

## Arizona State Board for Charter Schools



### Renewal Application Instructions

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## ***I. RENEWAL PROCESS OVERVIEW***

Authorized by Arizona Revised Statute, Title 15, Chapter 1, Article 8, effective September 16, 1994, charter schools are public schools that were established to provide a learning environment that will improve pupil achievement and will provide additional academic choices for parents and pupils.

According to A.R.S. § 15-183 (I), an approved plan to establish a charter school is effective for a fifteen year term. At least eighteen months before the expiration of the approved plan, the charter holder may apply for renewal. A charter holder that elects to apply for renewal shall file an application for renewal at least fifteen months before the expiration of the approved plan. The Arizona State Board for Charter Schools (the Board) will consider renewal based upon the charter holder's past performance, including the pupil achievement data of each school operated by the charter holder, as well as multiple sources of evidence gathered during the term of the charter and information contained in the application package. The charter holder will be notified at least twelve months prior to the expiration of the charter if it will not be renewed.

A charter holder becomes eligible to apply for renewal eighteen months before the charter expires. Eligibility for renewal is based solely on the expiration date of the charter. The charter holder is notified of its eligibility to apply for renewal via email and is provided a renewal application. A charter holder may then choose to submit a renewal application package. If the charter holder chooses not to apply, the charter expires at the end of its contracted term.

Based upon the charter holder's ability to meet identified performance criteria, Board staff will prepare the renewal application components. At least eighteen months before the charter expires, Board staff will notify the charter holder via email of eligibility to apply for renewal with a Notification Letter and will make available to the charter holder a customized renewal application and a summary review of the charter's performance record over the term of the charter.

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:

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

The charter holder that elects to apply for renewal will have at least three months from the time of notification of eligibility to complete and submit the renewal application package. The charter holder will submit the charter renewal application package online to the Board by the application package due date identified in the Notification Letter. Once the application package is submitted, Board staff will prepare a staff report that provides information for the Board's consideration of whether or not to renew the charter. Staff may conduct a site visit following submission of the application package. The staff report will contain a summary of performance and compliance in the three key areas,

scoring results for additional required plans or responses submitted with the application, and information gathered during a site visit, if required. The staff report will provide information for the Board's consideration of whether or not to renew the charter. The Board will also have access to any and all renewal-related documents.

### **RENEWAL PROCESS AT A GLANCE**

<b>Action</b>	<b>Description</b>	<b>Approximate Timeline</b>
<b>Conduct a Comprehensive Review of Charter Information</b>	The Board staff conducts a comprehensive review of all information related to the charter, including the charter's public file, site visits, pupil achievement data, fiscal and audit compliance, and legal and contractual compliance information.	Approximately 24 months to 18 months prior to charter expiration
<b>Notify Charter Holder of Eligibility to Renew Charter</b>	Board staff notifies the authorized representative via email that the charter holder is eligible to apply for renewal. At the time of notification, the authorized representative receives the appropriate renewal application information, the application package due date, and a summary review of the charter's performance record over the term of the charter. The Board will be provided a current version at the time of renewal decision-making.	18 months prior to charter expiration
<b>Receive Application Package</b>	The charter holder must respond to all requirements of the application.	Due within three months of notice of eligibility to renew
<b>Review Application Package</b>	Staff and/or a technical review panel will review and score the application package. Staff may conduct a renewal site visit for the purpose of confirming information submitted in the application.	Within three months of receipt of the submitted application
<b>Prepare Renewal Report</b>	Based upon the totality of information, including the application package for renewal, the on-site visit, pupil achievement data and other pertinent information collected through reviews, audits, monitoring reports, and site visits, Board staff prepares a report of findings to be forwarded to the Board at the time of consideration of renewal.	Within three months of receipt of the submitted application
<b>Decision by the Board</b>	The Board may take action to renew a charter for a new term. Certain parts of the application package, such as a Performance Management Plan, may be incorporated into the charter if the applicant is renewed. If the Board votes to not renew a charter, the charter operator must be notified at least 12 months prior to the expiration of the charter.	12 months prior to charter expiration

## II. RENEWAL APPLICATION PACKAGE INSTRUCTIONS

**General Application Information:** If the charter holder applies to be renewed, in addition to any other requirements, the application for renewal includes an academic plan and a detailed business plan. Because charter holder performance varies, the application for each charter holder will be prepared based upon prior performance. Certain requirements in the application may be waived for charter holders who consistently demonstrate the ability to meet or exceed performance standards.

