

**POCONO MOUNTAIN SCHOOL DISTRICT
BOARD OF SCHOOL DIRECTORS**

**In Re: Revocation of the Charter for the
Pocono Mountain Charter School**

ADJUDICATION

Pursuant to the Charter School Law, 24 P.S. § 17-1729-A , and the Local Agency Law, 2 Pa. C.S. §§ 551-555, the Pocono Mountain School District Board of School Directors hereby revokes the charter of the Pocono Mountain Charter School on the following basis, supported by the accompanying findings of fact and conclusions of law:

1. Violation of 24 P.S. § 17-1715-A(4). The charter school has a strong entanglement with Shawnee Tabernacle Church, by expending substantial charter school funds – which are taxpayer dollars – for the benefit of the Shawnee Tabernacle Church and the Church’s pastor.

2. Violation of 24 P.S. § 17-1715-A(5). The charter school intentionally exposes its students to religious objects and symbols during the school day.

3. Violations of 24 P.S. § 17-1714-A(4) and § 17-1729-A(a)(3). The charter school disbursed funds for non-charter school purposes and otherwise failed to meet generally accepted standards of fiscal management as evidenced by its direct expenditure of charter school funds – which are taxpayer dollars – for the installation of lettering and signage to publicize and promote Shawnee Tabernacle Church and its disbursement of funds for non-charter school purposes.

I. FINDINGS OF FACT

A. Background Information

1. The Pocono Mountain School District (the “School District”) is a public school district serving Mount Pocono Borough and Barrett, Coolbaugh, Jackson, Paradise, Pocono, Tobyhanna and Tunkhannock Townships within Monroe County, Pennsylvania.
2. The Pocono Mountain Charter School (“PMCS”) is a public charter school operating at 16 Carriage Square, Tobyhanna, PA 18466. (School District Exhibits 1, 2, 3; Joint Exhibit 16).
3. On February 19, 2003, the School District’s Board of School Directors (the “School Board”) granted PMCS a three (3) year charter commencing September 1, 2003 and ending June 30, 2006. (Charter School Exhibit 3; Transcript at 505, 737).
4. On June 6, 2006, the School Board voted to renew the PMCS’s charter for another five (5) year term ending June 30, 2011. PMCS’s renewed charter contained sixty-two (62)

conditions, and was subsequently executed by the governing boards of both parties. (Joint Exhibit 5).

5. During the spring and summer of 2007, the School District and PMCS exchanged several letters regarding the School District's concerns whether PMCS was complying with terms of its renewed charter and the Charter School Law. (School District Exhibits 14, 15, 23; Transcript at 284-285).
6. On May 21, 2008, the School Board adopted a Resolution seeking to revoke the charter of PMCS. (Joint Exhibit 1).
7. The School Board's Resolution delineated twenty-seven (27) reasons in support of the revocation of PMCS's charter, which included but were not limited to the following:
 - a. PMCS operating its business and educational programs in such a manner as to constitute an unconstitutional entanglement with Shawnee Tabernacle Church, *id.* at ¶ 1;
 - b. PMCS paying an excessive salary and benefits to its Chief Executive Officer ("CEO"), *id.* at ¶ 5;
 - c. PMCS's CEO, or private institutions controlled by PMCS's CEO, deriving improper financial benefits from PMCS, *id.* at ¶ 8;
 - d. PMCS paying excessive rentals and fees for its school facilities for the direct benefit of the Shawnee Tabernacle Church, *id.* at ¶ 9;
 - e. PMCS and Shawnee Tabernacle Church entering into a lease for school facilities, which was not an arm's length transaction, and unfairly benefited the landlord, *id.* at ¶ 10;
 - f. PMCS operating as an alter ego of its landlord, the Shawnee Tabernacle Church, *id.* at ¶ 14; and
 - g. PMCS failing to obtain competitive bids for products and services where such bids are required by Pennsylvania law, *id.* at ¶ 26.
8. On June 10, 2009, the School Board commenced the public hearing regarding the proposed revocation of PMCS's charter.
9. Before the first hearing session was held, PMCS filed a civil action in the Monroe County Court of Common Pleas to enjoin the School Board revocation proceedings. The Common Pleas Court denied the injunction request, and the Pennsylvania Commonwealth Court denied PMCS's appeal of the county court's order. (Joint Exhibits 8 and 9; Transcript at 19-21).

10. After the first revocation hearing session, the School Board held fifteen (15) additional public hearing sessions on the following dates regarding the proposed charter revocation: September 15, 2009; November 23 and 24, 2009; December 8, 2009, February 1, 2, 8 and 9, 2010; March 18, 19 and 29, 2010 and June 1, 3, 4 and 10, 2010.
11. The dates, times and location of all of the public hearing sessions were duly advertised in the *Pocono Record* (Joint Exhibits 4, 10, 28, 34, 35, and 36).
12. Pursuant to the agreement reached by the parties' attorneys, after the conclusion of the hearing sessions, the public had thirty (30) days to submit written comments directly to the hearing officer regarding the proposed charter revocation to comply with Section 17-1729-A(c) of the Charter School Law. (Transcript at 2009-2010).
13. After the completion of the public hearing sessions, parties' counsel both submitted proposed findings of fact and conclusions of law. (Transcript at 2010, 2012).

