
AGENDA ITEM: Request for the Temporary Suspension of Charter School Operation of Academy of Arizona, Inc.

Board Policy

Upon presentation of requested documentation to Board staff, the Board may consider, on a case-by-case basis the suspension of a charter school’s operation.

Suspensions may be granted for an entire school year, semester, term or other recognized unit of school operation.

The Board may seek to revoke the charter of any charter school operator that fails to return the charter school to operation within the timeframe prescribed by the Board in granting the suspension or to otherwise comply with the terms of suspension imposed by the Board.

This [policy](#) became effective November 15, 2004.

Request for Suspension

On July 13, 2010, staff received a letter from Academy of Arizona requesting a suspension in operations for one year. Leicester Allen, the charter representative, stated that the suspension is needed in order to restructure the school and the school’s education service provider. The school’s request is attached.

On July 15, 2010, staff received a copy of the letter to be sent to parents notifying them of the closure. Staff confirmed that the letters were sent out on July 21, 2010. The school was scheduled to start August 2nd. A copy of the letter is attached.

Staff has developed an Agreement for the Temporary Suspension of Provision of a Program of Instruction Under Charter Contract and Statement of Assurances and provided a copy to the Charter Operator for consideration.

School History

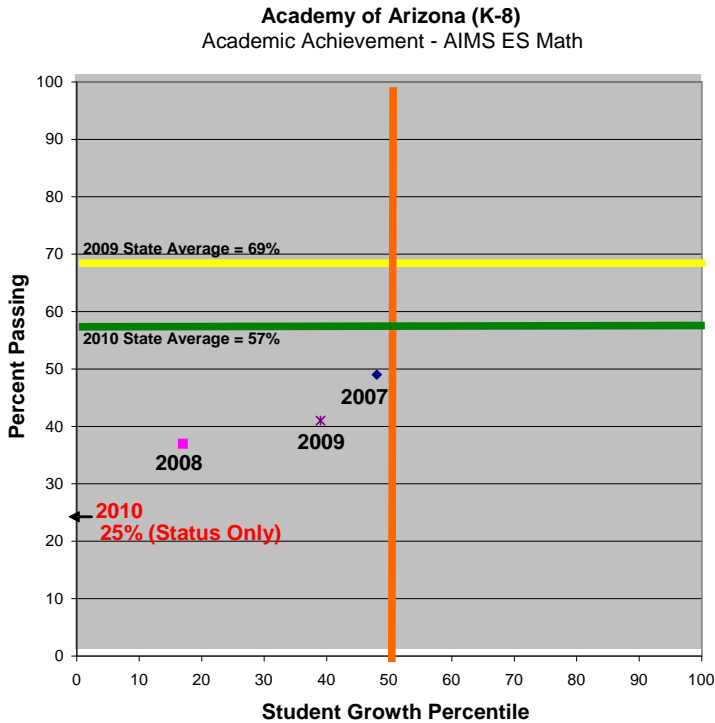
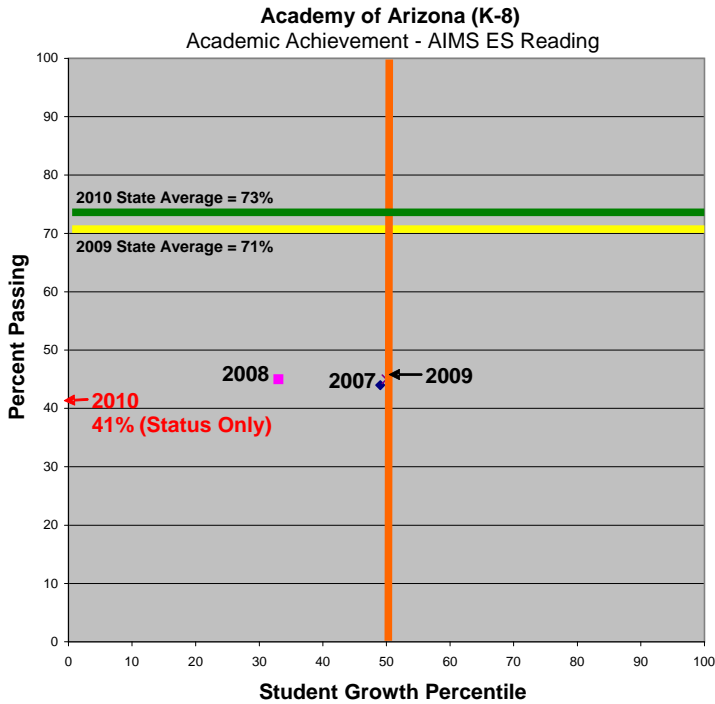
The Charter between the Academy of Arizona, Inc. (“Charter Operator”) and the Board was executed on May 25, 2000. The Charter Operator is currently authorized to operate one school site to serve students in grades Kindergarten through 8 at 2100 W. Indian School Road in Phoenix.

