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**CHARTER SCHOOL CONTRACT  
BETWEEN  
CITY OF MILWAUKEE  
AND  
KHAMIT INSTITUTE, INC.**

**THIS CONTRACT** made this 10 day of April, 2003, by and between the City of Milwaukee, acting by its Common Council, (hereinafter, "CITY"), 200 East Wells Street, Milwaukee Wisconsin, 53202, and Khamit Institute, Inc., (hereinafter, "Charter School"), 4714 West Fond du Lac Avenue, Milwaukee, Wisconsin, 53216.

**Whereas**, CITY, acting by its Common Council, is authorized by Section 118.40 (2r), Stats., to initiate a contract with an individual or group to operate a school as a Charter School;

**Whereas**, the City and Charter School entered into a 5-year contract beginning with the 1998-1999 school year and ending with the 2002-2003 school year; and

**Whereas**, the Charter School Review Committee (CSRC) at its meeting of December 12, 2002 voted unanimously to recommend that the City enter into a new contract with Charter School for another 5-year period beginning with the 2003-2004 school year and ending with the 2007-2008 school year; and

**Whereas**, the Steering and Rules Committee of the Common Council of the City of Milwaukee on January 9, 2003 voted to accept the recommendation of the CSRC and refer the matter to the full Common Council; and

**Whereas**, the Common Council on January 22, 2003 voted to accept the recommendation of the CSRC and the Steering and Rules Committee and to authorize the appropriate City officials to enter into this contract with Charter School.

**NOW THEREFORE**, the parties agree as follows:

**I. CHARTER SCHOOL HEREBY AGREES TO:**

**A. The name of the person who will be in charge of the Charter School and the manner in which administrative services will be provided.**

Charter School shall be in charge of the person named in the Charter School application (kept on file in the Office of the City of Milwaukee Department of Administration and incorporated herein by reference as Appendix A). The manner in which administrative services will be provided shall be in accordance with Appendix A.

**B. A description of the educational program of the school.**

Charter School shall provide the educational program set forth in Appendix A. Charter School shall ensure that all classrooms are equipped with all materials, equipment and supplies required to provide the educational program set forth in Appendix A.

0039 Notwithstanding anything to the contrary in Appendix A, Charter School is authorized to serve 80 pupils in grades K4 through 8 in the facility located at 4714 West Fond du Lac Avenue, Milwaukee, Wisconsin 53216 and 40 pupils in grades K4 through 8 in the facility located at 3908 West Capitol Drive, Milwaukee, Wisconsin 53216.

**C. The methods the school will use to enable pupils to attain the educational goals under sec. 118.01.**

Charter School shall use the methods described in Appendix A to enable pupils to attain the educational goals listed in sec. 118.01, Stats.

**D. Charter School shall use the following local measures and standardized tests to measure pupil progress under sec. 118.01, stats.**

Charter School shall use the following standardized tests and local measures to measure pupil progress under sec. 118.01, Stats.

- LOCAL MEASURES

Charter School shall use the local measures described in Appendix A to measure pupil progress under sec. 118.01, Stats.

- STANDARDIZED TESTS

Charter School shall administer such standardized tests as may be required under sec. 118.40(2r)(d), Stats., the No Child Left Behind Act of 2001, or other law.

In those grade levels in which standardized testing is not required under sec. 118.40(2r)(d), Stats., the No Child Left Behind Act of 2001, or other law, or in which only a standardized reading test is required, Charter School shall administer such standardized tests as may be required by CSRC.

Charter School shall report the results of standardized tests to CSRC, or its designee, in such manner as CSRC may determined:

Charter school shall pay all costs incurred in the administration, scoring and reporting on results of all tests, including those required under sec. 118.40(2r)(d)(2), Stats.

**E. The governance structure of the school, including the method to be followed by the school to ensure parental involvement.**

- INCORPORATION

Charter School is incorporated under Chapter 181 of the Wisconsin Statutes as a non-profit nonsectarian corporation. Charter School is exempt from federal income tax under 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3). Charter School shall immediately notify City if there is a change in status in this regard. City reserves the right to terminate this Contract due to a change in status.

- GOVERNANCE STRUCTURE

The governance structure of Charter School shall be that set forth in Appendix A.

- PARENTAL INVOLVEMENT

Charter School shall employ the methods described in Appendix A to ensure parental involvement.

**F. Subject to secs. 118.40(7)(a) and 118.19(1) and 121.02(1)(a)2., Stats. the qualifications that must be met by the individuals to be employed in the school.**

Charter School shall ensure that instructional staff of Charter School all hold a license or permit to teach issued by the Wisconsin Department of Public Instruction (hereinafter, DPI).

**G. The procedures that the school will follow to ensure the health and safety of the pupils.**

Charter School shall comply with all applicable Federal, State and local health and safety requirements. Charter School shall ensure that all of its pupils comply with Wisconsin immunization requirements.

**H. The means by which the school will achieve a racial and ethnic balance among its pupils that is reflective of CITY's school-age population.**

Charter School shall periodically advertise its nondiscrimination policy. Charter School shall target its marketing efforts in neighborhoods which may be unrepresented in Charter School's pupil population.

**I. The requirements for admission to the school.**

Pupils who are enrolled in the Charter School Program shall reside in the City of Milwaukee and shall be eligible for enrollment in the Program only if the pupil meets one of the criteria set forth in sec. 118.40(2r)(c), Stats.

Preference in admission may be given to continuing pupils and their siblings and to children of current employees of Charter School.

If more students apply for admission than can be accommodated, Charter School shall admit pupils on the basis of a lottery.

Charter School shall maintain pupil data base information pertaining to each Charter School pupil, including, but not limited to the pupil's name, address, home phone number, place and date of birth, parent(s) or guardian, immunization records, ethnic background, school of last attendance, number of siblings, and emergency contact.

Charter School shall submit to CSRC a copy of all documentation Charter School submits to the DPI Instruction concerning pupil counts.

**J. The manner in which annual audits of the financial and programmatic operations of the school will be performed.**

Charter School agrees to comply with the same federal and state audit requirements as do other public schools in the state.

- **AUDIT REQUIREMENTS**

CSRC or designee and/or City Comptroller or designee shall have full access to all books and records during normal business hours and upon reasonable notice.

Charter School shall submit to CSRC or designee and/or City Comptroller or designee within 75 days after fiscal year end a complete set of audited financial statements including Balance Sheet, Income Statement and Statement of Cash Flows together with full footnote disclosure. The audit statements shall be prepared in accordance with generally accepted accounting principles and shall be prepared using full accrual accounting. The audit shall be conducted in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Notwithstanding other provisions of this Contract, CITY retains the right, with approval of the Common Council, to terminate the Charter Contract should such auditor's opinions be anything other than unqualified.

Additionally, for every school year ending in an odd number, Charter School shall submit to CSRC or designee and/or City Comptroller or designee, an independent auditors' attestation opinion pursuant to SSAE3.

All management letters and all other reports of an independent auditor transmitting reportable conditions or advice to management must be submitted to CSRC or designee and/or City Comptroller or designee within 15 days of receipt.

Single audit reports, prepared in accordance with The Single Audit Act of 1984 if applicable, must be submitted to CSRC or designee and/or City Comptroller or designee within 75 days of fiscal year end.

For informational purposes, Charter School agrees to submit to CSRC or designee and/or City Comptroller or designee, within 15 days of receipt any audit, review, compilation, management letter or report of reportable conditions prepared by an independent certified public accountant in response to any other publicly funded program and any audit issued by any other government agency.

Within 75 days of the end of the third school year under this Contract, or at such other time as requested in writing by CSRC or designee and/or City Comptroller or designee Charter School agrees to retain an independent certified public accountant which accountant shall attest (using standards in SSAE3) to the accuracy, validity and reasonableness of academic achievement and programmatic results reported by Charter School to CSRC or designee and/or City Comptroller or designee during the term of this Contract. This information will be used in assessing any renewal options for a charter Contract. CITY retains the right, with approval of the Common Council, to terminate this Contract upon receipt and review of the attestation report.

**K. The procedures for disciplining pupils.**

Charter School shall adhere to the procedures for disciplining pupils set forth in Appendix A.

**L. The public school alternatives for pupils who reside in the CITY and do not wish to attend or are not admitted to the Charter School.**

As required by sec. 118.40(6), Stats: "Program voluntary. No pupil may be required to attend a charter school without his or her approval, if the pupil is an adult, or the approval of his or her parents or legal guardian, if the pupil is a minor." A pupil who is a resident of the City of Milwaukee, who, or whose parent or legal guardian, does not choose to attend Charter School, may attend a school operated and managed by the Milwaukee Board of School Directors.

**M. A description of the school facilities and the types and limits of the liability insurance that the school will carry.**

Charter School shall conduct its Charter School Program in the facility described in Appendix A.

