

Issue

Sierra Oaks School, Inc. failed to submit a required Demonstration of Sufficient Progress and financial performance response by its deadline date of December 3, 2013.

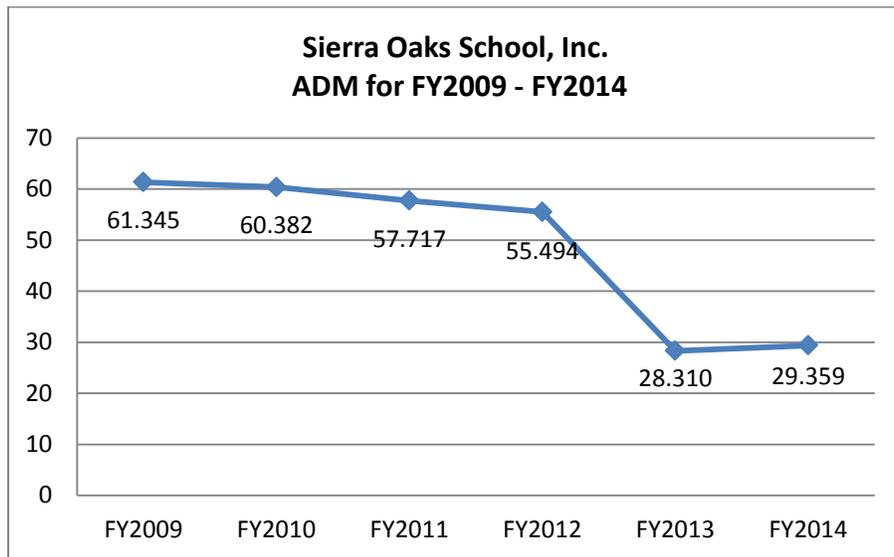
Background Information

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 that were required to submit a Performance Management Plan as part of its academic review during the five-year interval review 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

Sierra Oaks School, Inc. (“Sierra Oaks”) operates one school, Sierra Oaks School, which serves grades K-6 in Oracle. The charter holder becomes eligible for renewal on October 3, 2015; the renewal application will be due January 3, 2016; and the request for renewal must be considered by the Board by April 3, 2016.

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 Sierra Oaks School based upon the indicators and measures adopted by the Board is provided below.

The overall rating for Sierra Oaks School on the Board’s academic performance measures was 33.44 including points received for the FY 2013 letter grade of D as reported by the Arizona Department of Education (ADE).

Academic Performance

Sierra Oaks School

		2012 Small Elementary School (K-8)			2013 Traditional Elementary School (1-6)		
1. Growth		Measure	Points Assigned	Weight	Measure	Points Assigned	Weight
1a. SGP	Math	49.5	50	12.5	22	25	25
	Reading	38.5	50	12.5	31	25	25
1b. SGP Bottom 25%	Math	34	50	12.5	NR	0	0
	Reading	29	25	12.5	NR	0	0
2. Proficiency		Measure	Points Assigned	Weight	Measure	Points Assigned	Weight
2a. Percent Passing	Math	46 / 46.1	50	7.5	24 / 63.9	50	11.25
	Reading	69 / 67.3	75	7.5	71 / 78.2	50	11.25
2b. Composite School Comparison	Math	-0.5	50	7.5	-37.6	25	11.25
	Reading	3.1	75	7.5	-5	50	11.25
2c. Subgroup ELL	Math	NR	0	0	NR	0	0
	Reading	NR	0	0	NR	0	0
2c. Subgroup FRL	Math	40 / 38.4	75	3.75	NR	0	0
	Reading	69 / 62	75	3.75	NR	0	0
2c. Subgroup SPED	Math	17 / 19.2	50	3.75	NR	0	0
	Reading	22 / 32	50	3.75	NR	0	0
3. State Accountability		Measure	Points Assigned	Weight	Measure	Points Assigned	Weight
3a. State Accountability		D	25	5	D	25	5
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		51.25			33.44		
		100			100		

Sierra Oaks did not meet the Board’s financial performance expectations based on the fiscal year 2012 audit. The following table includes Sierra Oaks’ financial data and financial performance for the last three audited fiscal years, including fiscal year 2013.

Sierra Oaks School, Inc.

Financial Data				
	2013	2012	2011	
Statement of Financial Position				2010
Cash	\$16,466	\$56,021	\$80,991	\$60,617
Unrestricted Cash	\$522	\$34,792	\$80,991	
Other Liquidity	-			
Total Assets	\$36,093	\$77,849	\$114,194	
Total Liabilities	\$7,346	\$20,079	\$13,552	
Current Portion of Long-Term Debt & Capital Leases	-	-	-	
Net Assets	\$28,747	\$57,770	\$100,642	
Statement of Activities				
Revenue	\$281,967	\$409,250	\$447,726	
Expenses	\$310,990	\$452,122	\$433,219	
Net Income	(\$29,023)	(\$42,872)	\$14,507	
Change in Net Assets	(\$29,023)	(\$42,872)	\$14,507	
Financial Statements or Notes				
Depreciation & Amortization Expense	\$5,722	\$12,088	\$13,061	
Interest Expense	-	-	-	
Lease Expense	\$37,800	\$40,600	\$42,355	
Financial Performance				
	2013	2012	2011	3-yr Cumulative
Near-Term Indicators				
Going Concern	Yes	No	No	N/A
Unrestricted Days Liquidity*	0.61	28.09	68.24	N/A
Default	No	No	No	N/A
Sustainability Indicators				
Net Income	(\$29,023)	(\$42,872)	\$14,507	N/A
Cash Flow	(\$39,555)	(\$24,970)	\$20,374	(\$44,151)
Fixed Charge Coverage Ratio	0.38	0.24	1.65	N/A

* For fiscal years 2011 and 2012, the field reflects the charter holder's performance under the financial framework's previous "Unrestricted Days Cash" measure.

In accordance with the Board's Performance Framework, on October 3, 2013, Board staff notified Sierra Oaks of its requirement to submit a Demonstration of Sufficient Progress and financial performance response by December 3, 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 Sierra Oaks has failed to submit the information requested in the Board's October 3, 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 Sierra Oaks is in noncompliance with state law and its charter contract and approve withholding 10% of Sierra Oaks' 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 October 3, 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 Sierra Oaks is in noncompliance with state law and its charter contract and approve withholding 10% of Sierra Oaks' 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 October 3, 2013 letter has been submitted.

Additionally, I move to issue a Notice of Intent to Revoke the charter of Sierra Oaks 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).

Additionally, Sierra Oaks failure to meet the Board's financial performance expectations reflects a lack of capacity to support improved performance.

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.