***REVISED**

NOTICE OF PUBLIC MEETING
ARIZONA STATE BOARD FOR CHARTER SCHOOLS

Pursuant to Arizona Revised Statutes (A.R.S.) § 38-431.02, notice is hereby given to the members of the Arizona State Board for Charter Schools and to the general public that the Board will hold a public meeting, open to the public as specified below. The Board reserves the right to change the order of items on the agenda, with the exception of public hearings set for a specific time. One or more members of the Board may participate in the meeting by telephonic communications.

Pursuant to A.R.S. § 38-431.02(H), the Board may discuss and take action concerning any matter listed on the agenda.

Pursuant to A.R.S. § 38-431.03(A)(3), the Board may vote to go into Executive Session, which will not be open to the public, for legal advice concerning any item on the agenda.

Pursuant to A.R.S. § 38-431.03(A)(4), the Board may vote to convene in executive session, which will not be open to the public, for discussion or consultation with the Board's attorneys in order to consider its position and instruct its attorneys regarding the Board's position in pending or contemplated litigation or in settlement discussions conducted in order to avoid or resolve litigation.

Persons with a disability may request a reasonable accommodation such as a sign language interpreter, by contacting Bianca Ulibarri at (602) 364-3080. Requests should be made as early as possible to allow time to arrange the accommodation.

DATED AND POSTED this 11th day of October 2019.

By Johanna Medina
Johanna Medina
Assistant Director of Academic Affairs

ARIZONA STATE BOARD FOR CHARTER SCHOOLS
Tuesday, October 15, 2019
Regular Session
9:00 AM

Arizona State Board of Education Board Room
1535 West Jefferson Street
Phoenix, Arizona 85007

The Board's meeting room is located on the first floor of the Arizona Department of Education's building. Available parking in the garage located on 15th Avenue, south of Jefferson Street.

ALL ITEMS ON THIS AGENDA ARE OPEN FOR DISCUSSION AND POSSIBLE ACTION, INCLUDING REPORTS AND ACTION ITEMS. A COPY OF THE AGENDA BACKGROUND MATERIAL PROVIDED TO THE MEMBERS OF THE CHARTER BOARD (WITH THE EXCEPTION OF MATERIAL RELATING TO POSSIBLE EXECUTIVE SESSIONS) IS AVAILABLE FOR PUBLIC INSPECTION AT THE CHARTER BOARD'S OFFICE AT 1616 W. ADAMS, SUITE 170, PHOENIX, ARIZONA 85007 AND ONLINE AT asbcs.az.gov.

A. **Pledge of Allegiance**

B. **Moment of Silence**

C. **Roll Call**

D. **Superintendent's Report** - Update on current events and/or activities of the Department of Education

E. **Arizona Charter Schools Association Update** – Presentation on the Education Evaluator Tool by Yvonne Watterson, Kelly Powell, and Amanda Patrie

F. **Arizona Alternative Education Consortium** - Presentation on Advocating for Alternative Schools by Wayne Tucker, Arizona Alternative Education Consortium Board Member & Advocacy Committee Chair

G. **Call to the Public**
This is the time for the public to comment. Members of the Board may not discuss items that are not specifically identified on the agenda. Therefore, pursuant to A.R.S. § 38-431.01(H), action taken as a result of public comment will be limited to directing staff to study the matter, responding to any criticism, or scheduling the matter for further consideration and decision at a later date.

H. **Consent Agenda** - All items on this agenda will be considered by a single motion with no discussion, unless requested otherwise by a board member.
   1. Consideration to approve the proposed Voluntary Surrender and Charter Termination Agreement for the following charter holders:
      a. AIBT Non-Profit Charter High School, Inc. (RCB College Preparatory Academy NE)
      b. AIBT Non-Profit Charter High School, Inc. (RCB College Preparatory Academy North)
      c. American Charter Schools Foundation dba Ridge View College Preparatory High School
      d. American Charter Schools Foundation dba Silver Horizon High School
      e. *Pathways KM Charter Schools, Inc.

I. **Rubric for Initial Financial Response** – Discussion and possible action on the proposed rubric that Board staff will use to review the initial financial response submitted by a charter holder that receives an "Intervention" summative financial performance rating under the Board's new financial performance framework.

J. **Academic Eligibility Criteria for Expansions** - Discussion, possible action and the first opportunity for public comment on revisions to the academic performance eligibility criteria for expansion requests for inclusion in the Board's Academic Performance Framework and Guidance.

K. **2020 Board Meeting Calendar** – Discussion and possible action on the Board's calendar of meetings for 2020.

L. **Summary of Current Events, Future Meeting Dates and Items for Future Agendas** - The executive director, presiding officer or a member of the Board may present a brief summary of current events pursuant to A.R.S. § 38-431.02(K) and may discuss future meeting dates and direct staff to place matters on a future agenda. The Board will not discuss or take action on any current event summary.

M. **Adjournment**

Training Center

SPEAKER SERIES

Kaitlin Harrier
Education Policy Advisor to Governor Ducey
Oct 30 | 12pm - 1pm

FALL SIGNATURE EVENT

Business Summit and Technology Expo
November 5th

Keynote: *Decreasing the Achievement Gap with STEM*

Dr. Cindy Moss, Vice President of Global STEM Initiatives for Discovery Education

WORKSHOPS THAT WORK

Mock Interviews for Prospective Charter Operators| Oct 3-4

Breaking the Code: Coding and the AZ Computer Science Standards | Oct 8 | 9am - 1pm

Understanding the AZ Tax Credit Program| Oct 17 | 9am - 1pm

Critical Thinking in the Special Education Classroom| Oct 21| 9am - 1pm

Coaching your School Through Change | Oct 24| 9am - 1pm

For more information visit us online:
azcharters.org/events/

AZ Alternative Education Consortium

Advocating for Alternative Schools

October 15, 2019

Alternative Charters, School Improvement & Expansion Eligibility

- **AZ AEC supports using 66% or higher as measured by *On-Track to Graduate* for expansion eligibility of charter alternative high schools**.
  - Many state interpretations of ESSA do not provide flexibility for alternative schools, as AZ does within state accountability.
  - ***Federal School Accountability***, specifically *School Improvement designation*, may ***not be appropriate in Academic Framework for alternative charter schools***.

AEC position on Cut Scores for Alt A-F

- AZ AEC ***supports the use of standard deviation model*** for Alt A – F cut scores.
- ***Important to set the distribution*** for a few years – making an "A" attainable for any school that improves
- ***Alternative schools have a unique student population*** and should be consistently considered *distinct from traditional schools*.

AZ AEC

Questions?

AGENDA ITEM: Surrender Agreement – AIBT Non-Profit Charter High School, Inc. (RCB College Preparatory Academy NE)

Issue
AIBT Non-Profit Charter High School, Inc. ("Charter Holder") has submitted a Voluntary Surrender and Charter Termination Agreement ("Surrender Agreement").

Background
The Charter Holder is authorized to operate RCB College Preparatory Academy NE serving grades 9 through 12. On June 14, 2019, the Charter Holder notified the Board that the school would likely not be opening for the 2019-2020 school year, which would have been its first year of operation.

A copy of the proposed terms of the Surrender Agreement is included in Appendix A.

Appendix A

VOLUNTARY SURRENDER AND CHARTER TERMINATION AGREEMENT

This Voluntary Surrender and Charter Termination Agreement ("Agreement") is made by and between AIBT Non-Profit Charter High School, Inc. ("Charter Operator"), a nonprofit corporation organized under the laws of the state of Arizona, and the Arizona State Board for Charter Schools ("Board"), collectively referred to herein as the "Parties".

RECITALS

1. The Charter Operator is authorized to operate RCB College Preparatory Academy NE ("the School") pursuant to A.R.S. § 15-181 et seq. and a charter contract ("Charter") executed on November 13, 2018, between the Charter Operator and the Board.

2. Steven Durand is the Charter Representative and person authorized to execute documents on behalf of the Charter Operator.

3. On June 14, 2019, the Charter Operator notified the Board that the School would likely not be opening for the 2019-2020 school year, which would have been the School's first year of operation.

AGREEMENT

The Parties agree as follows:

1. The Charter Operator voluntarily tenders and surrenders the Charter to its sponsor, the Board, with the intent to voluntarily terminate its Charter effective 11:59 p.m. on June 30, 2019 for the purpose of further performance.

2. The Board accepts the surrender of the Charter for the operation of the School.

3. The Charter between the Charter Operator and the Board for the operation of the School is terminated effective 11:59 p.m. on June 30, 2019 for the purpose of further performance.

4. This Agreement is not binding on the Parties until both the Board and the Charter Operator's governing board accept it by the number of votes necessary to pass a measure at a public meeting. This Agreement is effective as of 11:59 p.m. on June 30, 2019 upon its approval and execution by the authorized representatives of the Charter Operator and the Board.

