



November 2, 2021

VIA E-MAIL (hellams@erskine.edu)

Charter Institute at Erskine Board of Directors
Attn: Dr. Tom Hellams, Board Chair
1201 Main Street, Suite 300
Columbia, SC 29201

Dear Charter Institute at Erskine Board of Directors:

This letter is written on behalf of the Horse Creek Academy (“HCA”) Board of Directors (the “HCA Board”). At our Board Meeting on October 25, 2021, the HCA Board voted to request a transfer of its existing charter from the Charter Institute at Erskine (the “Institute”) to Limestone Charter Association (“Limestone”) effective July 1, 2022. We anticipate that the Limestone Charter Association Board of Directors (the “Limestone Board”) will hear the HCA Board’s request during the Limestone Board’s November meeting. The purpose of this letter is to inform you of the HCA Board’s decision and the reasoning therefore and to respectfully request that the Institute’s Board of Directors (the “Institute Board”) consider during its December meeting HCA’s request to transfer its existing charter to the Limestone Board.

By way of background, HCA was founded in 2002 in Aiken under the name Midland Valley Preparatory School. As our school grew and our needs expanded, HCA moved to a new facility on its current site and changed its name to Horse Creek Academy. Our mission at HCA is to create a challenging learning environment with high academic and social expectations through developmentally appropriate, flexible, and innovative instruction that allows each student to realize and confidently possess their full potential. We believe that enthusiasm for education by everyone in a child’s life directly impacts the child’s enthusiasm for learning, so we strive to actively involve students’ families, teachers, and the surrounding community in the educational process.

HCA’s success is exemplified not only by our long history serving the Aiken area, but also by our continuous growth over two decades. When HCA opened, it served less than 100 students. Since 2002, HCA has grown to serve over 1000 students in grades Pre-K through 10, and we will add 11th and 12th grades over the next two years to serve students through high school graduation. This outstanding growth has required HCA to expand its administrative and teaching staff and construct additional facility space, which is secured through bonds issued by the South Carolina Jobs-Economic Development Authority. While we are grateful for the opportunity to directly impact so many students, we are most proud of the individual growth we

Horse Creek Academy
1200 Toolebeck Road, Aiken, SC 29803

observe in each of our students, many of whom struggled in the traditional school setting. At HCA, these students have formed positive relationships with teachers and peers and are now more engaged in the learning process. Creating positive experiences with students who were previously discouraged or disengaged is one of the greatest accomplishments we have and can achieve as educators.

REASONS FOR TRANSFER

The primary reasons the HCA Board seeks to establish a relationship with Limestone as its charter school sponsor are as follows:

(1) HCA Desires to Partner with an Authorizer Whose Leadership Has Extensive Education Experience.

HCA desires to have a relationship with a sponsor whose leaders have spent their careers in education. Limestone’s Superintendent, Angel Malone, has spent her entire career in education. She most recently served as the Director of the Office of Career and Technical Education for the South Carolina State Department of Education (“SCDE”), and she has also served as a classroom teacher, an instructional coach, and an administrator. Most importantly to HCA, Ms. Malone served as the founding school leader of a very successful charter school in Orangeburg, South Carolina, for several years. Ms. Malone’s experience operating a charter school gives her a unique understanding of the challenges educators face and the support needed from a charter school sponsor to establish and maintain healthy relationships and help schools achieve educational success. HCA is excited to work with a Superintendent who can draw upon her personal experiences to assist HCA in confronting and resolving challenges. HCA’s school leader, especially, is looking forward to engaging in a productive relationship with Ms. Malone, who can serve as a female mentor and can share her advice and guidance in leading a successful charter school.

The HCA Board was pleased to meet Ms. Malone on her recent visit to our school. Ms. Malone quickly commented on the positive school culture that HCA has created and was impressed by the overwhelmingly positive results from our recent student engagement surveys. It was apparent to us immediately that Ms. Malone is truly focused on student success and is authentic in her commitment to educating our young people.

(2) The Institute and HCA Have Philosophical Differences Regarding How Charter Schools Should Operate.

