

Action Item No. 25  
January 25, 2024

Re: Approval of Release and Settlement Agreement and Renewal Charter with  
Southwest Leadership Academy Charter School

WHEREAS, the School Reform Commission (“SRC”) granted a charter (“Charter”) to the Board of Trustees of Southwest Leadership Academy Charter School (“SLACS” or “Charter School”) to operate a charter school for a five-year term commencing on July 1, 2007; and

WHEREAS, the SRC renewed SLACS’s Charter in 2012 for a five-year term; and

WHEREAS, in May, 2017, the SRC renewed SLACS’s Charter for a five-year term and granted an amendment request to increase SLACS’s enrollment from 492 to 1032 over the five-year term and to authorize SLACS to move to a new facility to be constructed at 1300 South 58<sup>th</sup> Street, Philadelphia, PA 19142; and

WHEREAS, in June, 2018, the SRC granted an amendment to SLACS’s Charter to add an additional location at 6901 Woodland Avenue, Philadelphia, PA, in addition to the authorized locations at 7101 Paschall Avenue, Philadelphia, PA and 1300 S. 58<sup>th</sup> Street, Philadelphia, PA; and

WHEREAS, SLACS has sought renewal of its Charter; and

WHEREAS, the Board of Education issued a notice of nonrenewal and revocation setting forth the grounds for nonrenewal and revocation of SLACS’s Charter by Action Item No. 90, approved on June 23, 2022; and

WHEREAS, following public nonrenewal hearings, the Board of Education, by Action Item No. 104, adopted on June 29, 2023, voted to deny SLACS’s request for renewal of its Charter and adopted the May 6, 2023 Report of the Board’s hearing officer, including its Findings of Fact and Conclusions of Law, Certification of the Record, and Adjudication; and

WHEREAS, on or about July 28, 2023, SLACS filed a Petition for Appeal (“Appeal”) with the State Charter School Appeal Board (“CAB”); and

WHEREAS, in order to avoid the time, expense and uncertainty of further litigation, the School District of Philadelphia, through the Board of Education, and SLACS desire to enter into a Release and Settlement Agreement in order to provide a full and final settlement and resolution of any and all issues, disputes, and differences between them related to the nonrenewal and revocation of SLACS’s Charter, without trial, hearing or adjudication of any issue of fact or law,

and without admission with respect to any such issue, and to terminate and conclude the proceedings under the Charter School Law related to the nonrenewal and revocation of SLACS's Charter; and

WHEREAS, SLACS has agreed to certain terms and conditions in connection with the settlement of the nonrenewal and revocation proceedings related to SLACS's Charter and in connection with a renewal of the Charter for a five-year term for the period commencing on July 1, 2022 and ending on June 30, 2027 ("Term"); and SLACS has submitted to the Charter Schools Office a charter agreement signed by the SLACS Board of Trustees ("Charter Agreement") setting forth the agreed terms and conditions of renewal; now be it

RESOLVED, that the Board of Education hereby: (i) approves the Release and Settlement Agreement with SLACS and authorizes the President of the Board of Education to execute such Release and Settlement Agreement; and (ii) in conjunction with the Release and Settlement Agreement, authorizes the renewal of the SLACS Charter, subject to the terms and conditions agreed to by SLACS set forth below and in the Release and Settlement Agreement, for a five-year period commencing on July 1, 2022 and ending on June 30, 2027, effective upon the full execution of the Charter Agreement by the President of the Board of Education and by the Chair of the Board of Trustees of SLACS; and be it

FURTHER RESOLVED, that SLACS has agreed to comply with certain conditions for renewal ("Conditions for Renewal"). Failure to comply with the Conditions for Renewal as set forth below may be a basis for revocation or nonrenewal of the Charter School's Charter.

1. Based on the results of the 2025-2026 PSSA ELA test, the Charter School's proficiency rate shall be no more than five (5) percentage points below either the School District average proficiency rate for the 2025-2026 school year or the Similar Schools Group average proficiency rate for the 2025-2026 school year. Alternatively, if the Charter School does not meet the proficiency target for the PSSA ELA test, as set forth in the preceding sentence, the Charter School shall either: (i) meet the Pennsylvania Academic Growth Standard as measured by the Average Growth Index ("AGI") in at least two (2) of the school years for which data are available during the Charter Term; or (ii) achieve an annual increase in the proficiency rate for the PSSA ELA test, year over year, for each year of the Charter Term for which data are available.

