



Watershed High School Minneapolis, Minnesota

Annual Report – 2010-2011

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Attachments: Enrollment Form, Family Questionnaire, and Student Introduction Form

1. Introduction

The purpose of this annual report is to provide information for all stakeholders in Watershed High School. This includes family, staff, students, taxpayers, our sponsor, future authorizers, and other interested parties.

Watershed's Mission (adopted 4/26/2010)

Watershed High School, a public charter school since 2002, seeks to nurture the intellect, stimulate the will, and embrace the creative potential of youth in a balanced environment that engenders reverence, respect, and responsibility for nature and the needs of other human beings.

The school began to use Community, Creativity and Service as a key phrase for planning and marketing tool during the 2008-2009 school year.

Watershed's Vision (adopted 4/26/2010)

- Through interactive creative media and self-directed artistic expression, students engage in the learning process.
- Through planning and implementation of service learning projects, students develop leadership and communication skills, compassion and maturity.
- Students, teachers, parents and supporters come together to create a community that honors the gifts of each individual while fostering mutual caring and responsibility.

School History

Watershed began as a private Waldorf High School in 1996 and converted to a charter public school in 2002. Watershed emphasized Waldorf methods during its early charter years and continues to maintain some of Waldorf's philosophy. However, as Waldorf-trained teachers retired or moved on and were replaced by new teachers, the school's identity and culture have gradually shifted to a more traditional model. Watershed continues to emphasize its rich, liberal arts curriculum; a focus on creativity and service to community along with a caring, accepting faculty and student body.

In 2009, Watershed moved into its new home located at 4544 4th Avenue South, its fourth location since its inception in 1996. The new, larger facility allows the school to fulfill its long term plan of growing to a 100-student enrollment capability.

2. Governance

General board elections normally take place during a one week interval during each October, with this year's elections being conducted between October 28 and November 5, 2010. Three teacher and two parent candidates were elected to complete the board configuration for the year.

In addition to board orientation provided by Watershed, all new members are required to participate in state-mandated training in the areas of Finance, Governance and Human Relations. During 2010-11,

the board also received additional oversight from Dr. William Premo of Adler Graduate School, our state approved sponsor.

2010-2011 School Year Charter Public School Board

This table contains information for all board members 2010-2011 - Election Dates 10/28 to 11/5/2010. For 2011-12, anticipated Election Dates 9/16 to 9/23/2011.

Name	Board Position	Classification	Date Seated	Phone	E-mail	Attendance Rate 7/2010 to 6/2011
Leanne Mfalgundi	Director	Parent	11/2008	612.554.7226	mfalio01@umn.edu	75%
Sandra Smith	Secretary	Community	12/2009	612.396.8467	sandrasmith836@gmail.com	100%
Linda Gavanda	Director	414252	12/2009	651.373.3410	llgavanda@yahoo.com	100%
Ann Goehner	Chair	Parent	11/2010	952.454.1800	anngoehner@msn.com	16%
Becky Iverson	Director	Teacher	11/2010	612.871.4363	riverson@watershedhs.org	91%
Anita Kempf	Director	Community	5/2011	612.332.9566	Anita.kempf@co.hennepin.mn.us	100%
Kim Kunding	Director	Teacher	11/2010	612.871.4363	kkunding@watershedhs.org	83%
Ann Moore	Treasurer	Parent	12/2009	612.554.7226	amoore@mndap.org	91%
Phillip Grant	Administrator	298995	Ex-officio	612.871.4363	pgrant@watershedhs.org	100%
Paul Kinsley	Administrator	418641	4/2011 Ex-officio	651.373.5522	pkinsley@watershedhs.org	100%

3. School Management and Administration

Most administrative functions during 2010-2011 were distributed among Phil Grant, Administrative Director; Destiny Sparks, Education Director; and Ann Moore, board treasurer. Adler Graduate School recommended that due to the present difficulties facing Watershed, both financially and administratively, they must hire an Executive Director to lead the school through the turmoil and uncertainty they were experiencing. After much discussion, a search committee was formed and the task of hiring a new director was in place. In April 2011, Paul M. Kinsley was named the new Executive Director of Watershed. From April 19 through June 30, 2011, Paul worked in the field renegotiating contracts and resolving vendor issues while Phillip Grant continued to manage the day-to-day operations in the office.

