Integrity Education Incorporated - Entity ID 5174
School: Integrity Education Centre

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

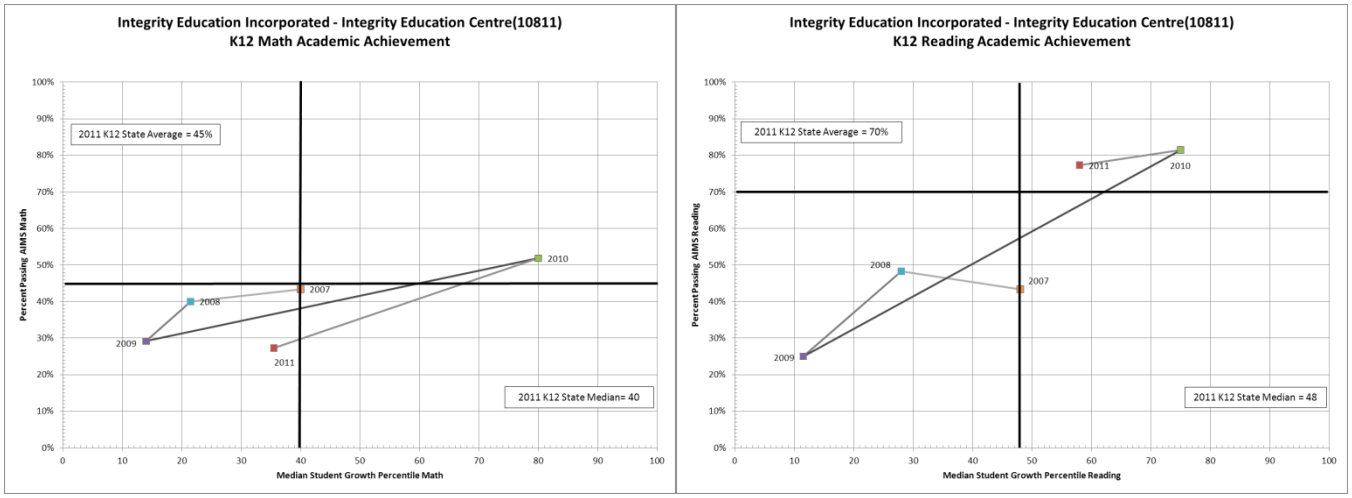
Evaluation of the charter holder's success in these three areas is based on a variety of information that will serve as sources of evidence in determining renewal of a charter. These sources include, but are not limited to:

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

Profile

Integrity Education Incorporated operates one school serving grades K-12.

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



I. Success of the Academic Program

The academic performance of the school 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.

On March 23 the charter holder submitted a PMP narrative, templates, and oversight documentation.

In an email, prior to the leadership team meeting, the charter holder alerted Board staff that the school had moved to a new location approximately .6 miles from the previous school site. This new location was used in the creation of the comparison schools table.

A leadership team discussion took place on May 17 at the location identified for Integrity Education Centre with Dr. Holly Mullan (Principal/ Charter Representative) and Kenneth Mullan (Program Director). The leadership discussion focused on the transition to instruction aligned to the Common Core Standards and the assessment plan. The school has been incorporating more technology into its program of instruction. The school is using NComputing which enable multiple users to simultaneously run programs on a single computer station. This has allowed the school to expand the use of computer based resources, such as online editions of textbooks, without the need to purchase additional computers for the classroom. The charter holder has purchased Orchard software to provide additional assessment resources for teachers and students. Once students complete assessments Orchard generates reports that teachers can use to monitor student learning. Reports demonstrating the capabilities of the Orchard software were submitted with the renewal application. Documents submitted that included personally identifying information were not included in the portfolio. In addition to school staff completing curriculum mapping for the Common Core Standards, as described in the PMP, the charter holder stated that the Orchard software used for assessment would be updated to be aligned to the Common Core Standards.

In response to changes in staff over the past five years, the PMP includes weekly professional development. During the discussion the charter holder stated that topics to be addressed during weekly professional development included classroom structure, lesson planning using Madeline

Hunter's model, and implementation of the academic program. The information discussed supported the Performance Management Plan narrative and templates submitted.

During the leadership team discussion staff informed the charter holder of the need to submit notification and appropriate documentation as the charter holder does not currently have an updated school site location on file.

Required submissions for the Academic Performance Section and the Renewal Budget Plan, as well as the applicable evaluation instrument and checklist, are included in the charter holder's portfolio. The evaluation instrument completed by staff identifies whether the required information provided included a Full Description, a Partial Description, or a Very Limited Description. The checklist completed by staff identifies whether the required elements of the Detailed Business Plan were addressed.

