BEFORE THE OFFICE OF ADMINISTRATIVE HEARINGS

STATE OF ARIZONA

In the Matter of:	No. 14F-RV-003-BCS
ARIZONA SCHOOL FOR INTEGRATED ACADEMICS AND TECHNOLOGIES, INC., a non-profit corporation, operating **SCHOOL FOR INTEGRATED ACADEMICS AND TECHNOLOGIES**, a charter school.	**ARIZONA STATE BOARD FOR CHARTER SCHOOLS' NOTICE OF INTENT TO REVOKE CHARTER AND NOTICE OF HEARING** (Honorable Tammy Eigenheer)

YOU ARE HEREBY NOTIFIED that pursuant to Arizona Revised Statutes ("A.R.S.") § 15-183(I)(3) and (4), §15-183(Q) and Title 41, Chapter 6, Article 10, a charter revocation hearing will be held in the above-captioned matter on **July 3, 2014 beginning at 8:00 a.m. This matter is set from 8:00 a.m. to 12:00 p.m.** The hearing will be held before Administrative Law Judge Tammy Eigenheer at the Office of Administrative Hearings, an independent state agency, located at 1400 West Washington, Suite 101, Phoenix, Arizona 85007, (602) 542-9826.

The hearing is to determine whether grounds exist to revoke the charter held by Arizona School for Integrated Academics and Technologies, Inc. to operate School for Integrated Academics and Technologies.

I. STATEMENT OF LEGAL AUTHORITY AND JURISDICTION UNDER WHICH THE HEARING IS TO BE HELD AND REFERENCE TO THE STATUTES AND RULES INVOLVED.

Charter schools are established by contract ("charter" or "contract") between a sponsor and a public body, private person or private organization to provide a learning environment that will improve pupil achievement. A.R.S. §§ 15-101(4), -181(A), -183(B) and (C). A charter establishing a charter school is effective for fifteen years. A.R.S. § 15-183(I). The charter may be renewed for successive periods of twenty years. A.R.S. § 15-183(J). A sponsor may revoke a charter at any time if the charter school breaches one or more provisions of its charter or if the sponsor determines that the charter operator has failed to comply with charter school statutes or any provision of law from which the charter school is not exempt. A.R.S. § 15-183(I)(3). At least sixty days before the effective date of the proposed revocation, the sponsor shall give written notice to the operator of the charter school of its intent to revoke the charter. A.R.S. § 15-183(I)(4). The notice shall incorporate a statement of reasons for the proposed revocation of the charter. *Id.* The sponsor shall allow the charter school at least sixty days to correct the problems associated with the reasons for the proposed revocation of the charter. *Id.* The final determination of whether to revoke the charter shall be made at a public hearing called for such purpose. *Id.*

II. STATEMENT OF REASONS FOR THE PROPOSED REVOCATION OF THE CHARTER

A. BACKGROUND

1. School for Integrated Academics and Technologies ("the School") is a charter school established pursuant to A.R.S. § 15-181 *et seq.* and sponsored by the Arizona State Board for Charter Schools ("Board").

2. The School is authorized to operate pursuant to a charter contract ("charter") between Arizona School for Integrated Academics and Technologies, Inc. ("SIATech"), a non-profit corporation, organized under the laws of the State of Arizona, and the Board.

3. David Jenkins, Kristen Mallory, Geraldine Baumann and Mike Hadjiaghai are the Charter Representatives and persons authorized to act on behalf of SIATech.

4. Pursuant to A.R.S. § 15-183 and the charter, the Board sponsors SIATech to operate one school site in Phoenix, Arizona to serve students in grades 11 and 12.

5. The charter between SIATech and the Board was executed on April 25, 2001.

6. The charter between SIATech and the Board provides that the Board may revoke the charter for any breach of the charter and/or violation of state, federal or local laws, ordinances or rules or regulations; or for conditions which threaten the health, safety, or welfare of the students or staff of the School or of the general public.

7. The Board may revoke a charter at any time if the charter school breaches one or more provisions of its charter or if the sponsor determines that the charter operator has failed to comply with A.R.S. Title 15, Chapter 1 Article 8.