Phillip Grant's Educational Service background: Phillip Grant holds a Minnesota K-12 principal's license; during 2009-10, he completed requirements for a superintendent's license. Before coming to Watershed in 2007, Grant served six years as principal in two separate Catholic grade schools in California and Minnesota. During his 15-year classroom career in Minnesota, California, Columbia, and Brazil, Grant was engaged with students in grades 1 through 12.

Paul Kinsley has received masters degrees in Special Education and Psychology at Augustana College, Special Education Licensure at the University of St. Thomas, and Education Administration at St. Cloud State University. He is currently pursuing his doctorate degree in Education Administration at Bethel University. For nine years, he worked in an alternative-setting Middle/High School in rural Minnesota where academic performance had been non-existent. Kinsley and the team he worked with reversed the academic downslide of the school and it continues today as a bright beacon for students who don't fit the mainstream educational setting. Kinsley brings that philosophy and 13 years of working in Alternative Education to Watershed in the hopes of recreating that success in a metropolitan setting.

2010-11 School Management and Faculty Information

This table contains information for ALL members of the school management/administrative team and also includes faculty employed by the school that did not serve as classroom instructors (e.g., curriculum coordinators, social workers, counselors, administrative assistants, paraprofessionals, custodial, technology, librarians).

Name	File Number	Assignment	Years Employed	Left during 2010-11	Returning 2011-12
Daphne Bodene		Educational assistant	4		
Betty Edwards		Registrar	4	Yes	No
Phillip Grant	298995	Administrator	4	Yes	No
Paul M. Kinsley	418641	Executive Director	new		
Tamara Pulver	412668	Director of SPED	3		
Destiny Sparks	351070	Education Director	new		
Seth Tupper	446337	Social Worker	3		

4. 2010-11 Teaching Faculty Information

Watershed's teacher retention from 2009-10 to 2010-11 was 64%.

This table contains information for ALL teachers employed by the school or providing services contractually (e.g., special education, reading specialist, speech therapist, school psychologist).

Name	File Number	Assignment	Left during 2010-11	Returning 2011-12
Kristin Aitchison	444397	Theatre	no	no
Stephen Andrews	298568	Special Education	yes	no
Aaron Berger	449484	Life Sciences	no	no
Emily Duffy-Hanrahan	431119	Language Arts	no	no
Linda Gavanda	414252	Mathematics	no	yes
Rebecca Iverson	449819	Foreign Languages/ESL	no	no
Paul M. Kinsley	418641	Special Education	no	yes
Kim Kunderinger	444031	Social Studies	no	no
Janice Martin	214633	Special Education	yes	no
Rachel Konair	424352	Art	yes	no
Margaret Rozycki	391580	Art	yes	no
Jeff Schommer	439004	Social Studies	no	no
Destiny Sparks	351070	Language Arts	no	yes
Carol Zempel	281332	Psychologist	no	no

5. School Admissions and Enrollment

This table identifies the actual number of students enrolled at the school during 2007-08, 2008-09, 2009-10, and 2010-11. The 2011-12 school year attendance is estimated. Data is based on October 1 Average Daily Membership (ADM).

School Year	9	10	11	12	Total
2007-08	12	11	31	29	83
2008-09	19	28	16	33	96
2009-10	13	23	27	10	73
2010-11	13	20	26	21	80
2011-12	13	18	22	22	75

Approximately 80% of our students in 2010-2011 were from the Minneapolis area; the remainder of our students came from the surrounding suburbs. Many students transfer after first quarter mid-terms are distributed at their local schools; they see they are having difficulty and look for an alternative.

Watershed High School admits students of any race, color, national or ethnic origin to all rights, privileges, programs and activities generally accorded or made available to students enrolled at our school. We do not discriminate on the basis of race, physical disability, color, national or ethnic origin in administration of our education policies, admissions, and athletic or other school-administered programs.

Watershed uses a one-page *Enrollment Form* (attached). After students enroll, they and their families complete additional paperwork to finalize registration and satisfy reporting requirements. Also attached are the *Student Introduction Form* and the *Family Questionnaire*. All forms are on our website at <http://www.watershedhs.org>.

