



May 15, 2015

Dear CAPCS Community,

This has been a long and difficult road for all of us over this past year. We understand your frustration in not knowing what you can expect going forward, primarily in terms of benefits, deferred compensation and the payout for accrued leave to which you are entitled. Your understanding of the revocation may be shaped largely by what you've read in newspaper accounts.

First let us acknowledge and express our appreciation for your dedication to the children in fulfilling your professional responsibilities and working to achieve the CAPCS mission. It may have seemed like your work was going unnoticed, but that was not the case at all. You have carried CAPCS on your shoulders this year in seeing that our children get the education and support they deserve, which is why we're here.

Our delay in providing you with clear answers was due for the most part to our on-going efforts up to and including today to secure the funds we needed to honor the obligations to our staff. It's important to understand that the charter revocation and closure process involves not only CAPCS but also the DC Public Charter School Board; ACA, our bond underwriter; the DC Deputy Mayor for Education; Friendship Charter Schools; DCPS, and DC Bilingual Charter School. Decisions never were CAPCS' alone to make. We are subject to a detailed closure process mandated by the PCSB. We have had and will continue to have daily conversations with one or more of these entities to make them understand the financial implications of the closure on our staff and operations.

When we created the CAPCS budget for the 2014-2015 school year, we did so with the assumptions that we use every year. These were that CAPCS would continue to operate, that it would continue to receive its per pupil allowance from DCPS and that monies would be allocated to cover all normal expenses, including deferred compensation for 10.5 month workers. The revocation changed all that. Closure has meant large, unanticipated costs, one of which is the payout for unused accrued leave. We estimate it will cost approximately \$700,000 for this payout. No company budgets for having their entire staff leave at the same time. It would be like having every bill and outstanding loan you have come due right now.

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Community Academy Public Charter School (CAPCS)
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In the list of our financial obligations, we made it clear to the PCSB and ACA, and they agreed that the staff should have top priority. We were directed to make as many cuts as possible to come up with the money we need to cover our costs. This we did with a clear focus of priority that made our vendors very unhappy. It is clear that we can't cut our way out of our financial problem. Additional cash is needed to solve this problem. We asked why the other parties who will take over our facilities and reap the benefits of all the improvements we funded shouldn't be asked to contribute. Friendship has been responsive to some degree. CAPCS believes that monies are available in one of the required bond funds that could be used. Some funds have been released but we have argued for more.

When CAPCS was/is asked how it would solve the problem, Mr. Amos has always responded "with the \$2.7M release from the Unrestricted Liquid Asset Account (ULA)". The ULA is a fund we are required to support as part of the DC Revenue Bond used to renovate the Amos 5 building and establish our campus there. Since that building will cease to be under our control as of June 30, we have requested our release from this obligation. \$450K of the ULA has been released which, along with vendor payment reductions, have allowed us to be confident that all 10.5 month employees will receive their deferred compensation totaling \$ \$922,147.00. If the remaining \$2.2M in the ULA account, funded by CAPCS' per pupil payment under the school year 2014-2015 budget were released, we could pay the \$700,000 accrued leave payment as well as reduce the vendor current obligations by \$1.5M. However, we have not been allowed to use "our money" for that purpose.

While the PCSB praised our cost cutting and acknowledged that we have been cooperative in fulfilling their lengthy list of requests, their suggestions for addressing the remaining deficit included such things as

- Cease all operations at the Nicholson Street and/ the Rand Street (sic) facilities
- Cease all academic operations on or before May 30
- Reduce or eliminate non-critical staff
- Reduce salaries for non-instructional staff
- Eliminate benefits

The CAPCS Board rejected these suggestions. Not only would they be a betrayal of our current students and staff, but the savings would be minimal compared to the deficit and additional costs we might incur, such as litigation.

Our negotiations continue, but as of today, Friday, May 15, this is what you can expect. Deferred compensation will be covered. If you were to receive paychecks over the summer, you will receive two paychecks on June 30, one your normal paycheck covering your work through June 30 and a second for what you would have been paid during the summer.

As of June 30, 2015, your eligibility for employee benefits, including but not limited to, CAPCS sponsored health insurance, life and disability insurance, AFLAC, 401(k) contributions and the like will cease. For health insurance, you may be able to be added to the health insurance of a

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family member. If not, you will need to obtain health insurance from a future employer, through the private market or through one of the exchanges established in the Affordable Care Act. A Benefits Fact Sheet is attached to answer many of the questions you may have about any of the plans listed above.

As to your leave—vacation and personal—we do not have a clear answer other than the CAPCS ULA account. Otherwise, additional cash put into play from other sources is the only possible solution. We will expend every effort to seek sources of revenue that will enable us to fulfill these obligations to the greatest extent possible.

Please know that you are in no way responsible for the charter revocation. It pains us to see CAPCS come to such an end and that pain is made many times worse knowing that our loyal and dedicated staff will be negatively impacted.

Your continued service and willingness to keep on striving for excellence every day has been the one bright spot in this sad situation. Thank you so much.

Sincerely,



Ernie Green, Jr.
Chairman, Board of Trustees



Kent Amos
CEO