

Arizona State Board for Charter Schools

Physical Address:
1616 West Adams Street, Suite 170
Phoenix, AZ 85007



Mailing Address:
P.O. Box 18328
Phoenix, AZ 85009

August 31, 2018

Dear Governor Ducey,

Included in the attached supporting documentation is the Fiscal Year 2020 budget submission for the Arizona State Board for Charter Schools (Charter Board). Currently, the Board is participating in settlement discussions regarding Legacy Education Group, et al. v. Arizona State Board for Charter Schools (1CA-CV 17-0023) in order to avoid or resolve litigation. Depending on conclusion of the settlement discussion and pending litigation, the Board may at a later date file a supplemental budget request.

The Charter Board's budget submission supports the continuation of its efforts in ensuring a quality charter system for Arizona's students.

Sincerely,

A handwritten signature in blue ink that reads "Ashley Berg".

Ashley Berg
Executive Director
Arizona State Board for Charter Schools



State of Arizona Budget Request

State Agency

State Board for Charter Schools

A.R.S. Citation: 15-181 to 15-189 and 15-808

Appropriated Funds

FY 2019 Approp	FY 2020 Fund. Issue	FY 2020 Total Budget
1,209.8	630.9	1,840.7
1,209.8	630.9	1,840.7

Total Amount Requested:

General Fund

Governor DUCEY:

This and the accompanying budget schedules, statements and explanatory information constitute the operating budget request for this agency for Fiscal Year 2020.

To the best of my knowledge all statements and explanations contained in the estimates submitted are true and correct.

Agency Head: Ashley Berg

Title: Executive Director

Ashley Berg 8/31/2018

(signature)

Phone: (602) 364-3091

Prepared By: Ashley Berg

Email Address: Ashley.berg@asbcs.az.gov

Date Prepared: Friday, August 31, 2018

Non-Appropriated Funds

FY 2019 Expd. Plan	FY 2020 Fund. Issue	FY 2020 Total Budget
61.5	0.0	61.5
3.0	0.0	3.0
58.5	0.0	58.5

Total Amount Planned:

Charter AZ Online Instruction Processing Fund
New Charter Application

Total: 1,271.3 630.9 1,902.2

Revenue Schedule

Agency: State Board for Charter Schools

Fund: 1000 General Fund

AFIS Code Category of Receipt and Description
 4372 PUBLICATIONS AND REPRODUCTIONS

FY 2018	FY 2019	FY 2020
0.0	0.0	0.0
0.0	0.0	0.0

Fund Total:

Revenue Schedule

Agency: State Board for Charter Schools

Fund: 2319 Charter AZ Online Instruction Processing Fund

AFIS Code Category of Receipt and Description

4449 OTHER FEES

	FY 2018	FY 2019	FY 2020
	3.0	3.0	3.0
Fund Total:	3.0	3.0	3.0

Revenue Schedule

Agency: State Board for Charter Schools

Fund: 2568 New Charter Application

AFIS Code Category of Receipt and Description
4449 OTHER FEES

	FY 2018	FY 2019	FY 2020
	65.0	52.0	52.0
Fund Total:	65.0	52.0	52.0

Sources and Uses of Funds

Agency: State Board for Charter Schools

Fund: 2025 Statewide Donations Fund

Cash Flow Summary	Actual FY 2018	Estimate FY 2019	Estimate FY 2020
Balance Forward from Prior Year	5.5	5.5	5.5
Total Available	5.5	5.5	5.5
Total Appropriated Disbursements	0.0	0.0	0.0
Total Non-Appropriated Disbursements	0.0	0.0	0.0
Balance Forward to Next Year	5.5	5.5	5.5

Non-Appropriated Expenditure	Actual FY 2018	Estimate FY 2019	Estimate FY 2020
Expenditure Categories			
Personal Services	0.0	0.0	0.0
Employee Related Expenses	0.0	0.0	0.0
Prof. And Outside Services	0.0	0.0	0.0
Travel - In State	0.0	0.0	0.0
Travel - Out of State	0.0	0.0	0.0
Food	0.0	0.0	0.0
Aid to Organizations and Individuals	0.0	0.0	0.0
Other Operating Expenses	0.0	0.0	0.0
Equipment	0.0	0.0	0.0
Capital Outlay	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0
Transfers	0.0	0.0	0.0
Expenditure Categories Total:	0.0	0.0	0.0
Cap Transfer due to Fund Balance	0.0	0.0	0.0
Prior Commitments or Obligated Expenditures	0.0	0.0	0.0
Non Appropriated 27th Pay Roll	0.0	0.0	0.0
Non-Appropriated Expenditure Total:	0.0	0.0	0.0
Non-Appropriated FTE:	0.0	0.0	0.0

Fund Description

OSPB: Revenue is received from grants and donations from non-governmental agencies, such as foundations and private donors. Monies are used to pay for conferences, programs, or other activities that are sponsored by donor organizations.

Sources and Uses of Funds

Agency: State Board for Charter Schools

Fund: 2319 Charter AZ Online Instruction Processing Fund

Cash Flow Summary	Actual FY 2018	Estimate FY 2019	Estimate FY 2020
Balance Forward from Prior Year	0.0	0.0	0.0
Revenue (From Revenue Schedule)	3.0	3.0	3.0
Total Available	3.0	3.0	3.0
Total Appropriated Disbursements	0.0	0.0	0.0
Total Non-Appropriated Disbursements	3.0	3.0	3.0
Balance Forward to Next Year	0.0	0.0	0.0
Non-Appropriated Expenditure	Actual FY 2018	Estimate FY 2019	Estimate FY 2020
Expenditure Categories			
Personal Services	0.0	0.0	0.0
Employee Related Expenses	0.0	0.0	0.0
Prof. And Outside Services	3.0	3.0	3.0
Travel - In State	0.0	0.0	0.0
Travel - Out of State	0.0	0.0	0.0
Food	0.0	0.0	0.0
Aid to Organizations and Individuals	0.0	0.0	0.0
Other Operating Expenses	0.0	0.0	0.0
Equipment	0.0	0.0	0.0
Capital Outlay	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0
Transfers	0.0	0.0	0.0
Expenditure Categories Total:	3.0	3.0	3.0
Cap Transfer due to Fund Balance	0.0	0.0	0.0
Prior Commitments or Obligated Expenditures	0.0	0.0	0.0
Non Appropriated 27th Pay Roll	0.0	0.0	0.0
Non-Appropriated Expenditure Total:	3.0	3.0	3.0
Non-Appropriated FTE:	0.0	0.0	0.0

Fund Description

OSPB: Revenues consist of fees collected from charter schools and are used to process contract amendments necessary for the charter schools to participate in Arizona Online Instruction.

Sources and Uses of Funds

Agency: State Board for Charter Schools

Fund: 2568 New Charter Application

Cash Flow Summary	Actual FY 2018	Estimate FY 2019	Estimate FY 2020
Balance Forward from Prior Year	78.2	85.1	78.6
Revenue (From Revenue Schedule)	65.0	52.0	52.0
Total Available	143.2	137.1	130.6
Total Appropriated Disbursements	0.0	0.0	0.0
Total Non-Appropriated Disbursements	58.1	58.5	58.5
Balance Forward to Next Year	85.1	78.6	72.1

Non-Appropriated Expenditure	Actual FY 2018	Estimate FY 2019	Estimate FY 2020
Expenditure Categories			
Personal Services	0.0	0.0	0.0
Employee Related Expenses	0.0	0.0	0.0
Prof. And Outside Services	58.1	58.5	58.5
Travel - In State	0.0	0.0	0.0
Travel - Out of State	0.0	0.0	0.0
Food	0.0	0.0	0.0
Aid to Organizations and Individuals	0.0	0.0	0.0
Other Operating Expenses	0.0	0.0	0.0
Equipment	0.0	0.0	0.0
Capital Outlay	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0
Transfers	0.0	0.0	0.0
Expenditure Categories Total:	58.1	58.5	58.5
Cap Transfer due to Fund Balance	0.0	0.0	0.0
Prior Commitments or Obligated Expenditures	0.0	0.0	0.0
Non Appropriated 27th Pay Roll	0.0	0.0	0.0
Non-Appropriated Expenditure Total:	58.1	58.5	58.5
Non-Appropriated FTE:	0.0	0.0	0.0

Fund Description

OSP: Revenues consist of fees assessed for the processing of new charter applications. Monies are used for contracted services to review and evaluate new applications.

