Issue

On May 7, 2013, American Leadership Academy, Inc. (ALA), requested to add a new site in Florence and increase the enrollment cap from 3000 to 4500 students. ALA did not meet the Board's academic performance expectations for 2012, and was required to submit a Demonstration of Sufficient Progress (DSP). ALA did not meet the financial performance expectations for FY2012, and was required to submit additional financial information.

Summary of Narrative Provided

Rationale for expansion request

According to the narratives (presented in the charter holder's notification portfolio: b. Notification Request – Enrollment Cap and c. Notification Request – New School Site), parents in Florence, including some currently attending ALA San Tan, are interested in new options for education, and have requested that ALA open a school in the area. A search conducted by the charter holder indicates that there are no charter schools in Florence, and ALA has found sufficient demand to warrant expansion. The addition of the new site in Florence and growth at the existing sites lead to the request for an increased enrollment cap.

Supporting Information – Enrollment Cap

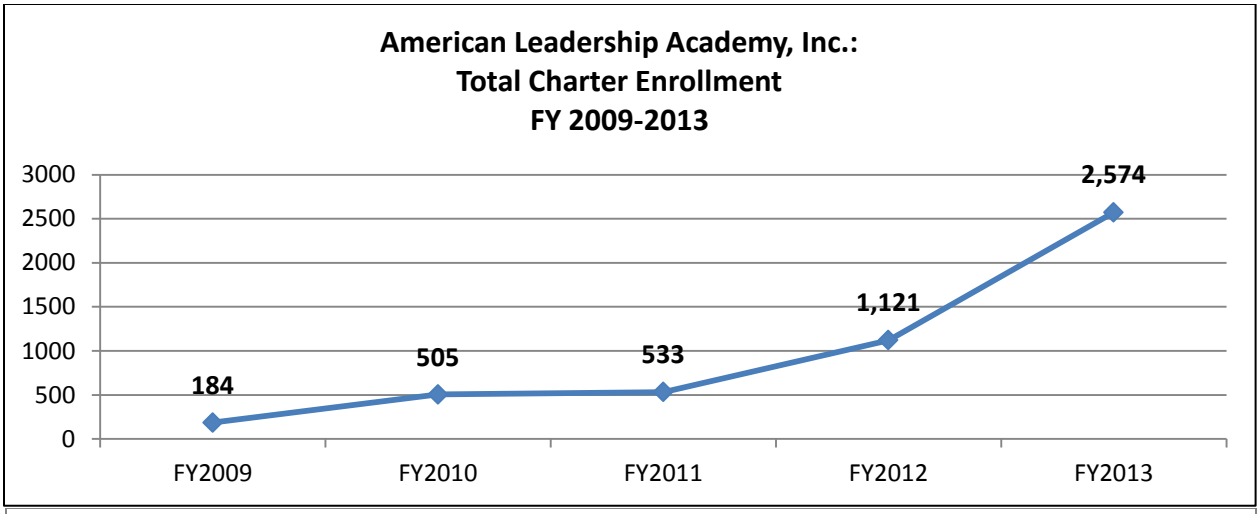
The New Site Notification Request included architectural drawings for the new site in Florence, indicating a capacity of 1,507. In addition, the narrative for the Enrollment Cap Notification Request indicates additional capacity at existing sites, including 300 at ALA Mesa, 150 at the Gilbert site, and 50 at ALA San Tan. The narrative also states that ALA QC Elem will be receiving 4 additional classrooms, and American Leadership Academy – Queen Creek will get a new 20-classroom building with theater. The submitted information demonstrates capacity to accommodate the 1500 additional students requested.

