P.L.C. Charter Schools - Entity ID 6235
School: Arts Academy at Estrella Mountain

Renewal Executive Summary

Sources of Evidence for this Document

Pursuant to A.R.S. 15-183.I, a charter may be renewed for successive periods of twenty years. The Arizona State Board for Charter Schools (Board) has established a process for the renewal of a charter that is based on affirmative evidence in three areas:

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

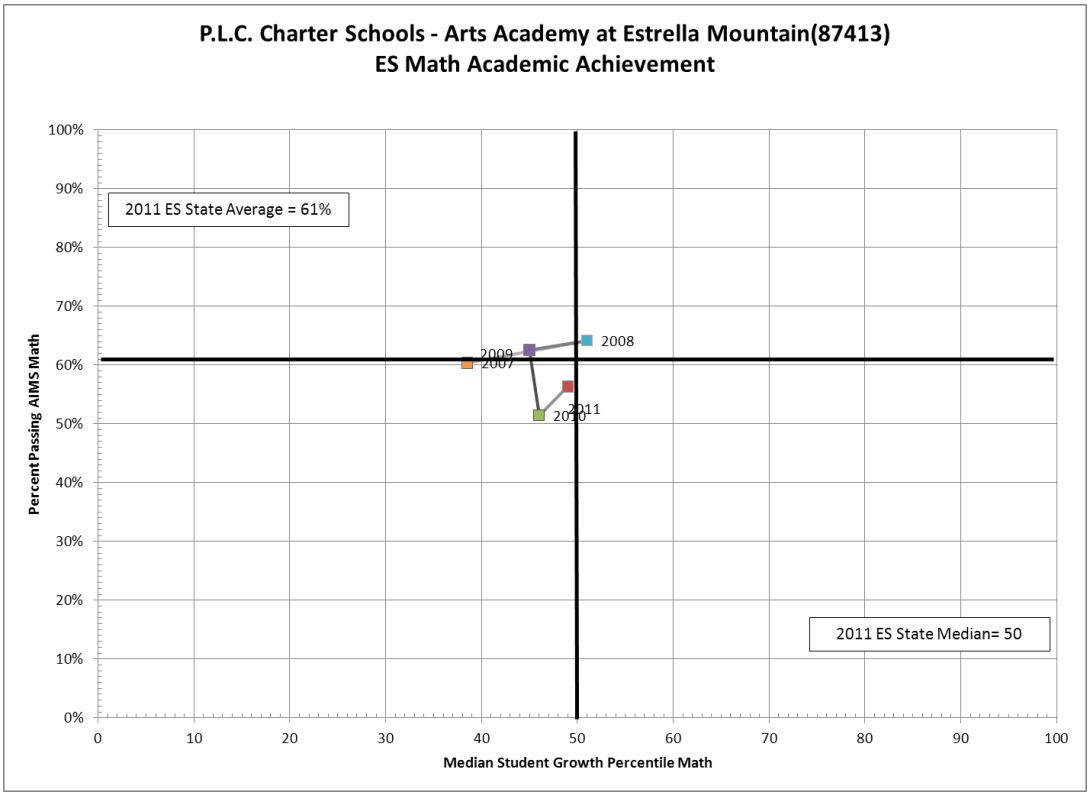
Evaluation of the charter holder's success in these three areas is based on a variety of information that will serve as sources of evidence in determining renewal of a charter. These sources include, but are not limited to:

