

2015 SEP 10 PM 2:06

CIVIL DIVISION

Circuit Court for Baltimore City

City or County

CIVIL - NON-DOMESTIC CASE INFORMATION REPORT

DIRECTIONS:

Plaintiff: This Information Report must be completed and attached to the complaint filed with the Clerk of Court unless your case is exempted from the requirement by the Chief Judge of the Court of Appeals pursuant to Rule 2-111(a). A copy must be included for each defendant to be served.

Defendant: You must file an Information Report as required by Rule 2-323(h).

THIS INFORMATION REPORT CANNOT BE ACCEPTED AS AN ANSWER OR RESPONSE.

FORM FILED BY: [X] PLAINTIFF [] DEFENDANT CASE NUMBER (Clerk to insert)
CASE NAME: Southwest Baltimore Charter School, Inc. vs. Baltimore City Board of School Comm'rs
JURY DEMAND: [] Yes [X] No Anticipated length of trial: 1.5 hours or days
RELATED CASE PENDING? [X] Yes [] No If yes, Case #(s), if known:
Special Requirements? [] Interpreter (Please attach Form CC-DC 41) [] ADA accommodation (Please attach Form CC-DC 49)

NATURE OF ACTION (CHECK ONE BOX) DAMAGES/RELIEF
TORTS: Motor Tort, Premises Liability, Assault & Battery, Product Liability, Professional Malpractice, Wrongful Death, Business & Commercial, Libel & Slander, False Arrest/Imprisonment, Nuisance, Toxic Torts, Fraud, Malicious Prosecution, Lead Paint, Asbestos, Other
LABOR: Workers' Comp., Wrongful Discharge, EEO, Other
CONTRACTS: Insurance, Confessed Judgment, Other Charter School Contr
REAL PROPERTY: Judicial Sale, Condemnation, Landlord Tenant, Other
OTHER: Civil Rights, Environmental, ADA, Other
A. TORTS Actual Damages: Under \$7,500, \$7,500 - \$50,000, \$50,000 - \$100,000, Over \$100,000
B. CONTRACTS: Under \$10,000, \$10,000 - \$20,000, Over \$20,000
C. NONMONETARY: Declaratory Judgment, Injunction, Other

ALTERNATIVE DISPUTE RESOLUTION INFORMATION
Is this case appropriate for referral to an ADR process under Md. Rule 17-101? (Check all that apply)
A. Mediation [X] Yes [] No C. Settlement Conference [X] Yes [] No
B. Arbitration [] Yes [X] No D. Neutral Evaluation [X] Yes [] No

TRACK REQUEST
With the exception of Baltimore County and Baltimore City, please fill in the estimated LENGTH OF TRIAL. THIS CASE WILL THEN BE TRACKED ACCORDINGLY.
[] 1/2 day of trial or less [] 3 days of trial time
[] 1 day of trial time [] More than 3 days of trial time
[] 2 days of trial time

PLEASE SEE PAGE TWO OF THIS FORM FOR INSTRUCTIONS PERTAINING TO THE BUSINESS AND TECHNOLOGY CASE MANAGEMENT PROGRAM AND COMPLEX SCIENCE AND/OR MEDICAL CASE MANAGEMENT PROGRAM (ASTAR), AS WELL AS ADDITIONAL INSTRUCTIONS IF YOU ARE FILING YOUR COMPLAINT IN BALTIMORE CITY, PRINCE GEORGE'S COUNTY, OR BALTIMORE COUNTY.
Date September 10, 2015 Signature

BUSINESS AND TECHNOLOGY CASE MANAGEMENT PROGRAM

For all jurisdictions, if Business and Technology track designation under Md. Rule 16-205 is requested, attach a duplicate copy of complaint and check one of the tracks below.

Expedited
Trial within 7 months
of Filing

Standard
Trial within 18 months
of Filing

EMERGENCY RELIEF REQUESTED _____

Signature

Date

**COMPLEX SCIENCE AND/OR MEDICAL CASE
MANAGEMENT PROGRAM (ASTAR)**

*FOR PURPOSES OF POSSIBLE SPECIAL ASSIGNMENT TO AN ASTAR RESOURCE JUDGE under Md. Rule 16-202.
Please check the applicable box below and attach a duplicate copy of your complaint.*

Expedited - Trial within 7 months of Filing

Standard - Trial within 18 months of Filing

IF YOU ARE FILING YOUR COMPLAINT IN BALTIMORE CITY, PRINCE GEORGE'S COUNTY, OR BALTIMORE COUNTY PLEASE FILL OUT THE APPROPRIATE BOX BELOW.