As documented in the *Notes to the Financial Statement of June 30, 2009*, the Charter Operator has entered into a management agreement with Charter Schools Administration Services, Inc. for a term of 15 years, which commenced July 1, 2000. The principals of Charter School Administration Services, Inc. were instrumental in the creation and incorporation of the Charter Operator. The *Notes* also state that members of the board of directors of the Academy of Arizona are also directors of Academy of America, the sole member of the Charter Operator. The Charter Operator leases its facilities from Academy of America and from Education Real Estate, Inc. In addition, the Charter Operator contracts administrative services from Charter School Administration Services, Inc., whose primary stockholders are also directors of Academy of America, Education Real Estate, Inc., and the Charter Operator.

The school reported its FY 2010 100th day ADM at 161.582 students and received a total of \$1,132,026.68 in state and ARRA funds. The school was also eligible for over \$241,000 in IDEA, Title I and Title II funds during FY 2010.

	2009-2010	2008-2009	2007-2008
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AYP	Not Met	Not Met ¹	Not Met
AZ LEARNS	Performing	Performing	Underperforming



Compliance History

¹ Academy of Arizona was identified as a Persistently Low Achieving (“PLA”) School. PLA is defined as among the lowest-achieving 5 percent of Title I schools in improvement, corrective action, or restructuring.

Site Visits

January 31, 2008

Site visit occurred to both school sites because the Charter Operator had not submitted the fiscal year 2007 audit which was due in November 2007. At the main campus, staff met with Academy of America National Project Director Richard Walls and Regional Director Ron Young, who were in Arizona to implement staffing and program changes at the two sites. Following the visit, a letter was sent to the charter representative documenting the visit. (Letter dated 2/19/08 attached)

During the visit to the North campus, staff visited a nearby house that was being used as classroom space for the younger students. All buildings providing services to students must meet the specification for "E" occupancy and be approved for use by the State Fire Marshal's Office. Since Board records did not reflect this house being used by the school, the school was asked to submit a site notification request to add the house to the existing North campus and a copy of the Certificate of Occupancy and Fire Marshal's report. Further, staff followed up with the State Fire Marshal's Office. After completing an inspection, the State Fire Marshal's Office informed the school that the house could not be used to provide educational services.

Additionally, during the visit to the North campus, staff observed the school serving grades K-8. While the Charter Operator was approved to serve grades K-8, Academy of Arizona's contract indicates that the North campus serves grades K-6. In March 2008, the Charter Operator submitted the necessary information to update its contract to reflect the actual grades being served at the North campus.

November 20, 2008

Site visit to both campuses occurred because staff had discovered that the North campus had been closed. Upon arriving at the North campus, staff found the school locked and a notice on the office door indicating that the campus has been closed as of August 22nd due to low enrollment.

