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**AGENDA ITEM: Replication Application – Ball Charter Schools (Hearn)**

**Ball Charter Schools (Hearn)  
Ball Charter Schools (Westside)  
Replication Application Summary Report**

Ball Charter Schools (Hearn) (BCSH) submitted a complete replication application for the 2013-2014 replication cycle. The corporate entity seeks a charter to replicate Ball Charter Schools (Hearn). The new contract will be held by Ball Charter Schools (Westside), and the proposed new charter school will be named Ball Charter Schools (Westside) and will serve Kindergarten through 8<sup>th</sup> grade students in Phoenix, AZ, with a target start date of August 1, 2013.

BCSH is an Arizona non-profit corporation that was incorporated on January 27, 1997. The charter for BCSH was approved in 1997 by the State Board for Education, transferred to the ASBCS in 2004, and renewed on March 14, 2011. BCSH currently holds one charter, which operates one school site: Ball Charter Schools (Hearn) (K-8), in Phoenix, AZ. BCSH has two associated schools: Ball Charter Schools (Dobson) (K-8) in Chandler and Ball Charter Schools (Val Vista) (K-5) in Gilbert.

BCSH and all associated schools met the Board’s Academic Performance Expectations to be eligible to apply for a replication charter.

**Background:**

Ball Charter School (Westside) (BCSW) was granted a replication charter based on Ball Charter School (Dobson) on November 27, 2007. BCSW was granted several opportunities to sign their contract but due to difficulties in securing a suitable facility the charter contract expired unexecuted on August 1, 2012. The replication application identified a target area bounded by Dysart Rd. on the west, 43rd Ave. on the east, Olive/Dunlap on the north, and Lower Buckeye Rd. on the south.

The current replication application for BCSW being considered by the Board is based on Ball Charter Schools (Hearn). The target area identified in the current replication application is bounded by 99th Ave. on the west, I-17 on the east, Carefree Highway on the north, and Deer Valley Rd. on the south.

**Replication Model - Ball Charter Schools (Hearn)**

**Academics:**

BCSH has experienced the following success as measured by state and federal academic accountability systems:

Fiscal Year	Grades Served	AZ LEARNS	AMO/AYP
2012	K-8	A	Met
2011	K-8	Highly Performing/A	Met
2010	K-8	Performing Plus	Met

According to the narrative, BCSH uses differentiated grouping driven by regular data analysis to review each student’s development and progress. BCSH is a targeted Title I school and provides Tier II and Tier III services to those students who demonstrate academic deficiency in either reading or math. The curriculum utilizes the McGraw/Hill Language Arts program and hands-on math manipulatives as well as higher order thinking skills to develop mathematical competency. Teachers follow Hunter’s Essential Elements of Instruction in lesson planning and implementation of the curriculum.

The graphic below shows the academic performance of BCSH and Ball Charter Schools (Dobson) using the Academic Performance Framework. Both schools have met the Academic Performance Expectations. Ball Charter Schools (Val Vista) is in its first year of operation, and has not generated performance data:

**Academic Performance Rating FY 2012**

Charter Holder: Ball Charter Schools (Hearn)  
Entity ID 4294

Charter School: Ball Charter Schools (Hearn)  
Entity ID 10730, Grades K-8

1. Growth

Traditional Elementary		1a. SGP		1b. SGP Bottom 25%	
School	School Year	Math	Read	Math	Read
Ball Charter Schools (Hearn)	2011-2012	62	52	70	60
<b>Points Assigned</b>		75	75	100	75
<b>Weight</b>		12.5	12.5	12.5	12.5

2. Proficiency

Traditional 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
Ball Charter Schools (Hearn)	2011-2012	81	93	15.2	13.6	29	36	75	86	46	81
<b>Points Assigned</b>		75	75	100	75	50	50	75	75	75	100
<b>Weight</b>		7.5	7.5	7.5	7.5	2.5	2.5	2.5	2.5	2.5	2.5

3. State Accountability & Overall Rating

Traditional Elementary		3a. State Accountability	Overall Rating
School	School Year	Grade	
Ball Charter Schools (Hearn)	2011-2012	100	80,625
<b>Points Assigned</b>		100	
<b>Weight</b>		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>

**Academic Performance Rating FY 2012**

Charter Holder: Ball Charter Schools (Dobson)  
Entity ID 79204

Charter School: Ball Charter Schools (Dobson)  
Entity ID 10729, Grades K-8

1. Growth

Traditional Elementary		1a. SGP		1b. SGP Bottom 25%	
School	School Year	Math	Read	Math	Read
Ball Charter Schools (Dobson)	2011-2012	62	54	60.5	51
<b>Points Assigned</b>		75	75	75	75
<b>Weight</b>		12.5	12.5	12.5	12.5