2. Based on the results of the 2025-2026 PSSA Math test, the Charter School's proficiency rate shall be no more than five (5) percentage points below either the School District average proficiency rate for the 2025-2026 school year or the Similar Schools Group average proficiency rate for the 2025-2026 school year. Alternatively, if the Charter School does not meet the proficiency target for the PSSA Math test, as set forth in the preceding sentence, the Charter School shall either: (1) meet the Pennsylvania Academic Growth Standard as measured by AGI in at least two (2) of the school years for which data are available during the Charter Term; or (ii) achieve an annual increase in the proficiency rate for the PSSA Math test, year over year, for each year of the Charter Term for which data are available.

3. Based on the results of the 2025-2026 PSSA Science test (Grade 4), the Charter School's proficiency rate shall be no more than five (5) percentage points below either the School District average proficiency rate for the 2025-2026 school year or the Similar Schools Group average proficiency rate for the 2025-2026 school year. Alternatively, if the Charter School does not meet the proficiency target for the PSSA Science test, as set forth in the preceding sentence, the Charter School shall either: (i) meet the Pennsylvania Academic Growth Standard as measured by AGI in at least two (2) of the school years for which data are available during the Charter Term; or (ii) achieve an annual increase in the proficiency rate for the PSSA Science test, year over year, for each year of the Charter Term for which data are available.

4. On or before January 31, 2024, the Charter School shall submit to the Charter Schools Office, for review and approval, a revised Admissions and Enrollment Policy that shall be in compliance with the Charter School Law and shall not discriminate or otherwise base acceptance or enrollment on the basis of gender.

5. During the Term of the Charter, the Charter School shall implement a compliant lottery process and shall discontinue lotteries based on any attribute such as gender. The Charter School shall select students at random, from applications received timely, except that the Charter School may give preference in enrollment consistent with the Charter School Law and Charter School's Charter and shall not implement a lottery based on any attribute such as gender. The Board of Trustees shall provide a sworn written certification to the Charter Schools Office to evidence that the gender-based lottery has been discontinued by January 31, 2024. The Charter School shall achieve a "Meets Standard" for the Lottery Process standard as reflected on the Annual Charter Evaluation ("ACE") or subsequent similar document. This condition will be assessed annually during the Term of the Charter.

6. During the Term of the Charter, the Charter School shall implement an enrollment process that only requires the parent/guardian of the enrolling student to submit the following documents: (i) proof of age, (ii) proof of address, (iii) home language survey, (iv) immunization records; and (v) a parent registration statement. This condition will be assessed at the time of the Charter School's next renewal evaluation as reflected on the Annual Charter Evaluation - Renewal ("ACE-R") report or the subsequent similar document.

7. Prior to the execution of the Charter by the School District, the Charter School shall submit to the Charter Schools Office, for review and approval, a revised form expulsion hearing notice that would be sent to parents/guardians and students being notified of an expulsion hearing and that includes all of the due process requirements to be observed at the formal hearing, as set forth in 22 Pa. Code § 12.8.

8. By September 30th of each year during the Term of the Charter, the Charter School shall submit to the Charter Schools Office evidence that one hundred percent (100%) of all special education personnel with direct instruction responsibilities for the current school year have all necessary licenses, certifications, qualifications and

credentials, as required by this Charter and Applicable Laws. The Charter School shall achieve a "Meets Standard" for the Certified SPED Teachers as reflected on the ACE or the subsequent similar document. This condition will be assessed annually during the Term of the Charter.

9. Prior to the execution of the Charter by the School District, the Charter School shall submit to the Charter Schools Office, for review and approval, a revised employee handbook and revised hiring policy and procedures that clearly outline requirements and processes for the submission of: (i) current Pennsylvania State Police and federal criminal history record information, in accordance with 24 P.S. § 1-111; (ii) official clearance statements regarding child injury or abuse from the Department of Public Welfare, in accordance with 23 Pa. C.S. Ch. 63 Subch. C.2.; and (iii) all documentation demonstrating compliance with the employment history review process delineated in Act 168 of 2014 ("Act 168"), 24 P.S. § 1-111.1, for all applicants for a position in which the employee would have direct contact with children prior to employment by the Charter School and for the maintenance of satisfactory and updated criminal history record information and child injury or child abuse clearance statements, as required by law, for the duration of employment with the Charter School.