5. If the Board rejects this Agreement or any part of it, then this Agreement is null and void, and not binding on the Charter Operator or the Board.

6. The Charter Operator shall maintain, in accordance with the records retention schedules provided by the Arizona State Library, Archives and Public Records division of the Arizona Secretary of State's Office, any records created or received related to the operations of the School or the Charter Operator's responsibilities under its Charter.

7. Since the Charter Operator never operated the School, the Charter Operator is not entitled to receive and did not receive state equalization assistance funds.

8. Nothing in this Agreement is intended to prevent the Charter Operator from exercising its rights under statutes or regulations to contest amounts determined by the Department to be owed by the Charter Operator.

9. The Charter Operator understands that it has the legal right to consult with an attorney prior to entering into this Agreement.

10. The Parties shall be responsible for their own attorneys' fees and costs in this matter.

ARIZONA STATE BOARD FOR CHARTER SCHOOLS

_____

By: Kathy Senseman
President, Arizona State Board for Charter Schools
Date: _____

AIBT NON-PROFIT CHARTER HIGH SCHOOL, INC.

_____

By: Steven Durand
Charter Representative, AIBT Non-Profit Charter High School, Inc.
Date: _____

COPY emailed this
_____ day of _____, 2019 to:

Steven Durand
AIBT Non-Profit Charter High School, Inc.
steve@durandtech.com

By_____

AGENDA ITEM: Surrender Agreement – AIBT Non-Profit Charter High School, Inc. (RCB College Preparatory Academy North)

Issue
AIBT Non-Profit Charter High School, Inc. ("Charter Holder") has submitted a Voluntary Surrender and Charter Termination Agreement ("Surrender Agreement").

Background
The Charter Holder is authorized to operate RCB College Preparatory Academy North serving grades 9 through 12. On June 14, 2019, the Charter Holder notified the Board that the school would likely not be opening for the 2019-2020 school year, which would have been its first year of operation.

A copy of the proposed terms of the Surrender Agreement is included in Appendix A.

Appendix A

VOLUNTARY SURRENDER AND CHARTER TERMINATION AGREEMENT

This Voluntary Surrender and Charter Termination Agreement ("Agreement") is made by and between AIBT Non-Profit Charter High School, Inc. ("Charter Operator"), a nonprofit corporation organized under the laws of the state of Arizona, and the Arizona State Board for Charter Schools ("Board"), collectively referred to herein as the "Parties".

RECITALS

1. The Charter Operator is authorized to operate RCB College Preparatory Academy North ("the School") pursuant to A.R.S. § 15-181 et seq. and a charter contract ("Charter") executed on November 13, 2018, between the Charter Operator and the Board.

2. Steven Durand is the Charter Representative and person authorized to execute documents on behalf of the Charter Operator.

3. On June 14, 2019, the Charter Operator notified the Board that the School would likely not be opening for the 2019-2020 school year, which would have been the School's first year of operation.

AGREEMENT

The Parties agree as follows:

1. The Charter Operator voluntarily tenders and surrenders the Charter to its sponsor, the Board, with the intent to voluntarily terminate its Charter effective 11:59 p.m. on June 30, 2019 for the purpose of further performance.

2. The Board accepts the surrender of the Charter for the operation of the School.

3. The Charter between the Charter Operator and the Board for the operation of the School is terminated effective 11:59 p.m. on June 30, 2019 for the purpose of further performance.

4. This Agreement is not binding on the Parties until both the Board and the Charter Operator's governing board accept it by the number of votes necessary to pass a measure at a public meeting. This Agreement is effective as of 11:59 p.m. on June 30, 2019 upon its approval and execution by the authorized representatives of the Charter Operator and the Board.

5. If the Board rejects this Agreement or any part of it, then this Agreement is null and void, and not binding on the Charter Operator or the Board.

6. The Charter Operator shall maintain, in accordance with the records retention schedules provided by the Arizona State Library, Archives and Public Records division of the Arizona Secretary of State's Office, any records created or received related to the operations of the School or the Charter Operator's responsibilities under its Charter.

7. Since the Charter Operator never operated the School, the Charter Operator is not entitled to receive and did not receive state equalization assistance funds.

8. Nothing in this Agreement is intended to prevent the Charter Operator from exercising its rights under statutes or regulations to contest amounts determined by the Department to be owed by the Charter Operator.

9. The Charter Operator understands that it has the legal right to consult with an attorney prior to entering into this Agreement.

10. The Parties shall be responsible for their own attorneys' fees and costs in this matter.

ARIZONA STATE BOARD FOR CHARTER SCHOOLS

_____

By: Kathy Senseman
President, Arizona State Board for Charter Schools
Date: _____

AIBT NON-PROFIT CHARTER HIGH SCHOOL, INC.

_____

By: Steven Durand
Charter Representative, AIBT Non-Profit Charter High School, Inc.
Date: _____

COPY emailed this
_____ day of _____, 2019 to:

Steven Durand
AIBT Non-Profit Charter High School, Inc.
steve@durandtech.com

By_____

AGENDA ITEM: Surrender Agreement – American Charter Schools Foundation dba Ridge View College Preparatory High School

Issue
American Charter Schools Foundation dba Ridge View College Preparatory High School ("Charter Holder") has submitted a Voluntary Surrender and Charter Termination Agreement ("Surrender Agreement").

Background
The Charter Holder is authorized to operate Ridge View College Preparatory High School serving grades 9 through 12. On August 29, 2019, the Charter Holder notified the Board that the school would not be opening for the 2019-2020 school year, which would have been its first year of operation. According to the Charter Holder, "Although we were able to locate a suitable parcel, challenges with our land feasibility study and Pinal County's plan review timeline negatively impacted the construction timeline and the possibility of a successful 2019-2020 opening. American Charter Schools Foundation plans to apply for another charter in the future to ensure the students and families of the planned community will be served."

A copy of the proposed terms of the Surrender Agreement is included in Appendix A.

Appendix A

VOLUNTARY SURRENDER AND CHARTER TERMINATION AGREEMENT

This Voluntary Surrender and Charter Termination Agreement ("Agreement") is made by and between American Charter Schools Foundation dba Ridge View College Preparatory High School ("Charter Operator"), a nonprofit corporation organized under the laws of the state of Arizona, and the Arizona State Board for Charter Schools ("Board"), collectively referred to herein as the "Parties".

RECITALS

1. The Charter Operator is authorized to operate Ridge View College Preparatory High School ("the School") pursuant to A.R.S. § 15-181 et seq. and a charter contract ("Charter") executed on November 27, 2018, between the Charter Operator and the Board.

2. Michele Kaye and Theodore Frederick are the Charter Representatives and each are persons authorized to execute documents on behalf of the Charter Operator.

3. On August 29, 2019, the Charter Operator notified the Board that the School would not be opening for the 2019 -2020 school year, its first year of operation. According to the Charter Operator, "Although we were able to locate a suitable parcel, challenges with our land feasibility study and Pinal County's plan review timeline negatively impacted the construction timeline and the possibility of a successful 2019-2020 opening. American Charter Schools Foundation plans to apply for another charter in the future to ensure the students and families of the planned community will be served."

AGREEMENT

The Parties agree as follows:

1. The Charter Operator voluntarily tenders and surrenders the Charter to its sponsor,

the Board, with the intent to voluntarily terminate its Charter effective 11:59 p.m. on August 29, 2019 for the purpose of further performance.

2. The Board accepts the surrender of the Charter for the operation of the School.

3. The Charter between the Charter Operator and the Board for the operation of the School is terminated effective 11:59 p.m. on August 29, 2019 for the purpose of further performance.

4. This Agreement is not binding on the Parties until both the Board and the Charter Operator's governing board accept it by the number of votes necessary to pass a measure at a public meeting. This Agreement is effective as of 11:59 p.m. on August 29, 2019 upon its approval and execution by the authorized representatives of the Charter Operator and the Board.

5. If the Board rejects this Agreement or any part of it, then this Agreement is null and void, and not binding on the Charter Operator or the Board.

6. The Charter Operator shall maintain, in accordance with the records retention schedules provided by the Arizona State Library, Archives and Public Records division of the Arizona Secretary of State's Office, any records created or received related to the operations of the School or the Charter Operator's responsibilities under its Charter.

7. Since the Charter Operator never operated the School, the Charter Operator is not entitled to receive and did not receive state equalization assistance funds.

8. The Charter Operator shall submit any outstanding grant reports and shall refund any outstanding grant monies in the amount determined by the Arizona Department of Education ("Department") in the manner directed by the Department.

9. Nothing in this Agreement is intended to prevent the Charter Operator from exercising its rights under statutes or regulations to contest amounts determined by the Department

to be owed by the Charter Operator.

10. The Charter Operator understands that it has the legal right to consult with an attorney prior to entering into this Agreement.

