New World Educational Center - Entity ID 78882
School: New World Educational Center

Renewal Executive Summary

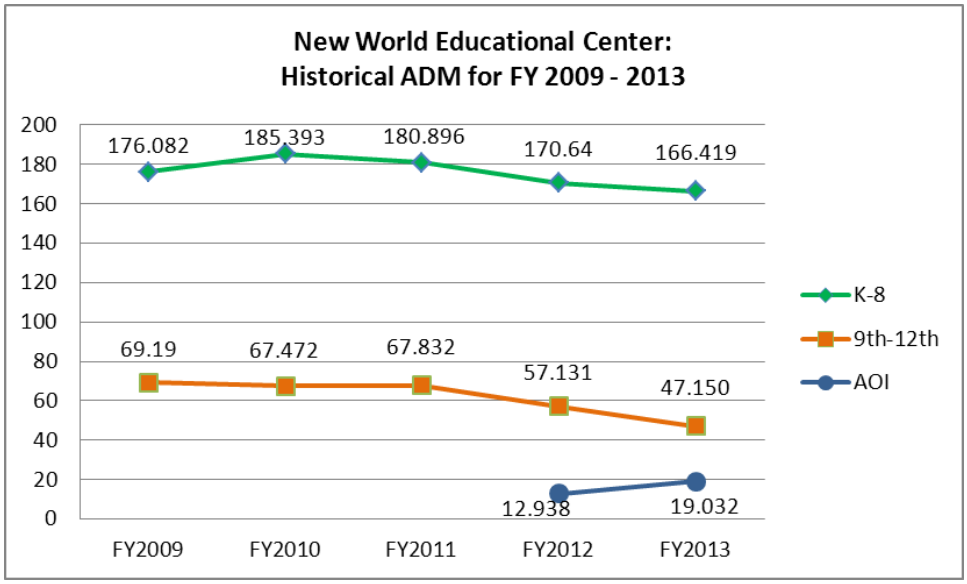
Performance Summary

New World Educational Center did not meet the academic performance expectations of the Board as set forth in the Performance Framework and was required to submit a Demonstration of Sufficient Progress. The charter holder was unable to demonstrate the school is making sufficient progress toward the Board's expectations through the submission of the required information or evidence reviewed during an on-site visit. The charter holder was required to submit the Financial Sustainability portion of the Detailed Business Plan Section of the renewal application. The charter holder's submission addressed those measures where the charter holder received a "Does Not Meet Standard" rating for fiscal year 2012. The charter holder did have compliance matters, including action taken by the Board in May 2010. The charter holder's organizational membership on file with the Board was not consistent with the information on file with the Arizona Corporation Commission and the charter holder was required to submit the Organizational Membership portion of the Detailed Business Plan Section of the renewal application. The renewal application package submitted by the charter holder provides evidence of organizational membership alignment as required in the application. A review of meeting minutes submitted as part of the renewal application's financial sustainability submission identified possible areas where the charter holder may not have fully complied with Open Meeting Law requirements related to executive sessions. In its response, the charter holder stated that it inadvertently violated provisions of the Open Meeting Law relating to executive sessions and provided the steps it has and will be taking to ensure future compliance.

Profile

New World Educational Center operates 2 schools: New World Educational Center serving grades K-12 in Phoenix and New World Educational Center (AOI) serving grades 9-12. New World Educational Center (AOI), which opened in August 2011, will close on June 23, 2013. In April, a Program of Instruction Amendment Request was submitted by the charter holder. The amendment request is being considered in conjunction with the renewal application (presented in the charter holder's renewal portfolio: b. Amendment Staff Report).

The graph below shows the charter holder's actual 100th day average daily membership (ADM) for fiscal years 2009-2012. The graph provides the ADM for New World Educational Center for grades K-8 and 9-12, and the New World Educational Center AOI school site.



Dashboard representations of New World Educational Center's academic outcomes, based upon the indicators and measures adopted by the Board, are provided below.