An authorized representative will be notified by an email communication of the charter holder's eligibility to apply for renewal. Simultaneously, the renewal application link for the eligible charter holder will be activated and found at the authorized representative's portal at ASBCS Online. The email communication will include an explanation of how to access the application. For these reasons, it is important for authorized representatives to have current email addresses on record with the Board. An applicant will submit the completed application package for renewal online. Because portions of the application package will be uploaded separately for the online application, applicants should review all portions of the application prior to preparing for submission.

All required components of the application package will be evaluated using the Performance Management Plan Evaluation Instrument and the Detailed Business Plan Section Checklist.

### II a. Academic Performance Section

Charter holders with schools not meeting the Board's **level of adequate academic performance**, as identified in the Terms to Know section of the application instructions, will be required to complete the Academic Performance Section of the renewal application and submit a **Performance Management Plan** which addresses improvement in the academic achievement of students attending the school or schools operated by the charter holder.

*NOTE: The renewal application for charter holders with schools that meet or exceed the academic performance level determined by the Board to be adequate will not have submission requirements for the Academic Performance Section of the application.*

#### **Purpose of a Performance Management Plan**

A renewal Performance Management Plan is an accountability agreement between the charter holder and the Board for academic performance of each school operated by the charter holder. If approved for renewal, Performance Management Plans will be a component of the contract and will be used by the Board to monitor performance. The charter holder will report on making progress toward meeting targets in Performance Management Plans in Annual Reports; the Board will monitor each school's progress against Performance Management Plan targets. Failure to meet plan targets or make sufficient progress toward meeting plan targets will place the charter holder at risk of being in violation of the terms of the contract.

#### **Components of the Performance Management Plan**

For the purpose of this application, each Performance Management Plan will include three components.

- Narrative
- Template
- Documentation of Academic Oversight

1. **Narrative:** Each completed template should be introduced with a narrative that serves as the foundation for understanding the Performance Management Plan and its development. The narrative must contain the following:

- A detailed description of all previous improvement efforts to improve pupil achievement conducted by the school in the past five years;
- A detailed description of the process used for conducting an analysis of relevant pupil achievement data;
- The findings from the data analysis;
- A detailed description of how the plan that is presented is directly linked to the findings from the data analysis.

2. **Template:** Each Performance Management Plan will be prepared using a template provided with the application and will include the following:

- the academic area (*indicator*) to be addressed for improvement based upon data analysis findings reported in the opening narrative.
- instrument that will be used to measure progress on the indicator (*measures*).
- reasonable and appropriate ways (generally numeric) to measure or quantify the identified improvement area, also known as the indicator (*metrics*).
- rigorous and realistic targets for improvement (*targets*). Targets are not excessive for where the school is now, nor should they be too minimal for the degree of improvement necessary.
- action steps for accomplishing the strategies for improvement. Action steps must reveal a progression of actions from start to finish for each strategy and must include evidence the applicant will use to show accomplishment of action steps.
- allocated resources, i.e. time, money, personnel, etc., for implementing the strategies and timelines specified within the plan. **NOTE: Performance Management Plans must align with budget plans submitted in the Detailed Business Plan section and submitted budgets must reflect expenditures included in each Performance Management Plan.**

*Note: Indicator, Measures, Metrics, Targets, and Strategies for the Performance Management Plans will be provided in the plan template.*

3. **Documentation of Academic Oversight:** The charter holder must submit meeting agendas and minutes from the board which has primary responsibility for academic oversight of the school or schools operated by the charter holder. Meeting agendas and minutes submitted must be for all meetings conducted by this board in the year prior to renewal eligibility.

## II b. Detailed Business Plan Section

In accordance with A.R.S. § 15-183 (I), the application for renewal shall include a detailed business plan. The Detailed Business Plan Section is in ~~two-three~~ parts: Charter Holder's Organizational Membership, Charter Holder's Financial Sustainability – Part A, and Charter Holder's Financial Sustainability – Part B. An applicant may be required to complete one, two or ~~both-all~~ parts of the section. Some applicants will be waived from completing ~~either-this~~ section of the application entirely. All required components of the Detailed Business Plan Section will be evaluated using the Detailed Business Plan Section Checklist.

