
AGENDA ITEM: Compliance Matters – North Star Charter School, Inc.

Issues

North Star Charter School, Inc. experienced internal operational struggles that resulted in a review of the charter's operations by both the Board Staff and ADE's Audit Unit. While the results of the ADE audit are not yet complete, Staff has found evidence that the school violated its charter contract when it:

1. Failed to provide the minimum course of study and competency requirements for graduation of pupils from high school and the issuance of a high school diploma.
2. Failed to maintain and secure records pursuant to Public Records Law:
 - a. student cumulative files for all students enrolled during FY08 and FY09
 - b. personnel files for all employees during FY08 and FY09
 - c. verification that teachers are highly qualified under the NCLB Act for FY08 and FY09
 - d. financial records for FY08 and FY09
3. Failed to remain current with its reporting and member and employer contribution obligations to the Arizona State Retirement System.
4. Failed to ensure the health, safety and welfare of students and staff when it secured the services of security personnel armed with a handgun on school grounds for a board meeting in April 2009.

These items are exacerbated by the continuing challenges by school board members of the actions taken during various North Star Charter School, Inc. board meetings in 2009 and the Board's difficulty in identify the parties responsible for the operation of North Star Charter School.

Background

North Star Charter School began its operation in the fall of 2001. North Star Charter School, Inc. generally operated with a three member board with Aldine Dickens serving as the president of the board and as the charter representative. In May 2008, amendments were processed that provided for a new charter representative, Kurt Huzar, who would also serve as president of the corporation. The amendment documents also provide that Donovan Ziegler was to be a member of the corporate board.

In a letter dated May 21, 2009, addressed to the Corporate Board Members of North Star Charter School, Inc., Board Staff (Staff) alerted the Charter Operator that the Charter Holder Governance Notification Request received February 9, 2009 (to remove Donovan Ziegler as a trustee of the board) and the Charter Representative Notification Request received May 14, 2009 (to remove Kurt Huzar as the charter representative and appoint Aldine in his place) would not be processed because:

- The first Notification Request was in conflict with the documentation submitted with the second Notification Request as it pertained to the status of the membership on the North Star Charter School, Inc. corporate board.
- This Office also received information and written documentation that called into question the validity of the North Star Charter School, Inc. Board's actions at its January, April and May meetings, which include the following:
 - An Open Meeting Law complaint submitted on May 13, 2009 by Kurt Huzar to our office and to the Open Meeting Law Enforcement Team (OMLET) in the Office of the Arizona Attorney General alleging that the April 29, 2009 meeting of the Board of Trustees was conducted in violation of Arizona's Open Meeting Law. Open Meeting Law complaints were also made to OMLET in January and February 2009 regarding the January 4, 2009 meeting of the North Star Charter School, Inc. Board at which Donavon Ziegler was removed as Trustee.

- The complaint included correspondence from North Star Charter School's attorney opining that the April 29, 2009 meeting was not properly noticed and that any action taken at that meeting is subject to challenge and may be invalidated, and raising a concern that Mr. Ziegler may not be a board member.
- The complaint also contained correspondence from Pierce Robinson, school employee, in which he states that the original and amended Notices for the April 29, 2009 board meetings were removed from their posting places. The correspondence also states that Chase Bank has frozen access to the school's bank account.
- Correspondence from Ms. Dickens confirming that Chase Bank has frozen access to the school's bank account.
- Information that the Arizona State Treasurer's Office was holding the school's funds.

Staff made multiple visits to the school in May to confirm the school was operational. At each visit, the building was occupied by some school staff and students. In a letter dated May 28, 2009, addressed to the Corporate Board Members of North Star Charter School, Inc., staff notified the Charter Operator that in working through the correspondence provided by the parties and in visiting the school, this Office had identified items related to the operation of the charter school that need to be addressed by North Star Charter School, Inc.