Summary of Expenditure and Budget Request for All Funds

Agency:		State Board for Charter Schools			
Appropriated	FY 2018 Actual	FY 2019 Expd. Plan	FY 2020 Fund. Issue	FY 2020 Total Request	
					Cost Center/Program:
1	1,069.8	1,209.8	630.9	1,840.7	
	1,069.8	1,209.8	630.9	1,840.7	
Expenditure Categories					
FTE	14.0	14.0	8.0	22.0	
Personal Services	602.1	681.2	415.0	1,096.2	
Employee Related Expenses	249.2	280.9	175.9	456.8	
Professional and Outside Services	47.6	45.7	0.0	45.7	
Travel In-State	3.0	17.3	0.0	17.3	
Travel Out of State	2.6	5.5	0.0	5.5	
Food	0.0	0.0	0.0	0.0	
Aid to Organizations and Individuals	0.0	0.0	0.0	0.0	
Other Operating Expenses	162.3	176.2	0.0	176.2	
Equipment	3.0	3.0	40.0	43.0	
Capital Outlay	0.0	0.0	0.0	0.0	
Debt Service	0.0	0.0	0.0	0.0	
Cost Allocation	0.0	0.0	0.0	0.0	
Transfers	0.0	0.0	0.0	0.0	
Expenditure Categories Total:	1,069.8	1,209.8	630.9	1,840.7	

Summary of Expenditure and Budget Request for All Funds

Agency:		State Board for Charter Schools			
Non-Appropriated					
Cost Center/Program:					
	FY 2018 Actual	FY 2019 Expd. Plan	FY 2020 Fund. Issue	FY 2020 Total Request	
1	61.1	61.5	0.0	61.5	
	61.1	61.5	0.0	61.5	
Expenditure Categories					
Personal Services	0.0	0.0	0.0	0.0	
Employee Related Expenses	0.0	0.0	0.0	0.0	
Professional and Outside Services	61.1	61.5	0.0	61.5	
Travel In-State	0.0	0.0	0.0	0.0	
Travel Out of State	0.0	0.0	0.0	0.0	
Food	0.0	0.0	0.0	0.0	
Aid to Organizations and Individuals	0.0	0.0	0.0	0.0	
Other Operating Expenses	0.0	0.0	0.0	0.0	
Equipment	0.0	0.0	0.0	0.0	
Capital Outlay	0.0	0.0	0.0	0.0	
Debt Service	0.0	0.0	0.0	0.0	
Cost Allocation	0.0	0.0	0.0	0.0	
Transfers	0.0	0.0	0.0	0.0	
Expenditure Categories Total:	61.1	61.5	0.0	61.5	

Summary of Expenditure and Budget Request for All Funds

Agency: State Board for Charter Schools

Agency Total for All Funds:

1,130.9 1,271.3 630.9 1,902.2

Summary of Expenditure and Budget Request for Selected Funds

Agency: State Board for Charter Schools
Fund: 1000 General Fund (Appropriated)

	FY 2018		FY 2019		FY 2020	
	Actual	Expd. Plan	Fund. Issue	Total Request		
Cost Center/Program:						
1 State Board for Charter Schools	1,069.8	1,209.8	630.9	1,840.7		
	1,069.8	1,209.8	630.9	1,840.7		
Expenditure Categories						
FTE	14.0	14.0	8.0	22.0		
Personal Services	602.1	681.2	415.0	1,096.2		
Employee Related Expenses	249.2	280.9	175.9	456.8		
Professional and Outside Services	47.6	45.7	0.0	45.7		
Travel In-State	3.0	17.3	0.0	17.3		
Travel Out of State	2.6	5.5	0.0	5.5		
Food	0.0	0.0	0.0	0.0		
Aid to Organizations and Individuals	0.0	0.0	0.0	0.0		
Other Operating Expenses	162.3	176.2	0.0	176.2		
Equipment	3.0	3.0	40.0	43.0		
Capital Outlay	0.0	0.0	0.0	0.0		
Debt Service	0.0	0.0	0.0	0.0		
Cost Allocation	0.0	0.0	0.0	0.0		
Transfers	0.0	0.0	0.0	0.0		
Expenditure Categories Total:	1,069.8	1,209.8	630.9	1,840.7		
Fund Total:	1,069.8	1,209.8	630.9	1,840.7		

Summary of Expenditure and Budget Request for Selected Funds

Agency: State Board for Charter Schools
 Fund: 2319 Charter AZ Online Instruction Processing Fund (Non-Appropriated)

Cost Center/Program:	FY 2018	FY 2019	FY 2020	FY 2020	FY 2020
	Actual	Expd. Plan	Fund. Issue	Fund. Issue	Total Request
1 State Board for Charter Schools	3.0	3.0	0.0	0.0	3.0
	3.0	3.0	0.0	0.0	3.0
Expenditure Categories					
Personal Services	0.0	0.0	0.0	0.0	0.0
Employee Related Expenses	0.0	0.0	0.0	0.0	0.0
Professional and Outside Services	3.0	3.0	0.0	0.0	3.0
Travel In-State	0.0	0.0	0.0	0.0	0.0
Travel Out of State	0.0	0.0	0.0	0.0	0.0
Food	0.0	0.0	0.0	0.0	0.0
Aid to Organizations and Individuals	0.0	0.0	0.0	0.0	0.0
Other Operating Expenses	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0
Capital Outlay	0.0	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0	0.0
Transfers	0.0	0.0	0.0	0.0	0.0
Expenditure Categories Total:	3.0	3.0	0.0	0.0	3.0
Fund Total:	3.0	3.0	0.0	0.0	3.0

Summary of Expenditure and Budget Request for Selected Funds

Agency: State Board for Charter Schools
 Fund: 2568 New Charter Application (Non-Appropriated)

	FY 2018	FY 2019	FY 2020	FY 2020
	Actual	Expd. Plan	Fund. Issue	Total Request
Cost Center/Program:				
1 State Board for Charter Schools	58.1	58.5	0.0	58.5
	58.1	58.5	0.0	58.5
Expenditure Categories				
Personal Services	0.0	0.0	0.0	0.0
Employee Related Expenses	0.0	0.0	0.0	0.0
Professional and Outside Services	58.1	58.5	0.0	58.5
Travel In-State	0.0	0.0	0.0	0.0
Travel Out of State	0.0	0.0	0.0	0.0
Food	0.0	0.0	0.0	0.0
Aid to Organizations and Individuals	0.0	0.0	0.0	0.0
Other Operating Expenses	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers	0.0	0.0	0.0	0.0
Expenditure Categories Total:	58.1	58.5	0.0	58.5
Fund Total:	58.1	58.5	0.0	58.5

Summary of Expenditure and Budget Request for Selected Funds

Agency: State Board for Charter Schools
 Fund: 2568 New Charter Application (Non-Appropriated)

	FY 2018 Actual	FY 2019 Expd. Plan	FY 2020 Fund. Issue	FY 2020 Total Request
Agency Total for Selected Funds	1,130.9	1,271.3	630.9	1,902.2

Program Summary of Expenditures and Budget Request

Agency: State Board for Charter Schools
 Program: State Board for Charter Schools

	FY 2018 Actual	FY 2019 Expd. Plan	FY 2020 Fund. Issue	FY 2020 Total Request
--	-------------------	-----------------------	------------------------	--------------------------

Program Summary				
1-1	State Board for Charter Schools	1,271.3	630.9	1,902.2
Program Summary Total:		1,130.9	630.9	1,902.2

Expenditure Categories				
0000	FTE Positions	14.0	8.0	22.0
6000	Personal Services	602.1	415.0	1,096.2
6100	Employee Related Expenses	249.2	175.9	456.8
6200	Professional and Outside Services	108.6	0.0	107.2
6500	Travel In-State	3.0	0.0	17.3
6600	Travel Out of State	2.6	5.5	5.5
6700	Food	0.0	0.0	0.0
6800	Aid to Organizations and Individuals	0.0	0.0	0.0
7000	Other Operating Expenses	162.3	176.2	176.2
8000	Equipment	3.0	40.0	43.0
8100	Capital Outlay	0.0	0.0	0.0
8600	Debt Service	0.0	0.0	0.0
9000	Cost Allocation	0.0	0.0	0.0
9100	Transfers	0.0	0.0	0.0
Expenditure Categories Total:		1,130.9	1,271.3	1,902.2

Fund Source				
Appropriated Funds				
1000-A	General Fund (Appropriated)	1,209.8	630.9	1,840.7
Appropriated Funds Total:		1,069.8	630.9	1,840.7

Non-Appropriated Funds				
2319-N	Charter AZ Online Instruction Processing Fund (No	3.0	3.0	3.0
2568-N	New Charter Application (Non-Appropriated)	58.1	58.5	58.5
Non-Appropriated Funds Total:		61.1	61.5	61.5
Fund Source Total:		1,130.9	1,271.3	1,902.2

Program Group Summary of Expenditures and Budget Request for Selected Funds

Agency: State Board for Charter Schools
 Program: State Board for Charter Schools

	FY 2018	FY 2019	FY 2020	FY 2020
	Actual	Expd. Plan	Fund. Issue	Total Request

Fund: 1000-A General Fund (Appropriated)

Program Expenditures

COST CENTER/PROGRAM BUDGET UNIT

1-1 State Board for Charter Schools	1,069.8	1,209.8	630.9	1,840.7
Total	1,069.8	1,209.8	630.9	1,840.7

Appropriated Funding

Expenditure Categories

FTE Positions	14.0	14.0	8.0	22.0
Personal Services	602.1	681.2	415.0	1,096.2
Employee Related Expenses	249.2	280.9	175.9	456.8
Professional and Outside Services	47.6	45.7	0.0	45.7
Travel In-State	3.0	17.3	0.0	17.3
Travel Out of State	2.6	5.5	0.0	5.5
Food	0.0	0.0	0.0	0.0
Aid to Organizations and Individuals	0.0	0.0	0.0	0.0
Other Operating Expenses	162.3	176.2	0.0	176.2
Equipment	3.0	3.0	40.0	43.0
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers	0.0	0.0	0.0	0.0

Expenditure Categories Total:

	1,069.8	1,209.8	630.9	1,840.7
--	---------	---------	-------	---------

Fund 1000-A Total:

	1,069.8	1,209.8	630.9	1,840.7
--	---------	---------	-------	---------

Program 1 Total:

	1,069.8	1,209.8	630.9	1,840.7
--	---------	---------	-------	---------

Program Budget Unit Summary of Expenditures and Budget Request for All Funds

Agency: State Board for Charter Schools
 Program: State Board for Charter Schools