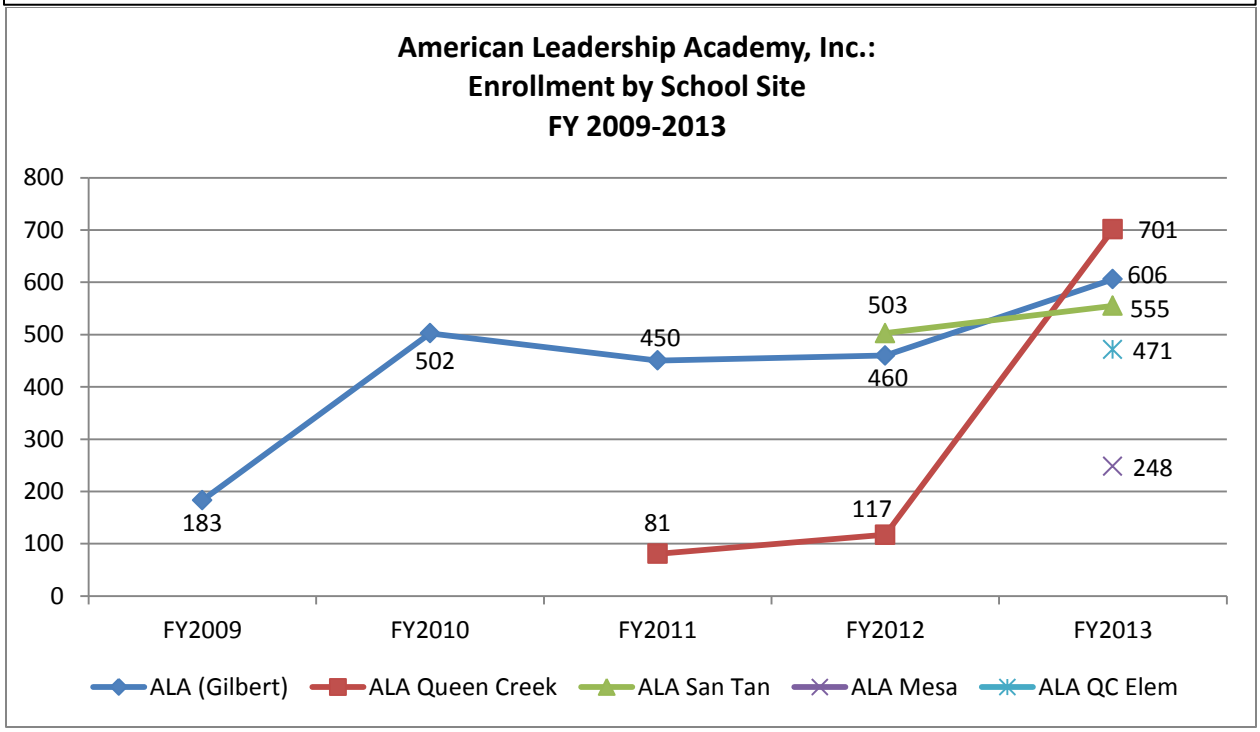
Background

The charter for ALA was renewed in 2011. ALA currently has five school sites open under this charter. See table below.

School Name	Month/Year Open	Location	Current Grade Levels Served
American Leadership Academy	September 1997	Gilbert	K through 8
American Leadership Academy – Queen Creek	August 2010	Queen Creek	7 through 12
ALA San Tan	August 2011	San Tan Valley	K through 8
ALA Mesa	August 2012	Mesa	K through 6
ALA QC Elem	August 2012	Queen Creek	K through 6

All ALA school sites operate on a 180-day calendar. The graphs below show actual 100th day average daily membership (ADM) for fiscal years 2009-2013, as well as 100th day ADM for each school site.





Academic Performance

As stated in the Board's *Academic Performance Framework and Guidance* document, a charter holder's academic performance will be evaluated by the Board when considering expansion requests. The academic performance of American Leadership Academy, American Leadership Academy-Queen Creek, and ALA San Tan for the FY2012 school year, as based on the Board's academic framework, is represented in the dashboards below. Two sites operated under the ALA charter, ALA Mesa and ALA QC Elem, were in their first year of operation in FY 2013 and do not have academic dashboards for 2012.

Academic Performance Rating FY 2012

Charter Holder: American Leadership Academy, Inc.
Entity ID 4348

Charter School: American Leadership Academy
Entity ID 5522, Grades K-8

1. Growth

Traditional Elementary		1a. SGP		1b. SGP Bottom 25%	
School	School Year	Math	Read	Math	Read
American Leadership Academy	2011-2012	35	46	29	51
Points Assigned		50	50	25	75
Weight		12.5	12.5	12.5	12.5

2. Proficiency

Traditional Elementary		2a. Percent Passing		2b. Composite School Comparison		2c. Subgroup ELL		2c. Subgroup FRL		2c. Subgroup SPED	
School	School Year	Math	Read	Math	Read	Math	Read	Math	Read	Math	Read
American Leadership Academy	2011-2012	63	85	-7.6	2.1	NR	NR	NR	NR	43	67
Points Assigned		50	75	50	75	0	0	0	0	75	75
Weight		7.5	7.5	7.5	7.5	0	0	0	0	7.5	7.5

