Arizona School for the Arts
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. School Profile

Arizona School for the Arts was granted a charter by the ASBCS, effective on the first day of the operation of the school which was August 22, 1995. Arizona School for the Arts is a non-profit in good standing with the Arizona Corporation Commission. The charter representative is Leah Fregulia Roberts. The school, also named Arizona School for the Arts, is located at 1313 North Second Street in Phoenix, serves grades 5-12, and had a FY10 100th day ADM of 588.538.

Mission Statement:
The Arizona School for the Arts (ASA) will provide instruction for all Arizona students, grades 7-12, who want to enter into serious and rigorous study of the fine and performing arts-Creative Writing, Dance, Music, Theater and Visual Arts-and be evaluated at the conservatory level. ASA is a nonsectarian program and has no religious bias in any program or operation. ASA is in compliance with all laws pertaining to health, safety, civil rights and insurance.

III. Academic Performance

Fiscal Year	AZ LEARNS	Adequate Yearly Progress (AYP)
2009	Excelling	Yes
2008	Excelling	Yes
2007	Excelling	Yes

Status Scores	2009	2008	2007
E. S. Reading	98	100	100
E. S. Math	96	100	96
H. S. Reading	98	100	100
H. S. Math	100	100	99
% of students school-wide who passed AIMS.			

Student Growth Percentile (SGP)	2009	2008	2007
Reading	59	55	65
Math	52	56	52
% of students demonstrating typical growth compared to similar students.			

IV. Fiscal Compliance

The charter holder has timely submitted the annual audit for the past five years. For the same five fiscal years, only the fiscal year 2006 audit identified an issue requiring a corrective action plan. No repeat issues were identified.

Arizona School for the Arts has received exceptions from the Uniform System of Financial Records for Charter Schools and State procurement regulations.

V. Legal and Contractual Compliance

The charter holder timely submitted its Budget for the past five years and, except for fiscal year 2006, timely submitted its Annual Financial Report for the past five years. All Declarations were submitted to the Arizona Department of Education (ADE) in a timely manner. The Highly-Qualified Teacher report, updated on February 24, 2010, indicated 48 core teachers with one being reported as non-highly qualified. In 2004, noncompliance with the Individuals with Disabilities Education Act (IDEA) was determined by ADE Exceptional Student Services. A Corrective Action Plan met minimum compliance for ADE Exceptional Student Services in April, 2005. A Five-Year Interval Review was conducted by ASBCS in 2006.

VI. Renewal Application

A. Education Plan

Academic performance of the schools operated by the Charter Holder met the Board's level of adequate academic performance, including status and growth measures, for each of the previous three years. Therefore, the Charter Holder was not required to submit any portion of the academic section of the renewal application.

B. Detailed Business Plan

Organization

Arizona School for the Arts Board of Directors serves as both its Governing and Corporate Board. The Head of School (HOS) reports directly to the Board of Directors and is responsible for achieving the strategic goals and objectives of the organization and effectively implementing ASA's growth strategy. Additionally, the Head of School is responsible for being the public face of the organization and representing ASA to external entities including the authorizer, legislative and regulatory entities, funders, lenders, the school community, the press and media, and other stakeholders. The Head of School is responsible for overseeing, recruiting, and training the school principal and arts director, and supports, monitors and maintains the quality of faculty recruitment, curriculum, instruction, and adherence to the program model. The principal reports to the Head of School and is the school's educational leader. The principal is responsible for recruiting, training and evaluating academic faculty and insuring continuous program improvement. The principal monitors student achievement. The vice principal reports to the Principal and is in charge of student discipline, test administration, and Special Education. The Arts Director (AD) reports to the Head of School, and serves as the school's artistic leader. The AD recruits, trains and evaluates arts faculty and insures continuous program improvement.

The Chief Operations/Financial Officer (COO/CFO) reports to the Head of School. The COO/CFO develops systems and procedures that will facilitate organizational growth, and oversees all aspects of ASA's administrative and fiscal operations. The Chief Development Officer reports to the Head of School and works closely with the Board of Directors to plan and

execute a comprehensive fund development program; identify, cultivate and secure funding from current and prospective donors and foundations; direct the planning and implementation of an annual and capital fundraising campaign; and assist with the organization and implementation of special events. The application includes an organizational chart that depicts the relationship of each of these positions to one another.

Sustainability

Fiscal Viability

Arizona School for the Arts has established financial management policies and procedures. (For the specific policies and procedures developed, please see the Sustainability section of the application.) One-year and three-year budgets are created and maintained, which support the school's mission and stated goals. At the school level, the head of school makes and authorizes all fiscal decisions based upon procedures and limitations approved by the board of directors. Arizona School for the Arts' board of directors has established a Finance Committee. In addition to responsibilities related to the annual audit, the Finance Committee reviews monthly the balance sheet, profit and loss statement for the current month and fiscal year to date, statement of income and expenditure versus budget, statement of cash position and cash flow and CFO notes explaining material variances. Material adjustments are made with oversight from the Finance Committee and with board approval.

Another measure of fiscal viability is the number of students exceeding capacity who wish to enroll in the school. Arizona School for the Arts currently has a waiting list that is "roughly triple the capacity of the school".

