Ombudsman Educational Services, LTD., a subsidiary of Educational Services of America
Entity ID 90326
Renewal Executive Summary Report

I. Sources of Evidence for this Document

A.R.S. 15-183.I states that "[a] charter school that elects to apply for renewal shall file an application for renewal…which shall include a detailed business plan for the charter school, a review of fiscal audits and academic performance data for the charter school and a review of the current contract between the sponsor and the charter school."

The Arizona State Board for Charter Schools (ASBCS) determined that renewal of a charter is based on affirmative evidence in three areas:

- Success of the academic program, including academic achievement
- Viability of the organization, including fiscal management and compliance
- Adherence to the terms of the charter, including contract and legal compliance

Evaluation of the charter holder's success in these three areas is based on a variety of information that will serve as sources of evidence in determining renewal. These sources include:

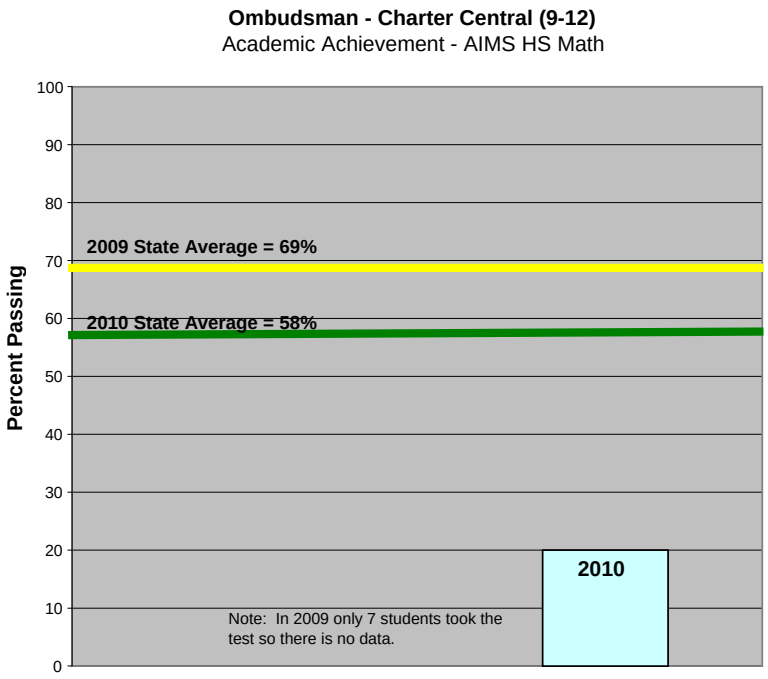
- Written application for renewal
- Student performance data
- Independent financial audits
- Five year interval summary reviews
- Site visit reports
- Monitoring reports

