

State Board for Charter Schools

| | FY 2014 ACTUAL | FY 2015 ESTIMATE | FY 2016 APPROVED |
|---------------------------------------|-------------------|---------------------|-------------------------------|
| OPERATING BUDGET | | | |
| <i>Full Time Equivalent Positions</i> | 9.0 | 11.0 | 14.0 |
| Personal Services | 429,300 | 549,000 | 763,500 |
| Employee Related Expenditures | 178,800 | 203,700 | 194,600 |
| Professional and Outside Services | 32,000 | 65,400 | 65,400 |
| Travel - In State | 3,600 | 8,000 | 8,000 |
| Travel - Out of State | 0 | 3,600 | 3,600 |
| Other Operating Expenditures | 143,200 | 158,500 | 159,300 |
| Equipment | 0 | 6,500 | 6,500 |
| AGENCY TOTAL | 786,900 | 994,700 | 1,200,900^{1/} |
| FUND SOURCES | | | |
| General Fund | 786,900 | 994,700 | 1,200,900 |
| SUBTOTAL - Appropriated Funds | 786,900 | 994,700 | 1,200,900 |
| Other Non-Appropriated Funds | 105,300 | 101,900 | 101,900 |
| TOTAL - ALL SOURCES | 892,200 | 1,096,600 | 1,302,800 |

AGENCY DESCRIPTION — The board reviews and approves charter school applications, including renewal applications, and monitors the schools that it sponsors for compliance with provisions of their individual charters. It consists of the Superintendent of Public Instruction, 6 members of the general public, 2 members of the business community, a charter school teacher, a charter school operator, and 3 members of the Legislature who serve as advisory members. Currently the board oversees 526 charter schools.

Operating Budget

The budget includes \$1,200,900 and 14 FTE Positions from the General Fund in FY 2016 for the operating budget. These amounts fund the following adjustments:

Remove One-Time Funding

The budget includes a decrease of \$(4,500) from the General Fund in FY 2016 to eliminate one-time funding for office equipment.

Charter Renewal Funding

The budget includes an increase of \$219,000 and 3 FTE Positions from the General Fund in FY 2016 to improve the board's capacity to handle increasing caseloads and to monitor and assess charter school performance.

Over the last 10 years, the number of charter contracts that the board oversees has increased by 40% and the number of students in charter schools has doubled to 145,000. Staff workloads have also increased as more charters have matured and require renewal review.

The new staff will also allow for more data collection and analysis to provide legal standing in revocation decisions. Of the funds, \$28,800 will be used for one-time contracted services for the conversion of paper documents to electronic files and office equipment for new FTE Positions.

Statewide Adjustments

The budget includes a decrease of \$(8,300) from the General Fund in FY 2016 for statewide adjustments. (Please see the Agency Detail and Allocation section.)

^{1/} General Appropriation Act funds are appropriated as a Lump Sum by Agency.

Agency Summary

STATE BOARD FOR CHARTER SCHOOLS

DeAnna Rowe, Executive Director
Phone: (602) 364-3080
A.R.S. §§ 15-181 to 15-189

Mission:

To improve public education in Arizona by sponsoring charter schools that provide quality educational choices.

Description:

The Arizona State Board of Charter Schools sponsors and regulates charter schools. The Board oversees the academic and operational compliance of charter holders and reviews the fiscal viability of the schools. The Board also continuously reviews applications for new and replication charter schools as well as renewal applications for existing schools.

Funding:

| | <u>FY 2014 Actual</u> | <u>FY 2015 Estimate</u> | <u>FY 2016 Estimate</u> |
|------------------------------|-----------------------|-------------------------|-------------------------|
| General Funds | 786.9 | 994.7 | 1,329.3 |
| Other Appropriated Funds | 0.0 | 0.0 | 0.0 |
| Other Non Appropriated Funds | 148.3 | 101.9 | 101.9 |
| Total Funding | 935.2 | 1,096.6 | 1,431.2 |
| FTE Positions | 8.0 | 10.0 | 14.0 |

5 Year Plan

Issue 1 The Arizona State Board for Charter Schools (“Board”) does not have adequate resources to ensure all schools in its portfolio are providing a learning environment that improves pupil achievement.

