Twenty First Century Charter Schools, Inc.
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:

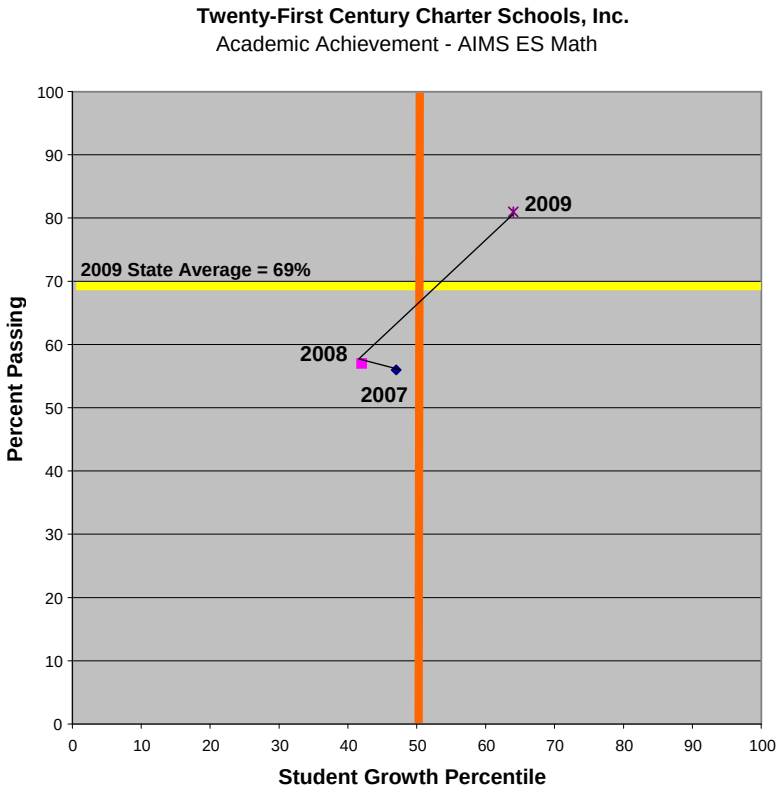
- Written application for renewal
- Student performance data
- Independent financial audits
- Five year interval summary reviews
- Site visit reports
- Monitoring reports

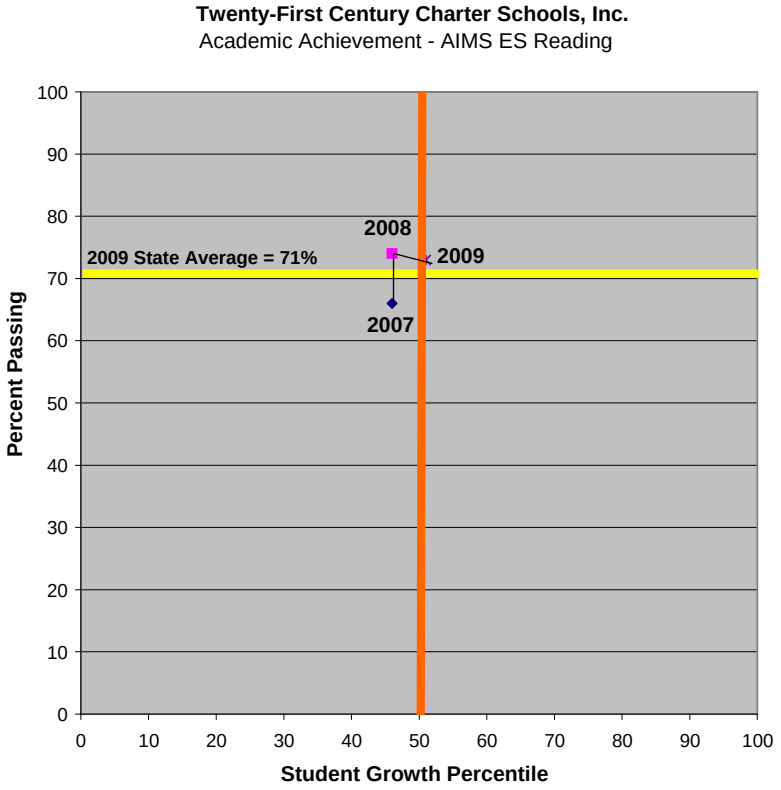
II. Profile

Twenty First Century Charter Schools, Inc. was granted a charter by the State Board of Education, effective on August 21, 1995. Twenty First Century Charter Schools, Inc. is a non-profit corporation in good standing with the Arizona Corporation Commission. The charter representatives are Dr. Nancy Bennett and Mr. Fred Bennett. The school, Bennett Academy, is located at 2930 W. Bethany Home Road in Phoenix, serves grades K-8, and had a FY10 100th day ADM of 120.995.

