AGENDA ITEM: Dropout Recovery Program Amendment Request – Arizona Call-a-Teen Youth Resources, Inc.

Issue

A Dropout Recovery Program Amendment Request was submitted by Arizona Call-a-Teen Youth Resources, Inc. (ACTY). The charter is authorized for grades 9-12. ACTY did receive an overall rating of "Meets Standard" for the FY2014 academic dashboard and meets the Board's academic performance expectations.

Summary of Narrative Provided

Rationale for Expansion Request

ACTY indicates that the addition of a dropout recovery program to their school will improve the dropout and graduation rate, which will provide the students with credit recovery options, preparation classes for college and AZ Merit testing. The dropout recovery program will be located in the school's computer lab. The dropout recovery program will be contracted through Graduation First and the Charter Holder will be providing the oversight for this program (portfolio: b. Narrative).

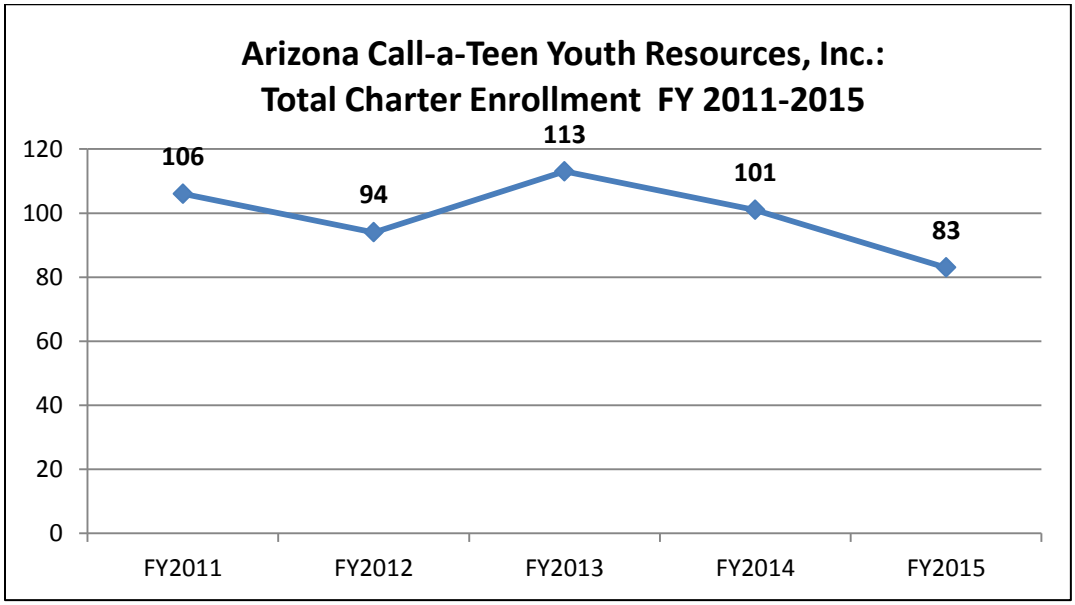
Support Information

The submitted minutes of the March 11, 2015 meeting of the school governing body show approval for the dropout recovery program.

Background

ACTY was granted a charter in 1995 to operate 1 school serving grades 9-12 in Phoenix. The charter was renewed in 2010. Arizona Call-a-Teen Center for Excellence (CFE) is designated as an alternative school.

The current enrollment cap is 700, with an increase from 180 approved on May 19, 2015. According to ADE, the 100th day ADM for FY 2015 was 82. The graph below shows the Charter Holder's actual 100th day average daily membership (ADM) for fiscal years 2010-2014.



Eligibility

As stated in Board policy, prior to a request being considered by the Board, staff conducts a compliance check as part of the amendment approval process. The Charter Holder is in compliance in all areas.

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. A dashboard representation of CFE's academic outcomes, based upon the indicators and measures adopted by the Board, is provided below.

Arizona Call-a-Teen Center for Excellence

		2012 Alternative High School (9-12)			2013 Alternative High School (9 to 12)			2014 Alternative High School (9 to 12)		
1. Growth		Measure	Points Assigned	Weight	Measure	Points Assigned	Weight	Measure	Points Assigned	Weight
1a. SGP	Math	NR	0	0	26	50	2.5	NR	0	0
	Reading	NR	0	0	39	50	2.5	NR	0	0
1b. Improvement	Math	NR	0	0	31	75	12.5	30.4	75	15
	Reading	NR	0	0	46.7	75	12.5	38.5	50	15
2. Proficiency		Measure	Points Assigned	Weight	Measure	Points Assigned	Weight	Measure	Points Assigned	Weight
2a. Percent Passing	Math	NR	0	0	28.4 / 19.4	75	10	22 / 20.3	75	10
	Reading	NR	0	0	68.8 / 53.4	75	10	60 / 54.3	75	10
2b. Subgroup ELL	Math	NR	0	0	NR	0	0	NR	0	0
	Reading	NR	0	0	NR	0	0	NR	0	0
2b. Subgroup FRL	Math	NR	0	0	28.4 / 18.4	75	5	23.9 / 20.3	75	5
	Reading	NR	0	0	68.8 / 51.8	75	5	60 / 53	75	5
2b. Subgroup SPED	Math	NR	0	0	NR	0	0	NR	0	0
	Reading	NR	0	0	NR	0	0	NR	0	0
3. State Accountability		Measure	Points Assigned	Weight	Measure	Points Assigned	Weight	Measure	Points Assigned	Weight
3a. State Accountability		D-ALT	25	5	C-ALT	50	5	C-ALT	50	5
4. Graduation		Measure	Points Assigned	Weight	Measure	Points Assigned	Weight	Measure	Points Assigned	Weight
4a. Graduation		Not Met	50	35	Not Met	50	15	Met	75	15
4b. Academic Persistence		NR	0	0	94	100	20	76	75	20
Overall Rating		Overall Rating			Overall Rating			Overall Rating		
Scoring for Overall Rating 89 or higher: Exceeds Standard <89, but > or = to 63: Meets Standard <63, but > or = to 39: Does Not Meet Standard Less than 39: Falls Far Below Standard		NR		40	73.75		100	70		100