11. The Parties shall be responsible for their own attorneys' fees and costs in this matter.

ARIZONA STATE BOARD FOR CHARTER SCHOOLS

_____
By: Kathy Senseman
President, Arizona State Board for Charter Schools
Date: _____

AMERICAN CHARTER SCHOOLS FOUNDATION DBA RIDGE VIEW COLLEGE PREPARATORY HIGH SCHOOL

_____
By: Michele Kaye
Charter Representative, American Charter Schools Foundation dba Ridge View College Preparatory High School
Date: 9/10/19

COPY emailed this
_____ day of _____, 2019 to:

Michele Kaye
American Charter Schools Foundation dba Ridge View College Preparatory High School
michele.kaye@leonagroup.com

Theodore Frederick
American Charter Schools Foundation dba Ridge View College Preparatory High School
ted.frederick@kaizenfoundation.org

By_____

AGENDA ITEM: Surrender Agreement – American Charter Schools Foundation dba Silver Horizon High School

Issue
American Charter Schools Foundation dba Silver Horizon High School ("Charter Holder") has submitted a Voluntary Surrender and Charter Termination Agreement ("Surrender Agreement").

Background
The Charter Holder is authorized to operate Silver Horizon High School serving grades 9 through 12. On August 29, 2019, the Charter Holder notified the Board that the school would not be opening for the 2019-2020 school year, which would have been its first year of operation, due to the Charter Holder being unable to locate a suitable site for the school to occupy.

A copy of the proposed terms of the Surrender Agreement is included in Appendix A.

Appendix A

VOLUNTARY SURRENDER AND CHARTER TERMINATION AGREEMENT

This Voluntary Surrender and Charter Termination Agreement ("Agreement") is made by and between American Charter Schools Foundation dba Silver Horizon High School ("Charter Operator"), a nonprofit corporation organized under the laws of the state of Arizona, and the Arizona State Board for Charter Schools ("Board"), collectively referred to herein as the "Parties".

RECITALS

1. The Charter Operator is authorized to operate Silver Horizon High School ("the School") pursuant to A.R.S. § 15-181 et seq. and a charter contract ("Charter") executed on November 27, 2018, between the Charter Operator and the Board.

2. Michele Kaye and Theodore Frederick are the Charter Representatives and each are persons authorized to execute documents on behalf of the Charter Operator.

3. On August 29, 2019, the Charter Operator notified the Board that the School would not be opening for the 2019 -2020 school year, its first year of operation, due to the Charter Operator being unable to locate a suitable site for the School to occupy.

AGREEMENT

The Parties agree as follows:

1. The Charter Operator voluntarily tenders and surrenders the Charter to its sponsor, the Board, with the intent to voluntarily terminate its Charter effective 11:59 p.m. on August 29, 2019 for the purpose of further performance.

2. The Board accepts the surrender of the Charter for the operation of the School.

3. The Charter between the Charter Operator and the Board for the operation of the

School is terminated effective 11:59 p.m. on August 29, 2019 for the purpose of further performance.

4. This Agreement is not binding on the Parties until both the Board and the Charter Operator's governing board accept it by the number of votes necessary to pass a measure at a public meeting. This Agreement is effective as of 11:59 p.m. on August 29, 2019 upon its approval and execution by the authorized representatives of the Charter Operator and the Board.

5. If the Board rejects this Agreement or any part of it, then this Agreement is null and void, and not binding on the Charter Operator or the Board.

6. The Charter Operator shall maintain, in accordance with the records retention schedules provided by the Arizona State Library, Archives and Public Records division of the Arizona Secretary of State's Office, any records created or received related to the operations of the School or the Charter Operator's responsibilities under its Charter.

7. Since the Charter Operator never operated the School, the Charter Operator is not entitled to receive and did not receive state equalization assistance funds.

8. The Charter Operator shall submit any outstanding grant reports and shall refund any outstanding grant monies in the amount determined by the Arizona Department of Education ("Department") in the manner directed by the Department.

9. Nothing in this Agreement is intended to prevent the Charter Operator from exercising its rights under statutes or regulations to contest amounts determined by the Department to be owed by the Charter Operator.

10. The Charter Operator understands that it has the legal right to consult with an attorney prior to entering into this Agreement.

11. The Parties shall be responsible for their own attorneys' fees and costs in this matter.

ARIZONA STATE BOARD FOR CHARTER SCHOOLS

_____
By: Kathy Senseman
President, Arizona State Board for Charter Schools
Date: _____

AMERICAN CHARTER SCHOOLS FOUNDATION DBA SILVER HORIZON HIGH SCHOOL

_____
By: Michele Kaye
Charter Representative, American Charter Schools Foundation dba Silver Horizon High School
Date: 9/10/19

COPY emailed this
_____ day of _____, 2019 to:

Michele Kaye
American Charter Schools Foundation dba Silver Horizon High School
michele.kaye@leonagroup.com

Theodore Frederick
American Charter Schools Foundation dba Silver Horizon High School
ted.frederick@kaizenfoundation.org

By_____

AGENDA ITEM: Surrender Agreement – Pathways KM Charter Schools, Inc.

Issue
Pathways KM Charter Schools, Inc. ("Charter Operator") has submitted a Voluntary Surrender and Charter Termination Agreement ("Surrender Agreement").

Background
Pathways KM Charter Schools, Inc. operates Bella Vista Academy serving grades 6 through 8. On September 11, 2019, the Charter Operator notified the Board of its intent to close the school because of low enrollment. According to the Charter Operator, the school did not provide instruction to students during fiscal year 2020. For fiscal year 2019, the Charter Operator reported an average daily membership of 2.0.

For fiscal year 2020, the Charter Operator submitted an estimated count to the Arizona Department of Education ("Department"). The Charter Operator received state equalization assistance and Classroom Site Funds to which the Charter Operator was not entitled since the Charter Operator did not provide instruction to any students in fiscal year 2020. On September 23, 2019, the Department notified the Board that the Charter Operator had repaid the full amount.

On October 10, 2019, the Board became the custodian of Bella Vista Academy's student records, as well as the student records of Rimrock Public High School and Pathways Preparatory Academy, which are two schools previously operated by Pathways KM Charter Schools, Inc.

A copy of the proposed terms of the Surrender Agreement is included in Appendix A.

Appendix A

VOLUNTARY SURRENDER AND CHARTER TERMINATION AGREEMENT

This Voluntary Surrender and Charter Termination Agreement ("Agreement") is made by and between Pathways KM Charter Schools, Inc. ("Charter Operator"), a nonprofit corporation organized under the laws of the state of Arizona, and the Arizona State Board for Charter Schools ("Board"), collectively referred to herein as the "Parties".

RECITALS

1. The Charter Operator operates Bella Vista Academy ("the School"), a charter school established pursuant to A.R.S. § 15-181 *et seq*. In prior years, the Charter Operator also operated Rimrock Public High School, which closed effective May 21, 2015, and Pathways Preparatory Academy, which closed effective June 14, 2006.

2. The School operates pursuant to a renewal charter contract ("Charter") executed on May 21, 2014 between the Charter Operator and the Board.

3. Donald Brown is the Charter Representative and person authorized to execute documents on behalf of the Charter Operator.

4. On September 11, 2019, the Charter Operator notified the Board of its intent to close the School because of low enrollment and to surrender its Charter. According to the Charter Operator, the School did not provide instruction to students during the 2019-2020 school year.

5. For the 2019-2020 school year, the Charter Operator submitted an estimated count for the School to the Arizona Department of Education ("Department"). The Charter Operator received a total of $33,951.28 of state equalization assistance and Classroom Site Funds to which the Charter Operator was not entitled since the Charter Operator did not provide instruction to any students in the 2019-2020 school year.

6. On September 23, 2019, the Department notified the Board that the Charter Operator had repaid the $33,951.28.

AGREEMENT

The Parties agree as follows:

1. The Charter Operator voluntarily tenders and surrenders the Charter to its sponsor, the Board, with the intent to voluntarily terminate its Charter effective 11:59 p.m. on September 23, 2019 for the purpose of further performance.

2. The Board accepts the surrender of the Charter for the operation of the School.

3. The Charter between the Charter Operator and the Board for the operation of the School is terminated effective 11:59 p.m. on September 23, 2019 for the purpose of further performance.

4. This Agreement is not binding on the Parties until both the Board and the Charter Operator's governing board accept it by the number of votes necessary to pass a measure at a public meeting. This Agreement is effective as of 11:59 p.m. on September 23, 2019 upon its approval and execution by the authorized representatives of the Charter Operator and the Board.

5. If the Board rejects this Agreement or any part of it, then this Agreement is null and void, and not binding on the Charter Operator or the Board.

6. The Board and the Charter Operator agree that the Board shall become the custodian of the School's student records, Rimrock Public High School's student records, and Pathways Preparatory Academy's student records. No later than October 11, 2019, the Charter Operator shall deliver to the Board the student records organized alphabetically in lidded banker boxes with an inventory list of students' names and grade levels and to the extent possible maintained in accordance with the Student Records Retention Schedule provided by the Arizona State Library,

Archives and Public Records division of the Arizona Secretary of State's Office.