Expenditure Categories	FY 2018		FY 2019		FY 2020	
	Actual	Expd. Plan	Fund. Issue	Total Request	Fund. Issue	Total Request
0000 FTE	14.0	14.0	8.0	22.0	8.0	22.0
6000 Personal Services	602.1	681.2	415.0	1,096.2	415.0	1,096.2
6100 Employee Related Expenses	249.2	280.9	175.9	456.8	175.9	456.8
6200 Professional and Outside Services	108.6	107.2	0.0	107.2	0.0	107.2
6500 Travel In-State	3.0	17.3	0.0	17.3	0.0	17.3
6600 Travel Out of State	2.6	5.5	0.0	5.5	0.0	5.5
6700 Food	0.0	0.0	0.0	0.0	0.0	0.0
6800 Aid to Organizations and Individuals	0.0	0.0	0.0	0.0	0.0	0.0
7000 Other Operating Expenses	162.3	176.2	0.0	176.2	0.0	176.2
8000 Equipment	3.0	3.0	40.0	43.0	40.0	43.0
8100 Capital Outlay	0.0	0.0	0.0	0.0	0.0	0.0
8600 Debt Service	0.0	0.0	0.0	0.0	0.0	0.0
9000 Cost Allocation	0.0	0.0	0.0	0.0	0.0	0.0
9100 Transfers	0.0	0.0	0.0	0.0	0.0	0.0
Expenditure Categories Total:	1,130.9	1,271.3	630.9	1,902.2	630.9	1,902.2

Fund Source

Appropriated Funds

1000-A General Fund (Appropriated)

1,069.8	1,209.8	630.9	1,840.7
1,069.8	1,209.8	630.9	1,840.7

Non-Appropriated Funds

2319-N Charter AZ Online Instruction Processing Fund (No
 2568-N New Charter Application (Non-Appropriated)

3.0	3.0	0.0	3.0
58.1	58.5	0.0	58.5
61.1	61.5	0.0	61.5
1,130.9	1,271.3	630.9	1,902.2

Fund Source Total:

Program Budget Unit Summary of Expenditures and Budget Request for Selected Funds

Agency: State Board for Charter Schools	FY 2018	FY 2019	FY 2020	FY 2020
	Actual	Expd. Plan	Fund. Issue	Total Request

Program: State Board for Charter Schools

Fund:	1000-A	General Fund	FY 2018	FY 2019	FY 2020	FY 2020
			Actual	Expd. Plan	Fund. Issue	Total Request
Appropriated						
0000	FTE		14.0	14.0	8.0	22.0
6000	Personal Services		602.1	681.2	415.0	1,096.2
6100	Employee Related Expenses		249.2	280.9	175.9	456.8
6200	Professional and Outside Services		47.6	45.7	0.0	45.7
6500	Travel In-State		3.0	17.3	0.0	17.3
6600	Travel Out of State		2.6	5.5	0.0	5.5
6700	Food		0.0	0.0	0.0	0.0
6800	Aid to Organizations and Individuals		0.0	0.0	0.0	0.0
7000	Other Operating Expenses		162.3	176.2	0.0	176.2
8000	Equipment		3.0	3.0	40.0	43.0
8100	Capital Outlay		0.0	0.0	0.0	0.0
8600	Debt Service		0.0	0.0	0.0	0.0
9000	Cost Allocation		0.0	0.0	0.0	0.0
9100	Transfers		0.0	0.0	0.0	0.0
Appropriated Total:			1,069.8	1,209.8	630.9	1,840.7
Fund Total:			1,069.8	1,209.8	630.9	1,840.7
Program Total For Selected Funds:			1,069.8	1,209.8	630.9	1,840.7

Program Expenditure Schedule

Agency:	State Board for Charter Schools
Program:	State Board for Charter Schools

	FY 2018 Actual	FY 2019 Expd. Plan
FTE	14.0	14.0
Expenditure Category Total	14.0	14.0
Appropriated		
1000-A General Fund (Appropriated)	14.0	14.0
Fund Source Total	14.0	14.0
<hr/>		
Personal Services	602.1	681.2
Boards and Commissions	0.0	0.0
Expenditure Category Total	602.1	681.2
Appropriated		
1000-A General Fund (Appropriated)	602.1	681.2
Fund Source Total	602.1	681.2
<hr/>		
Employee Related Expenses	249.2	280.9
Expenditure Category Total	249.2	280.9
Appropriated		
1000-A General Fund (Appropriated)	249.2	280.9
Fund Source Total	249.2	280.9
<hr/>		
Professional and Outside Services		107.2
External Prof/Outside Serv Budg And Appn	0.0	
External Investment Services	0.0	
Other External Financial Services	0.0	
Attorney General Legal Services	13.5	
External Legal Services	0.0	
External Engineer/Architect Cost - Exp	0.0	
External Engineer/Architect Cost- Cap	0.0	
Other Design	0.0	
Temporary Agency Services	20.8	
Hospital Services	0.0	
Other Medical Services	0.0	
Institutional Care	0.0	
Education And Training	2.4	
Vendor Travel	0.0	
Professional & Outside Services Excluded from Cost Alloca	0.0	
Vendor Travel - Non Reportable	0.0	
External Telecom Consulting Services	0.0	
Costs related to those in custody of the State	0.0	
Non - Confidential Specialist Fees	0.0	
Confidential Specialist Fees	0.0	
Outside Actuarial Costs	0.0	
Other Professional And Outside Services	72.0	

Program Expenditure Schedule

Agency: State Board for Charter Schools

Program: State Board for Charter Schools

	FY 2018 Actual	FY 2019 Expd. Plan
Expenditure Category Total	108.6	107.2
Appropriated		
1000-A General Fund (Appropriated)	47.6	45.7
	47.6	45.7
Non-Appropriated		
2319-N Charter AZ Online Instruction Processing Fund (Non-Appropriated)	3.0	3.0
2568-N New Charter Application (Non-Appropriated)	58.1	58.5
	61.1	61.5
Fund Source Total	108.6	107.2
<hr/>		
Travel In-State	3.0	17.3
Expenditure Category Total	3.0	17.3
Appropriated		
1000-A General Fund (Appropriated)	3.0	17.3
	3.0	17.3
Fund Source Total	3.0	17.3
<hr/>		
Travel Out of State	2.6	5.5
Expenditure Category Total	2.6	5.5
Appropriated		
1000-A General Fund (Appropriated)	2.6	5.5
	2.6	5.5
Fund Source Total	2.6	5.5
<hr/>		
Food	0.0	0.0
Expenditure Category Total	0.0	0.0
<hr/>		
Aid to Organizations and Individuals	0.0	0.0
Expenditure Category Total	0.0	0.0
<hr/>		
Other Operating Expenses		176.2
Other Operating Expenditures Budg Approp	0.0	
Other Operating Expenditures Excluded from Cost Allocati	0.0	
Risk Management Charges To State Agency	2.7	
Risk Management Deductible - Indemnity	0.0	
Risk Management Deductible - Legal	0.0	
Risk Management Deductible - Medical	0.0	
Risk Management Deductible - Other	0.0	
Gen Liab- Non Physical-Taxable- Self Ins	0.0	
Gross Proceeds Payments To Attorneys	0.0	
General Liability- Non-Taxable- Self Ins	0.0	
Medical Malpractice - Self-Insured	0.0	
Automobile Liability - Self Insured	0.0	
General Property Damage - Self- Insured	0.0	
Automobile Physical Damage-Self Insured	0.0	
Liability Insurance Premiums	0.0	
Property Insurance Premiums	0.0	
Workers Compensation Benefit Payments	0.0	
Self Insurance - Administrative Fees	0.0	

Program Expenditure Schedule

Agency: State Board for Charter Schools

Program: State Board for Charter Schools

	FY 2018 Actual	FY 2019 Expd. Plan
Self Insurance - Premiums	0.0	
Self Insurance - Claim Payments	0.0	
Self Insurance - Pharmacy Claims	0.0	
Premium Tax On Altcs	0.0	
Other Insurance-Related Charges	0.0	
Internal Service Data Processing	20.9	
Internal Service Data Proc- Pc/Lan	0.0	
External Programming-Mainframe/Legacy	0.0	
External Programming- Pc/Lan/Serv/Web	1.4	
External Data Entry	0.0	
Othr External Data Proc-Mainframe/Legacy	0.0	
Othr External Data Proc-Pc/Lan/Serv/Web	33.6	
Pmt for AFIS Development & Usage	0.4	
Internal Service Telecommunications	0.0	
External Telecom Long Distance-In-State	8.4	
External Telecom Long Distance-Out-State	0.0	
Other External Telecommunication Service	0.1	
Electricity	0.0	
Sanitation Waste Disposal	0.0	
Water	0.0	
Gas And Fuel Oil For Buildings	0.0	
Other Utilities	0.0	
Building Rent Charges To State Agencies	70.5	
Priv Lease To Own Bld Rent Chrgs To Agy	0.0	
Cert Of Part Bld Rent Chrgs To Agy	0.0	
Rental Of Land And Buildings	0.0	
Rental Of Computer Equipment	0.0	
Rental Of Other Machinery And Equipment	1.2	
Miscellaneous Rent	1.8	
Interest On Overdue Payments	0.0	
All Other Interest Payments	0.0	
Internal Acct/Budg/Financial Svcs	4.3	
Other Internal Services	0.0	
Repair And Maintenance - Buildings	0.0	
Repair And Maintenance - Vehicles	0.0	
Repair And Maint - Mainframe And Legacy	0.0	
Repair And Maint-Pc/Lan/Serv/Web	0.0	
Repair And Maintenance - Other Equipment	4.0	
Other Repair And Maintenance	0.0	
Software Support And Maintenance	0.0	
Uniforms	0.0	
Inmate Clothing	0.0	
Security Supplies	0.0	
Office Supplies	1.7	
Computer Supplies	0.0	
Housekeeping Supplies	0.0	
Bedding And Bath Supplies	0.0	
Drugs And Medicine Supplies	0.0	
Medical Supplies	0.0	
Dental Supplies	0.0	
Automotive And Transportation Fuels	0.0	