10. During the Term of the Charter, by September 30 of each school year, the Charter School shall submit to the Charter Schools Office a complete list of all staff members for the school year, along with copies of all required background checks and clearances for each employee of the Charter School, including Act 168 information. If any of the preceding clearances or background checks are missing or incomplete, the Charter School must take appropriate and necessary steps to address the employment status of such individual(s) and submit all additional required documentation to the Charter Schools Office by December 15 of the same school year. The Charter School shall ensure that all clearances and background checks are collected and up-to-date throughout the Charter Term.

11. The Board of Trustees shall appoint and elect at least three (3) new Board of Trustees members during the 2023-2024 school year. By June 30, 2024, the Board of Trustees shall nominate and elect:

- a. a Board member with an education leadership background with experience in primary and secondary school education;
- b. a Board member with a financial services background; and
- c. a Board member with experience on another board of trustees or board of directors for a similar educational organization.

The Board of Trustees shall provide copies of the resumes for these Board members to the Charter Schools Office once the new Board members have been elected to the Board.

12. By January 31, 2024, the Board of Trustees shall select and engage an independent organization ("Board Consultant") from a list of such organizations compiled and presented by the Charter Schools Office to support the recruitment and

onboarding of new Board members for the Board of Trustees and training of all Board members in, *inter alia*, financial oversight and governance. The Charter School shall be responsible for the cost of the services of such Board Consultant. By March 31, 2024, the Charter School shall prepare a scope of work for the Board Consultant services and submit it to the Charter Schools Office for review and approval. The Board of Trustees shall update the Charter Schools Office at least quarterly during the 2023-2024 and 2024-2025 school years about the work being performed by the Board Consultant and the Board Consultant's interactions with the Board of Trustees.

13. During the Term of the Charter, the Charter School shall ensure that approved Board minutes indicate votes on budget, personnel salaries, and the school calendar by June 30<sup>th</sup> of the year before the effective date. The Charter School shall achieve a "Meets Standard" for the Board Oversight standard as reflected on the ACE or subsequent similar document. This condition will be assessed annually during the Term of the Charter.

14. During the Term of the Charter, the Charter School shall ensure that all Board members and charter school administrators (hereafter "covered individuals") submit complete and accurate Statements of Financial Interest ("SOFI") for the previous year by May 1<sup>st</sup> each year. The Charter School shall take sufficient steps to communicate with all covered individuals to ensure that all covered individuals submit a SOFI for the previous calendar year in a timely way. Sufficient steps shall be defined as communicating to all covered individuals by regular mail and email about the covered individual's obligation to submit a SOFI on or before May 1<sup>st</sup> of each calendar year as a condition of their continued Board membership or employment. If the covered individual has not provided the required SOFI by the May 1<sup>st</sup> deadline, that individual will not be permitted to perform his or her duties for the Charter School either as an employee or a board member during the 30-day window provided by the Ethics Act. If the covered individual who is an employee does not submit a completed SOFI by May 31<sup>st</sup>, then Board of Trustees shall terminate the employment of any public employee; for those board members who have not submitted a completed SOFI by May 31<sup>st</sup>, the Board shall take a public vote at the June or next meeting to remove any covered individual who has not timely submitted their SOFI. The Charter School shall inform the covered individual regarding the public vote and their dismissal by certified mail. The Charter School shall follow the same protocol for any covered individuals who are no longer associated with the Charter School, with the exception that no public removal vote shall be necessary for those noncompliant covered individuals. The Charter School shall submit documentation to the Charter Schools Office by June 1<sup>st</sup> each year to determine compliance with this provision. The Charter School shall achieve a "Meets Standard" for the Statements of Financial Interest standard as reflected on the ACE or subsequent similar document. This condition will be assessed annually during the Term of the Charter.

15. The Charter School agrees that, starting with the 2023-2024 fiscal year and during the remainder of the Charter Term, it shall take sufficient steps to regain compliance with the three covenants in its 2017 Loan Agreement related to debt service coverage ratio, unrestricted cash balance of not less than 5% of operating expenses for the prior fiscal year, and minimum days cash on hand of at least 45 days. Should the Charter School and

bondholders agree to new or additional covenants or requirements during the Charter Term, the Charter School agrees to comply with or meet those new or additional covenants or requirements during each year of the Charter Term. The Charter Schools Office shall review this Condition for Renewal annually as part of the ACE process.

16. The Charter School agrees that, beginning with the audited financial statements for the 2023-2024 fiscal year and during the remainder of the Charter Term, the Charter School shall not have any material non-compliance or material weakness audit findings. The Charter Schools Office shall review this Condition for Renewal annually as part of the ACE process.