Charter School shall ensure that the facility in which its program is conducted is adequate to serve the pupil population set forth in Appendix A and that the facility meets all local, state and federal laws codes, rules and regulations pertaining to health and safety that apply to public schools in Wisconsin cities of the first class. Charter School shall assume full responsibility for the cost of providing and maintaining this facility.

In the event Charter School anticipates relocating its school, Charter School shall notify CSRC in writing at least 30 days prior to the anticipated relocation. Charter School shall ensure that any new facility meets all of the safety codes and standards required under this Contract, including, but not limited to, the occupancy permit referred to in this section, in accordance with applicable timelines. CSRC shall view any new facility to ascertain its appropriateness to operate the Charter School contracted for under this Contract.

Charter School shall obtain an occupancy permit for school usage to provide the educational program under this Contract prior to the start of the first day of pupil attendance. Failure to obtain the necessary permit by that date may result in termination of this Contract by CITY.

Charter School shall comply with all laws and regulations pertaining to asbestos abatement that may apply to Charter School.

• **INDEMNIFICATION**

Charter School shall defend, indemnify and hold harmless CITY, its agents, board members, officers, and employees (the "indemnitee") from and against any and all claims, demands, actions, causes of action, damages and claims of any kind, including but not limited to those for bodily injuries, personal injuries or damages and reasonable attorney fees, arising out of or in any way related to or associated

with this Contract or the operation of the Charter School Program, that is or may be brought or maintained by any individual or entity against the indemnitee, except those caused solely by the negligence of the indemnitee. This indemnification obligation shall not be reduced in any way by the existence or nonexistence, limitation, amount or type of damages, compensation or benefits payable under worker's compensation laws or other insurance provisions. Under no circumstances is CITY's recovery limited due to the fact that CITY is named as an additional insured under any of the Charter School's insurance policies.

- **INSURANCE AND BONDS**

Charter School shall obtain insurance coverage as described below:

**Fidelity Bond/Crime Insurance**

Crime Insurance, in the form of either a Commercial Crime Policy or Financial Institution Bond, providing coverage for Employee Dishonesty, On Premises, In Transit (Theft Disappearance and Destruction Coverage Form and Robbery and Safe Burglary Coverage Form), Forgery/Alteration, Computer and Funds Transfer Fraud shall be carried in the minimum amount of fifty percent (50%) of the total annual program costs. Such insurance may be written with a deductible, however such deductible shall not exceed \$40,000. The City shall be named as loss payee with respect to losses involving property or funds provided under this Contract by DPI. This policy is to cover all employees, officers and board members of Charter School and all of Charter School's contractors or subcontractors handling money securities or other property of the Charter School. Proof of such coverage shall be provided to City prior to commencement of the 2002-2003 school year.

**Worker's Compensation**

- Worker's Compensation - Statutory Coverage
- Employer's Liability Limits

Bodily Injury by Accident	\$100,000 each accident
Bodily Injury by Disease	\$500,000 policy limit
Bodily Injury by Disease	\$100,000 each employee

**Commercial General Liability**

Each Occurrence Limit	\$1,000,000
Personal & Advertising	
Injury Limit	\$1,000,000
General Aggregate	\$2,000,000
Products-Completed	
Operations Aggregate	\$2,000,000
Medical Expense	\$ 10,000

Commercial General liability shall be on an occurrence form covering the risks associated or arising out of the services provided under this Contract. This insurance is not to have any exclusions, sub-limits, or restrictions as respects coverage for sexual abuse and molestation, corporal punishment, athletic events, and use of gymnasium equipment.

**Auto Liability**

Business Auto Liability insurance including, but not limited to, Uninsured Motorists, Underinsured Motorists, and contractual liability for risks assumed in this Contract, covering the use of any vehicle in an amount not less than \$1,000,000 per accident. (Note: Verification of this coverage is needed only if vehicles will be used while providing service under this Contract.)

Combined Single Limit	\$1,000,000 each accident
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**Umbrella**

Each Occurrence Limit	\$4,000,000
General Aggregate Limit	\$4,000,000

The Umbrella shall provide excess employer's liability, commercial general liability and auto liability coverage.

**School Leaders Errors & Omissions**

Aggregate Limit	\$1,000,000
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All policies, with the exception of the School Leaders Errors & Omissions policy, shall be written on an occurrence form.

CITY is to be named as an additional insured under all of the above mentioned insurance coverage with the exception of Worker's Compensation and School Leaders Errors and Omissions. A certificate of insurance evidencing the aforementioned insurance requirements is to be provided to CSRC. Certification is to be provided either on the certificate of insurance or by separate letter from the insurance agent or broker that there are no exclusions, sub-limits, or restrictions in coverage as noted in this section. This certification, including certificates of insurance, is to be provided to the CSRC before services commence under this Contract. Said certificate is to include 60 days advance notice to CITY prior to any change, termination, or cancellation of the insurance coverage. Insurance companies must be acceptable to CITY and must have a current A.M. Best rating of A- or better.

The indemnification obligation, however covered by the insurance above, shall not be reduced in any way by existence or non-existence, limitation, amount or type of damages, compensation or benefit payable under Worker's Compensation laws or other insurance provisions. Under no circumstances is CITY's recovery limited to the fact that it is named as an additional insured under the Provider's insurance policies noted above.

**N. The effect of the establishment of the Charter School on the liability of CITY.**

Nothing contained herein shall be deemed to render Charter School and City as joint ventures or partners of each other, and neither shall have the power to bind or obligate the other, except in accordance with the terms of this Contract



As between Charter School and CITY, there shall be no liability on the part of CITY on account of the establishment or operation of Charter School.

No officer, agent, employee or volunteer of Charter School shall be deemed an officer, agent, employee or volunteer of CITY for any purposes whatsoever.

CITY shall not pay any amount whatsoever to Charter School on account of the establishment or operation of Charter School.

Any payments which may be due to Charter School for the operation of the Charter School Program are the responsibility of DPI. DPI is obligated under sec. 118.40(2r)(e), Stats. to make payment directly to the operator of Charter School in September, December, February, and June of each year Charter School participates in the Charter School Program under sec. 118.40(2r), Stats. If, for whatever reason, DPI fails to make any and/or all of such payments to Charter School, CITY, its officers, agents, and employees shall have no responsibility whatsoever to make such payments to Charter School.

**O. Fees for contract administration.**

Charter School shall pay to CITY any and all reasonable fees that may be assessed from time to time by CSRC to process the application for a Charter School contract or to oversee the Charter School contract. Charter School shall make payment to CITY in accordance with the invoice from CSRC within 30 days of receipt of the next following payment from DPI to Charter School.

**P. Nonsectarian.**

Charter School shall be nonsectarian in its programs, admissions policies, employment practices and all other operations and shall not be affiliated with a sectarian school or religious institution.

**Q. Pupil tuition and fees.**

Charter School shall not charge tuition for any pupil attending Charter School under the Charter School Program, sec. 118.40(2r), Stats. Charter School is entitled to charge tuition for pupils who are attending Charter School, but who are not doing so under sec. 118.40(2r), Stats.

Nothing in this Contract shall prevent Charter School from operating a Before and After-School Program, a day-care program, or a summer program nor from charging fees for children participating in those programs.

Charter School may require its pupils to purchase and wear uniforms, but Charter School may not profit from the sale of uniforms to pupils.

Charter School may assess reasonable pupil fees (not to exceed actual cost) for activities such as field trips and social and extra-curricular activities.

Charter School may charge a reasonable rental fee (not to exceed actual cost) for the use of personal use items such as towels, gym clothes, or uniforms.

Charter School may not prohibit an eligible pupil from attending Charter School under this Contract, expel or otherwise discipline the pupil, or withhold or reduce the pupil's grades because the pupil or the pupil's family cannot pay or has not paid fees permissibly charged under this section of the Contract.

Charter School may not charge fees for any of the following:

1. Instruction or registration.
2. Initial issuance of books.
3. Teacher salary.
4. Buildings, maintenance or equipment.
5. Courses credited for graduation.
6. Computers or microfilm readers.

**R. Local education agency responsibilities.**

Charter School is the Local Education Agency (LEA) for purposes of all state and federal laws, codes, rules and regulations pertaining to LEA duties, rights and responsibilities.

**S. Non discrimination.**

Charter School shall not discriminate in admission or deny participation in any program or activity on the basis of a person's sex, race, religion, national origin, ancestry, pregnancy, marital or parental status, sexual orientation or physical, mental, emotional or learning disability.

Charter School shall not discriminate against any qualified employee or qualified applicant for employment because of sex, race, religion, color, national origin or ancestry, age, disability, lawful source of income, marital status, sexual orientation or familial status. Charter School shall require all subcontractors with whom Charter School contracts to comply with this same nondiscrimination in employment provision and shall require a similar provision to be included in all subcontracts.