At the time of the visit, ADE reports indicated that Academy of Arizona was receiving state equalization assistance for 18 students at this site based on its estimated student count. Even though the North campus was closed effective August 22nd, Academy of Arizona failed to update its charter estimated student count list to reflect the closed campus as required by the ADE. While the school's closure date was such that Academy of Arizona could have updated the charter estimated student count list by the August 29th deadline for the September payment, this did not occur. Further, Academy of Arizona failed to make the adjustment by the September 26th deadline for the October payment or any adjustment subsequent. While the Charter Operator did receive funding for these students during the period where State equalization payments were based on estimated counts, the State recouped these funds when payments transitioned to being based upon actual attendance data as the Charter Operator did not submit actual attendance data for the North campus. Following the visit, a letter was sent to the charter representative documenting the visit. (Letter dated 12/01/08 attached)

In the December 1, 2008 letter, the Charter Operator was asked to submit by December 12, 2008, a completed School Closure Notification request and required documentation for the North campus. On December 15, 2008, our office received the notification request and a letter indicating that the Charter Operator's board planned to ratify the closure at its February 9, 2009 meeting. In a letter dated December 15, 2008, staff asked the Charter Operator to provide the minutes by February 13, 2009. Since the minutes had not been received, the Charter Operator was notified on February 20, 2009 that the matter would be forwarded to the Board on March 9, 2009 for further action. Prior to the March meeting, the minutes were provided.

January 20, 2009

Site visit occurred because the Charter Operator had not submitted its fiscal year 2008 audit which was due November 2008. No additional issues were identified during the site visit.

Prior Withholdings

- In November 2009, the Board voted to withhold 10% of the Charter Operator's monthly State aid apportionment for failure to timely submit the fiscal year 2009 audit and failure to timely submit the fiscal year 2010 Declaration of Curricular and Instructional Alignment. The withholding for failure to timely submit the fiscal year 2009 audit occurred for three months.
- In November 2008, the Board voted to withhold 10% of the Charter Operator's monthly State aid apportionment for failure to timely submit the fiscal year 2008 audit. The withholding occurred for two months. Audit submitted (2/6/09) following staff's site visit and prior to the February 2009 meeting (2/9/09) where the Board would consider further disciplinary action.
- In November 2007, the Board voted to withhold 10% of the Charter Operator's monthly State aid apportionment for failure to timely submit the fiscal year 2007 audit and Annual Financial Report. Audit submitted (2/1/08) following staff's site visit and prior to the February 2008 meeting (2/11/08) where the Board would consider further disciplinary action. AFR was submitted in December 2007.
- In January 2005, the Board voted to withhold 10% of the Charter Operator's monthly State aid apportionment for failure to timely submit the fiscal year 2004 audit. The withholding occurred for one month.
- In November 2004, the Board voted to withhold 10% of the Charter Operator's monthly State aid apportionment for failure to timely submit the fiscal year 2004 Annual Financial Report. No withholding occurred as the AFR was submitted prior to the December 2004 payment.

Prior Notice of Intent to Revoke Charter

November 2009 – Board issued Notice of Intent to Revoke the charter contract for failure to submit the fiscal year 2009 audit on time for three consecutive fiscal years and also for failure to timely submit its fiscal year 2010 Declaration of Curricular and Instructional Alignment. These documents were submitted before a consent agreement was entered. Therefore, no further action was taken.

Fiscal Year 2009 Audit

The Charter Operator's fiscal year 2009 financial statements were prepared assuming the organization will continue as a going concern. The Academy of Arizona has suffered recurring reductions in net assets, including \$422,157 for the year ended June 30, 2009, resulting in a net asset deficiency of \$5,768,542. At June 30, 2009, the organization's accounts payable totaled \$6,079,672, including \$5,727,337 for purchased services and other expenses due to Charter School Administration Services, Inc. (CSAS). According to the audit, CSAS has allowed the Academy of Arizona to be delinquent in payment on these balances in order to minimize its cash flow difficulties.

