Issue

On May 28, 2013, Sage Academy, Inc. (SAI), requested to add a new site in the North Phoenix area. SAI did not meet the Board's academic performance expectations for 2012, and was required to submit a Demonstration of Sufficient Progress (DSP). SAI did not meet the financial performance expectations for FY2012, and was required to submit additional financial information.

Summary of Narrative Provided

Rationale for expansion request

The new campus will serve the K-6 student population of the Cave Creek, Carefree, North East Phoenix and North Scottsdale communities. The narrative (presented in the charter holder's notification portfolio: b. Notification request materials) states the purpose of the expansion is to provide a "school choice that is aligned with a challenging curriculum in a small school that provides connected teachers and a safe and welcoming environment."

Support for methods of instruction and mission of the charter

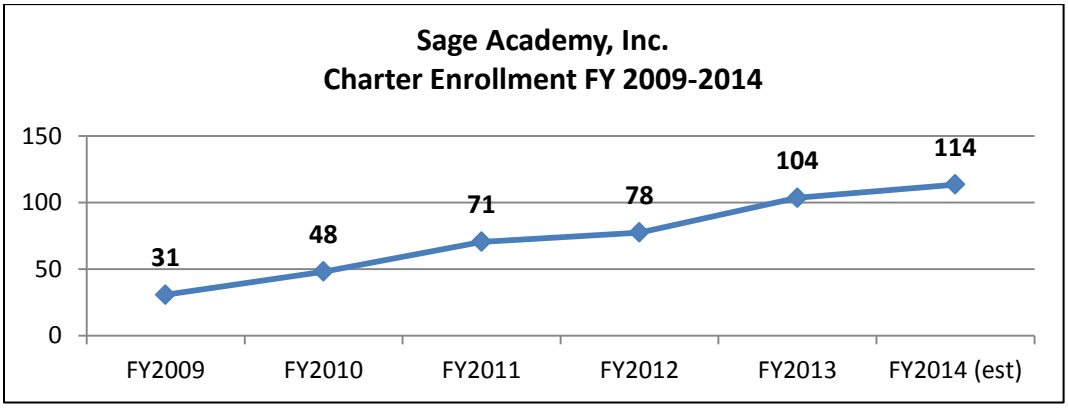
The narrative describes SAI providing a learning philosophy that "aligns most closely with the concepts of Brain-Compatible Learning (BCL), which is based on studies of how the brain processes and retains information." It further states that, "This mind, brain and education science (Souza 2011) is a comprehensive approach that has identified brain friendly techniques and recurring learning behaviors that create a framework for effective instruction," which the narrative lists as: mastery learning, cooperative/collaborative learning, problem-based learning, multiple intelligences, differentiated instruction, experiential learning and practical simulation. Finally, the narrative states that SAI will limit their class size to less than 18 students per class because "the benefits of a smaller classroom setting clearly indicates that the effect of cumulative time (i.e. two or more years) in a smaller classroom setting results in markedly better performance and graduation rates."

As part of the substantive review, staff confirms the submitted narrative supports the existing methods of instruction as described in the charter, and determined that the narrative has some areas where it does not align with the program of instruction in the charter. Neither the charter nor any approved amendment includes information regarding BCL as described above. Furthermore, the charter emphasizes that class size is limited to no more than 25-30 students per classroom.

Background

SAI was granted a charter in January, 2006. It operates one school, Sage Academy, which serves grades K-8 in Phoenix. The current enrollment cap is 280.

According to ADE, the 100th day ADM for FY13 was 103.5, and has an estimated FY14 enrollment of 113.5. SAI operates on a 180 day calendar. The graph below shows actual 100th day average daily membership (ADM) for fiscal years 2009-2013, and the estimated count for FY 2014.



Academic Performance

As stated in the Board's *Academic Performance Framework and Guidance* document, a charter holder's academic performance will be evaluated by the Board when considering expansion requests. The academic performance of Sage Academy for the FY2012 school year, as based on the Board's academic framework, is represented in the dashboard below. The FY13 A-F state letter grade for Sage Academy is a C.

Academic Performance Rating FY 2012

Charter Holder: Sage Academy, Inc.
Entity ID 89414

Charter School: Sage Academy
Entity ID 89415, Grades K-8

1. Growth

Small Elementary		1a. SGP		1b. SGP Bottom 25%	
School	**School Year**	**Math**	**Read**	**Math**	**Read**
Sage Academy	2011-2012	42	47	23	NR
Points Assigned		50	50	25	0
Weight		12.5	12.5	25	0

2. Proficiency

Small Elementary		2a. Percent Passing		2b. Composite School Comparison		2c. Subgroup ELL		2c. Subgroup FRL		2c. Subgroup SPED	
School	**School Year**	**Math**	**Read**	**Math**	**Read**	**Math**	**Read**	**Math**	**Read**	**Math**	**Read**
Sage Academy	2011-2012	51/47	75/68	5.3	8.4	NR	NR	50/40	75/64	22/20	28/33
Points Assigned		75	75	75	75	0	0	75	75	75	50
Weight		7.5	7.5	7.5	7.5	0	0	3.75	3.75	3.75	3.75