B. Key Personnel Operating Both PMCS and Shawnee Tabernacle Church

14. Shawnee Tabernacle Church is a non-denominational Christian Church founded by Pastor Dennis Bloom and his wife, Reverend Grisel Bloom. (School District Exhibit 15 at Exhibits 7A and & 7D; Transcript at 333-335, 574-575)
15. Pastor Bloom has simultaneously served as Shawnee Tabernacle Church's Senior Pastor and PMCS's Chief Executive Officer ("CEO") since the opening of the charter school. (School District Exhibit 15 at Exhibit 7A; School District Exhibit 17; Transcript at 271, 334, 505).
16. Pastor Bloom's wife, the Reverend Grisel Bloom, simultaneously served as Shawnee Tabernacle Church's First Lady and PMCS's Assistant CEO from the opening of the charter school until 2008. (School District Exhibit 15 at Exhibit 7D; School District Exhibits 16, 28 and 41; Transcript at 334, 523, 528).
17. Pastor Bloom has received an annual salary as PMCS's CEO of \$107,993 during the 2006-2007 fiscal year and \$120,000 during both the 2007-2008 and 2008-2009 fiscal years. (Transcript at 339, 389, 390; School District Exhibit 24 at p. 32; School District Exhibit 25 at p. 31).
18. Pastor Bloom's wife received an annual salary as PMCS's assistant CEO of \$67,308 during the 2006-2007 fiscal year and \$76,000 during the 2007-2008 fiscal year. (Transcript at 389, 390, 529; School District Exhibit 24 at p. 32; School District Exhibit 25 at p. 31).
19. Pastor and Mrs. Bloom received these annual salaries while the average PMCS teacher was paid approximately \$20,000 each school year. (Transcript at 419).
20. Pastor and Mrs. Bloom also each received additional "bonus" payments from PMCS of \$15,200 and \$8,079 respectively in 2008, which Pastor Bloom testified were for accrued paid leave days. (Transcript at 420, 422; School District Exhibits 34 and 35).

21. Pastor Bloom's son and daughter both worked at PMCS. (Transcript at 410-411, 501-502, 1680, 1688-1690; School District Exhibit 47). On June 20, 2007, Pastor Bloom's daughter was paid a \$1,500 bonus, along with other summertime workers, on the recommendation of PMCS's principal and subject to the approval of Pastor Bloom. (Transcript at 582-583, 1575-1576, 1594, 1613; Charter School Exhibit 22).
22. Pastor Bloom testified that he received no salary or reimbursement for a car lease from Shawnee Tabernacle Church for his service as Senior Pastor. (Transcript at 567, 578-579). However, a 2004 draft audit report of PMCS uncovered "on approximately five occasions, the PMCS paid Reverend Bloom's car lease payments; the payments were for approximately \$700 for each payment." These car lease payments should have been paid by Shawnee Tabernacle Church. (Charter School Exhibit 4 at pp.5-6; Transcript at 1637-1638).
23. The 2004 draft audit report of PMCS also stated, "it is important to note that Reverend Bloom is a central figure [in the charter school] that has influence and control over the operations and could easily circumvent internal controls that have been put in place. This is evidenced through the approvals of car payments that are now being paid through Shawnee Tabernacle Church." (Charter School Exhibit 4 at p. 6; Transcript at 1648).
24. Pastor Bloom's exercise of dual control over both PMCS and Shawnee Tabernacle Church has been facilitated by a significant amount of turnover among members of the PMCS Board of Trustees. (Transcript at 559-560).
25. Throughout Pastor Bloom's tenure as the charter school CEO, he has exercised significant influence and control over the operations of both PMCS and Shawnee Tabernacle Church, and has overseen various PMCS expenditures that substantially benefited Shawnee Tabernacle Church. With regard to such expenditures, Pastor Bloom has negotiated or executed legal documents on behalf of both the church and the charter school, and signed checks from both church and charter school accounts. (Charter School Exhibit 5 at p. 29; School District Exhibits 12, 13, 18, 26, 53; Transcript at 273-275, 279-280, 574).

C. Lease Agreements between PMCS and Shawnee Tabernacle Church

26. PMCS and Shawnee Tabernacle Church share space in the same building at 16 Carriage Drive, Tobyhanna, PA 18466. (Transcript at 317, 1229-1230).
27. PMCS has leased space for school facilities from Shawnee Tabernacle Church since 2003. (See, Findings of Fact ¶¶ 28, 31, 35).
28. After renewal of PMCS's charter in 2006, PMCS entered into a series of lease agreements with Shawnee Tabernacle Church, pursuant to which the charter school paid (in addition to its rent) the cost to construct various improvements on the property that benefit the Church, which resulted in PMCS paying the Church substantially in excess of fair market rent. (See, Findings of Fact ¶¶ 31-81).