CIRCUIT COURT FOR BALTIMORE CITY (CHECK ONLY ONE)

- Expedited Trial 60 to 120 days from notice. Non-jury matters.
- Standard-Short Trial 210 days.
- Standard Trial 360 days.
- Lead Paint Fill in: Birth Date of youngest plaintiff _____.
- Asbestos Events and deadlines set by individual judge.
- Protracted Cases Complex cases designated by the Administrative Judge.

CIRCUIT COURT FOR PRINCE GEORGE'S COUNTY

To assist the Court in determining the appropriate Track for this case, check one of the boxes below. This information is not an admission and may not be used for any purpose other than Track Assignment.

- Liability is conceded.
- Liability is not conceded, but is not seriously in dispute.
- Liability is seriously in dispute.

CIRCUIT COURT FOR BALTIMORE COUNTY

- | | |
|---|---|
| <input type="checkbox"/> Expedited (Trial Date-90 days) | Attachment Before Judgment, Declaratory Judgment (Simple), Administrative Appeals, District Court Appeals and Jury Trial Prayers, Guardianship, Injunction, Mandamus. |
| <input type="checkbox"/> Standard (Trial Date-240 days) | Condemnation, Confessed Judgments (Vacated), Contract, Employment Related Cases, Fraud and Misrepresentation, International Tort, Motor Tort, Other Personal Injury, Workers' Compensation Cases. |
| <input type="checkbox"/> Extended Standard (Trial Date-345 days) | Asbestos, Lender Liability, Professional Malpractice, Serious Motor Tort or Personal Injury Cases (medical expenses and wage loss of \$100,000, expert and out-of-state witnesses (parties), and trial of five or more days), State Insolvency. |
| <input type="checkbox"/> Complex (Trial Date-450 days) | Class Actions, Designated Toxic Tort, Major Construction Contracts, Major Product Liabilities, Other Complex Cases. |

IN THE CIRCUIT COURT FOR BALTIMORE CITY

SOUTHWEST BALTIMORE CHARTER)
 SCHOOL, INC.,)
 1300 Herkimer Street)
 Baltimore, MD 21223,)
 Plaintiff,)
 v.)
 BALTIMORE CITY BOARD OF SCHOOL)
 COMMISSIONERS,)
 200 E. North Avenue)
 Baltimore, MD 21202,)
 Defendant.)

2015 SEP 10 PM 2:04
 CIVIL DIVISION

CIVIL ACTION NO. _____

COMPLAINT

Plaintiff, Southwest Baltimore Charter School, Inc. (“Charter Operator” or “SBCS”) brings this civil action against Defendant Baltimore City Board of School Commissioners (“School Board”) and states:

NATURE OF THE ACTION

1. Under Maryland’s charter school laws, local public school boards – including the School Board – are required to pass through to charter schools per pupil funding that is commensurate with the amount of funding received by the local public school board. Md. Code Ann., Education Article § 9-109.¹ The Charter School Agreement (Amended) (“Contract”) between Charter Operator and the School Board echoes this legal requirement, obligating the School Board to pass through to Baltimore City’s charter schools (“Charter Schools”) funding

¹ This text was interpreted and applied by the Maryland State Board of Education in an opinion that was affirmed by the Court of Appeals. *City Neighbors Charter Sch. v. Baltimore City Bd. Of Sch. Comm’rs*, MSBE Op. No. 05-17 (2005) at 2 (emphasis added), *aff’d Baltimore City Bd. Of Sch. Comm’rs v. City Neighbors Charter Sch.*, 400 Md. 324, 929 A.2d 113 (2007).

that is commensurate with the Baltimore City Public School System's ("System") funding level. The Contract further requires the System to share budgetary and financial information supporting calculations of the per pupil funding figure. Unfortunately, the School Board has failed to live up to its obligations for full funding and for transparency, necessitating the filing of this action.