6. Academic Progress

Curriculum

Watershed's overall curricular goal is to inspire creative thinking, not to force-feed facts. The general emphasis is in liberal arts, with special emphasis on visual and theatre arts. Watershed's graduation requirements meet or exceed Minnesota graduation standards in all subject areas.

The Watershed Alternative

While Watershed is not an alternative learning center, we do have a majority of our students who are seeking alternative educational opportunities. They often feel like square pegs in round holes until they arrive here. Our emphasis on community, creativity and service is lived out through festivals and traditional events, creativity in all classes, and service learning projects. We emphasize that we are "family" and teach the four components of Lakota society: Belonging, Mastery, Independence and Generosity. Our goal is to develop productive citizens that take their talents and skills and put them to positive use in society.

Academic Accountability Data

The chart on page 8 is a compilation of our yearly Minnesota Comprehensive Assessment (MCA) scores as compared to previous classes and to the state of Minnesota. The most current year also gives comparison to the Minneapolis School District scores.

It is imperative that during the FY12 school year we implement an improvement plan and a concise math curriculum that aligns with Minnesota State Standards in order to deliver satisfactory gains in the area of math. It is the goal of Watershed to include a more comprehensive assessment program such as NWEA to measure academic growth throughout the year. In addition, Watershed's Q-comp for FY12 will be tied in directly to improvement in math scores on the MCA assessments.

Passing Rates: Watershed High School

	Watershed 2008-09	Watershed 2009-10	Watershed 2010-11	Minneapolis 2010-11	State of MN 2010-11
MCA Reading	68	76	76	56	74
MCA Math	9	27	8	36	48
MCA Writing	69	70	58	74	89

Main Lessons have been the first period of each day, 90 minutes in length, for approximately one month each (8 over the course of the school year, 4 each semester). Students often created their own Main Lesson Books in place of using conventional textbooks. These Main Lesson Books included content, student reflection and creative expression. While this was a solid basis in the old Waldorf Strategy, it became apparent that the intent and rigor were no longer sound, so this program will be dropped in FY12 and traditional classroom instruction will replace it. We have not been able to measure academic success based on its merits.

Senior year

To graduate from Watershed, seniors must complete a senior project, an “over and above” for-credit experience done on students’ own time, presented to the entire school community, and evaluated by a team of faculty. Projects in 2010-2011 included an original film, comedy skit, building of a hammock, original clothing designs, built furniture, lawn ornaments, and many other unique individual projects. In addition, all seniors participated in the senior play, theater being an integral part of the Watershed experience. Finally, the year culminated with a class trip to the Boundary Waters Canoe Area.

7. Innovative Practices

J-Term

Watershed offered its second January term in 2010-11. This was a twelve-day period between the first and second semester in which students focused on one all-day class or two half-day classes at a time. Among the offerings: (a) production of a full-length play in a dinner theater format at the end of the J-Term; (b) Interior Design (art/math); (c) How Things Work (science); (d) field trips (several classes), along with Ojibwe and Lakota history, and winter survival journaling and snowshoe building. Student and staff satisfaction were again high, according to class polls. Teachers noted that the intense time together helped build school community.

Learning Year for Acceleration

Watershed received state approval for a Learning Year Program (LYP), which allows students to accelerate their progress through high school. Due to the change in leadership and the financial difficulties faced by Watershed, summer school was not in session this past year. We do plan on continuing it during the upcoming summer session and to also be creative in new offerings to encourage participation in learning.

Students who participate in LYP courses are required to develop a Continuous Learning Plan (CLP) in conjunction with parents and the school staff. These CLP's help track student progress towards their academic and other goals.

Independent Study

To offer students' increased programming flexibility, Watershed began to examine ways to increase its independent student offerings. We applied to the state during 2010-11 for approval of our Independent Study program and have been given the authority to proceed.

8. Program Challenges and Strategies

Watershed lacks a common standard assessment that can be used to pinpoint students' academic progress. Our strategy for 2010-11 was to choose and use one, such as NWEA's Measures of Academic Progress. However, due to financial difficulties, we were not able to do so. In FY12, it is our intent, through the use of community grant funding, to acquire this program and measure students' growth along with pinpointing their deficiencies and working to correct their shortcomings.