Charter School shall comply with the following state and federal laws and regulations as those laws apply to public schools:

1. 42 U.S.C. 2000d et seq., Title VI of the Civil Rights Act of 1964 (prohibiting discrimination on the basis of race, national origin, and color).
2. Title IX of the Education Amendments of 1972, 20 U.S.C. secs. 1681 et seq. (prohibiting discrimination on the basis of sex).
3. The Age Discrimination Act of 1975, 42 U.S.C. secs. 6101 et seq. (prohibiting discrimination on the basis of age).
4. Sec. 504 of the Rehabilitation Act of 1973, 29 U.S.C. sec. 794 (prohibiting discrimination on the basis of handicap) and the Americans with Disabilities Act. 42 U.S.C. sec. 12101, et seq.
5. Family Education Rights and Privacy Act, 20 U.S.C. sec. 1232g and sec. 118.125, Stats., (regarding protection of pupil records).
6. The Drug-Free School and Communities Act of 1986, 20 U.S.C. secs. 3171 et seq.

7. All federal and state constitutional guarantees protecting the rights and liberties of individuals, including freedom of religion, expression, association, against unreasonable search and seizure, equal protection, and due process.
8. 20 U.S.C. sec. 1400 et seq., Individuals With Disabilities Education Act.
9. 29 U.S.C. sec. 626 et seq., Age Discrimination in Employment Act, Older Worker Benefits Protection Act of 1990.
10. 29 U.S.C. sec. 201 et seq., Fair Labor Standards Act.
11. 29 U.S.C. sec. 2601 et seq., Family and Medical Leave Act.
12. 15 U.S.C. sec. 2641 et seq., Asbestos Hazard Emergency Response Act (AHERA).

**T. Background screening.**

Charter School shall perform background screening through the Wisconsin Department of Justice (and similar agencies of other states in the event of present or former out-of-state residence) on all Charter School full and part-time employees and volunteers and shall not assign any employee or volunteer to teach or work with pupils until Charter School investigates and determines that there is nothing in the background of the employee or the volunteer which would render the employee or volunteer unfit to teach or work with pupils of Charter School, including, but not limited to, conviction of a criminal offense or pending charges which substantially relate to the duties and responsibilities assigned to the employee and/or volunteers.

For purposes of this Contract, volunteer means a non-paid person who serves under the supervision of Charter School and who provides services on a regular and ongoing basis or for more than 5 hours a week. It does not apply to those parents and/or other adults who are one-time volunteers for field trips or other one-time only activities in Charter School.

Charter School shall obtain the social security number of all individuals who are volunteers having contact with Charter School pupils or individuals who are employed by Charter School on either a full or part-time basis. Such social security numbers shall be retained by Charter School and shall be provided to City upon request.

**U. Right to inspect and receive requested information and reports.**

Charter School shall grant CITY or its designee the right to inspect Charter School facilities or to review any Charter School records at any time during the term of this Contract.

Charter School shall give such information at such times and on such forms as may be requested by CITY or its designee concerning any of the operations of Charter School.

Charter School shall generate and provide such reports at such times and concerning such matters as may be requested by CITY or its designee concerning any of the operations of Charter School.

**V. Calendar.**

Charter School shall operate under the days and hours indicated in the 2003-2004 school year which is attached hereto as Appendix B and incorp

reference. Charter School shall annually provide CSRC with a school year calendar prior to the conclusion of the preceding school year.

## **II. TERM AND MODIFICATION OR TERMINATION OF CONTRACT**

### **A. Term.**

The term of the Contract is five (5) school years commencing with the 2003-2004 school year and ending on the last regularly scheduled school day in the 2007-2008 school year. This Contract is contingent on the approval of the Common Council of the City of Milwaukee. This Contract shall become effective upon approval by the Common Council and execution by all appropriate persons.

### **B. Modification.**

This Contract represents the entire agreement reached between the parties. This Contract can be modified only upon mutual agreement reached between the parties and reduced to writing. If either party wishes to modify any of the terms of this Contract, that party shall put the proposed modification in writing and submit it to the other party for consideration. If CSRC determines that the proposed modification is not a major modification, CSRC is authorized to act on behalf of the City. If CSRC determines that the proposed modification is a major modification, approval shall be obtained from the Common Council of the City of Milwaukee prior to the implementation of the modification.

### **C. Termination.**

This Contract may be terminated before expiration of its term upon any of the following circumstances:

- BY BOTH PARTIES:
  1. Both parties agree in writing to the termination.
- BY CITY:
  2. CITY determines that Charter School violated this Contract or Chapter 330 of the Milwaukee Code of Ordinances or no longer meets the requirements of sec. 330-15 of the Milwaukee Code of Ordinances.
  3. CITY determines that pupils enrolled in Charter School have failed to make sufficient progress toward attaining the educational goals under sec. 118.01, Stats. or the academic performance criteria established by CITY.
  4. CITY determines that Charter School has failed to comply with generally accepted accounting standards of fiscal management.
  5. CITY determines that Charter School has violated sec. 118.40, Stats.

• BY CHARTER SCHOOL:

6. Charter School does not receive a payment from DPI required to be made under sec. 118.40(2r)(e), Stats.

If this Contract is terminated under the first ground (because both parties agree in writing to the termination) the termination shall become effective on a date agreed to by the parties. If this Contract is terminated under the second through fifth grounds (because of a determination on the part of CITY) the termination of this Contract shall not become effective until, at a minimum, the end of the semester in which notice of termination is given, unless, in the discretion of CITY termination should become effective sooner. If this Contract is terminated under the sixth ground (because of failure of Charter School to receive state funding) termination shall become effective on the date notice of termination is received by CSRC.

CSRC may recommend to CITY that this Contract be terminated under the third ground (because pupils have failed to make sufficient progress) if Charter School fails to meet such written academic performance criteria as may be established by CSRC.

Failure on the part of CITY to exercise its right to terminate this Contract under any ground listed above shall not be deemed to constitute an amendment to the terms of this Contract or to constitute a waiver of the right of CITY to terminate this Contract at a later date under that ground.

In the event of termination of this Contract, written notice by certified or registered mail, return receipt requested, shall be provided which shall list the reason(s) for termination and the effective date of the termination.

### III. CONTRACT ADMINISTRATION, NOTICE AND PROVIDING OF INFORMATION

Unless specified otherwise in this Contract, any act of discretion, including, but not limited to, any approval required under this Contract or determination to terminate this Contract, to be made by and on behalf of CITY, shall be made by the Common Council of the City of Milwaukee.

Unless specified otherwise in this Contract, whenever notice must or may be given to the other party, or whenever information or reports may or must be provided to the other party, the party who may or must give notice or provide information or reports shall fulfill any such responsibility under this Contract if notice is given or information or reports is provided to the following persons, or their successors:

**TO CITY OR CSRC:**

Charter School Review Committee  
200 East Wells Street, Rm. 606  
Milwaukee, WI 53202  
Attn: Mr. Michael J. Soika  
Department of Administration

**TO Charter School:**

Khamit Institute, Inc.  
4714 West Fond du Lac Avenue  
Milwaukee, WI 53216  
Attn: Yakini Aida Shabaka  
Academic Director and President  
Of the Board of Directors

A party to this Contract shall immediately give written notice to the other party if the contact person for purposes of notice and providing information is modified.

#### **IV. STATUTES**

Whenever reference is made in this Contract to a provision in the Wisconsin Statutes and such provision is subsequently amended by the Wisconsin Legislature, such reference in this Contract shall be deemed to be amended to conform to the new law.

#### **V. SEVERABILITY**

If any term or provision of this Contract shall be found by a court of competent jurisdiction to be invalid, illegal or otherwise unenforceable, the same shall not affect the other terms or provisions hereof or the whole of this Contract, but such term or provision shall be deemed modified to the extent necessary in the court's opinion to render such term or provision enforceable, and the rights and obligations of the parties shall be construed and enforced accordingly, preserving to the fullest permissible extent the intent and agreements of the parties herein set forth.

#### **VI. CHARTER SCHOOL APPLICATION**

CITY reserves the right to hold Charter School to any of the representations or assurances made by Charter School in Appendix A, any modifications made under sec. II B. of this Contract, and other papers submitted in support of its Charter School Application. Charter School's failure to adhere to the representations and assurances made in the Charter School Application, any modifications made under sec. II B. of this Contract, and other supporting papers shall constitute a violation of this Contract. Appendix A and other supporting papers shall be kept on file in the office of the Department of Administration, 200 East Wells Street, Room 606, Milwaukee, Wisconsin 53202.

#### **VII. APPENDICES**

The following documents are hereby made a part of this Contract and Charter School agrees to abide by all the terms and conditions herein.

Appendix A: Charter School Application

Appendix B: Charter School Calendar for 2003-2004 School Year

In the event an inconsistency exists between this Contract and any appendix, this Contract shall be controlling.

