AGENDA ITEM: NEW CHARTER APPLICATION – BASIS SCHOOLS, INC. (PEORIA K-6)

BASIS Schools, Inc. submitted a complete new charter application package to serve grades K through 6 for the Board's consideration. The application package meets the scoring requirements set by the Board for the 2015-2016 application cycle.

REPORT SUMMARY

Applicant Name: BASIS Schools, Inc.

Authorized Representative Name: Craig Barrett, Carolyn McGarvey

Proposed School Name: BASIS Peoria K-6

Proposed School Location: Near Lake Pleasant Pkwy. and Happy Valley Rd., in Peoria

Mission Statement

The mission of BASIS is to transform American education and elevate academic achievement to internationally competitive levels among all students, regardless of geographic location, economic background, culture, or ethnicity.

Target Population

BASIS Peoria K-6 will be located in close proximity to the existing BASIS Peoria campus and will serve grades K through 6. BASIS Peoria K-6 will be located within the boundaries of the Peoria Unified School District.

Student Count

Year	Grades Served	# of Students
1	K-5	696
2	K-5	696
3	K-5	696

School Calendar
Standard, 180 days

Target Start Date
August 11, 2015

Application Package Scoring

	Preliminary TRP Scores		Revised TRP Scores	
Any **Falls Below the Expectations** ratings?	No		No	
Any section in which more than one evaluation area scored **Approaches**?	Yes		No	
		Percent Meets		Percent Meets
Educational Plan Score ≥ 95% Meet standard?	No	24%	Yes	96%
Operational Plan Score ≥ 95% Meet standard?	No	68%	Yes	100%
Business Plan Score ≥ 95% Meet standard?	No	86%	Yes	96%

The Technical Review Panel (TRP) provided the Applicant with written technical assistance based on its reviews of the preliminary and revised written application packages prior to the in-person interview.

In-Person Interview Summary

During the in-person interview the Applicant responded to the questions regarding the submitted (Educational, Operational, Business) Plan.

The capacity interview included seven staff members of BASIS Educational Group (BASIS.ed, the Charter Management Organization (CMO)), one of whom is an Authorized Representative for the Applicant, and the current leader of a BASIS upper school. During the interview, the Applicant clarified the organization's growth plan. Specifically, the six proposed elementary schools will serve as feeders to the existing BASIS upper schools. The Applicant indicated that based on facility availability and an internal assessment of demand for the new campuses, the Chandler, Peoria (this application), and Scottsdale locations are prioritized for opening in 2015. The campuses in Ahwatukee, Flagstaff, and Mesa are likely to open in 2016, depending on facility availability and organizational capacity. The Applicant articulated the need to expand staff capacity at the CMO level as new schools are opened.

The Applicant demonstrated a clear understanding of the proposed educational model, including both its basis in research and the demonstrated results to-date in current BASIS elementary schools (although the TRP notes that these schools have a limited track record as the first one is in its second year of operation). The Applicant effectively addressed the TRP's questions regarding the Educational Plan. A description of a student's typical school day included details regarding the innovative instructional model which incorporates both "subject-expert" teachers and "learning-expert" teachers to establish appropriate academic connections for all students, and to support intervention planning for individual students (interview part 1, 25:30).

The Applicant described the uniform objectives of all elementary school campuses and explained the autonomies given to individual schools to meet those objectives, such as determining appropriate strategies for curricular implementation based on specific student populations (interview part 1, 20:50). The Applicant effectively addressed questions regarding how the school leadership uses data to monitor instruction and reteach or intervene when necessary (interview part 1, 53:30).

Satisfactory answers regarding the process for modifying instruction for special education students were provided (interview part 1, 1:02:45). Additionally, the Applicant referenced lessons learned from existing BASIS schools regarding special education, and ongoing application of these lessons to spur overall improvement in effectively addressing students with disabilities for all BASIS campuses. One strategy to mitigate these challenges at future schools is the organization's current effort to identify additional CMO-level special education support.

The Applicant also addressed the TRP's questions about the organizational structure of the school including delineation of authorities and responsibilities between organizational leadership and individual school leadership. For example, while the BASIS.ed human resources department processes applications, the Head of School hires from the applicant pool, and evaluates the site staff (interview part 2, 06:30). Clarifying detail regarding the respective roles of the Basis Schools, Inc. (BSI) board of directors and the schools' governing body satisfied TRP questions. The Applicant described an organizational structure with a corporate board setting strategic goals, a single school governing body for all campuses setting policy, and parent advisory boards for each school site (interview part 2, 21:00). The Applicant described the financial model including components of the management fee structure, clarifying that four school-level leadership position salaries are incorporated into the management fee (interview part 2, 22:06). A viable approach to determining budget reductions in the event of revenue shortfalls was articulated.