3. State Accountability & Overall Rating

Small Elementary		3a. State Accountability	Overall Rating
School	**School Year**	**Grade**	
Sage Academy	2011-2012	50	54.063
Points Assigned		50	
Weight		5	100

Overall Rating	Point Range
Exceeds Standard	> or = to 89
Meets Standard	< 89, but > or = to 63
Does Not Meet Standard	< 63, but > or = to 39
Falls Far Below Standard	< 39

For additional information, see *Academic Performance Framework and Guidance*, available on the ASBCS webpage http://asbcs.az.gov

8/2/2013

The academic performance of Sage Academy did not meet the Board's academic performance expectations set forth in the performance framework adopted by the Board. A Demonstration of Sufficient Progress (DSP) was submitted by the charter representative (presented in the charter holder's notification portfolio: c. Demonstration of Sufficient Progress). The DSP was evaluated using the criteria provided in Appendix D of the Board's *Academic Performance Framework and Guidance* document (presented in the charter holder's notification portfolio: d. DSP Evaluation Instrument).

The initial DSP submitted by SAI provided limited data; the narrative to address the required measures for which the charter holder was required to provide a response was scored as Not Acceptable in the areas of monitoring instruction and assessment. The measures addressed in the areas of curriculum and professional development were scored as Acceptable. Following a preliminary evaluation of the DSP, an email to the charter representative, dated July 10 (presented in the charter holder's notification portfolio: e. Site Visit Notification Email), confirmed the site visit date, provided the initial DSP evaluation, and listed items to have available for confirmation that were identified in the DSP submitted by the charter holder. The email stated that, at the time of the site visit, the charter holder may provide additional evidence for areas deemed Not Acceptable in the initial evaluation.

Staff conducted the site visit on July 17 to meet with Lenny Letcher (Charter Representative), Lynette Letcher (Administrator), and Ginger Morton (Dean of Academics), to confirm the documentation presented in the DSP and review additional information to be considered in the final evaluation of the charter holder's Demonstration of Sufficient Progress submission (presented in the charter holder's notification portfolio: d. DSP Evaluation Instrument).

During the site visit, in addition to confirming evidence described in the DSP, staff also requested evidence and documentation for SAI (presented in the charter holder's notification portfolio: e. DSP Evidence) regarding all areas not sufficiently addressed in the submitted DSP in the following areas:

Curriculum:

- The DSP stated that the focus of the 2012-2013 school year was to create curriculum maps that align to Arizona's Academic Standards, and as a result of that the school compiled curriculum resources and monitored lesson plans to be aligned to state standards. The charter holder was notified that evidence of these items would be verified during the site visit. Evidence of the creation of curriculum maps was presented with documents in folders. School leadership stated that the curriculum maps were developed ongoing throughout the year during professional development days which began in August 2012.The curriculum map folders did not include:
    - Reading maps for grades 1, 2, 3, 4, 7 and 8
    - Math maps for grades 3, 4, 5, 6, 7 and 8
- Evidence of the curriculum resources aligned to the state academic standards was presented in Curriculum Resource Binders. Although initially told the binders were in the teachers' classrooms, school leadership later stated that teachers had taken these binders home for the summer break. The curriculum resource binders presented did not include:
    - English Language Arts for grades 2, 7, and 8
    - Math for grades 1,2 3, 4, 7 and 8
- Limited lesson plans were reviewed:
    - A full set of lesson plans for each teacher was not available because current practices don't require they be maintained, but school leadership stated they are viewable every week throughout the academic year.
    - The narrative stated that the lesson plans incorporated differentiated instruction but staff did not see evidence of differentiation documented in lesson plans for all grade levels. Ms. Morton stated that during walk-through observations she would make a mental note when a teacher provides an alternate assignment for a student needing differentiation.

In the initial evaluation of the DSP the charter holder was scored as Acceptable. Based on the conversation with leadership at the site visit and coupled with the lack of evidence to confirm documentation referenced in the DSP, staff determined curriculum demonstrated a fragmented approach that lacks alignment with other school improvement efforts (instruction and assessment) and was scored as Not Acceptable.

Instruction:

Staff reviewed evidence described in the DSP, including teacher evaluation instruments, Standards Based reports cards, student portfolios and additional intervention along with curriculum maps, lesson plans, and curriculum resource binders (as mentioned in the Curriculum section above). The following materials were listed in the DSP and requested at the visit, but were not provided:

- Walk-through Observation: The narrative stated that Walk-through observations are the responsibility of the Academic Director and used for monitoring curriculum alignment, and that lesson plans are inspected for alignment to state standards. No completed Walk-through observations forms were provided.
- Standards Based report card: The narrative stated that the report card had been redesigned to a new Standards Based report card. The reports cards provided at the site visit were not aligned to current state academic standards.
- Intervention plans: The narrative states that the school uses the data gathered at regular intervals to address deficiencies and make plans for interventions. No evidence of intervention plans was provided.

Based on the available information, staff determined the plan for monitoring integration of Arizona Standards into instruction demonstrated the beginning stages of monitoring and evaluating standards and instructional practices and was scored as Not Acceptable.