Regarding the going concern, the audit states that the organization has formulated a deficit reduction plan to eliminate the operating deficit. The plan calls for increased student enrollment and reduction in operating costs. The audit further states that during fiscal year 2009, the organization consolidated all activities into one campus to curb operating costs.

Board Options:

1. Approve the Agreement for the Temporary Suspension of Provision of a Program of Instruction Under Charter Contract and Statement of Assurances and grant the request for a suspension in operation of the charter school for a period of one year based upon the terms of the Agreement.

2. Deny the request for a suspension in operation of the charter school and request that the school work with the staff to surrender the charter contract.

Staff Recommendation: Option 2.

Because the charter school is currently identified as being among the lowest-achieving 5 percent of Title I schools, its plan to suspend the operation of the charter school and restructure itself is viewed as a positive course of action. In reviewing the Charter Operator's history of disregard for compliance with its charter and lack of communication with the Board, staff has concerns with regard to the Charter Operator's compliance with the terms of the Agreement. Because the Charter Operator may submit a new application that reflects a completed restructuring of the school and the school's education service provider, staff recommends the surrender of the current charter.

**ACADEMY OF ARIZONA
Corporate Office**

RECEIVED

JUL 13 2010

20820 Greenfield Rd.
Oak Park, MI 48237
(248) 569-7787

Arizona State Board for Charter Schools
DeAnna Rowe
Executive Director
1700 West Washington Street
Suite 164
Phoenix, Arizona 85007

Dear Ms. Rowe,

The Academy of Arizona is officially requesting a temporary suspension of charter school operation in accordance with A.R.S 15-183. The temporary suspension is being requested for the entire school year of 2010-2011 and would begin on July 26, 2010. This will affect all grade levels and school sites at the Academy.

This suspension is needed in order to restructure the school and the school's education service provider so that new people can be recruited and trained in order to provide the best quality education to the students at the Academy and to increase test scores. The technology at the school needs to be upgraded and improved to give the students and staff the latest advancement in computer learning. Approximately 222 students will be affected.

The plan to resume operation of the charter school includes hiring a new superintendent for the education service provider of the school, a local regional manager to support the school and ensure that all the school's needs are being met. School will resume in August of 2011. New computers and technology will be added to the school for improved teaching and learning.

The revenues received to date include the general state aid, Cs site state grant, and federal title grant monies. Because the school has not started for the 2010-2011 school year the funds will not be received this school year if the suspension is granted.

To alleviate any disruption to students and parents due to the suspension, letters of notification of the suspension will be mailed to parents in July, one day after official approval of the suspension from the Arizona Board of Charter School has been received. The letter will include who to call with any questions, where to go to pick up students records if need be, a list of schools in the local area where parents can send their children if they so desire and a contact to call if the parents concerns are not properly addressed.

A parent meeting will be held on July 21, 2010 to personally meet with the parents and address any concerns.

If you have any questions, please call Mr. Andrew Burks at 248-569-7787. Thank you for your consideration.

A handwritten signature in blue ink that reads "Leicester L. Allen". The signature is written in a cursive style with a large initial "L" and "A".

Leicester L. Allen
President

Dear Parents/Guardians/Students:

On behalf of the faculty, staff, and administration of the Academy of Arizona, we want to thank you for your support. We regret to inform you that the Academy of Arizona will not be open for the 2010-2011 school year. We have submitted a suspension request to the Arizona State Charter School Office for approval and we are optimistic that the request will be approved. However, we do intend to re-open for the 2011 -2012 school year.

As you know, the Academy's academic performance has been lacking. We feel that it is in the best interest of our students to suspend operations for the upcoming school year in order to restructure the Academy. In doing so, we are confident that the Academy will show great improvement upon its planned re-opening in August, 2011.

We are committed to assisting you in finding a nearby school to enroll in for the upcoming school year. Staff will be available at the Academy weekdays between 9:00a.m. – 4:00p.m. They will provide information regarding the transfer of student records and contact information for nearby schools. They will also be available to answer any questions that you may have.