Qualitative Analysis Summary

The TRP recommends the application for BASIS Peoria be approved because of the overall strength of the application package and the significant capacity exhibited by the Applicant during the interview. The Educational Plan presents a model currently unavailable in an elementary setting for the target population, and

which would likely benefit students in the target community, particularly students planning to enter BASIS upper schools.

The Program of Instruction and the Applicant responses during the interview evidence deep understanding of teaching and learning in a model based on research and proven by experience. The Educational Plan calls for a "learning-expert" teacher to stay with each class of students; together they rotate to different "subject-expert" teachers for each core subject. This structure for grades 1 through 4 ensures that subject matter experts provide instruction and that students' learning needs are met with consistency throughout the day. The school's goal is to provide an accelerated liberal arts education at internationally competitive levels for all students; the use of both state and international external assessments allows the school to measure progress towards this goal.

Throughout the capacity interview the Applicant adequately addressed remaining questions related to the Educational Plan, describing instructional strategies and summative assessments to both provide students with opportunities to engage with a rigorous curriculum (which has demonstrated initial success at current BASIS elementary schools) and ensure that they demonstrate achievement of the Arizona College and Career Ready Standards (interview part 1, 1:11:32).

BASIS.ed serves as the CMO for all BASIS schools, and has primary responsibility for compliance, reporting, data analysis, curricula development, and the hiring of the four-member leadership team of each elementary school. BSI provides the single school governing body that oversees all BASIS schools in Arizona. These two commonalities are likely to ensure faithful implementation of the plans as presented at each BASIS elementary school.

The application package includes a balanced budget, adequately covering educational and operational expenses, including significant annual surpluses. Coupled with the successful school finance track record of the existing BASIS schools, this demonstrates financial viability and responsibility. Notably, the Applicant stated that any reductions in revenue would be addressed collaboratively by the head of school and CMO staff, with the primary goal of preserving the instructional model intrinsic to the mission and values. The Applicant proposes to strategically stagger the openings of the six proposed schools over a period of two years to allow optimal use of resources.

A. EDUCATIONAL PLAN

The following summary was created from excerpts and summaries of the documents submitted for the Applicant's Educational Plan.

Plan Summary

BSI proposes to provide "an accelerated liberal arts education at internationally competitive levels for all students." The application package indicates that expansion into the elementary grades was prompted by parent demand.

In grades 1 through 4, class sizes of no more than 30 and a teacher-to-student ratio of 1:15 (with both a "subject-expert" teacher and "learning-expert" teacher in each classroom) are identified as key components of the BASIS model. This instructional structure is designed to allow teachers "to quickly identify students who are struggling and assist them in getting the extra support they may need to prevent them from falling behind," as approximately 40 percent of students entering BASIS schools in the fifth grade lack basic skills in reading, writing, and math facts. The BASIS K-6 program focuses on academics, behavioral expectations, collaborative learning skills, critical thinking, and organizational skills; together, these are identified as "paramount to success in most all future pursuits." Course content and student learning objectives are utilized to develop BASIS student assessments. These assessments, in conjunction with state-mandated and international assessments, measure student performance against the Arizona College and Career Ready Standards.

PMP

The Performance Management Plan (PMP) for new Applicants is a continuous school improvement plan that ensures the Applicant is ready to implement systems for meeting the Board's academic performance expectations.

The Applicant submitted a PMP that met the criteria in all areas for both Reading and Math.

Curriculum Samples

Curriculum samples were provided for grades K-6. The table below indicates which curriculum samples in the revised application package met all Board requirements (+), and which had deficiencies (-). Details for areas that did not meet the standard can be found in the attached Scoring Rubric.

Grade	Math	Reading	Writing	Science
K	+	+	+	
1	+	+	+	
2	+	+	+	
3	-	+	+	
4	-	+	+	+
5	+	+	+	
6	-	+	+	

Educational Plan Findings

	Preliminary TRP Scores		Revised TRP Scores	
Educational Plan Score ≥ 95% Meet standard?	No	16 of 68	Yes	65 of 68
Number of "Falls Below" ratings	0		0	
Number of "Approaches" ratings	52		3	

Analysis of Educational Plan

The Educational Plan meets the standard for approval because it presents a viable educational model, extended from a model implemented successfully at higher grades by the Applicant, which would likely benefit students in the target community, particularly students planning to enter BASIS upper schools. The Program of Instruction and the Applicant responses during the interview evidence deep understanding of the BASIS teaching and learning model, which they based on research and find has been proven by experience.