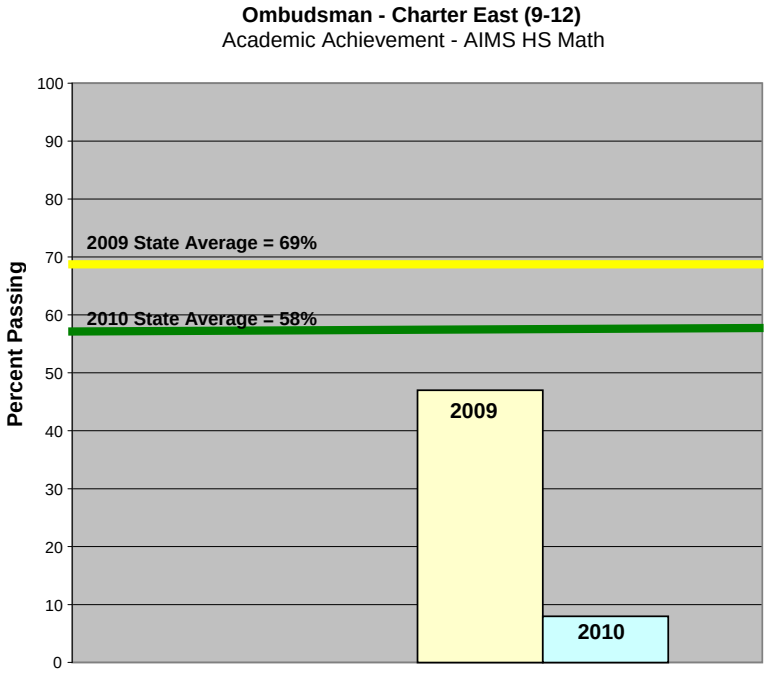
II. Profile

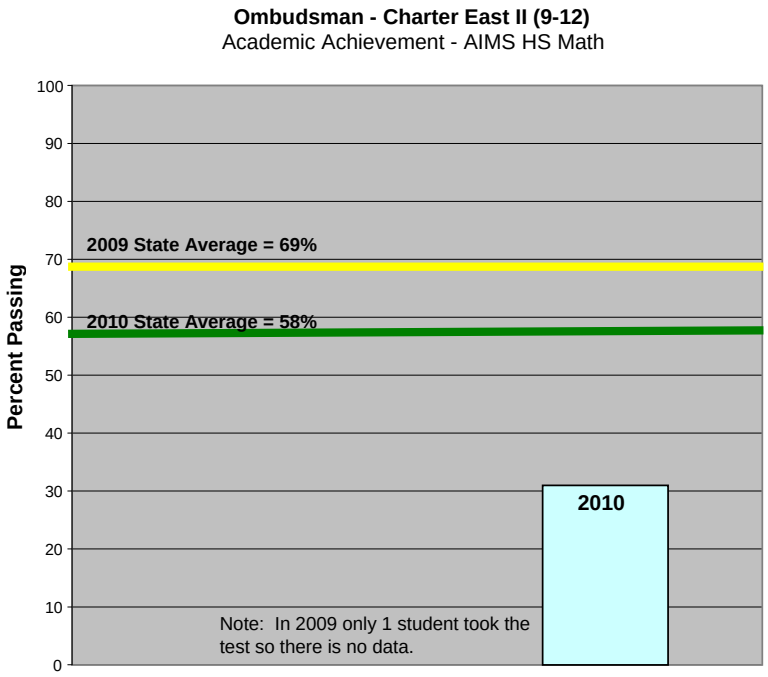
Ombudsman Educational Services, LTD., a subsidiary of Educational Services of America, was granted a charter by the ASBCS effective on November 12, 1996. In 2009, Ombudsman Educational Services, LTD. submitted a transfer application for the purpose of transferring Ombudsman - Charter Central, Ombudsman - Charter East, Ombudsman - Charter East II, and Ombudsman - Charter Valencia to a separate charter. Ombudsman Educational Services, LTD., a subsidiary of Educational Services of America, is a for-profit corporation in good standing with the Arizona Corporation Commission. The charter representative is Allison O'Neill. The charter holder operates four schools: Ombudsman – Charter Central (6-12), Ombudsman – Charter East (9-12), Ombudsman – Charter East II (9-12), and Ombudsman – Charter Valencia (6-12). Charter East and Charter East II are located in the Phoenix area and Charter Central and Charter Valencia are in Tucson. The four schools had a combined FY10 100th day ADM of 263.177.

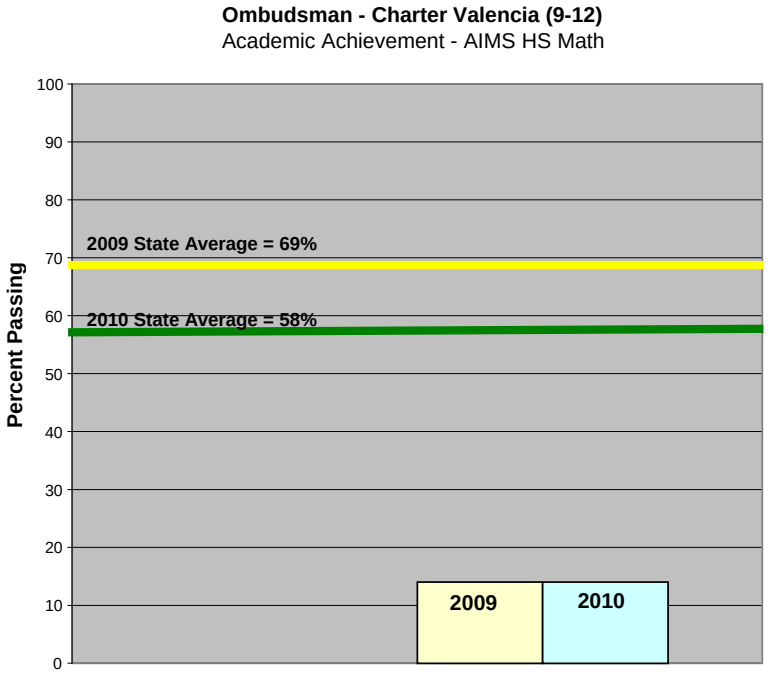
Mission Statement:
The Mission of OES is to serve students who are at-risk in typical 6-12 school population.