1. Original 2003 Lease

29. On June 5, 2003, Pastor Bloom signed the original lease between PMCS and Shawnee Tabernacle Church. Pastor Bloom signed the lease in his capacity as the President of Shawnee Tabernacle Church, even though he was serving as the charter school CEO at that time. (Charter School Exhibit 5 at p. 29; Transcript at 1637-1638).
30. During the 2005-2006 fiscal year, PMCS paid \$410,000 to Shawnee Tabernacle Church for rent. (Charter School Exhibit 40 at p. 20).

2. Second Amendment

31. On July 26, 2006, PMCS and Shawnee Tabernacle Church executed a document entitled "Second Amendment to Lease Agreement," whereby PMCS agreed to pay \$18,756.56 per month in Expansion Premises Base Rent. (School District Exhibit 2 at p. 2).
32. Under the Amended Lease, PMCS paid Shawnee Tabernacle Church \$18,756.56 each month for a building that was being constructed by the church and otherwise not usable. (School District Exhibit 2; Transcript at 315).
33. Shawnee Tabernacle Church took out a \$3.9 million mortgage for the building expansion. (Transcript at 514, 548).
34. During the 2006-2007 fiscal year, PMCS paid \$443,477 to Shawnee Tabernacle Church for rent. (School District Exhibit 24 at p. 20; Charter School Exhibit 40 at p. 40).
35. On February 7, 2007, PMCS and Shawnee Tabernacle Church executed a document entitled "Ground Lease" to lease church-owned property for a parking lot. (School District Exhibit 3 at p. 3).

3. 2007 Master Lease

36. On July 7, 2007, PMCS and Shawnee Tabernacle Church executed a "Master Lease to Lease Agreements" (hereinafter "Master Lease"), which replaced all prior leases between the parties. Pursuant to the Master Lease, PMCS leased from the Church the following two buildings and a parcel of land: (a) Premises A, designated as an existing 30,000 square foot building; (b) Premises B, designated as a proposed 35,000 square foot building and (c) Premises C, designated as athletic fields. (School District Exhibit 1 at p. 2).
37. Under the 2007 Master Lease, PMCS agreed as initial annual rent to pay Shawnee Tabernacle Church the following for each of the premises:
- a. Premises A – an existing 30,000 square foot building - \$396,000 in annual rent;
 - b. Premises B – a newly-constructed 35,000 square foot building - \$497,000 in annual rent upon substantial completion of the newly-constructed building;

c. Premises C – athletic fields - \$36,000 in annual rent;

(School District Exhibit 1 at p. 3; Transcript at 351; Charter School Exhibit 12 at p. 11).

38. The 2007 Master Lease called for a percentage increase in the annual amount paid to rent each of the premises that equals either the Consumer Price Index or five (5) percent, whichever is less. (School District Exhibit 1 at pp. 3-4)
39. During the 2007-2008 fiscal year, PMCS paid \$849,175 to Shawnee Tabernacle Church for rent. (School District Exhibit 25 at p. 20).
40. After the final completion of the newest building (Premises B), PMCS paid \$920,000 annually to Shawnee Tabernacle Church for rent on the combined premises. (Transcript at 351).
41. Under the 2007 Master Lease, PMCS was given use of the leased premises only between 7:00 a.m. and 5:00 p.m., Monday through Friday, and only on school days – not during evenings, weekends, school vacation days or the summer break. (School District Exhibit 1 at pp. 4-5; Transcript 363-364).
42. Under the 2007 Master Lease, PMCS agreed to pay the gas, water, electric and sewer utilities of the leased premises, with Shawnee Tabernacle Church reimbursing PMCS for ten percent (10%) of the total utility cost. (School District Exhibit 1 at p. 10; Transcript at 317). PMCS only bills the church once or twice a year for utilities. (Transcript at 319-320, 321, 573).
43. PMCS's own real estate appraiser testified that the 2007 Master Lease between PMCS and Shawnee Tabernacle Church cannot be considered an "arms length transaction," because it is an agreement between two related parties. (Charter School Exhibit 12 at p. 9; Transcript at 1233-1234, 1236, 1242).
44. PMCS's real estate appraiser concluded that as of the effective date of his appraisal, September 25, 2008, the fair market "net lease value" of PMCS's combined leased premises is \$14.50 a square foot. The appraiser's opinion of value is very close to the actual lease terms of \$14.29 per square foot net, which was the initial rental payment prior to imposition of the annual increase in rent described above. (Charter School Exhibit 12 at pp. 40 and 54; Transcript at 1222).
45. However, very importantly, PMCS's appraiser testified that in reaching his opinion of net lease value as of September 25, 2008, he took into account only the improvements at the property in their condition at that time. (Transcript at 1237, 1241, 1285).
46. PMCS's appraiser admitted he failed to take into account the following:

- a. That to create the facilities he valued as of September 25, 2008, PMCS had paid approximately \$900,000 to construct various improvements since renewal of its charter in 2006, (Transcript at 1236, 1238, 1285);
 - b. That PMCS had (under the Second Amendment to the lease described above) paid \$18,756.56 per month in rent for Premises B prior to its completion, (Transcript at 1240, 1285); and
 - c. That PMCS did not have full leased rights to the premises because it was prohibited access during evenings, weekends, school vacations and summer break, (Transcript at 1238, 1239-1240, 1285).
47. Because of these very important omissions in the analysis by PMCS's appraiser, even if one accepts the appraiser's testimony that \$14.50 per square foot is fair market value of a net lease for the combined premises in their condition as of September 25, 2008, it is abundantly clear that the *total amount* PMCS has paid to Shawnee Tabernacle Church for the leased premises – rental payments *plus* the cost of improvements incurred by PMCS – is greatly in excess of fair market value for the benefit received by PMCS, which provides an undue benefit to a religious institution and is an inappropriate use of taxpayer funds.