2. The School Board's failures undermine the ability of Charter Operator to provide approved educational programs to its students at Southwest Baltimore Charter School ("School"). Less funding is available to support the education of a student in the School than would be available to the System if the same student were in a non-charter System school. Public funds to support those students' educations are instead directed to other System activities.

3. The System's actions also undermine public trust in the System as a whole due to the School Board's lack of openness and transparency in the funding process. The Contract includes important requirements for the System staff to provide openness and transparency in the handling and allocating of these public funds. For example, the School Board is required to share System budgeting and funding information with Charter Operator and to make reasonable efforts to provide School Operator information on methodology and assumptions behind the calculations. These are basic requirements that serve as simple checks and balances to give assurance to the Charter Schools, and the public at large, that the School Board is efficiently and appropriately managing public funds. The School Board's staff has not provided the required information. And, public statements by the School Board's staff have created additional confusion around the actual funding and financial circumstances of the System.

4. Charter Operator, therefore, brings this action to ensure the educations of the students of Southwest Baltimore Charter School are funded in accordance with Maryland law and the Contract, at a level commensurate with that of students across the System at large, so that

funding follows the student, and further to promote the transparent and efficient use of public dollars supporting the education of children in all public schools in Baltimore City.

THE PARTIES

5. Plaintiff, Charter Operator, is a not-for-profit corporation incorporated in Maryland, holding federal 501(c)(3) status. It has operated Southwest Baltimore Charter School since 2005. Southwest Baltimore Charter School has consistently provided a robust educational experience for students, and has been recognized as a high quality school. In addition to earning the highest School Effectiveness Review (SER) rating of all schools in Baltimore City as of school-year 2015, the School earned one of the highest scores in the district on the Chicago 5Essentials survey, a predictor of student achievement. The school maintains a wait list, and has been fully enrolled for the last ten years. The School also received the following Honors, among many others over the last decade:

- **2014 Ruppert Landscape Community Service Designee**
In September, SBCS was designated to receive the 2014 Ruppert Landscape Co. Community Service Award. Our school received over \$32,000 in landscaping materials and services as part of the company's philanthropy program. Along with the complete realization of a landscape design created by SBCS students and faculty for the Baltimore Green Healthy Schools program, our students enjoyed a workshop on plant choices and maintenance and an afternoon in Carroll Park at the annual Ruppert Landscape National Field Day.
- **2014 Maryland Young Audiences Visionary Arts School Award**
The Visionary Arts Award is presented each year to a public or private school for their leadership role in building a strong future for Maryland's students, where each child has the opportunity to imagine, create and realize their full potential through the arts.
- **2014 College Board Innovation in the Arts Award (Black Ink Café)**
The College Board Awards are national honors awarded to middle and high schools who show the greatest innovation in arts integration programs. The Black Ink Café was a poetry slam created by 6th – 8th graders who wrote original poetry based on the work of great American writers of the Harlem Renaissance and the Civil Rights Movement.
- **2013-2015 Maryland State Science Olympiads**
For the past three years, SBCS middle grades students have competed for top honors at the Regional and State Science Olympiads where young people show off their knowledge of science, math, robotics, physics, and chemistry. SBCS received third place overall during the 2013 and 2014 Regionals where individual students won 1st, 2nd, or 3rd place several events. In 2013, Science Teacher Susannah Maynard received the Outstanding Coach Award for our

region. In 2015, one of our student groups placed first in the state in the Robotics competition.

- **2013 Parks and People Outstanding School Garden Award**
The Outstanding School Garden Award is presented to the Baltimore City Public School that shows the most talent and creativity in working with students to create healthy environment in and around their school.
- **2012 Center Stage Young Playwrights Festival Honors (2)**
The Young Playwrights Festival is a statewide competition for students from Kindergarten through High School. Students create original plays based on a national theme or topic and submit them for juried critiques. The top ten plays are produced using professional actors, designers, and directors. In 2012, two SBCS fifth graders received top honors for their plays from among over 500 entries.
- **2012 Harry and Jeanette Weinberg Foundation Employee's Choice Award**
The Weinberg Foundation Employee's Choice Award is an annual grant made to non-profit organizations whose missions and actions offer far reaching and lasting benefit to their communities. Employees of the Foundation make the awards based on their work with the honored non-profits.
- **2011 Weinberg Library Project**
SBCS was among the first four schools to receive a new library through the Weinberg Library Project. The project's goal is to create small, beautiful, state-of-the-art libraries in neighborhood schools throughout Baltimore.
- **2015 CURE Partner**
SBCS was chosen by University of Maryland to be a school partner in an NIH-funded grant that seeks to increase the number of students of color who find careers in STEM-related jobs.
- **2015 Middle Grades Partnership**
SBCS was selected among many applicants to partner with the private schools Gilman and Bryn Mawr to create mutually beneficial experiences for students from all three schools.