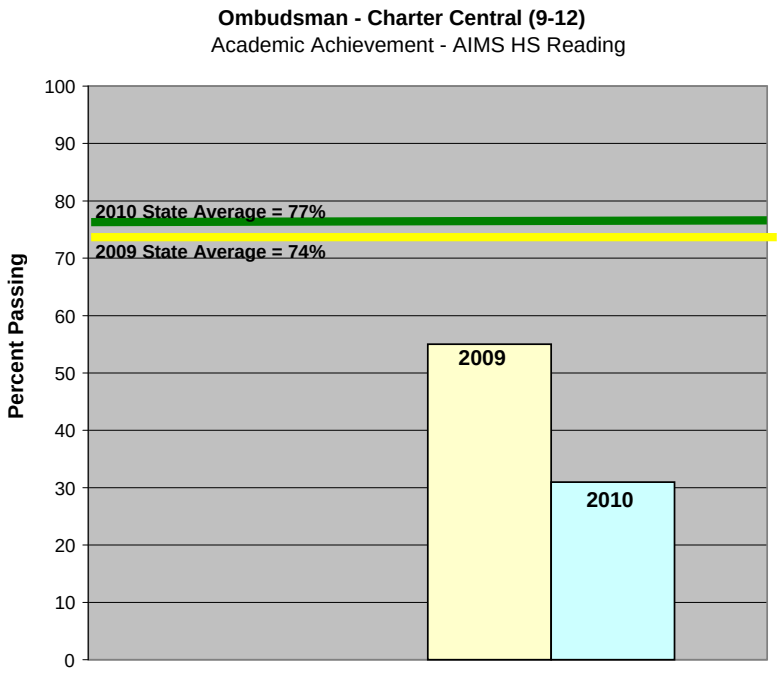
III. Academic Performance

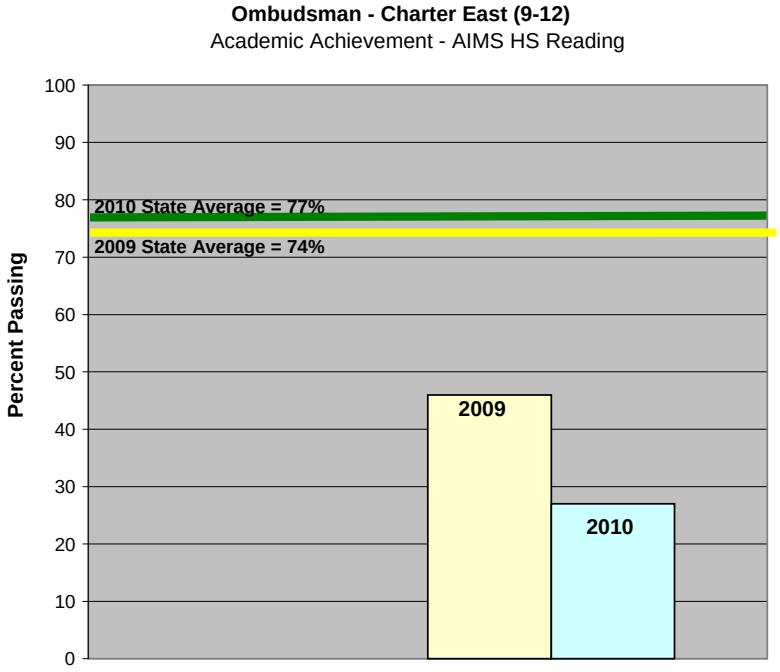


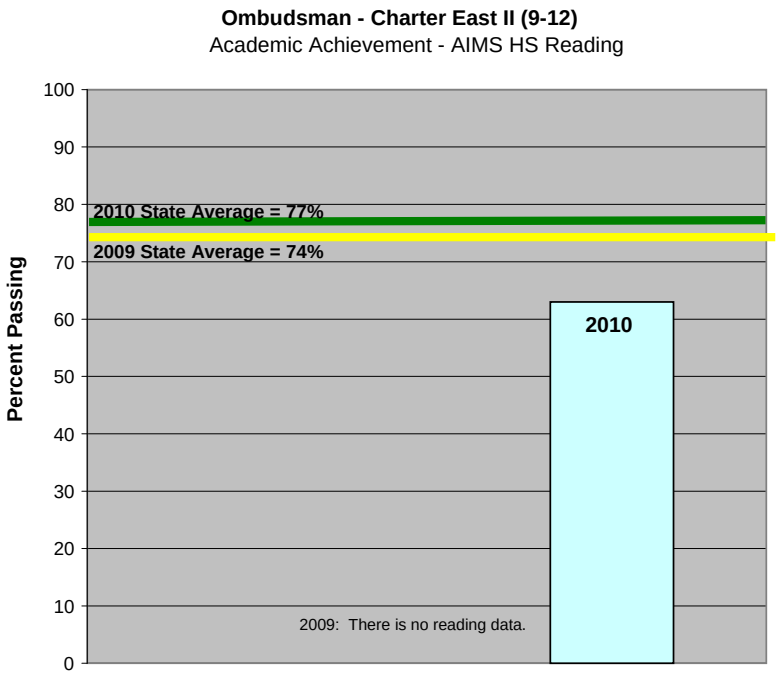


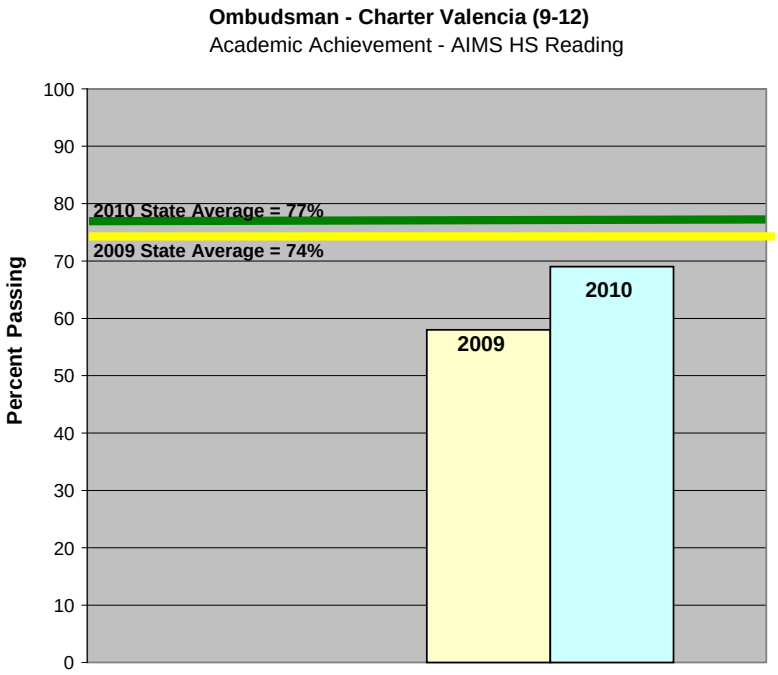

Ombudsman - Charter East II (9-12)
Academic Achievement - AIMS HS Math
Percent Passing
100
90
80
70
60
50
40
30
20
10
0
2009 State Average = 69%
2010 State Average = 58%
2010
Note: In 2009 only 1 student took the test so there is no data.