#### **APPROVED:**

**CITY OF MILWAUKEE,  
acting by its Common Council**



MARVIN PRATT, President of the

#### **APPROVED:**

**CHARTER SCHOOL:  
KHAMIT INSTITUTE, INC.  
Charter School**



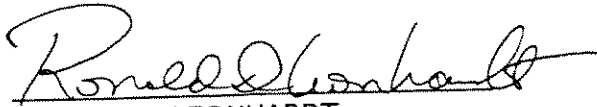
Jerry Tarrer

Common Council of the City  
of Milwaukee

Academic Director and President  
of the Board of Directors

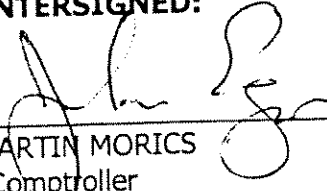
Date: 3/27/03

Date: 4/3/03

  
RONALD D. LEONHARDT  
City Clerk

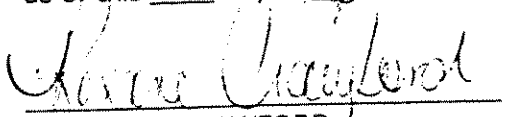
Date: 4/16/03

**COUNTERSIGNED:**


 **DEPUTY**  
W. MARTIN MORICS  
City Comptroller

Date: 4/21/03

Approved as to form and execution  
as of this 21st day of April, 2003.

  
ROXANE L. CRAWFORD  
Assistant City Attorney

Approved as to content this 21st  
day of April, 2003.

  
ROXANE L. CRAWFORD  
Assistant City Attorney

RLC:ml  
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62192

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# Annual Report

Charter School  
Review  
Committee



City of Milwaukee

2002 - 2003



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- B. Education Consultant’s report on Darrell Lynn Hines Academy
- C. Education Consultant’s report on Downtown Montessori
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- E. Khamit Institute
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# 1. Introduction

This is the fifth annual report from the Charter School Review Committee (CSRC) to the Common Council. This report will focus on the education and management performance of the City's five charter schools during the 2002-2003 school year. The five City charter schools for the 2002-2003 school year were:

- ◆ Central City Cyberschool (1999)
- ◆ Downtown Montessori (1998)
- ◆ Darrell Lynn Hines College Preparatory Academy of Excellence (2002)
- ◆ Khamit Institute (1998)
- ◆ YW Global Career Academy (1999)

The City chartered an additional school, the Academy of Learning and Leadership for the 2003-2004 school year. Progress on this school will be included in next year's CSRC report to the Common Council.

The YW Global Career Academy closed after the 2002-2003 academic year for reasons internal to the parent YWCA organization.

The CSRC employs the services of two consulting firms to provide management and educational oversight to the schools. These consulting firms assist the CSRC in its mission to ensure the schools are meeting their statutory and contractual obligations. The consulting firms are:

- ◆ The Children's Research Center, a division of the National Council on Crime and Delinquency, which evaluates the educational performance of each charter school.
- ◆ M.L. Tharps & Associates, which evaluates the management performance of each charter school.

## 2. Education Oversight

The city of Milwaukee, through the efforts of the CSRC, has established a clear set of expectations by which the schools measure their progress. Each of the schools chartered by the City of Milwaukee is required to:

- ◆ Set clear standards of what students are expected to learn.
- ◆ Use local measures to monitor student progress.
- ◆ Provide interventions for learners who are not making progress.
- ◆ Administer standardized tests as an additional measure of student progress.

These criteria create a balance between local measures and standardized tests. No one factor outweighs the importance of the other. While some policy makers see external tests as the “whole truth,” most testing experts warn that test results are not absolute and are best looked at in combination with other data.

Overall, CRC - the education consultant - found that the charter schools made substantial progress in meeting their goals.

- ◆ The schools<sup>1</sup> in aggregate met 88% (35 out of 40) of the applicable educationally related contract provisions
- ◆ In every school, the majority of students made gains in reading, math and language proficiency. In many instances, the gains were considerable.
- ◆ Each school established a set of interventions to address the areas where student advancement did not meet expectations.

### Summary of Schools' Academic Performance

Following are the summary statements on academic performance for each of the five charter schools. These statements were prepared by the Children's Research Center.

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<sup>1</sup> There is no reliable data upon which to measure the achievements of students in the Khamit Institute. Consequently, their performance data is not included. Further information on this matter is detailed in the Khamit Institute section of this report.

## The Central City Cyberschool of Milwaukee, Inc.

- I. Cyberschool has met 8 of the 11 educational contract provisions noted in Appendix A of the school's report (*Attachment A of this report*).

The three provisions not met were:

- ◆ The requirement that all teachers hold a DPI license or permit;
- ◆ The year-to-year minimum gain in reading for all students; and
- ◆ The year-to-year minimum gain in reading and math for students below grade level.

### II. Academic performance:

**Attendance:** Average student attendance was 91.0%. Outcome measure: Met

**Enrollments:** Individual student information about new enrollees was shared with CRC. Outcome measure: Met

**Terminations:** The school recorded the termination date for every student leaving the school. Reasons were provided for 25 of 40 students. Outcome measure: Partially met

**Exceptional Education Needs Students:** The school maintained records on all exceptional education students. Outcome measure: Met

**Parent Conferences:** Parents of 93% of children attended the Fall parent conferences, and parents of 84% of children attended the Spring conference. Outcome measure: Met

**Parental Resource Center:** A full-time parent coordinator to staff and facilitate the Parent Resource Center was hired. The coordinator designed a Parental Involvement Plan for the 2002-03 school year. Outcome measure: Met

#### Local Measures of Academic Achievement:

Cyberschool students, on average, improved one or more levels or reached mastery in:

- ◆ 82.0% of the language arts skills;
- ◆ 82.7% of the math skills; and
- ◆ 87.6% of the technology skills.

Outcome measure: Met

#### Standardized Tests

- ◆ The Stanford Diagnostic Reading Test (SDRT), administered to Cyberschool's first and second graders, indicated that first graders were, on average, functioning in reading at an overall Grade Level Equivalent (GLE) of 0.9 and second graders at a GLE of 1.7.

- ◆ Although not required, Cyberschool administered the SDRT to third graders. Results indicate an overall reading GLE of 2.6.
- ◆ The Wisconsin Reading Comprehension Test for third graders indicated that 45.5% of Cyberschool's third grade students were functioning at the minimal level of reading comprehension, 24.2% were basic, and 30.3% were proficient. No third graders scored in the advanced proficiency level.
- ◆ The WKCE<sup>2</sup>/Terra Nova results for the fourth, fifth, sixth, and seventh grade students indicated that the students in these grade levels are, on average, functioning below grade level in reading and math.
- ◆ The aggregate average advancement for students from fifth through seventh grades was 0.3 GLE in reading and 0.8 GLE in math.
- ◆ Second grade students with comparison first grade SDRT scores advanced an average of 1.0 GLE in one year.
- ◆ Students in second and third grades who were below grade level during the 2001-02 academic year advanced, on average, 1.1 GLE in reading.
- ◆ Students in fourth through seventh grade who were below grade level during the 2001-02 academic year advanced an average of 0.4 GLE in reading and 0.8 GLE in math.

**Recommendations:**

- ◆ Continue to identify and implement strategies to address each student's reading and math deficits, including test administration and test-taking skills. This includes the implementation of "Destination Reading," a phonemic awareness pre-literacy and literacy software program which is self-directive and records student progress on independent practice to mastery.
- ◆ Focus on the implementation of the new reading curriculum.
- ◆ Install new computers and replace all of the batteries in the existing Hewlett Packard computers purchased over the Summer from Walton Foundation funds.
- ◆ Identify lead teachers and hire an in-house substitute teacher to allow the lead teachers to work with other staff.
- ◆ Hire a social worker to fulfill school counselor tasks and to complement the returning social worker who will concentrate on social services to families.

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## Downtown Montessori Academy, Inc.

I. Downtown Montessori has met 10 of 12 of the educational provisions noted in its contract with CSRC. Note, however, that the two provisions that were not met were not applicable this year because:

- ◆ Composite scores from the required standardized tests for all students were not included in this report due to the low number of students with year-to-year scores.
- ◆ Composite scores from the required standardized tests for students whose prior performance was below grade level were not included in this report due to the low number of these students with year-to-year scores.

Please refer to Appendix A of the school's report (*Attachment C of this report*).

## II. Academic Performance Criteria

**Attendance:** Average student attendance was 93.1%. Outcome measure: Met.

**Enrollment:** Individual student information about new enrollees was shared with CRC. Outcome measure: Met.

**Terminations:** The school recorded the termination dates for three students who withdrew prior to the end of the school year. Reasons for termination were specified for two of these children. Outcome measure: Met.