Academic Performance Rating FY 2012

Charter Holder: New World Educational Center
Entity ID 78882

Charter School: New World Educational Center
Entity ID 78883, Grades K-12

1. Growth

Traditional K-12		1a. SGP		1b. SGP Bottom 25%	
School	**School Year**	**Math**	**Read**	**Math**	**Read**
New World Educational Center	2011-2012	39.5	43	47	47
Points Assigned		**50**	**50**	**50**	**50**
Weight		**10**	**10**	**10**	**10**

2. Proficiency

Traditional K-12		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**
New World Educational Center	2011-2012	**42**/62	**70**/78	-15.2	-4.2	**25**/44	**53**/58	**42**/52	**67**/71	**19**/20	**41**/37
Points Assigned		**50**	**50**	**25**	**50**	**50**	**50**	**50**	**50**	**50**	**75**
Weight		**7.5**	**7.5**	**5**	**5**	**2.5**	**2.5**	**2.5**	**2.5**	**2.5**	**2.5**

3. State Accountability & Overall Rating

Traditional K-12		3a. State Accountability	4a. Graduation Rate	Overall Rating
School	**School Year**	**Grade**	**GradRate**	
New World Educational Center	2011-2012	50	55	45.625
Points Assigned		**50**	**25**	
Weight		**5**	**15**	**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

5/22/2013

Academic Performance Rating FY 2012

Charter Holder: New World Educational Center
Entity ID 78882

Charter School: New World Educational Center (AOI)
Entity ID 91154, Grades 9-12

1. Growth

Small High School		1a. SGP		1b. SGP Bottom 25%	
School	**School Year**	**Math**	**Read**	**Math**	**Read**
New World Educational Center AOI	2011-2012	NR	NR	NR	NR
Points Assigned					
Weight					

2. Proficiency

Small High School		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**
New World Educational Center AOI	2011-2012	NR	NR	NR	NR	NR	NR	NR	NR	NR	NR
Points Assigned											
Weight											

3. State Accountability & Overall Rating

Small High School		3a. State Accountability	4a. Graduation Rate	Overall Rating
School	**School Year**	**Grade**	**GradRate**	
New World Educational Center AOI	2011-2012	NR	NR	NR
Points Assigned				
Weight				

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

Additional information regarding the Academic Framework can be found at http://www.asbcs.az.gov/ 3/7/2013

I. Success of the Academic Program

The overall rating for New World Educational Center on the Board's academic performance measures was 45.625 including points received for the FY 2012 letter grade of C as reported by the Arizona Department of Education.

New World Educational Center (AOI) is categorized as "No Rating" on the Board's academic performance measures due to having too few reportable assessments for the calculation of an Overall Rating. A letter grade was not reported by the Arizona Department of Education.

At the time of the charter holder's Five-Year Interval Review, Performance Management Plans were not included in the Board's processes for review.

The Demonstration of Sufficient Progress submitted by the charter holder with the renewal application package was evaluated using the DSP evaluation criteria to determine if the school operated by the charter holder is making sufficient progress toward meeting the Board's academic performance expectations.

The initial evaluation of the DSP for New World Educational Center revealed that the charter holder provided limited data, in some cases no data was provided for measures, and one measure was not addressed. The narrative focused on actions to be taken in the future. The response was scored as Not Acceptable in areas all areas except for two.

A school closure notification for New World Educational Center (AOI) had been submitted prior to the submission of the Charter Renewal application. The charter holder did not include a Demonstration of Sufficient Progress for New World Educational Center (AOI) with the Charter Renewal application.

Following the initial evaluation of the DSP, staff conducted a site visit on May 17 to meet with Gordon Ilstrup, Charter Representative, Josué Martinez, Business Manager, and Jesus Armenta, Principal, to confirm the documentation presented in the DSP and review additional information to be considered in the final evaluation (presented in the charter holder's renewal portfolio: d. DSP Evaluation) of the charter holder's Demonstration of Sufficient Progress submission. Evidence described in the DSP confirmed during the site visit included curriculum maps and pacing guides, lesson plans, student assessment results for grades K-8, and documentation of informal and formal teacher evaluations. The charter holder provided additional evidence and documentation (presented in the renewal portfolio: e. DSP Evidence) regarding areas not sufficiently addressed in the submitted DSP including curriculum resource materials, instructional action plans based on assessment results for grades K-8, follow-up communication regarding informal observations, and student assessment data results for subgroups in grades K-8.

Due to the deficiencies identified in the initial evaluation of the DSP, taking into consideration the documentation and information collected at the site visit that was determined to be insufficient, and given the lack of data for grades 9-12, New World Educational Center did not demonstrate sufficient progress toward meeting the Board's academic performance expectations.