D. Charter School Payments for Improvements to Church Property

48. As part of entering into a 2007 Master Lease substantially benefitting Shawnee Tabernacle Church, PMCS spent over \$900,000 in public funds to make interior and exterior improvements to church-owned property, without receiving any abatement or credit from rent it paid pursuant to its lease. (See, Findings of Fact ¶¶ 50-87; School District Exhibit 25 at pp. 7, 9, 19).
49. In addition to paying for improvements to church-owned property without receiving any rent abatement or credit, several such expenditures of public funds by PMCS actively promote Shawnee Tabernacle Church, by placing the church's name on its gymnasium floor, the exterior of its school building, and an electronic message board located at the driveway for the charter school and church. (See, Findings of Fact ¶¶ 51-55, 60-72).
50. The School Board finds these PMCS types of expenditures directly benefited Shawnee Tabernacle Church, and demonstrate an inappropriate entanglement of charter school and church operations. Moreover, PMCS's direct expenditures to place the name of Shawnee Tabernacle Church on fixtures purchased by the charter school constitute a failure to meet generally accepted standards of fiscal management.

1. Gymnasium Floor

51. On July 31, 2007, PMCS received a written proposal from Miller Flooring Company, Inc. to install a gymnasium floor in Premises B of the Church's property, for a cost to PMCS of \$124,501.68. Miller Flooring addressed the proposal directly to Pastor Bloom. (School District Exhibit 18; Transcript 359-360).

52. The proposal called for the thirty inch (30") capital lettering spelling "SHAWNEE TABERNACLE" to be painted on the gymnasium floor in two locations along the sides of the basketball court. (School District Exhibit 18 at p. 1; Transcript at 370-371).
53. PMCS paid the full cost of \$124,501.68 to install the gymnasium floor in Premises B (School District Exhibit 18; Transcript at 360, 369-370).
54. The School Board finds the expenditure of public funds to install the name of Shawnee Tabernacle on a gymnasium floor paid for by PMCS is an inappropriate, unlawful and deliberate entanglement between a charter school and a religious institution.
55. The School Board further finds PMCS's expenditure of public funds to install the name of Shawnee Tabernacle on a gymnasium floor constitutes a failure to meet generally accepted standards of fiscal management, because any expenditures of charter school funds for the sole purpose of promoting a church is a blatant violation of PMCS's fiduciary responsibility to use taxpayer dollars exclusively for charter school purposes and otherwise adhere to generally accepted standards of fiscal management.

2. Gymnasium Equipment and Fixtures

56. On June 26, 2007, PMCS and Degler-Whiting, Inc. entered into an agreement for the purchase and installation of the following fixtures for the newly-construed gymnasium in Premises B of the Church's property, at the following prices:
 - a. Six (6) Porter Basketball Backstops - \$46,700
 - b. Porter Motorized Divider Curtain for the Gymnasium - \$17,400
 - c. Porter Volleyball Equipment and Tennis Sleeves - \$5,500
 - d. Fair Play Scoreboards - \$15,000
 - e. Corridor Lockers - \$57,300
 - f. Interkal Telescoping Bleachers - \$67,500(School District Exhibit 22; Transcript at 373-374).
57. PMCS paid over \$200,000 to Degler-Whiting, Inc. for the gymnasium equipment. (School District Exhibit 22; Transcript at 373-374).
58. As discussed in greater detail below, Shawnee Tabernacle Church, and its affiliate Tobyhanna Impact Athletic Center, makes substantial use of the gymnasium facility paid for by PMCS, without PMCS receiving any payment (or credit on its rent to the Church) as a result of such substantial use by the Church's affiliate. (See, Findings of Fact ¶¶ 88-97).

59. Therefore, PMCS had constructed at its own cost a new gymnasium that substantially benefits Shawnee Tabernacle Church – including spelling out the name of the Church in large painted letters on the gymnasium floor – without receiving any remuneration from the Church (or from the Church’s affiliate) for such substantial use of the gymnasium.

3. Electronic Message Board Sign

60. In October 2007, PMCS and A+ Signs, Inc. entered into an agreement for \$39,200 for the installation of a sign with an electronic message board. (School District Exhibit 26; Transcript at 393, 395-396, 1734).