**Parent Conferences:** The parents of all students attended both scheduled parent conferences. Outcome measure: Met.

**Parent Contract:** All parents fulfilled the requirements of the parent contract related to hours of involvement by volunteering for at least three hours. Outcome measure: Met.

**Exceptional Education Needs Students:** There was one child with special education needs. The Individual Education Program information was not provided for this student. Outcome Measure: Not Met

### Local Measures of Academic Achievement:

- ◆ On average, the K3, K4, and K5 students made steady progress or mastered between 80.2% and 93.8% of the skills presented, depending on the skill area.

Outcome Measure: Met

- ◆ On average, students in grades one through three either made steady progress or mastered between 57.2% and 91.8% of the skills presented, depending on the skill area. (Note that there were only five fourth graders. Due to the small size, progress on the local skills assessment could not be reported.)

Outcome Measure: Met

- ◆ Multiple-year progress information was available for eight second, two third, and four fourth grade students who had been administered the QRI II for two consecutive years and for all but one of these students who had been tested for three consecutive years. Results indicated that student reading levels improved, on average, 1.6 levels from 2001-02 and 3.1 levels from 2000-01 through 2002-03.

Outcome Measure: Met

#### **Standardized Tests**

- ◆ The standardized tests were administered in a timely manner; however, the small number of students on each of the measures prevented reporting.

#### **Recommendations:**

- ◆ Continue the effort to maintain teachers with DPI certification or permits to teach, in addition to their Montessori certification.
- ◆ Continue the effort to seek a new facility by hiring a strategic planning and development facilitator.
- ◆ Implement the pilot program to improve reading skills for students lagging behind.

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### **Darrell L. Hines College Preparatory Academy of Excellence, Inc.**

- I. The Darrell Lynn Hines College Preparatory Academy of Excellence (the Academy) has met 9 of 11 its educational contract provisions with the City of Milwaukee as noted in Appendix A of the school's report (*Attachment B of this report*).

The two provisions not met were related to year-to-year student progress and were not applicable for the 2002-03 academic year because this is the school's first year as a City of Milwaukee charter school.

## II. Academic Performance

**Attendance:** Average student attendance was 95%. Outcome measure: Met.

**Enrollment:** Individual student information about new enrollees was shared with CRC. Outcome measure: Met.

**Terminations:** The school recorded the date and reason for the termination of every student leaving the school. Outcome measure: Met.

**Parent Participation:** On average, parents attended 93.2% of the scheduled parent-teacher conferences. Outcome measure: Met.

**Exceptional Education Needs Students:** Five children were identified as having special education needs. An Individual Education Program (IEP) was completed for four children and one child was dismissed from special education at annual re-evaluation. Outcome measure: Met.

### Local Measures of Academic Achievement:

- ◆ At the end of the year, 55.1% of 216 students demonstrated one year of growth in reading, as measured by the Jerry Johns Reading Inventory.

Outcome measure: Met

- ◆ At the end of the year, 78.7% of 207 students met or exceeded expectations in math skills, as measured by local measures of math progress.

Outcome measure: Met

- ◆ At the end of the year, 78.1% of students demonstrated grade-appropriate writing skills (30% basic, 30% proficient, and 18.1% advanced), as measured by the Six Trait Writing Assessment rubric.

Outcome measure: Met

### Standardized Tests

- ◆ On average, first graders were functioning at the 1.5 to 1.9 grade level in phonetic analysis, vocabulary, and comprehension on the SDRT;
- ◆ On average, second graders were functioning at the 2.7 to 2.8 level in phonetic analysis, vocabulary, and comprehension on the SDRT;



- ◆ Over half (51.2%) of the third graders demonstrated proficient or advanced reading comprehension on the Wisconsin Reading Comprehension Test;
- ◆ Approximately two thirds (65.8%) of the fourth graders tested on the WKCE scored in proficient or advanced proficiency levels in reading, while less than half (46.3%) reached these levels in math;
- ◆ The fifth grade students tested with the Terra Nova averaged a grade level equivalency of 4.9 in reading with over half (52.8%) demonstrating proficient or advanced proficiency levels in reading;
- ◆ The fifth grade students tested with the Terra Nova demonstrated a 4.1 grade level equivalency in math with slightly more than one third (37.8%) demonstrating a proficient level.

### III. Recommendations:

- ◆ Develop improvement plans for each student and acquire the resources needed to support those plans.
- ◆ Establish proficiency-level goals for fourth, fifth, and sixth grade students in math and develop strategies to meet these goals.
- ◆ Continue the International Baccalaureate accreditation process.

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## YW Global Career Academy

*The YW Global Career Academy closed after the 2002-2003 academic year for reasons internal to the parent YWCA organization.*

- I. YW Global Career Academy has met 8 of its 11 educational contract provisions with the City of Milwaukee as noted Appendix A of the school's report (*Attachment D of this report*).

One of these provisions was not applicable this year due to the small numbers of students with comparison scores.

Two other provisions were not met:

- ◆ The required minimal class gain of one grade level was not met for second graders with comparison first grade reading scores
- ◆ The school's goal for parent involvement in learning conferences (parent-teacher conferences) was not met.

## II. Academic performance criteria

**Attendance:** Average student attendance was 85%. Outcome measure: Met.

**Enrollment:** Individual student information about new enrollees was shared with CRC. Outcome measure: Met.

**Terminations:** The school recorded the date and reason for the termination for 30 of 31 students leaving the school. Outcome measure: Met.

**Exceptional Education Needs Students:** There were six children with special education needs. All had current IEPs in place. Outcome measure: Met.

**Parent Conferences:** Parents of 32 students attended one of the two scheduled conferences and parents of two students attended two conferences. On average, parents attended 28.7% of conferences. Outcome measure: Not met.

### Local Measures of Academic Achievement:

- ◆ Tutors provided assistance to 52.3% of first graders, 27.7% of second graders, and 35.0% of third graders. Outcome measure: Met.
- ◆ By the end of the year, almost all of the students exhibited developing or proficient levels on skills exposed to them during the first and/or second quarter. Key areas were: 97.1% in math and 97.1% in language arts. Outcome measure: Met.
- ◆ Thirty-three families were invited to participate in Family Support Team (FST) intervention. Parents in all but one instance participated in FST service. Outcome measure: Met.

### Standardized Tests

- ◆ Stanford Diagnostic Reading Test results indicated that YW's 17 first grade students' reading skills were at the second grade level overall; the 21 second grade students functioned at the 2.0 GLE overall.
- ◆ On the Wisconsin Reading Comprehension Tests for 12 third graders, one quarter (25.0%) of the third graders scored at the minimal level of reading comprehension, half (50.0%) at the basic level, and another one fourth (25.0%) were proficient. No third graders tested in the advanced level.
- ◆ A majority (82.0%) of the fourth grade students demonstrated basic or above reading skills on the WKCE, while less than half (44.0%) demonstrated basic or above math skills.

## II. Recommendations

- ◆ Develop improvement plans for each student and acquire the resources needed to support those plans.
- ◆ Establish proficiency-level goals for fourth, fifth, and sixth grade students in math and develop strategies to meet these goals.
- ◆ Continue the International Baccalaureate accreditation process.

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### **Khamit Institute, Inc.**

The Charter School Review Committee has conducted an investigation and has determined that there may be cause for contract termination and revocation of the Khamit Institute's school charter. The CSRC will be holding a public hearing on this matter as required by city ordinance 330-29.

#### **Items of Concern**

- ◆ Khamit failed to administer the required 4<sup>th</sup> grade Stanford Diagnostic Reading Test (SDRT) for both academic years 2000-2001 and 2002-2003.
- ◆ Khamit failed to administer the Direct Instruction placement tests at the end of the 2002-2003 academic year.
- ◆ Khamit experienced significant finance management challenges beginning in the 2002 – 2003 school year. M.L. Tharps, the finance management consultants for the CSRC concluded in their November 6, 2003 report:

*“Based on our review of management policies and procedures of Khamit Institute, we believe the school has taken a significant step backward in its implementation of a solid management system. The school appears to be in compliance with the financial management provisions of the contract with the City of Milwaukee, however, we believe the management policies and procedures of the school must be significantly changed to ensure the future financial viability of the school.”*

- ◆ Khamit moved the location of its school without prior notification and without receiving authorization from the CSRC, as required by contract.

### 3. Management Oversight

The CSRC secured a contract with M.L. Tharps & Associates to evaluate the management performance of the City's charter schools. *A full copy of the Tharps 2002-2003 annual management report can be found in attachment F.*

The management consultant developed procedures for reviewing both the Charter Schools' management policies and procedures and their compliance with the City of Milwaukee contract.

Following are the concluding remarks and recommendations the management consultant made for each of the charter schools.