### 1. 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, the charter holder must either file the appropriate notification request for Board consideration through the amendment process, make the appropriate filing with the Arizona Corporation Commission, or both. For the purpose of the application package, the charter holder must provide evidence of the appropriate filing(s).

### 2. Charter Holder's Financial Sustainability – Part A

~~In making the determination that a charter holder is required to complete the Charter Holder's Financial Sustainability section of the application, the Board will consider the two previous years of existing financial performance information. At the time of consideration of renewal by the Board, the most current audit information will be provided, which may be in addition to the two previous years of existing financial performance information.~~

~~If any of the following applies to the charter holder at the time the Board must notify the charter holder that it may apply for renewal, the charter holder will be required to submit this section of the application:~~

- ~~• 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 A: Charter Holder's Financial Sustainability – Part A applies only to charter holders required to submit the Academic Performance Section of the renewal application. These charter holders must ~~Complete-complete~~ and submit the Renewal Budget Plan ~~AttachmentTemplate~~, which ~~must~~ includes actual financial information for the most recent completed fiscal year available and projected financial information for the next three fiscal years of operation. If the charter school is part of a larger organization, such as a social service organization or government entity, then the information in the Renewal Budget Plan should be specific to the charter school and its operations. Line items may be added to the Renewal Budget Plan to address special circumstances or to provide additional clarification, but line items may not be removed.

The Renewal Budget Plan must account for any major changes anticipated by the charter holder or school. The average daily membership (ADM) used in each year must be provided along with the

basis for the projected ADM. At a minimum, assumptions must also be provided for key components of the Renewal Budget Plan, including the basis for all projected revenue line items. Additionally, increases or decreases of 10% or more in the “total expenses” line item must be explained. Further, each “Other” line item used must be explained to specify what has been included. Applicants required to submit the Academic Section of the renewal application-Charter holders must also specify, in the Renewal Budget Plan, by fiscal year, that the expenses associated with the implementation of the Performance Management Plan have been incorporated by fiscal year.

For those required to submit the Academic Performance Section of the renewal application, Please note that Board staff will review the charter holder’s previous two audits and the Renewal Budget Plan to determine the charter holder’s financial capacity to implement the “budget” as detailed in the Academic Performance Section.

### 3. Charter Holder’s Financial Sustainability – Part B

In making the determination that a charter holder is required to complete the Charter Holder’s Financial Sustainability – Part B section (“Part B”), the charter holder’s financial performance will be evaluated using the Board’s Financial Performance Framework and the most recent audit reporting package reviewed by Board staff.<sup>1</sup> A charter holder that receives two or more “Does Not Meet Standard” and/or one or more “Falls Far Below Standard” will be required to submit this portion of the application, which involves providing additional information regarding the charter holder’s financial situation to the Board. This information will be used by the Board when it considers whether to grant the charter holder a renewal charter contract. At the time of consideration of renewal by the Board, the most current audit information will be provided.

**Comment [AL1]:** Hyperlink will be added after document is approved and posted on the Board’s public website. Additionally, this document will be posted as a “help” file in ASBCS Online and available to charter holders as they complete their applications.

The Board has not prescribed the specific information that must be submitted by the charter holder, but the charter holder’s response should focus on each measure where the charter holder received a “Does Not Meet Standard” or “Falls Far Below Standard”. The charter holder’s response should not address all measures in the framework unless the charter holder failed to meet the target for all measures. For those charter holders required to complete Part B, at the time the charter holder receives the Notification Letter, Board staff will make available the charter holder’s results for each of the Financial Performance Framework’s measures in the “Charter Application” folder of the charter holder’s Document Management System (DMS) in ASBCS Online.

In preparing the required response that will be submitted to the Board, the charter holder should evaluate its own financial situation and, for those measures where the charter holder failed to meet the target, determine the information that will best explain the charter holder’s situation and/or efforts. For examples of items that the charter holder may want to consider addressing in or including with its required response, please see the “Things to Consider if Required to Submit Additional Information” section of the Board’s Financial Performance Framework and Guidance document.