6. Defendant, the School Board, is a body politic and corporate established by Md.

Code Ann., Education Art. § 3-103, 3-104, which “[m]ay sue and be sued.”

BACKGROUND

Charter Schools

7. The Maryland Charter School Program was established by the Maryland General Assembly in 2003, through its adoption of Title 9 of the Education Article. “The general purpose of the Program is to establish an alternative means within the existing public school system in order to provide innovative learning opportunities and creative educational approaches to improve the education of students.” Md. Code Ann., Education Art. § 9-101(b).

8. The Court of Appeals has provided the following overview of charter schools:

Charter schools are in the nature of semi-autonomous public schools that operate under a contract with a State or local school board. The contract, or charter, defines how the school will be structured, staffed, managed, and funded, what programs will be offered, and how the school will operate and account for its activities. ...

The principal objective of those who desired to create such schools—parents, educators, community groups, private entities—was to develop and implement innovative and more effective educational programs, and, to do that, they needed and demanded freedom from some of the structural, operational, fiscal, and pedagogical controls that governed the traditional public school system.

Balt. City Bd. Of Sch. Comm'rs v. City Neighbors Charter Sch., 400 Md. 324, 929 A.2d 113 (2007).

9. The first charter schools in Baltimore City began operation in the 2005-06 school year. For the 2015-16 school year, there will be 34 charter schools operating in Baltimore City, with a combined enrollment of approximately 13,724 students, or more than 15% of Baltimore City's public school enrollment. Baltimore City's kindergarten through 12th grade official enrollment for 2014-15 was 80,166 students, along with 4,810 pre-kindergarten students.

The Contract

10. Charter Operator and the School Board entered into a Contract on July 1, 2015. The form and text of the Contract was provided by the School Board and was not the subject of negotiation between Charter Operator and the School Board. The Contract is largely unchanged from a form contract developed by the School Board in 2013, which had incorporated only limited input from charter school operators.

11. As to the funding of the School, the Contract provides as follows. (For convenience, the paragraph from the Contract has been annotated to provide the definitions for the defined terms contained in the paragraph.)

6.1. OPERATING FUNDS. The parties agree that Title 9² requires funding of the charter school that is commensurate with the amount disbursed to other public schools in the local jurisdiction, and that Commensurate Funding³ is integral to this contractual relationship and essential to the School Operator's⁴ ability to operate the School⁵ hereunder and that all funds provided by the School Board⁶ to the school are to be used solely for the benefit of the school and its students. Accordingly, during each school year during the Term,⁷ the School Board shall allocate Commensurate Funding to the School Operator for the following school year pursuant to Applicable Requirements.⁸ Any financial commitment on the part of the School System contained in this Agreement is subject to the annual appropriation by the School Board. The School Board's staff shall deliver to the School Operator a draft of the funding formula including the amount of the estimated per pupil allocation for the applicable school year (determined in accordance with the School Board's "approved funding formula" and Applicable Requirements) and will make a good faith effort to deliver these materials in no less than two weeks prior to the budget (distinct from the Budget of the School Operator covered in Section 6.2) submission deadline for the School, such deadline to be consistent with the deadline for all School System schools. The draft document will include: (i) the School System's budget and line item amounts necessary to calculate the per pupil allocation, and (ii) copies of any

² "Title 9" is defined as "the Public Charter School Act of 2003, Title 9 of the Education Article of the Maryland Annotated Code ('Maryland Public Charter School Program'), and any regulations promulgated hereunder (as now and hereafter in effect, and as may be amended or modified" Contract at 1.

³ "Commensurate Funding" is defined as "a per pupil funding level consistent with and generally equivalent to the average level of resources provided to similar students across the School System." Contract at 2, ¶ 1.1.