B. SIATECH FAILED TO PROVIDE A COMPREHENSIVE PROGRAM OF INSTRUCTION FOR THE REQUISITE NUMBER OF DAYS

8. A.R.S. § 15-183(E)(3) and the charter contract require that SIATech provide a comprehensive program of instruction and educational services according to the educational standards established by law.

9. A.R.S. § 15-341.01 requires that instruction be conducted in the School for sessions totaling at least 180 days each school year.[1]

10. On January 21, 2014, the SIATech notified the Board that, effective February 3, 2013, the School would cease its operations and provision of instruction to students for the 2013-2014 school year.

11. SIATech breached its charter contract and A.R.S. §§ 15-183(E)(3) and 15-341.01 when it failed to provide a comprehensive program of instruction for the requisite number of days for the 2013-2014 school year.

C. THE SCHOOL FAILED TO MAINTAIN IMMUNIZATION RECORDS IN ITS STUDENT RECORDS

12. A.R.S. § 39-121.01 requires the School to maintain and preserve all records reasonably necessary or appropriate to maintain an accurate knowledge of its official activities which are supported by state monies.

13. A.R.S. § 15-183(E)(1) and the charter contract requires the School to comply with federal, state and local rules, regulations and statutes relating to health. A.R.S. § 15-872 and A.A.C. R9-6-705 require the School to ensure that an immunization record containing documentary proof of immunity for each student attending the School is maintained at the School.

14. On June 7, 2013, the Arizona Department of Education ("ADE") Audit Unit issued its Average Daily Membership Audit Report of SIATech ("Audit Report"), finding that SIATech failed to maintain immunization records in its permanent student records.

[1] "180 days" means 180 days of instruction or an equivalent number of minutes of instruction per school year based on a different number of days of instruction approved by the charter school governing body. A.R.S. § 15-341.01(B).

15. SIATech breached its charter contract and A.R.S. §§ 15-872 and 39-121.01when it failed to maintain and retain student immunization records in its student records for each student attending the School.

D. SIATECH IMPROPERLY REPORTED STUDENT ENROLLMENT TO THE ARIZONA DEPARTMENT OF EDUCATION

16. A.R.S. §§ 15-185(B) and 15-901 establish the financial provisions and reporting requirements of student attendance for a charter school sponsored by the Board.

17. Charter schools are funded based on their average daily membership ("ADM"), which means the total enrollment of fractional students[2] and full-time students[3], minus withdrawals, of each school day. A.R.S. § 15-901(A)(1).

18. ADE's Audit Report made the following findings:

i. The School entered into an agreement with Job Corps[4] to be housed in the Job Corps Center and to provide high school curriculum for students enrolled in Job Corps who also want to earn a high school diploma in addition to their Job Corps' program training.

ii. SIATech improperly counted for enrollment status student time spent in Job Corps training program classes. Job Corps is not part of the Arizona public educational system and is not a recognized high school; its training program classes do not meet the statutory requirements to be included as a part-time or full-time instructional program and, as a result, should not have been claimed by SIATech for enrollment or ADM. The School should

[2] A "fractional student" for high schools means a part-time student enrolled in less than four subjects that count toward graduation as defined by the state board of education."

[3] A "full-time student" for high school means a student who is enrolled in at least an instructional program of four or more subjects that count toward graduation as defined by the state board of education that meets for a total of at least 720 hours for a 180 day school year or the instructional hours prescribed in this section in a recognized high school.

[4] Job Corps is a federal program within the U.S. Department of Labor that provides vocational and career preparation training programs to low income urban youth between the ages of 16 and 24. Job Corps' operational costs are funded through the U.S. Department of Labor.

have only claimed enrollment and ADM for courses it actually provided, and should not have claimed for ADM and funding the time students spent in ineligible Job Corps training programs.

iii. SIATech significantly overstated its ADM for 2010, 2011 and 2012 when it reported full-time enrollment status for its entire three year total of 2,051 students. ADE auditors found that 99.81% of the students attended the School either part-time or did not attend the School at all. Specifically, 824 students (40.18%) were not enrolled in any of SIATech's courses; 1,223 students (59.63%) were determined to be part-time students; and only 4 students (0.19%) met statutory full-time status requirements.

iv. Because SIATech improperly claimed Job Corps training programs to calculate its Students' enrollment status, SIATech was overfunded by $4,888,509.48 in state aid, which it was required to repay to ADE.

v. SIATech did not report to SAIS some students who attended the School and were eligible to be funded.