Mission Statement (as provided in the contract):
The mission of Bennett Academy is to enable its middle school promotees to enter and successfully function in high school courses that prepare them for a university or college curriculum. The promotees of Bennett Academy shall demonstrate excellence in the art and/or skill of communication, including reading, writing and speaking, proficiency in mathematics, knowledge of social studies and science at a middle school level, and basic technological literacy.

III. Academic Performance





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

IV. Fiscal Compliance

As detailed in the Audit and Fiscal Compliance section of the *Renewal Summary Review*:

- The charter holder has failed to timely submit its annual audit for one or more years.
- The fiscal year 2009 audit identified an issue which required a corrective action plan (CAP). According to the fiscal year 2009 audit, the school did not have worker's compensation insurance for its employees. The charter holder submitted a satisfactory CAP.
- The fiscal year 2009 audit identified a repeat issue: management was not comprised of individuals that possess the competencies required to prepare full disclosure financial statements in accordance with GAAP.[1] According to the Board's matrix, this repeat issue does not rise to the level of a CAP.

Twenty First Century Charter Schools, Inc. must follow the Uniform System of Financial Records for Charter Schools and adhere to State procurement regulations.

V. Legal and Contractual Compliance

For the previous five fiscal years –

- The charter holder has failed to timely submit the Annual Financial Report for one or more years.
- The charter holder has timely submitted the Budget.
- All Declarations of Curricular and Instructional Alignment were submitted to the Arizona Department of Education (ADE) in a timely manner.
- The Highly-Qualified Teacher report, updated on May 7, 2010, indicated nine core teachers with one being reported as non-highly qualified. ADE sent the charter holder a noncompliance letter for not updating the HQT report on time.
- In 2009, ADE Academic Achievement Division conducted an On-Site Review of the No Child Left Behind programs and identified deficiencies to be corrected. A Cycle 2 NCLB Compliance Monitoring in 2006-07 was reported by ADE as not meeting compliance. In 2007-08 Cycle 3 did meet compliance.
- In 2005, ADE Exceptional Student Services required a Corrective Action Plan due to noncompliance with IDEA.

[1] Twenty First Century Charter Schools' charter contract requires it to comply with GAAP.

- On January 13, 2010 Twenty First Century Charter Schools, Inc. was notified by the Arizona Department of Education that the LEA substantially failed to meet the terms of the Title I, II, and V grant awards for FY 2007 and FY 2008 (High Risk Subgrantee). In 2008, Twenty First Century Charter Schools, Inc. was notified of similar noncompliance.

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

Twenty First Century Charter Schools, Inc. is an Arizona non-profit 501(C) 3 corporation. The corporation operates two charter schools and the boards of the corporation and both schools work together to share resources such as part time faculty and contracts for services.

The renewal application package reports that Bennett Academy has 16 employees – 7 teachers, 2 paraprofessionals, 3 (1 FT & 2 PT) administrators, and 4 support personnel. The founders, Dr. and Mr. Bennett, are the Chief Educational Officer (CEO) and Chief Financial Officer (CFO). They report to the School Board and alternate their terms of membership so that they do not both serve on the school board at the same time. The Board consists of 4-6 members.

The applicant states that the Chief Education Officer concentrates on curriculum, assessment, and policy compliance. The CEO oversees the alignment of the state standards to the Core Knowledge sequence and assessment as it applies to the multi-grade model. The CEO supervises the principal, is responsible for public relations, oversees human resource issues, supervises the special education program, and assists in the development of long-range academic plans.

The Chief Financial Officer, according to the application package, oversees all expenditures, approves contracts, and works directly with an accounting service to develop and track the school budget. The CFO develops long-term financial goals and works with the CEO and Board of Directors in strategic planning. This position is also responsible for facility selection, and the support staff areas of transportation and maintenance.

The application package lists a number of ways the school communicates with its constituencies. It also includes types of formal communications that occur at the school.