The Institute has not embraced and supported HCA as a unique and autonomous educational entity. Instead, the Institute has attempted to manage HCA in such a way that removes the autonomy granted to HCA through the Charter Schools Act. Over the past year, it has been HCA’s experience that the Institute operates more similarly to a traditional school district in that it sees the charter schools it sponsors as merely being subordinates of the sponsor. For example, the Institute’s administration met with the HCA Board during the 2020-2021 school year and presented financial policies the Institute’s administration had adopted. During that meeting, the Institute’s administration took an unnecessary and threatening approach in which it informed the HCA Board that if it did not adopt the policies the Institute had drafted—

without any discussion or input from the HCA Board—HCA would risk losing its charter. The Institute attempted to force other schools to adopt the same fiscal policies, word-for-word, without regard to differences in the schools’ budgets, enrollments, or financial needs. While the HCA Board agrees that having strong fiscal policies in place is paramount to being fiscally responsible, we absolutely disagreed with the Institute’s administration’s position that the HCA Board has no autonomy over the school’s own policies.

The Institute’s top-down philosophy of charter school sponsorship is also reflected in how the Institute’s administration judges a school’s performance. HCA serves a student population that overwhelmingly qualifies as being in poverty, and during the pandemic, many of our students had to find public places with free access to WiFi to attend virtual classes because they do not have internet access at home. Some of our families recounted to us having to sit in restaurant parking lots to access the Internet so their student could attend class. In addition to HCA’s high poverty rate, approximately 12% of all HCA students have IEPs, which increases to 28% of our high school students. Despite these challenges, HCA has been successful in getting these students excited about school and engaged in educational activities. Many of our students who were suffering academically, socially, and emotionally in the traditional school setting now look forward to coming to HCA and engaging with the curriculum all while building relationships with teachers and peers. While HCA certainly agrees that academic performance is important, it is not the only factor in assessing student growth and well-being.

Over the summer, HCA’s school leader and Board met with the Institute’s administration to discuss the school’s test scores during the pandemic. During that meeting, the Institute’s Superintendent described the social and emotional growth of HCA students during the pandemic as “false successes.” Instead of celebrating HCA’s achievements, the Institute dismissed them because they are not directly tied to academic performance data on the state report card and standardized testing. Moreover, the Institute compared HCA’s test data to all of the other schools the Institute sponsors. Comparing the performance of HCA’s test data to other schools the Institute sponsors is irrelevant because in doing so, the Institute fails to account for differences in the schools’ missions, student populations, communities, testing, curriculum, and goals.

In summary, our Board believes that a charter school and its sponsor mutually agree to enter into a contractual relationship with one another. The charter school retains autonomy to govern itself through its Board of Directors. The charter school seeks to deliver the goals and objectives set forth in its charter to its students, families, and community. The sponsor supports the charter school, communicates effectively with the charter school, monitors the charter school’s performance, and holds the charter school accountable to applicable laws and standards, as necessary, in accordance with the Act. We do not believe that HCA is “subordinate” to its sponsor or required to adopt unreasonable or standardized sponsor policies not applicable to our school’s autonomous governance preferences.

The HCA Board’s philosophical beliefs on the relationship between a charter school and its sponsor are more closely aligned to Limestone, which has pledged to recognize each school’s autonomy and communicate effectively with the schools that it sponsors, without making unnecessary threats and derogatory comments. Further, Limestone will embrace HCA’s unique approach to educating the whole student, consider HCA’s specific circumstances and

goals in assessing the school's performance, and prioritize effective communication with the HCA Board and HCA's school leader.

(3) The Institute's Administration has not Supported HCA, as previously promised.

Over the past year, the Institute's administration has become increasingly adversarial towards HCA, and as a result, HCA's relationship with the CIE has become unworkably strained. When HCA considered transferring from Aiken County Public School District to the Institute, the HCA Board and administration felt that the Institute would embrace HCA's educational programming and support HCA. In fact, in HCA's transfer letter to the Institute written in September 2019, HCA stated that it was "confident the Institute will look for innovative ways to support HCA in delivering our school's mission to students." So far, the reality has not matched our expectations.

HCA has not felt supported by the Institute in its efforts to reach our charter goals. On several occasions, the Institute's administration has attempted to bully HCA's Board and school leader into taking certain actions or else risk having its charter revoked. Moreover, when HCA's school leader expressed dissent with a decision made by the Institute's administration, the Institute's administration attempted to undermine her leadership in communications to the HCA Board.

Additionally, there is a lack of communication from the Institute's staff on matters that are vital to HCA's success, including funding, as will be explained in more detail below. Instead of clearly communicating requirements on various matters, the Institute has implemented several overly burdensome and bureaucratic processes, which require excessive and unnecessary work for HCA's administration. These processes are pulling our school administration's time and attention away from our students, which is not only where HCA's administrators thrive but where they are most needed. Complying with the Institute's unnecessary bureaucratic requirements, with little support from the Institute, is time-consuming and inefficient and has caused low morale among HCA's staff. In short, HCA's actual experience with the Institute as its sponsor is a far cry from the support and communication that the Institute touted when it marketed itself to HCA as a sponsor option.