7. The Charter Operator shall submit any outstanding grant reports and shall refund any outstanding grant monies or allocation of education funds in the amount determined by the Department in the manner directed by the Department.

8. The Charter Operator authorizes the Department to update the School's student level data in the AzEDS system for the purposes of facilitating student enrollment upon closure of the School.

9. Nothing in this Agreement is intended to prevent the Charter Operator from exercising its rights under statutes or regulations to contest amounts determined by the Department to be owed by the Charter Operator.

10. The Charter Operator understands that it has the legal right to consult with an attorney prior to entering into this Agreement.

11. The Parties shall be responsible for their own attorneys' fees and costs in this matter.

ARIZONA STATE BOARD FOR CHARTER SCHOOLS

_____
By: Kathy Senseman
President, Arizona State Board for Charter Schools
Date: _____

PATHWAYS KM CHARTER SCHOOLS, INC.

_____
By: Donald Brown
Charter Representative, Pathways KM Charter Schools, Inc.
Date: 10/10/2019

COPY emailed this
_____ day of _____, 2019 to:

Donald Brown
Pathways KM Charter Schools, Inc.
dbrown@bvprep.com

By_____

AGENDA ITEM: Proposed Rubric for Initial Financial Response

Issue

Under the Board's Financial Performance Framework, Board staff will review the initial financial response submitted by a charter holder assigned an "Intervention" summative financial performance rating and prepare a report. On the agenda for the Board's consideration today is the proposed rubric that Board staff will use to review an initial financial response. During its meeting on September 9, 2019, the Board directed staff to provide stakeholders with an additional five-day window for public comment on the rubric. During this additional opportunity for public comment, the Board received five public comments.

Rubric for Initial Financial Response

Pursuant to A.A.C. R7-5-509(C), Board staff's report on the initial financial response will answer each of the following questions and briefly explain the basis for each answer:

1. Is there a sound explanation for why the charter holder underperformed on the Financial Performance Framework's measures?
2. Did the charter holder perform at a level just below or well below the Financial Performance Framework's measure(s) targets?
3. In what direction is the charter holder's financial health heading?
4. Do the charter holder's proposed or implemented actions address the problems that contributed to or caused the charter holder's underperformance on the Financial Performance Framework's measures and are they realistic to implement?

The rubric found in *Appendix A: Proposed Rubric for Report on Initial Financial Response* identifies the information and criteria Board staff will use to evaluate the initial financial response.

Opportunities for Public Comment

In accordance with the Board's Procedures for Rule and Policy Adoption, the proposed substantive changes were open for public comment. The first and additional opportunity for public comment were sent to the Board's newsletter distribution list, which includes all charter representatives, and was circulated through the Board's website. The additional opportunity for public comment was also circulated through social media.

- The first opportunity for public comment occurred from August 12 through September 2, 2019. One written response was received during this public comment period and was shared with the Board at its September 9, 2019 meeting.
- The second opportunity for public comment occurred at the Board's September 9, 2019 meeting. No public comment was received during this meeting.
- The additional opportunity for public comment occurred from September 13, 2019 through September 20, 2019.

During the additional opportunity for public comment, written feedback was submitted by the organizations identified below and has been included with these meeting materials (see *Appendix B: Public Comment*). It can be accessed using the links provided in bold font.

- Arizona Charter Schools Association (**ACSA**)
- Center for Academic Success (**CAS**)
- Cholla Academy (**Cholla**)
- Grand Canyon Institute (**GCI**)
- Riverbend Preparatory Academy (**Riverbend**)

The table on the next page either includes or summarizes each public comment received by Board staff.

Source	Comment/Summary
ACSA	"Is there documentation or validity evidence behind the various levels on the rubric? Do we know how these measures are impacted by a massive perturbation in the system like the Great Recession? Finance is not my strongest area, but I have worked with a lot of rubrics. Usually there is some background evidence showing how the measures at different levels discriminate between poor and optimal performance. I assume that background work is underway or completed."
CAS	"I am still concerned about when an increase in spending occurs. i.e. I am building an additional building on one of my sites. I am able to building this out of case reserves. However, the cost is approximately 1.7 million. I worry that the board will see this as a negative. We believe this is a positive. We have set aside dollars for almost 20 years to allow us to not go into debt to add to our capital improvements. Will this be taken into consideration prior to placing us on the underperforming list??? We are always very close to our max enrollment cap – and income is more than enough to cover our expenses per year."
Cholla	"Charters are audited yearly, and that information is sent to the Charter Board. The audit show how the charter used its funds. I believe that finances should be transparent to the public it serves and to the Charter Board who authorizes the charter. The financial health of the charter includes not only how much funding is received versus expenditures, but also needs to take into account if the school saved money toward large purchases. Our school is financially very healthy, but a few years ago, we spent slightly more than we received one year because we had saved for a large purchase and had the funds to do it in the bank. We had the funds to make the purchase without putting the charter in any danger financially. Yet, because of the Charter Board's requirement to spend withing the yearly funding amount, we did not meet the financial requirements set by the Charter Board. One of our school goals is to not have debt, so we save for these purchases and then spend the money when we have the extra available. To us, it is wise stewardship of the resources. Maybe there is a way the Charter Board can adjust for this type of financial situation."
GCI	GCI agreed with or commended 19 elements of the rubric. For the Average Daily Membership measure portion of the "Just Below" column of the rubric's second question, "GCI maintains that this is too generous a spread over too short a time period to identify when declining enrollment jeopardizes a charters' sustainability. We are happy to review our data with the Charter Board that underpins this concern." A related comment was included with the rubric's third question – "GCI maintains that an ADM decrease of up to 15% is too generous and recommends that this be capped at 10%." In the "Well Below" column of the rubric's second question, GCI stated, "GCI has found that the following two indicators signal a charter's pending financial collapse: • Net Loss per ADM is -$1000 or more • Net Deficit per ADM is -$1000 or more." Further, GCI recommends that: o "…audits must be comprehensive, not consolidated and generalized" and "…the Board has the authority to require a comprehensive audit package." o "…the Charter Board compare a charter's audit with its AFR to ensure that information in both correlate." o "…the Charter Board also consider the opening of a new charter in the same zip code as a factor when an academically performing charter receives an Intervention Rating."
Riverbend	"I was at the ASBCS meeting on 9/9 and heard the president inquire why there was such a low response rate to the proposed rubric. Following a review, I would suggest providing more background to the reader. I will do a second read over the weekend but the difficulty is without background, it seems like there is not clear alignment between the question, factors, and how the third and fourth columns in the rubric will be used. A more clear objective rating scale would improve this rubric. I know that these are general examples and will provide the board with more detailed examples after a deeper review."

Appendix A:
Proposed Rubric for Report on Initial Financial Response

Rubric for Reviewing the Initial Financial Response

The following information and criteria will be used by Board staff to evaluate the Initial Financial Response submitted by a charter holder that receives an Intervention Rating. A.A.C. R7-5-509(C) specifies the questions included below that Board staff must answer in Board Staff's Report on the Initial Financial Response.

IS THERE A SOUND EXPLANATION FOR WHY THE CHARTER HOLDER UNDERPERFORMED ON THE FINANCIAL PERFORMANCE FRAMEWORK'S MEASURES?			
Documentation Reviewed	**Factors Considered by Board Staff**	**Question Answered "Yes"**	**Question Answered "No"**
▪ Initial Financial Response, including summary of factors that caused or contributed to the charter holder's financial performance in the most recent audited fiscal year ▪ Audits submitted to the Board ▪ ADMS46-1 reports available through Department's website	▪ Does the Initial Financial Response include an explanation for why the charter holder underperformed in the most recent audited fiscal year? ▪ Could the cause or contributing factors identified in the Initial Financial Response have affected the charter holder's performance on the measure(s) rated "Below Standard?" ▪ As applicable, does information included in the charter holder's audits or ADMS46-1 reports contradict the cause's or contributing factor's effect on the measure(s) rated "Below Standard?"	All the following are true: o The charter holder provides an explanation for why it underperformed in the most recent audited fiscal year. o The factors identified in the Initial Financial Response are relevant to the measures on which the charter holder underperformed in the most recent audited fiscal year. o The factors identified in the Initial Financial Response do not contradict information in the charter holder's audits or ADMS46-1 reports.	One or more of the following are true: o The charter holder does not provide an explanation for why it underperformed in the most recent audited fiscal year. o The factors identified in the Initial Financial Response are not relevant, in whole or in part, to the measures on which the charter holder underperformed in the most recent audited fiscal year. o One or more factors identified in the Initial Financial Response contradict information in the charter holder's audits or ADMS46-1 reports.