The school will employ a classroom structure with two professional teachers providing student instruction during each core content block: a "learning-expert" teacher with a background in elementary education and "subject-expert" teacher with a background in the specific subject they teach. An integrated block approach is employed. For example, in grades 1 through 4 the students address reading and writing skills through humanities blocks consisting of language arts, geography, and social studies. Academics, behavioral expectations, collaborative learning skills, critical thinking, organizational, and study skills are identified as six key areas of student development.

The Assessment Plan presents a viable path to evaluating student mastery of standards utilizing internal benchmarking assessments such as aimsweb®, as well as external assessments including the state-mandated AIMS/AzMERIT measuring students against the Arizona College and Career Ready Standards, and the Program for International Student Assessment (PISA). The proposed aggregation of diagnostic data to determine levels of intervention and advancement supports the unique instructional model.

During the interview, the Applicant provided sufficient detail regarding the PMP including the approach to reviewing and acting upon student data to satisfy any remaining concerns regarding assessments (interview part

1, 1:01:06). For example, a specific process for improving PMP action steps based on student data was described. The Applicant was also able to provide examples of modifying instruction and assessment for students with special needs (interview part 1, 1:02:40). During the interview, the Applicant also provided additional detail regarding remediation supports that ensure all students can succeed (interview part 1, 43:44). Data analysis, curriculum development, and the use of model teachers as teacher supports are available to the school from the CMO.

B. OPERATIONAL PLAN

The following summary was created from excerpts and summaries of the documents submitted for the Applicant's Operational Plan.

Plan Summary

BASIS Schools, Inc. (BSI) is a non-profit corporation, located in Scottsdale, that was created on April 24, 1998 for the purpose of to provide students with an academically rigorous liberal arts college preparatory education for elementary through high school grades in charter schools, with 7 directors: Craig Barrett (took office 3/1/01); Michael Block (founding member); Clint Bolick (took office 1/1/07); Donald Budinger (took office 3/10/11); John Morton (took office 4/1/09); Terry Sarvas (took office 1/1/03); and Steve Twist (took office 9/28/09). Daniel Nienhauser, a Charter Principal, was identified as a director at the time the application was submitted, but was removed as a director of BSI on November 7, 2014.

The charter will be held by BSI. The BSI corporate board oversees all corporate activities and operations, including the lease or acquisition and continuing ownership of school facilities; ensuring compliance with the charter contract and applicable law; adopting annual school budgets; reviewing annual financial and compliance audits; and contracting with and overseeing the educational management contract with BASIS.ed. All BASIS campuses are governed by a single school governing body. During the interview, the Applicant stated that the governing body is responsible for policies, budget development, and enrollment caps. The governing body will appoint individual school-based advisory committees for each new campus.

The BASIS elementary schools will use a two-leader structure with a head of school and a head of operations. Additional members of the leadership team include a director of academic programs and a director of student affairs. Leadership team members are employed by BASIS.ed. Each elementary school will employ 13 full-time non-instructional and 43 full-time instructional staff members.

School Governing Body Member Type	Number	Name
Organization Principal(s)	2	Daniel Nienhauser, Carolyn McGarvey
Organization Staff	1	One BASIS Head of School TBD, one year term
Community	4	TBD, one year terms

Principal Background Information

Authorized Representative: *Carolyn McGarvey*
Confirmed Education History: Master of Education in Educational Administration and Supervision, Arizona State University, 2005
Confirmed Employment History: Managing Head of Schools, BASIS Educational Group, October 2011-present; Head of School, BASIS Oro Valley, June 2010-October 2011; Head of School, BASIS Tucson, June 2003-June 2010
Arizona FCC Expires: September 2, 2017
Current or Past Charter Affiliations[1]: 13 BASIS charters in Arizona; 1 BASIS charter in DC; 1 BASIS charter in TX

Authorized Representative and Principal: *Craig Barrett*
Confirmed Education History: Doctor of Philosophy in Materials Science, Stanford University, 1964
Confirmed Employment History: Chief Executive Officer/Chairman (Retired), Intel Corporation
Arizona FCC Expires: May 7, 2016
Current or Past Charter Affiliations[1]: 13 BASIS charters in Arizona; 1 BASIS charter in DC; 1 BASIS charter in TX