II. Viability of the Organization

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

New World Educational Center

Financial Data				
	2012	2011	2010	
Statement of Financial Position				2009
Cash	$381,860	$467,073	$516,968	$435,981
Unrestricted Cash	$381,860	$467,073	$516,968	
Total Assets	$2,515,656	$2,172,018	$629,418	
Total Liabilities	$2,018,911	$1,604,220	$26,964	
Current Portion of Long-Term Debt & Capital Leases	$63,305	$908,689	$5,000	
Net Assets	$496,745	$567,798	$602,454	
Statement of Activities				
Revenue	$1,918,977	$1,919,038	$2,060,923	
Expenses	$1,990,030	$1,953,694	$1,989,051	
Net Income	($71,053)	($34,656)	$71,872	
Change in Net Assets	($71,053)	($34,656)	$71,872	
Financial Statements or Notes				
Depreciation & Amortization Expense	$89,918	$72,423	$35,108	
Interest Expense	$108,187	$1,690	$2,574	
Lease Expense	$210,610	$210,610	$205,958	

Financial Performance				
	2012	2011	2010	3-yr Cumulative
Near-Term Indicators				
Going Concern	No	No	No	N/A
Unrestricted Days Cash	70.04	87.26	94.87	N/A
Default	No	No	No	N/A
Sustainability Indicators				
Total Liabilities to Equity Ratio	4.06	2.83	0.04	N/A
Net Income	($71,053)	($34,656)	$71,872	N/A
Cash Flow	($85,213)	($49,895)	$80,987	($54,121)
Fixed Charge Coverage Ratio	0.88	0.22	1.48	N/A

The charter holder was required to submit additional information regarding the charter holder's financial situation (presented in the charter holder's renewal portfolio: g. Financial Sustainability). The charter holder's submission addressed those measures where the charter holder received a "Does Not Meet Standard" rating in fiscal year 2012. Subsequent to the renewal application package's submission, the charter holder informed Board staff that it would not be pursuing the credit recovery program referenced in the financial sustainability narrative and budget plan.

III. Adherence to the Terms of the Charter

A. Compliance Matters Requiring Board or Other Agency Action

In May 2010, the Board imposed a civil penalty of $1,000 for New World Educational Center. During the meeting, the Board determined, among other things, that the charter school failed to comply with statutory fingerprinting requirements and failed to provide proof within 48 hours of written notification that an application for the appropriate fingerprint check was received by the Arizona Department of Public Safety. The amount of the civil penalty was deducted from the charter holder's August 2010 equalization payment. (Please see the "Other Compliance Matters" section of this report for additional information.)

B. Other Compliance Matters

The fiscal year 2009 audit identified an issue that required a corrective action plan (CAP). Specifically, the fiscal year 2009 audit indicated that for one employee required to have a Fingerprint Clearance Card (FCC), the employee's FCC had expired as of the testing date of April 13, 2009. The submitted CAP did not include a copy of one person's FCC. During follow-up communications, the charter holder indicated that it could not locate a copy of this individual's FCC. Using information from the FCC submitted for this individual as part of a previous CAP, Board staff contacted the Arizona Department of Public Safety (DPS) and was informed that a FCC application for this individual had been denied in 2006 with no subsequent applications having been received by DPS. Since Board staff confirmed with DPS that this individual did not have a valid FCC, Board staff conducted a site visit to the school, which began the civil penalty process. During communications with the audit firm, Board staff determined the individual identified in the fiscal year 2009 audit with an expired FCC and the individual identified through the CAP with an expired FCC were the same person. (Please see the "Compliance Matters Requiring Board or Other Agency Action" section of this report for the outcome of the civil penalty process.) A fingerprinting issue was also identified in the fiscal year 2010 audit. Specifically, the audit indicated that the charter holder did not have a fingerprint clearance card (FCC) for one employee required to have a FCC. The charter holder submitted a satisfactory CAP for fiscal year 2010.

In May 2009, Exceptional Student Services notified the charter holder of partial compliance in some areas with regard to specific regulations for Part B, Individuals with Disabilities Education Act (IDEA), and the Arizona Revised Statutes. The school was required to submit a corrective action plan. The charter holder was notified by Exceptional Student Services that the corrective action plan was completed and that the charter was in compliance in February 2010.

C. Charter Holder's Organizational Membership

Because the organizational membership on file with the Board was not consistent with the information on file with the Arizona Corporation Commission, the charter holder was required to submit the charter holder's Organizational Membership portion of the Detailed Business Plan Section. The charter holder provided evidence of the appropriate filing that aligns organizational membership on file with the Board and the Arizona Corporation Commission.