#### **The Central City Cyberschool of Milwaukee, Inc.**

##### **Conclusion**

Based on our review of the management policies and procedures of Central City Cyberschool as of the end of the school's fiscal year, July 31, 2003, it appears that the school has adequate procedures in place to ensure a sufficient financial management system. We noted that the school has been very responsive to our recommendations for improvement. The school appears to be in material compliance with the financial management provisions of its contract with the City of Milwaukee.

##### **Recommendations**

As noted above, we have recommended that the school employ the services of an accountant or accounting firm to provide monthly accounting services, which include preparation of a quarterly financial report, with a budget-to-actual analysis. We have requested that a quarterly report be provided to us for our review and analysis. We believe this will enhance the overall controls that have been previously implemented by the school and will provide an additional tool in achieving management goals.

We have also suggested that the school explore the possibility of obtaining a line of credit through a local bank. This line of credit would greatly help the school in times of low cash flow based on the timing of charter school aids from DPI. The line of credit would not have to be used, however, it would be available to the school to ensure seamless operations during times of low cash flows.

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## **Downtown Montessori Academy, Inc.**

### **Conclusion**

Based on our review of management's policies and procedures, it appears the school is establishing a solid financial management system. The school appears to be in excellent financial condition, with a solid cash flow. The school appears to be in compliance with the financial management provisions of its contract with the City of Milwaukee.

### **Recommendations**

Based on our management review, we have recommended that Downtown Montessori Academy continue its current management policies and procedures. In addition, we have requested that at least quarterly, financial statements prepared and signed by the accountant, in accordance with generally accepted accounting standards, continue to be submitted to us.

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## **Khamit Institute, Inc.**

### **Conclusion**

Based on our review of management policies and procedures of Khamit Institute, we believe the school has taken a significant step backward in its implementation of a solid management system. The school appears to be in compliance with the financial management provisions of the contract with the City of Milwaukee, however, we believe the management policies and procedures of the school must be significantly changed to ensure the future financial viability of the school.

### **Recommendations**

Based on the above findings, it is evident that Mr. Tarrer of Khamit Institute had an increasingly difficult time performing the dual roles of executive director and financial manager assigned to him in 2002-03. Because of this, the financial management function of the school deteriorated severely by the end of the school year. Therefore, in order to improve the financial status of the school, we have recommended the following actions be taken immediately:

- 1) We have requested that the school immediately review its 2003-04 budget with their present accountant for viability. The accountant should carefully review the budget and make any necessary changes. The budget must include current unpaid obligations from the prior school year and result in positive cash flow adequate to cover the school's obligations through August 2004 as well as repayment of the \$50,000 line of credit issued to them. We recommend the budget only include items *necessary* for the operations of the school. This budget should be updated

at least quarterly. These budgets will be subject to review by the CSRC's management oversight consultant.

- 2) We have requested that the current accountant take over the total accounting functions of the school. This will include the continuation of the firm processing payroll, as well as taking over the duties of accounts payable processing and check-writing. This will allow the accountant to closely monitor the cash balance of the school as well as provide ongoing budgetary analysis. It will also provide for more accurate financial reporting on an accrual basis. Previously, accountant's reports were not based on a full accrual basis.
- 3) We have requested that monthly financial statements, including budgeted to actual reports, detail of all receivables and payables, and reconciliations for cash accounts be prepared and submitted to the CSRC's management oversight consultant. We should receive these reports by the 20th day of the month following the month being reported.

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**Darrell L. Hines College Preparatory Academy of Excellence, Inc.**

**Conclusion**

Based on our review of the management policies and procedures of the DLH Academy as of June 30, 2003, it appears that the organization had excellent procedures in place to ensure a sufficient financial management system. The school appears to have been in compliance with the financial management provisions of its contract with the City of Milwaukee.

**Recommendations**

We recommend that the school provide us a quarterly financial report, with a budget-to-actual analysis. We believe this will enhance our monitoring of the school's financial operations and will aid in increasing the overall controls that have been previously implemented by the school, and will provide an additional tool in achieving management goals.

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## YW Global Career Academy

### Conclusion

Based on our review of the management policies and procedures of the YWCA and YW Community Education Center as of June 30, 2003, it appears that the organization had excellent procedures in place to ensure a sufficient financial management system. The school appears to have been in compliance with the financial management provisions of its contract with the City of Milwaukee.

### Recommendations

As the school has ceased operations as of June 30, 2003, we do not have any recommendations or suggestions for improvement.

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## 4. Oversight Fees

Since November of 2002, the city of Milwaukee has established an oversight fee in “an amount sufficient to pay all costs incurred annually by the city for its oversight of the charter school program as calculated by the department of administration.” The current fee is 2% of the Department of Public Instruction (DPI) per student allocation provided to each charter school. This fee is used to help defray the cost of hiring consultants employed to monitor the educational and management performance of the City’s charter schools. These fees are deposited into a trust account under the control of the City Treasurer and withdrawn when needed to pay for consultant fees. *Please see Attachment G for a detailed summary of the fees collected and expenses incurred.*

The following chart provides an overview of the City of Milwaukee oversight fee revenue and charter school oversight expenses for the school years 2000-2001 through 2002-2003.

School Year	Fee Revenue	Expense <sup>3</sup>
2000-2001	\$ 74,125	\$37,299
2001-2002	\$ 69,375	\$105,063
2002-2003	\$ 101,442	\$ 9,200
Three year total	\$244,942	\$151,562
Balance	\$ 93,380	

<sup>3</sup> Historically, the Marquette University Institute for the Transformation of Learning has raised grant funding to supplement the oversight fee income in order to ensure that city taxpayers are not burdened with the cost of monitoring the charter schools’ performance. Significant expenses were paid with these Grant Funds and are not shown in the chart above.

Each charter school receives an allotment from DPI for every enrolled full-time equivalent student. The schools currently spend 2% of this allotment to fund their oversight fee payments to the City. The DPI per student allotment is shown below.

School Year	DPI Per-Student Allotment
2000-2001	\$ 6,494.72
2001-2002	\$ 6,721.40
2002-2003	\$ 6,951.48
2003-2004	\$ 7,188.46

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## Conclusion

The CSRC concludes that three of the city-sponsored charter schools now in operation continue to "operate an education program that has a reasonable prospect of providing Milwaukee children a good education," which is the academic standard set forth in Section 330-15.2 of the Code of Ordinances. These schools are:

- ◆ Central City Cyberschool
- ◆ Darrell L. Hines College Preparatory Academy of Excellence
- ◆ Downtown Montessori

The CSRC further concludes that these schools should continue operating for the 2004-2005 school year.

The Academy of Learning and Leadership, which only began operation during the 2003-2004 school year, should also continue operating for the 2004-2005 school year. A full report on the finance and educational progress of this school will be prepared for the next CSRC annual report to the Mayor and the Common Council.

As noted previously, the YW Global Career Academy voluntarily ceased operation at the conclusion of the 2002-2003 academic year for reasons internal to the parent YWCA organization.

After conducting an investigation of the Khamit Institute, the CSRC has determined that there may be cause for contract termination and revocation of the school's charter. A final recommendation on this matter will be made to the Mayor and the Common Council after the CSRC holds a public hearing as required by city statute.

Respectfully Submitted,

Howard Fuller, Chair  
November 2003





Department of Administration

John O. Norquist  
Mayor

Michael J. Soika  
Director of Administration

## MEMO

To: Files

From: Michael J. Soika, Director  
Department of Administration

Date: 11/10/03

Re: Chronology of Communications on Khamit Institute Concerns

1. June 30 2003 - Khamit sent a \$2,363 Management Oversight Fee check to the City of Milwaukee, which was returned by the City Treasurer for insufficient funds (NSF) on July 23, 2003. According to City Ordinance, the funds were due to the City of Milwaukee on June 25, 2003 – twenty-one days upon Khamit's receipt of funds from the State Department of Instruction.
2. Late July & Early August 2003 – The City Dept. of Administration Staff contacted Khamit administration about the NSF check and received numerous promises of payment without a check ever being delivered.
3. August 22, 2003 - The City Department of Administration sent a letter to Khamit addressing the NSF issue and directing Khamit to meet very specific deadlines for both the payment of funds and an accounting of their finance management. This letter clearly stated that Khamit was in violation of its contract with the City of Milwaukee and that it's status as a charter school was in jeopardy.
4. Khamit missed every deadline they were given in the August 22<sup>nd</sup> communication.
5. Late August 2003 - the Charter School Review Committee (CSRC) asked the management oversight consultants, M.L. Tharps to meet with Khamit and provide a written assessment of the school's finances and their finance management systems by September 5, 2003.
6. September 3, 2003. Khamit sent the CSRC a letter requesting permission to "utilize an additional site for the 2003-2004 school year." In follow up conversations, it became clear that Khamit had already moved to this site without prior CSRC notification or authorization as required by their contract with the City of Milwaukee.

