

Renewal Guide

The renewal materials for each charter holder are prepared in a portfolio format. Each portfolio includes a Renewal Executive Summary, a Renewal Summary Review, the renewal application package submitted by the charter holder and, as applicable, a Performance Management Plan (PMP) Evaluation Instrument and Detailed Business Plan Section Checklist completed by staff.

Renewal Executive Summary

The Renewal Executive Summary is prepared by staff and is presented as a comprehensive document that provides the body of evidence divided into sections:

Sources of Evidence – This section is the same for all Summaries. It provides a reference to the renewal language in statute, identifies the three general areas of evidence, and lists the collection of sources of information used to compile the documentation.

Profile – This section contains information unique to the charter operator, including the number of schools operated, which grades are being served, and the number of students enrolled during the current or recently completed school year.

In addition, graphs are inserted in this section that depict the past five years of student academic performance, to include status and growth for all students who successfully completed the state's annual standardized assessments and had attended the school for a full academic year.

For schools serving elementary grades, this is an illustrative summary of the school's past five years' Median Student Growth Percentile and Average Percent Passing in AIMS Math and Reading for all 3rd – 8th grade students who took the test. If the charter serves only high school, the graph provided shows the Median Student Growth Percentile and Average Percent Passing in AIMS Math and Reading for all 10th grade cohort high school students who took the test.

- I. **Success of the Academic Program** – This section identifies if, upon review of the charter holder's academic data, it was determined that one or more of the charter holder's schools failed to meet the Board's Level of Adequate Academic Performance, the charter holder was required to submit a Performance Management Plan (PMP) as part of its application package. Performance Management Plans are intended to assist schools in addressing academic performance deficiencies with a plan that clearly articulates the academic achievement area in need of improvement, the tools intended to measure improvement, and the degree of improvement to be achieved.

Each submitted PMP is evaluated using an evaluation instrument. Each PMP is required to include an introductory narrative that described the process the school community undertook for data examination and analysis, completed templates, and documentation of academic oversight. The charter holder is also required to submit a Renewal Budget Plan demonstrating the incorporation of any expenditures related to the implementation of the PMP. The Renewal Budget Plan is evaluated using a checklist. The completed evaluation instrument and checklist may be found in the portfolio following the Renewal Summary Review.

The Board's determined level of adequate academic performance is:

- A school that serves any students between grades three and eight must meet or exceed the state average percent proficient in reading and in math on the state assessment and has a student growth percentile of no less than minus one standard deviation from the state median growth percentile in reading and in math.

- A school that serves students no higher than grade two must exceed the state average scale score on the department of education's norm-referenced test administered to second grade students.

- A school that serves any students from grades ten to twelve must meet or exceed the state average percent proficient in reading and in math on the state assessment.

II. Viability of the Organization – This section identifies if, upon review of the charter holder's two previous years of existing financial performance information, it was determined that at least one of the two previous audits identified a going concern or that the charter holder ended the year with negative net assets (non-profit) or negative members'/shareholders' equity (for-profit) If at least one of these conditions applied, the charter holder was required to submit: a) a Renewal Budget Plan, b) a financial sustainability narrative that includes a written explanation for the charter holder's current financial situation and a written description of the specific steps taken by the charter holder to improve its financial situation and ensure the continued financial sustainability of the charter school(s), and c) evidence supporting that the steps described in the narrative have been taken by the charter holder. This information is evaluated for inclusion and content using a checklist. The completed checklist may be found in the portfolio following the Renewal Summary Review.

III. Adherence to the Terms of the Charter

A. Compliance Matters Requiring Board or Other Agency Action

For this section, Board staff reviewed actions taken by the Board or other agencies over the past five years related to the charter holder's compliance with its charter contract and applicable laws. These would include:

- 10% Withholdings
- Issuance of Notices of Intent to Revoke the Charter
- Consideration or Imposition of Civil Penalties
- Settlement or Consent Agreements
- ADE Monitoring Findings (high level issues)
- IRS and Arizona State Retirement System Garnishments
- Actions by Other Agencies, such as the Attorney General's Office

If none of the items are applicable for a charter holder, the report will state that there were no items to report. If any of the above items are applicable, the report will include specific information related to those items. For actions taken by other agencies, Board staff relies upon the accuracy of the information as it has been reported to the Board by the other agencies.