Program Expenditure Schedule

Agency: State Board for Charter Schools

Program: State Board for Charter Schools

	FY 2018 Actual	FY 2019 Expd. Plan
Automotive Lubricants And Supplies	0.0	
Rpr And Maint Supplies-Not Auto Or Build	0.0	
Repair And Maintenance Supplies-Building	0.0	
Other Operating Supplies	0.0	
Publications	0.0	
Aggregate Withheld Or Paid Commissions	0.0	
Lottery Prizes	0.0	
Lottery Distribution Costs	0.0	
Material for Further Processing	0.0	
Other Resale Supplies	0.0	
Loss On Sales Of Capital Assets	0.0	
Loss on Sales of Investments	0.0	
Employee Tuition Reimbursement-Graduate	0.0	
Employee Tuition Reimb Under-Grad/Other	0.0	
Conference Registration-Attendance Fees	3.8	
Other Education And Training Costs	0.0	
Advertising	0.0	
Sponsorships	0.0	
Internal Printing	0.3	
External Printing	0.0	
Photography	0.0	
Postage And Delivery	0.4	
Document shredding and Destruction Services	0.2	
Translation and Sign Language Services	0.7	
Distribution To State Universities	0.0	
Other Intrastate Distributions	0.0	
Awards	0.0	
Entertainment And Promotional Items	0.0	
Dues	4.5	
Books- Subscriptions And Publications	0.7	
Costs For Digital Image Or Microfilm	0.0	
Revolving Fund Advances	0.0	
Credit Card Fees Over Approved Limit	0.0	
Relief Bill Expenditures	0.0	
Surplus Property Distr To State Agencies	0.0	
Security Services	0.0	
Judgments - Damages	0.0	
ICA Payments to Claimants Confidential	0.0	
Jdgmnt-Confidential Restitution To Indiv	0.0	
Judgments - Non-Confidential Restitution	0.0	
Judgments - Punitive And Compensatory	0.6	
Pmts Made to Resolve/Disputes/Avoid Costs of Litigation	0.0	
Pmts For Contracted State Inmate Labor	0.0	
Payments To State Inmates	0.0	
Bad Debt Expense	0.0	
Interview Expense	0.0	
Employee Relocations-Nontaxable	0.0	
Employee Relocations-Taxable	0.0	
Non-Confidential Invest/Legal/Law Enf	0.0	
Conf/Sensitive Invest/Legal/Undercover	0.0	
Fingerprinting, Background Checks, Etc.	0.0	

Date Printed: 8/31/2018 1:59:49 PM

All dollars are presented in thousands (not FTE).

Program Expenditure Schedule

Agency: State Board for Charter Schools

Program: State Board for Charter Schools

	FY 2018 Actual	FY 2019 Expd. Plan
Other Miscellaneous Operating	0.0	
Expenditure Category Total	162.3	176.2
Appropriated		
1000-A General Fund (Appropriated)	162.3	176.2
Fund Source Total	162.3	176.2

Current Year Expenditures		3.0
Capital Equipment Budget And Approp	0.0	
Vehicles Capital Purchase	0.0	
Vehicles Capital Leases	0.0	
Furniture Capital Purchase	0.0	
Depreciable Works Of Art & Hist Treas/Coll Capital Purcha	0.0	
Non Depr Works Of Art & Hist Treas/Coll Cap Purchase	0.0	
Furniture Capital Leases	0.0	
Computer Equipment Capital Purchase	0.0	
Computer Equipment Capital Lease	0.0	
Telecommunication Equip-Capital Purchase	0.0	
Telecommunication Equip-Capital Lease	0.0	
Other Equipment Capital Purchase	0.0	
Other Equipment Capital Leases	0.0	
Purchased Or Licensed Software-Website	0.0	
Internally Generated Software-Website	0.0	
Development in Progress	0.0	
Right-Of-Way/Easement/Extraction Rights	0.0	
Oth Int Assets purchased, licensed or internally generate	0.0	
Other intangible assets acquired by capital lease	0.0	
Other Capital Asset Purchases	0.0	
Leasehold Improvement-Capital Purchase	0.0	
Other Capital Asset Leases	0.0	
Non-Capital Equip Budget And Approp	0.0	
Vehicles Non-Capital Purchase	0.0	
Vehicles Non-Capital Leases	0.0	
Furniture Non-Capital Purchase	0.0	
Works Of Art And Hist Treas-Non Capital	0.0	
Furniture Non-Capital Leases	0.0	
Computer Equipment Non-Capital Purchase	2.1	
Computer Equipment Non-Capital Lease	0.0	
Telecomm Equip Non-Capital Purchase	0.0	
Telecomm Equip Non-Capital Leases	0.0	
Other Equipment Non-Capital Purchase	0.0	
Weapons Non-Capital Purchase	0.0	
Other Equipment Non-Capital Lease	0.0	
Purchased Or Licensed Software/Website	1.0	
Internally Generated Software/Website	0.0	
LICENSES AND PERMITS	0.0	
Right-Of-Way/Easement/Extraction Exp	0.0	
Other Intangible Assets - Purchased, Licensed or Internall	0.0	
Noncapital Software/Web By Capital Lease	0.0	
Other Intangible Assets Acquired by Capital Lease	0.0	
Other Long Lived Tangible Assets to be Expenses	0.0	

Date Printed: 8/31/2018 1:59:49 PM

All dollars are presented in thousands (not FTE).

Program Expenditure Schedule

Agency: State Board for Charter Schools

Program: State Board for Charter Schools

	FY 2018 Actual	FY 2019 Expd. Plan
Non-Capital Equipment Excluded from Cost Allocation	0.0	0.0
Expenditure Category Total	3.0	3.0
Appropriated		
1000-A General Fund (Appropriated)	3.0	3.0
Fund Source Total	3.0	3.0
<hr/>		
Capital Outlay	0.0	0.0
Expenditure Category Total	0.0	0.0
<hr/>		
Debt Service	0.0	0.0
Expenditure Category Total	0.0	0.0
<hr/>		
Cost Allocation	0.0	0.0
Expenditure Category Total	0.0	0.0
<hr/>		
Transfers	0.0	0.0
Expenditure Category Total	0.0	0.0

Employee Retirement Coverage

Retirement System	FTE	Personal Services	Fund#
Arizona State Retirement System	14.0	681.2	1000-A

**Combined Regular & Elected Positions At/Above
FICA Maximum of \$127,200**

Total FTE	Personal Services	FTE's not eligible for Health, Dental & Life
0.0	0.0	0.0

Administrative Costs

Agency: **State Board for Charter Schools**

Administrative Costs Summary

Common Administrative Area	FY 2020
Personal Services	10.0
ERE	4.0
All Other	69.0
Administrative Costs Total:	83.0

Administrative Cost / Total Expenditure Ratio

	Request	Admin %
FY 2020	1,902.2	4.4%

Funding Issues List

Agency: State Board for Charter Schools

FY 2020

Priority	Funding Issue Title	Total FTE	Total Amount	General Fund	Other Aprop. Funds	Non-App Funds
1	Additional FTE and Funding to Improve Performance	8.0	630.9	630.9	0.0	0.0
Total:		8.0	630.9	630.9	0.0	0.0
Decision Package Total:		8.0	630.9	630.9	0.0	0.0

