B.3.1 Education Service Providers

BASIS Schools, Inc. contracts with an ESP because the board has determined that doing so is the most effective and efficient way to produce outstanding outcomes for our students. Utilizing an ESP allows BSI to leverage the ESP's broader reach and take advantage of economies of scale for such services as accounting, legal, human resources, IT, and compliance that would otherwise not be available. Without an ESP, these services would have to be replicated at the entity or school level. Using an ESP also allows for curricular and educational consistency across BASIS schools nationally, including those where BASIS Schools, Inc. is not the charter holder.

BSI contracts with BASIS.ed, in particular, because the schools managed by the latter have produced consistently superior results, including PISA scores that have exceeded the world's top-performing school systems.[1] As such, BSI has been satisfied with the services it has received from BASIS.ed. The BSI board has the authority to terminate the BASIS.ed contract and bringing in a new ESP should BASIS.ed's performance ever begin to lapse.

BASIS.ed provides comprehensive school management services to all BASIS charter schools nationally. BASIS.ed is committed to transforming American education and elevating academic achievement to internationally competitive levels among all students, regardless of geographic location, economic background, culture or ethnicity. BASIS.ed relentlessly focuses on the key factors that improve student learning and constantly monitors results to ensure that students and teachers are meeting the high bar for student learning that we have set.

BSI has entered into a management agreement with BASIS.ed to provide the management services detailed below.

<u>School Administrative Team</u>

BASIS.ed will provide overall management of BASIS Scottsdale K-6's academic program and day-to-day operations through the leadership of the school site administrative team comprised of the Head of School, Head of Operations, and the School Directors. Details on the activities of these school leaders can be found in the preceding section, B.3.

The services listed below are provided through support and training from the *Schools Management Services* and *Corporate and Financial Services* divisions of BASIS.ed.

<u>Compliance Management</u>

Ensuring compliance with all federal, state and local requirements; ensuring timely completion of all grant reports, cash management reports, student data transfers, etc.

<u>Communications/Marketing</u>

Developing a public relations strategy; preparing and distributing press releases; conducting regular outreach efforts; and engaging firms for PR services as required.

<u>Student Accountability Information System (SAIS)</u>

[1] OECD, "How Your School Compares Internationally: OECD Test for Schools (Based on PISA)–Pilot Trial, BASIS Scottsdale" and "How Your School Compares Internationally: OECD Test for Schools (Based on PISA)–Pilot Trial, BASIS Tucson," 2012.

Contracting with database-system providers; supervising data uploads; reconciling SAIS and database; and supervising SAIS legal compliance.

Student Registration

Supervising operations related to: Enrollment, registration, waiting list management.

Educational Program and Curriculum

Designing and publishing policies and procedures related to BSI Board-approved middle school grade promotion and Upper School graduation requirements; designing, administering, and managing the internal syllabi audit system, which includes curriculum alignment with state standards; designing the student and school progress assessment systems; training the teachers and administrators to use that system; and supervising the administration of required state assessments.

Data Analysis

Disaggregated data will be provided to the BASIS Scottsdale K-6 administrative team in order to help identify any students who are falling behind. Data will be provided for all major exams, including Diagnostic, Placement, Pre-Comprehensive, Comprehensive, and AIMS/PARCC exams. This will allow the administrative team to identify early and often students who may need additional support services.

Student Support

Drafting policies and procedures and supervising operations related to identifying and providing Student Support Services; identifying and providing educational services to students with special needs, in compliance with federal and state laws and regulations, including state required reporting; finding, contracting and supervising licensed SPED staff at all school sites; and supervising data collection and providing relevant data for state monitoring and SPED audits.

Employee Services

Conducting teacher recruiting; conducting in-house teacher training programs in subject content, classroom management, assessment design, developmental psychology and federal and state compliance, including special education compliance; arranging training by outside experts and coordinating off-site individual teacher training and professional development activities; planning instructional staffing levels; and administering all payroll services and managing employee benefits.

Finance Services

Preparing proposed, adopted, and adjusted versions of school budgets; preparing financial reports; submitting budgets and financial reports to state agencies as required by applicable law; coordinating, preparing, and providing audit data for annual audits; recording the schools' accounting data; preparing quarterly financial reports for the Board; preparing tax returns; managing accounts payable and accounts receivable; maintaining all vendor files; assuring compliance with GAAP accounting standards; and assuring compliance with bondholder reporting requirements.

Under the management agreement, BSI requires regular evaluations and has specified performance thresholds to evaluate the performance of BASIS.ed. The agreement has been scrutinized for reasonableness by an independent firm. The BASIS Schools Inc. Board places great emphasis on

management provider accountability by regularly reviewing performance in three major areas: Student Academic Performance, Fiscal Management, and Charter Compliance.