⁴ "School Operator" is defined as "Southwest Baltimore Charter School, Inc." Contract at 1.

⁵ "School" is defined as "Southwest Baltimore Charter." Contract at 1.

⁶ "School Board" is defined as "the Baltimore City Board of School Commissioners." Contract at 1.

⁷ "Term" is defined as "a period of three (3) fiscal years (as it may be extended by the School Board pursuant to Section 2.3, The 'Term'), beginning July 1, 2015, subject to earlier Revocation pursuant to Article XI hereof. Unless renewed or extended pursuant to Section 2.3 hereof, this Agreement shall terminate at 1:59 on June 30, 2018." Contract at 9, ¶ 2.2.

⁸ "Applicable Requirements" is defined as "Title 9, federal laws and regulations, all other state laws and regulations, all School Board Policies, rules and regulations, all School System guidance and requirements, all court orders, consent decrees, requirements relating to corrective action taken by the MSBE, and MSDE requirements." Contract at 2, ¶ 1.1.

materials or documentation related thereto that is delivered to the School Board for public presentation. Additionally, the School Board agrees to make reasonable efforts to provide to the School Operator background information on the methodology and assumptions behind the calculations as soon as such materials are available

12. The Maryland State Board of Education has explained that “commensurate funding” to be provided to charter schools is

federal, State, and local funding in an amount proportionate to the amount of funds expended for elementary, middle, and secondary level students in the other public schools in the same system. This includes funding for services for which students in the public charter schools are eligible such as free and reduced price meals, pre-kindergarten, special education, English-language learners, Perkins, Title I, and transportation.

Further, “[b]ecause there are certain support functions including data collection and reporting [and other responsibilities] . . . that may only be performed by the central office of a local school system, the total average per pupil amount shall be adjusted by a 2% reduction as a reasonable cost to the charter school for these required central office functions.” Following the 2% reduction, “[t]he total adjusted average per pupil amount is then multiplied by the student enrollment of the charter school to determine the total funding amount for the charter school.” The Maryland State Board of Education provided with its ruling a template to be used in determining the commensurate funding level.

13. The Charter Schools have understood that System staff disagree with the Maryland State Board of Education and Court of Appeals decisions. In particular, System staff have sought to extend their practices of centralized System management to the System’s relationship with and funding of charter schools, in direct contravention of the Public Charter School Law. The System staff’s preferred method is to retain a substantial portion of Baltimore City-wide educational funding at System central management, rather than devoting it to school-based activities.

14. The Charter Schools, including as represented by the Coalition of Baltimore Public Charter Schools (“Charter School Coalition”), have, year after year, sought productive dialogue with the School Board and System to address System staff’s concerns. The Charter Schools have sought progress regarding the calculation of the per pupil and more generally promoting school-based funding across all System schools. This would mean more teachers in more classrooms for all of Baltimore City’s public school students.

15. The System has, however, had frequent setbacks in its participation in such discussions, including through turnover in System staff. The last year has been even more discouraging. System staff have not engaged in good faith discussions.

16. Meanwhile, the School Board and System have never provided “commensurate funding.” Instead, they have, from year to year, arbitrarily presented charter school operators with take-it-or-leave-it charter school per pupil figures derived using varying (or no) calculation methodology, inflated estimates of overall System enrollment, and unsupported and dubious financial and budget figures. They have failed to apply the per pupil calculation methodology put forth by the Maryland State Board of Education and affirmed by the Court of Appeals.

The Funding Dispute – Fiscal Year 2015 (2014-15 School Year)

17. During the term of the Contract, the School Board and System have never faithfully applied the Maryland State Board of Education methodology. Moreover, from year to year, they have unilaterally changed their methodology in developing the amount to be disbursed to charter schools.

18. In 2014, Baltimore City’s charter schools, represented by the Charter School Coalition, formally communicated to the System their standing concerns with the funding methodology used by the School Board and System. A March 19, 2014 letter from the Charter

School Coalition to Ms. Tisha Edwards, the then-Interim Chief Executive Officer of the System, stated

Over the last two years Coalition leadership has queried [the System] repeatedly about the funding formula and the resulting charter per pupil and has expressed disagreement with the methodology [the System] uses to determine the per pupil funding. In spite of our many attempts to work together, many questions remain unanswered by BCPS, and the disagreement remains. The Coalition membership generally, and the individual operators specifically, dispute the validity of the methodology [the System] uses to calculate the funding formula and have unresolved concerns with how the underlying figures are derived.