Principal Name: *Michael Block*
Confirmed Education History: Doctor of Philosophy in Economics, Stanford University, 1972
Confirmed Employment History: Professor Emeritus of Economics, University of Arizona; Director, BASIS Schools, Inc., 1998-present; Chairman, BASIS Educational Group, 2005-present
Arizona FCC Expires: July 6, 2018
Current or Past Charter Affiliations[1]: 13 BASIS charters in Arizona; 1 BASIS charter in DC; 1 BASIS charter in TX

Principal Name: *Clint Bolick*
Confirmed Education History: Juris Doctor, University of California – Davis, 1982
Confirmed Employment History: Vice President for Litigation, Goldwater Institute, June 2007-present
Arizona FCC Expires: August 27, 2019
Current or Past Charter Affiliations[1]: 13 BASIS charters in Arizona; 1 BASIS charter in DC; 1 BASIS charter in TX

Principal Name: *Donald Budinger*
Confirmed Education History: Bachelor of Arts in History, University of Arizona, 1964
Confirmed Employment History: Chairman and Founding Director, Rodel Foundation of Arizona, 2001-present
Arizona FCC Expires: July 21, 2017
Current or Past Charter Affiliations[1]: 13 BASIS charters in Arizona; 1 BASIS charter in DC; 1 BASIS charter in TX

Principal Name: *John Morton*
Confirmed Education History: Master of Arts in Social Science, University of Illinois at Urbana-Champaign, 1966
Confirmed Employment History: Senior Program Officer, Arizona Council on Economic Education, 1997-present
Arizona FCC Expires: November 1, 2017
Current or Past Charter Affiliations[1]: 13 BASIS charters in Arizona; 1 BASIS charter in DC; 1 BASIS charter in TX

Principal Name: *Daniel Nienhauser*
Confirmed Education History: Master of Healthcare Innovation, Arizona State University, 2008
Confirmed Employment History: Executive Director, BASIS Schools, Inc., December 2013-present; Managing Director, Impact Business Accelerators, May 2012-December 2013; President, Phoenix Media Xchange, January 2011-May 2012; Faculty Associate, Arizona State University, March 2005-December 2009
Arizona FCC Expires: February 2, 2020
Current or Past Charter Affiliations[1]: 13 BASIS charters in Arizona; 1 BASIS charter in DC; 1 BASIS charter in TX

Principal Name: *Terry Sarvas*
Confirmed Education History: Bachelor of Science in Accountancy, Arizona State University, 1980
Confirmed Employment History: Vice President, Sarvas, Coleman, Edgell & Tobin, P.C., 1992-present
Arizona FCC Expires: June 26, 2016
Current or Past Charter Affiliations[1]: 13 BASIS charters in Arizona; 1 BASIS charter in DC; 1 BASIS charter in TX

Principal Name: *Steven Twist*
Confirmed Education History: Juris Doctor, Arizona State University, 1974
Confirmed Employment History: Vice President and General Counsel, Services Group of America, 2006-present
Arizona FCC Expires: November 3, 2017
Current or Past Charter Affiliations[1]: 13 BASIS charters in Arizona; 1 BASIS charter in DC; 1 BASIS charter in TX

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[1] *In this section, "Current or Past Charter Affiliations" refers to a leadership or decision-making role in an existing charter school operation, such as charter representative, charter principal, or school site leader.*

Education Service Provider

For each school, BSI will enter into a service agreement for management services with BASIS.ed, a for-profit entity incorporated in Arizona. BASIS.ed will manage, administer, and supervise all the operations and activities of the BASIS elementary schools. Specifically, BASIS.ed hires and employs the four members of the elementary school leadership teams (head of school, head of operations, director of academic programs, and director of student affairs); ensures compliance with all local, state, and federal reporting requirements; develops and manages student information systems and maintains all data analysis; furnishes curriculum and designs school assessments systems; prepares school budgets and financial reports; identifies and provides services for students with special needs; and conducts teacher recruitment. The agreement specifies performance thresholds to evaluate the performance of BASIS.ed in three major areas: student academic performance, fiscal management, and charter compliance. To date, nine BASIS schools have been in operation long enough to receive an academic dashboard, and all nine are rated as Meets or Exceeds.