Funding Issue Detail

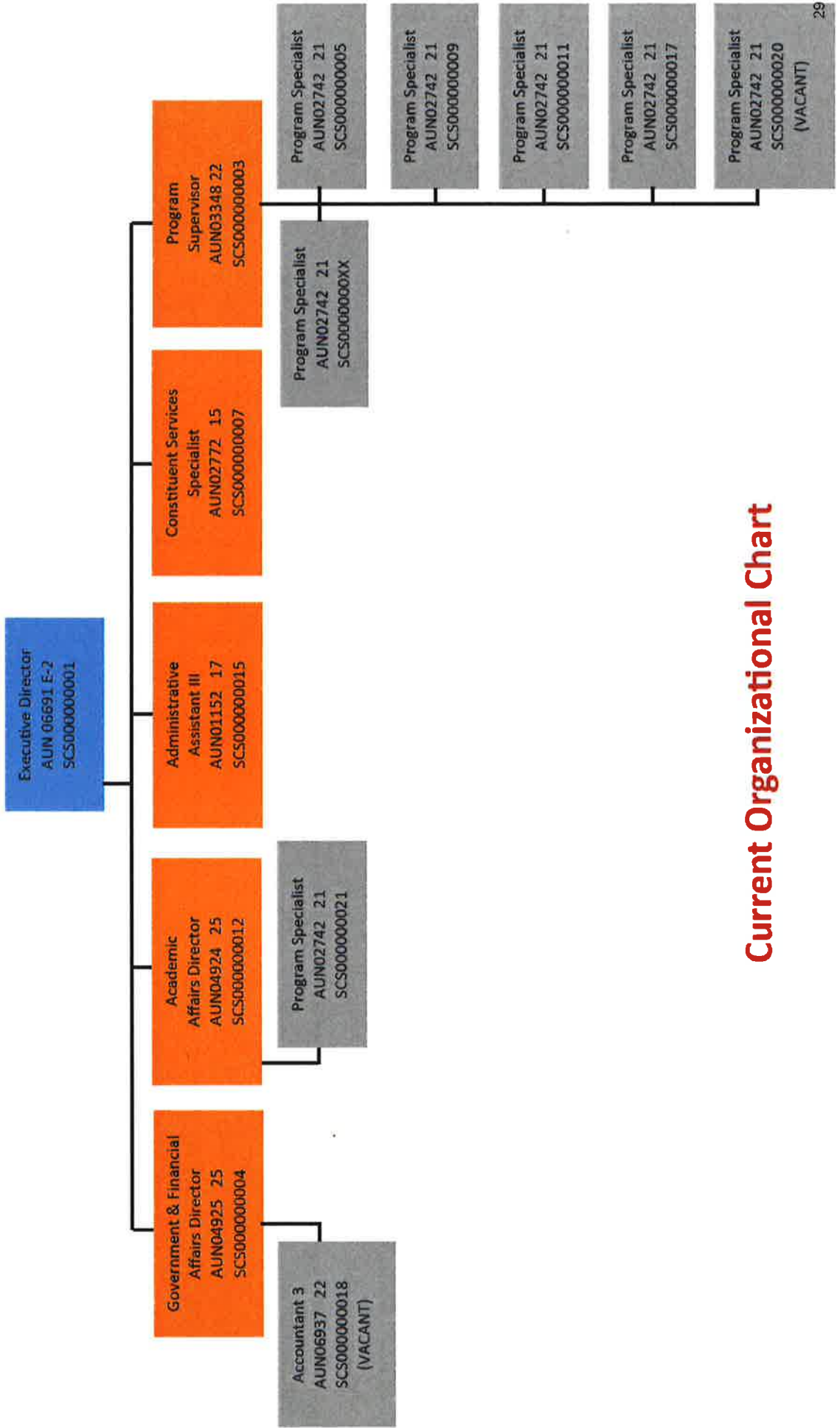
Agency: State Board for Charter Schools

Issue: 1 Additional FTE and Funding to Improve Performance

Program: State Board for Charter Schools
Fund: 1000-A General Fund (Appropriated)

Calculated ERE: \$175.90
Uniform Allowance: \$0.00

Expenditure Categories	FY 2020
FTE	8.0
Personal Services	415.0
Employee Related Expenses	175.9
Subtotal Personal Services and ERE:	590.9
Professional & Outside Services	0.0
Travel In-State	0.0
Travel Out-of-State	0.0
Food	0.0
Aid to Organizations & Individuals	0.0
Other Operating Expenditures	0.0
Equipment	40.0
Capital Outlay	0.0
Debt Services	0.0
Cost Allocation	0.0
Transfers	0.0
Program / Fund Total:	630.9



Current Organizational Chart

The Arizona State Board for Charter Schools

Funding Issue: Additional FTE and Funding to Improve Performance

The Arizona State Board for Charter Schools (Board) is responsible for providing effective oversight of a charter's academic, financial and operational performance and holding charters accountable for high achievement to ensure all schools in its portfolio are providing a quality learning environment that improves pupil achievement.

The Board's appropriation and staffing levels do not support the Board's current and projected workload. Over the last two years, the Board has increased the number of site visits and documentation reviews conducted for both monitoring and oversight as reflected in the Board's AZIPS. In order to fulfill its statutory obligations and ensure that every charter school in the Board's portfolio is providing a learning environment that improves pupil achievement, is in compliance with the law, and is financially viable, the Board must be able to both sustain its authorizing practices and continue to improve and increase its oversight processes to achieve results. More specifically, the Board's request will support heightened accountability through additional site visits to monitor academic success and operational compliance and to increase interventions to ensure charter financial viability; to do this effectively, the Board will require additional FTE and funding.

BACKGROUND

Current Portfolio of the Arizona State Board for Charter Schools

Currently, the Board oversees nearly 550 charter schools serving over 180,000 students, which is about 30 percent of Arizona's public schools and 17% of Arizona's public school students. About 20% of the Board's portfolio is alternative schools – schools specifically focusing on serving at-risk students.

Arizona's charter sector as a whole is excelling academically. According to results released by the Arizona Department of Education, charter students continue to score higher than the state average in virtually every grade level and subject area on the state's AzMERIT test. Arizona's charter schools serve a majority minority student population and students across all demographics see higher outcomes on AzMERIT when enrolled in charter schools.

Nationally, Arizona charter students had greater scale score gains than any other individual state from 2009 to 2017 on the National Assessment of Educational Progress. The data show that when measured as their own "state", Arizona charter students outpaced the gains realized by their state level peers in all four major tested subjects: fourth grade reading and math, as well as eighth grade reading and math.

Academic Performance Framework

Laws 2012, Ch. 155 required that in implementing its oversight and administrative responsibilities, the Board shall adopt a performance framework that includes "the academic performance expectations of the charter school and the measurement of sufficient progress toward the academic expectations [...]."

In June 2016, the Board adopted improvements to its academic framework which reduced duplicative processes for intervention, clearly defined expectations for demonstrating sufficient progress, focused resources on bottom performers, and revised the academic framework criteria for evaluating a school's academic performance. Successful implementation of the Board's academic framework relies on the

revised criteria, which includes the State A-F accountability determinations and school improvement designations. In April 2018, the Department of Education identified schools for school improvement, assigned letter grades to all traditional public schools in FY 2017, and will assign letter grades for FY 2018. The Board can now calculate ratings for its schools and implement its processes under the academic framework.

Based on the Board's academic framework, the Board closes schools down if the school does not meet the Board's expectations and has not demonstrated sufficient progress and/or received an "F" letter grade. This means that charters that receive an F letter grade or receive a D letter grade three years in a row will be considered by the Board for closure.

Beyond closing low performing schools, the Board supports improved academic achievement by conducting site visits to improve their academic systems and processes. Please see the section below titled *Site Visits* for more information.

Operational Performance Framework

Laws 2012, Ch. 155 required that in implementing its oversight and administrative responsibilities, the Board shall adopt a performance framework that includes "the operational expectations of the charter school, including adherence to all applicable laws and obligations of the charter contract, and intervention and improvement policies."

The Board's operational framework was adopted in October of 2014 and in order for the charter holder to meet the operational performance expectations, it must have an overall rating of "Meets Standard" for the most recent two prior years for which an overall rating was calculated and has no measure that receives a "Falls Far Below Standard" rating in the current year, as represented in its dashboard. By the end of FY 2018, 397 charter holders had three years of data on its dashboard to determine if the performance expectations had been met. If the charter fails to meet the Board's expectations, the Board may impose disciplinary actions on the charter including revoking the charter.

The operational framework utilizes the outcomes of many Board processes to hold charters accountable. If the Board receives a complaint and after additional review Board staff determines the complaint is substantiated due to a violation of the law, then the school's issue of non-compliance is marked on its operational dashboard and the Board may consider possible disciplinary actions. Additionally, annually each charter must undergo an audit by an independent certified public accountant. Through the audit process, the auditor must complete a compliance questionnaire which reviews the charter's compliance with certain laws. Again, issues found would be marked on the charter's operational dashboard and the Board may consider the charter for disciplinary action.

Beyond sanctioning charters for non-compliance, the Board works to improve charter compliance and improve best practices by conducting site visits. Please see the section titled *Site Visits* for more information.

Financial Performance Framework

Laws 2018, Chapter 285 requires charters to meet the financial performance expectations set forth in the financial framework which gave the Board the authority to take action against a charter it sponsors if it does not meet the Board's expectations based on its framework. Statute requires the Board ground its

actions in evidence of a charter holder's performance in accordance with its adopted performance frameworks. The Board therefore must update its current financial framework and adopt rule and policy to which the Board can use for accountability purposes, including closure, intervention, and improvement processes.

The Board has convened its Financial Framework Subcommittee (Subcommittee) and has held several focus group meetings with stakeholders beginning in August 2018 to revise its Financial Performance Framework. The Board's current financial framework addresses the financial health of the charter holder, which is reviewed annually and considered by the Board when determining whether a charter holder should continue to operate charter schools or be allowed to expand its operations.

Within the financial framework, the Subcommittee has discussed and plans to approve additional interventions that the Board will utilize to ensure improved financial performance of the Board's portfolio, to take a deeper look into a charter's financials, and ultimately close a charter, if necessary.

Overall, changes to the Board's financial framework are expected to be finalized during FY 2019 for implementation in FY 2020, giving charters enough time to update their practices and for audits to reflect the decisions made by the Subcommittee.

Site Visits

Before a site visit, staff (a team of two members) reviews documentation beforehand to check a charter's governance structure, operational performance, and orients themselves with the charter's background and educational plan, then at the visit, the Board staff reviews the school's program of instruction through multiple classroom observations. Additionally, in order to ensure charter holders are focusing on meeting the operational performance expectations, academic systems review site visits conducted for schools in their five-year interval of their charter contract and first-year site visits, also review a charter holder's operational performance for certain contractual terms, which include, but is not limited to, instructional staff resumes, fingerprinting requirements, board meeting agendas/minutes, and enrollment/attendance/discipline policies. These visits communicate to the charter holder any operational issues that are not in compliance and require the charter holder to update processes and to submit additional information that is reviewed by Board staff for compliance.

Board staff usually spends about five hours at the school, but in total the review of documentation to prepare for the visit and completing the site visit take approximately 10 hours total.

Currently, the Board conducts site visits of charters and the schools they operate every five years. In the prior fiscal year and upcoming two fiscal years and in accordance with the Board's academic framework, the Board will conduct a total of 199 five-year interval reviews of charters which includes 229 on-site school visits. This requires staff to prepare 229 final reports that may include a corrective action plan for the charter holder based on the identification of non-compliance issues found on the site visit. A corrective action plan is implemented and requires further follow-up when a charter is found to be out of compliance; the charter must implement or improve practices to come into compliance timely.

In FY 2018, of the seventy-six site visits conducted, 58 percent of the charter holders were required to submit a corrective action plan.

Typically, to complete the final report and ensure compliance through the corrective action plan, it takes between 4 and 20 hours; therefore, one charter with a single school site visit on average takes Board staff approximately 15 hours to complete the final report and follow-up on the corrective action plan.