19. Following a subsequent March 27, 2014 meeting, the Charter School Coalition again wrote to Ms. Edwards, this time to propose a specific process – a “City Schools/Charter Sustainability Workgroup” – to be used to reach agreement as to 2015-16 implementation of charter school funding. This workgroup was proposed to consist of an equal number of System staff and Charter School Coalition members. The Charter School Coalition further proposed that if agreement could not ultimately be reached via the joint workgroup, the System and Charter School Coalition would “then make a good faith effort to engage in mediation of the disagreement in pursuit of an agreed-upon resolution,” including joint retention of a professional mediator.

20. The System did not accept the Charter School Coalition proposal, and instead unilaterally implemented a different, largely undefined, “workgroup” approach. Moreover, the System did not agree to any form of mediation.

21. In the absence of timely progress toward agreement on funding methodology, the Charter School Coalition asked, on behalf of its members, that the System provide Fiscal Year 2015 funding equivalent to the Fiscal Year 2014 figure while the parties continued to work toward a long-term solution. This figure was calculated by the System to be \$9,450.

22. In January 2015, the System informed the charter schools that it would change the Fiscal Year 2015 per pupil to \$9,556. The difference reflected that, even in the System's own calculation (the details of which have still never been disclosed): (a) the System had previously erroneously double-deducted teacher pension costs from the per pupil; and (b) the System had previously over-projected the total System enrollment.

Fiscal Year 2016 Funding

23. On March 7, 2015, Donald Kennedy, the System's Chief Financial Officer, provided charter school operators a purported "calculation of the charter per pupil for budget purposes for FY 16." The document identified, without explanation, the Fiscal Year 2016 per pupil as \$9,003. It further stated a "Revised Per Pupil" of \$9,387, which the document stated represented the Fiscal Year 2015 per pupil, "less 1.77%." The budget figures in the document reflected an expectation that the State of Maryland's budget would cut State funding to the System by approximately \$35 million.

24. On May 4, 2015, the School Board adopted a System operating budget that reflected the restoration of over \$27 million in State funding and increases of \$3 million in City funding and \$3 million from "other revenue sources" as compared to the earlier projections.

25. The School Board's Adopted Fiscal Year 2016 Budget, however, without explanation, kept the charter school per pupil at the previously-stated \$9,387. This represented a 1.77% decrease in the charter school per pupil, even though the System's budgeted General Fund revenue fell by only 0.5% and remained higher than actual General Fund revenue in Fiscal Year 2014 or previous years. The School Board's adopted budget held school-based funding at non-charter schools flat at the Fiscal Year 2015 level.

26. On May 6, 2015, the Charter School Coalition sent a letter to Dr. Gregory Thornton, the System's CEO ("May 6th Letter"), identifying that (a) the System had not provided budget and financial information it was required by the Contract to provide to charter operators, and (b) the budget allocation to charter schools appeared "substantially lower" than that required by the Contract. As to the System's lack of transparency, the Charter School Coalition's May 6th Letter specifically identified three categories of information required by Contract to be provided that the System had not provided. These were: (a) the System's budget and line item amounts necessary to calculate the per pupil allocation; (b) copies of any materials or documentation related thereto that are delivered to the School Board for public presentation; and (c) background information on the methodology and assumptions behind the calculations.

27. The Charter School Coalition additionally requested an increase in what the System deems "school-based funding" for the System's non-charter schools, in an amount at least sufficient to reflect the restoration of State funding.

28. On May 14, 2015, Dr. Thornton wrote to the Charter School Coalition, indicating that the System's "workgroup" would be reconvened on May 26th and that he had also "convened an Ad Hoc Committee made up of members of the [School Board] and [System] staff to review the current charter funding formula and provide input on possible alternative mechanisms for funding charters." Dr. Thornton did not respond to the Charter School Coalition's May 6th Letter. No budget or financial information was provided.