61. The sign features the name “Shawnee Tabernacle Church,” and also includes the church logo. The bottom of the sign says “Pocono Mountain Charter School.” There is an electronic message board in between top billing for the Church and the lower billing for PMCS. The electronic message board can be used to display messages. (School District Exhibit 51; Transcript at 392-393, 1736).

62. The electronic message board has been photographed displaying the following messages, “DID YOU REMEMBER JESUS TODAY?”; “HE REMEMBERS YOU?”; “COME HOME!...GOD”; “JESUS IS THE TRUTH AND THE LIGHT.” (School District Exhibit 51).

63. Pastor Bloom directly negotiated with A+ Signs, Inc. regarding the payment schedule for sign, the location of the sign, and obtaining the necessary township permit for its installation. (School District Exhibit 26; Transcript at 396).

64. The electronic message board was installed right outside the property fence facing Route 196; the electronic message board sign can change messages controlled by a computer. (Transcript at 392, 525).

65. PMCS paid the entire cost of the electronic message sign, and Shawnee Tabernacle Church paid nothing. (Transcript at 393, 1734).

66. Pastor Bloom testified PMCS and Shawnee Tabernacle Church reached an unwritten agreement that in lieu of charter school paying ground rent for the sign, the church could run free advertisements on the electronic message board screen outside the school day. (Transcript at 393-394, 525).

67. PMCS offered no explanation why the name Shawnee Tabernacle Church appears on the sign or why the church’s name is given top billing over PMCS’s.

68. Despite Pastor Bloom’s testimony that PMCS “wanted the sign,” the November 2007 PMCS Board of Trustee meeting minutes do not reflect any action being taken to approve the A+ Sign, Inc. agreement or any agreement with Shawnee Tabernacle regarding the placement of the LCD sign. (School District Exhibit 27; Transcript 393, 396-397).

69. On January 28, 2008, Pastor Bloom filed an appeal of a zoning officer's determination, on behalf of Shawnee Tabernacle Church, that the installation of the electronic message board sign did not violate Coolbaugh Township's zoning ordinance. (School District Exhibit 53 at p. 3).
70. The School Board finds PMCS's expenditure of public funds to purchase a sign that gives top-billing to Shawnee Tabernacle Church demonstrates an inappropriate entanglement of charter school and church operations.
71. The School Board finds PMCS's expenditure of public funds to purchase a sign that gives top-billing to Shawnee Tabernacle Church constitutes a failure to meet generally accepted standards of fiscal management, because any expenditures of charter school funds for the sole purpose of promoting a church is a blatant violation of PMCS's fiduciary responsibility to use taxpayer dollars exclusively for charter school purposes and otherwise adhere to generally accepted standards of fiscal management.
72. The School Board further finds that the unwritten agreement between PMCS and Shawnee Tabernacle Church reported by Pastor Bloom, which allows the church to place whatever messages it pleased on an electronic message board that was paid for by the charter school, creates the strong public impression that the charter school endorses the church's posted religious messages.

4. Church Sign on the New Building

73. The newly construed building at Premises B on the Church property, occupied by PMCS, has a sign large sign affixed to its exterior saying "SHAWNEE TABERNACLE" with the church logo. (Charter School Exhibit 12 at p. 43; Transcript at 1241-1242).
74. The School Board finds that the placement of a church sign on the building's exterior, without any similar signage for the charter school, demonstrates an inappropriate entanglement of charter school and church operations. Especially, because the proffered explanation for constructing Premises B, was to house the charter school. (School District Exhibit 1 at p.2; Transcript at 514).

5. Building Elevator

75. On January 5, 2007, PMCS agreed to pay Otis Elevator Company \$42,900 to install an elevator in the newly constructed building. (School District Exhibit 29; Transcript at 407).
76. PMCS's Business Manager, Loletta Robertson, signed this agreement on behalf of the charter school. (School District Exhibit 29).
77. Pastor Bloom testified that PMCS paid the entire cost for the installation of the elevator. (Transcript at 407).

6. Parking Lot

78. Pastor Bloom testified that PMCS needed an expanded parking lot for its teachers. (Transcript at 366-367). PMCS employees number between approximately 50 and 60 people during the school year. (Transcript at 410).
79. PMCS did not directly contract for the parking lot work; Shawnee Tabernacle Church entered the contract with Northeast Contractors and PMCS reimbursed the church for the cost of the work. (Transcript at 369, 524, 551).
80. On February 6, 2007, PMCS paid Shawnee Tabernacle one hundred eighty-five thousand dollars (\$185,000) for the parking lot expansion. (School District Exhibit 19).
81. During March through May 2007, Shawnee Tabernacle billed PMCS an additional one hundred sixty-three thousand six hundred seventy nine and 15/100 dollars (\$163,679.15) for the parking lot expansion. (School District Exhibit 20).
82. PMCS paid a total of \$348,679.15 for the installation of a new parking lot on Shawnee Tabernacle Church property. (School District Exhibits 19 and 20; Transcript at 365-366, 367, 524).
83. Pastor Bloom does not recall whether public advertisements were made for the parking lot bid. (Transcript at 549).