Additionally, the Board may become aware of a situation in which the Board must conduct a targeted site visit to ensure compliance with the law. In these instances, the Board must react quickly and conduct a more detailed review of the charter's processes. These visits require Board staff to quickly review all necessary background information prior to the visit which may include, the charter governance, operational compliance, and researching outstanding issues with other agencies. During the visit, if documentation is reviewed or classrooms are observed, Board staff conducts a comprehensive review based on the issue. For example, if disciplinary action is an issue, Board staff at a minimum would observe the classrooms, review school policies and previous disciplinary action, and talk to staff. At times, targeted visits extend from one to three days. The follow-up process for targeted visits may take up to 40 hours to review and analyze documentation collected from the site visit. When an allegation of non-compliance is confirmed, staff must then ensure the charter timely comes into compliance and all issues are rectified.

In other states, authorizers spend more time conducting site visits. Board staff has researched other authorizers to seek best practices in conducting site visits to effectively ensure charters are in compliance with their contracts, federal and state laws. One example, is the Massachusetts Department of Elementary and Secondary Education (MASS). This authorizer has developed 5 types of visits based on a charter school's status, which range from being a school in its first year of operation, in its 2nd year and 3rd year of operation, charters up for renewal, and visits to schools with issues and concerns outside of the regular monitoring. Most visits take a full day, with the most intensive visit taking close to three days. These visits do include a more detailed review, since MASS staff not only reviews compliance, reviews documentation, and conducts classroom observations, but also meets with school staff, leadership, students, families and school board members.

Charter holders are required to keep their charter contract current and they do so by submitting an amendment request which must be processed by staff based on specific criteria outlined by the Board. It is important each charter contract is up to date, as the Board holds its charters accountable to their charter contract and disciplinary action is taken if the contract is violated or is not current. The same staff conducting the visits will process the majority of the requested and required charter amendments.

Currently, each amendment processed requires a compliance check per the Board's Conducting Compliance Checks procedure. During the compliance check, additional operational issues may be identified which require additional amendment requests to be submitted. As staff identifies issues through monitoring and site visits, staff anticipates processing an average of 1,560 amendment requests in each of the next three fiscal years, for a total of 4,680 amendment requests in three years.

Current Staffing of the Arizona State Board for Charter Schools

Please see, Appendix A: *Current Organizational Chart*.

Current staffing of the Board primarily focuses on:

- Granting charter status to qualifying applicants for charter schools,
 - Manage the new charter application process to ensure quality application reviews
 - Conduct trainings for application reviews

- Exercising oversight and administrative responsibility over the charters and charter schools it sponsors,
 - Conduct 1st year site visits
 - Process amendments submitted by charter holders
 - Review the annual audits conducted by independent certified public accountants and follow-up with charters in accordance with the operational framework
 - Review the financial health of charter holders using the Board’s financial framework
- Reviewing the charter at five-year intervals using the Board’s academic, operational, and financial performance frameworks,
 - Conduct site visits
- Revoking the charter if the charter school fails to meet the provisions of A.R.S. §15-183(l)(3), and
- Considering the renewal of existing charters prior to their expiration.
 - Process the renewal application
 - Evaluate any required information

Arizona’s Authorizing Staff in Comparison to Other States

The Board, an independent chartering board, is the largest charter school authorizer in Arizona with one of the largest number of charters in the country.

The Board currently oversees nearly 550 charter schools with 12 FTEs. According to a survey conducted by the National Association of Charter School Authorizers (NACSA), “In 2014-2015, large authorizers reported having 1 FTE for every 10.59 schools they oversaw.” In comparison, the Board has 1 FTE for every 45.58 schools.

Furthermore, NACSA’s presentation on the “State of Charter Authorizing 2016” compares the average number of schools per full-time employee by the type of authorizing agency:

Type	2015-2016
Higher Education Institution	3.56
Independent Chartering Board	10.43
School District	7.75
Non-Educational Government Entity	5.41
Nonprofit Organization	3.83
State Education Agency	25.23

If the Board’s budget request is approved, allowing for 20 FTE to oversee 550 charter schools, the Board’s ratio would be 27.5, more than double the ratio of other Independent Chartering Boards and this does not account for future growth in the number of charters overseen by the Board.

PROPOSAL

The Board has a responsibility to ensure charters are improving academic achievement and providing quality instruction to the students they serve, are in compliance with the law, and are financially healthy. In order to guarantee further improvement of charter performance, additional Board FTEs are needed to conduct on-site monitoring visits every 2 to 3 years, focusing on ensuring academic achievement and

operational compliance with the law, and to support financial interventions under the financial framework. The table below demonstrates the increase in the number of on-site monitoring visits for fiscal years 2020 and 2021.

Workload for On-Site Monitoring Visits of Charters

	Actual FY 2018	Actual FY 2019	Anticipated FY 2020	Anticipated FY 2021
First year visits	16	11	15	15
2 nd year visits	N/A	N/A	11	15
5 th year interval review	58	35	60	45
7 th year visits	N/A	N/A	54	45
10 th year interval review	10	15	21	15
12 th year visits	N/A	N/A	17	15
15 th year interval review	5	3	11	10
TOTAL	89	64	189	160

Please note, that the total site visits included in the table only include the number of visits based on the charter contract level. Some charters operate multiple schools; therefore, the total number of visits will be higher because each school under the charter contract will be visited.

Furthermore, the additional staff will allow the Board to react more quickly to address issues and utilize a more robust intervention process through targeted site visits to ensure continued compliance. The Board plans to conduct the majority of the site visits by the end of December to provide the schools information regarding their compliance with the charter contract and their academic systems. Completing the visits before the end of the first semester allows the charter schools to improve their systems or address compliance issues well before the end of the school year. Currently, the site visits are conducted beginning in September through mid-March.

The additional staff would also be focused on monitoring the improvement efforts of the poor performing schools, providing individualized technical assistance, delivering informational workshops on the Board's processes, and increasing communication to all charters within the Board's portfolio.

- Resources for four additional Education Program Managers to support the academic and operational frameworks.
 - Four additional Education Program Managers (EPMs) with experience in curriculum, assessment, and data analysis. The EPMs will conduct site visits of schools and charters in their 1st year of operation, every 2 to 3 years and at 5-year intervals, review the academic and operational performance of existing charters in accordance with the Board's academic and operational frameworks, investigate complaints and conduct targeted site visits, collect and prepare amendments and materials and reports for Board consideration. The additional staff would also be focused on monitoring the improvement efforts of the poor performing schools, providing individualized technical assistance,

delivering informational workshops on the Board's policies and processes, and increasing communication to all charters within the Board's portfolio.

- Resources to support the additional responsibilities associated with closing a charter school based on the academic and/or operational frameworks.

Note: One FTE allocated as an EPM is currently part of the Board's 14 FTE, but funding for FY 2019 is only available for 12 FTE. Additionally, 3 FTE are being requested to support implementation of the academic and operational frameworks.

As the Board works to develop heightened accountability measures to ensure charters are financially healthy, the Board will need additional staff to implement the necessary processes to hold the charters accountable and to improve their financial status or ultimately close a charter. The Subcommittee has already determined that it is imperative to identify charters that require interventions from Board staff. The interventions at the least will include additional review of a charter's financial documentation and working with the charter to support improved financial status or to address issues identified. Additionally, Board staff will have to implement closure processes for certain schools.

- Resources for four additional employees to support the financial and operational frameworks.
 - One Audit Program Manager with experience in compliance monitoring and auditing. The Audit Program Manager will review the annual audit packages in accordance with Board policy and administrative rule, determine the charter holders' financial performance, assign and review corrective action plans and documents in accordance with the Board's financial and operational frameworks, investigate complaints and conduct targeted site visits, collect and prepare materials and reports for Board consideration, and prepare exhibits and serve as an expert witness in legal proceedings.
 - Three additional Financial Program Managers (FPMs) with experience in financial monitoring and analysis. The FPMs will review financial documents and fiscal information, review the financial performance of existing charters in accordance with the Board's financial framework, conduct in-depth analysis, assign interventions and review outcomes in accordance with the Board's financial framework, investigate complaints and conduct targeted site visits, collect and prepare materials and reports for Board consideration, and prepare exhibits and serve as an expert witness in legal proceedings.
 - Resources to support the additional responsibilities related to closing poor performing charter schools based on the financial and/or operational frameworks.

Note: One FTE allocated as a FPM is currently part of the Board's 14 FTE, but funding for FY 2019 is only available for 12 FTE. Additionally, 3 FTE are being requested to support implementation of the financial and operational frameworks.

Please see Appendix B: *Proposed Staffing Chart*

Resource Assumptions

	FY2020 Estimate	FY2021 Estimate	FY2022 Estimate
Full-Time Equivalent Positions	20.0	20.0	20.0
General Fund¹	1,831.5	1,831.5	1,831.5
Other Appropriated Funds	0.0	0.0	0.0
Non-Appropriated Funds	68.5	68.5	68.5

Impact of not funding this fiscal year:

If this funding request is not approved, the Board would be limited in its academic, operational, and financial monitoring and oversight of its charters. The work that the Board has propelled in these past two years to conduct interval reviews of a charter school would be limited to only five-year interval reviews rather than visiting a charter school every two to three years. Furthermore, with the future adoption of the financial framework in FY 2019, the Board would not have any resources available to implement its financial framework in FY 2020 and provide the necessary interventions to ensure charters within its portfolio are financially healthy and viable.