3. State Accountability & Overall Rating

Traditional Elementary		3a. State Accountability	Overall Rating
School	School Year	Grade	
American Leadership Academy	2011-2012	50	57.5
Points Assigned		50	
Weight		5	100

Overall Rating	Point Range
Exceeds Standard	> or = to 89
Meets Standard	< 89, but > or = to 63
Does Not Meet Standard	< 63, but > or = to 39
Falls Far Below Standard	< 39

For additional information, see *Academic Performance Framework and Guidance*, available on the ASBCS webpage http://asbcs.az.gov

2/15/2013

Academic Performance Rating FY 2012

Charter Holder: American Leadership Academy, Inc.
Entity ID 4348

Charter School: American Leadership Academy – Queen Creek
Entity ID 90769, Grades 9-12

1. Growth

Traditional High School		1a. SGP		1b. SGP Bottom 25%	
School	School Year	Math	Read	Math	Read
American Leadership Academy -Queen Creek	2011-2012	52	62	NR	NR
Points Assigned		75	75	0	0
Weight		15	15	0	0

2. Proficiency

Traditional High School		2a. Percent Passing		2b. Composite School Comparison		2c. Subgroup ELL		2c. Subgroup FRL		2c. Subgroup SPED	
School	School Year	Math	Read	Math	Read	Math	Read	Math	Read	Math	Read
American Leadership Academy -Queen Creek	2011-2012	58	89	-2	8.6	NR	NR	NR	NR	NR	NR
Points Assigned		75	75	50	75	0	0	0	0	0	0
Weight		13.75	13.75	11.25	11.25	0	0	0	0	0	0

3. State Accountability & Overall Rating

Traditional High School		3a. State Accountability	4a. Graduation Rate	Overall Rating
School	School Year	Grade	GradRate	
American Leadership Academy -Queen Creek	2011-2012	75	79	72.188
Points Assigned		75	75	
Weight		5	15	100

Overall Rating	Point Range
Exceeds Standard	> or = to 89
Meets Standard	< 89, but > or = to 63
Does Not Meet Standard	< 63, but > or = to 39
Falls Far Below Standard	< 39

For additional information, see *Academic Performance Framework and Guidance*, available on the ASBCS webpage http://asbcs.az.gov

2/15/2013

Academic Performance Rating FY 2012

Charter Holder: American Leadership Academy, Inc.
Entity ID 4348

Charter School: ALA San Tan
Entity ID 91173, Grades K-8

1. Growth

Traditional Elementary		**1a. SGP**		**1b. SGP Bottom 25%**	
School	**School Year**	**Math**	**Read**	**Math**	**Read**
ALA San Tan	2011-2012	24.5	40	23	40
Points Assigned		25	50	25	50
Weight		12.5	12.5	12.5	12.5

2. Proficiency

Traditional Elementary		**2a. Percent Passing**		**2b. Composite School Comparison**		**2c. Subgroup ELL**		**2c. Subgroup FRL**		**2c. Subgroup SPED**	
School	**School Year**	**Math**	**Read**	**Math**	**Read**	**Math**	**Read**	**Math**	**Read**	**Math**	**Read**
ALA San Tan	2011-2012	57	79	-13.7	-4.2	NR	NR	NR	NR	19	38
Points Assigned		50	75	50	50	0	0	0	0	50	75
Weight		7.5	7.5	7.5	7.5	0	0	0	0	7.5	7.5

3. State Accountability & Overall Rating

Traditional Elementary		3a. State Accountability	Overall Rating
School	**School Year**	**Grade**	
ALA San Tan	2011-2012	50	47.5
Points Assigned		50	
Weight		5	100

Overall Rating	Point Range
Exceeds Standard	> or = to 89
Meets Standard	< 89, but > or = to 63
Does Not Meet Standard	< 63, but > or = to 39
Falls Far Below Standard	< 39

For additional information, see *Academic Performance Framework and Guidance*, available on the ASBCS webpage http://asbcs.az.gov

2/15/2013

The academic performance of American Leadership Academy (Gilbert) and ALA San Tan did not meet the Board's academic performance expectations set forth in the performance framework adopted by the Board. ALA Mesa and ALA QC Elem opened in August 2012 and have not been in operation long enough to receive an Overall Rating. A Demonstration of Sufficient Progress (DSP) was submitted by the charter representative (presented in the charter holder's notification portfolio: d. Demonstration of Sufficient Progress). The DSP was evaluated using the criteria provided in Appendix D of the Board's *Academic Performance Framework and Guidance* document (presented in the charter holder's notification portfolio: e: DSP Evaluation Instrument).