7. Classroom Doors in New Building

84. On November 30, 2006, PMCS and General Supply Company entered into an agreement for \$63,825.00 to install forty-six (46) classroom doors in the newly-constructed building. (School District Exhibit 40).
85. On November 25, 2007, PMCS entered another agreement with General Supply Company for \$6,325 to install "replacement doors at the connecting vestibule." (School District Exhibit 40).
86. Pastor Bloom testified that PMCS spent approximately \$67,000 to install doors in the newly constructed building. (Transcript at 486).

8. Stair Treads

87. On October 11, 2007, PMCS and Giant Flooring Covering Company, Inc. entered into an agreement for \$14,985 to install rubber stair treads in three stairwells. (School District Exhibit 39; Transcript at 486).

E. Tobyhanna Impact Athletic Center

88. Tobyhanna Impact Athletic Center is a 501(c)(3) non-profit corporation. (Transcript at 371, 1741).
89. Pastor Bloom's then teen-aged daughter, Priscilla Bloom, was listed with the Department of State as being the president of the Tobyhanna Impact Athletic Center. (Transcript at 371-372, 501; School District Exhibit 15 at exhibit 7G).
90. Although Pastor Bloom testified that his daughter was responsible for running Tobyhanna Impact Athletic Center, a November 2009 Shawnee Tabernacle Church newsletter reported that Pastor Bloom received a community award "for the establishment of the Tobyhanna Impact Athletic Center." (School District Exhibit 41 at p.6).
91. After the completion of the new gymnasium, Shawnee Tabernacle Church began advertising for the Tobyhanna Impact Athletic Center. (Transcript at 371).
92. Tobyhanna Impact Athletic Center advertised that it offered basketball, volleyball, wrestling, boxing, aerobics, weight training and after-school programs for a fee in a "state-of-the art NBA gymnasium." (School District Exhibit 21; Transcript at 371, 372).
93. Pastor Bloom testified that Tobyhanna Impact Athletic Center was created to offer after-school programs on Fridays to the community. (Transcript at 520, 1741).
94. Tobyhanna Impact Athletic Center paid no rent to PMCS for the use of the gymnasium, nor did it reimburse the charter school for utilities. (Transcript at 372, 374, 1741, 1742).
95. Shawnee Tabernacle Church also uses PMCS gymnasium every Friday for community outreach. (Charter School Exhibit 39; Transcript at 1741).
96. The School Board finds Tobyhanna Impact Athletic Center's use of the gymnasium without paying any rent or usage fee as constituting favoritism towards an entity that is closely aligned with Shawnee Tabernacle Church.
97. As asserted above, PMCS has constructed a new gymnasium that substantially benefits Shawnee Tabernacle Church (included painting the Church's name on the gymnasium floor), and further benefits the Church's affiliate, Tobyhanna Impact Athletic Center, without PMCS receiving any payment or credit toward rent obligations.

F. 2008 Presidential Election Polling Place

98. On November 4, 2008, PMCS served as the District 3 polling place for Coolbaugh Township, Monroe County, Pennsylvania. (School District Exhibit 6 at p. 7; Transcript at 397).

99. On November 4, 2008, the Monroe County Board of Elections and Voter Registration received between 10 and 15 telephone complaints regarding the distribution of literature at the PMCS polling place. (Transcript 242, 243-244, 246, 250, 398-399).
100. One complaint in an e-mail stated that in the PMCS polling place “between the registration tables and the voting booths, perched the pastor of the church greeting every voter who passed him and across from him, was one of his employees, handling out church literature to voters as they passed by.” (School District Exhibit 6 at p. 3).
101. On Election Day, packets of church literature in a Shawnee Tabernacle Church bag were distributed in the charter school. The bag contained promotional materials on the charter school and Tobyhanna Impact Athletic Center and a flier for a pre-Thanksgiving dinner offered by the church. (School District Exhibit 28; Transcript at 400).
102. Although Pastor Bloom testified at the hearing that he had no knowledge of the distribution of any church literature in the charter school on Election Day, he admitted to defending its occurrence to a *Pocono Record* reporter shortly afterwards. (Transcript at 399, 400-401).

G. Shawnee Tabernacle Church Newsletter

103. In November 2009, the Shawnee Tabernacle Church newsletter *Shawnee Times* made the following report regarding the charter revocation proceedings:

“As many of you may already know, another hearing with Pocono Mountain Charter School and the School District will be held on November 24, 2009. *As a congregation, Pastor Bloom is requesting that we fast together beginning on Sunday, November 15th through the day of the hearing. Let us join together as a unified body and pray and fast to loose [sic] the bonds of the School District against our Pastor and First Lady and our school. Let us band together to destroy the strongholds of evil and usher in a spiritual harvest of victory against the school district.*”

(School District Exhibit 41 at p. 6; Transcript at 493-494, 499-500)(emphasis added).