Statutory reference:

A.R.S. §§ 15-181, 183, 241

Classifications of New Positions:

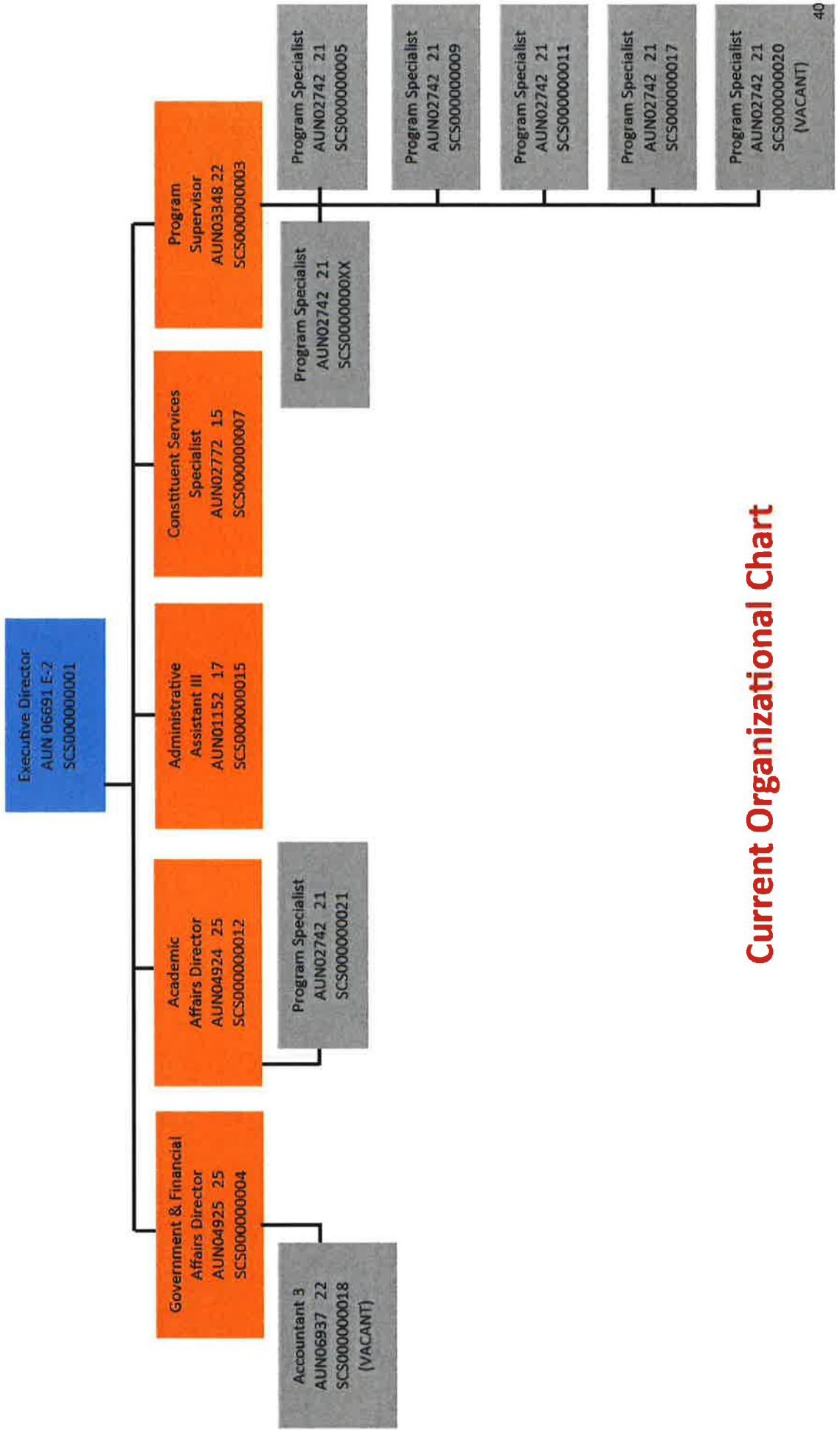
- Positions:
- Education Program Manager – Grade 21 - \$50,000
- Financial Program Manager – Grade 21 - \$50,000
- Audit Program Manager – Grade 22 - \$65,000

¹ General appropriations for FY19 totaled \$1,200.6, an estimate of \$1,831.5 in FY20 includes 2 FTE which are currently part of the Board’s 14 FTE, but funding is only available for 12 FTE.

Expenditure Categories	Estimated Cost	Total	Assumptions
Education Program Manager	50.0	200.0	Total reflects hiring 4 EPMs at the current salary
Financial Program Manager	50.0	150.0	Total reflects hiring 3 FPMs at the current salary of the EPM because the quality of review and level of experience is similar to the qualifications of an EPM
Audit Program Manager	65.0	65.0	Total reflects hiring one Audit Program Manager
Employee Related Expenses	.2138% Marginal ERE Rate; Health/Dental/Life Per FTE	175.9	EREs for 8 employees at \$6,000 each
Equipment	5.0	40.0	Total includes computers, software, monthly cost for email, shared drive accounts, professional development, and resources.
Subtotal		630.9	

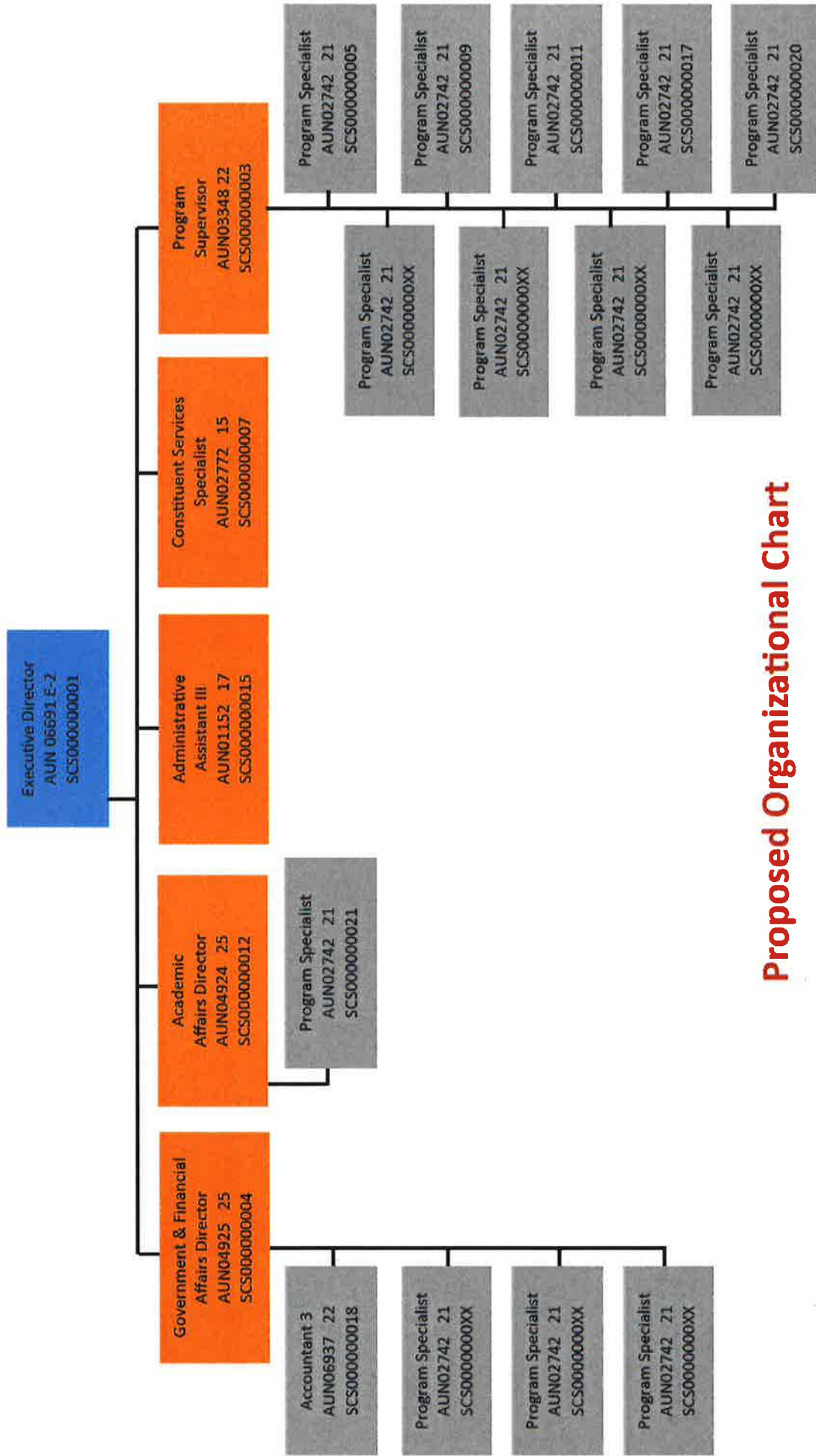
FY19 General Fund		1,200.6	
FY20 Budget Request Total		1,831.5	Total amount includes the FY19 General Fund and Subtotal for 20 FTE.

Appendix A
Current Organizational Chart



Current Organizational Chart

Appendix B
Proposed Organizational Chart



Proposed Organizational Chart

Agency 5-Year Plan

Issue 1 Provide effective oversight of a charter's academic performance and hold charters accountable for high achievement to ensure all schools in its portfolio are providing a quality learning environment that improves pupil achievement.

Description: Laws 2012, Ch. 155 required that in implementing its oversight and administrative responsibilities, the Charter Board ("Board") shall adopt a performance framework that includes "the academic performance expectations of the charter school and the measurement of sufficient progress toward the academic expectations, the operational expectations of the charter school, including adherence to all applicable laws and obligations of the charter contract, and intervention and improvement policies."

Successful implementation of the Board's academic framework relies on the State A-F accountability determinations and school improvement designations. The Department of Education has identified schools for school improvement, has assigned letter grades to all traditional public schools in FY 2017, and will assign letter grades in FY 2018. The Board can now calculate ratings for its schools under its academic framework and provide monitoring and oversight for charters that do not meet the academic performance expectations.

