

Minutes
State Board of Education
Monday, August 22, 2011

The Arizona State Board of Education held a regular meeting at the Arizona Department of Education, 1535 West Jefferson, Room 417, Phoenix, Arizona. The meeting was called to order at 9:02 AM.

Members Present:

Mr. Jaime Molera
Mr. Thomas Tyree
Supt. Huppenthal
Dr. Vicki Balentine
Ms. Amy Hamilton
Ms. Eileen Klein
Mr. Gregory Miller
Mr. Jacob Moore
Ms. Ortiz-Parsons
Dr. Rottweiler

Members Absent:

PLEDGE OF ALLEGIANCE AND MOMENT OF SILENCE
ROLL CALL

1. BUSINESS REPORTS

A. President's Report

Mr. Molera asked Dr. Rottweiler to introduce himself and welcomed him to the State Board. Dr. Rottweiler introduced himself as the president of Cochise College and stated that he was pleased to be part of the State Board of Education.

Mr. Molera asked that presentations be kept as concise as possible due to the number of items on the agenda.

Mr. Molera stated the Board's legislative agenda continues to be a priority. Mr. Molera said this item would be further discussed in future meetings. He also shared that the Arizona Chamber of Commerce has asked the Board to provide a presentation on its priorities for the coming session.

B. Superintendent's Report

Supt. Huppenthal stated that the release of the A-F labels will have a strong impact on the current system. Pilot on several blended learning approaches. Hoop-group meetings will continue to identify challenges in education.

SAIS was up and running by July 11th and the ADE has received a good deal of positive feedback from the field on the progress that has been made to date

Initial conversations have begun regarding the potential waivers from AYP – those conversations continue.

Reorganization of the ADE is complete.

B. Board Member Reports

Dr. Balentine thanked Supt. Huppenthal for paying attention to the concerns of the field.

Ms. Ortiz-Parsons stated she attended the NASBE conference and the Rodel Foundation meeting.

Mr. Moore stated he has been approached to participate in the Governor's efforts to develop further assistance for the tribal communities. He has also participated in exploratory discussions around the formation of public/private partnerships that may be able to help address gaps in educational services to tribal communities.

Mr. Tyree stated he has been working with Regent McLendon on issues concerning the pipeline of students between K-12 and higher education. Mr. Tyree shared that at this point the discussion are in still in the beginning stages, but that he feels that more concrete steps will result from these ongoing conversations.

Dr. Rottweiler stated that Cochise County hosted a technology fair for the ADE. The purpose of this fair was to provide information to teachers on the types of instructional technologies that are available throughout the country to help improve classroom instruction. He thanked the Superintendent for his participation.

C. Director's Report

1. Update regarding the Move on When Ready initiative

Mr. Yanez provided a brief update regarding the status of the Move on When Ready initiative. He shared that this is the first year of implementation and there has been some media attention to the schools that have chosen to implement one of the approve board examination systems in this first year. He provided the following data:

- Between 2011 and 2012, seventeen schools have committed to implement the MOWR model;
- Fourteen schools are implementing the model this school year;
- Yuma has elected to implement the model district-wide and is doing so in a "whole-school" model

Mr. Yanez stated that at a future meeting the Board will be asked to address issues concerning whether schools should be allowed to substitute a board examination course(s) with or a similar course from another approved provider.

2. Other items, as necessary

No additional items were discussed.

2. CONSENT AGENDA

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|----|---|-----------|
| A. | Consideration to approve State Board of Education minutes for the June 27, 2011 regular meeting | Mr. Yanez |
| B. | Consideration to approve contract abstracts: | Mr. Dones |
| | 1. 2011-2012 Migrant Education Program – Portable Assisted Study Sequence (PASS) Program | |
| | 2. 2011 IDEA Paraprofessional Tuition Assisted Grants | |

3. AZ ESA Profession Development Project
 4. 2011 Migrant Education Program
 5. 21st Century Community Learning Center Grant Awards
- C. Consideration to accept the findings of fact, conclusions of law And recommendation of the Professional Practices Advisory Committee and grant the teacher certification application for Belinda Daly Mr. Easaw
- D. Consideration to permanently revoke the teaching certificates Held by the following individuals, pursuant to A.R.S § 15-550: Mr. Easaw
1. Christie I. Elliott
 2. Gene A. Langford Jr.
 3. Lee A. Lindow
 4. Gary J. Marrufo
 5. Ray G. Hutson
- E. Consideration to approve additional monies for teacher compensation for fiscal year 2011-2012, pursuant to A.R.S §§15-952 and 15-537 Dr. Butterfield
Ms. Amator
- F. Consideration to accept the recommendations of the Career Ladder Advisory Committee and approve the following Career Ladder programs for fiscal year 2011-2012: Dr. Butterfield
Ms. Amator
1. Payson Unified School District
 2. Tolleson Elementary School District
- G. Consideration to award contract for assistance with legislative affairs Mr. Yanez

Ms. Klein requested that item 2F be removed from the consent agenda for further discussion.