2. Proficiency

Traditional 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
Ball Charter Schools (Dobson)	2011-2012	81	91	12.8	9.4	NR	NR	70	88	33	44
<b>Points Assigned</b>		75	75	75	75	0	0	75	75	75	75
<b>Weight</b>		7.5	7.5	7.5	7.5	0	0	3.75	3.75	3.75	3.75

3. State Accountability & Overall Rating

Traditional Elementary		3a. State Accountability	Overall Rating
School	School Year	Grade	
Ball Charter Schools (Dobson)	2011-2012	100	76.25
<b>Points Assigned</b>		100	
<b>Weight</b>		5	100

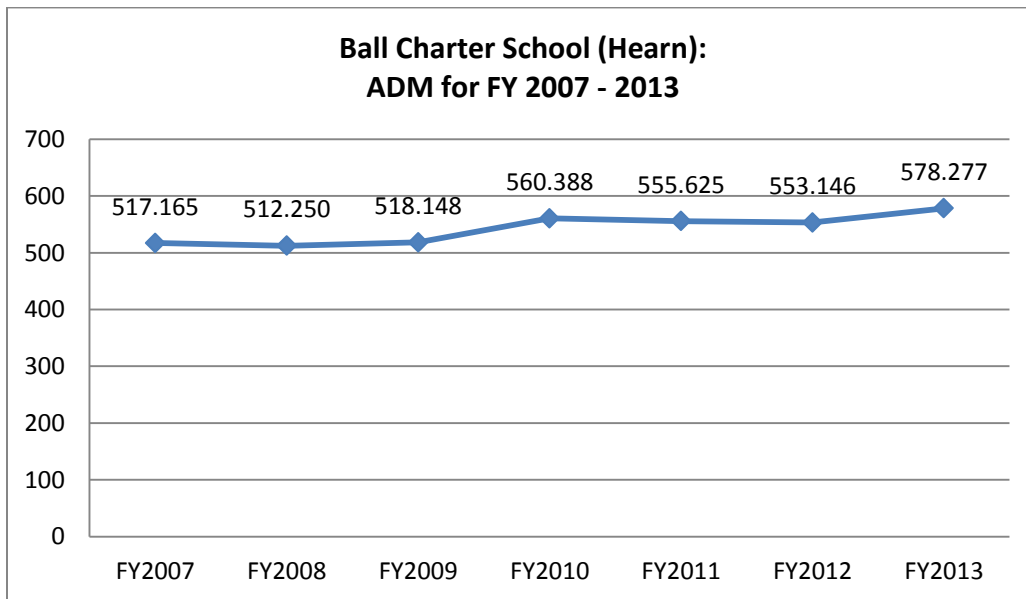
Overall Rating	Point Range
Exceeds Standard	> or = to 89
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3/7/2013

**Academic Choice:**

- A. Enrollment:** BCSH has experienced increasing enrollment. The table below summarizes enrollment in the last seven years, based on ADE 100th day ADM. The enrollment cap has been 595 since 7/1/2005.



**B. Retention Rate:** According to the narrative, BCSH had the following retention rates:

- FY2010 – 88% retention
- FY2011 – 87% retention
- FY2012 – 88% retention

**C. Enrollment Practices:** The narrative states that Hearn Academy accepts all students who submit a timely application. Enrollment consideration is given to students returning to the school, siblings of current students, and children of employees.

### **Replication School – Ball Charter Schools (Westside) (BCSW)**

**School Mission Statement:** Taken from ASBCS Online

Ball Charter Schools provide a high quality education that emphasizes core academic excellence delivered in a nurturing partnership, where parents, students, and staff work together to form a successful educational program.

### **Market Analysis:**

BCSW will target the area between I-17 to the east, 99th Avenue to the west, Carefree Highway to the north, and Deer Valley Road to the south. The narrative describes the population of Fletcher Heights Marketplace, a housing area in this target area, is estimated to exceed 210,000 by 2016, with a growth rate of 3.1% annually. According to the narrative, a Survey Monkey survey on the Ball Charter Schools website indicated that 79% of respondents would want to attend a new Ball Charter School if one opened up.

**Governance Structure:**

The BCSH governing board will be the governing board of BCSW.