Statute requires the Board ground its actions in evidence of a charter holder's performance in accordance with its adopted performance frameworks.

Solutions:

Resources for four additional FTE and related operating costs to support implementation of the Board's academic framework.
 Note: Additional four FTE are being requested to support implementation of both the academic and operational frameworks.

Resources for the additional responsibilities related to closing poor performing charter schools.

Issue 2 Provide effective oversight of a charter's operational performance and communicate to the charters and public the Board's compliance-related expectations that a charter is required to meet through state and federal law, the charter contract, and administrative rule.

Description: Laws 2012, Ch. 155 required that in implementing its oversight and administrative responsibilities, the Board shall adopt a performance framework that includes "the operational expectations of the charter school, including adherence to all applicable laws and obligations of the charter contract, and intervention and improvement policies."

The Board's Operational Performance Framework was adopted in October of 2014 and in order for the charter holder to meet the operational performance expectations, it must have an overall rating of "Meets Standard" for the most recent two prior years for which an overall rating was calculated and has no measure that receives a "Falls Far Below Standard" rating in the current year, as represented in its dashboard. By the end of FY 2018, 397 charter holders had three years of data on its dashboard to determine if the performance expectations had been met.

Statute requires the Board ground its actions in evidence of a charter holder's performance in accordance with its adopted performance frameworks.

Solutions:

Resources for four additional FTE and related operating costs to support implementation of the Board's operational framework.
 Note: Additional four FTE are being requested to support implementation of both the academic and operational frameworks.

Resources for the additional responsibilities related to closing poor performing charters.

Issue 3 Provide effective oversight of a charter's financial performance and communicate the Board's expectations for ensuring that all charter holders are viable organizations with strong fiscal management practices.

Description: During the 53rd Second Regular Legislative Session, the budget was passed with language requiring charters to meet the financial performance expectations set forth in the performance framework. House Bill 2263 amends A.R.S. §15-183 (2018) and gives the Board the authority to take action against a charter it sponsors based on its Financial Performance Framework. The Board therefore must update its current financial framework and adopt rule and policy to which the Board can use for accountability purposes, including intervention and improvement policies.

Senate Bill 1055 amends A.R.S. §§ 15-182 (E)(1) (2018) and 41-1005 (G) (2018) to allow the Board to adopt rules and policies for itself and the schools it sponsors. SB1055 was signed by the Governor on February 13, 2018 and became effective August 3, 2018.

Solutions:

Resources for four additional FTE and related operating costs to support implementation of the Board's financial framework.

Resources for the additional responsibilities related to closing poor performing charter schools.

The Board has convened its Financial Performance Framework Subcommittee and held several focus group meetings with stakeholders beginning in August 2018 to revise its financial performance framework to address House Bill 2263.

The Board has created a position that supports the creation, development, revision, and communication of policies and rules to ensure they are updated and made available to the public in an on-going basis.

Resource Assumptions:

	FY2020 Estimate	FY2021 Estimate	FY2022 Estimate
Full-Time Equivalent Positions	20.0	20.0	20.0
General Fund	1,831.5	1,831.5	1,831.5
Other Appropriated Funds	0.0	0.0	0.0
Non-Appropriated Funds	68.5	68.5	68.5

2018 - 2020 ARIZONA MASTER LIST OF STATE GOVERNMENT PROGRAMS

CSA 0.0

Agency Summary

STATE BOARD FOR CHARTER SCHOOLS

Ashley Berg, Executive Director
 Board for Charter Schools (602) 364-3091
 A.R.S. § 15-181 to § 15-189
 Plan Contact: Bianca Ulibarri, Office Manager
 Board for Charter Schools (602) 364-3078

Mission:

To improve public education in Arizona by sponsoring charter schools that provide quality educational choices.

Description:

The Arizona State Board for Charter Schools sponsors and regulates charter schools. The Board oversees the academic and operational compliance of charter holders and reviews the fiscal viability of the schools. The Board also continuously reviews applications for new and replication charter schools as well as renewal applications for existing schools.

- ◆ **Goal 1** To increase the quality of the Board's portfolio of charter schools by monitoring academic performance and fiscal and contractual compliance to ensure the continuation of schools that meet contractual obligations.

- Objective:**
 - FY2018: By 12/31/17 codify the Board's performance frameworks and increase the percentage of charter schools that meet the Board's performance expectations as set forth in the performance frameworks.
 - FY2019: By 12/31/18 revise the Board's financial performance framework to reflect changes to legislation, continue implementation of the Board's current performance frameworks and increase the percentage of charter schools that meet the Board's performance expectations as set forth in the performance frameworks.
 - FY2020: By 12/31/19 codify the Board's financial performance framework, implement the Board's performance frameworks and increase the percentage of charter schools that meet the Board's performance expectations as set forth in the performance frameworks.

Performance Measures	FY 2018 Actual	FY 2019 Estimate	FY 2020 Estimate
Number of Board sponsored charters with one or more sites in operation	424	418	445
Number of Board sponsored charter school sites in operation	539	540	563
Number of annual on-site monitoring visits	92	65	114
Explanation:	Reflects first-year, interval review and renewal site visits only. Visits are conducted at the school level.		
Number of targeted on-site monitoring visits.	10	30	30
Explanation:	Separating annual from targeted compliance-related on-site monitoring visits.		
Number of contract amendments processed annually not related to expansion.	1155	1500	1500
Explanation:	Separating expansion from non-expansion requests processed.		
Number of contract amendments processed annually for expansion.	84	60	60
Explanation:	For FY18 and beyond expansions include: AOI, grade level change, new school, increase cap, transfer application, charter holder status - change in ownership.		
Number of charter holder annual audits reviewed.	415	411	411
Number of corrective action plans mandated based on fiscal or contractual noncompliance.	119	161	97
Explanation:	Any non-compliance matter requiring further action by charter holder and the Board.		
Number of corrective action matters prepared for Board consideration.	27	30	30
Number of disciplinary actions that resulted in withholding of funds.	9	9	9
Number of Notices of Intent to Revoke Charter issued.	3	2	2
Explanation:	Revocation proceedings cross fiscal years, but are only reported once.		
Number of charter contracts voluntarily surrendered.	6	10	8
Number of charter contracts surrendered under duress.	0	3	8
Number of F rated schools evaluated.	8	7	19
Explanation:	Pursuant to requirements of SB 1430 codified as ARS §15-241 (2016, 52nd Legislature Second Regular session), the Department of Education will assign letter grades to each public school in FY 2017 and beyond. The letter grades reviewed are from a year lagging.		
Number of Consent/Settlement Agreements entered.	8	11	19
Number of charter contracts revoked.	3	2	2
Number of charter schools closed.	16	10	10
Explanation:	Includes surrendered and revoked charters, non-renewals, and other school closures.		
Number of student record requests processed.	402	500	500
Number of five-year interval reviews completed.	68	50	81
Explanation:	Each interval review is conducted at the charter holder level and includes an annual on-site monitoring visit for each school operated by the charter holder.		
Number of First-Year reviews completed	16	11	15
Explanation:	New measure in FY18. A review of the charter holder and school in its first year of operation is reviewed prior to the on-site monitoring visit.		
Number of annual complaints regarding sponsored schools	90	300	300
Explanation:	Complaints are reviewed for contractual compliance and processed accordingly.		
D rated schools evaluated by staff	19	20	35
Explanation:	New measure in FY18. Pursuant to requirements of SB 1430 codified as ARS §15-241 (2016, 52nd Legislature Second Regular session), the Department of Education will assign letter grades to each public school in FY 2017 and beyond. The letter grades reviewed are from a year lagging		

2018 - 2020 ARIZONA MASTER LIST OF STATE GOVERNMENT PROGRAMS

◆ **Goal 2** To approve quality applications and grant charters to qualified applicants.

Objective: 1 FY2018: By 12/31/17 increase the academic and operational quality of new charter holders.

FY2019: By 12/31/18 increase the academic and operational quality of new charter holders.

FY2020: By 12/31/19 increase the academic, financial and operational quality of new charter holders.

Performance Measures	FY 2018 Actual	FY 2019 Estimate	FY 2020 Estimate
Number of new application packages reviewed by staff for administrative completeness.	16	11	11
Number of new application packages considered by the Board.	6	8	8
Number of new application packages approved by the Board.	5	6	6

Objective: 2 FY2018: By 12/31/17 increase the number of replicated charters.

FY2019: By 12/31/18 revise the Board's eligibility criteria to reflect changes in state assessment and accountability, and increase the number of replicated charters.

FY2020: By 12/31/19: increase the number of replicated charters.

Performance Measures	FY 2018 Actual	FY 2019 Estimate	FY 2020 Estimate
Number of eligibility forms to replicate received.	15	15	15
Number of replication application packages processed.	12	12	12
Number of replication application packages approved by the Board.	11	7	6

Objective: 3 FY2018: By 12/31/17 increase the academic and operational quality of renewed charters.

FY2019: By 12/31/18 increase the academic and operational quality of renewed charters.

FY2020: By 12/31/19 increase the academic, financial and operational quality of renewed charters.

Performance Measures	FY 2018 Actual	FY 2019 Estimate	FY 2020 Estimate
Number of renewal applications prepared.	5	3	11
Explanation: Determination of application criteria based upon previous performance.			
Number of renewal applications processed that do not meet the Performance Framework Expectations.	0	1	2
Number of renewal application packages approved by the Board.	5	3	11
Explanation: Modified measure in FY18 as the Board no longer grants renewal charters with conditions.			
Number of hearings for denied renewal applicants that file an appeal.	0	0	0