The initial DSP submitted by the charter holder provided narratives describing district-level systems for implementation of curriculum, monitoring the integration of the AZ Academic Standards into instruction, assessment, and professional development that contribute to increased student growth and proficiency in Math and Reading, including for students with growth percentiles in the lowest 25%. However, data was not provided to support sufficient progress for each site not meeting the Board's academic performance expectations in 2012, including schools in their first year of operation, and no data was provided to support increased proficiency for ELL students, FRL students, or students with disabilities, resulting in a determination of Not Acceptable.

On June 5, staff conducted a site visit and met with Sean Archunde (Executive Director), Chelsea Griess (Curriculum Director), Brooke Ray (Director of Special Education), Ellen Baker (Registrar/SIS), Tina Brandt (Human Resources), Christi Reay (Assistant Director, ALA San Tan), Jeremy Christensen (Assistant Director, American Leadership Academy), and Kimberley Still (Assistant Director, ALA Mesa) to review the initial evaluation of the DSP and collect additional information and documentation to be considered in the final evaluation (presented in the charter holder's notification portfolio: e. DSP Evaluation Instrument).

A discussion with the leadership team began with a confirmation that the systems for implementing curriculum, assessment, teacher evaluation and monitoring, and professional development were consistent at all elementary school sites. The leadership team then presented data from the Reading and Math benchmark assessments using the Galileo system for all four sites. They describe they saw a drop in student scores after the 1st benchmark was given. Based on the 1st benchmark data, ALA provided evidence of changes to the curriculum and instruction. These included adding 30 minutes to the school schedule to provide for intervention time, specific curriculum pacing guides for each school site based on their benchmark data, and incorporating the supplemental resources from Saxon Math and Singapore Math into Math curriculum planning. They also stated that student data reporting for subgroups was not being tracked but for the purposes of the site visit created spreadsheets that included benchmark data for the subgroups They also provided samples of weekly Executive Director's Meetings, where student data, teacher monitoring, and other district issues were communicated. They demonstrated the use of Google Docs to allow system-wide access to PLC meeting documents, professional development materials, and curriculum maps. They described procedures used by site leaders to monitor teacher implementation of Standards, and provided examples of completed walk-through feedback and evaluation forms. They described the Response to Intervention system to address areas of student weakness. They provided a copy of the enrollment policy. They provided evidence of the outside contractors used to support students with disabilities, and closed with a demonstration of the district employee policies that had been implemented to ensure consistency between the sites. Benchmark assessment data provided by the charter holder demonstrated sufficient student growth and increased student proficiency in Math and Reading at a majority of elementary campuses.

The charter holder provided additional evidence and documentation (presented in the charter holder's notification portfolio: f. DSP Evidence) regarding a majority of areas not sufficiently addressed in the submitted DSP including systems and processes in the areas of curriculum, monitoring instruction, assessment, and professional development at schools in their first year of operation, and assessment data demonstrating student growth and proficiency.

Following the site visit, staff determined, through an evaluation of the information and documentation collected at the site visit, that the charter holder demonstrated sufficient progress toward meeting the Board's academic performance expectations. The final evaluation of the DSP resulted in a determination of Acceptable

Financial Performance – Fiscal Year 2012

The charter holder did not meet the Board's financial performance expectations because the charter holder received two or more "Does Not Meet Standard" in fiscal year 2012. The following table includes the financial data and financial performance for the last three audited fiscal years.

Please note that prior to fiscal year 2010, the charter contract was between the Board and another non-profit entity. In September 2009, the charter contract was transferred to American Leadership Academy, Inc. With the transfer of the contract to a new entity, the fiscal year 2010 audit marked the first audit of American Leadership Academy, Inc.

American Leadership Academy, Inc.

Financial Data				
	2012	2011	2010	
Statement of Financial Position				2009
Cash	$1,701,179	$395,257	$217,768	$0
Unrestricted Cash	$458,970	$395,257	$217,768	
Total Assets	$13,076,240	$1,321,215	$743,446	
Total Liabilities	$11,765,871	$311,947	$66,441	
Current Portion of Long-Term Debt & Capital Leases	$38,345	-	-	
Net Assets	$1,310,369	$1,009,268	$677,005	
Statement of Activities				
Revenue	$7,349,263	$3,998,242	$3,707,936	
Expenses	$7,048,162	$3,665,979	$3,030,931	
Net Income	$301,101	$332,263	$677,005	
Change in Net Assets	$301,101	$332,263	$677,005	
Financial Statements or Notes				
Depreciation & Amortization Expense	$247,893	$79,340	$24,806	
Interest Expense	$399,989	-	-	
Lease Expense	$1,162,928	$577,883	$442,288	