As required by the terms of the Service Agreement for management services, four times a year, BASIS.ed is required to prepare a management report for presentation at a BASIS Schools Inc. meeting of the Board of Directors. The report is required to address academic performance, student enrollment, teaching resources, new schools activity, legal and regulatory compliance, organizational structure, and risk management.

Academic Performance
Each of the following is reviewed at regular intervals by the Board of Directors to judge management performance: Pre-Comprehensive Exam results, PARCC results, and Comprehensive Exam results, AP test results, and PISA results. Of these, only PARCC results will be applicable to BASIS Scottsdale K-6 in its first three years of operation.

Fiscal Management
Fiscal management of the school is of utmost importance to the charter holder, and many accountability measures are codified in the Service Agreement with the management company. Required by the contract are both an annual audit and a quarterly agreed-upon procedure (AUP). The AUP is designed to test cash disbursements to determine whether cash disbursements are properly supported, accurately recorded, and whether expenses were allocated in accordance with BSI's internal control policies and procedures and in accordance with the management contract. Both of these are performed by a third-party, independent, qualified entity. Additionally, the BASIS.ed Vice President of Financial and Corporate Services presents school-level budget-to-actual updates on a quarterly basis to the Board for their review and discussion. All risk management and fiscal compliance reports occur in this manner as well.

Charter Compliance
As a component of the Service Agreement, the management company provides regular updates to the Board on any charter compliance issues. This encompasses all legal and regulatory compliance measures that are inherent in charter school operation in the state of Arizona. Examples include special education compliance and any mandatory state reporting of attendance and student data.

The BASIS Academic Track Record

The BASIS schools' academic model has gained national recognition, with BASIS Tucson (now known as BASIS Tucson North) being ranked among the best high schools in the United States of America each year since 2006 by both *Newsweek* and *U.S. News & World Report*. In 2014, BASIS Scottsdale ranked second and BASIS Tucson North ranked fifth nationally according to *U.S. News & World Report*.[2] This was a reversal of 2013, when BASIS Tucson North ranked second and BASIS Scottsdale ranked fifth in the same publication. In the 2013 edition of America's Best High Schools (*Newsweek*), BASIS Tucson North ranked number seven and BASIS Scottsdale ranked number two in the nation.

In 2008, just one year after opening to the high school grades, BASIS Scottsdale was ranked the "Top Arizona High School for Overall Academic Performance" by *BusinessWeek* (based on students' AIMS results). For the 2010-2011 school year, BASIS Scottsdale was the only state school wherein 100 percent

[2] BASIS Scottsdale and BASIS Tucson North are the only two BASIS Schools currently eligible for ranking.

of its students met or exceeded every component of the Arizona Instrument to Measure Standards ("*AIMS*") test. For the 2011-2012 school year, BASIS Chandler joined BASIS Scottsdale as two of three State schools where 100 percent of the students met or exceeded every component of the AIMS test. For the 2012-2013 school year, 100 percent of the students tested at BASIS Tucson North and BASIS Oro Valley joined the students tested at BASIS Scottsdale in meeting or exceeding every component of the AIMS test. Finally, each of the BASIS Schools that opened in 2011 and 2012 achieved a letter grade of "A" during their first year of operations.

The following table summarizes state accountability measures for the schools managed by BASIS.ed:

Table 6
BASIS.ed-managed Schools and Accountability Ratings

School Name	Grades Served	Accountability Rating[3]	Met AYP/AMO[4]
BASIS Ahwatukee	5-10	Not Reported	Not Reported
BASIS Chandler	5-12	A	Met
BASIS DC	5-9	Not Reported	Not Reported
BASIS Flagstaff	5-12	A	Met
BASIS Mesa	5-10	Not Reported	Not Reported
BASIS Oro Valley	5-12	A	Met
BASIS Peoria	5-12	A	Met
BASIS Phoenix	5-11	A	Met
BASIS San Antonio	5-8	Not Reported	Not Reported
BASIS Scottsdale	5-12	A	Met
BASIS Tucson North	5-12	A	Met
BASIS Tucson K-6	K-6	A	Met

[3] Because BASIS Ahwatukee and BASIS Mesa are in their first year, the State of Arizona has not reported results for these schools. BASIS DC has not been open long enough for the District of Columbia to report its results. Because BASIS San Antonio is in its first year, the State of Texas has not reported results for that school.

[4] Because BASIS Ahwatukee and BASIS Mesa were not open during the 2012-2013 school year, the State of Arizona has not reported Annual Measurable Objectives (AMO) for these schools. The District of Columbia has ceased reporting AYP results. Because BASIS San Antonio was not open during the 2012-2013 school year, the State of Texas has not reported Annual Measurable Objectives (AMO) for that school.