(4) The Institute Has Failed to Effectively Communicate with HCA Regarding Funding Matters, Which Has Resulted in Significant Financial Losses for HCA.

Lack of communication from the Institute staff has resulted in HCA losing valuable funding it otherwise would have qualified for under CERDEP and the IDEA. HCA has offered a 4K program since its inception because the Aiken area is in tremendous need of preschool offerings. For many years, HCA qualified for funding from the State under the CERDEP program. HCA has communicated to the Institute multiple times that it hosts a full-day 4K program, including allocating funds in its annual budget that is submitted to the Institute and including 4K on its enrollment projections. Prior to transferring to the Institute, CERDEP was the only source of funding HCA received for its 4K program.

Shortly after the 2020-2021 school year began, HCA contacted the Institute's finance department to ask about its receipt of CERDEP funds. The Institute's finance department's responses to HCA's inquiries and requests for updates amounted to "we're looking into this" and "we should have an update soon." On November 19, 2020, after confirming that HCA's 4K students were all coded correctly in PowerSchool, the Institute's finance department responded that it "should have updates for [the school] next week." After HCA's months-long request for information, the Institute informed HCA that the Institute did not qualify for CERDEP funding, which resulted in a six-figure financial loss for HCA. Apparently, HCA could not receive CERDEP funds because the Institute's percentage of Pupils in Poverty did not meet the threshold under CERDEP. Why it took the Institute months to inform HCA that the Institute did not qualify for CERDEP funds when the Institute should have had the information to make this determination within weeks of the start of the 2020-2021 school year remains a grave concern for the HCA Board, especially in light of the Institute's continued responsibility to distribute funds to its sponsored schools in a timely manner.

As a result of the loss of CERDEP funds, HCA had no pre-k funding for the 2020-2021 school year and could only feasibly offer a tuition-based 4K program for the 2021-2022 school year. In January 2021, HCA amended its charter to reflect this change. It is HCA's understanding from correspondence with representatives of the SCDE that state budget proviso 1.56, enacted for the 2020-2021 and 2021-2022 school years, enables schools to qualify for CERDEP funds based on the individual school's poverty level and not the Institute's. Still, because of this breakdown in communication from the Institute, HCA lost six figures in funding in connection with HCA's pre-k program during the 2020-2021 school year.

Additionally, the Institute failed to adequately communicate with HCA regarding its allocated IDEA funds approved for reimbursement, which resulted in a loss to HCA of over \$65,000.00. Prior to the beginning of the 2020-2021 school year, HCA posted a position for a Speech Therapist and received applications from two candidates. After the chosen candidate accepted HCA's offer, HCA and the speech therapist signed a contract for services. Subsequently, on September 4, 2020, HCA submitted its IDEA plan to the Institute, which included the contract for speech therapy services, an expense that is typically approved and reimbursed with IDEA funds. In January 2021, the Institute sent a memo to school leaders indicating what IDEA funds had and had not been approved for their school. The memo indicated that a large portion of the funds HCA had requested had not yet been approved and that HCA was required to submit a Sole Source Statement. HCA complied with the Institute's request and submitted a Sole Source Statement within days of receiving the January memo because the Institute said it was required, even though the process for hiring the speech therapist was not a sole source process.

HCA's school leader received updates from the Institute about HCA's federal reimbursements in March and April 2021, respectively. The updates showed that no IDEA funds had been approved and reimbursed to HCA at that time. HCA's school leader, who spent her career in special education and completed many IDEA reimbursement submittals prior to becoming HCA's school leader, did not find these memos unusual because typically, all funds had to be fully expended before they would be reimbursed under IDEA. The updates sent by the Institute to HCA's school leader in March and April 2021 provided no other information about the status of HCA's submittals. Importantly, the Institute's updates did not include information

about funds being denied or any indication that further action was needed for IDEA funds to be approved.