Ms. Klein moved that the consent agenda be approved with the exception of item F.

Second by Ms. Ortiz-Parsons

Dr. Balentine and Mr. Tyree stated that they would abstain from voting on the consent agenda due to potential conflicts.

Motion passes unanimously.

Ms. Klein stated that she had questions regarding the Board's ability to add additional programs to Career Ladder given the suspension of the program.

Mr. Yanez stated that this item does not add any new programs Career Ladder. He explained that Payson and Tolleson are ongoing participants, but their 2011-2012 programs were not approved concurrently with the other Career Ladder districts. He stated that all of the continuing programs will be phased-out according to Arizona law.

Mr. Yanez asked Ms. O'Brien to provide a brief update regarding the status of the Career Ladder lawsuit.

Ms. O'Brien stated that given the mandated phase-out of the program the litigation has ended, pending the payment of attorneys' fees.

Ms. Klein asked whether the proposed action would add any charter schools to the program.

Mr. Yanez explained that the Payson USD has a district sponsored charter school that participates in its Career Ladder program. He stated that this school has participated in the program for a number of years and that, after questions were raised by staff regarding the school's eligibility, the district requested an AG opinion on the matter. The AG declined to review the request, and therefore, staff recommends that the school be allowed to continue until the phase-out is complete.

Motion to approve item 2F, Mr. Moore

Second, Supt. Huppenthal

Motion passes unanimously

3. CALL TO THE PUBLIC

Ms. Janice Palmer from the Arizona School Boards Association thanked the Superintendent for listening to the concerns of the field and agreeing to simultaneously release the A-F and "legacy" school accountability labels. Ms. Palmer extended an invitation to the SBE, ADE and the various educational organizations to jointly communicate the meaning behind the two sets of school accountability labels.

Ms. Eileen Sigmund, President of the Arizona Charter School Association, shared three points:

- On the 2011 AIMS scores for Grades 3-8 out-performed district students in reading and math (with the exception of 8th grade math)
- A-F school grades will have impact on the charter community. Charter schools may not be permitted to continue operating if they are not improving student achievement.
- The ACSA has provided technical assistance to a number of charter operators on the new A-F system so that they can access the data and initiate appeals, if necessary.

4. GENERAL SESSION

- A. Presentation and discussion regarding the Arizona education reform awareness campaign, ARIZONA READY

Ms. Rebecca Gau, director of the Governor's office of education innovation, provided an overview of the public awareness campaign around "Arizona Ready" – Arizona's education reform plan. At this time the campaign consists of primarily a website that provides an overview of the goals around the reform plan, as well as information as to how Arizona will reach those goals.

Ms. Gau explained that the campaign will launch very soon and shared that her office would be reaching out to other education stakeholders to build broad support for the initiatives that comprise Arizona Ready, as well as to enhance its reach into the field and with parents across the state.

Mr. Molera asked when the website will launch

Ms. Gau stated that the website will launch within the next week.

B. Presentation and discussion regarding the College Access Challenge Grant and the ACT EXPLORE 2010 Pilot Initiative

Ms. Raeder-Gay, associate director of the Governor's office of education innovation provided a review of the College Access Challenge grant. She explained that the purpose of the grant is to offer support to Arizona's underserved students.

Ms. Raeder-Gay explained that the AZ EXPLORE Initiative includes 17 school districts. The purpose of this initiative is to administer the ACT EXPLORE to all eighth grade students in Arizona. Last year over 130 schools participated in this initiative. She reviewed how the data provided through the Explore assessment are used by participating schools to improve instruction and track student progress towards college readiness.

Superintendent acknowledged the work around the ACT Explore. He also cautioned policy makers against using the college entrance ACT exam to compare Arizona students to students in other states. He explained that this is an inaccurate comparison due to the variance in participation rates between states.

C. Presentation and discussion regarding logistics and policy implications for the transition to the assessments developed by the Partnership for Assessment of Readiness for College and Careers (PARCC)

Ms. Alley, Associate Superintendent for Assessment, provided an overview of the work around the PARCC assessments. She explained that the work has been underway for approximately 10 months. Ms. Alley reviewed the various stakeholders that have been involved in the process, to date.