While most of the items listed above are self-explanatory, "ADE Monitoring Findings (high level issues)" may require clarification. High level issues include instances where the charter holder failed to correct the issues of noncompliance identified through an Arizona Academic Achievement Division, No Child Left Behind or Exceptional Student Services monitoring conducted by the Arizona Department of Education (ADE), resulting in ADE holding the charter holder's funding or taking some other action against the charter holder.

B. Other Compliance Matters

For this section, Board staff reviewed the charter holder's compliance over the past five years with the items listed below:

- Timely Submission of Reports
- Audit Corrective Action Plans and Repeat Audit Issues
- ADE Monitoring Findings (low level issues)
- Other items found in the file that warrant consideration by the Board

If none of the above items are applicable for a charter holder, the report will state that there were no items to report. If any of the above items are applicable, the report will include specific

information related to those items. For actions involving other agencies, Board staff relies upon the accuracy of the information as it has been reported to the Board by the other agencies.

The following provides clarification regarding the first three bullets listed above.

- **Timely Submission of Reports** – The reports include the annual financial and compliance audit, Annual Financial Report (AFR) and the budget. For additional information on timely report submission, please see the “Timely Submission of Annual Audit” and “Charter/Legal Compliance” sections of the Renewal Summary Review.
- **Audit Corrective Action Plans and Repeat Audit Issues** – The Board has developed the Audit & Compliance Questionnaire Follow-up Matrix to guide staff’s review of the annual audits. The matrix categorizes issues identified through the annual audits as minimal impact findings, medium impact findings or serious impact findings. Minimal impact findings are findings that do not significantly impact the operations of the school or the students, but are still required by law or the charter contract to be rectified. Staff reviews the next year’s audit to determine if the charter holder has addressed the minimal impact findings or if they are repeated. Medium impact findings require the charter holder to submit a corrective action plan. If an audit identifies serious impact findings, the charter holder is placed on a Board agenda for possible disciplinary action.

In reviewing the renewal materials, the “Other Compliance Matters” section of the Renewal Executive Summary includes information regarding any corrective action plans that were required as a result of serious and medium impact findings being identified through the audit. Additionally, for serious impact findings, if the Board took action, this information would be reported in the previous “Compliance Matters Requiring Board or Other Action” section of the Renewal Executive Summary. Minimal impact findings that were repeated in the next year’s audit would be identified in the “Repeat Issues Identified through Audits” section of the Renewal Summary Review.

- **“ADE Monitoring Findings (low level issues)”** – This includes the results of any Arizona Academic Achievement Division, No Child Left Behind, or Exceptional Student Services monitoring conducted by the Arizona Department of Education.

C. Charter Holder’s Organizational Membership

This section indicates if, at the time of review, the charter holder’s organizational membership records are consistent between what is on file with the Board and the Arizona Corporation Commission (ACC) with regard to officers, directors, members and partners reflected in the contract. If it is consistent, no information was required. If it was not consistent, the charter holder was required to either file the appropriate notification request for Board consideration through the amendment process, make the appropriate filing with the ACC, or both. This information is evaluated using a checklist. The completed checklist may be found in the portfolio following the Renewal Summary Review.

Staff Recommendation – This section provides staff’s recommendation and suggested motion language for the particular renewal application under consideration. A.R.S. § 15-183.I.1 states, in part, that the application for renewal includes a review of fiscal audits and academic performance data that are annually collected. The sponsor may deny the request for renewal if, in its judgment, the charter school has failed to complete the obligations of the contract or has failed to comply with this article [Title 15, Chapter 1, Article 8]. A.R.S. § 15-183.J states, “the charter may be renewed for successive periods of twenty years if the sponsor determines that the school is in compliance with its charter and this article [Title 15, Chapter 1, Article 8]”. Therefore, the sponsor may determine not to renew the charter because the school is out of compliance with the same. A non-renewal recommendation will provide motion language that includes specific reference to statute and or the charter contract.

