



ASSISTANT COMMISSIONER
OFFICE OF INNOVATIVE SCHOOL MODELS
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VIA EMAIL

December 21, 2010

Mr. Frederick Saia
Chairperson, Board of Trustees
Charter School for Applied Technologies
2303 Kenmore Avenue
Buffalo, New York 14207

Dear Mr. Saia:

I am writing to notify you that the Board of Regents, at its full board meeting on December 14, 2010 renewed the charter of the Charter School for Applied Technologies, subject to compliance with the required actions identified below.

Based on the New York State Education Department's (SED) comprehensive fiscal reviews and the SED renewal site visit, the following fiscal concerns and required actions have been identified:

1. **Concern/Finding:** The revised five-year budget summary pertaining to the renewal application has a deficit in years two through five (\$263,581 in year two; and approximately \$600,000 for the following three years).

Required Actions: due to SED no later than February 15, 2011:

- Submit to SED an explanation describing the reason for the deficit and a long term plan to address it. The plan should follow, and be as detailed as, the annual budget template provided in the 2010 new schools application kit/RFP, and should be carried out to the year that the deficit is addressed.
 - Provide documentation that the board has addressed the reason(s) for the budget deficit, and that the board has approved the deficit budget.
 - Prepare a revised, balanced budget for the next charter term.
2. **Concern/Finding:** CSAT has a contract with Efficient Schools Team (EST), LLC, for management and consultant services. EST was noted in the school's certified financial statements as an affiliated company and both entities, CSAT and EST, share the same board of trustees. EST employs the CSAT superintendent, assistant superintendent, chief financial officer and director of technology full-time. Currently, EST performs

services only for CSAT, with CSAT being its sole source of revenue. The board indicated, during the renewal site visit interview, that EST does not function as a management company. However, SED received documentation from the school on November 10, 2010 referring to EST as a “management organization,” “management help” and “management consultant.”

Required Actions: due to SED no later than January 30, 2011:

- Define and clarify the purpose of, activities and services provided by EST, LLC.
- Provide an organizational chart and management structure map for EST, LLC., and CSAT; indicating all formal and informal shared relationships.
- Provide documentation of appropriate division of finance and accounting practices between EST, LLC., and CSAT.
- If CSAT and SED determine that EST, LLC., is indeed a management company; the school must follow appropriate steps to request a material amendment to its charter from the Board of Regents to add a management company. This request must be received by SED no later than February 15, 2011.

4. **Concern/Finding:** The superintendent of CSAT is listed as the “Superintendent” on the school’s web-site, “Project Manager” in the above mentioned contract with EST, and “President” of EST on that entity’s web-site. Another staff member is listed as “Assistant Superintendent” on the school roster submitted to the site visit team, and “Vice-President” of EST on its web-site. In addition, the superintendent has been functioning for more than two years without a contract.

Required Actions: due to SED no later than February 15, 2011:

- Submit documentation to SED that clearly and specifically delineates the roles and responsibilities for the two aforementioned individuals with respect to CSAT and EST.
- Create contracts for all members of the leadership team who do not currently have them in place and provide copies to SED.

5. **Concern/Finding:** The board indicated, during the renewal site visit interview, that it is removed from programmatic aspects of the school. Board meetings are focused primarily on financial matters.

Required Actions:

- The board must undergo professional development regarding its responsibilities other than fiscal, with specific emphasis on academic programs and their implementation. Evidence of this professional development must be received by SED by May 1, 2011.

- As vacancies occur, the board should work to identify potential new members who possess educational expertise. The board must adhere to established procedures and timelines when proposing new members to SED.

6. **Concern/Finding:** The line item expense in the budget for “Educational Consultants” increased \$500,000 over two years - from \$300,000 in the 2008-2009 fiscal year to \$800,000 in the 2010-2011 fiscal year. The majority of the educational consultant expense was payment to EST.

Required Action: Provide documentation of the need for a management consultant and for the increase in the budget over two years by February 15, 2011.

7. **Concern/Finding:** The Board of Trustees does not have proper procedures in place to review and approve expenditures prior to payment.

Required Action: Develop board policy for approving expenditures. The policy should establish a prepayment review process and establish dollar thresholds for multiple signatures based on the value of the expenditure. Provide documentation of such to SED by February 15, 2011.

The material terms of the school’s charter are:

Name of Charter School	Charter School for Applied Technologies
Lead Applicant(s)	Mr. Fred Saia, Board President
Management Company	N/A
Other Partner(s)	EST, LLC
District of Location	Kenmore-Tonawanda Union Free School District
Grade Levels/Number of Students	Grades K to 12, 1675 students
Terms and Dates of the Renewed Charter	January 11, 2011 up through and including June 30, 2015

To view the full item that was acted on by the Board of Regents, please visit <http://www.regents.nysed.gov/meetings/2010Meetings/December2010/1210monthmat.html#P12>.

Congratulations to you, your fellow Board of Trustee members, and your school leaders and teachers. I look forward to working with you as you continue to develop and offer high quality educational opportunities for students in New York State.

If you have any questions, you can contact the New York State Education Department, Charter School Office at 518-474-1762.

Sincerely,

A handwritten signature in black ink, appearing to read "Sally Bachofer".

Sally Bachofer

c: Superintendent of public schools in the area
Principals of public and non-public schools in the area
Efrain Martinez, School Leader