**Comment [AL2]:** Hyperlink will be added after document is approved and posted on the Board’s public website. Additionally, this document will be posted as a “help” file in ASBCS Online and available to charter holders as they complete their applications.

**Part B:** In one page or less submit: a) a written explanation for the charter holder’s current financial situation and b) a written description of the specific steps the charter holder has already taken to improve its financial situation and ensure the continued financial sustainability of the charter school(s). For “b)”, evidence (e.g., copy of plan developed, meeting minutes) must be provided supporting that the steps described have been taken by the charter holder.

<sup>1</sup> Most charter holders’ audit reporting packages must be submitted to the Board by November 15<sup>th</sup>. Due to staffing constraints, the financial performance of charter holders notified of their eligibility to apply for renewal in November may be determined by using the prior fiscal year’s audit reporting package.



~~Please note that "Part B" only applies to those required to complete the "Charter Holder's Financial Sustainability" section because at least one of the two previous audits identified a going concern or identified negative net assets or negative members'/shareholders' equity at year end. "Part B" does not apply to those required to complete the "Charter Holder's Financial Sustainability" section solely because they must submit the Academic Performance Section.~~

### **III. SUBMITTING THE RENEWAL APPLICATION PACKAGE**

#### **Preparing the Application Package for Submission:**

The online renewal application is capable of uploading multiple documents to enable applicants to meet the application requirements. Applicants are encouraged to review each required section of the application to ensure appropriate documents are prepared and uploaded before submitting the application package. The system does not allow for revisions once the application package has been submitted.

If a charter holder is not required to complete the Academic Performance Section and the Detailed Business Plan Section of the application, the online renewal application will have a statement in both sections of the application that informs the charter holder that nothing is required to be submitted for either section. In this instance, where the charter holder was waived from submitting both sections of the application, the authorized representative's digital signature will be the only requirement for submission of an online application package.

#### **Submitting the Application Package:**

Once the application is complete and ready for submission, the authorized representative will digitally sign the application by typing in his/her password and clicking "Sign Form". The online renewal application will indicate that the signature was accepted and the date it was signed. Once submitted, the authorized representative will receive notification indicating submission status as well as a link to a copy of the submitted application. The authorized representative has the option of withdrawing the application at any time.

**Renewal application packages will be submitted online at <http://online.asbcs.az.gov>. Renewal application packages must be submitted by 11:59 p.m. MST on the deadline date which is approximately ninety calendar days from the date the charter holder was notified of eligibility to apply for renewal. The deadline date will be identified in the charter holder's Notification Letter.**

## **IV. TERMS TO KNOW**

**Action Steps** – Steps identified to accomplish a strategy’s intended outcome and are capable of being implemented through an appropriate commitment of time and resources

**Application** – The Board-approved forms and instructions, which are available through ASBCS Online and in writing

**Application Package** – The application, narrative, and documents described in the application

**Authorized Representative** – Individual with the power to bind a charter holder contractually according to the charter holder’s Articles of Incorporation, operating agreement, or by-laws

**Board** – The Arizona State Board for Charter Schools

**Budget** – Anticipated costs of allocated resources in reference to the Performance Management Plan

**Charter** – A contract between a person and the Board to operate a charter school under A.R.S. § 15-181

**Charter Holder** – A person who enters into a charter with the Board

**Indicator** – Academic area to be addressed for improvement

**Level of Adequate Academic Performance** – An academic performance level that the Board has determined to be adequate to waive certain identified requirements for renewal and other situations as appropriate for the following school configurations:

- 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.

**Measures** - Instrument that will be used to measure progress on the indicator (academic area)

**Metrics** - Reasonable and appropriate ways (generally numeric) to measure or quantify the identified improvement area, also known as the Indicator.

**MST** – Mountain Standard Time

**Person** – An individual, partnership, corporation, association, or public or private organization of any kind

**Performance Management Plan** – Strategic plan focusing on increasing student achievement; components include indicators, measures, metrics, and targets as well as strategies and action steps

**Responsible Party** – The person responsible for ensuring the task assigned is completed

**Scoring Criteria** – A tool used to evaluate specific documents of the application package. The tool must include a description of the components to be scored and the criteria required to demonstrate mastery.

**Strategy** – Plan or method for obtaining a specific goal or result

**Targets** – Intended results or definition of success within a certain period of time that are rigorous and relevant