Employ-Ability Unlimited, Inc. - Entity ID 6375
Schools: Copper Canyon Academy
Desert Pointe Academy

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:

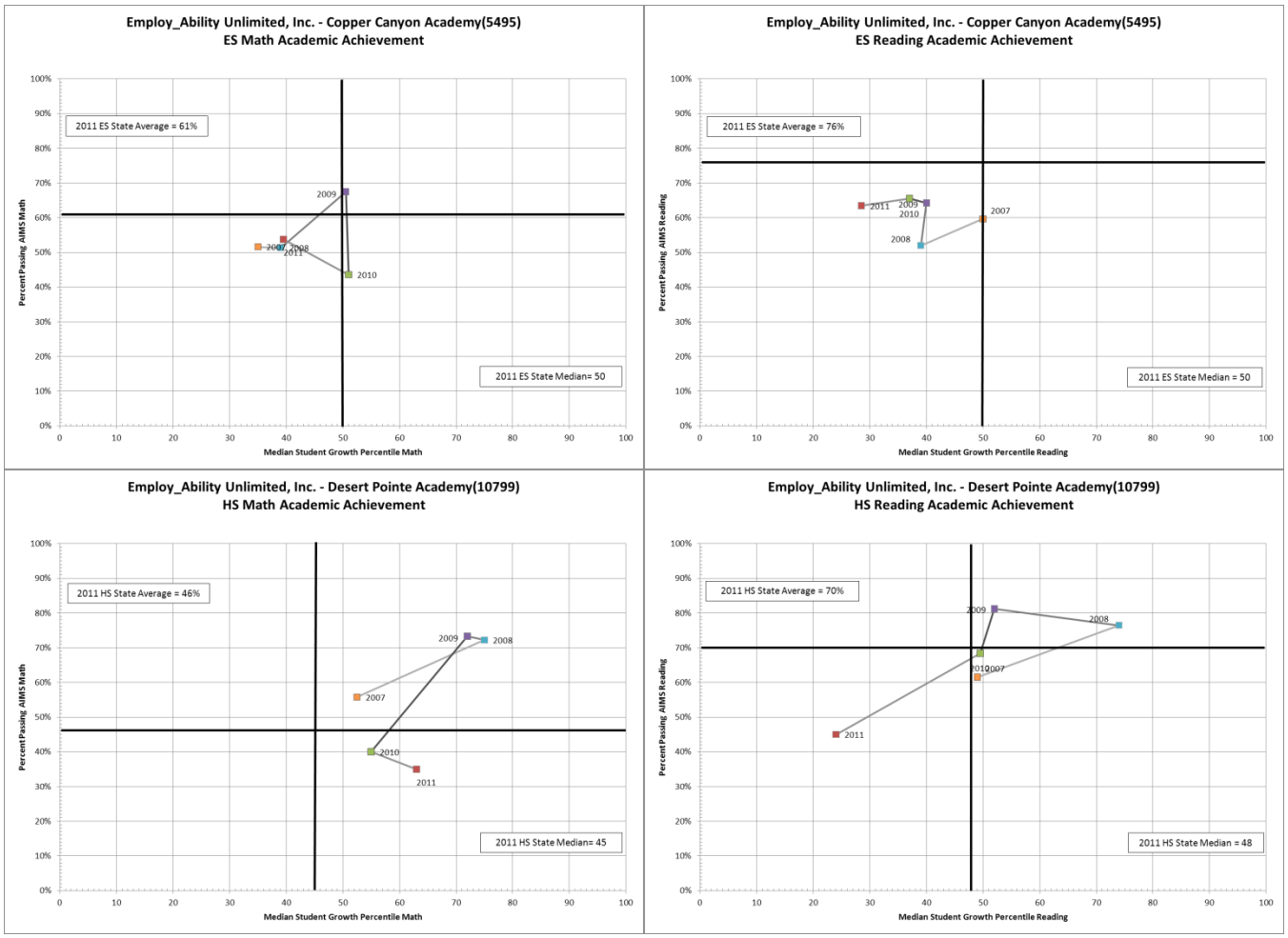
- Pupil achievement data
- Independent financial audits
- Five-year interval summary reviews
- Site visit reports
- Monitoring reports
- Application package for renewal

Profile

The transfer application for Employ-Ability Unlimited, Inc. from the State Board of Education to the State Board for Charter Schools was approved on May 9, 2011. An audio recording of the discussion during the meeting regarding Employ-Ability Unlimited, Inc.'s transfer is available at http://www.asbcs.az.gov/board_information/meeting_info/2011/May.asp

Employ-Ability Unlimited, Inc. operates two schools serving grades K-8 and 9-12.