17. On or before January 31, 2024, the Charter School shall submit to the Charter Schools Office a Financial and Internal Controls Plan (“Plan”) for the remainder of the 2023-2024 fiscal year through June 30, 2027 outlining the Charter School’s plans, process and procedures to ensure that before June 30, 2024 and through June 30, 2027, the Charter School will be in compliance with all bond covenants, including without limitation, bond requirements related to debt service coverage ratio, unrestricted cash balance of not less than 5% of operating expenses for the prior fiscal year, and minimum days cash on hand of at least 45 days. Such Plan shall include, but not be limited to, determinations of additional expenditure cuts, consolidations and savings that can be realized; improvement in billing and enrollment processes; removal of vendor redundancies; and addressing short-term and long-term facility planning and cost impacts. The Charter School shall provide updates to the Charter Schools Office by May 1<sup>st</sup> each year regarding implementation of the Plan.

18. The Charter School shall annually no later than May 15 submit a draft budget to the Charter Schools Office before Charter Board of Trustees approval. The Charter Schools Office may provide feedback by May 31; if feedback is not provided, the Charter Board of Trustees may move forward with reviewing and approving the budget. The Charter School shall submit to the Charter Schools Office an approved budget for the next school year within 15 calendar days after June 30 each year. Any approved amendments to the Charter School’s budget shall be submitted to the Charter Schools Office within five (5) business days of approval by the Charter Board of Trustees. The Charter Schools Office shall review this Condition for Renewal annually as part of the ACE process.

19. The Charter School shall achieve an Overall Rating in the Financial Health and Sustainability Domain of "Approaches Standard" or “Meets Standard” for the Charter School’s 2026-2027 ACE-R report or similar document for the Charter School’s next charter renewal evaluation.

and be it

FURTHER RESOLVED, the School District and the Charter School acknowledge and agree that the Charter School will enroll students in Kindergarten through Grade 8 with a maximum of 1032 students during the Term of the Charter, unless the parties agree in writing to other terms.

Under no circumstances will the Charter School request payment from the School District or the Commonwealth of Pennsylvania for more students than set forth herein nor enroll students in different grades including Kindergarten, without Board of Education approval by action item; and be it

FURTHER RESOLVED, that the Charter School has agreed to the following provisions related to the School District's Charter School Performance Framework:

1. The Charter School agrees to participate in the School District's Charter School Performance Framework. The Charter School Performance Framework includes an annual assessment of the Charter School's academic, financial, and organizational performance as well as compliance with Applicable Laws. Organizational performance includes, but is not limited to, a review of the Charter School's admissions and enrollment policies and practices, student discipline practices, special education programming, ELL programming, and Board of Trustees governance in order to assess compliance with the Charter and Applicable Laws, federal, state and local guidance, policies, and Charter Schools Office procedures. Financial performance includes, but is not limited to, a review of the Charter School's financial health and long-term sustainability, and generally accepted standards of fiscal management.
2. The Charter School agrees to provide or allow to be provided to the School District and the Charter Schools Office all records, including student level academic performance, necessary to properly assess the academic success, organizational compliance and viability, and financial health and sustainability of the Charter School under the Charter School Performance Framework, timely and pursuant to Charter Schools Office procedures.
3. The Charter School acknowledges that achieving the performance objectives identified in the Charter School Performance Framework is critical to meeting the needs of public school students in Philadelphia. The Charter School shall actively monitor its own progress towards achieving objectives identified in the Charter School Performance Framework. The Charter Schools Office may also evaluate any or all of the performance domains – academic, organizational and financial – on an annual basis formally.
4. During the Term of the Charter, changes to the Charter School Performance Framework may be made as a result of changes to Applicable Laws or changes to charter school data availability and minor changes may be made as a result of needed adjustments to academic, financial and organizational assessment criteria. The Charter Schools Office will provide notice to charter schools in Philadelphia of any change to the Charter School Performance Framework prior to implementation of such change. The Charter Schools Office would use its best efforts to solicit feedback on changes from Philadelphia charter schools in advance of implementation of changes;

and be it

FURTHER RESOLVED, that in accordance with the Release and Settlement Agreement, upon full execution of the Release and Settlement Agreement, SLACS shall promptly withdraw or

dismiss the Appeal to CAB and take whatever action is requested or required by CAB to withdraw and terminate the Appeal.