Financial Performance				
	2012	2011	2010	3-yr Cumulative
Near-Term Indicators				
Going Concern	No	No	No	N/A
Unrestricted Days Cash	23.77	39.35	26.22	N/A
Default	No	No	No	N/A
Sustainability Indicators				
Total Liabilities to Equity Ratio	8.98	0.31	0.10	N/A
Net Income	$301,101	$332,263	$677,005	N/A
Cash Flow	$1,305,922	$177,489	$217,768	$1,701,179
Fixed Charge Coverage Ratio	1.32	1.71	2.59	N/A

The charter holder was required to submit additional information regarding the charter holder's financial situation, as well as a start-up and first-year operating budget for the proposed site (presented in: g. Financial Information and Budgets). The charter holder's submission addressed those measures where the charter holder received a "Does Not Meet Standard" rating in fiscal year 2012.

Student Attendance Reporting

In March, the Board received information that certain students, who were struggling academically, had been withdrawn by American Leadership Academy – Queen Creek ("ALA – Queen Creek") on Friday, February 22, 2013 and re-enrolled on Monday, February 25, 2013.

In an effort to determine if the information provided by the caller was credible and to determine the possible effect such actions could have should the allegations turn out to be true, Board staff reviewed the student attendance data submitted by ALA – Queen Creek to the Arizona Department of Education (ADE), reviewed the student attendance data reported to ADE by the other four campuses operated by American Leadership Academy, Inc., and spoke with ADE staff.

- Board staff was able to validate that 44 students had been withdrawn on one school day and re-enrolled on the next school day. In all cases, the withdrawal code used by ALA – Queen Creek was the one for when a student had 10 consecutive unexcused absences or when the status or location of the student is unknown by the school. According to information submitted by ALA – Queen Creek to ADE, none of the 44 students had 10 consecutive unexcused absences.

- For the 44 students, the number of absences reported by ALA – Queen Creek between August 6, 2012 (first day of school) and March 18, 2013 (date of school's last upload to ADE at the time) ranged from 15 days to 47.75 days. According to ADE reports, during this period, ALA – Queen Creek had reported another 108 students who had 15 or more absences, but who had not been withdrawn and re-enrolled by the school. For example, ALA – Queen Creek reported one tenth grade student as having 23 absences and another tenth grade student as having 69.25 absences for this period. Even though the one student had three times as many absences, ALA – Queen Creek chose to withdraw and re-enroll the student with 23 absences.

- At the ALA QC Elem and ALA San Tan campuses, ADE reports included 25 students and 8 students, respectively, that had been withdrawn on one school day and re-enrolled on the next school day. No such students were identified at the ALA Mesa and American Leadership Academy campuses.

- While there appears to be no fiscal year 2013 funding implications, based on conversations with ADE Research and Evaluation staff, the inappropriate withdrawal of students would impact the number of full academic year (FAY) students identified at the school. FAY students are used to determine a school's performance on the Board's academic framework and the school's letter grade.

Based on the above, it was determined that the information was credible and warranted follow-up action. On March 26, 2013, Board staff visited ALA – Queen Creek and the charter holder offices to determine why students had been withdrawn on one day and re-enrolled the next school day. During the visit, administrative personnel stated there was a misunderstanding at the school level about the implementation of newly developed school policies and also a misunderstanding about the ability to withdraw students for excessive absences. Board staff informed administrative personnel that similar issues were identified at other charter schools operated by the charter holder and directed the charter holder to submit revised attendance data to ADE for all applicable students.

On April 3, 2013, the charter holder sent an email to Board staff indicating that the matter had been resolved. Board staff's preliminary review of the revised student attendance data reported to ADE found that the information for many students had been corrected, but not for all. Therefore, Board staff requested copies of the Official Notice of Pupil Withdrawal form for all students that the schools reported had withdrawn and later re-enrolled. In some cases, the students had re-enrolled the next school day while in other cases the re-enrollment date was days or weeks later. Information was requested for a total of 22 students covering all five campuses.

On May 6, 2013, the charter holder timely submitted information for the 22 students. The information included an explanation, action taken by the charter holder and, as applicable, copies of the withdrawal form. Board staff's review of the information provided by the charter holder for these students and the student attendance data submitted to ADE found the following by campus:

- ALA Queen Creek – For 3 of 5 students, the explanation provided, the action taken, or both did not align with information submitted by the charter holder to ADE. For the remaining 2 students, the charter holder provided a withdrawal form signed by the parent.