Operational Plan Findings

	Preliminary TRP Scores		Revised TRP Scores	
Operational Plan Score ≥ 95% Meet standard?	No	21 of 31	Yes	31 of 31
Number of "Falls Below" ratings	0		0	
Number of "Approaches" ratings	10		0	

Analysis of Operational Plan

The Operational Plan meets the standard for approval because it provides a clear description of the governing body and its responsibilities, presents a clear description of the services to be provided by the CMO, and explains how contracting with the CMO meets the needs of the target population.

Information presented in the application package and during the interview describes a governance structure comprised of four bodies: the BSI board of directors, a single BASIS school governing body for all campuses, a school advisory committee for each campus, and BASIS.ed (interview part 2, 18:10). Responsibilities and authority of each party are defined in the application package and sample CMO contract, and illustrated in the organization chart. During the interview, the Applicant explained that the BSI corporate board sets the organization's high-level strategy and oversees BASIS.ed's performance, while the school governing board is a policy-making body (interview part 2, 20:03). The Applicant explained how issues pertaining to students or individual school performance are addressed at the school or management team level before they are brought to the school governing body. This information is consistent with the application package and sets forth a viable governance structure.

BASIS.ed will administer the day-to-day activities of each school, and specific responsibilities are adequately described in both the narrative and the CMO contract summary (B.3.1, p. 1). Each elementary school will pay BASIS.ed a management fee of 19 percent of total revenues in its first year and 17.5 percent of revenues in subsequent years, which are included in the three-year operational budget and assumptions. The TRP finds the amount reasonable because the four school-based leadership team members' salaries are included in the fee (interview part 2, 24:00).

Leadership and oversight for serving students with special needs is provided by the CMO, but the school will contract with appropriately-licensed providers for specialized services and support (interview part 1, 1:02:57). The amounts allocated for contracted services are conservative projections based on the Applicant's experience serving special needs students at existing BASIS schools, and are consistent with the three-year budget (B.3.2, p. 1).

C. BUSINESS PLAN

The following summary was created from excerpts and summaries of the documents submitted for the Applicant's Business Plan.

Plan Summary

BASIS Peoria K-6 will hold frequent public information sessions starting in the fall as the primary vehicle for students and parents to learn more about the school's curriculum and offerings. Other BASIS schools, in their first year of opening, have advertised in the *Arizona Republic, Raising Arizona Kids* magazine, on National Public Radio, on Metro light rail platforms, and online through Facebook and other websites. BASIS schools in Arizona generally have benefitted from the Applicant's reputation, and enrollment has been driven largely by word of mouth (C.2, p. 1).

BSI plans to open BASIS Peoria K-6 with 43 instructional staff and 13 non-instructional staff to serve 696 students in grades K-5. The BASIS compensation plan is proprietary, but considers an employee's experience and teaching subject, with benefits provided and opportunities for bonus pay (C.3, p. 1). The four top administrators, the Head of School, Head of Operations, Director of Operations, and Director of Student Affairs, will be employees of the CMO (C.5 Assumptions, line 59).

Education Service Provider

BASIS Peoria K-6 pays a management fee of 19% of revenue for year one 17.5% of revenue in years two and three, equal to $806,844.75 and $743,146.48, respectively.

Facility Information

Proposed School Name:	BASIS Peoria K-6
Proposed Location:	Unconfirmed location: Near the current BASIS Peoria campus at 10 W. Yearling Rd. in Peoria.
Facilities Requirements:	BASIS elementary schools require approximately 48,600 square feet for 22 regular classrooms, four science labs, a music room, an art room, two cafeterias, two teacher work rooms, one conference room, seven faculty/administrative offices, and a competition-size gym. Land area must accommodate playground facilities and parking. A newly-constructed facility is estimated to be financed at $7,275,322 total building debt at an interest rate of 7.52% (based on BASIS' historical average); total par value for building construction is calculated at $8,002,232. Facilities costs are reflected in the three-year budget as building rent/lease/loan at $386,536 in year one, $579,804 in year two, and $667,448 in year three.

Budget Summary

The Applicant has funds available for start-up purposes. The secured funds, in the amount of $2,600,000 as stated by the Applicant, are available as confirmed by Wells Fargo Bank, N.A.

The start-up revenue of $160,000 is in the form of secured funds from BSI. $153,329 provides personnel, office establishment, professional development activities, marketing, and insurance, resulting in a carryover balance of $6,670.

The three-year operational budget is calculated on 96.67% of full enrollment. Equalization assistance is $3,667,232 annually. Additional revenues (Classroom Site Fund, Instructional Improvement Fund, IDEA, and student activity fees) total $571,319. Annual revenue for each of the first three years is $4,246,551.