All financial reimbursement requests, including those for IDEA funds, are submitted to the Institute through a computer program called SmartFusion. SmartFusion, as stated by the Institute's Chief of Finance, "only allows for one email to be the contact informing if the reimbursement requests were either approved, sent back for missing documentations, and/or denied." HCA's financial services provider, a third party, was listed as the SmartFusion contact, and the Institute's staff seemed to be aware that HCA's third-party financial services provider was HCA's contact. Apparently, the Institute communicated only in SmartFusion that the sole source statement HCA submitted for its speech therapy provider needed additional information. To be clear, the Institute did not provide HCA with any direct notice that the Institute needed additional information to approve HCA's IDEA reimbursements. As a result, HCA's school leader was not informed that HCA's IDEA reimbursements were not approved until after the deadline to submit documents had passed. Ironically, in an email to HCA's school leader about this very issue on September 20, 2021, the Institute's Chief of Finance explained that by having only one contact in SmartFusion, "This process also eliminates the risk of the responsible party not being notified" Nonetheless, the Institute's failure to effectively communicate with HCA regarding its IDEA reimbursement requests cost HCA over \$65,000.00.

The inability to receive CERDEP and IDEA funds were a huge financial loss to HCA for the 2020-2021 school year. The lack of communication and clarity from the Institute on these two sources of funding significantly concerns HCA, and similar issues are becoming evident for other sources of funding through the Institute. Namely, the Institute has failed to clearly communicate its requirements for its schools to receive ESSER funds, and adding to that issue, has changed its requirements several times. When the Institute has communicated with HCA about ESSER funds requirements, some of those communications have not been timely. For example, HCA submitted expense reimbursement requests to the Institute well in advance of the deadline for submissions, but the Institute waited until the last minute to deny HCA's request, thereby denying HCA the opportunity to revise its submission.

As HCA's local education agency, it is the Institute's responsibility to thoroughly understand the requirements for available school funds and to timely and clearly communicate with HCA about funding sources and requirements. HCA believes the Institute has provided poor and inefficient service with regard to state and federal funds, which has resulted in substantial frustration and financial loss to HCA. The HCA Board seeks to avoid any additional losses of critical funding needed to serve its students.

(5) The Institute's Lack of Support Has Negatively Impacted HCA's Performance.

A school's performance is a culmination and careful balance of many factors, including employee quality, staff morale, available funding, and implementation of programming best suited for the school. This is especially true for charter schools that, by nature, must lean on its internal staff to complete many of the tasks that are often handled by a district office in the traditional public school setting, and HCA is no different. The Institute's administration has criticized HCA's academic performance during the 2020-2021 school year. We absolutely

believe academic performance is important, and we acknowledge that HCA has room for improvement from last year's academic results. HCA's school leader has reflected on and implemented ways that the HCA team can work to improve the school's academic performance and has set goals for the HCA team to strive for in 2021-2022.

We would be remiss, however, if we did not acknowledge that the lack of support from the Institute over the past year has contributed to HCA's shortcomings. As previously described, the Institute deprived HCA of critical funding it relies on to implement its special education and 4K programming. The Institute imposed confusing processes and created tons of unnecessary paperwork for HCA's staff to complete, diverting HCA's staff from focusing on the tasks that best help HCA's students succeed in the classroom. The Institute also attempted to impose mandates and policies on HCA without regard for the school's individual needs. Further the Institute's administration communicated in a threatening and derogatory manner at times to our Board members and to HCA's school leader. Throughout it all, the Institute has not communicated adequately with HCA staff on processes and requirements. As a result, HCA's staff have felt confused and frustrated and have suffered from lower morale than in years past. Each of the issues HCA has experienced because of the Institute over the past year—lack of funding, overly burdensome and unnecessary processes, lack of autonomy, failure to communicate adequately, poor morale—affected HCA's ability to implement its programming to the best of its ability.

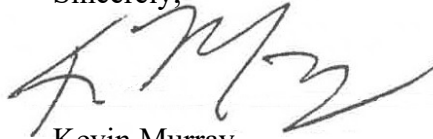
HCA believes that adequate support from its sponsor is vital to the school's success—academic or otherwise. Because HCA has not found this support from the Institute, HCA wishes to transfer its charter to Limestone in hopes of a stronger and more supportive sponsor-school relationship that will help HCA continue to succeed.

CONCLUSION

We would respectfully request that the Institute Board consider HCA's request to transfer its existing charter at the Institute Board's December meeting. Representatives of our school board and our school leader will plan to be present to provide additional information to the Institute Board and answer any questions you may have.

Thank you for your assistance and consideration of HCA's request. If you have any questions, please feel free to contact me.

Sincerely,



Kevin Murray,
HCA Board Chair

c: HCA Board Members
Dr. Ann Marie Taylor, School Leader