- ALA QC Elem – For 4 of 5 students, the charter holder reversed the withdrawal, so there was no longer a break in the students' attendance. The charter holder indicated one of these students had withdrawn from the school in April, but did not provide a copy of the April withdrawal form. For the fifth student, the charter holder stated that the student moved from full-day kindergarten to half-day kindergarten, which under the charter holder's student management system requires the student withdraw to move "calendar tracks". The charter holder stated that it is working with ADE on the appropriate way to handle this situation.
- ALA San Tan – For 1 of 4 students, action taken by the charter holder did not align with the explanation provided. For 1 of 4 students, insufficient information was available to determine if the action taken by the charter holder was supported or not. For the remaining 2 students, the charter holder provided a withdrawal form signed by the parent.
- ALA Mesa – For 1 of 3 students, the explanation provided did not align with information submitted by the charter holder to ADE. For 1 of 3 students, the charter holder stated that the student moved from full-day kindergarten to half-day kindergarten (see ALA QC Elem above). For the remaining student, the charter holder provided a withdrawal form signed by the parent.
- American Leadership Academy – For 5 of 5 students, the charter holder provided a withdrawal form signed by the parent. However, for 1 student, the withdrawal date reported to ADE was 1 day later than the withdrawal date on the form.

On May 20, 2013, Board staff emailed the charter representative to state that based on staff's review of the information provided on May 6th Board staff would conduct a second visit to the charter's office. To ensure accurate data would be available when determining the schools' performance under the Board's academic framework and the letter grades for the charter holder's five campuses, the visit was scheduled for May 23rd, so the charter holder could submit any revised data by ADE Research and Evaluation's deadline of May 31st.

Following the visit, Board staff sent an email on May 23rd summarizing the information that the charter holder was required to provide to the Board and/or the changes that the charter holder would make to the student attendance data reported to ADE. The email included the following, "If issues are identified by Board staff in the data uploaded on or before May 31st and/or the documents provided, this information, beginning with Board staff's site visit in March, will be disclosed to the Board when it considers American Leadership Academy's request to add a site and increase its enrollment cap."

On May 29, 2013, the charter holder provided a response to the Board. A review of the information provided by the charter holder to the Board and the data submitted to ADE identified issues. A copy of the June 6th letter sent by Board staff to the charter representative and a copy of the email response timely submitted to the Board on June 20th have been provided (presented in: h. Student Attendance Matters). In both cases, the attachments have not been included in the Board materials as they include specific student information.

As of June 20, 2013, the issues identified in fiscal year 2013 by Board staff have been corrected by the charter holder. While the charter holder has provided all of the information requested in the Board's June 6th letter, Board staff has not closed out this matter. Board staff will continue to monitor whether the charter holder has taken appropriate steps to ensure compliance in these areas for fiscal year 2014.

Board Options – New Site Notification Request

1. The Board may approve the New Site Notification Request. The following language is provided for consideration: I move to approve the request to add a new site to the charter contract of American Leadership Academies, Inc.
2. The Board may deny the New Site Notification Request. Staff recommends the following language for consideration: I move to deny the request to add a new site to the charter contract of American Leadership Academies, Inc. for the reason that the charter holder has not demonstrated the capacity to implement operational systems that comply with statutory and contractual responsibilities regarding attendance reporting at its current sites as evidenced by the information contained in this report. Further, the Board directs staff to monitor the charter holder's attendance reporting at least through February of the 2013-2014 school year prior to consideration of expansion by this charter for a subsequent school year. (Other specific reasons the Board may have found during its consideration including…)

Board Options – Enrollment Cap Notification Request

1. The Board may approve the Enrollment Cap Notification Request. The following language is provided for consideration: I move to approve the request to increase the enrollment cap of the charter contract of American Leadership Academies, Inc. from 3000 to 4500.
2. The Board may deny the Enrollment Cap Notification Request. Staff recommends the following language for consideration if the New Site Notification request is denied: I move to deny the request to increase the enrollment cap of the charter contract of American Leadership Academies, Inc. for the reason that the charter holder has not demonstrated the capacity to implement operational systems that comply with statutory and contractual responsibilities regarding attendance reporting at its current sites as evidenced by the information contained in this report. (Other specific reasons the Board may have found during its consideration including…)