General curricular programming is grade-level based. This is problematic when some of our grades are significantly larger than others. We try to keep class sizes to about 20-22 students for maximum educational benefit. During 2010-11, class sizes were generally favorable to students and teachers, but not to our finances. As we enter 2011-2012, we have some classes as large as 22, while others are as low as 13.

In the past, our overall strategy was to boost enrollment, by paying special attention to growing our smallest class – normally grade nine – to end this class size imbalance. Even by reaching out to students in grades 6-8 through mailings, events, and school visits, this hasn't worked. In the current fiscal year, our goal is to live within our budget and operate within our means. We will not be projecting inflated ADM in order to obtain cash flow and hope for the best. Our goal is to work off an estimated enrollment of 65 students and be fiscally responsible. Even if our enrollment increases, we will not alter our budgetary forecast unless we are forced to hire additional staff.

Watershed needs to update its curriculum guide for parents, community, and new teachers. Building on work begun in the spring of 2009 to map existing curriculum, teachers in 2010-11 began to realign their subject areas with current state standards. This process will continue throughout the FY12 school year.

Watershed was fortunate to gain the part-time services of a licensed school social worker in recent years, but current funding supports social work primarily for special education students. In addition to boosting enrollment – which will increase overall revenues – the school intends to seek partnerships and grants to support increase social work services on behalf of all students. Beginning in the FY12 school year, two partnerships have been developed to assist all students in their growth. These services will overlap and be a presence in the building every day.

Many Watershed teachers are relatively new to teaching; however, many have achieved success in other fields before turning to education. To support their development, the school is increasing staff development opportunities with trainings, continuing education conferences, and the development

of a professional learning community. Fortunately, we were recently approved for the state's Q-comp program. This process did not go over well, as teachers were only interested in obtaining additional monies and not willing to do the work needed to garner success. The team leader did a marvelous job in plodding forward and reading scores improved, but without complete buy-in from staff and administrative support to encourage the participation needed, the program came up short. Our goal in FY12 is to encourage 100% participation and work to determine methods in assisting the students in grasping educational concepts, especially in math.

Our relocation in 2009 was necessary and exciting, but exhausting for a small school. It was a challenge to complete all renovation and begin the school year on time, but working together, school staff and families made it happen. As we entered 2010-11, that hard work was behind us, and we had renewed energy to focus on teaching and learning.

Watershed is still technologically limited because of continuing budget constraints. Hardware, not staff skill, is the main limiting factor. We have been fortunate enough to secure numerous computers from a private school to help us increase our capability in working with technology and allow current students to increase their skill in programming and repair.

Special Education non-compliance

In October, 2010, a Corrective Action Plan was initiated at Watershed regarding non compliance issues that occurred in the 2009-2010 school year. Problems of program implementation and due process were discovered and Watershed was given one year to rectify these difficulties. However, during FY11, Watershed's Special Education Department faced serious staffing problems. Between the beginning of the school year and the end of March, 2011, four different teachers were employed to work with the Special Education students. This turnover was both unfortunate and untimely, as the school needed to address the corrective action plan and show they had the capabilities to provide the services necessary. Supervisory oversight was given to Tamara Pulver, the contracted Director of Special Education. Watershed was given until October, 7, 2011 to show that they had brought student files back into compliance and that they were capable of administering services to the special education population in a timely and effective manner in accordance with state and federal law. If this compliance is not approved by October 7, 2011, and signed off on by Watershed's Director of Special Education, Watershed stands to lose significant dollars in state funding allocated to provide Special Education Services to its population.

9. Finances

Watershed entered the 2010-11 school year with financial challenges. Here are the financial highlights from the FY09-10 audit:

- The liabilities of Watershed High School exceeded its assets at the close of FY09-10 by \$267,099 (net liabilities). The unrestricted net liabilities are \$292,101.
- Watershed's total net liabilities increased by \$179,604

- As of the close of FY09-10, Watershed's governmental funds reported a total ending fund deficit of \$110,720, a decrease of \$137,278 in comparison with the prior year balance of \$26,558.
- As a result of the ending fund deficit, Watershed is in Statutory Operating Deficit (SOD).