Maintaining a Standard of Excellence

BASIS schools have achieved broad success today in a variety of socioeconomic strata and geographic locations. BASIS believes strongly that its model will succeed in a diverse student body setting. The BASIS team, from the Board through administration to our kindergarten teachers, believes that it can teach every child willing to commit the time and effort necessary to learn. The BASIS team is committed to providing a four-year post-secondary education opportunity to every child in all of our schools.

BASIS.ed maintains evaluation metrics across the system that enable administrators and teachers to track performance and, if necessary, identify problems with particular schools, subject areas, specific classes, and even individual students. These metrics are evaluated with particular rigor following pre-comprehensive examinations (for 6th graders only) and empower teachers and students with the ability to focus on areas of weakness and improve.

There is a procedure, not yet and hopefully never enacted, whereby a school is put on alert when performance standards are not met, with a one- to three-year period to improve and emerge from underperforming status. If the school is unable to rectify its performance failings in that time, the school would lose its right to use the 'BASIS' trademark, although it would still be under contract with BASIS.ed to perform management and teaching services for the school. The BASIS Board would have the option to solicit alternative management or academic organizations should it feel doing so is necessary at that time.

Ensuring Excellence Across the BASIS Brand

The BASIS Schools "brand" starts with the mission – to raise the level of American education to the highest international levels. For more than fifteen years, this mission has been the driving force for creating the academic culture at each school and delivering a world-competitive curriculum. This mission is embedded not only in the strategic plan of the BASIS Schools, Inc. Board of Directors, but also within every aspect of what BASIS.ed works to achieve every day.

A strategic plan has been developed and communicated as a set of strategic themes that stem from the mission and vision established by the Board of Directors. Each of these themes are articulated into a set of initiatives that can be carried out at various levels of the organization. Each initiative is measured, monitored and communicated back throughout the organization to ensure that each school is meeting the expectations set forth for them.

The Board of Directors receives quarterly performance reports and analysis for review, discussion and action.

The strategic themes and sample initiatives for each school are:

Strategic Theme	**Sample Initiative**
Implement a rigorous curriculum	Start kindergarteners in 1st grade math
Ensure student accountability	Comprehensive exams required for promotion (for 6th-8th grade)
Cultivate teaching as a profession	Hire subject experts as teachers
Nurture a culture of excellence	"90s club" for students scoring 90% or above in their classes

Provide meaningful, comprehensive, and timely student support	Student Support Program

BASIS.ed manages the following schools in Arizona, Texas, and Washington DC:

Table 7
Other BASIS.ed-managed Schools – Location and Contact Information

Campus/School	State	Address	Phone Number
BASIS Ahwatukee	Arizona	10210 S. 50th Pl. Phoenix, AZ 85044	(480) 659-2294
BASIS Chandler	Arizona	1800 E. Chandler Blvd. Chandler, AZ 85225	(480) 907-6072
BASIS DC	DC	410 8th St. NW Washington, DC 20004	(202) 393-5437
BASIS Flagstaff	Arizona	1700 N. Gemini Dr. Flagstaff, AZ 86001	(928) 774-5502
BASIS Mesa	Arizona	5010 S. Eastmark Pkwy. Mesa, AZ 85212	(602) 239-4807
BASIS Oro Valley	Arizona	11155 N. Oracle Rd. Oro Valley, AZ 85737	(520) 308-5220
BASIS Oro Valley Primary*	Arizona	11121 N. Oracle Rd. Oro Valley, AZ 85737	(480) 289-2088
BASIS Peoria	Arizona	25950 N. Lake Pleasant Pkwy. Peoria, AZ 85383	(623) 566-9100
BASIS Phoenix	Arizona	11850 N. 32nd St. Phoenix, AZ 85028	(602) 595-9870
BASIS Phoenix Central*	Arizona	201 E. Indianola Ave. Phoenix, AZ 85012	(480) 289-2088
BASIS Prescott*	Arizona	1901 Prescott Lakes Pkwy. Prescott, AZ 86301	(480) 289-2088
BASIS San Antonio	Texas	8519 Floyd Curl Dr. San Antonio, TX 78240	(210) 319-5525
BASIS San Antonio North*	Texas	318 E. Ramsey Rd. San Antonio, TX 78216	(210) 319-5525
BASIS Scottsdale	Arizona	11440 N. 136th St. Scottsdale, AZ 85259	(480) 451-7500
BASIS Tucson K-6	Arizona	3825 E. 2nd St. Tucson, AZ 85716	(520) 326-6367
BASIS Tucson North	Arizona	5740 E. River Rd. Tucson, AZ 85750	(520) 207-0076

** Opening fall 2014*