DID THE CHARTER HOLDER PERFORM AT A LEVEL JUST BELOW OR WELL BELOW THE FINANCIAL PERFORMANCE FRAMEWORK'S MEASURE(S) TARGETS?			
Documentation Reviewed	**Factors Considered by Board Staff**	**Question Answered "Just Below"**	**Question Answered "Well Below"**
▪ Most recent audited fiscal year financial dashboard ▪ *Measures and Summative Performance Ratings Guide*	▪ Since performance on the financial framework's Going Concern and Default measures is based on the presence ("Below Standard") or absence ("Meets Standard") of certain disclosure in the audit, "just below" or "well below" are not applicable. ▪ If the charter holder received "Below Standard" ratings on only the Going Concern measure, Default measure or both, then this question will be answered "Not Applicable."	For the financial framework's four calculated measures, all the following, as applicable, are true for the measure(s) rated "Below Standard:" o Unrestricted days liquidity is at least 10 days but fewer than 15 days. o Adjusted net income divided by total revenues is between negative 5% and negative 9.99%. o The lease adjusted debt service coverage ratio is at least 0.9 but less than 1.0. o The charter holder's performance on the Average Daily Membership measure shows a decrease of a) 15% to 19.99% for a small or medium charter holder or b) 10% to 14.99% for a large charter holder.	For the financial framework's four calculated measures, one or more of the following, as applicable, are true for the measure(s) rated "Below Standard:" o Unrestricted days liquidity is fewer than 10 days. o Adjusted net income divided by total revenues is less than or equal to negative 10%. o The lease adjusted debt service coverage ratio is less than 0.9. o The charter holder's performance on the Average Daily Membership measure shows a decrease of a) 20% or more for a small or medium charter holder or b) 15% or more for a large charter holder.

IN WHAT DIRECTION IS THE CHARTER HOLDER'S FINANCIAL HEALTH HEADING?			
Documentation Reviewed	**Factors Considered by Board Staff**	**Question Answered "Improving"**	**Question Answered "Stable or Worsening"**
▪ Quarterly Financial Reports through at least the quarter ending December 31[5] and budgets submitted with the Initial Financial Response and Quarterly Financial Reports ▪ Initial Financial Response's schedule of debt and lease obligations and the current outstanding balances for each ▪ Most recent audited fiscal year financial dashboard ▪ Audits submitted to the Board ▪ ADMS46-1 reports available through Department's website	▪ For the Default, Unrestricted Days Liquidity and Adjusted Net Income measures, the charter holder's current performance based on the Quarterly Financial Reports through at least the quarter ending December 31[5] and budgets. ▪ Information disclosed in the Initial Financial Response and the audits regarding the charter holder's debt and lease obligations. ▪ As applicable, information disclosed in the audits regarding the charter holder's performance on the Default and Going Concern measures. ▪ The charter holder's current performance on the Average Daily Membership measure. If the current fiscal year's ADMS46-1 report is not available on the Department's website, Board staff will use the charter holder's estimated count in the calculation.	All the following are true: o The Going Concern measure was not rated "Below Standard" in the most recent audited fiscal year. o The Default measure was not rated "Below Standard" in the most recent audited fiscal year <u>or</u> the Initial Financial Response supports the charter holder has cured the default(s) identified in the most recent audited fiscal year. o If applicable, the Unrestricted Days Liquidity measure was rated "Below Standard" in the most recent audited fiscal year, <u>and</u> based on the Quarterly Financial Reports through at least the quarter ending December 31[5], the charter holder's current performance as of the quarter end date has improved to a "Meets Standard" or "Approaches Standard." o If applicable, the Adjusted Net Income measure was rated "Below Standard" in the most recent audited fiscal year, <u>and</u> based on the Initial Financial Response's budgets and the Quarterly Financial Reports through at least the quarter ending December 31[5], the charter holder's current fiscal year performance is projected to improve to a "Meets Standard" or "Approaches Standard." o The number of measures projected to be rated "Below Standard" based on current performance is less than the number of measures rated "Below Standard" in the most recent audited fiscal year.[6] o Based on the Initial Financial Response, the charter holder's non-facility debt has remained the same or decreased in the current fiscal year. o For the current fiscal year, the charter holder's performance on the Average Daily Membership measure shows either: a) an increase, b) a decrease of less than 15% for a small or medium charter holder, or c) a decrease of less than 10% for a large charter holder.	One or more of the following are true: o The Going Concern measure was rated "Below Standard" in the most recent audited fiscal year. o The Default measure was rated "Below Standard" in the most recent audited fiscal year <u>and</u> the Initial Financial Response does not support that the charter holder has cured the default(s) identified in the most recent audited fiscal year. o If applicable, the Unrestricted Days Liquidity measure was rated "Below Standard" in the most recent audited fiscal year, <u>and</u> based on the Quarterly Financial Reports through at least the quarter ending December 31[5], the charter holder's current performance as of the quarter end date remains rated "Below Standard." o If applicable, the Adjusted Net Income measure was rated "Below Standard" in the most recent audited fiscal year, <u>and</u> based on the Initial Financial Response's budgets and the Quarterly Financial Reports through at least the quarter ending December 31[5], the charter holder's current fiscal year performance is projected to remain rated "Below Standard." o The number of measures projected to be rated "Below Standard" based on current performance is equal to or more than the number of measures rated "Below Standard" in the most recent audited fiscal year.[6] o Based on the Initial Financial Response, the charter holder's non-facility debt has increased in the current fiscal year. o For the current fiscal year, the charter holder's performance on the Average Daily Membership measure shows a decrease of a) 15% or more for a small or medium charter holder or b) 10% or more for a large charter holder.

[5] If based on A.A.C. R7-5-509(B), the charter holder's Initial Financial Response must include a quarter ending subsequent to December 31, then the latest quarter end date will be used by Board staff to determine the answer to the question that asks, "In what direction is the charter holder's financial health heading?"

[6] For this criterion, the measures considered are Default, Unrestricted Days Liquidity and Adjusted Net Income.

DO THE CHARTER HOLDER'S PROPOSED OR IMPLEMENTED ACTIONS ADDRESS THE PROBLEMS THAT CONTRIBUTED TO OR CAUSED THE CHARTER HOLDER'S UNDERPERFORMANCE ON THE FINANCIAL PERFORMANCE FRAMEWORK'S MEASURES AND ARE THEY REALISTIC TO IMPLEMENT?			
Documentation Reviewed	**Factors Considered by Board Staff**	**Question Answered "Yes"**	**Question Answered "No"**
▪ Initial Financial Response, including summary of actions taken or being taken to improve the charter holder's financial performance in the current fiscal year ▪ Audits submitted to the Board ▪ ADMS46-1 reports available through Department's website	▪ Does the Initial Financial Response include proposed or implemented actions to address the problems that contributed to the charter holder's underperformance in the most recent audited fiscal year? ▪ Could the proposed or implemented actions identified in the Initial Financial Response improve the charter holder's performance in the current year on the measure(s) rated "Below Standard" in the most recent audited fiscal year? ▪ Does information included in the charter holder's audits, ADMS46-1 reports or Initial Financial Response indicate that the actions are unrealistic for the charter holder to implement?	All the following are true: o The charter holder provides actions to address the problems that contributed to its underperformance in the most recent audited fiscal year. o The actions identified in the Initial Financial Response are relevant to the measures on which the charter holder underperformed in the most recent audited fiscal year. o The actions identified in the Initial Financial Response are realistic for the charter holder to implement.	One or more of the following are true: o The charter holder does not provide actions to address the problems that contributed to its underperformance in the audited fiscal year. o The actions identified in the Initial Financial Response are not relevant, in whole or in part, to the measures on which the charter holder underperformed in the most recent audited fiscal year. o One or more actions identified in the Initial Financial Response are not realistic for the charter holder to implement.

Appendix B:
Public Comment

Gmail by Google

Johanna Medina <johanna.medina@asbcs.az.gov>

Rubric for Reviewing the Initial Financial Response

1 message

Kelly Powell <kelly@azcharters.org> Tue, Sep 17, 2019 at 10:40 AM
To: Johanna Medina <johanna.medina@asbcs.az.gov>
Cc: Jake Logan <jake@azcharters.org>, Yvonne Watterson <yvonne@azcharters.org>

I meant to send this earlier, so I apologize for the delay. I looked through the rubric you were seeking public comment on and really only had a couple global question/comment/suggestion.

Is there documentation or validity evidence behind the various levels on the rubric?
Do we know how these measures are impacted by a massive perturbation in the system like the Great Recession?

Finance is not my strongest area, but I have worked with a lot of rubrics. Usually there is some background evidence showing how the measures at different levels discriminate between poor and optimal performance. I assume that background work is underway or completed.

thanks for hearing me out.

Respectfully,

Kelly Powell | Director of Research
Arizona Charter Schools Association

A 12439 N 32nd St., Phoenix AZ 85032
C 602.618.8700 E kelly@azcharters.org
W http://www.azcharters.org

Click here to learn more about 25 years of Arizona's public charters!