Expenses remain stable with the exception of facility costs. Facilities costs, reflected in the three-year budget as building rent/lease/loan, increase from $386,536 in year one, to $579,804 in year two, and to $667,448 in year three.

A management fee of 19% of revenue for year one and 17.5% in years two and three includes educational and operational supports and four school-based administrative salaries.

The table below presents a summary of the budget by year:

	Startup Period	Year 1	Year 2	Year 3
Projected Full Enrollment:	N/A	720	720	720
# Students Budget Based On:	N/A	696 (96.7%)	696 (96.7%)	696 (96.7%)
Total Revenue:	$ 160,000	$ 4,253,221	$ 4,498,022	$ 4,578,955
Total Expenditures:	$ 153,329	$ 4,001,751	$ 4,165,618	$ 4,291,524
Ending Balance:	$ 6,670	$ 251,470	$ 332,404	$ 287,431

Business Plan Findings

	Preliminary TRP Scores		Revised TRP Scores	
Operational Plan Score ≥ 95% Meet standard?	No	24 of 28	Yes	27 of 28
Number of "Falls Below" ratings	0		0	
Number of "Approaches" ratings	4		1	

Analysis of Business Plan

The Business Plan meets the standard for approval because the balanced budget lists expenditures aligned with the plans described in the application package, is based on viable assumptions, and includes significant annual surpluses to be carried over in subsequent years. Revenues and expenditures in the start-up and three-year budgets are described in the budget assumptions and were supported by Applicant responses to interview questions. For example, the Applicant clarified that while hiring is done at the individual school level, the cost of recruiting and training employees is incorporated into the BASIS.ed management fee (interview part 2, 06:13). During the interview, when posed a scenario resulting in reductions in revenue, the Applicant explained an approach to reducing expenses aligned with the organization's mission and values (interview part 2, 28:20). Any required cost reductions would be determined collaboratively between the management team and the head of school, and the Applicant's approach to conservative budgeting protects most essential programs. Conservative budgeting is substantiated by large annual surpluses in years two and three.

As it relates to facilities acquisition, the Applicant states they will continue to work with funding partners and the construction company that have enabled BSI to open nine schools on time and within budget. This plan is viable and demonstrates a reliance on previous experience.

Finally, the staffing plan presented in the application package is viable and adequate for the effective implementation of the program of instruction and operation of the charter school. Responses to interview questions provided significant clarity regarding the interactions between "subject-expert" teachers and "learning-expert" teachers and between school governing body and the corporate board.

EVIDENCE OF CAPACITY

Applicant Summary

The table below describes the participation of the Applicant in the In-Person Interview:

Name	Role	Attended Interview?
Craig Barrett	Authorized Representative/ Corporate Principal; President and Chairman, BASIS Schools, Inc.	No
Carolyn McGarvey	Authorized Representative; Vice President Schools Management Services, BASIS.ed	Yes
Michael Block	Corporate Principal; Co-founder, Director, BASIS Schools, Inc.	No
Clint Bolick	Corporate Principal; Director, BASIS Schools, Inc.	No
Donald Budinger	Corporate Principal; Secretary, BASIS Schools, Inc.	No
John Morton	Corporate Principal; Treasurer, BASIS Schools, Inc.	No
Dan Nienhauser	Corporate Principal; Executive Director, BASIS Schools, Inc.	No
Terry Sarvas	Corporate Principal; Director, BASIS Schools, Inc.	No
Steve Twist	Corporate Principal; Director, BASIS Schools, Inc.	No
Peter Bezanson	Chief Executive Officer, BASIS.ed	Yes
Jonathan Gelbart	Director of New Schools, BASIS.ed	Yes
Kate Gottfredson	Director of National Growth and Policy, BASIS.ed	Yes
Kristen Jordison	Head of School, BASIS Ahwatukee	Yes
Anastasia Hawkins	Director of Compliance, BASIS.ed	Yes
Jason Shorbe	Vice President of School Management, BASIS.ed	Yes
David Tyler	Director of Finance, BASIS.ed	Yes

Analysis of Applicant Capacity

The TRP finds that the Applicant has the knowledge, skills and experience needed to open and operate BASIS Peoria K-6. The CMO and corporate board demonstrate a track record of operating high quality schools in Arizona, as well as the capacity to expand the BASIS network with the addition of six new campuses.

