

Vechij Himdag Alternative School, Inc. Staff Report

Background Information

Vechij Himdag Alternative School, Inc. operates Vechij Himdag MashchamakuD in Sacaton. The Board entered into a transfer contract with the charter operator in July of 2004. The school currently serves approximately 63 students in grades 9-12. Vechij Himdag MashchamakuD is a Performing alternative school and did not meet AYP because it did not meet the required percentage of students tested.

Audit History

Vechij Himdag's audit submission history for fiscal years 2005 through 2007 follows:

Fiscal Year 2005	Submitted timely
Fiscal Year 2006	Submitted timely
Fiscal Year 2007	Submitted timely

On January 26th, the audit firm provided a letter stating:

“As of this date, we have received all of the information requested from Vechij Himdag Alternative School, Inc. to complete the audit. However, at this time, we have not been able to go through the information to determine if it is correct or if we will need additional information, as we are in the beginning of our tax season. It is our estimation, that if we receive all additional information needed on a timely basis, we could have the audit completed by the end of February.”

Identified Issues/Concerns

Staff conducted the site visit to Vechij Himdag MashchamakuD on January 23rd. The issues and concerns generated through the site visit, compliance check and review of complaints are identified below:

Fingerprinting

The school failed to provide a fingerprint clearance card for the special education teacher. The Board's February 9th agenda includes the consideration of the issuance of civil penalties.

No Child Left Behind (NCLB) Federal Funds

Vechij Himdag has failed to comply with the monitoring requirements of NCLB. Specifically, the school continues to be out of compliance with the Cycle 2 NCLB monitoring, which was due March 16, 2006. The school has not applied for NCLB funding for the 2007-2008 or 2008-2009 school years.

Arizona State Retirement System (ASRS)

As of January 27th, Vechij Himdag is currently behind in submitting reports and contributions to the ASRS. For 7 payroll periods, the charter has not filed the required reports. These include 2 payroll periods in August 2008, 2 payroll periods in November 2008, 2 payroll periods in December 2008, and 1 payroll period in January 2009.

Vechij Himdag has approximately \$18,000 in its account with ASRS. However, the retirement system has been unable to credit the employees' accounts for their services and contributions because the reports have not been received. Based on the charter's prior history, ASRS estimates that the account balance should be enough to process four payroll periods, which would bring them current through November 2008. However, it would still leave the charter delinquent in submitting the contributions for the 2 payroll periods in December 2008 and the 1 payroll period in January 2009.

In August 2008, ASRS garnished approximately \$28,000 from Vechij Himdag's monthly State aid

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payment. The charter's current account balance is not a result of this garnishment, but of the charter submitting a payment in December for contributions already satisfied by the garnishment.

Board Options

1. The Board may direct staff to monitor Vechij Himdag Alternative School's progress related to the above issues and provide additional updates as they become available.
2. The Board may continue with the current 10% withholding of Vechij Himdag Alternative School's monthly State aid apportionment for failure to timely submit the fiscal year 2008 audit and not add to the basis.
3. The Board may add to the basis for the withholding and require submission of a corrective action plan for any or all of the following: a) failure to comply with the accounting and reporting requirements of No Child Left Behind and b) failure 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, Vechij Himdag Alternative School needs to submit the following:

- a. NCLB requirements – Evidence to the Arizona Department of Education demonstrating compliance with the charter's Cycle 2 NCLB monitoring due March 16, 2006.
 - b. State Retirement obligations – 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 a written statement reflecting the changes Vechij Himdag Alternative School has made to its procedures to ensure that all future reports and contributions are submitted timely to the ASRS.
4. The Board may vote to issue a Notice of Intent to Revoke the charter contract of Vechij Himdag Alternative School, Inc. for any or all of the following issues: a) failure to timely submit the fiscal year 2008 audit; b) failure to comply with the accounting and reporting requirements of No Child Left Behind; and c) failure to remain current with its reporting and member and employer contribution obligations to the Arizona State Retirement System.

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.
5. The Board may choose to add to the basis of the current 10% withholding (Option #3) and to issue a Notice of Intent to Revoke the charter contract of Vechij Himdag Alternative School, Inc. (Option #4).

Staff's Recommendation

Staff's recommendation is Option #5.