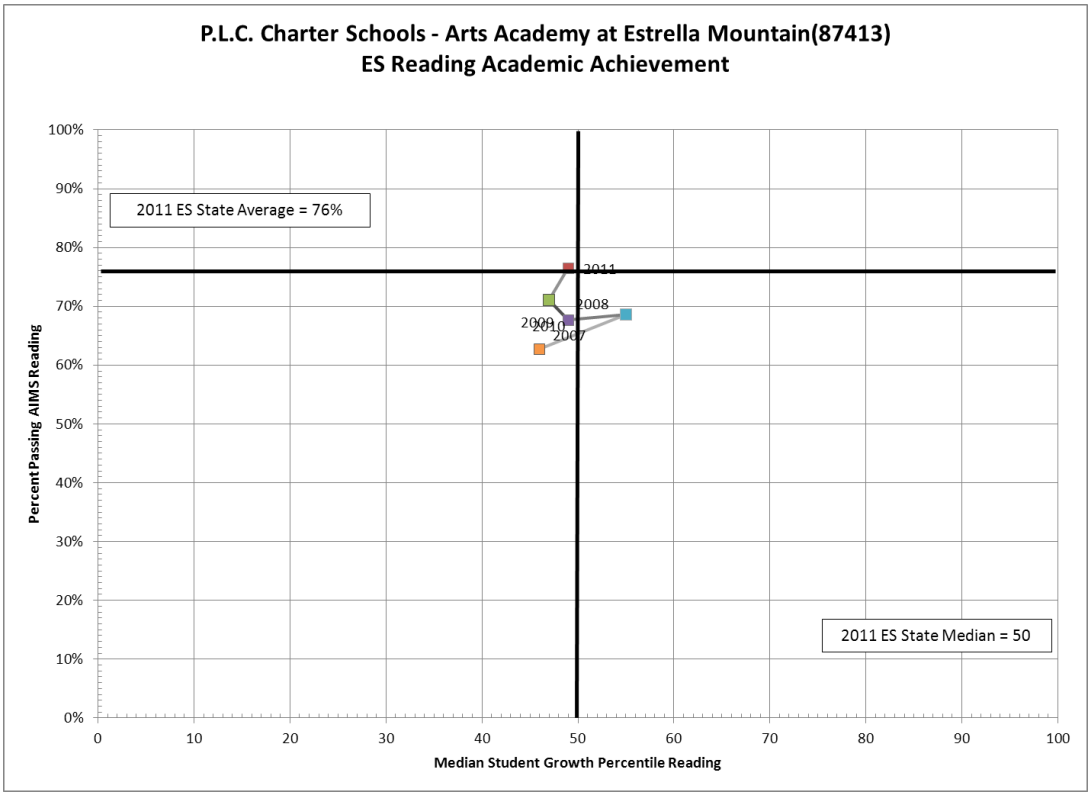
- Pupil achievement data
- Independent financial audits
- Five-year interval summary reviews
- Site visit reports
- Monitoring reports
- Application package for renewal

Profile

P.L.C. Charter Schools operates one school serving grades K-8.

Graphs displaying the academic achievement for the past five years, if available, are provided on the next page.


P.L.C. Charter Schools - Arts Academy at Estrella Mountain(87413)
ES Math Academic Achievement
2011 ES State Average = 61%
2011 ES State Median= 50
2008
2009
2007
2011
2010
Percent Passing AIMS Math
Median Student Growth Percentile Math
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
0
10
20
30
40
50
60
70
80
90
100


P.L.C. Charter Schools - Arts Academy at Estrella Mountain(87413)
ES Reading Academic Achievement
2011 ES State Average = 76%
2011 ES State Median = 50
2011
2008
2009
2010
2007
Percent Passing AIMS Reading
Median Student Growth Percentile Reading
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
0
10
20
30
40
50
60
70
80
90
100

I. Success of the Academic Program

The academic performance of the school operated by the charter holder did not meet or demonstrate sufficient progress toward the Board's level of adequate academic performance. Therefore, the charter holder was required to submit a Performance Management Plan in the academic section of the renewal application and to complete the Renewal Budget Plan.

On April 26th, the charter holder submitted the PMP narrative, templates, and oversight documentation.

