as allowed by state law. This is why we have requested 30 additional students for next year.

The inescapable reality is that these 30 students will go to one of the schools in Greene County. Continuing to enroll these 30 students either at LOA or one of the other Greene County schools will require funding from the BOE one way or the other. If the BOE is really concerned about money, why would it not choose to support LOA, which is clearly less expensive per student?

If we add any objective measure of performance into the equation -- such as CCRPI scores, AP scores, graduation rates, etc. -- the BOE position becomes even less reasonable or economically sound. Instead of spending more tax dollars to generate lower returns on investment, why not permit more children to attend LOA, a lower-cost, higher-performing school?

The most troubling piece of this scenario is that if LOA were to self-fund the 30 students moving from the PreK to Kindergarten, as the BOE has suggested, the BOE still would receive State funds for 30 students, but those funds would not follow the students to LOA. Those state funds would, instead, be absorbed by the BOE. This is fundamentally wrong.

Keep the Focus on Students, Families, and High Quality Education

Thirteen years ago, LOA was founded to provide another option for families in Greene County. Emphasizing innovation and high expectations, the school has performed exceptionally well, year after year. Its success has served as a magnet, drawing hundreds of applications from Greene County families every year, and drawing new families, businesses, and tax revenues to Greene County. LOA has been a vital engine for Greene County's success and growth.

Without the ability to offer additional seats to students, or even to retain the students already enrolled at LOA, the draw of the school and its ability to serve as an engine for growth will be threatened. Any business owner, or anyone else supporting growth and prosperity in our County, should be concerned about this position.

Since our founding, LOA has focused on children, families, and providing the highest quality education possible. That commitment has been unwavering, and remains so. We have made every effort, time and time again, to engage the BOE in good faith negotiations about continuing to fund the students already at LOA. Unfortunately for all involved, the BOE has refused repeatedly to negotiate or to consider compromises that could serve students, families, and our larger community.

Our most recent proposal involved cost sharing for the additional students, so that both sides would be investing in their success. It was met with the same short-sighted, uneconomical negativity that the BOE has repeatedly demonstrated and which comes at the expense of the very people the BOE was elected to serve.

All of us at LOA stand ready to engage in good-faith negotiations to work through these matters in a way that is reasonable and that will best serve the children, families, and taxpayers in our community, and we will not stop trying.

As we continue to work on our end, I encourage everyone to reach out directly to your representative on the Greene County Board of Education and its chair, Mike Lynch, and to ask them to reconsider their position and continue to fund the students already at LOA up to the level of 1,051 students legally specified in the Charter Contract.