Description Over the last 10 years, the number of students enrolled in charter schools has almost doubled. The Board has approved contracts for both new applicants entering the charter sector for the first time and existing quality charter holders for the expansion of their programs.

When evaluated using the Board's Academic Performance Framework, almost half of the Board's portfolio has demonstrated their programs produce sustainable quality results. The trade of autonomy for accountability has proven effective for these schools. The Board has academic oversight and expansion processes that require minimal work for both the charter holder and the Board, when the charter holder is performing academically.

However, 38% of the Board’s portfolio with three years of academic data demonstrates, from year to year, students are not consistently provided a learning environment that produces improved performance. The Board has developed an Intervention Schedule along with monitoring and oversight processes that support improved academic performance when the school has the capacity and makes the effort. Or conversely, when the capacity and effort is lacking, these same processes enable the Board to build a strong case for school closure and revocation of the charter.

Solutions:

The Board has implemented its processes to the extent possible with existing capacity. Resources for additional FTE and related operating costs are required to implement the Intervention Schedule timely and provide appropriate levels of oversight of schools that are not improving their academic performance.

Issue 2 Provide the public with electronic access to charter school information.

Description Parents, pupils and the general public should have access to information about charter schools when making choices about educational options. The Board currently has all historical information available in its office for public review. Recent new application submissions, amendments to existing charters, changes in corporate structures and members of governing bodies and the like are accessible through ASBCS Online, the Board’s searchable database. Other documents, including complaints and past performance reviews, are only available in hardcopy.

In its recent performance audit and sunset report, the Auditor General’s Office recommended the Board make the information it collects on charter schools available on its website. As the Board has moved to an electronic submission system, contracts, including the approved application and other legal documents collected and generated moving forward will be made publicly available through ASBCS Online. Historical paper hardcopies of documents prior to the electronic conversion and since 1995 are only accessible at the Board’s office.

Solutions:

Resources to further develop ASBCS Online to provide charter school information electronically to the public.

Resource Assumptions

| | FY2017 Estimate | FY2018 Estimate | FY2019 Estimate |
|---------------------------------------|-----------------|-----------------|-----------------|
| Full-Time Equivalent Positions | 4.0 | 4.0 | 4.0 |
| General Fund | 334.6 | 308.8 | 308.8 |
| Other Appropriated Funds | 0.0 | 0.0 | 0.0 |
| Non-Appropriated Funds | 0.0 | 0.0 | 0.0 |
| Federal Funds | 0.0 | 0.0 | 0.0 |

- ◆ **Goal 1** To increase the quality of the Board's portfolio of charter schools by monitoring academic performance and fiscal and contractual compliance to ensure the continuation of schools that meet contractual obligations.