Financial challenges in 2010-11

During the summer of 2009, Watershed moved from its previous location at 2334 Nicolle Avenue in south Minneapolis to a new site at 4544 Fourth Avenue South, also in south Minneapolis. The school's long-range plan had always been to move to larger facilities and increase enrollment, but the SOD situation of 2006-07 forced a delay. Our previous landlord notified us well in advance that we would have to move, as they had plans of their own to use the space we were renting. Following a lengthy site search, we signed a new lease in June 2009. This lease was not friendly to Watershed and had unattainable expectations regarding ADM. In May of 2011, a new lease was agreed to with the landlord that held Watershed accountable to rent in accordance with its actual ADM.

Also in FY10-11, the state increased the amount of deferred aid payments (holdbacks) from 27% to 30%, exasperating an already tumultuous cash flow crisis given that our reserves had been used for the move. Ultimately, the school turned to Charter School Capital for cash flow assistance.

Watershed entered into agreement to sell receivables to Charter School Capital in January of 2010. During that time period, Watershed sold future receivables in the amount of \$352,279 in the months of February, April and May of FY10. In FY11, receivables in the amount of \$312,237 were sold in October, November, February and April. All of these amounts were paid off on time. Unfortunately, there was a significant cost to using these funds and Watershed continued its spiral of cash flow difficulties and poor fiscal management.

Another challenge was poor estimation of ADM. We entered the year estimating that we would maintain a 95 ADM, when in actuality we averaged only 80 ADM. We received funding based on this number and now are in the position of having to repay the overage we received. In addition, Watershed was holding onto an unrealistic pay schedule for its teachers and paid them piecemeal. We were allocating full-time wages to part-time employees. This caused a significant drain on the finances and led to a 30% reduction in salary for the entire staff and four missed pay periods during the year. Even though the missed checks were eventually paid, this created a significant decline in teacher morale within the building.

The administration also held onto a flawed concept that additional marketing would increase population significant enough to offset the financial difficulties they faced. An ADM of 135 is unrealistic for this school, but efforts were made to attain that goal. The reason for this was that this was the basis of our initial property lease. We spent numerous dollars in advertising and personnel to increase our ADM; however, we were left with limited growth and a bevy of bills to show for the effort. Finally in January 2011, Watershed returned to Statutory Operating Deficit (SOD). A plan was submitted and accepted by the state to allow Watershed the opportunity to bring itself out of SOD.

Our plan to emerge again from SOD will incorporate staff reduction and payroll adjustments, renegotiation of building lease based on ADM and percentage of monies paid by state, continual and honest dialogues with vendors and creditors, elimination of any and all transactions with Charter



School Capitol, and to work to live within our budget. For FY12, all staff will be paid in accordance with the hold-back administered by the state – 70% during the school year and balance paid when holdback is issued.

10. Authorizer

Watershed High School is authorized (sponsored) by Adler Graduate School, based in Richfield, Minnesota. The original charter was in 2002. It was renewed in 2005 and again in 2008.

For 2010-11, Adler Graduate School increased its involvement with and supervision of Watershed. An Adler graduate student in management consulting and organizational leadership – himself supervised by Adler faculty – worked with Watershed staff and board throughout the year. For 2010-11, Adler continued its supervision of Watershed. However, the Adler board decided not to continue its status as a state-approved authorizer past June 30, 2011. Due to the heavier than expected volume and the difficulties in establishing a new system, Watershed was unable to secure a new authorizer for FY12. Watershed had put their hope in working with the Audubon society in continuing through the authorizer process. Unfortunately, Audubon was so overwhelmed with applications, Watershed was not considered for the June 2012 program, but was advised they would come under their umbrella of schools in FY13. After this setback, Adler once again stepped up to assist Watershed in agreeing to work through June 2012 in acting as Watershed’s sponsor.

For more information about Adler Graduate School, go to www.alfredadler.edu.

11. School’s State Report Card

Reports can be found at: <http://education.state.mn.us/ReportCard2005/index.do>

12. Nonprofit Status

Reports can be found at: <http://www.ag.state.mn.us/Charities/CharitySearch.asp>