The corporate board of BASIS Schools, Inc. governs thirteen BASIS schools in Arizona; the nine BASIS AZ schools that have received overall ratings are all rated as Meets or Exceeds. The BSI board of directors has considerable professional experience in areas critical for high quality charter school governance, including school leadership, education reform policy, corporate governance, legal, entrepreneurship, and accounting (B.1, p. 3). For example, board members include the co-founder of BSI who was formerly the chief operating officer of BSI and co-CEO of BASIS.ed, a former president and general counsel of the Alliance for School Choice, and a former CEO and chairman of the Intel Corporation.

The BASIS.ed management team demonstrates significant capacity to operate high quality charter schools. The CEO was previously the chief growth officer and chief academic officer for another Arizona-based charter school network. While the head of school and head of operations for each school have not been selected, during the interview, the Applicant described a viable plan and timeframe for identifying these leaders, including experience in sourcing talent from within the existing school-level staff (interview part 2, 4:06). BASIS.ed will provide substantial organizational resources to supplement school-level leadership. For example, the organization staffs a full-time “special forces team” of expert teachers who are deployed to support struggling

schools or even individual teachers (interview part 2, 57:51). The BASIS.ed management team attended the interview and addressed the TRP's questions about both organization and school-level operations. The Applicant's responses during the interview provided much more detail than was included in the written plans, especially with regard to the organizational infrastructure, CMO services, and the network-wide curriculum and instructional program.

ADDITIONAL INFORMATION

Additional data is included below to provide information related to the Applicant's current and prior charter performance and compliance as an indicator of the Applicant's ability to implement a charter or operate a charter school.

Academic Performance of Associated Schools

BASIS School, Inc.

Based on the academic dashboards for fiscal years 2013 and 2014, the Charter Holder meets the Board's academic performance expectations for all charters with schools eligible to receive an overall rating. The individual dashboards are presented in Appendix A.

Associated School	Opened	Grades Served in FY 2014	2013 Overall Rating	2014 Overall Rating
BASIS Tucson	1999	K-6	90.94	91.25
BASIS Scottsdale	2003	5-12	86.88	91.25
BASIS Chandler	2011	5-12	93.38	92.65
BASIS Flagstaff	2011	5-12	80.88	88.6
BASIS Oro Valley	2011	5-12	91.54	93.75
BASIS Peoria	2011	5-12	88.6	85.66
BASIS Phoenix	2012	5-11	79.78	92.65
BASIS Tucson North	2012	5-12	88.6	90.31
BASIS Ahwatukee	2013	5-10	N/A	94.49
BASIS Mesa	2013	5-10	N/A	74.26
BASIS Oro Valley Primary	2014	K-6	N/A	N/A
BASIS Phoenix Central	2014	K-6	N/A	N/A
BASIS Prescott	2014	5-10	N/A	N/A

Three schools operated by BSI opened in 2014, and do not have academic performance data yet. Board staff conducted first year site visits of these schools in the fall of 2014, and no issues were noted. See Appendix B for the site visit closeout letters.

Operational Performance of Associated Schools

BASIS Schools, Inc. currently operates 13 charter schools, each under its own charter held by BSI. The information regarding operational performance applies to the following 13 charters:

- BASIS Schools, Inc. (BASIS Ahwatukee)
- BASIS Schools, Inc. (BASIS Chandler)
- BASIS Schools, Inc. (BASIS Flagstaff)
- BASIS Schools, Inc. (BASIS Mesa)
- BASIS Schools, Inc. (BASIS Oro Valley)
- BASIS Schools, Inc. (BASIS Oro Valley Primary)
- BASIS Schools, Inc. (BASIS Peoria)
- BASIS Schools, Inc. (BASIS Phoenix)

- BASIS Schools, Inc. (BASIS Phoenix Central)
- BASIS Schools, Inc. (BASIS Prescott)
- BASIS Schools, Inc. (BASIS Scottsdale)
- BASIS Schools, Inc. (BASIS Tucson)
- BASIS Schools, Inc. (BASIS Tucson North)

Does the delivery of the education program and operation reflect the essential terms[5] of the educational program as described in the charter contract?

Yes. Based on the available information in the current fiscal year, the Charter Holder's education program, in operation, reflects the essential terms as described in the charter contract.

Does the Charter Holder adhere to applicable education requirements defined in state and federal law?

Yes. Based on the available information in the current fiscal year, the Charter Holder complies with applicable laws, rules, regulations and provisions of the charter contract relating to education requirements.

Do the Charter Holder's annual audit reporting packages reflect sound operations?