19. SIATech breached A.R.S. §§ 15-185(B)(2) and 15-901 and its charter contract when it failed to accurately report student attendance to ADE.

III. ORDER

YOU ARE HEREBY NOTIFIED that, based on the foregoing, and pursuant to A.R.S. §§ 15-183(I)(3) and (4), this Notice of Intent to Revoke Charter and Notice of Hearing ("Notice") serves as SIATech's and the School's official written notice of the Board's intent to revoke the charter of Arizona School for Integrated Academics and Technologies, Inc. to operate School for Integrated Academics and Technologies.

YOU ARE FURTHER NOTIFIED that the Office of Administrative Hearings, on behalf of the Board, will conduct a hearing to determine whether the allegations in the Notice are true and to determine whether grounds exist to revoke the charter of SIATech. The hearing will be conducted, under the authority of, and in accordance with, A.R.S. §§ 15-183(I)(3) and (4), 15-183(Q), and Title 41, Chapter 6, Article 10. After the hearing is concluded, the Administrative Law Judge shall submit a written decision to the Board for review pursuant to A.R.S. § 41-1092.08. The Board shall then decide whether to accept, reject or modify the decision and will issue a final administrative decision accordingly.

YOU ARE FURTHER NOTIFIED that appearance in an administrative proceeding is considered the practice of law, which under most circumstances may only be undertaken by an active member of the Arizona State Bar. Ariz. R. S. Ct. 31(a)(2)(A)(3) and (b). Under Ariz. R. S. Ct. 31(d)(11):

> Unless otherwise specifically provided for in [Ariz. R. S. Ct. 31], in proceedings before the Office of Administrative Hearings, a legal entity may be represented by a full-time officer, partner, member or manager of a limited liability company, or employee, provided that: the legal entity has specifically authorized such person to represent it in the particular matter, such representation is not the person's primary duty to the legal entity, but secondary or incidental to other duties relating to the management or operation of the legal entity; and the person is not receiving separate or additional compensation (other than reimbursement for costs) for such representation.

IT IS FURTHER ORDERED that as part of the hearing process, pursuant to A.R.S. § 41-1092.06, you have the right to request an informal settlement conference. If you request an informal settlement conference, the Board must hold the conference within fifteen (15) days after receiving the request. This request must be in writing and must be filed no later than twenty (20) calendar days before the hearing. The request for an informal settlement conference shall be in writing and mailed to:

The Arizona State Board for Charter Schools
Executive Director DeAnna Rowe
P.O. Box 18328
Phoenix, Arizona 85009

YOU ARE ADVISED that the original of all correspondence and pleadings to be filed in this matter should be directed to the Office of Administrative Hearings, 1400 W. Washington, Suite 101, Phoenix, AZ 85007, with copies to the Board and to the Assistant Attorney General at the addresses listed below.

Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting the Office of Administrative Hearings, 1400 W. Washington, Suite 101, Phoenix, AZ 85007, (602) 542-9826. Requests should be made as early as possible to allow time to arrange the accommodation.

DATED this 10th day of April, 2014.

Janna Day
President
Arizona State Board for Charter Schools
P.O. Box 18328
Phoenix, Arizona 85009

ORIGINAL filed this 10th day of April, 2014 with:

Office of Administrative Hearings
1400 West Washington Street
Phoenix, Arizona 85007

COPIES of the foregoing Notice sent via certified mail,
return receipt requested, this 11th day of April, 2014 to:

Arizona School for Integrated Academics and Technologies, Inc.
2611 Temple Heights Drive, Suite A
Oceanside, CA 92056

School for Integrated Academics and Technologies
1145 East Washington
Phoenix, AZ 85034

COPIES of the foregoing Notice sent via regular
mail this 11th day of April, 2014 to:

Kim S. Anderson
Assistant Attorney General
Civil Division/Education and Health Section
1275 West Washington
Phoenix, AZ 85007

By _____
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