Sustainability

Fiscal Viability

Although not specifically mentioned in the application, as an SBE-sponsored charter, Twenty First Century Charter Schools' accounting procedures should follow the Uniform System of Financial Records for Charter Schools. The CFO oversees all expenditures and works directly with an accounting service to develop and track the school budget. Regarding the school's fiscal viability, the application states that Bennett Academy draws students from several different zip code districts. Transportation is offered so the draw area for expanding enrollment is larger than just neighborhoods in the immediate proximity. The application states that the school maintains two months of operating reserve in case of emergencies.

For fiscal year 2008 and fiscal year 2009, the independent certified public accountant issued an unqualified (or "clean") opinion on Twenty First Century Charter Schools' financial statements. In each fiscal year, the charter holder ended the year with positive net assets. The Budget Plan submitted as part of the renewal application indicates that Bennett Academy's ending net assets will increase between fiscal years 2010 and 2012. The Budget Plan is based on ADM increasing each fiscal year. No assumptions were included in the Budget Plan. However, it appears that the Budget Plan incorporates cuts to State per pupil funding for fiscal years 2011 and 2012.

Strength and Stability of the Governing Body
Strength and Stability of the Corporate Board

The Twenty First Century Charter Schools, Inc. is the charter holder. The corporate board is the same as the school's governing board. The applicant states that one of its strengths is that there is a core of members who have served continuously since the school's inception so school history is known and school climate maintained. Board members and their areas of expertise are included in the application.

Twenty First Century Charter Schools, Inc. Corporate Board/School Board members:

- Dr. Nancy Bennett/Fred Bennett (alternating years)
- Jim Hyte
- Nancy Dillon
- Jak Keyser

Any member of the public is eligible to submit an application for board service. Prospective board members are encouraged to attend board meetings prior to applying for service. They are informed about the school's history, mission, philosophy, and curriculum and introduced to other board members and school administrators.

Board members serve three year terms, which are renewable with the approval of the board by a majority vote of the board. Periodic board development opportunities are available to board members, including financial seminars and board training through the Arizona Charter Schools Association. A simple majority of the directors constitutes a quorum. When a quorum is present at a meeting, an affirmative vote of a majority of the directors present at the meeting constitutes an act of the Board. Each director is entitled to one vote. Regular meetings of the governing board are scheduled to be held bi-monthly.

The applicant states that of special concern to the Board is the academic progress of Bennett Academy students. AIMS scores are reviewed in light of the academic goals proposed annually by the principal. The CEO reports on the progress of special education students. Academic projects and extra curricular activities are reviewed for their contribution to student academic and personal development.

Succession Plan

The applicant states that a system to develop the board using formalized applications and determinations was begun this year as the founders began to consider retirement. Dr. and Mr. Bennett plan to semi-retire within the next 5 years. After their retirement, one or both of them will remain on the board. The board, at the time of their retirement, will examine the job descriptions of Chief Education Officer and Chief Financial Officer and determine how to replace them. The current plan is to have the Board interview candidates, have background investigations done, and hire the best qualified candidate who is in support of the school's philosophy. A job description and written procedures have been developed to facilitate the transition from one employee to the next.

The transition from founder-directed to board-directed activities began with a change in responsibility for selecting board members. An application is given to potential board members as they ask about board membership and show interest in the management of the school. In the future, current board members will determine new board members through a formal process of application, review of expertise, interviewing, and voting.

As the Board needs to add members, it will consider its strengths and attempt to shape itself so that the following categories of representation/expertise are included: retired Twenty First Century Charter Schools administrator, Twenty First Century founder, retired school personnel from another charter or district school, current teacher representative (chosen by the teachers), community representative, financial expert, and other relevant expert (IT, legal, e.g.).

Facilities Plan

Currently, Bennett Academy leases classroom, gymnasium, play ground and administrative space from Sovereign Grace Church. There are five buildings on 4.4 acres with approximately 12,000 square feet of classroom space. The monthly lease is $7,265.00. Bennett Academy has set a goal of adding 20 additional students per year to reach an enrollment of 200 students. Current enrollment is approximately 150 students. When the enrollment reaches 200, the charter holder plans to rent additional space, already available on the site, to accommodate 50 more students.

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 transfer of the sponsorship from the State Board of Education to the Arizona

State Board for Charter Schools and grant a renewal contract for Twenty First Century Charter Schools, Inc.