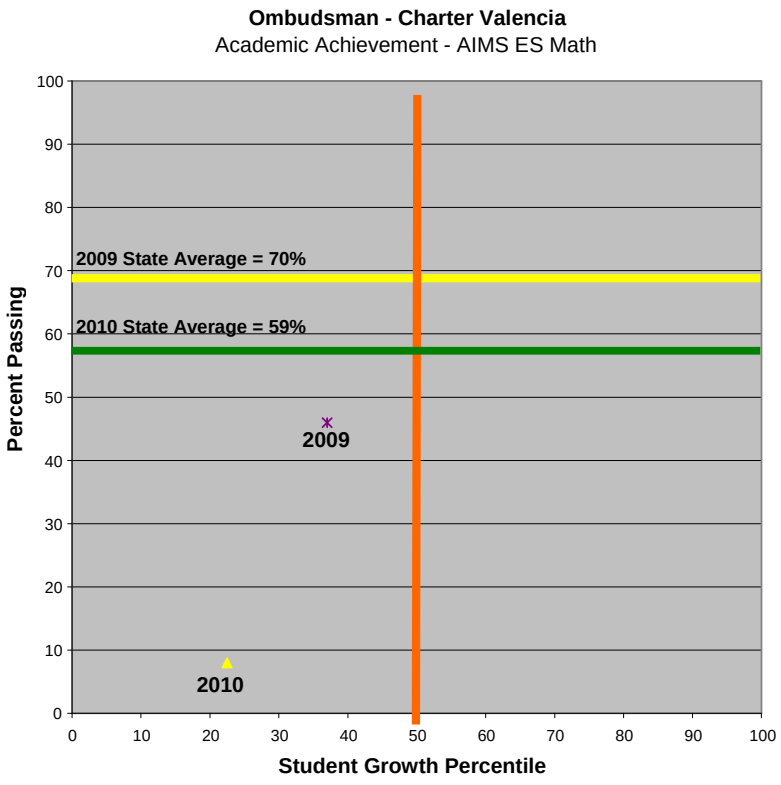

Ombudsman - Charter Valencia (9-12)
Academic Achievement - AIMS HS Math
Percent Passing
100
90
80
70
60
50
40
30
20
10
0
2009 State Average = 69%
2010 State Average = 58%
2009
2010

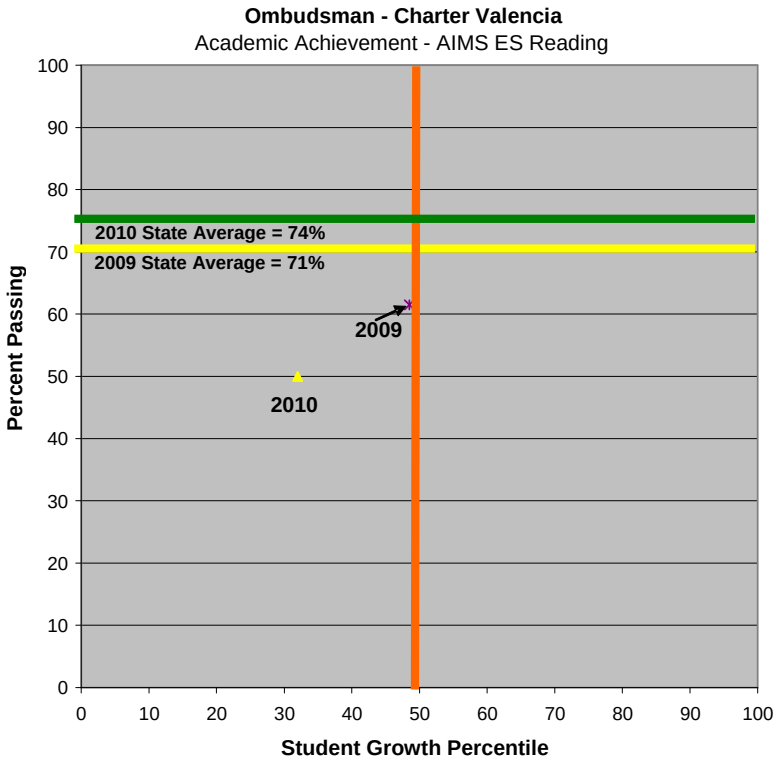

Ombudsman - Charter Central (9-12)
Academic Achievement - AIMS HS Reading
Percent Passing
100
90
80
70
60
50
40
30
20
10
0
2010 State Average = 77%
2009 State Average = 74%
2009
2010


Ombudsman - Charter East (9-12)
Academic Achievement - AIMS HS Reading
Percent Passing
100
90
80
70
60
50
40
30
20
10
0
2010 State Average = 77%
2009 State Average = 74%
2009
2010


Ombudsman - Charter East II (9-12)
Academic Achievement - AIMS HS Reading
Percent Passing
100
90
80
70
60
50
40
30
20
10
0
2010 State Average = 77%
2009 State Average = 74%
2010
2009: There is no reading data.