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



I. Success of the Academic Program

The academic performance of the schools 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.

While the charter holder submitted components of a renewal application package by the application deadline, the charter holder failed to submit the PMP narrative, templates, and oversight documentation. The charter holder did submit a two-page attachment to the narrative, with AIMS test results for the previous seven years, as well as a Renewal Budget Plan.

A leadership team discussion took place on May 23 at the school site with Jinny Ludwig (Board Member/Charter Representative), Ed MacDonald (Executive Director), and Dan Johnson (Science Department Chair). Because the charter holder did not submit a narrative or templates but had previously submitted a PMP with the transfer application, the questions during the leadership team meeting focused on articulating the renewal plan and its alignment with the transfer application PMP.

Leadership team members stated that the renewal plan was an extension of the transfer PMP with a few significant differences. The renewal plan included areas for improvement, particularly related to growth, that were not in the transfer PMP. Leadership team members said the improvement plan prepared for renewal was intended to be responsive to the concerns expressed by the Board at the time of the transfer.

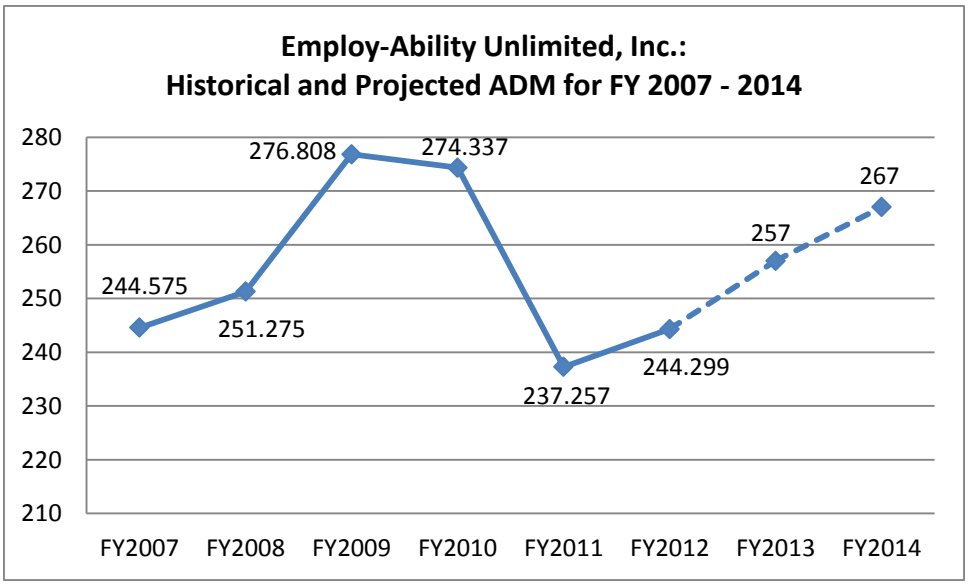
The team members stated that the plan was for both reading and math. The team members told staff that, for the strategy related to curriculum, the plan included adopting a new reading curriculum for grades 3-8; establishing reading and math vocabulary across the schools; creating intervention-based classes focused on specific interventions, which will determine student placement based upon staff discussions on the standards being focused on and how students did on Galileo results. For the strategy related to monitoring instruction, the plan included developing a new evaluation system, which will incorporate qualitative reviews; continue with an instructional coach who is focusing on teachers that demonstrate the lowest growth with their students, specifically in the area of math; using benchmark and intervention computer programs, particularly with math and targeting students performing below grade level. The plan also included requiring teachers to submit, in addition to lesson plans, a monthly curriculum plan. For the strategy related to monitoring student achievement, the plan included utilizing what the faculty has learned as participants in ADE's Professional Development Leadership Academy (PDLA) to analyze data; ongoing revision of the responsibilities of assessment committee; creation of a schoolwide assessment plan; training staff in how to analyze data to guide instruction, including training teachers to look at benchmark data to determine how well they are growing the students. For the strategy related to professional development, the plan continues the Professional Learning Communities work that the schools have started, continues the transfer PMP of providing teachers professional development on differentiating instruction, and continues the transfer PMP of videotaping instruction for self- and peer-analysis to improve instruction.