Charter School Board - ASBCS <charterschoolboard@asbcs.az.gov>

financial

1 message

Vada Phelps <vphelps@cpic-cas.org> Fri, Sep 13, 2019 at 11:21 AM
To: "charterschoolboard@asbcs.az.gov" <charterschoolboard@asbcs.az.gov>

I am still concerned about when an increase in spending occurs. i.e. I am building an additional building on one of my sites. I am able to building this out of case reserves. However, the cost is approximately 1.7 million. I worry that the board will see this as a negative. We believe this is a positive. We have set aside dollars for almost 20 years to allow us to not go into debt to add to our capital improvements. Will this be taken into consideration prior to placing us on the underperforming list???

We are always very close to our max enrollment cap – and income is more than enough to cover our expenses per year.

Please let me know your thoughts.

Vada Phelps
Executive Director
900 Carmelita Drive
Sierra Vista, AZ 85635
Office: (520) 439-3542
vphelps@cpic-cas.org
ARIZONAatWORK.com/southeasternaz

Charter School Board - ASBCS <charterschoolboard@asbcs.az.gov>

Financial framework comments

1 message

K Kouch <kcouch@westlandschool.net> Mon, Sep 16, 2019 at 5:32 PM
To: charterschoolboard@asbcs.az.gov

September 16, 2019
Financial framework comment

Dear Charter Board,

Charters are audited yearly, and that information is sent to the Charter Board. The audit show how the charter used its funds. I believe that finances should be transparent to the public it serves and to the Charter Board who authorizes the charter. The financial health of the charter includes not only how much funding is received versus expenditures, but also needs to take into account if the school saved money toward large purchases. Our school is financially very healthy, but a few years ago, we spent slightly more than we received one year because we had saved for a large purchase and had the funds to do it in the bank. We had the funds to make the purchase without putting the charter in any danger financially. Yet, because of the Charter Board's requirement to spend withing the yearly funding amount, we did not meet the financial requirements set by the Charter Board. One of our school goals is to not have debt, so we save for these purchases and then spend the money when we have the extra available. To us, it is wise stewardship of the resources. Maybe there is a way the Charter Board can adjust for this type of financial situation.

Thank you.

Kathryn Couch
Cholla Academy
kcouch@westlandschool.net

Charter School Board - ASBCS <charterschoolboard@asbcs.az.gov>

Fwd: Proposed Rubric for Board Staff's Report on the Initial Financial Response

1 message

Amy Pedotto <apedotto@azgci.org> Fri, Sep 13, 2019 at 11:14 AM
To: "charterschoolboard@asbcs.az.gov" <charterschoolboard@asbcs.az.gov>

Hi,

Please find attached the Grand Canyon Institute's feedback regarding the proposed rubric for Board Staff's Report on the Initial Financial Response from charters receiving an intervention rating.

Kind regards,

--
Amy Pedotto
Executive Director

Grand Canyon Institute
www.grandcanyoninstitute.org
apedotto@azgci.org
602-595-1025, Ext. 3

GRAND CANYON
INSTITUTE

--
Amy Pedotto
Executive Director

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602-595-1025, Ext. 3

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INSTITUTE

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Rubric for Reviewing the Initial Financial Response

The following information and criteria will be used by Board staff to evaluate the Initial Financial Response submitted by a charter holder that receives an Intervention Rating. A.A.C. R7-5-509(C) specifies the questions included below that Board staff must answer in Board Staff's Report on the Initial Financial Response.

IS THERE A SOUND EXPLANATION FOR WHY THE CHARTER HOLDER UNDERPERFORMED ON THE FINANCIAL PERFORMANCE FRAMEWORK'S MEASURES?			
Documentation Reviewed	**Factors Considered by Board Staff**	**Question Answered "Yes"**	**Question Answered "No"**
▪ Initial Financial Response, including summary of factors that caused or contributed to the charter holder's financial performance in the most recent audited fiscal year ▪ Audits submitted to the Board ▪ **GCI recommends that audits must be comprehensive, not consolidated and generalized.** ▪ ADMS46-1 reports available through Department's website ▪ **GCI recommends that the Charter Board compare a charter's audit with its AFR to ensure that information in both correlate.**	▪ Does the Initial Financial Response include an explanation for why the charter holder underperformed in the most recent audited fiscal year? ▪ Could the cause or contributing factors identified in the Initial Financial Response have affected the charter holder's performance on the measure(s) rated "Below Standard?" ▪ As applicable, does information included in the charter holder's audits or ADMS46-1 reports contradict the cause's or contributing factor's effect on the measure(s) rated "Below Standard?" ▪ **GCI recommends that the Charter Board also consider the opening of a new charter in the same zip code as a factor when an academically performing charter receives an Intervention Rating.**	All the following are true: o The charter holder provides an explanation for why it underperformed in the most recent audited fiscal year. o The factors identified in the Initial Financial Response are relevant to the measures on which the charter holder underperformed in the most recent audited fiscal year. o The factors identified in the Initial Financial Response do not contradict information in the charter holder's audits or ADMS46-1 reports.	One or more of the following are true: o The charter holder does not provide an explanation for why it underperformed in the most recent audited fiscal year. o The factors identified in the Initial Financial Response are not relevant, in whole or in part, to the measures on which the charter holder underperformed in the most recent audited fiscal year. o One or more factors identified in the Initial Financial Response contradict information in the charter holder's audits or ADMS46-1 reports.

DID THE CHARTER HOLDER PERFORM AT A LEVEL JUST BELOW OR WELL BELOW THE FINANCIAL PERFORMANCE FRAMEWORK'S MEASURE(S) TARGETS?			
DOCUMENTATION REVIEWED	**FACTORS CONSIDERED BY BOARD STAFF**	**QUESTION ANSWERED "JUST BELOW"**	**QUESTION ANSWERED "WELL BELOW"**
▪ MOST RECENT AUDITED FISCAL YEAR FINANCIAL DASHBOARD ▪ *Measures and Summative Performance Ratings Guide*	▪ SINCE PERFORMANCE ON THE FINANCIAL FRAMEWORK'S GOING CONCERN AND DEFAULT MEASURES IS BASED ON THE PRESENCE ("BELOW STANDARD") OR ABSENCE ("MEETS STANDARD") OF CERTAIN DISCLOSURE IN THE AUDIT, "JUST BELOW" OR "WELL BELOW" ARE NOT APPLICABLE. ▪ IF THE CHARTER HOLDER RECEIVED "BELOW STANDARD" RATINGS ON ONLY THE GOING CONCERN MEASURE, DEFAULT MEASURE OR BOTH, THEN THIS QUESTION WILL BE ANSWERED "NOT APPLICABLE."	FOR THE FINANCIAL FRAMEWORK'S FOUR CALCULATED MEASURES, ALL THE FOLLOWING, AS APPLICABLE, ARE TRUE FOR THE MEASURE(S) RATED "BELOW STANDARD:" o UNRESTRICTED DAYS LIQUIDITY IS AT LEAST 10 DAYS BUT FEWER THAN 15 DAYS. o ADJUSTED NET INCOME DIVIDED BY TOTAL REVENUES IS BETWEEN NEGATIVE 5% AND NEGATIVE 9.99%. o THE LEASE ADJUSTED DEBT SERVICE COVERAGE RATIO IS AT LEAST 0.9 BUT LESS THAN 1.0. o THE CHARTER HOLDER'S PERFORMANCE ON THE AVERAGE DAILY MEMBERSHIP MEASURE SHOWS A DECREASE OF A) 15% TO 19.99% FOR A SMALL OR MEDIUM CHARTER HOLDER OR B) 10% TO 14.99% FOR A LARGE CHARTER HOLDER. o **GCI maintains that this is too generous a spread over too short a time period to identify when declining enrollment jeopardizes a charters' sustainability. We are happy to review our data with the Charter Board that underpins this concern.**	FOR THE FINANCIAL FRAMEWORK'S FOUR CALCULATED MEASURES, ONE OR MORE OF THE FOLLOWING, AS APPLICABLE, ARE TRUE FOR THE MEASURE(S) RATED "BELOW STANDARD:" o UNRESTRICTED DAYS LIQUIDITY IS FEWER THAN 10 DAYS. o ADJUSTED NET INCOME DIVIDED BY TOTAL REVENUES IS LESS THAN OR EQUAL TO NEGATIVE 10%. o THE LEASE ADJUSTED DEBT SERVICE COVERAGE RATIO IS LESS THAN 0.9. o THE CHARTER HOLDER'S PERFORMANCE ON THE AVERAGE DAILY MEMBERSHIP MEASURE SHOWS A DECREASE OF A) 20% OR MORE FOR A SMALL OR MEDIUM CHARTER HOLDER OR B) 15% OR MORE FOR A LARGE CHARTER HOLDER. o **GCI has found that the following two indicators signal a charter's pending financial collapse:** • **Net Loss per ADM is -$1000 or more** • **Net Deficit per ADM is -$1000 or more.**