104. The same page of the *Shawnee Times* newsletter also included an item entitled “Pocono Mountain Charter School (PMCS) Private School Setting for Free,” which congratulated the charter school for achieving AYP status for the second consecutive school year. (School District Exhibit 41 at p. 6; Transcript at 494-495).
105. Pastor Bloom testified the *Shawnee Times* newsletter item regarding PMCS was an “advertisement” paid for by the charter school. (Transcript at 494).
106. The School Board finds that Shawnee Tabernacle Church newsletter as providing further evidence of the inappropriate entanglement of the charter school and the church.

II. CONCLUSIONS OF LAW

1. The Charter School Law (“CSL”), 24 P.S. § 17-701-A *et seq.*, governs the application process, the operation and revocation/renewal process and appeals process for charter schools in Pennsylvania.
2. Pursuant to § 17-1729-A of the CSL, a school district may revoke a charter school’s charter for any of the following reasons:
 - a. One or more material violations of any conditions, standards or procedures contained in the written charter signed pursuant to section 1720-A, 24 P.S. § 17-1729-A(a)(1);
 - b. Failure to meet the requirements for student performance set forth in 22 Pa. Code Ch. 5 (relating to curriculum) or subsequent regulations promulgated to replace 22 Pa. Code Ch. 5 or failure to meet any performance standard set forth in the written charter signed pursuant to section 1716-A, 24 P.S. § 17-1729-A(a)(2);
 - c. Failure to meet generally-accepted standards of fiscal management or audit requirements, 24 P.S. § 17-1729-A(a)(3);
 - d. Violations of provisions of the CSL, 24 P.S. § 17-1729-A(a)(4);
 - e. Violation of any provision of law from which the charter school has not been exempted, including Federal laws and regulations governing children with disabilities, 24 P.S. § 17-1729-A(a)(5); or
 - f. The charter school has been convicted of fraud, 24 P.S. § 17-1729-A(a)(6).
3. With regards to violations of the CSL that may serve as basis to revoke a charter, the law provides, in part:
 - a. Section 17-1715-A(4) of the CSL provides that “[a] charter school shall be nonsectarian in all operations.” 24 P.S. § 17-1715-A(4);
 - b. Section 17-1715-A(5) of the CSL provides that “[a] charter school shall not provide any religious instruction, nor shall it display religious objects and symbols on the premises of the charter school.” 24 P.S. § 17-1715-A(5); and
 - c. Section 1714-A(4) of the CSL provides that a charter school shall have the power to “[r]eceive and disburse funds for the charter school purposes only,” 24 P.S. § 1714-A(4).
4. In *In re: Eloise and Edith Academy, A Charter School*, Docket No. CAB 1999-3, the Charter School Appeal Board (“CAB”) interpreted § 17-1715-A(4) to prohibit a “strong entanglement” between a charter school and a sectarian school and church. *Id.* at pp. 12-13.

CAB relied upon the following factors to conclude that a charter school applicant would be too entangled with an existing church and sectarian school:

- a. The primary organizer of the charter school application was the Christian Day School CEO, and that person intended to be involved with both institutions if the charter was granted;
- b. Both the sectarian school and charter school would operate in the same facility;
- c. The sectarian and charter school would share certain services and pro-rate costs would be result in administrative entanglement of the two entities; and
- d. The church and sectarian school would provide aid and other services to the charter school.

(In re: Eloise and Edith Academy, A Charter School, Docket No. CAB 1999-3 at pp. 12-13).

5. The School Board concludes that PMCS has violated § 17-1715-A(4) by impermissibly entangling its operations with Shawnee Tabernacle Church as evidenced by the following facts:
 - a. Pastor Bloom simultaneously serving as PMCS's chief executive officer and Shawnee Tabernacle's senior pastor;
 - b. Pastor Bloom's wife simultaneously serving as PMCS's assistant CEO and Shawnee Tabernacle's first lady until after the School District's issuance of its 2008 revocation notice;
 - c. PMCS spending over \$900,000 in public funds in roughly one year to install a parking lot on Shawnee Tabernacle-owned land as well as installing an elevator, gymnasium floor, lockers, gym bleachers, classroom doors, stair treads and other equipment in Shawnee Tabernacle-owned building without obtaining any offset or credit against the annual rent that the charter school pays to the church;
 - d. PMCS spending \$39,200 to install an electronic message board that contained the name "Shawnee Tabernacle Church" in the most prominent location, and PMCS allowing Shawnee Tabernacle to run messages on sign with no charge pursuant to an unwritten agreement;
 - e. PMCS spending public funds to install the name "SHAWNEE TABERNACLE" on the gymnasium floor used by its students during the school day as well as an electronic message board situated at the front of the driveway for the school;
 - f. PMCS paying \$920,000 in annual rent to Shawnee Tabernacle Church for use of a building that shares a common entranceway with the church and whose exterior has a sign stating "Shawnee Tabernacle" with the church logo; and