29. On June 5, 2015, Dr. Thornton wrote to the Charter School Coalition again. This letter stated that the Governor's January proposed budget would have reduced State funding of the System by \$34 million and "result in a per pupil of \$9,003." And, it claimed that the Fiscal Year 2016 budget "includes an additional \$384 per pupil above the amount prescribed by the

District charter formula, resulting in a per pupil of \$9,387.” Dr. Thornton’s letter made no reference to the restored State funding of the System or the other differences in the School Board’s actual budget. Nor did it provide any of the budget or financial information required by the Contract and sought in the Charter School Coalition’s May 6th Letter.

30. On June 19th, System staff met with charter school operators regarding Fiscal Year 2016 funding. System staff presented two one-page documents.

31. The first System document contained a calculation purporting to justify a per pupil of \$9,003. The document, however, was explicitly based on the reduced level of State funding, *not the System’s actual, restored revenue level*. Moreover, it included other significant differences from the School Board’s actual adopted budget that tended to reduce the result of the purported per pupil calculation. It did not contain any explanation for the methodology used.

32. The second System document again relied on outdated numbers reflecting reduced revenue, *not the System’s actual, restored revenue level*. It showed that if the State funding of the system had dropped, that *would have* reduced “[t]otal [s]upport to traditional [s]chools” by 1.77%. The document then showed that if the Fiscal Year 2015 per pupil were reduced by 1.77%, that would have yielded a per pupil of \$9,387. The document contained no acknowledgement that State funding of the System had, in fact, been restored.

33. The Charter School Coalition followed up on the June 19th System presentation with a letter that informed the System that the Charter School Coalition continued to believe the System’s stated per pupil to be incorrect and without any valid basis. The letter also reiterated that the System is in violation of the budget and financial transparency provisions of its contracts with charter school operators.

34. The \$9,387 per pupil represents a decrease below Fiscal Year 2014 and 2015 per pupil funding levels, even though the Fiscal Year 2016 budget is for revenue between the System revenue numbers for Fiscal Year 2014 and 2015, whether considered on an overall System revenue or a General Fund revenue basis.

35. Furthermore, the \$9,387 per pupil represents a decrease against the Fiscal Year 2011 level of funding, even though System General Fund revenue has increased by more than 10% while enrollment increased by less than 2% over the same time period.

36. The System's total budgeted allocation to all charter schools for Fiscal Year 2016 is \$125,200,000. This represents 9.3% of the total System budget (and 10.4% of System General Fund revenue), even though charter school students are more than 15% of the total enrollment.

37. Neither the System nor the School Board have provided any charter school per pupil calculation relying on the School Board's actual, adopted Fiscal Year 2016 Budget.

38. Neither the System nor the School Board have produced any charter school per pupil calculation applying the "commensurate funding" methodology outlined by the Maryland State Board of Education and affirmed by the Court of Appeals.

39. Neither the System nor the School Board have expressed any disagreement with the model per pupil calculation methodology outlined by the Charter School Coalition or engaged in any substantive discussion on the subject.

40. Neither the System nor the School Board have shared with charter school operators: (a) the System's budget and line item amounts necessary to calculate the per pupil allocation; (b) copies of any materials or documentation related thereto that are delivered to the School Board for public presentation; and (c) background information on the methodology and assumptions behind the calculations.

COUNT I – BREACH OF CONTRACT

41. Plaintiff incorporates by reference the allegations contained in paragraphs 1-40.

42. Defendant is contractually obligated to provide Plaintiff “commensurate funding” under the Contract, but has failed to do so.

43. Defendant is contractually obligated to provide Plaintiff certain budget and financial information under the Contract, but has failed to do so.

44. Plaintiff has sustained damages and will continue to sustain damages as a result of Defendant’s breach of contract.

WHEREFORE, Plaintiff asks the Court to enter monetary judgment against Defendant in an amount as Plaintiff may hereafter prove, plus costs, pre-judgment and post-judgment interest and such other and further relief to which it may be entitled. Plaintiff states, pursuant to Rule 2-305, that the judgment sought exceeds \$75,000.

Dated: September 10, 2015

Respectfully submitted,



F. William DuBois
Christopher S. Gunderson
VENABLE LLP
750 E. Pratt Street
Suite 900
Baltimore, MD 21202
(410) 244-7400
wdubois@venable.com
csgunderson@venable.com

*Counsel for Plaintiff Southwest Baltimore
Charter School, Inc.*