Ombudsman - Charter Valencia (9-12)
Academic Achievement - AIMS HS Reading
Percent Passing
100
90
80
70
60
50
40
30
20
10
0
2010 State Average = 77%
2009 State Average = 74%
2009
2010


Ombudsman - Charter Valencia
Academic Achievement - AIMS ES Math
2009 State Average = 70%
2010 State Average = 59%
2009
2010
Percent Passing
Student Growth Percentile
0
10
20
30
40
50
60
70
80
90
100


Ombudsman - Charter Valencia
Academic Achievement - AIMS ES Reading
2010 State Average = 74%
2009 State Average = 71%
2009
2010
Percent Passing
Student Growth Percentile
0
10
20
30
40
50
60
70
80
90
100

Fiscal Year	AZ LEARNS	Adequate Yearly Progress (AYP)
2010	Performing: All schools	Yes: Ombudsman – Charter Central Ombudsman – Valencia No: Ombudsman – Charter East Ombudsman – Charter East II
2009	Performing: Ombudsman – Charter East Underperforming: Charter East II Charter Valencia No data: Ombudsman – Charter Central	Yes: Ombudsman – Charter Central Ombudsman – Charter East II Ombudsman – Valencia No: Ombudsman – Charter East

IV. Fiscal Compliance

The four charter school sites transferred to their own charter beginning with the 2009-2010 school year, so the first audit under their own contract will be for fiscal year 2010.

Ombudsman Educational Services, Ltd. has received exceptions from the Uniform System of Financial Records for Charter Schools and State procurement regulations.

V. Legal and Contractual Compliance

For the previous five years –

- The charter holder's first Annual Financial Report covering fiscal year 2010 is not due until October 2010.
- The charter holder timely submitted its fiscal year 2010 Budget.
- All Declarations were submitted to the Arizona Department of Education (ADE) in a timely manner.
- The Highly-Qualified Teacher report is not required of for-profit charter schools.

VI. Renewal Application

A. Education Plan

The Charter Holder was required to submit a Performance Management Plan in the academic section of the renewal application.

The introductory narrative for the Performance Management Plan describes the process the school community undertook for data examination and analysis. Data reviewed included results from AIMS, internal assessments, and an annual survey. Based upon the data analysis, the school determined to focus the plan on curriculum, assessment, and professional development.

Indicator: **Math**
Duration of the Plan: Fall 2010 to June 2015
Strategies:

- Ombudsman will establish AIMS Math Prep classes at each school site which will utilize small group direct instruction delivered by a highly qualified math teacher. The AMP curriculum will include strand specific lessons aligned with the AIMS Math test.
- Ombudsman will adopt and implement a new assessment tool called MAP, Measures of Academic Progress to better predict student proficiency on the AIMS Math test.
- Ombudsman teachers will participate in a minimum of fifteen hours of job embedded math professional development within each academic year.

ANNUAL BENCHMARK TARGETS:

CURRENT STATE	Year 1	Year 2	Year 3	Year 4	Year 5 Target For This Plan
East Charter Percent Proficient for 2010 in Math = 8%	East Charter will increase 5%; move from 8% to 13% percent proficient	East Charter will increase 8%; move from 13% to 21% percent proficient	East Charter will increase 10%; move from 21% to 31% percent proficient	East Charter will increase 12%; move from 31% to 43% percent proficient	East Charter will increase 15%; move from 43% to 58% percent proficient
East II Charter Percent Proficient for 2010 in Math = 31%	East II Charter will increase 3%; move from 31% to 34% percent proficient	East II Charter will increase 4%; move from 34% to 38% percent proficient	East II Charter will increase 5%; move from 38% to 43% percent proficient	East Charter will increase 6%; move from 43% to 49% percent proficient	East Charter will increase 9%; move from 49% to 58% percent proficient
Central Charter Percent Proficient for 2010 in Math = 20%	Central Charter will increase 5%; move from 20% to 25% percent proficient	Central Charter will increase 6%; move from 25% to 31% percent proficient	Central Charter will increase 7%; move from 31% to 38% percent proficient	Central Charter will increase 9%; move from 38% to 47% percent proficient	Central Charter will increase 11%; move from 47% to 58% percent proficient
Valencia Charter Percent Proficient for 2010 in Math = 14%	Valencia Charter will increase 5%; move from 14% to 19% percent proficient	Valencia Charter will increase 7%; move from 19% to 26% percent proficient	Valencia Charter will increase 9%; move from 26% to 35% percent proficient	Valencia Charter will increase 11%; move from 35% to 46% percent proficient	Valencia Charter will increase 12%; move from 46% to 58% percent proficient
(ES) Valencia Charter Percent proficient for 2010 in Math = 8%	(ES)Valencia Charter will increase 5%; move from 8% to 13% percent proficient	(ES)Valencia Charter will increase 8%; move from 13% to 21% percent proficient	(ES)Valencia Charter will increase 10%; move from 21% to 31% percent proficient	(ES)Valencia Charter will increase 12%; move from 31% to 43% percent proficient	(ES)Valencia Charter will increase 16%; move from 43% to 59% percent proficient

Indicator: **Reading**
Duration of the Plan: Fall 2010 to June 2015
Strategies:

The current state-aligned reading curriculum Reading Plus will be supplemented with a foundational reading curriculum used to assist emerging readers.