Renewal Summary Review

The Renewal Summary Review is a supporting document that has been included as additional information related to the charter. It is the same format used to capture and report information from the Five Year Interval Reviews now being completed by the Board. The information contained in this document is that which has been tracked over time by the Board and has been incorporated into the Board's database.

Section 1: Interval Report Details – provides the date the report was run and provides the report type (Renewal, 5 year interval, etc.).

Section 2: Charter Contract Information – provides the name of the entity that entered the contract, type of corporation, CTDS and Entity ID #s, grades served, and enrollment cap.

Section 3: Charter Contact Information – provides contact information for the corporation and contact information for the charter representative.

Section 4: Amendment Information – provides a list of the amendments that have been tracked through the database.

Section 5: Academic Performance – provides the name of the school(s), location, grades served, ADM, AZ LEARNS Profile and AYP status for each of the sites currently in operation. If additional “school banners” appear but no other information is provided, this indicates the charter holder operated other schools during the term of the charter, but have since closed.

Section 6: Charter/Legal Compliance – provides details for contract/legal compliance that is currently tracked through the database. This includes timely submission of the AFR and Budget, as well as any information obtained regarding Special Education monitoring conducted by ADE.

Section 7: Audit and Fiscal Compliance – provides detailed information regarding any findings identified through the annual audit submission.

Performance Management Plan (PMP) Evaluation Instrument

Each performance management plan submitted is evaluated using the evaluation instrument. The following determinations are based on the inclusion of the required elements for the narrative and the templates, as listed in the evaluation instrument: Full Description, Partial Description, and Very Limited Description. The completed evaluation instrument may be found in the portfolio following the Renewal Summary Review.

Detailed Business Plan Checklist

The Detailed Business Plan Section information submitted for the Charter Holder's Organizational Membership and the Charter Holder's Financial Sustainability is evaluated for inclusion and content using a checklist. Based on information included in the checklist, a determination is made regarding whether the Detailed Business Plan Section “meets the requirements” or “does not meet the requirements”.

Application Package

The portfolio concludes with the charter holder's submitted application package, including the renewal application's signature page and, as applicable, the following information:

Academic Performance – includes a Performance Management Plan (PMP) Narrative, completed Templates, and Documentation of Academic Oversight if the school(s) did not meet the Board's level of adequate academic performance. If all schools operated by the charter holder met the Board's level of adequate academic performance, the academic section was waived.

The application instructions required the charter holder to describe the process the school community undertook for data examination and analysis, set annual academic performance benchmark targets, and identify action steps for each of the four prescribed strategies. The charter holder was required to complete the Board's approved template with information that demonstrated a plan for improved academic performance. If the charter contract is renewed, the performance management plan is incorporated into the charter contract.

Detailed Business Plan – includes multiple sections as required:

I. Charter Holder's Organizational Membership – Charter Holders with contracts that are not up-to-date with regard to the organizational structure will be required to complete the Charter Holder's Organizational Membership section of the application. If the officers, directors, members and partners reflected in the contract do not match the current documents on file with the Arizona Corporation Commission (ACC), the charter holder must take action to make the two consistent by either filing the appropriate notification request for Board consideration through the amendment process, making the appropriate filing with the ACC, or both. For the purpose of the renewal application package, the charter holder must provide evidence of the appropriate filing(s).

II. Charter Holder's Financial Sustainability

Part A (Renewal Budget Plan) – includes the completed Renewal Budget Plan submitted by the charter holder because at least one of the following was applicable:

- The charter holder was required to submit the Academic Performance Section of the renewal application;
- At least one of the two previous audits identified a going concern; or
- At least one of the two previous audits identified that the charter holder ended the year with negative net assets (non-profit) or negative members'/shareholders' equity (for profit).

Part B (Financial Sustainability Narrative) – For charter holders required to submit Part A for one or both of the reasons cited in the second and third bullets above, the financial sustainability narrative includes a written explanation for the charter holder's current financial situation and a written description of the specific steps taken by the charter holder to improve its financial situation and ensure the continued financial sustainability of the charter school(s), as well as evidence to support that the steps described in the narrative have been taken by the charter holder.