IV. Additional Item for Consideration

As part of the renewal application's financial sustainability submission, the charter holder provided copies of minutes from meetings held on December 26, 2011, November 19, 2012 and January 28, 2013, including executive session minutes from December 26, 2011 and January 28, 2013. Pursuant to A.R.S. §38-431.03(B), executive session minutes are confidential. A review of the minutes provided identified possible areas where the charter holder may not have fully complied with Open Meeting Law requirements related to executive sessions. On May 22, 2013, Board staff notified the charter representative and asked that a response be provided by May 29, 2013. In its May 29th response, the charter holder stated that it inadvertently violated provisions of the Open Meeting Law relating to executive sessions and provided the steps it has and will be taking to ensure future compliance (presented in the charter holder's renewal portfolio: i. Additional Information).

Board Options

Option 1. The Board may deny the renewal and approve the Program of Instruction Amendment Request. Staff recommends the following language provided for consideration: Based upon a review of the information provided by the representatives of the charter holder and the contents of the application package which includes the academic performance, the fiscal compliance, and legal and contractual compliance of the charter holder over the charter term, I move to deny the request for charter renewal and to not grant a renewal contract for New World Educational Center. Specifically, the charter holder, during the term of the contract, failed to meet the obligations of the contract or failed to comply with state law when it:

- failed to meet the Board's academic performance expectations as stated in the Academic Performance Framework,
- failed to demonstrate sufficient progress toward the Board's academic performance expectations in all grade levels served,
- failed to comply with fingerprinting requirements as prescribed in A.R.S § 15-183.C.4, and
- failed to comply with Open Meeting Law

As a separate motion in conjunction with the motion above, I move to approve the Program of Instruction Amendment Request for New World Educational Center for the remainder of the contract term.

Option 2: The Board may approve the renewal and the Program of Instruction Amendment Request. The following language is provided for consideration: Renewal is based on consideration of academic, fiscal and contractual compliance of the charter holder. In this case, the charter holder did not meet the academic performance expectations set forth in the Board's performance framework and was not able to demonstrate sufficient progress toward the Board's expectations. However, (Board member making motion must insert the specific reasons to determine sufficient progress was met – regardless of the information included in the portfolio provided). Additionally, the Board has adopted an academic performance framework that allows for additional consideration of the charter holder throughout the next contract period. There is a record of past contractual noncompliance which has been reviewed. With that taken into consideration as well as all information provided to the Board for consideration of this renewal application package and during its discussion with representatives of the charter holder, I

move to approve the request for charter renewal and grant a renewal contract to New World Educational Center.

As a separate motion in conjunction with the motion above, I move to approve the Program of Instruction Amendment Request for New World Educational Center.

Option 3:

The Board may deny renewal unless certain provisions are included. The following language is provided for consideration: I move that, based upon a review of the information provided by the representatives of the charter holder and the contents of the application package which includes the academic performance, the fiscal compliance, and legal and contractual compliance of the charter holder over the charter term, the Board has sufficient basis to deny the request of New World Educational Center for the renewal of its charter on the following grounds:

- failure to meet the Board's academic performance expectations as stated in the Academic Performance Framework,
- failure to demonstrate sufficient progress toward the Board's academic performance expectations in all grade levels served,
- failure to comply with fingerprinting requirements as prescribed in A.R.S § 15-183.C.4, and
- failure to comply with Open Meeting Law

All that taken into consideration, the charter holder has provided evidence that progress is being made toward the Board's academic performance expectations in grades kindergarten through eight and the charter holder has voluntarily ceased its operation of its Arizona Online Instruction school. Therefore, the Board will grant a renewal contract to New World Education Center for grades kindergarten through eight and directs staff to work with the charter holder to process the necessary amendment requests to reflect those grades and the revisions to the program of instruction as necessary for those grades.

If New World Educational Center is unwilling to agree to these provisions and does not submit the necessary amendment requests to conform to this motion within 10 business days of today's meeting, and does not execute a charter renewal contract within 20 business days of the Board's consideration of the necessary amendments, then it is the Board's decision that New World Educational Center's request for renewal of its charter be denied for the reasons already specified.

As a separate motion in conjunction with the motion above, I move to approve the Program of Instruction Amendment Request for New World Educational Center for the remainder of the contract term.