For fiscal year 2008 and fiscal year 2009, the independent certified public accountant issued an unqualified (or "clean") opinion on Arizona School for the Arts' financial statements. In each year, the charter holder ended the year with positive net assets. However, as indicated in the renewal application, auditors identified errors made by an outside financial consultant in the coding of income and expenses for fiscal year 2009. This resulted in the audited financial statements showing an accrual deficit for fiscal year 2009. Since that time, Arizona School for the Arts states that it has implemented changes in personnel and additional procedures to address this issue. In its application, Arizona School for the Arts states that the fiscal year 2008 audit, which showed an increase in net assets of approximately $85,000, reflects a normal operational year for the organization. The Budget Plan submitted as part of the renewal application indicates that Arizona School for the Arts' ending net assets will increase between fiscal year 2010 and fiscal year 2013. According to the assumptions provided, the four-year Budget Plan reflects planned student enrollment growth and is based upon anticipated per pupil state funding formulas. Expenses associated with the student enrollment growth (e.g., staffing and materials) have been incorporated into the Budget Plan.

Strength and Stability of the Governing Body

Strength and Stability of the Corporate Board

ASA's Board of Directors is both the governing and corporate board for the school. The board is authorized to manage and direct the affairs of the corporation (Arizona School for the Arts) and

is the charter operator. The strength and stability of the board relies on the combined experiences of the directors, on-going board recruitment process to sustain and improve the quality of the Board of Directors, and the clear structure within which the board operates. The Board of Directors is composed of individuals with specific skill sets and experiences that contribute to the overall health and sustainability of the school. Important areas of board expertise include the following: corporate governance; finance, law; real estate; facilities and construction; education or charter schools; marketing technology; arts; human resources; risk management; community relations; and politics. The Board Matrix is attached separately. The application also includes brief biographical information on each board member.

Arizona School for the Arts Board of Directors:

Joe Hagen – President
John Snider – Vice President, Finance Committee Chair
Sam Younger – Secretary
Laura Kozel – Treasurer
Jeana Jones – Facilities Committee Chair
Paul Winslow – Strategic Planning Committee Chair
Suzanne Dohrer – Member
Paul Blavin – Member
Dan Schay – Member
Javier Cardenas – Member
Claire West – Member
Don Keuth - Member

Succession Plan

Charter Holder: The application includes a Board of Directors Manual that outlines board development, recruitment, and new member enlistment and helps to ensure continuity in replacing board membership.

Instructional Leadership: The principal is considered the instructional leader of the school. Each level of school leadership prepares prospective leaders for the next level. The application includes a job description for the principal and Head of School positions. The table below describes the leadership pipeline currently in place at the school for various leadership positions.

LEADERSHIP TRAINING

Activity	**Description**
Principal Internship	ASA periodically selects principals from within the existing Team Leader cadre through an application and interview process. Principal candidates participate in a one-year part-time teaching/principal internship. When an opening occurs, the intern is prepared to step into the Vice Principal role. The Vice Principal is in line for the role of Principal should the principal retire or resign.
Team Leader	Team Leaders are selected through an application and interview process from Lead and Mentor Teachers from both academic and arts faculty to lead grade level or department teams. They

	attend bi-monthly training meetings and receive hands-on experience.
Lead & Mentor Teachers	Veteran ASA teachers are selected based upon expertise with curriculum development and instruction. Training includes monthly mentor and leadership training conducted by the Principal.
New Teacher Training	Beginning teachers meet for training one week prior to Summer Orientation for all teachers to receive instruction in ASA Educational Philosophy and School Culture. During their first year, they meet monthly with the principal to receive training in various aspects of curriculum and instruction and weekly with a Mentor Teacher to apply their learning.
Academic Grade-Level Teams	Grade level teams collaborate weekly to discuss curriculum, instructional strategies, assessment and student progress
Academic and Arts Departments	Department Team Leaders meet monthly to plan or evaluate program improvements, collaborate on curriculum alignment and best practices.

Facilities Plan

ASA has been operating in two leased facilities in downtown Phoenix since 1995, the first year of its charter. The original facility was leased from First Church and the second from Cable One. In November of 2008, the school purchased two facilities (1410 N 3rd Street, and 215 E. McDowell) on the same block as its current campus. Both facilities house tenants with leases that are scheduled to expire. The school is in the process of renovating those facilities as the leases expire and will occupy the sites to accommodate enrollment increases. At the desired capacity, the school will serve 760 - 800 students in grades 5-12. The budget projections illustrate increase in students (revenue) and faculty which reflect the strategic growth of the school. The school purchased the two facilities with a $10.5M bond issued by the Phoenix IDA. The bond amount is calculated to pay for the purchase and renovations for both facilities. Payment for the bond will be made through a combination of rental income, per pupil funding for enrollment increases, and a corresponding pro-ratable increase in fundraising. According to the application, funding from increase in enrollment (and fundraising) will become sufficient to cover the debt service on the bonds as leases expire on the purchased property. These variables are reflected in the budget projections included with the application.

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 Arizona School for the Arts.