Reading instruction will be structured and implemented consistently and will include the use of a technology based curriculum path and small reading groups when warranted.

Ombudsman teachers will participate in a minimum of fifteen hours of job embedded professional development focused on assisting students that are significantly below grade level in reading and considered emerging readers.

ANNUAL BENCHMARK TARGETS:

CURRENT STATE	Year 1	Year 2	Year 3	Year 4	Year 5 Target For This Plan
East Charter Percent Proficient for 2010 in Reading = 27%	East Charter will increase 5%; move from 27% to 32% proficient	East Charter will increase 8%; move from 32% to 40% proficient	East Charter will increase 10%; move from 40% to 50% proficient	East Charter will increase 12%; move from 50% to 62% proficient	East Charter will increase 15%; move from 62% to 77% proficient
East II Charter Percent Proficient for 2010 in Reading =63%	East II Charter will increase 1%; move from 63% to 64% proficient	East II Charter will increase 2%; move from 64% to 66% proficient	East II Charter will increase 3%; move from 66% to 69% proficient	East II Charter will increase 4%; move from 69% to 73% proficient	East II Charter will increase 4%; move from 73% to 77% proficient
Central Charter Percent Proficient for 2010 in Reading = 31%	Central Charter will increase 5%; move from 31% to 36% proficient	Central Charter will increase 7%; move from 36% to 43% proficient	Central Charter will increase 9%; move from 43% to 52% proficient	Central Charter will increase 11%; move from 52% to 63% proficient	Central Charter will increase 14%; move from 63% to 77% proficient
Valencia Charter Percent Proficient for 2010 in Reading = 69%	Valencia Charter will increase 1%; move from 69% to 70% proficient	Valencia Charter will increase 2%; move from 70% to 72% proficient	Valencia Charter will increase 2%; move from 72% to 74% proficient	Valencia Charter will increase 3%; move from 73% to 77% proficient	Valencia Charter will continue to meet or exceed the state average
(ES) Valencia Charter Percent Proficient for 2010 in Reading = 50%	(ES) Valencia Charter will increase 3%; move from 50% to 53% proficient	(ES) Valencia Charter will increase 4%; move from 53% to 57% proficient	(ES) Valencia Charter will increase 5%; move from 57% to 62% proficient	(ES)Valencia Charter will increase 6%; move from 62% to 68% proficient	(ES)Valencia Charter will increase 6%; move from 68% to 74% proficient

In the Performance Management Plan Ombudsman Educational Services, LTD., a subsidiary of Educational Services of America, scored 27 points out of a possible 40 points. 70 percent of the sections scored at Meets or Exceeds level.

B. Detailed Business Plan

Organization

Ombudsman Educational Services, LTD. became a subsidiary of Educational Services of America in September, 2005. The Ombudsman Educational Services Charter Board oversees the day-to-day operations of the schools. The Board of Directors of Educational Services of America conducts the business of the company in matters of employment and dismissal of personnel, signing of leases, managing of fiscal resources, interaction with government agencies and other matters necessary to operate the business. The schools pay a management fee to Ombudsman Educational Services for support services including operational and curriculum leadership, special education, finance/accounting, integrity assurance, human resources, training and professional development, student records, informatics, assessment and accountability, marketing, information technology and technical support and repair/maintenance personnel.

The application package describes the various departments responsible for providing services to the schools as well as a chart which depicts the relationship of various aspects of the organization to one another.

Sustainability

Fiscal Viability

Ombudsman Educational Services follows generally accepted accounting principles. The charter schools pay a management fee to Ombudsman Educational Services for support services, including finance/accounting. Fiscal decision makers are the operations manager and the state charter director on a non-centralized basis. The centralized decision makers are the vice president of program operations and controller. School site directors engage in annual budgeting and forecasting sessions to plan for the next fiscal year's working budget. School level budgets are prepared and managed by the operation manager, state charter director and controller. These individuals are involved in the monthly operating review, which provides the ability to track actual to budget figures, provides timely alerts to fiscal issues, and ensures budget integrity. Upon review of the monthly operating results, necessary fiscal decisions that will affect site level personnel will be discussed with the school director prior to final decision making. According to the application package, the last two years of audited financial statements show Ombudsman Educational Services charter schools are fiscally viable.