Required submissions for the Renewal Budget Plan, as well as 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.

II. Viability of the Organization

Because the charter holder's fiscal year 2011 audit identified negative net assets at the end of the year, 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 May 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 2011 is in line with reports available through the Arizona Department of Education's (ADE) website. The fiscal year 2012 ADM included in the Renewal Budget Plan is 2 ADM lower than reports available through ADE's website.



As indicated in the graph above, the charter holder's ADM has fluctuated up and down during the past six fiscal years. After a drop of approximately 13.5% from fiscal year 2010 to fiscal year 2011, the charter holder's ADM increased by about 3% in fiscal year 2012. The projected ADM included in the Renewal Budget Plan for fiscal years 2013 and 2014 anticipates growth of approximately 5% and 4%, respectively.

In reviewing the five most recent audits (2007-2011), the fiscal year 2011 audit is the only one where the charter holder ended the year with negative net assets. As of June 30, 2011, the charter holder did not have sufficient cash and other readily available resources [$1,064,412] to satisfy obligations due within the next year [$1,120,389]. According to the fiscal year 2011 audit, as of June 30, 2011, the charter holder owed a related party management company just over $1 million. This amount represents approximately 90% of the charter holder's current liabilities. In three of the five years (2008, 2009 and 2011), the charter holders expenses exceeded revenues. For fiscal year 2011, the $318,517 loss resulted in the charter holder ending the year with net assets of -$24,975. Based on the previous five audits, the charter holder's ending cash has fluctuated up and down. As of June 30, 2011, the charter holder had cash and cash equivalents of $941,592, which was up from $660,068 in the prior year. The Renewal Budget Plan projects net assets to increase each year in fiscal years 2012 through 2014.

In the Financial Sustainability Narrative, the charter holder identifies three items which affected the charter holder's ability to operate " in the black" , including the decrease in ADM from fiscal year 2011 to fiscal year 2012 and the erroneous booking of $90,000 in management fees as part of the fiscal year 2010 audit. These fees had been waived by the management company. According to the narrative, as of March 2012, the charter holder " is operating at slightly higher than a break-even rate" . The narrative states, " The primary factor impacting this is that the 100th day ADM of 242, which will higher than SY 2011, is still below the goal of 260." The narrative also addresses specific steps taken by the charter holder to bring expenses in line with revenues.

III. Adherence to the Terms of the Charter

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

Over the past six years, there were no items to report.

B. Other Compliance Matters[2]

The five previous audits have identified repeat issues related to the charter holder not following state procurement laws. In all five years, repeat instances were identified of the charter holder failing to obtain three written quotes for purchases requiring written quotes be obtained. In fiscal years 2009 and 2011, repeat instances were identified of the charter holder failing to obtain three oral quotes for purchases requiring oral quotes be obtained. In fiscal years 2009 and 2010, repeat instances were identified of the charter holder failing to comply with sealed bid requirements.

C. Charter Holder's Organizational Membership

Because the organizational membership on file with the Board was consistent with the information on file with the Arizona Corporation Commission, the charter holder was not required to submit the charter holder's Organizational Membership portion of the Detailed Business Plan Section.

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 presentation of a performance management plan at the leadership team meeting 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 Employ-Ability Unlimited, Inc. that incorporates the performance management plan that was presented at the leadership team meeting.

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 Employ-Ability Unlimited, Inc. 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] 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".

1. Failed to provide a learning environment that improved pupil achievement in accordance with A.R.S. § 15-181(A) and failed to demonstrate a viable plan for improving pupil achievement in accordance with the requirements of the renewal application.
2. Other specific reasons the Board may have found during its consideration including…