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IN WHAT DIRECTION IS THE CHARTER HOLDER'S FINANCIAL HEALTH HEADING?			
DOCUMENTATION REVIEWED	**FACTORS CONSIDERED BY BOARD STAFF**	**QUESTION ANSWERED "IMPROVING"**	**QUESTION ANSWERED "STABLE OR WORSENING"**
▪ QUARTERLY FINANCIAL REPORTS THROUGH AT LEAST THE QUARTER ENDING DECEMBER 31[5] AND BUDGETS SUBMITTED WITH THE INITIAL FINANCIAL RESPONSE AND QUARTERLY FINANCIAL REPORTS **GCI commends this new level of investigation that is very pertinent.** ▪ INITIAL FINANCIAL RESPONSE'S SCHEDULE OF DEBT AND LEASE OBLIGATIONS AND THE CURRENT OUTSTANDING BALANCES FOR EACH **GCI commends this requirement.** ▪ MOST RECENT AUDITED FISCAL YEAR FINANCIAL DASHBOARD ▪ AUDITS SUBMITTED TO THE BOARD **GCI recommends that the Board has the authority to require a comprehensive audit package.** ▪ ADMS46-1 REPORTS AVAILABLE THROUGH	▪ FOR THE DEFAULT, UNRESTRICTED DAYS LIQUIDITY AND ADJUSTED NET INCOME MEASURES, THE CHARTER HOLDER'S CURRENT PERFORMANCE BASED ON THE QUARTERLY FINANCIAL REPORTS THROUGH AT LEAST THE QUARTER ENDING DECEMBER 31[5] AND BUDGETS. ▪ INFORMATION DISCLOSED IN THE INITIAL FINANCIAL RESPONSE AND THE AUDITS REGARDING THE CHARTER HOLDER'S DEBT AND LEASE OBLIGATIONS. ▪ AS APPLICABLE, INFORMATION DISCLOSED IN THE AUDITS REGARDING THE CHARTER HOLDER'S PERFORMANCE ON THE DEFAULT AND GOING CONCERN MEASURES. ▪ THE CHARTER HOLDER'S CURRENT PERFORMANCE ON THE AVERAGE DAILY MEMBERSHIP MEASURE. IF THE CURRENT FISCAL YEAR'S ADMS46-1 REPORT IS NOT AVAILABLE ON THE DEPARTMENT'S WEBSITE, BOARD STAFF WILL USE THE CHARTER HOLDER'S ESTIMATED COUNT IN THE CALCULATION. ▪ **GCI recognizes all of these factors as valid.**	ALL THE FOLLOWING ARE TRUE: O THE GOING CONCERN MEASURE WAS NOT RATED "BELOW STANDARD" IN THE MOST RECENT AUDITED FISCAL YEAR. O THE DEFAULT MEASURE WAS NOT RATED "BELOW STANDARD" IN THE MOST RECENT AUDITED FISCAL YEAR OR THE INITIAL FINANCIAL RESPONSE SUPPORTS THE CHARTER HOLDER HAS CURED THE DEFAULT(S) IDENTIFIED IN THE MOST RECENT AUDITED FISCAL YEAR. O IF APPLICABLE, THE UNRESTRICTED DAYS LIQUIDITY MEASURE WAS RATED "BELOW STANDARD" IN THE MOST RECENT AUDITED FISCAL YEAR, AND BASED ON THE QUARTERLY FINANCIAL REPORTS THROUGH AT LEAST THE QUARTER ENDING DECEMBER 31[5], THE CHARTER HOLDER'S CURRENT PERFORMANCE AS OF THE QUARTER END DATE HAS IMPROVED TO A "MEETS STANDARD" OR "APPROACHES STANDARD." O IF APPLICABLE, THE ADJUSTED NET INCOME MEASURE WAS RATED "BELOW STANDARD" IN THE MOST RECENT AUDITED FISCAL YEAR, AND BASED ON THE INITIAL FINANCIAL RESPONSE'S BUDGETS AND THE QUARTERLY FINANCIAL REPORTS THROUGH AT LEAST THE QUARTER ENDING DECEMBER 31[5], THE CHARTER HOLDER'S CURRENT FISCAL YEAR PERFORMANCE IS PROJECTED TO IMPROVE TO A "MEETS STANDARD" OR "APPROACHES STANDARD." O THE NUMBER OF MEASURES PROJECTED TO BE RATED "BELOW STANDARD" BASED ON CURRENT PERFORMANCE IS LESS THAN THE NUMBER OF MEASURES RATED "BELOW STANDARD" IN THE MOST RECENT AUDITED FISCAL YEAR.[6] O BASED ON THE INITIAL FINANCIAL RESPONSE, THE CHARTER HOLDER'S NON-FACILITY DEBT HAS REMAINED THE SAME OR DECREASED IN THE CURRENT FISCAL YEAR. O FOR THE CURRENT FISCAL YEAR, THE CHARTER HOLDER'S PERFORMANCE ON THE AVERAGE DAILY MEMBERSHIP MEASURE SHOWS EITHER: A) AN INCREASE, B) A DECREASE OF LESS THAN 15% FOR A SMALL OR MEDIUM CHARTER HOLDER, OR C) A DECREASE OF LESS THAN 10% FOR A LARGE CHARTER HOLDER. O **GCI maintains that an ADM decrease of up to 15% is too generous and recommends this be capped at 10%.**	ONE OR MORE OF THE FOLLOWING ARE TRUE: O THE GOING CONCERN MEASURE WAS RATED "BELOW STANDARD" IN THE MOST RECENT AUDITED FISCAL YEAR. O THE DEFAULT MEASURE WAS RATED "BELOW STANDARD" IN THE MOST RECENT AUDITED FISCAL YEAR AND THE INITIAL FINANCIAL RESPONSE DOES NOT SUPPORT THAT THE CHARTER HOLDER HAS CURED THE DEFAULT(S) IDENTIFIED IN THE MOST RECENT AUDITED FISCAL YEAR. O IF APPLICABLE, THE UNRESTRICTED DAYS LIQUIDITY MEASURE WAS RATED "BELOW STANDARD" IN THE MOST RECENT AUDITED FISCAL YEAR, AND BASED ON THE QUARTERLY FINANCIAL REPORTS THROUGH AT LEAST THE QUARTER ENDING DECEMBER 31[5], THE CHARTER HOLDER'S CURRENT PERFORMANCE AS OF THE QUARTER END DATE REMAINS RATED "BELOW STANDARD." O IF APPLICABLE, THE ADJUSTED NET INCOME MEASURE WAS RATED "BELOW STANDARD" IN THE MOST RECENT AUDITED FISCAL YEAR, AND BASED ON THE INITIAL FINANCIAL RESPONSE'S BUDGETS AND THE QUARTERLY FINANCIAL REPORTS THROUGH AT LEAST THE QUARTER ENDING DECEMBER 31[5], THE CHARTER HOLDER'S CURRENT FISCAL YEAR PERFORMANCE IS PROJECTED TO REMAIN RATED "BELOW STANDARD." O THE NUMBER OF MEASURES PROJECTED TO BE RATED "BELOW STANDARD" BASED ON CURRENT PERFORMANCE IS EQUAL TO OR MORE THAN THE NUMBER OF MEASURES RATED "BELOW STANDARD" IN THE MOST RECENT AUDITED FISCAL YEAR.[6] O BASED ON THE INITIAL FINANCIAL RESPONSE, THE CHARTER HOLDER'S NON-FACILITY DEBT HAS INCREASED IN THE CURRENT FISCAL YEAR. O FOR THE CURRENT FISCAL YEAR, THE CHARTER HOLDER'S PERFORMANCE ON THE AVERAGE DAILY MEMBERSHIP MEASURE SHOWS A DECREASE OF A) 15% OR MORE FOR A SMALL OR MEDIUM CHARTER HOLDER OR B) 10% OR MORE FOR A LARGE CHARTER HOLDER. O **GCI is in agreement**.

DEPARTMENT'S WEBSITE			

[5] If based on A.A.C. R7-5-509(B), the charter holder's Initial Financial Response must include a quarter ending subsequent to December 31, then the latest quarter end date will be used by Board staff to determine the answer to the question that asks, "In what direction is the charter holder's financial health heading?"
[6] For this criterion, the measures considered are Default, Unrestricted Days Liquidity and Adjusted Net Income.

