

Issue

Shonto Governing Board of Education, Inc. failed to submit a required Demonstration of Sufficient Progress and financial performance response by its deadline date of November 30, 2013.

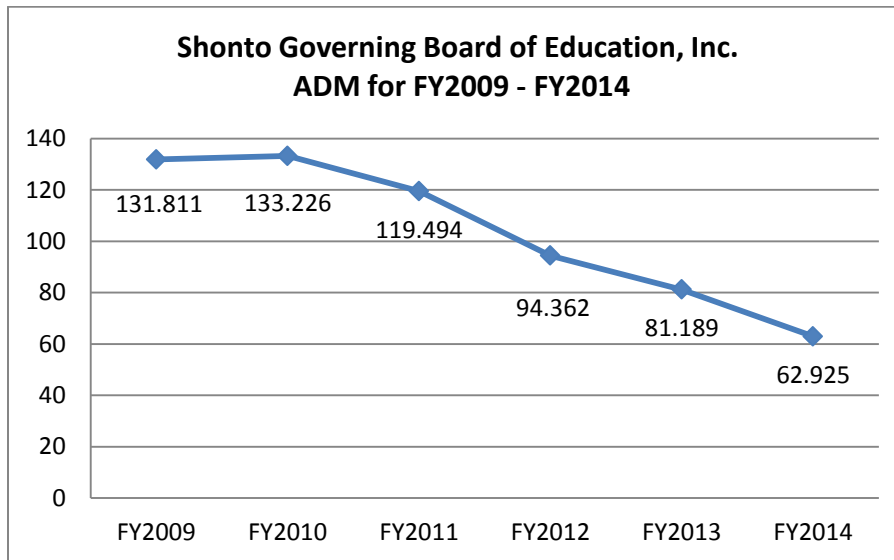
Background Information

Pursuant to A.R.S. §15-183(R), in implementing its oversight and administrative responsibilities for the charter schools it sponsors, the Board has developed a performance framework that includes the academic performance expectations of a charter holder and the measurement of sufficient progress toward the academic performance expectation, as well as the Board’s financial performance expectations (“Performance Framework”). Charter holders with a Performance Management Plan incorporated in the renewal contract are monitored in subsequent years in accordance with the intervention process outlined in Appendix C of the Board’s Academic Performance Framework and Guidance and in accordance with Appendix B of the Board’s Financial Performance Framework and Guidance.

Charter Information

Shonto Governing Board of Education, Inc. (“Shonto”) operates one school, Shonto Preparatory Technology High School, which serves grades 9-12 in Shonto. The charter was renewed on May 14, 2012. Because the charter holder did not meet the Board’s level of adequate academic performance, the charter holder was required to submit a Performance Management Plan as a part of the renewal process.

The graph below shows the charter holder’s actual 100th day average daily membership (ADM) for fiscal years 2009-2013 and 40th day ADM for fiscal year 2014.



A dashboard representation of the academic outcomes for Shonto Preparatory Technology High School based upon the indicators and measures adopted by the Board is provided below.

The overall rating for Shonto Preparatory Technology High School on the Board's academic performance measures was 44.23. A letter grade was not reported by the Arizona Department of Education for FY2013.

Academic Performance

NO PERMISSION TO EDIT

Shonto Preparatory Technology High School

		2012 Small High School (9-12)			2013 Traditional High School (9-12)			
1. Growth		Measure	Points Assigned	Weight	Measure	Points Assigned	Weight	
1a. SGP	Math	NR	0	0	NR	0	0	
	Reading	20	25	30	NR	0	0	
1b. SGP Bottom 25%	Math	NR	0	0	NR	0	0	
	Reading	NR	0	0	NR	0	0	
2. Proficiency		Measure	Points Assigned	Weight	Measure	Points Assigned	Weight	
2a. Percent Passing	Math	33 / 31.2	75	10	15 / 41.9	50	10	
	Reading	38 / 57.4	50	10	44 / 64.9	50	10	
2b. Composite School Comparison	Math	3.3	75	7.5	-24.3	25	7.5	
	Reading	-18.5	25	7.5	-19.4	25	7.5	
2c. Subgroup ELL	Math	23 / 32.7	50	2.5	NR	0	0	
	Reading	35 / 57.1	50	2.5	NR	0	0	
2c. Subgroup FRL	Math	39 / 30.7	75	2.5	15 / 38.5	50	7.5	
	Reading	42 / 57.1	50	2.5	44 / 60.6	50	7.5	
2c. Subgroup SPED	Math	8 / 8.1	50	2.5	NR	0	0	
	Reading	8 / 27.3	50	2.5	NR	0	0	
3. State Accountability		Measure	Points Assigned	Weight	Measure	Points Assigned	Weight	
3a. State Accountability		D	25	5	NR	0	0	
4. Graduation		Measure	Points Assigned	Weight	Measure	Points Assigned	Weight	
4a. Graduation		68	50	15	68	50	15	
Overall Rating		Overall Rating			Overall Rating			
Scoring for Overall Rating 89 or higher: Exceeds Standard <89, but > or = to 63: Meets Standard <63, but > or = to 39: Does Not Meet Standard Less than 39: Falls Far Below Standard		44.38			100	44.23		65

Shonto did not meet the Board's financial performance expectations based on the fiscal year 2012 audit. The following table includes Shonto's financial data and financial performance for the last three audited fiscal years. Since Shonto has been granted a single audit extension, its fiscal year 2013 audit is not due until March 31, 2014.