It has been our pleasure to participate in your child's education. We look forward to seeing you at our planned re-opening in August, 2011.

Sincerely,

_____, Principal

Arizona State Board for Charter Schools

1700 W. Washington Street, Room 164
Phoenix, AZ 85007



Phone: (602) 364-3080
Fax: (602) 364-3089



February 19, 2008

Leicester L. Allen
Academy of Arizona
20755 Greenfield Road, #300
Southfield, MI 48075

SENT VIA FAX: (248) 569-7551

Dear Mr. Allen:

On January 31, 2008, Enrique Duron and I conducted site visits of Academy of Arizona – Main and Academy of Arizona – North. The site visits occurred because the schools had still not submitted the fiscal year 2007 audit, which was due on November 15, 2007. We appreciated the opportunity to meet with Richard Walls and Ron Young at the main campus and Donna Petrillo and Liliana Hydeman at the north campus, tour the facilities, and observe the schools in action. The table below is a summary of items reviewed, corresponding observations and findings, and any follow-up action/information that needs to be completed.

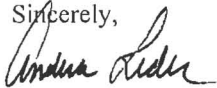
Staff Action	Observation/Finding	Follow-up Required
Student Count	<p>On the day of the site visit, a total of 216 students were counted at the main campus. Rosters provided by the school supported an additional 49 students, including 15 students in the morning kindergarten class whose school day had already concluded before we arrived.</p> <p>On the day of the site visit, a total of 48 students were counted at the north campus. Rosters provided by the school supported an additional 13 students.</p>	None.
FCCs and Background Checks	<p>Fingerprint clearance was reviewed pursuant to A.R.S. §15-183.C.4 for all instructional and non-instructional personnel.</p> <p>During the visit, we observed Ms. Borquez substituting in Ms. Burgess' classroom. We were provided with a fingerprint clearance card application dated January 29th for Ms. Borquez and told that she had been hired to work in the school's front office. Later, Mr. Walls and Mr. Young told us that Ms. Borquez had been put in the classroom because the regular teacher for that classroom had been let go earlier that day. We were told that there would be a teacher with a valid fingerprint clearance card in the classroom beginning the next day. Mr. Walls and Mr. Young were asked to provide our office by February 1st a letter indicating how this issue had been resolved and to provide the fingerprint clearance card of the individual who would be in that classroom.</p> <p>On February 1st, our office received an unsigned letter from Mr. Walls and Mr. Young stating that the classes</p>	By March 3, 2008 , please provide a <u>signed</u> copy of the letter dated February 1 st regarding "Staff information".

	<p>had been combined and the seventh grade teacher would be Mr. Ramon Diaz. Since we had reviewed Mr. Diaz's card during our visit, a copy of his card was not provided. On February 1st, I spoke with Mr. Walls and asked that he provide us with a signed copy of the letter. On February 5th, I faxed a copy of the letter and asked that a signed copy be faxed to me. As of today, I have not received a signed copy of the letter.</p>	
Resume file	<p>A resume file of all instructional employees was available upon request pursuant to A.R.S. §15-183.F.</p> <p>Richard Walls informed the ASBCS staff that parents had been made aware of the availability of resumes through written communication at the beginning of the school year.</p>	None.
Governing Body Minutes	The governing body meeting minutes were reviewed.	None.
Classroom Materials	The classrooms had grade level appropriate books and manipulatives for student use.	None.
Daily Instructional Schedule	While a school calendar was provided during our visit, Mr. Walls and Mr. Young indicated that they were revising the daily instructional schedules for the schools.	<p>By March 3, 2008, please provide:</p> <ul style="list-style-type: none"> • The process used to determine whether the schedule that had been in place from the beginning of the school year at each campus provided the appropriate hours, if continued, to meet requirements and whether the "revised" schedule makes up hours or maintains the required hours and how this is accomplished; • The "revised" instructional or "bell" schedule for each of the campuses and for each grade level or grade level grouping. The schedule should include all recesses, lunch periods, breaks and, as applicable, passing time; and • The effective date of the "revised" schedule for each school.

