



UTAH STATE CHARTER SCHOOL BOARD

250 East 500 South P.O. Box 144200 Salt Lake City, UT 84114-4200 Phone: 801.538.7720
<http://www.utahscsb.org>

December 19, 2019

Utah Military Academy
c/o Chuck Williams, Board Chair
5120 S. 1050 W.
Riverdale, Utah 84405

Re: The establishment of Warning Status.

Dear Utah Military Academy Governing Board:

As you are aware, Utah Military Academy (UMA) was placed on Warning status on December 13, 2019, for the following deficiencies:

1. Very low unrestricted days cash on hand.
2. Restricted funds at risk.
3. Continuing to operate an online program.
4. Lack of internal controls.
5. Lack of administrative and organizational oversight resulting in such things as irregularities in special education documentation, non-compliance with procurement law, and paying employee(s) after termination under unusual circumstances.

This letter is written notification, consistent with U.C.A. § 53G-5-501, of Warning status. This letter also identifies the terms and conditions of Warning. To show sufficient progress in addressing the above deficiencies, UMA must provide sufficient documentation and evidence of implementing all of the following terms, by their stated due dates, to State Charter School Board (SCSB) staff:

1. By January 31, 2020 begin providing monthly financial statements, showing an increase in unrestricted cash so that by June 30, 2020, UMA will meet and maintain the Charter School Accountability Framework metrics. Financial statements are due at the end of the month for the prior month.
Ongoing. In January, UMA uploaded financials for November 2019. Given the currently budgeted SPED expenditures and revenue and the total net income, UMA will have to use their unrestricted cash reserves to cover unrestricted budget expenses for the current year. Given the information in the November financials, we calculated that UMA will end the year with 7 days unrestricted cash on hand. Based on year to date actuals, the estimated annual expenses will be around \$10M. Current budgeted SPED expenditures total 938k but UMA expects to receive 1.5M. This leaves a net balance of 562k of SPED funds. However, their total budget forecast nets only \$217,322. UMA will have to dip into their unrestricted cash reserves by about \$345k leaving a unrestricted balance of about \$183k which equates to 7 days unrestricted cash on hand.
2. By February 1, 2020, create and maintain a separate bank account for at least all state and federal Special Education funds. Not use Special Education or any other restricted funds for unallowable

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costs. Ongoing. UMA has moved the past SPED funds in a separate savings account. According to UMA Finance Report 11.30.19, current budgeted expenditures total 938k but will received 1.5M. This leaves a net balance of 562k SPED funds. However, their total budget forecast nets only \$217,322. UMA will have to dip into their unrestricted cash reserves around to cover the difference without spending restricted funds inappropriately.

3. By January 1, 2020 remove all advertising and online marketing of the Viper Flight Program. (See the attached screen capture of a google search done on December 16, 2019.)
Met. 01/16/2020
4. By January 15, 2020 provide a detailed plan regarding the Viper Flight Program. This may include how it will be phased out or an amendment request.
Not met. UMA submitted a plan, but it will need to be revised. SCSB staff will work with UMA leadership on plan requirements.
5. By January 15, 2020 notify all parents of students in the Viper Flight Program about plans for the program. Ongoing. UMA did notify parents regarding changes to the Viper Flight Program but did not notify them of plans for the future of the program. UMA should let the parents know if they will seek an amendment to allow for the program.
6. Beginning immediately follow all provisions of state procurement law.
Pending. UMA has redesigned their procurement process to meet requirements. SCSB staff will test the policy to check implementation of the redesigned process. It is too early to test this as implementation takes time. SCSB staff will test the implementation before the end of the school year.
7. By February 1, 2020, review all UMA procurement policies and procedures and update as needed so that policies and procedures align with state procurement law.
Met. UMA has reviewed and aligned policies with state procurement law.
8. By February 1, 2020, ensure that all Title I and Special Education PARs are appropriately signed and dated as required by law.
Met. UMA submitted completed PARs for Title 1 and Special Education. The PARs met the legal standard; however, some PARs were only signed by one individual. SCSB staff will continue to monitor UMA PARs to ensure that the PARs are completed correctly and on time.
9. By February 1, 2020, develop and implement remediation policies and procedures. This will include opportunity for students to show competency according to state standards where applicable and that require any grade changes must be initiated and approved by the teacher.
Not met. UMA did submit a policy, but it is incomplete and needs revision. It also did not require grade changes be initiated and approved by the teacher.
10. By February 1, 2020, board finance or audit committee review all current contracts greater than \$5,000 for alignment to school goals and support of long-term financial viability.
Met. UMA has reviewed all contracts greater than \$5,000.
11. By February 1, 2020, continue investigation into the issues identified by the SCSB staff to ensure current staff and contractors were not complicit in the uncovered concerning practices.

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Not met. UMA reported they had continued the investigation and found no different findings than what was expressed before being placed on warning. UMA did not identify any continued investigations beyond what was already reported to SCSB in the December SCSB board meeting. UMA's governing board needs to provide details on how they completed their investigation into the allegations. The SCSB is still receiving a higher than typical amount of complaints regarding similar allegations that were investigated by SCSB staff. While SCSB staff is working with UMA to resolve these complaints, the number of complaints received indicates that there may still be adjustments to the needed operational culture.

As you address each of the above terms, UMA must also be in compliance with its approved Charter Agreement and all applicable state and federal laws, rules, and regulations. If UMA fails to meet any of the terms of this Warning letter, the SCSB may take one or more of the actions outlined in U.C.A. § 53G-5-501, including revoking the schools charter.

Oversight Coordinator Michael Clark will be your primary point of contact while on Warning. Please meet with him in February 2020 and again in May 2020 to provide updates on enrollment and financial outlook. Please contact him with any questions and send him the documentation and evidence for each term. It is UMA's responsibility to provide sufficient documentation and evidence to show how each term is met. While on Warning, the SCSB also offers technical assistance and mentoring via mentoring funds provided in U.C.A. § 53F-2-705. Authorizing and School Support Specialist Marie Steffensen will be contacting you to offer this support.

Sincerely,

Chair Kristin Elinkowski
State Charter School Board

cc: Utah Military Academy Interim Director Steve Carroll
State Charter School Board and Staff
State Superintendent Syd Dickson

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