Although the four charter school sites under this charter have not had their first audit, the Board has received audits of Ombudsman Educational Services due to the other contract held by the organization. For fiscal year 2008 and fiscal year 2009, the independent certified public accountant issued an unqualified (or "clean") opinion on Ombudsman Educational Services' financial statements. In each fiscal year, the charter holder ended the year with positive retained earnings. However, in fiscal year 2009, expenses exceeded revenues by $135,669. The organization ended the fiscal year with retained earnings of $1,203,531. The Budget Plan submitted as part of the renewal application covers the sites operated under this contract and indicates that the charter holder's retained earnings will increase slightly annually between fiscal years 2010 and 2012. The fiscal year 2011 projection is based on an ADM of 304. According to

information from the Arizona Department of Education's website, the charter holder's current estimated student count is 400. It appears that the Budget Plan incorporates state funding cuts.[1]

Strength and Stability of the Governing Body

The Ombudsman charter school governing body has an oversight role for the charter. The charter schools pay a management fee to Ombudsman Educational Services for support services. The governing body monitors school performance by receiving quarterly reports of academic performance provided by the state charter director. Upon review of academic performance provided by the state charter director, the board may request additional information or an action plan for increased performance.

Ombudsman Educational Services Governing Body members:

Allison O'Neill, President
Mark Claypool
Charlene Podolsky

According to the application package, recruitment and selection for the board involves a process of evaluating the needs of the company, school operations, and overall mission of Ombudsman. New board members are provided orientation and training on rules of order, procedure, open meeting law and history of activities.

Strength and Stability of the Corporate Board

The charter holder plays a purely managerial and advisory support role for the charter. The charter holder monitors charter academic performance through the Ombudsman governing body. The application package contains background information on members of the Board of Directors.

Ombudsman Educational Services Board of Directors members:

Mark Claypool, President
Bryan Skelton, Vice President
Don Whitfield, Secretary

Succession Plan

Charter Holder: According to the applicant, Ombudsman does not anticipate that any of its officers or directors will retire in the next few years. In the event any officer or director resigns, the applicant anticipates that it could leverage its knowledge and experience in the education industry to quickly identify and select a replacement, either inside or outside of its current employees. Prospective replacements will be vetted through the Ombudsman Board of Directors based upon specific requirements for serving on the board.

Instructional Leadership: The Ombudsman Leadership Program provides a systematic plan for succession of the leadership and instructional team. According to the application package, Ombudsman staff members throughout the country are encouraged to apply for the Ombudsman Leadership program on an annual basis. Candidates for this program submit a portfolio and

[1] In reviewing the month-by-month projection, the charter holder accurately reflects no payment in July 2010. However, instead of reflecting 12 equal payments with two received in June 2011, the charter holder month-by-month projection reflects 11 equal payments for the year. Additionally, it is unclear what the numbers pertain to that were included in the "Expenses" line.

complete an extensive interview process. Candidates are chosen for the program and then participate in a series of shadowing and trainings activities across the Ombudsman organization. As openings and needs for leadership and instructional staff occur, candidates from the LDP program are available to move into roles as needed.

Facilities Plan

Ombudsman currently operates 4 charter schools, generally referred to as District Two, under this charter. The chart below details locations for schools within District Two:

School Name	Sq Footage	Street Address	City	State	Zip	Rent/ Own
East Charter	2085	3943 East Thomas Road	Phoenix	AZ	85108	Rent
East II Charter	3000	4041 East Thomas Rd Suite 106	Phoenix	AZ	85108	Rent
Valencia Charter	3200	1686 W. Valencia Road Suite 100	Tucson	AZ	85746	Rent
Central Charter	5627	1525 N. Oracle Rd.	Tucson	AZ	85705	Rent

At this time, the only plans are to complete the build out on the existing space at Valencia Charter School.

VII. Staff Recommendation

Based upon the information in the application, academic performance over the charter term, fiscal compliance, and legal and contractual compliance, I move to approve the renewal application and grant a renewal contract for Educational Services, LTD., a subsidiary of Educational Services of America, Entity ID 90326.

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