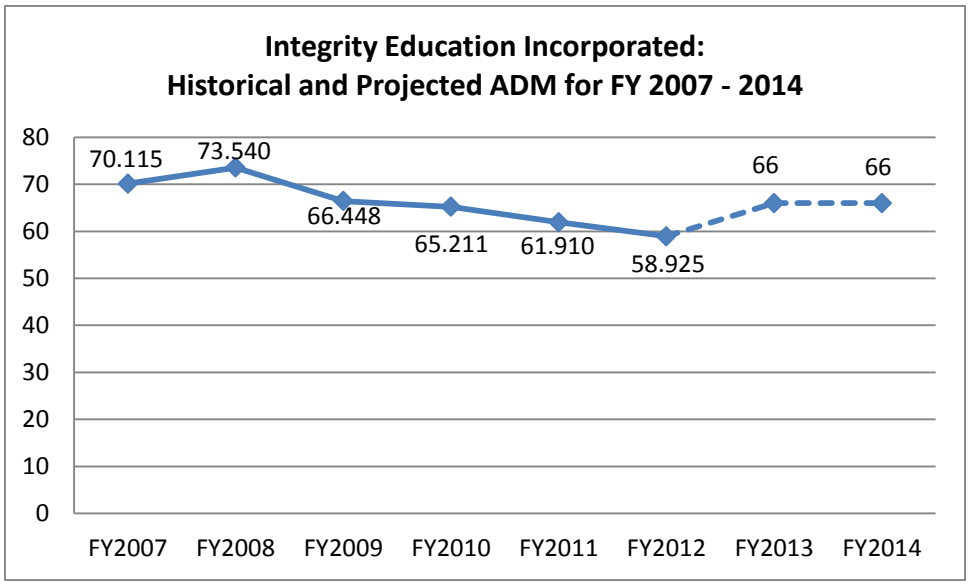
II. Viability of the Organization

Because the charter holder's fiscal year 2010 and 2011 audits identified negative net assets at the end of the year, the charter holder should have been required to complete the Renewal Budget Plan and submit the Financial Sustainability Narrative and supporting evidence. However, the renewal application that was made available to the charter holder to complete mistakenly waived the charter holder from the Financial Sustainability Narrative and supporting evidence submission requirements. As part of completing the Academic Performance Section, the charter holder submitted a Renewal Budget Plan. The Renewal Budget Plan 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.

On May 29, 2012, Board staff sent a letter to the charter representative. The letter included the following:

> " No further response to the Board is required at this time nor will any additional documents be accepted. Please be aware that the materials prepared for the Board's June meeting will disclose the mistake made by staff in the renewal application provided to Integrity Education Incorporated and will contain information related to the charter holder's financial sustainability. This letter is being provided to you as a courtesy, so that you may be prepared should the Board have questions related to the charter holder's financial sustainability when it considers Integrity Education Incorporated's request for renewal."

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 years 2010 and 2011 is in line with reports available through the Arizona Department of Education's website.



As indicated in the graph above, the charter holder's ADM has declined annually since fiscal year 2008. During this time period, the charter holder experienced a decrease of approximately 14.5 ADM. The projected ADM included in the Renewal Budget Plan for fiscal year 2013 anticipates growth of approximately 12%. For fiscal year 2014, the ADM is projected to remain at the fiscal year 2013 level.

In reviewing the five most recent audits (2007-2011), the financial statements for each of the five years shows expenses exceeding revenues in amounts ranging from a high of $163,480 in fiscal year 2009 to a low of $3,440 in fiscal year 2011. As of June 30, 2011, the charter holder did not have sufficient cash or other readily available resources [$33,872] to satisfy obligations due within the next year [$132,220]. Over the five year period, the charter holder has seen its ending net assets decrease from a positive $159,730 to a negative $87,685. Between fiscal year 2007 and 2010, the charter holder's ending cash dropped from $86,918 to $16,644. As of June 30, 2011, the charter holder cash totaled $29,610. The Renewal Budget Plan projects net assets to increase in fiscal years 2013 and 2014 after a decline in fiscal year 2012.

III. Adherence to the Terms of the Charter

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

In December 2008, ADE Exceptional Student Services (ADE/ESS) notified the charter holder of partial compliance in some areas with regard to specific regulations for Part B, Individuals with Disabilities Education Act (IDEA), and the Arizona Revised Statutes. In February 2010 ADE/ESS notified the charter holder of unresolved items that prevented completion of the Corrective Action Plan and that IDEA payments to the school were interrupted. In May 2010 ADE/ESS reported that the compliance issues had been resolved.

[1] For more information about the areas of compliance reviewed for this section, please see the "Renewal Guide".

B. Other Compliance Matters[2]

The fiscal year 2008 audit identified an issue that required a corrective action plan (CAP). Specifically, the audit indicated that for the school year ending June 30, 2008, the school did not have workman's compensation insurance for its employees. The charter holder submitted a satisfactory CAP.

For the previous five fiscal years, the charter holder has failed to timely submit its annual audit for one or more years.

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. The following language is provided 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 inclusion of a performance management plan as part of the renewal application package 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 Integrity Education Incorporated that incorporates the performance management plan.

Option 2: The Board may deny the renewal. Staff recommends the following language 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 Integrity Education Incorporated. 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. Failed to provide a learning environment that improved pupil achievement in accordance with A.R.S. § 15-181(A).
2. Failed to notify the Board of a change in school site address as required in paragraph 10(B) of the contract.
3. Other specific reasons the Board may have found during its consideration including…

[2] For more information about the areas of compliance reviewed for this section, please see the "Renewal Guide".