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7. September 5, 2003 – Khamit delivered their \$2,300 Management Oversight Fee check to the City of Milwaukee.
8. The ML Tharps September 5<sup>th</sup> report found that the school had “major financial and cash flow problems” as noted below:
  - ◆ Khamit began having cash flow problems in May 2003
  - ◆ By June 30<sup>th</sup>, the end of Khamit’s 2003 Fiscal Year, the school had a cash deficit of \$79,000
  - ◆ Nine NSF checks were issued by Khamit in July totaling approximately \$17,000

The Tharps report concluded with an opinion that “with proper management and budgeting...we believe the school can overcome these problems”.

9. September 8, 2003 - the CSRC met with both the consultants from ML Tharps and the Children’s Research Center on a variety of matters, including the recent Khamit issues. During that meeting, the CSRC learned from the Children’s Research Center that Khamit failed to administer the required 4<sup>th</sup> grade Stanford Diagnostic Reading Test (SDRT) for school year 2002-2003. Khamit failed to administer the same test in the 2000-2001 school year. The CSRC also learned that data regarding local measures showed a lack of progress compared to the prior year, bringing up questions of accuracy regarding the Direct Instruction data submitted by Khamit.
10. September 9, 2003, the CSRC sent a letter to Khamit outlining several issues that the committee wanted the school to address at the planned September 15<sup>th</sup> CSRC public hearing.
11. September 15, 2003 – Khamit appeared at the public hearing and discussed some of the issues raised in the September 9<sup>th</sup> letter from the CSRC. The school provided the CSRC with a written statement at that time.
12. September 18, 2003 the CSRC sent a letter to Khamit asking that specific budget and cash flow information be provided to the committee by October 15, 2003. The CSRC sent a similar letter to ML Tharps on the same date, requesting them to further review Khamit’s financial situation and respond by 10/15/03.
13. October 15, 2003 – ML Tharps responded in writing to the CSRC request for information. Tharps reported that Khamit had developed new and more reasonable budget/cash flow projections and was in the process of changing its accounting personnel.
14. Khamit let the October 15<sup>th</sup> deadline pass without providing the CSRC with the requested information.
15. October 23, 2003 – City DOA contacted Khamit staff to ascertain why the school had yet to provide the information requested in the September 18<sup>th</sup> letter and due to the CSRC by October 15<sup>th</sup>. Khamit staff stated that they thought they did comply when they provided information to ML Tharps. Khamit sent a fax to the City DOA responding to one of the two items of information requested in the September 18<sup>th</sup> letter.

16. October 23, 2003 – Khamit sent a fax to Dr. Howard Fuller, Chair of the CSRC. The faxed document confirmed that the school failed to administer the required Direct Instruction Placement Tests at the end of the 2002-2003 school year.
17. October 24, 2003 - The CSRC reviewed the Khamit finance and education management issues and voted unanimously to implement the process detailed in city ordinance 330-29 regarding “Termination of a Contract and Revocation of a Charter” relating to schools chartered by the City of Milwaukee.



Department of Administration

John O. Norquist  
Mayor

Michael J. Soika  
Director of Administration

Mr. Jerry Tarrer  
Khamit Institute  
4714 W. Fond du Lac Ave.  
Milwaukee, WI. 53216

August 22, 2003

Dear Mr. Tarrer:

Khamit Institute is late in its Charter School administrative fee payment to the City of Milwaukee. Not only that, in July you actually sent the city a check for \$2,300, which was returned due to insufficient funds. And finally, when my staff Mr. Bob Juhay attempted to contact you about payment, you made promise after promise to pay the funds - but have yet to do so.


Let me be very clear. Your actions have placed the Khamit Institute in violation of your contract with the city of Milwaukee and may very well jeopardize your status as a Charter School.

I expect the following actions to be implemented within the time frame noted:

1. A cashier's check for the full amount owed to the city is received within five working days from receipt of this letter.
2. I have asked the Tharps Accounting firm to meet with you and to provide a full written assessment of your financial viability and your cash management system to the CSRC. I expect you to cooperate fully with this evaluation.
3. By September 5, 2003, I want a written letter from you stating: a) what has caused Khamit to operate so short of funds; b) what specific steps Khamit is taking to improve the situation and c) what is the time frame within which each improvement will be made.

What is most disturbing to me is the fact that you were not straightforward with us about your situation. Instead of bouncing checks and making promises of payments that never materialized, I would have expected you to be more forthright; that you would have explained clearly and honestly what problems you were facing and sought the assistance of the City and the CSRC to help rectify your difficulties. This did not happen, and now the future of your school may be compromised.

Regards,



Michael J. Soika, Director  
Department of Administration

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KHAMIT INSTITUTE  
C H A R T E R   S C H O O L

September 3, 2003

Dr. Howard Fuller  
Chairperson  
Charter School Review Committee  
City of Milwaukee  
200 E Wells Street – Rm. 606  
Milwaukee, WI 53202

Dear Dr. Fuller:

Khamit Institute is requesting permission to utilize an additional site for the 2003-2004 school year. Khamit currently has an enrollment of over 100 students (compared to approximately 80 for the 2002-2003 school year) and would like to utilize space at the Parklawn YMCA for the additional students. We have already secured an occupancy permit for the space.

Khamit is currently working with PAVE and North Milwaukee State Bank to secure a new home at 51st and Silverspring and it is our hope that the city will grant us permission to use the Parklawn site for this 2003-2004 school year. Please contact me once you have received this letter so that we may discuss this issue.

Sincerely,

Jerry Tarrer  
Executive Director

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Charter School Review Committee

September 9, 2003

Howard L. Fuller    Mary E. Diez  
Chair                      Vice Chair

W. Martin Morics, CPA  
City Comptroller, *Ex Officio*

Robert C. Jasna    Kevin Ingram  
LaRhonda Bearden-Steward  
Rosario Sanchez  
Committee Members

Shelia Payton  
Technical Reviewer

Khamit Institute  
4714 West Fond du Lac Avenue  
Milwaukee, WI 53216

Dear Mr. Tarrer:

The Charter School Review Committee (CSRC) has serious questions about the viability of Khamit Institute given several issues that have surfaced. The Committee is particularly concerned about the following issues:

1. **Finance Management** – Khamit has yet to respond to the serious finance management questions posed in a letter to the school dated August 22, 2003.
2. **Student Testing** – Khamit failed to administer the required 4<sup>th</sup> grade SDRT test in the 2002-2003 school year. Khamit failed to administer the same 4<sup>th</sup> grade SDRT test in the 2000-2001 school year
3. **Teacher Certification** – Two Khamit teachers failed to gain DPI certification. This is a repeat occurrence.
4. **Student Retention Rates** – The number of students returning to your school in the 2002-2003 school year was 56%. This compares to an 80% return rate the previous year.
5. **The Lack of a Lead Teacher or Principal** - Khamit does not seem to have a licensed, lead teacher or principal on site.
6. **Student Performance Reporting** – It appears that some of the student academic advancements reported by Khamit at the end of the 2001-2002 school year were incorrect because the students were placed incorrectly.
7. **Moving the School Site without Proper Notification** – By contract, Khamit is required to provide the CSRC a 30-day notice prior to moving the school location. You moved from the Capitol Drive site without providing proper notification.

0075

The CSRC has scheduled a public hearing on September 15, 2003 for all city sponsored charter schools. Please come prepared to respond to questions about these and other issues related to your school. **For item # 1 above, please submit a response in writing prior to the hearing. For item # 6 listed above, please be prepared to explain in detail the implications of the incorrect student placements on the academic achievement data presented for the 2001-2002 school year.**

Sincerely,

A handwritten signature in cursive script, appearing to read "Howard Fuller".

Howard Fuller, Ph.D.  
Chair

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Michael J. Soika  
Director  
Department of Administration  
City of Milwaukee  
Room 606  
City Hall  
200 East Wells St.  
Milwaukee, WI 53202-3560

Dear Mr. Soika,

I apologize for the delay in my response to your letter dated August 22, 2003. Below I have listed the three concerns you stated in your letter with the appropriate responses.

**What has caused Khamit to operate so short of funds?**

In the past, in the role of business manager, I've been able to successfully manage the school's finances. Last fall, however, I assumed the role of Executive Director and business manager. Due to the very demanding work load, I struggled in both roles and financial monitoring was not performed very well. Specifically, when the school did not meet its enrollment goals for the second semester of the 2002-2003 school year, appropriate adjustments in expenditures were not made, ultimately causing a serious cash flow shortage at the end of the fiscal year.

**What specific steps is Khamit taking to improve the situation?**

Per the recommendation of Carl Cira of ML Tharpes, Khamit is working more closely with its accounting firm EWH Accounting. The accounting firm has agreed to: a) review our annual budgets for viability; b) take over the total accounting functions of the school; c) prepare detailed monthly financial statements with budget to actual reports and submit to Khamit's management team, its Board of Directors, and the CSRC's management oversight consultant. The closer collaboration with EWH Accounting will ease some of the workload on my person and provide more thorough and skilled monitoring of the school's financial position.