DO THE CHARTER HOLDER'S PROPOSED OR IMPLEMENTED ACTIONS ADDRESS THE PROBLEMS THAT CONTRIBUTED TO OR CAUSED THE CHARTER HOLDER'S UNDERPERFORMANCE ON THE FINANCIAL PERFORMANCE FRAMEWORK'S MEASURES AND ARE THEY REALISTIC TO IMPLEMENT?			
Documentation Reviewed	**Factors Considered by Board Staff**	**Question Answered "Yes"**	**Question Answered "No"**
▪ Initial Financial Response, including summary of actions taken or being taken to improve the charter holder's financial performance in the current fiscal year ▪ Audits submitted to the Board ▪ ADMS46-1 reports available through Department's website	▪ Does the Initial Financial Response include proposed or implemented actions to address the problems that contributed to the charter holder's underperformance in the most recent audited fiscal year? ▪ Could the proposed or implemented actions identified in the Initial Financial Response improve the charter holder's performance in the current year on the measure(s) rated "Below Standard" in the most recent audited fiscal year? ▪ Does information included in the charter holder's audits, ADMS46-1 reports or Initial Financial Response indicate that the actions are unrealistic for the charter holder to implement?	All the following are true: o The charter holder provides actions to address the problems that contributed to its underperformance in the most recent audited fiscal year. o The actions identified in the Initial Financial Response are relevant to the measures on which the charter holder underperformed in the most recent audited fiscal year. o The actions identified in the Initial Financial Response are realistic for the charter holder to implement. o **GCI is in agreement.**	One or more of the following are true: o The charter holder does not provide actions to address the problems that contributed to its underperformance in the audited fiscal year. o The actions identified in the Initial Financial Response are not relevant, in whole or in part, to the measures on which the charter holder underperformed in the most recent audited fiscal year. o One or more actions identified in the Initial Financial Response are not realistic for the charter holder to implement. o **All Good**

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Charter School Board - ASBCS <charterschoolboard@asbcs.az.gov>

Proposed Rubric for Board Staff's Report on the Initial Financial Response

1 message

Joseph Hattrick <JHattrick@riverbendprep.org> Fri, Sep 13, 2019 at 3:33 PM
To: "charterschoolboard@asbcs.az.gov" <charterschoolboard@asbcs.az.gov>

I was at the ASBCS meeting on 9/9 and heard the president inquire why there was such a low response rate to the proposed rubric. Following a review, I would suggest providing more background to the reader.

I will do a second read over the weekend but the difficulty is without background, it seems like there is not clear alignment between the question, factors, and how the third and fourth columns in the rubric will be used. A more clear objective rating scale would improve this rubric. I know that these are general examples and will provide the board with more detailed examples after a deeper review.

Thank you,

Dr. Joseph Hattrick

School Superintendent | Principal

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AGENDA ITEM EXECUTIVE SUMMARY: Proposed Revisions to the Academic Performance Eligibility Criteria for Expansions

Issue

Consideration to modify the academic performance eligibility criteria for expansion requests in fiscal year 2020, including replication and transfer applications, in the Board's Academic Performance Framework and Guidance.

At the Board's August 12, 2019 meeting and at a subsequent meeting with stakeholders on August 26, 2019, the Board heard concerns from schools that are identified as a comprehensive support and improvement (CSI) school. Specifically, charter holders that operate an alternative school identified for CSI solely based on a low graduation rate, expressed concerns regarding the criteria that is used to identify CSI schools.

Based on feedback from stakeholders, the Arizona Charter Schools Association and the Arizona Alternative Education Consortium, Board staff is proposing to modify the eligibility criteria for expansions to allow a charter holder that operates an alternative school identified for CSI based on a low graduation rate, and not low achievement, to submit an expansion request if the *On-Track to Graduate*[1] measure is 66% or higher as calculated in the *2019 A-F Letter Grade Accountability System* and the school receives an "A", "B", or "C" alternative letter grade.

Background

In fiscal year (FY) 2018, the Arizona Department of Education (ADE) identified schools for **comprehensive support and improvement** (CSI) based on Spring 2017 AzMERIT student data and Graduation Rates. The criteria to be identified as a CSI school as required by the Every Student Succeeds Act (ESSA) is:

- CSI Low Graduation Rate = All schools with a five-year cohort graduation rate of less than or equal to two-thirds, and/or
- CSI Low Achievement = Title I schools with student proficiency/percent passing, English Language Arts and Math combined, in the lowest 5% on the statewide assessment[2] plus all "F" schools.

Schools Identified for CSI Low Graduation Rate

As a result of the FY 2018 CSI designation, the Board has less than 30 schools identified for CSI based solely on a low graduation rate, which under the academic framework places them with an Overall Rating of "Falls Far Below Standard." The majority of the schools are designated as alternative, followed by a few distance learning schools.

[1] The On-Track to Graduate measure is worth 10% of an alternative school's overall letter grade and must meet certain criteria. See the 2019 A-F Letter Grade Accountability System: Alternative Schools 9-12 Business Rules.
[2] The bottom 5% cut score is 13% combined proficiency/passing rate for identification in 2017.

For Discussion

The current policy for expansion eligibility restricts charter holders with CSI schools from submitting an expansion request. In order to ensure that charter holders operating alternative schools are held to a minimum standard of achievement before expanding, Board staff proposes the following:

1. Determine academic performance eligibility for all expansion requests, based on a school's letter grade of "A", "B", or "C" and on confirmation that the school:
    a. Is not designated for Comprehensive Support and Improvement due to low achievement; and
    b. Receives a rating of 66% or higher on the *On-Track to Graduate* measure.

As an element of the process for revising policy, staff recommends that this draft be open for public comment from October 16th to November 5th, 2019. After all comments have been reviewed, staff will develop a final recommendation of this policy for the Board's consideration at its November 19, 2019 meeting.

ASBCS BOARD MEETING CALENDAR 2020

AMENDMENT REQUESTS

A change to a charter requires the consent of both the Board and charter holder. To obtain the Board's consent for a change to a charter, the charter holder shall submit a charter amendment request to the Board. R7-5-303(A). Amendment Instructions and requirements are available on the Board's website.

The calendar below includes specific timeframes for the submission of expansion amendment requests. These submission timeframes provide the Board appropriate time to consider expansion requests prior to the beginning of the school year in which those changes will be implemented. Amendments that are not expansion requests may be approved by the Executive Director.

Expansion eligibility will be updated upon the release of updated A-F letter grades. Eligibility must be maintained until the Charter Board approves the Amendment Request, failure to maintain eligibility for expansion will result in the request being closed.

DEADLINES

- Expansion amendment requests to be implemented in FY 2021 may be submitted until March 22, 2020, for approval by the Board no later than the May 11, 2020 meeting. The Executive Director has the discretion to waive this deadline due to emergency or extreme circumstances.
- Beginning March 23, 2020, expansion amendment requests for FY 2023 may be submitted for consideration starting in August 2020.
- Requests submitted during the following timeframes must include a document stating that the charter holder has agreed to waive the 60-day timeframe for processing requests described in R7-5-303 (F)(3):
  - December 14, 2019 - January 15, 2020 to be considered at the April 13, 2020 meeting; and
  - March 23, 2020 – May 14, 2020, to be considered at the August 10, 2020 meeting.

FISCAL YEAR	BOARD MEETING	SUBMISSION OPEN	WINDOW CLOSED	EXPANSION REQUESTS	BOARD CONSIDERATION & DEADLINES
FY 2020	**JANUARY 13, 2020**	Oct 15, 2020	Nov 11, 2020	Expansion Requests for FY 2021 and FY 2022	
FY 2020	**FEBRUARY 10, 2020**	Nov 12, 2019	Dec 13, 2019	Expansion Requests for FY 2021 and FY 2022	
FY 2020	**MARCH - NO MEETING**				
FY 2020	**APRIL 13, 2020**	Dec 14, 2019	Feb 13, 2020	Expansion Requests for FY 2021 and FY 2022	Consideration of late annual single FY 19 audits.
FY 2020	**MAY 11, 2020**	Feb 14, 2020	Mar 22, 2020	Expansion Requests for FY 2021 and FY 2022	All Expansion Requests, besides ECAP, for FY 2021 must be approved no later than May 11, 2020.
FY 2020	**JUNE - NO MEETING**				
FY 2021	**JULY - NO MEETING**				
FY 2021	**AUGUST 10, 2020**	March 23, 2020	June 17, 2020	Expansion Requests for FY 2022 and FY 2023	
FY 2021	**SEPTEMBER 14, 2020**	June 18, 2020	July 16, 2020	Expansion Requests for FY 2022 and FY 2023	
FY 2021	**OCTOBER 13, 2020**	July 17, 2020	Aug 24, 2020	Expansion Requests for FY 2022 and FY 2023	
FY 2021	**NOVEMBER 20, 2020 (Telephonic Meeting)**	Aug 25, 2020	Sep 15, 2020	Expansion Requests for FY 2022 and FY 2023	Consideration of late annual FY 20 audits.
FY 2021	**DECEMBER 14 & 15*, 2020**	Sep 16, 2020	Oct 9, 2020	Expansion Requests for FY 2022 and FY 2023	New Charter Applications.

* Possible two-day meeting depending on number of applications.