

AGENDA ITEM EXECUTIVE SUMMARY: Transition of a Charter Contract

For Discussion Purposes

The charter school movement has reached its 25-year milestone and a generational shift is occurring as charter holders operating schools at the beginning of the charter law (1994) have already retired or are about to retire from their schools. At the December 2018 Board meeting, Board staff was directed to bring recommendations regarding the Board's role in this transition to ensure fidelity to the contract for charters undergoing these transitions. Board staff has reviewed its current policies and consulted with other state authorizers to bring forth these recommendations.

Charter Holder Status – Change in Ownership

Currently, The Board allows an *existing charter holder* to change its ownership of the charter contract to another *existing charter holder that meets the eligibility criteria* through an amendment to the contract. This request is focused on collecting the appropriate legal documentation from both parties and to ensure that the receiving charter holder maintains a similar governance structure made up of like board members. However, it minimally gathers information that ensures the receiving charter holder has effective systems in place.

In order to gauge the success of the receiving charter holder in providing their students with a high-quality education while adhering to the newly acquired charter contract and other applicable laws, Board staff proposes substantive changes to the Charter Holder Status Amendment Request that will provide a clear and comprehensive overview of the receiving charter holder's capacity to attain and maintain another charter. Revisions to this amendment would focus on requesting information from the receiving charter holder that demonstrates:

- What a student who attends their school(s) will experience with respect to educational climate, structure, assessment, and outcomes.
- How they foster a school environment that is viable and effective.
- The policies, systems and processes in place that provide sufficient oversight of the schools they operate.
- How the transfer will impact school configurations, governance, the community, finance, policies and programming, and staff.
- How the transfer will impact the newly acquired school's implementation of its program of instruction and keep fidelity to its educational philosophy.

Monitoring Schools during the Transition

Arizona Revised Statute ("A.R.S.") § 15-182(E)(1) requires the Board to exercise general supervision over the charter schools it sponsors, which includes conducting site visits. In implementing its site visits, Board staff focuses on reviewing the charter holder's program of instruction, governance structure, and operational compliance with certain contractual terms.

During this fiscal year, the Board has considered amendments that change the ownership of a charter contract or change the corporate board members of a charter. At times, these changes reflect the generational shift that is occurring with charter holders that have retired or are about to retire. To ensure fidelity to the contract for charters undergoing these transitions, Board staff recommends conducting a site visit to review the charter holder's compliance with its charter as amended and applicable laws, which may also include attendance at a board meeting.

Specifically, Board staff proposes conducting a site visit:

- For schools operated under the newly acquired charter, three to six months after the change in ownership has been approved.
- For schools operated by the charter holder that have undergone at least a 50 percent change in corporate board members, within a 6 to 12-month timeframe.

Action Item for Board Consideration

Direct staff to incorporate the recommendations discussed today to the Charter Holder Status Amendment request and related documents/policies. Staff recommends that once the proposed changes are drafted that they be made available for an initial opportunity for public comment within a specified timeframe. After all comments have been reviewed, staff will present a final policy recommendation for the Board's consideration at the August 12, 2019 meeting.