

**Arizona State Board for Charter Schools**  
Financial Framework Subcommittee

**October 31, 2023**

**1700 W. Washington, Executive Tower, 3rd Floor Boardroom**  
**Phoenix, AZ 85007**

[https://www.youtube.com/channel/UckPbhlJyH-7N\\_Pw1hpl3nSA](https://www.youtube.com/channel/UckPbhlJyH-7N_Pw1hpl3nSA)

**SUMMARY**

<p><b>Members Present-</b> Wendy Miller- Superintendent Designee Carlos Ruiz- Public Member (Virtual) Timothy Stratton – Business Member (Virtual) James Swanson – Business Member (Virtual)</p> <p>Meeting began at 9:00am</p>	<p><b>Members Absent-</b></p>
<p><b>Agenda Item A. Roll Call (21:55)</b></p>	<p>Ashley Berg called the roll and confirmed a quorum.</p>
<p><b>Agenda Item C. Election of Subcommittee Chair and Vice-Chair (23:26)</b></p>	<p>James Swanson made the following motion: <i>I move to approve Wendy Miller as Chair of the Financial Framework Subcommittee.</i></p> <p>Carlos Ruiz seconded the motion.</p> <p style="text-align: center;"><b>Motion Passed</b></p> <p style="text-align: center;"><b>(Aye: Ruiz, Stratton, Swanson, Miller)</b></p> <p>Wendy Miller made the following motion: <i>I move to approve Member Swanson as Vice-Chair of the Financial Framework Subcommittee.</i></p> <p>Timothy A. Stratton seconded the motion.</p> <p style="text-align: center;"><b>Motion Passed</b></p> <p style="text-align: center;"><b>(Aye: Ruiz, Stratton, Swanson, Miller)</b></p> <p>Recorded comments are available.</p>
<p><b>Agenda Item D. General Overview (26:20)-</b> Presentation by Board staff and discussion on the Board’s current Financial Performance Framework, characteristics of the Board’s current portfolio of charter schools and performance data, and the Subcommittee’s anticipated activities.</p>	<p>Recorded comments are available.</p>
<p><b>Agenda Item B. Introduction of Subcommittee Members and Technical Panel (39:15)</b></p>	<p>Wendy Miller made the following motion: <i>I move to relocate Item B. after Item D. on this agenda.</i></p> <p>James Swanson seconded the motion.</p> <p style="text-align: center;"><b>Motion Passed</b></p>

	<p style="text-align: center;"><b>(Aye: Ruiz, Swanson, Miller)</b> <b>(Not voting: Stratton)</b></p> <p>Recorded comments are available.</p>
<p><b>Agenda Item E. Unrestricted Days Liquidity Formula (45:16)</b>- Discussion and possible action on proposed changes to the formula used for calculating charter holders’ performance on the Financial Performance Framework’s Unrestricted Days Liquidity measure</p>	<p>James Swanson left during Item E.</p> <p>Wendy Miller made the following motion: <i>Based upon a review of the meeting materials and the Subcommittee’s deliberations, I move that the Subcommittee continue its discussion and consideration of Agenda Item E to the December 1, 2023 meeting of the Subcommittee and that the Subcommittee take no action at this time. I further direct Board staff to solicit preliminary public comment on the proposed changes discussed today for a period of not less than five business days and report the results of the public comment to the Subcommittee at its December 1, 2023 meeting.</i></p> <p>Timothy A. Stratton seconded the motion.</p> <p style="text-align: center;"><b>Motion Passed</b></p> <p style="text-align: center;"><b>(Aye: Ruiz, Stratton, Miller)</b> <b>(Absent: Swanson)</b></p> <p>Recorded comments are available.</p>
<p><b>Agenda Item F. Unrestricted Days Liquidity Targets (59:22)</b>- Discussion and possible action on a proposal to increase, over multiple audit cycles, the number of days liquidity a charter holder must have under the Financial Performance Framework’s Unrestricted Days Liquidity measure.</p>	<p>Wendy Miller made the following motion: <i>I move that the Subcommittee continue its discussion and consideration of Agenda Item F to the next meeting of the Subcommittee and that the Subcommittee take no action at this time.</i></p> <p>Timothy A. Stratton seconded the motion.</p> <p style="text-align: center;"><b>Motion Passed</b></p> <p style="text-align: center;"><b>(Aye: Ruiz, Stratton, Miller)</b> <b>(Absent: Swanson)</b></p> <p>Recorded comments are available.</p>
<p><b>Agenda Item G. Sunset Audit Recommendations (1:23:40)</b>- Discussion and possible action on certain recommendations included in the performance audit and sunset review of the Board issued by the Arizona Auditor General (“AAG”) in September 2023.</p> <ol style="list-style-type: none"> <li>1. Inclusion of the “General Fund operating reserve ratio” measure used by the AAG in its school district financial risk analysis</li> </ol>	<p>Wendy Miller made the following motion for item G.1.: <i>Based upon a review of the meeting materials and the Subcommittee’s deliberations, I move the Subcommittee recommend to the full Board that the operating reserve measure not be added to the Financial Performance Framework for reasons that it is inapplicable or more applicable to a</i></p>