Khamit is also implementing the other recommendations of Mr. Cira, including negotiating the return of the equipment to SBC to eliminate \$47,000.00 in payables and the aggressive pursuit of additional funding from fundraisers and foundation grants.

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**What is the time frame within which each improvement will be made?**

Relinquishing the accounting functions of the school to EWH accounting will begin almost immediately. The CPA at the firm who is working with Khamit has given an initial ok to the change and all that is needed is a meeting between him and my person to establish the processes and parameters. This meeting will occur next week and change will immediately follow.

Negotiations with SBC will begin immediately and should be completed by the end of September.

This past spring, Khamit began working with the Evanston Illinois based company The Alford Group to revamp Khamit's Board of Directors so that it may become more effective at raising funds for the school. The restructuring of the Board of Directors is nearing the final stages and will be completed by the end of September. This restructured Board will then undergo extensive training in fundraising and Board fiduciary responsibilities. It is our expectation that this change in the Board of Directors and our work with The Alford Group will allow the school to significantly improve its fundraising abilities.

If you have any further questions or concerns, please contact me as soon as possible.

Sincerely,



Jerry Tarrer

0078





Charter School Review Committee  
Room 606  
City Hall  
200 East Wells Street  
Milwaukee, WI 53202

Dear Charter School Review Committee Members,

Below is a summary of the concerns you raised in your September 9, 2003 letter regarding the viability of Khamit Institute. Included is a response to each concern.

1. **Finance Management** – Khamit has yet to respond to the serious finance management questions posed in a letter to the school dated August 22, 2003.

*A response was submitted on Tuesday, September 09, 2003 (after the September 5 deadline).  
Please see attached letter.*

2. **Student Testing** – Khamit failed to administer the required 4<sup>th</sup> grade SDRT test in the 2002-2003 school year. Khamit failed to administer the same 4<sup>th</sup> grade SDRT test in the 2000-2001 school year

*With the advent of a new administrative leader, we did not put into place a clear line of communication between the Executive Director and the Lead Teacher (formerly the Academic*

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Director.) Subsequently, this lack of clear communication resulted in the Stanford Diagnostic Reading Test not being administered to the 4<sup>th</sup> grade class.

To rectify this issue, a process has been established to increase collaboration and communication between the Executive Director and the Lead Teacher and to clarify the roles of each position. To this end, job descriptions clarifying roles and responsibilities have been reviewed and revised. Furthermore, a compliance check list will be created and reviewed by the Executive Director and Lead Teacher on a monthly basis. Also, the Board of Directors will immediately put into place a policy oversight committee to ensure that all compliance requirements are fully met.

3. **Teacher Certification** – Two Khamit teachers failed to gain DPI certification. This is a repeat occurrence.

Four of our teachers are currently enrolled in the NTEC teacher certification program (including the two who did not gain a license for the 2002-2003 school year). We have spoken with Laurie Derse of DPI and Gred Shrader of NTEC and we have been assured that licenses will be issued to each of our teachers enrolled in the NTEC program.

4. **Student Retention Rates** – The number of students returning to your school in the 2002-2003 school year was 56%. This compares to an 80% return rate the previous year.

It is true that the percentage of students returning to school for the 2002-2003 school year was 56%. When asked (either informally or through exit interviews), parents gave a variety of reasons for why their children were leaving. Some of these explanations include:

- At least six children were impacted by the transportation (bus) fee the school was forced to charge.
- Two (2) children did not return because they didn't like the vegetarian food served
- The parents of eight (8) children indicated the school was not a match for their children

- *At least 2 families indicated internal family problems (example, one child's parents had issues with the law)*
- *At least 4 students moved out of the city at the end of the 2001-2002 school year*
- *Two (2) students had special education needs that Khamit could not serve adequately (autism in one case)*

*It is our position that in any given year an anomaly may occur in retention, especially when you consider that our over all numbers are relatively small (91 in the fall of 2000, 83 in the fall of 2001, 83 in the fall of 2002, and 102 in the fall of 2003) and that many of our children come as families of 2,3,4 and even 5 children. Several families leaving can have a significant impact on retention rates. In fact, for the 2002-2003 school year, of the children who did not return from the previous year, 58% had one or more siblings in the school.*

*Nevertheless, we are aware of the need to increase retention rates. We believe that in this exciting climate of increasing school diversity and family choice, it is critical that we develop strong relationships with those families we serve. We recognize the need for all staff members to understand that we are indeed in a service industry and that we must each work hard to meet the needs of our families in a caring and nurturing manner. We have even gone as far as seeking the funding for an on staff family advocate who would allow the school to better understand and meet the needs of the families it serves.*

*It is interesting to note that of the students who left at the end of the 2001-2003 school year, 6 have since returned to the school. Also, of the students that ended the 2002-2003 school year at Khamit, 72% have returned for the 2003-2004 school year.*

- 5. The Lack of a Lead Teacher or Principal** - Khamit does not seem to have a licensed, lead teacher or principal on site.

*Ms. Yakini Shabaka (a DPI certified teacher with over 40 years of teaching experience) continues to serve as our school's instructional leader in her role as lead teacher.*

6. **Student Performance Reporting** – It appears that some of the student academic advancements reported by Khamit at the end of the 2001-2002 school year were incorrect because the students were placed incorrectly.

*At Khamit Institute, we determine placement in the Direct Instruction program according to the results on Direct Instruction (DI) placement test at the end of each school year. At the end of the 2001-2002 school year, students were issued these placement test and the results were used to determine where the students would begin in the DI program the following year. We began the 2002-2003 school with children placed in these groups. In an effort to strengthen our DI program, we also began the school year by contracting with a DI consultant. Our consultant has a PhD in DI and years of training and experience with numerous schools.*

*The consultant brought with her, evaluation techniques and data analysis processes that were before unknown to our staff. The consultant applied a very rigorous approach that we believe has greatly improved our program. The coach also indicated that placement test give only tentative results and that in a dynamic DI program, students are regrouped 3 or 4 times during a year based on the individual student's progress. During the course of the 2002-2003 school year, the coach tested the children for mastery several times, using a very rigorous standard and regrouping students on several occasions. Prior to the hiring of the DI coach, we did issue mastery test during the course of the year, but without the sophisticated data analysis or the extremely rigorous standards employed by the coach.*

*Footnote number 9 in the annual report is partially correct. It says that "the consultant retested all students and moved most of them back a level." This is not correct. While she did move many back during the course of the school year, she did not move them back a level. Many DI programs have 150 or more lessons at each level. The consultant's procedure was to test each student in a group and regroup or place all the students in that group at that point in that particular program at which all the students scored 90% or better on the mastery test (mastery test are usually every 10 lessons). So if one student in a group performs below 90% on any given mastery test, that group could potentially go back 10 lessons or to the point in that program where all students are at mastery. Again, a very rigorous and stringent standard.*

*Also, when the term "correcting the placement of the children in the program" was used, it referred to this continuous correction that occurs throughout any good DI school at any given time. The value of the program is that students are continuously evaluated and regrouped according to their ability. The introduction of the DI coach's very stringent performance standards is an adjustment that will in the long run make our school a much better school.*

*Finally, if in your question regarding academic advancements you are referring to the Direct Instruction placements from year to year, placements were as correct according to our knowledge and training at the that time. Our consultant, the more trained and skilled DI practitioner, did subsequently re-place our students in the DI program. However, none of this changes the results our children experienced on the state standardized test (e.g. The WKCE test, the Terra Nova, the Wisconsin Third Grade Reading test, and the Stanford Diagnostic Exam.)*

- 7. Moving the School Site without Proper Notification** – By contract, Khamit is required to provide the CSRC a 30-day notice prior to moving the school location. You moved from the Capitol Drive site without providing proper notification.

*This is an oversight for which I must take the blame. I did not take the time to make myself aware of the proper procedures before moving the second site.*

*As with student testing, with the advent of a new administrative leader, there was not put into place a clear line of communication between the new administrator and the and the Lead Teacher (formerly the Academic Director.) A process was not established for reviewing compliance requirements.*

*To rectify this issue, a process has been established to increase collaboration between the Executive Director and the Lead Teacher and to clarify the roles of each position. To this end, job descriptions clarifying roles and responsibilities have been reviewed and revised. Furthermore, a compliance check list will be created and reviewed by the Executive Director and Lead Teacher on a monthly basis. Also, the Board of Directors will immediately put into place a policy oversight committee to ensure that all compliance requirements are fully met.*

If you have any questions or concerns regarding any of my responses or any other issues, please contact me as soon as possible.

Sincerely,

Jerry Tarrer  
Executive Director

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