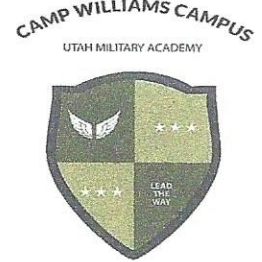


Utah Military Academy
Hill Field Campus - Riverdale, UT
Camp Williams Campus - Lehi, UT
2018-2019 School Year



October 18, 2019

Ms. Lambert:

Utah Military Academy is in receipt of your letter dated September 24, 2019 and titled, "Notice of Immediate Concern." This letter is our initial response, which you requested by October 18, 2019. We appreciate the State Charter School Board (SCSB)'s efforts on behalf of all Utah Charter Schools and the monitoring provided to schools, like Utah Military Academy, that the SCSB authorizes. This letter will respond to each of the "deficiencies" that the SCSB believes it has "found" at UMA.

1. Unrestricted Days' Cash on Hand. UMA is familiar with the Charter School Accountability Framework cited in your letter. However, the Framework does not provide a definition of what "Unrestricted Days Cash on Hand" means. There is no guidance in the published Framework of how the SCSB measures this metric, nor, indeed, what "unrestricted" means. If there is a rule, statute, policy, or other written record that contains this definition, will you please provide it to us? We also believe that it would be helpful to include that definition or reference in the Framework itself.

We are aware of the increasing amount of cash making up the school's fund balance that is from unspent special education funds. This is a result of massive increases in special education funding that appears to be unrelated to enrollment. For example, in FY 2017 UMA received \$322,580 in Special Education Add-on funding, which helped the school provide special education services to 95 students with IEPs. The following year, funding increased to \$892,882, even though IEP population increased only 46 students, for a new total of 141. In 2019, funding was more than \$1.3 million while IEP enrollment was 179. In just a span of two fiscal years, the state provided funding increases of 315% while enrollment grew only 88%.

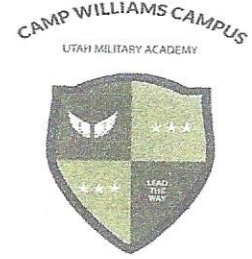
UMA has already launched a robust set of program enhancements in its special education department that is available to us because of these large increases in funding. From 2017 to 2018, our spending on special education more than doubled. From FY 18 to 19, it increased another 70 percent. These increases in spending were well more than our increases in enrollment, but were not as large as the increases in funding. When fully implemented, the special education faculty and staff will have more than doubled at each campus. Expenses in the general program will be reduced at the administrative level so that we can put more focus on quality instruction in the special education program.

Since UMA only allocates restricted funds on what is necessary and reasonable (2CFR § 200.403) and allowable by law, and enrollment has not yet increased commensurate with funding, the fund balance in the special education fund naturally increased. We believe that this is by design in how the State Board of Education funds special education through Local Education Agencies. Funding flows on a five-year rolling average of enrollment, with special consideration given when a charter LEA expands to new campuses or grade levels. That results in some years when an LEA receives more funding than justified by enrollment, and some years where funding will be lower. In those lower cases, the LEA should have access to funds carried forward from prior years, which UMA certainly does. We anticipate that IEP enrollment will continue to climb and that the fund balance in that program will naturally decrease as it does.

2. Funds at risk. UMA's board is aware of its responsibility to "monitor expenditure of restricted funds to ensure compliance with applicable laws, grant terms, and conditions." In fact, that monitoring has occurred regularly over the five years of UMA's existence. For example, in May of this year the board adopted updates to the school's Executive Evaluation to specifically include evaluation metrics on the reduction in restricted fund balances. UMA has never had a finding of any misallocation or misuse of any funds in any external audit or compliance review. In fact, as explained above, the reason that the special education fund balance has been increasing is *because* UMA's board and administration has only allocated program funds to allowable, necessary, and reasonable expenses.



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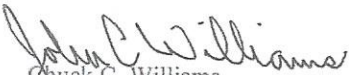
We do not believe, nor is there any evidence of which we are aware, that UMA has violated a "law, grant term, or condition" with regard to its special education funding. If the SCSB is aware of such a violation, we ask that you please provide us with an example of the violation and a citation of the law, grant term, or condition so that we may quickly remedy it.

3. **Viper Flight.** This "deficiency" greatly surprised us. While we were well aware of and had been monitoring and proactively planning and executing strategies to deal with large increases in special education funding, we were not aware that the SCSB had any concerns about Viper Flight, which has been in existence at UMA for many years. It is not "exclusively for home school and private school students," as your letter claimed. We have not advertised it as such, though you or your staff may have seen an older description, using these exact words, buried within a Facebook page. This language has since been deleted.

Rather, Viper Flight is a Blended academic program that is open only to cadets who agree to participate in a blended environment. This means that they are taking classes on our campus, and that any online courses are also led by our teachers. Our charter specifically allows blended learning to maximize the various needs of our cadets, and in this capacity, it serves a very small number of cadets well. We believe the concern is likely based on a *perception* of an image the program creates (perhaps created by language on a Facebook ad) rather than the actual program. We are happy to work with Michael Clark to address this, which may include specifically removing "Viper Flight" as well as any related imagery.

Thank you for your continued oversight of Utah Military Academy. We look forward to any further information or guidance your office provides us after this response.

Gratefully,


Chuck C. Williams
Board Chair


Matt Throckmorton
Executive Director