North Campus Site	<p>During our visit, we observed the Academy of Arizona – North campus serving grades K-8. However, your contract indicates that this campus serves grades K-6. You will need to update your contract with the correct grade level configuration for each school site. A copy of the Site Specific Change in Grades Served Notification Request form has been enclosed. Additionally, the form is available on our website – www.asbcs.az.gov.</p> <p>Further, during our tour of the north campus, we visited a nearby house that was being used as classroom space for the younger students. All buildings providing services to students must meet the specification for “E” occupancy and be approved for use by the State Fire Marshal’s Office.</p>	<p>By March 3, 2008, please submit a site notification request to add the house to the existing North campus along with a copy of the Certificate of Occupancy and Fire Marshal’s report.</p> <p>Additionally, please submit by March 3, 2008, a completed Site Specific Change in Grades Served Notification Request form for each school site under Academy of Arizona.</p>
Fiscal Year 2007 Audit	<p>During the visit, Mr. Walls indicated that he was surprised our office had not yet received Academy of Arizona’s fiscal year 2007 audit because he knew it had been completed.</p> <p>On February 1st, the fiscal year 2007 audit was delivered to our office.</p>	None.

If you have any questions concerning the information in the table above, please contact me at (602) 364-3106.

Sincerely,



Andrea Leder
Government & Financial Services Manager

Enclosure – “Site Specific Change in Grades Served Notification Request”

Arizona State Board for Charter Schools

Arizona State Board of Education

1700 W. Washington St., Room 164, Phoenix, AZ 85007

(602) 364-3080 Fax (602) 364-3089

www.asbcs.az.gov

SITE SPECIFIC CHANGE IN GRADES SERVED NOTIFICATION REQUEST

(Charter Holder Name)

(CTDS)

(Charter Holder Mailing Address)

(City, State)

(Zip)

(Charter Representative's Name)

(Phone Number)

(Fax Number)

Failure to submit all required documentation will result in the Notification Request being returned without being processed. Faxed copies will not be accepted. Please send originals.

Change in grade levels served for a specific school site
This form should only be used when changing grades at a site that fall within the approved grades of the charter contract.

Included is the following:

- Board minutes approving the change (minutes must comply with Open Meeting Law ARS §38-431.01)
Rationale for changing grades served
If adding additional grades, please provide documentation that the current facility can support the additional grades.
If adding additional grades, please provide documentation that the current enrollment cap can support the additional grades.

The Arizona State Board for Charter Schools and (Charter Holder), herein agree to amend the terms of the charter contract as follows:

Name of school: CTDS:

Physical address:

Grade levels from:

Grade levels to:

Effective Date (cannot occur mid-year):

In witness whereof, Charter Holder has signed this contract amendment as of this day of , 200 , and the State Board for Charter Schools has signed this contract amendment as of this day of , 200 , to take effect at such time as it is signed by both parties.

Charter Representative Signature

Representative Signature for the Arizona State Board for Charter Schools

TRANSMISSION VERIFICATION REPORT

TIME : 02/19/2008 16:15
NAME : AZ CHARTER BOARD
FAX : 602-364-3089
TEL : 602-364-3080
SER.# : BROA3J954223

DATE, TIME	02/19 16:14
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DURATION	00:01:10
PAGE(S)	04
RESULT	OK
MODE	STANDARD ECM

Arizona State Board for Charter Schools

1700 W. Washington Street, Room 164
Phoenix, AZ 85007



Phone: (602) 364-3080
Fax: (602) 364-3089

December 1, 2008



Leicester L. Allen
Academy of Arizona
20755 Greenfield Road, #300
Southfield, MI 48075

SENT VIA FAX: (248) 569-7551

Dear Mr. Allen:

On November 20, 2008, I conducted site visits of Academy of Arizona – Main and Academy of Arizona – North. Below is a summary, by issue, of observations and findings from staff's review and follow-up action that needs to be completed by the school.