| Performance Measures | FY 2013 Actual | FY 2014 Estimate | FY 2014 Actual | FY 2015 Estimate | FY 2016 Estimate |
|---|---------------------------|-----------------------------|---------------------------|-----------------------------|-----------------------------|
| Number of students enrolled in Board sponsored charter schools. | 145,028 | 159,500 | 155,373 | 165,000 | 175,000 |
| Explanation: Includes full and part-time brick and mortar and online instruction. | | | | | |
| Number of sponsored charters with one or more sites in operation | 402 | 412 | 406 | 423 | 443 |
| Number of sponsored charter school sites in operation | 516 | 527 | 526 | 546 | 557 |
| Number of annual on-site monitoring visits | 59 | 130 | 140 | 82 | 80 |
| Explanation: Reflects academic monitoring only. FY15 Estimate reflects reduction due to resource limits. | | | | | |
| Number of on-site general monitoring visits. | 0 | 0 | 28 | 35 | 40 |
| Explanation: New measure in FY14 - separating academic from compliance monitoring visits | | | | | |
| Number of contract amendments processed annually not related to expansion. | 1,218 | 1,200 | 938 | 960 | 975 |
| Explanation: Modified measure in FY14 to separate expansion from non-expansion requests processed. | | | | | |
| Number of contract amendments processed annually for expansion. | 0 | 0 | 62 | 75 | 75 |
| Explanation: New measure in FY14 Actuals. Numbers were previously included in an overall number of amendments processed. | | | | | |
| Number of charter holder annual audits reviewed. | 379 | 386 | 385 | 394 | 407 |
| Number of corrective action plans mandated based on fiscal or contractual noncompliance. | 80 | 90 | 47 | 80 | 80 |
| Explanation: Any non-compliance matter requiring further action by charter holder and the Board. | | | | | |
| Number of corrective action matters prepared for Board consideration. | 0 | 0 | 38 | 35 | 35 |
| Number of disciplinary actions that resulted in withholding of funds. | 13 | 24 | 14 | 20 | 20 |
| Number of Notices of Intent to Revoke Charter issued. | 3 | 7 | 6 | 10 | 10 |
| Explanation: Revocation proceedings cross fiscal years, but are only reported once. | | | | | |
| Number of charter contracts voluntarily surrendered. | 6 | 6 | 6 | 6 | 8 |
| Number of charter contracts surrendered under duress. | 0 | 0 | 1 | 2 | 2 |
| Number of F rated schools evaluated. | 0 | 0 | 3 | 12 | 13 |
| Number of Consent/Settlement Agreements entered. | 0 | 3 | 2 | 3 | 3 |
| Number of charter contracts revoked. | 1 | 3 | 2 | 5 | 5 |
| Number of charter school sites closed. | 17 | 11 | 13 | 15 | 15 |
| Explanation: Includes surrendered and revoked charters, non-renewals, and other school closures. | | | | | |
| Number of student record requests processed. | 0 | 0 | 222 | 254 | 270 |

| Performance Measures | FY 2013 Actual | FY 2014 Estimate | FY 2014 Actual | FY 2015 Estimate | FY 2016 Estimate |
|---|---------------------------|-----------------------------|---------------------------|-----------------------------|-----------------------------|
| Number of five-year interval reviews completed. | 37 | 24 | 24 | 15 | 84 |
| Number of academic improvement plans reviewed. | 18 | 18 | 17 | 63 | 18 |
| Number of academic improvement reports reviewed. | 48 | 94 | 60 | 101 | 140 |
| Number of annual complaints regarding sponsored schools | 127 | 130 | 103 | 110 | 112 |

Explanation: Complaints are reviewed for contractual compliance and processed accordingly.

◆ **Goal 2** To approve quality applications and grant charters to qualified applicants.

| Performance Measures | FY 2013 Actual | FY 2014 Estimate | FY 2014 Actual | FY 2015 Estimate | FY 2016 Estimate |
|---|---------------------------|-----------------------------|---------------------------|-----------------------------|-----------------------------|
| Number of new application packages reviewed by staff for administrative completeness. | 42 | 27 | 27 | 24 | 25 |
| Number of new application packages considered by the Board. | 13 | 13 | 13 | 13 | 15 |
| Number of new application packages approved by the Board. | 10 | 10 | 12 | 10 | 12 |
| Number of eligibility forms to replicate received. | 13 | 20 | 14 | 20 | 18 |
| Number of replication application packages processed. | 13 | 14 | 11 | 14 | 14 |
| Number of replication application packages approved by the Board. | 13 | 14 | 11 | 14 | 14 |
| Number of renewal applications prepared. | 26 | 39 | 36 | 33 | 49 |

Explanation: Determination of application criteria based upon previous performance.

| | | | | | |
|---|----|----|----|----|----|
| Number of renewal applications processed that do not meet the Performance Framework Expectations. | 0 | 0 | 19 | 18 | 26 |
| Number of renewal application packages approved by the Board without conditions. | 21 | 32 | 23 | 20 | 30 |
| Number of renewal application packages approved by the Board with conditions. | 0 | 0 | 7 | 10 | 16 |
| Number of hearings for denied renewal applicants that file an appeal. | 1 | 2 | 1 | 4 | 5 |