1. Academic Program
 - a. Lack of evidence that students completed the appropriate coursework to demonstrate proficiency and to earn credit toward the completion of high school graduation requirements.
 - i. Transcripts of students who graduated in 2008 and 2009;
 - ii. Teacher gradebooks that support credits awarded for all Language Arts, Math, Science and Social Studies courses completed in 2008 and 2009; and
 - iii. Copies of assessments for all Language Arts, Math, Science and Social Studies courses that were not completed as part of the A+ Learning System.
 - b. Lack of documentation that demonstrates that teachers who taught all Language Arts, Math, Science and Social Studies courses in 2008 and 2009 met the Highly Qualified Teacher requirements of the No Child Left Behind Act.
2. Records Retention
 - a. Lack of availability of student cumulative files for all students enrolled during 2008 and 2009.
 - b. Lack of availability of personnel files for all employees during 2008 and 2009.
 - c. Lack of financial records for 2008 and 2009.
 - i. Bank statements for any account for which deposits of State or Federal funds were made.
 - ii. Invoices, payroll records, etc. to support any withdrawal or payment from the accounts identified above.
 - iii. Repayment or reporting of any private inurement or excess benefits transactions from or between North Star Charter School, Inc. and any party.
3. Health and Safety of Students – The presence of a deadly weapon on the grounds of North Star Charter School by security personnel hired to attend a board meeting in April 2009.

Responses to the request were provided independently by Kurt Huzar and Aldine Dickens. The review of documentation provided by all parties supports that:

- Transcripts provided for some students reflected that students were awarded high school diplomas without completing the state minimum requirements for receiving a diploma.
- Copies of grade books for all courses requested were not provided. Grade books submitted do not provide evidence of coursework completed.
- Student files for all students could not be confirmed to be located and/or complete.

- Personnel files for all teachers that provided evidence of highly qualified status could not be confirmed to be located and/or complete.
- Financial records could not be confirmed to be located and/or complete.

Other Areas of Non-Compliance

North Star has not submitted reports or payments to the Arizona State Retirement System for its last five payroll periods. The five include the last payroll in April and both payroll periods in May and June.

Board Options:

1. The Board may direct staff to monitor North Star Charter School, Inc. progress related to the above issues and provide additional updates as they become available.
2. The Board may withhold 10% of the school's funding for non-compliance including:
 - failing to provide the minimum course of study and competency requirements for graduation of pupils from high school and the issuance of a high school diploma;
 - failing to maintain and secure records pursuant to Public Records Law including student cumulative files for all students enrolled during FY08 and FY09, personnel files for all employees during FY08 and FY09, verification that teachers are highly qualified under the No Child Left Behind Act, (20 U.S.C. § 6301 et seq.) for FY08 and FY09, and financial records for FY08 and FY09;
 - failing to remain current with its reporting and member and employer contribution obligations to the Arizona State Retirement System.

In order to have the 10% withholding returned, North Star Charter School, Inc. must submit a corrective action plan that:

- demonstrates each student that was awarded a diploma in FY 08 and FY 09 successfully completed all graduation requirements,
 - establishes policies and procedures for ensuring that student academic records are retained in accordance with records retention requirements,
 - provides copies of grade books for each course offered that documents assignments required and grades earned to receive credit for a course,
 - establishes policies and procedures for the maintenance and retention of grade books in accordance with records retention requirements,
 - demonstrates that student cumulative files are appropriately maintained and retained,
 - demonstrates that personnel files are appropriately maintained and retained, and
 - demonstrates that financial records are appropriately maintained and retained,
 - provides evidence to the Board that the charter has submitted all delinquent reports and contributions to the ASRS and is current or has established a payment plan approved by the ASRS and also provide a written statement reflecting the changes the charter operator has made to its procedures to ensure that all future reports and contributions are submitted timely to the ASRS.
3. The Board may vote to issue a Notice of Intent to Revoke the charter contract of North Star Charter School, Inc. for any or all of the following issues:
 - Failing to provide the minimum course of study and competency requirements for graduation of pupils from high school and the issuance of a high school diploma.
 - Failing to maintain and secure records pursuant to Public Records Law, including student cumulative files for all students enrolled during FY08 and FY09, personnel files for all employees during FY08 and FY09, verification that teachers are highly qualified under the NCLB Act for FY08 and FY09, and financial records for FY08 and FY09,

- Failing to remain current with its reporting and member and employer contribution obligations to the Arizona State Retirement System, and
- Failing to ensure the health, safety and welfare of students and staff when it secured the services of security personnel armed with a handgun on school grounds for a board meeting in April 2009.