Yes. As reported in fiscal year 2014, the Charter Holder complies with applicable laws, rules, regulations and provisions of the charter contract relating to the fiscal year 2013 annual audit reporting package. The charter holder is subject to a single audit for fiscal year 2014, which must be submitted to the Board by March 31, 2015.

Is the Charter Holder administering student admission and attendance appropriately?

Yes. Based on the available information in the current fiscal year, the Charter Holder complies with applicable laws, rules, regulations and provisions of the charter contract relating to administering student admission and attendance.

Is the Charter Holder maintaining a safe environment consistent with state and local requirements?

Yes. Based on the available information in the current fiscal year, the Charter Holder complies with applicable laws, rules, regulations and provisions of the charter contract relating to maintaining a safe environment.

Is the Charter Holder transparent in its operations?

Yes. Based on the available information in the current fiscal year, the Charter Holder complies with applicable laws, rules, regulations and provisions of the charter contract relating to transparency of operations.

Is the Charter Holder complying with its obligations to the Board?

Yes. Based on the available information in the current fiscal year, the Charter Holder complies with applicable laws, rules, regulations and provisions of the charter contract relating to its obligations to the Board.

Is the Charter Holder complying with reporting requirements of other entities to which the Charter Holder is accountable?

Yes. Based on the available information in the current fiscal year, the Charter Holder complies with applicable laws, rules, regulations and provisions of the charter contract relating to operational requirements monitored by other entities to which the Charter Holder is accountable.

Is the Charter Holder complying with all other obligations?

Yes. Based on the available information in the current fiscal year, the Charter Holder complies with applicable laws, rules, regulations and provisions of the charter contract relating to all other obligations.

Financial Performance of Associated Schools

Based on the fiscal years 2012 and 2013 audits, BASIS Schools, Inc. meets the Board's financial performance expectations. The table below includes the charter holder's financial data and financial performance for the last three audited fiscal years.

BASIS Schools, Inc.

Financial Data				
	2013	2012	2011	
Statement of Financial Position				2010
Cash	$25,800,497	$14,673,738	$8,541,739	$3,523,902
Unrestricted Cash	$5,364,793	$2,501,006	$987,861	
Other Liquidity	-			
Total Assets	$123,092,480	$88,985,576	$44,693,873	
Total Liabilities	$124,609,629	$88,296,944	$44,719,477	
Current Portion of Long-Term Debt & Capital Leases	$535,000	$270,000	$250,000	
Net Assets	($1,517,149)	$688,632	($25,604)	
Statement of Activities				
Revenue	$41,131,464	$27,685,693	$14,318,704	
Expenses	$43,337,245	$26,971,457	$13,686,476	
Net Income	($2,205,781)	$714,236	$632,228	
Change in Net Assets	($2,205,781)	$714,236	$632,228	
Financial Statements or Notes				
Depreciation & Amortization Expense	$2,990,995	$1,624,556	$687,916	
Interest Expense	$5,268,517	$2,152,057	$1,348,772	
Lease Expense	-	-	$45,974	

Financial Performance				
	2013	2012	2011	3-yr Cumulative
Near-Term Indicators				
Going Concern	No	No	No	N/A
Unrestricted Days Liquidity*	45.18	33.85	26.34	N/A
Default	No	No	No	N/A
Sustainability Indicators				
Net Income	($2,205,781)	$714,236	$632,228	N/A
Cash Flow	$11,126,759	$6,131,999	$5,017,837	$22,276,595
Fixed Charge Coverage Ratio	1.04	1.85	1.65	N/A

* For fiscal years 2011 and 2012, the field reflects the charter holder's performance under the financial framework's previous "Unrestricted Days Cash" measure.

BOARD OPTIONS

Option 1: The Board may approve the application package. Staff recommends the following language for consideration: Based upon review of the contents of the portfolio provided for this Applicant and the information provided by the representatives of the Applicant during consideration, and given it is within the sole discretion of the Board to approve or deny a charter, I move to approve the application package and grant a charter to BASIS School, Inc. to establish BASIS PeoriaK-6 charter school to serve grades K through 6.

Option 2: The Board may deny the application package. The following language is provided for consideration: Based upon a review of the contents of the portfolio provided for this Applicant and the information provided by the representatives of the Applicant during consideration, and given it is within the sole discretion of the Board to approve or deny a charter, I move to reject the application package and deny the request for a charter of BASIS School, Inc. to establish a charter school for the reason(s) that its application failed to meet the requirements of Title 15, Chapter 1, Article 8 due to: (specific statement made by the Applicant during Board consideration).