The FY 2015 overall rating for the school on the Board's academic performance measures was 70 including points received for the FY 2015 letter grade of C-ALT as reported by the Arizona Department of Education. The FY 2014 overall rating for the school on the Board's academic performance measures was 73.75 including points received for the FY 2014 letter grade of C-ALT as reported by the Arizona Department of Education.

The academic performance of CFE meets the Board's academic performance expectations set forth in the performance framework adopted by the Board.

Financial Performance

The Charter Holder was required to submit a Financial Performance Response because it did not meet the Board's Financial Performance Expectations, as reflected in the table below which includes the Charter Holder's financial data and financial performance for the last three audited fiscal years.

Financial Data				
Statement of Financial Position	**2014**	**2013**	**2012**	**2011**
Cash	$104,319	$240,204	$305,000	$49,389
Unrestricted Cash	$83,309	$208,386	$285,366	
Other Liquidity	$5,019	$100,000		
Total Assets	$1,615,872	$1,818,345	$2,009,061	
Total Liabilities	$1,095,812	$1,227,926	$1,468,301	
Current Portion of Long-Term Debt & Capital Leases	$57,152	$71,621	$69,552	
Net Assets	$520,060	$590,419	$540,760	
Statement of Activities	**2014**	**2013**	**2012**	
Revenue	$3,337,600	$3,959,949	$3,417,856	
Expenses	$3,407,959	$3,910,290	$3,534,958	
Net Income	($70,359)	$49,659	($117,102)	
Change in Net Assets	($70,359)	$49,659	($117,102)	
Financial Statements or Notes	**2014**	**2013**	**2012**	
Depreciation & Amortization Expense	$86,784	$77,387	$115,719	
Interest Expense	$36,252	$37,271	$38,713	
Lease Expense	$82,718	$57,943	$59,074	
Financial Performance				
	2014	**2013**	**2012**	**3-yr Cumulative**
Near-Term Indicators				
Going Concern	No	No	No	N/A
Unrestricted Days Liquidity*	9.46	28.79	29.47	N/A
Default	No	No	No	N/A
Sustainability Indicators				
Net Income	($70,359)	$49,659	($117,102)	N/A
Cash Flow	($135,885)	($64,796)	$255,611	$54,930
Fixed Charge Coverage Ratio	0.77	1.33	0.58	N/A

* For fiscal year 2012, the field reflects the charter holder's performance under the financial framework's previous "Unrestricted Days Cash" measure.

The Charter Holder's Financial Performance Response has been provided in the meeting materials (portfolio: c. Supplemented Financial Response).[1] Staff's final evaluation of the Financial Performance Response resulted in zero "Acceptable" and four "Not Acceptable" determinations (portfolio: d. Financial Response Evaluation). An analysis of the Charter Holder's financial performance, focusing on those measures where the Charter Holder failed to meet the Board's target and using information from the Charter Holder's Financial Performance Response and related documents, is provided below.

Unrestricted Days Liquidity

The Charter Holder did not explain the circumstances that resulted in less than 30 days liquidity in 2014, but indicated

[1] On June 1, 2015, Board staff emailed a copy of staff's initial evaluation and provided a deadline by which the Charter Holder could supplement its Financial Performance Response to address areas evaluated as "Not Acceptable". By the deadline, the Charter Holder submitted supplemental information.

that it owns three buildings with an assessed valuation in excess of $4.5 million dollars with less than 17% encumbered by a mortgage. The Charter Holder stated it has conducted an analysis of all expenses and found ways to "significantly" reduce costs starting July 1, 2015 in the areas of equipment rental, insurance, materials and supplies, and "other expenses".

Net Income, Fixed Charge Coverage Ratio (FCCR), and Cash Flow

The Charter Holder referred to its dependence on grant funding and indicated a reduction in grant funding contributed to its financial performance on these three measures. The Charter Holder stated, "The Board of Directors has taken measures to explore and implement new and innovative sources of non- governmental revenues." These measures include the board members pledging financial support, the formation of committees, including a planning and finance committee, and the development of a marketing plan that will assist "in expansion of generating general fund dollars". The Charter Holder reported positive net income for the nine-month period ending March 31, 2015.