Academy of Arizona – North

Upon arriving at Academy of Arizona – North, I found the school locked and a notice on the office door indicating that the campus has been closed as of August 22nd due to low enrollment. This notice was signed by Mr. Hecht, the principal. Academy of Arizona failed to notify our office of the campus closure.

Arizona Department of Education's reports currently indicate that the Academy of Arizona is receiving state equalization assistance for 18 students at this site. Even though the North campus was closed effective August 22nd, Academy of Arizona failed to update its charter estimated student count list to reflect the closed campus as required by the Arizona Department of Education (ADE). While the school's closure date was such that Academy of Arizona could have updated the charter estimated student count list by the August 29th deadline for the September payment, this did not occur. Further, Academy of Arizona failed to make the adjustment by the September 26th deadline for the October payment or any adjustment since.

While the notice posted at the North campus welcomed parents to enroll their children at Academy of Arizona – Main, a review of rosters obtained during my visit to the Main campus showed that only five of the 18 North campus students were enrolled at the Main campus as of November 20th. Actual attendance data for the school year submitted by the Main campus as of November 20th to ADE supported four of these five students and indicated that another three students may have attended the Main campus for a period of time. No actual attendance data for the North campus have been submitted to ADE this school year.

By December 12, 2008, please:

- Submit to our office a completed School Closure Notification request and required documentation for Academy of Arizona – North. This form is available on our website at http://asbcs.az.gov/amendment_forms.asp.
- Update your charter estimated student count list with ADE for the Academy of Arizona-North campus to reflect its closure since Academy of Arizona's December payment will be based on the estimated student count.

Further, please ensure that the actual attendance being reported for the Main campus accurately reflects the students actually in attendance at the campus.

Academy of Arizona – Main Student Count

During the visit, 200 students were observed on campus:

K (2 classes) = 39	5 th = 17
1 st (2 classes) = 39	6 th = 18
2 nd = 17	7 th = 21
3 rd = 18	8 th = 14
4 th = 17	

Rosters for the day were provided and supported an additional 16 students.

Academy of Arizona – Main Fingerprinting

The school’s compliance with A.R.S. § 15-183.C.4 and A.R.S. § 15-512 was reviewed.

During the visit, the school provided a completed fingerprint clearance card application for Business Director Jaime Cockrill. The application was completed prior to Ms. Cockrill’s first day. However, the application was an old version and not the current identity verified fingerprint application. Ms. Cockrill contacted DPS during the visit. DPS indicated that the application had been returned. Ms. Cockrill requested that DPS mail to the school 10 to 15 copies of the new application packets. By **Thursday, December 4th**, please provide me with a copy of the application for Ms. Cockrill submitted to DPS.

Academy of Arizona – Main Instructional Hours

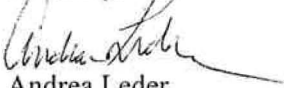
The class schedule and school calendar were reviewed. The school meets the minimum number of instructional hours required.

Fiscal Year 2008 Audit

Finally, the Board still has not received Academy of Arizona’s fiscal year 2008 audit. Please see the Board’s letter dated November 26th for more information.

If you have any questions concerning the information above, please contact me at (602) 364-3106.

Sincerely,



Andrea Leder

Government & Financial Services Manager

cc: Principal Shad Hecht and Business Director Jaime Cockrill (Sent via fax: 602.274.0543)

TRANSMISSION VERIFICATION REPORT

TIME : 12/01/2008 08:21
NAME : AZ CHARTER BOARD
FAX : 602-364-3089
TEL : 602-364-3080
SER.# : BROA3J954223

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TEL : 602-364-3080
SER. # : BROA3J954223

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