- g. The Shawnee Tabernacle Church has issued a newsletter that accepted a paid advertisement from PMCS and published Pastor Bloom's request that church parishioners fast in support of the charter school during the School District revocation hearing process.
6. The School Board finds that PMCS has repeatedly engaged in a series of transactions that has resulted in an inappropriate entanglement of the charter school's operations with the Shawnee Tabernacle Church. Many of these transactions, on which the School Board relies in reaching its conclusion a violation of § 17-1715-A(4) has occurred, took place after the renewal of PMCS's charter in 2006. The evidence demonstrates that the operations of PMCS and Shawnee Tabernacle Church became increasingly entangled with the construction commenced on "Premises B" and the execution of the 2007 Master Lease. PMCS's annual rent paid to the church doubled; PMCS spent over \$900,000 in public funds to finish a building owned by the church; and PMCS engaged in several expenditures of public funds to place the church's name on charter school fixtures. These decisions and several others discussed in the findings of facts demonstrate that PMCS engaged in operational decision-making that directly benefited Shawnee Tabernacle Church. CAB warned in *Eloise and Edith Academy* that a charter school violates § 17-1715-A(4), if the school entangles itself with a sectarian church. The evidence demonstrates that PMCS violated § 17-1715-A(4).
 7. Additionally, in *Eloise and Edith Academy*, CAB interpreted § 17-1715-A(5) to prohibit a charter school from being located in a church where students would pass by religious symbols displayed in the church sanctuary during the school day. *Id.* at p. 14.
 8. Ten years later in *In re: Mt. Jewitt Area Charter School for Academic Excellence*, Docket No. CAB 2009-01, CAB interpreted § 17-1715-A(5) to prohibit a charter school from being housed in a church building with a large cross affixed to its exterior. *Id.* at pp. 2, 9. CAB explained the cross was a religious symbol which would be "likely to be associated with the school that is being attended" by charter school students thus violating § 17-1715-A(5). *Id.* at p. 9.
 9. The School Board likewise concludes that PMCS has violated § 17-1715-A(5) by deliberating exposing charter school students to religious objects and symbols during the school day as evidenced by the following facts:
 - a. PMCS installing "SHAWNEE TABERNACLE" in thirty (30) inch high lettering on both sides of basketball court in the gymnasium that presumably is used by charter school students each and every school day;
 - b. PMCS paying to install an electronic message board near the driveway for the charter school/church property emblazoned with "Shawnee Tabernacle Church" on the top of the sign and PMCS's name of the bottom; thus, sending the message to charter school students and staff as well as the community that PMCS and Shawnee Tabernacle are inextricably intertwined in their operations; and

- c. PMCS occupying a newly-constructed building – which the charter school directly contributed hundreds of thousands of dollars to build – with a large sign on its exterior stating “Shawnee Tabernacle” and the church logo.
 - d. The Board finds that name “Shawnee Tabernacle” constitutes a religious object or symbol in this particular case because the intent and effect of this signage is to associate PMCS and Shawnee Tabernacle Church, and vice versa.
10. The School Board finds that PMCS’s use of public funds to install the name “Shawnee Tabernacle” on its gymnasium floor and its electronic message board sign, as well as occupying a newly constructed building whose exterior sign only identifies the church, violates both the letter and the spirit of § 17-1715-A(5). In *Mt. Jewitt Area Charter School for Academic Excellence*, CAB held that a cross affixed to a proposed charter school site violated § 17-1715-A(5) because of the potential perception that the charter school was associated with a church; the facts here are far more troubling. PMCS consciously decided to spend taxpayer dollars to actively promote Shawnee Tabernacle Church by displaying the name of the church both inside and outside of the charter school. PMCS’s efforts to actively publicize the church through permanent displays that charter school students and community will see daily while approaching the church/charter school property or walking into the building represents the association problem identified by CAB in both *Mt. Jewitt Area Charter School for Academic Excellence* and *Eloise and Edith Academy*.
11. The School Board finally concludes PMCS has violated § 17-1714-A(4) and § 17-1729-A(a)(3) by spending charter school funds – which are taxpayer dollars – for the direct and sole benefit of Shawnee Tabernacle Church and disbursing funds for non-charter school purposes as evidenced by the following facts:
- a. PMCS paying to install “SHAWNEE TABERNACLE” in thirty (30) inch high lettering on both sides of basketball court on the gymnasium floor that was paid for entirely with charter school funds; and
 - b. PMCS paying to install an electronic message board near the driveway for the charter school/church property emblazoned with “Shawnee Tabernacle Church” on the top of the sign.
12. The School Board concludes that PMCS’s expenditures to install “SHAWNEE TABERNACLE” lettering on its gymnasium floor and paying to place the name “Shawnee Tabernacle Church” on its electronic message board violates § 17-1714-A(4) because these disbursements of public funds are for non-charter school purposes.
13. The School Board concludes that “generally accepted standards of fiscal management” require PMCS to refrain from spending taxpayer dollars on items totally unrelated to its operations or educational program. Spending taxpayer dollars to purchase and install promotional lettering and signage for a church is blatant misuse of public funds which violates § 17-1729-A(a)(3).

III. CONCLUSION

AND NOW, this 6th day of October 2010, based upon the vote of the Board of School Directors for the Pocono Mountain School District to approve this Adjudication, the charter of the Pocono Mountain Charter School is hereby revoked.

Pocono Mountain School District
Board of School Directors


President


Secretary