Shonto Governing Board of Education, Inc.

Financial Data				
	2012	2011	2010	
Statement of Financial Position				2009
Cash	\$13,972,751	\$13,371,712	\$13,607,787	\$0
Unrestricted Cash	\$13,854,376	\$13,371,712	\$13,607,787	
Total Assets	\$18,243,155	\$18,198,660	\$19,013,188	
Total Liabilities	\$3,917,197	\$3,127,032	\$3,287,688	
Current Portion of Long-Term Debt & Capital Leases	\$7,500	\$7,500	\$7,500	
Net Assets	\$14,325,958	\$15,071,628	\$15,725,500	
Statement of Activities				
Revenue	\$11,887,025	\$11,286,999	\$13,112,911	
Expenses	\$12,632,695	\$11,940,871	\$12,685,980	
Net Income	(\$745,670)	(\$653,872)	\$426,931	
Change in Net Assets	(\$745,670)	(\$653,872)	\$426,931	
Financial Statements or Notes				
Depreciation & Amortization Expense	\$598,319	\$572,562	\$485,450	
Interest Expense	-	-	-	
Lease Expense	-	-	-	
Financial Performance				
	2012	2011	2010	3-yr Cumulative
Near-Term Indicators				
Going Concern	No	No	No	N/A
Unrestricted Days Cash	400.30	408.74	391.52	N/A
Default	No	No	No	N/A
Sustainability Indicators				
Net Income	(\$745,670)	(\$653,872)	\$426,931	N/A
Cash Flow	\$601,039	(\$236,075)	\$13,607,787	\$13,972,751
Fixed Charge Coverage Ratio	(19.65)	(10.84)	121.65	N/A

In accordance with the Board's Performance Framework, on September 30, 2013, Board staff notified Shonto of its requirement to submit a Demonstration of Sufficient Progress and financial performance response by November 30, 2013.

On December 11, 2013, the charter representative was notified by email that a Demonstration of Sufficient Progress had not been submitted and that this matter would be brought before the Board at the January 13, 2014 meeting. As of the writing of this report Shonto has failed to submit the information requested in the Board's September 30, 2013 letter.

Board Options

Option 1: The Board may approve withholding 10% of the charter holder's monthly state aid apportionment. Staff has provided the following language for consideration: I move to find that Shonto Governing Board of Education, Inc. is in noncompliance with state law and its charter contract and approve withholding 10% of Shonto Governing Board of Education, Inc.'s monthly State aid apportionment for its failure to meet or demonstrate sufficient progress toward the Board's academic performance expectations set forth in the performance framework pursuant to A.R.S. §15-183(I)(3). The withholding shall continue until the information requested in the Board's September 30, 2013 letter has been submitted.

Option 2: The Board may approve withholding 10% of the charter holder's monthly state aid apportionment and issue a Notice of Intent to Revoke the charter holder's charter contract. Staff recommends the following language for consideration: I move to find that Shonto Governing Board of Education, Inc. is in noncompliance with state law and its charter contract and approve withholding 10% of Shonto Governing Board of Education, Inc.'s monthly State aid apportionment for its failure to meet or demonstrate sufficient progress toward the Board's academic performance expectations set forth in the performance framework pursuant to A.R.S. §15-183(I)(3). The withholding shall continue until the information requested in the Board's September 30, 2013 letter has been submitted.

Additionally, I move to issue a Notice of Intent to Revoke the charter of Shonto Governing Board of Education, Inc. on the basis of its failure to meet or demonstrate sufficient progress toward the Board's academic performance expectations set forth in the performance framework pursuant to A.R.S. §15-183(I)(3).

I further move that:

- Within 48 hours of receipt of the Notice the charter operator shall notify staff and parents/guardians of registered students of the Notice of Intent to Revoke and the Notice of Hearing and provide a school location where the copy may be reviewed;
- Within 20 days of receipt of the Notice the charter operator shall provide copies of all correspondence and communications used to comply with the preceding provision; and
- Within 20 days of receipt of the Notice the charter operator shall provide the Board with the names and mailing addresses of parents/guardians of all students registered with the school.