The motion should also require that:

- Within 48 hours of receipt of the Notice the charter operator shall notify staff and parents/guardians of registered students of the Notice of Intent to Revoke and the Notice of Hearing and provide a school location where the copy may be reviewed;
 - Within 20 days of receipt of the Notice the charter operator shall provide copies of all correspondence and communications used to comply with the preceding provision; and
 - Within 20 days of receipt of the Notice the charter operator shall provide the Board with the names and mailing addresses of parents/guardians of all students registered with the school.
4. The Board may withhold 10% of the charter operators funding (Option #2) and issue a Notice of Intent to Revoke the charter contract of North Star Charter School, Inc. (Option #3).

Staff Recommendation: Option 4

The Board withhold 10% of the school's monthly equalization payment for non-compliance including:

1. Failing to provide the minimum course of study and competency requirements for graduation of pupils from high school and the issuance of a high school diploma;
2. Failing to maintain and secure records pursuant to Public Records Law including student cumulative files for all students enrolled during FY08 and FY09, personnel files for all employees during FY08 and FY09, verification that teachers are highly qualified under the NCLB Act for FY08 and FY09 and financial records for FY08 and FY09; and
3. Failing to remain current with its reporting and member and employer contribution obligations to the Arizona State Retirement System.

And

In order to have the 10% withholding returned, North Star Charter School, Inc. must submit a corrective action plan that:

- Demonstrates each student that was awarded a diploma in FY 08 and FY 09 successfully completed all graduation requirements,
- Establishes policies and procedures for ensuring that student academic records are retained in accordance with records retention requirements,
- Provides copies of grade books for each course offered that documents assignments required and grades earned to receive credit for a course,
- Establishes policies and procedures for the maintenance and retention of grade books in accordance with records retention requirements,
- Demonstrates that student cumulative files are appropriately maintained and retained,
- Demonstrates that personnel files are appropriately maintained and retained, and
- Demonstrates that financial records are appropriately maintained and retained,
- Provides evidence to the Board that the charter has submitted all delinquent reports and contributions to the ASRS and is current or has established a payment plan approved by the ASRS and also provide a written statement reflecting the changes the charter operator has made to its procedures to ensure that all future reports and contributions are submitted timely to the ASRS.

Further:

The Board issues a Notice of Intent to Revoke the charter contract of North Star Charter School, Inc. for the following:

1. Failing to provide the minimum course of study and competency requirements for graduation of

- pupils from high school and the issuance of a high school diploma.
2. Failing to maintain and secure records pursuant to Public Records Law, including student cumulative files for all students enrolled during FY08 and FY09, personnel files for all employees during FY08 and FY09, verification that teachers are highly qualified under the NCLB Act for FY08 and FY09, and financial records for FY08 and FY09.
 3. Failing to remain current with its reporting and member and employer contribution obligations to the Arizona State Retirement System.
 4. Failing to ensure the health, safety and welfare of students and staff when it secured the services of security personnel armed with a handgun on school grounds for a board meeting in April 2009.

And that:

- Within 48 hours of receipt of the Notice the charter operator shall notify staff and parents/guardians of registered students of the Notice of Intent to Revoke and the Notice of Hearing and provide a school location where the copy may be reviewed;
- Within 20 days of receipt of the Notice the charter operator shall provide copies of all correspondence and communications used to comply with the preceding provision; and
- Within 20 days of receipt of the Notice the charter operator shall provide the Board with the names and mailing addresses of parents/guardians of all students registered with the school.