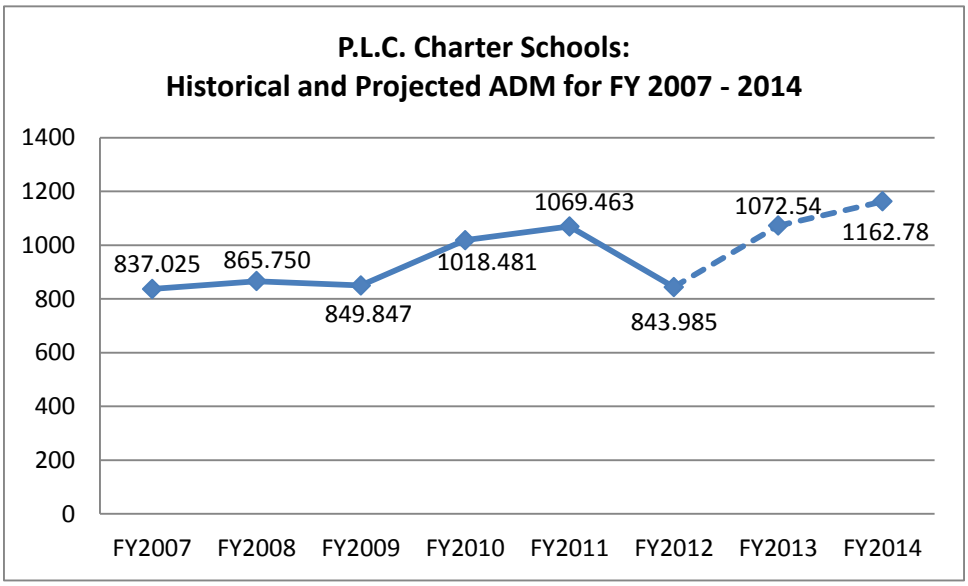
A leadership team discussion took place on June 19 at the school site with Kim Steele (CEO/Charter Representative), Ron Alexander (Director of Education), Elizabeth Gasperone (Business Director), Ruben Ruiz (Site Director), and Enrique Duron (Finance Director). The information provided by the leadership team supported the Performance Management Plan narrative and templates submitted, including creating a mentoring program for new teachers, establishing a curriculum committee comprised of teachers and the site administrator that will assist in the implementation of the math and reading curriculum, and determining professional development based upon needs identified during classroom observations. The leadership team anticipates that the school will see an increase in enrollment for 6th-8th grades because parents in the surrounding area see the school as a safe option for students.

Required submissions for the Academic Performance Section and the Renewal Budget Plan, as well as the applicable evaluation instrument and checklist, are included in the charter holder's portfolio. The evaluation instrument completed by staff identifies whether the required information provided included a Full Description, a Partial Description, or a Very Limited Description. The checklist completed by staff identifies whether the required elements of the Detailed Business Plan were addressed.

II. Viability of the Organization

Because the charter holder's fiscal years 2009 and 2010 audits identified negative net assets at year-end, the charter holder was required to complete the Renewal Budget Plan and submit the Financial Sustainability Narrative and supporting evidence. Required submissions for the charter holder's Financial Sustainability portion of the Detailed Business Plan Section of the application and the applicable checklist are included in the charter holder's portfolio. The checklist completed by staff identifies whether the required elements of the Detailed Business Plan were addressed.

The graph below shows the charter holder's actual 100th day average daily membership (ADM) for fiscal years 2007 through 2011, the fiscal year 2012 ADM as of June 11, 2012 and projected ADM through 2014. Projections were provided by the charter holder as part of the submitted Renewal Budget Plan. The ADM included in the Renewal Budget Plan for fiscal year 2012 is in line with reports available through the Arizona Department of Education's (ADE) website. The Renewal Budget Plan did not include the fiscal year 2011 ADM.



As indicated in the graph above, the charter holder's ADM has fluctuated up and down during the past six fiscal years. The ADM fluctuation may be attributed, at least in part, to the number of sites in operation. After three years of operating with two sites, the charter holder added a third site in fiscal year 2010. The charter holder continued to operate three sites until fiscal year 2012 when the number of sites was reduced to one. The projected ADM included in the Renewal Budget Plan for fiscal years 2013 and 2014 anticipates growth of approximately 27% and 8.5%, respectively.