	Ball Charter Schools (Hearn)	Ball Charter Schools (Westside)
<b>Instructional Program</b>		
Grade Levels	K-8	K-8
Special Emphasis	Differentiated grouping, Tier II and Tier III services	Differentiated grouping, Tier II and Tier III services
Methodology	<ul style="list-style-type: none"> <li>Regular data analysis.</li> <li>Ability grouping with frequent reassessment and reassignment.</li> </ul>	<ul style="list-style-type: none"> <li>Regular data analysis.</li> <li>Ability grouping with frequent reassessment and reassignment.</li> </ul>
<b>Demographics</b>		
Location	17606 North 7th Avenue Phoenix, AZ 85023	Northwest Phoenix
Enrollment	530	250 in Year 3
<b>Organizational Structure</b>		
Charter Representative(s)	Michael Larrabee Charles (Mike) Dyer Michael Hoogstra Arlene Palm Theresa Clements	Michael Larrabee
Corporate Principals	Michael Larrabee Charles (Mike) Dyer Michael Hoogstra Theresa Clements Amy Gurtler Marcus Harrison Mary Miller Diane Fernichio Sarah Watts Melissa Flint	Michael Larrabee Charles (Mike) Dyer Michael Hoogstra Theresa Clements Amy Gurtler Marcus Harrison Mary Miller Diane Fernichio Sarah Watts Melissa Flint
Governing Board	Michael Larrabee Charles (Mike) Dyer Michael Hoogstra Theresa Clements Amy Gurtler Marcus Harrison Mary Miller Diane Fernichio Sarah Watts Melissa Flint	Michael Larrabee Charles (Mike) Dyer Michael Hoogstra Theresa Clements Amy Gurtler Marcus Harrison Mary Miller Diane Fernichio Sarah Watts Melissa Flint

**Financial Performance – Fiscal Year 2012**

Board staff has evaluated the financial performance of Ball Charter Schools (Hearn) using the Board’s Financial Performance Framework and the fiscal year 2012 audit reporting package. The charter

holder did not meet the Board’s financial performance expectations. The following table includes the charter holder’s financial data and financial performance for the last three completed fiscal years.

### Ball Charter Schools (Hearn)

Financial Data				
	2012	2011	2010	2009
<b>Statement of Financial Position</b>				
Cash	\$1,935,407	\$2,861,133	\$3,104,017	\$2,546,446
Unrestricted Cash	\$1,112,109	\$2,073,707	\$2,337,340	
Total Assets	\$6,340,816	\$7,201,343	\$7,373,233	
Total Liabilities	\$3,973,228	\$4,153,663	\$4,325,610	
Current Portion of Long-Term Debt & Capital Leases	\$102,803	\$97,950	\$92,950	
Net Assets	\$2,367,588	\$3,047,680	\$3,047,613	
<b>Statement of Activities</b>				
Revenue	\$3,826,927	\$3,870,204	\$4,186,250	
Expenses	\$4,507,019	\$3,870,137	\$3,625,238	
Net Income	(\$680,092)	\$67	\$561,012	
Change in Net Assets	(\$680,092)	\$67	\$561,012	
<b>Financial Statements or Notes</b>				
Depreciation & Amortization Expense	\$214,560	\$205,555	\$216,016	
Interest Expense	\$240,503	\$293,472	\$245,207	
Lease Expense	\$5,622	\$5,622	\$5,835	
<b>Financial Performance</b>				
	2012	2011	2010	3-yr Cumulative
<b>Near-Term Indicators</b>				
Going Concern	No	No	No	N/A
Unrestricted Days Cash	90.06	195.58	235.33	N/A
Default	No	No	No	N/A
<b>Sustainability Indicators</b>				
Total Liabilities to Equity Ratio	1.68	1.36	1.42	N/A
Net Income	(\$680,092)	\$67	\$561,012	N/A
Cash Flow	(\$925,726)	(\$242,884)	\$557,571	(\$611,039)
Fixed Charge Coverage Ratio	(0.63)	1.27	2.99	N/A

The charter holder was required to submit additional information regarding the charter holder’s financial situation. The required submissions are included below. The charter holder’s submission addressed those measures where the charter holder received a “Does Not Meet Standard” or “Falls Far Below Standard” rating in fiscal year 2012.

To address the requirements for additional information, the applicant submitted the following statements:

Net Income – (\$680,092) We funded ½ of the cost to purchase the land for our sister charter Val Vista at a cost of \$688,484. Without this reduction to our cash reserves, we would have had a positive cash position of \$8,392 for the year. The net loss was from non-recurring events that will not occur in future periods.

Fixed Charge Coverage Ratio – (.63) The charter holder has sufficient cash to augment cash flow to fund fixed charges for the foreseeable future. The charter holder's income is expected to improve which will result in "Meets" for the Fixed Charge Coverage Ratio in the next fiscal year.

Cash Flow – (\$611,039) The charter holder has sufficient cash to fund deficiencies for the foreseeable future. The charter holder has increased revenue or reduced expenses that will result in positive cash flow in the next fiscal year.

**Board Options:**

Option 1: The Board may approve the replication application package. Staff recommends the following language for consideration: I move, based on the information contained in the Board materials and presented today, that the Board approve the replication application and grant the replication charter to Ball Charter Schools (Hearn) to establish Ball Charter Schools (Westside) charter school to serve grades K-8.

Option 2: The Board may deny the replication application. The following language is provided for consideration: I move, based on the information contained in the Board materials and presented today, that the Board deny the request for the replication charter of Ball Charter Schools (Hearn) to establish a charter school for the reason:

- (list the specific reasons the Board may have found during its consideration).