<p>2. Inclusion of a cash flow measure</p>	<p><i>government agency the operating reserve ratio and the financial frameworks current unrestricted days liquidity measure captured similar information and are easier to understand in our context.</i></p> <p>Timothy A. Stratton seconded the motion.</p> <p style="text-align: center;"><b>Motion Passed</b></p> <p style="text-align: center;"><b>(Aye: Ruiz, Stratton, Miller)</b> <b>(Absent: Swanson)</b></p> <p>Wendy Miller made the following motion for item G.2.: <i>Based upon a review of the meeting materials and the Subcommittee’s deliberations, I move the Subcommittee recommend to the full Board that a cash flow measure not be added to the Financial Performance Framework for the reasons that the Board’s 2012 financial framework included a cash flow measure, which was in place for seven audit cycles. As part of the 2018 financial framework overhaul, the cash flow measure was eliminated as it penalizes charter holders acting responsibly and may reward those who are struggling.</i></p> <p>Timothy A. Stratton seconded the motion.</p> <p style="text-align: center;"><b>Motion Passed</b></p> <p style="text-align: center;"><b>(Aye: Ruiz, Stratton, Miller)</b> <b>(Absent: Swanson)</b></p> <p>Recorded comments are available.</p>
<p><b>Roll Call <a href="#">(1:48:02)</a></b>- A 5 minute break was taken, and roll call was again taken to confirm a quorum.</p>	<p>Ashley Berg called the roll and confirmed a quorum.</p>
<p><b>Agenda Item H. Default <a href="#">(1:48:27)</a></b>- Discussion and possible action on a proposal to make changes to the Financial Performance Framework’s Default measure.</p>	<p>Member Swanson returned during Agenda Item H.</p> <p>Wendy Miller made the following motion: <i>Based upon a review of the meeting materials and the Subcommittee’s deliberations, I move that the Subcommittee continue its discussion and consideration of Agenda Item H to the December 1, 2023 meeting of the Subcommittee and that the Subcommittee take no action at this time. I further direct Board staff to solicit preliminary public comment on the proposed changes discussed today for a period of not less than five business days and</i></p>

	<p><i>report the results of the public comment to the Subcommittee at its December 1, 2023 meeting.</i></p> <p>Timothy A. Stratton seconded the motion.</p> <p style="text-align: center;"><b>Motion Passed</b></p> <p style="text-align: center;"><b>(Aye: Stratton, Swanson, Miller)</b> <b>(Nay: Ruiz)</b></p>
	Recorded comments are available.
<b>Agenda Item I. Going Concern <a href="#">(1:56:40)</a>-</b> Discussion and possible action on the Financial Performance Framework’s Going Concern measure.	<p>Wendy Miller made the following motion: <i>Based upon a review of the meeting materials and the Subcommittee’s deliberations, I move that the Subcommittee recommend that the Board make no changes to the Going Concern measure as currently set forth in the Financial Performance Framework.</i></p> <p>Timothy A. Stratton seconded the motion.</p> <p style="text-align: center;"><b>Motion Passed</b></p> <p style="text-align: center;"><b>(Aye: Ruiz, Stratton, Swanson, Miller)</b></p>
	Recorded comments are available.
<b>Agenda Item J. Public Comment Regarding Future Items for Consideration by the Financial Framework Subcommittee <a href="#">(2:09:39)</a>-</b> This is the time for the public to comment regarding future items the Subcommittee may consider addressing at a subsequent meeting. Members of the Subcommittee may not discuss items that are not specifically identified on the agenda. Therefore, pursuant to A.R.S. § 38-431.01(H), action taken as a result of comment during this item will be limited to directing staff to study the matter, responding to any criticism, or scheduling the matter for further consideration and decision at a later date.	Recorded comments are available.
<b>Agenda Item K. Summary of Current Events, Future Meeting Dates and Items for Future Agendas <a href="#">(2:16:40)</a></b>	
<b>Agenda Item L. Adjournment <a href="#">(2:17:22)</a></b>	This meeting adjourned at approximately 12:45pm.