In reviewing the five most recent audits (2007-2011), the charter holder ended each year with negative net assets ranging from a low of $182,331 in fiscal year 2007 to a high of $939,709 (restated) in fiscal year 2009. While all five financial statements showed a deficit resulting from liabilities in excess of assets, the charter holder had a positive change in net assets for fiscal years 2010 and 2011. This resulted is the deficit being reduced from $939,709 (restated) at the beginning of fiscal year 2010 to $297,907 at the end of fiscal year 2011.The Renewal Budget Plan projects positive changes in net assets for fiscal years 2012 through 2014. As of June 30, 2011, the charter holder had sufficient cash and other readily available resources [$1,209,246] to satisfy obligations due within the next year [$392,700]. Further between fiscal years 2009 and 2011, the charter holder's ending unrestricted cash has grown from $113,983 to $582,018.

In the Financial Sustainability Narrative, the charter holder summarizes events that led to the charter holder's current financial situation. Additionally, the narrative discusses the changes in the number of sites operated by the charter holder under this charter. Further, the charter holder describes steps taken to improve the financial situation, including staffing changes, reductions in expenses, changes in internal controls and the closure of one campus at the end of fiscal year 2011 " due to declining enrollment and continued financial loss" . The narrative also addresses the corporate board's recent vote to expand the campus through additional bond financing, which adds a potential 243 more students for fiscal year 2013. Related to the

additional students, the narrative mentions a current wait list at the school and recruitment efforts.

III. Adherence to the Terms of the Charter

A. Compliance Matters Requiring Board or Other Agency Action[1]

On May 16, 2007, the Arizona Department of Health Services issued a Cease and Desist Order to SHAPE Education for operating a child care facility without a license. The Order listed the Arts Academy at Estrella Mountain as a charter operator doing business with SHAPE Education at the school site. The Order stated that the school facility was not exempt from licensing and was not in compliance with state law. On June 5, 2007, the school discontinued services with SHAPE Education.

B. Other Compliance Matters[2]

The fiscal year 2010 audit identified an issue that required a corrective action plan (CAP). Specifically, the audit indicated that one non-instructional, night security employee was not fingerprint checked. The charter holder submitted a satisfactory CAP.

C. Charter Holder's Organizational Membership

Because the organizational membership on file with the Board was not consistent with the information on file with the Arizona Corporation Commission, the charter holder was required to submit the charter holder's Organizational Membership portion of the Detailed Business Plan Section. Required submissions for the charter holder's Organizational Membership portion of the Detailed Business Plan Section of the renewal application and the applicable checklist are included in the charter holder's portfolio.

Board Options

Option 1: The Board may approve the renewal. Staff recommends the following language for consideration: Renewal is based on consideration of academic, fiscal and contractual compliance of the charter holder. In this case, there is a record of academic performance below the Board's level of adequate academic performance, which has been addressed by the charter holder through the inclusion of a performance management plan as part of the renewal application package and can be incorporated in the charter contract. There is also a record of past contractual noncompliance which has been reviewed. With that taken into consideration as well as all information provided to the Board for consideration of this renewal application package and during its discussion with representatives of the charter holder, I move to approve the request for charter renewal and grant a renewal contract to P.L.C. Charter Schools that incorporates the performance management plan.

[1] For more information about the areas of compliance reviewed for this section, please see the "Renewal Guide".
[2] For more information about the areas of compliance reviewed for this section, please see the "Renewal Guide".

Option 2: The Board may deny the renewal. The following language is provided for consideration: Based upon a review of the information provided by the representatives of the charter holder and the contents of the application package which includes the academic performance, the fiscal compliance, and legal and contractual compliance of the charter holder over the charter term, I move to deny the request for charter renewal and to not grant a renewal contract for P.L.C. Charter Schools. Specifically, the charter holder, during the term of the contract, failed to meet the obligations of the contract or failed to comply with state law when it:

1. Failed to provide a learning environment that improved pupil achievement in accordance with A.R.S. § 15-181(A).
2. Other specific reasons the Board may have found during its consideration including…