Professional Development (PD):

Staff requested evidence described in the DSP, including PD sign-in sheets, agendas and materials. The narrative stated that weekly professional development meetings are conducted to collaborate on curriculum needs, student growth and curriculum alignment to state standards. No evidence of materials used during these PD meetings was provided. The school leader stated that those materials were not archived.

In the initial evaluation of the DSP the charter holder was scored as Acceptable. After the site visit, staff determined the professional development plan to be an approach that is not comprehensive nor aligned with the curriculum and instructional practices and was scored as Not Acceptable.

Assessment:

The DSP stated that the school created curriculum is monitored through the administration of benchmark assessments and as result, students work on specific areas of concern as indicated by their performance on DIBELS assessments, EasyCBM assessments, and teacher administered assessments. To support this statement the charter holder was requested to provide evidence of those items. The following materials were listed in the DSP and requested at the visit, but were not provided:

- Benchmark assessment student data: The submitted DSP provided a graph indicating the percent proficient of students by using two benchmark assessments (Easy Curriculum Based Measures (CBM) and DIBELS). At the site visit, staff confirmed that EasyCBM assessed math growth for grades K-8 but DIBELS only assessed reading growth for students in grades K-4. No analysis of student data was provided to support reading growth for students in grades 5-8 to support the graph provided in the DSP.
- Student data from teacher administered assessments: No student data was provided for students in grades 7-8 for Math and Reading.
- Intervention plans: No evidence of plans provided.
- Student data tracking for RTI program: No evidence of data used to monitor students participating in the RTI program, to include Free-Reduced Lunch students and students in the bottom 25 percent.

Based on the available information, staff determined the school is at the beginning stages of developing a comprehensive assessment system based on clearly defined performance measures and was scored as Not Acceptable. The data included provided limited support for the narrative. Limited analysis was included to demonstrate efforts to improve student achievement.

Due to the deficiencies identified in the initial evaluation of the DSP, and taking into consideration that the documentation and information collected at the site visit that was determined to be insufficient, Sage Academy, Inc. did not demonstrate sufficient progress toward meeting the Board's academic performance expectations.

Financial Performance – Fiscal Year 2012

The charter holder did not meet the Board's financial performance expectations because the charter holder received one or more "Falls Far Below Standard" and two or more "Does Not Meet Standard" in fiscal year 2012. The following table includes the financial data and financial performance for the last three audited fiscal years.

Sage Academy, Inc.

Financial Data				
	2012	2011	2010	
Statement of Financial Position				2009
Cash	$51,582	$34,974	$12,195	$8,003
Unrestricted Cash	$25,767	$34,974	$12,195	
Total Assets	$159,785	$141,196	$132,086	
Total Liabilities	$581,700	$523,752	$482,712	
Current Portion of Long-Term Debt & Capital Leases	$33,000	$10,000	$10,000	
Net Assets	($421,915)	($382,556)	($350,626)	
Statement of Activities				
Revenue	$623,648	$550,073	$458,720	
Expenses	$663,007	$582,003	$575,203	
Net Income	($39,359)	($31,930)	($116,483)	
Change in Net Assets	($39,359)	($31,930)	($116,483)	
Financial Statements or Notes				
Depreciation & Amortization Expense	$9,280	$8,625	$8,448	
Interest Expense	$28,673	$23,299	$25,466	
Lease Expense	$50,169	$47,747	$51,600	

Financial Performance				
	2012	2011	2010	3-yr Cumulative
Near-Term Indicators				
Going Concern	Yes	Yes	Yes	N/A
Unrestricted Days Cash	14.19	21.93	7.74	N/A
Default	No	No	No	N/A
Sustainability Indicators				
Total Liabilities to Equity Ratio	(1.38)	(1.37)	(1.38)	N/A
Net Income	($39,359)	($31,930)	($116,483)	N/A
Cash Flow	$16,608	$22,779	$4,192	$43,579
Fixed Charge Coverage Ratio	0.44	0.59	(0.36)	N/A

The charter holder was required to submit additional information regarding the charter holder's financial situation, as well as a start-up and first-year operating budget for the proposed site (presented in the charter holder's notification portfolio: g. Financial Information and Budgets). The charter holder's submission addressed those measures where the charter holder received a "Falls Far Below Standard" or "Does Not Meet Standard" rating in fiscal year 2012.

Board Options – New Site Notification Request

1. The Board may approve the New Site Notification Request. The following language is provided for consideration: I move to approve the request to add a new site to the charter contract of Sage Academy, Inc.
2. The Board may deny the New Site Notification Request. Staff recommends the following language for consideration: I move to deny the request to add a new site to the charter contract of Sage Academy, Inc. for the reason that the charter holder has not demonstrated sufficient progress towards the Board's academic performance expectations when it failed to provide evidence of:
    - A curriculum aligned to the Arizona Academic Standards;
    - A systematic process for monitoring and recording the implementation of the standards in instruction;
    - A comprehensive assessment system based upon clearly defined performance measures aligned with the curriculum;
    - A comprehensive professional development plan that was aligned to teacher needs;
    - (Other specific reasons the Board may have found during its consideration including…)