Implementation challenges include: transition to the new standards, budget planning, transitioning to the high school high stakes exam, technology (infrastructure) readiness, and communicating the new system to the field and parents.

Mr. Yanez stated that there are a few matters that warrant the Board's specific attention, including:

- Transitioning to the new assessment and how the high stakes requirement will be addressed;
- Cut scores on the new assessment(s);
- NRT requirement needs to be addressed. Mr. Yanez stated that the Board will have to determine whether to continue with the administration of the SAT 10, or possibly come to a determination that the PARCC assessments themselves can meet the NRT requirement.

Mr. Yanez suggested that the Board look at including membership on the state assessment advisory committee that will be developing recommendation around these issues.

Mr. Moore stated the National Indian Education Association has been concerned about the common core standards and whether those standards are sensitive to the needs of tribal communities. Similarly, Mr. Moore wanted to make sure that these same concerns are addressed during the development of the PARCC assessments.

Ms. Alley stated she is aware of these concerns and is working to make sure they are addressed through the PARCC development process.

D. Presentation and discussion regarding the Arizona Education Learning and Accountability System (AELAS)

Mr. Masterson, associate superintendent, provided an overview of the current efforts on the creation of the new data system.

Mr. Masterson stated the SAIS portion of the project is an early area of focus. He stated that there have been hardware improvements that have resulted in some improvements, but much work needs to be done to rebuild the SAIS platform itself. Mr. Masterson stated that by February or March of next year SAIS will be improved to the point where it will provide immediate feedback to its users – primarily school districts and charter schools.

Mr. Masterson proposes a new type of architecture for the states data system. He proposes that vendors be permitted to build the system in a manner that allows standard vendor systems or any other system to successfully interface.

Mr. Molera asked what decisions Mr. Masterson needs the Board to make, and the timeline for those decisions. He noted that the legislature and governor have charged the Board with this responsibility. Mr. Molera stated the Board would need a good sense of what will be required and what areas will need to be reviewed.

Ms. Ortiz-Parsons stated before state funding is approved she would like to see a concrete plan.

Mr. Masterson stated that this is the worst IT system he has worked with and this initial presentation is to inform the Board of the plan and continue moving forward. Mr. Masterson stated he is conscious of the budget decisions that need to be made.

Mr. Tyree asked how certain Mr. Masterson is on the projected costs for the project. Mr. Masterson stated the first year costs are highly estimated.

Ms. Klein thanked Mr. Masterson for his work and asked what his request would be of the Board at this point. Mr. Masterson stated his request would be to have funding for a quarter of the first year costs approved. This level of funding would allow him to move forward with the plan as proposed.

Mr. Masterson stated that he will continue to update the Board at regular intervals.

Ms. Klein asked for guidance as to how the Board may approved moving forward with funding for the first quarter of Mr. Masterson's plan.

Dr. Balentine stated that as a representative from the field she has noticed a significant change in the operability of the system.

Supt. Huppenthal moved to place this item on the next Board agenda for the purpose of taking action to authorize the project to move forward, as outlined.

Dr. Balentine second

Motion passed unanimously.

- E. Presentation, discussion and consideration to adopt the findings of fact, conclusions of law and recommendation of the Professional Practices Advisory Committee and grant the teacher certification applications for the following individuals:
1. Drew Ammon

Supt. Huppenthal left the room at 11:03

Mr. Easaw provided an overview of the case and stated Mr. Ammon was present. The Board reviewed this case previously and the Board requested that a settlement agreement be prepared that would allow Mr. Ammon's certificate to be issued, but also take some sort of action that would provide notice to the field regarding his conduct. Mr. Easaw explained that pursuant to the proposed agreement Mr. Ammon's application would be issued and Mr. Ammon would be required to complete a staff approved course on student boundaries. Mr. Easaw explained further provisions of the settlement agreement regarding compliance monitoring.

Motion Dr. Balentine to accept the proposed settlement agreement and grant Mr. Ammon's application for certification.

Second by Mr. Miller

Motion passes unanimously

Supt. Huppenthal did not vote

2. Leonard Cestaro

Supt. Huppenthal returned to the meeting at 11:09

Mr. Easaw provided an overview of the case and stated Mr. Cestaro was present. He explained that Mr. Cestaro was arrested in 1967 and charged with sexual misconduct with a minor. Mr. Easaw explained that at the time Mr. Cestaro was 18 years old and the alleged victim was his 17 year old girlfriend. The charges were ultimately dismissed.

Motion by Ms. Ortiz-Parsons to accept the findings of fact, conclusions of law and recommendation of the PPAC and approve the application for certification for Mr. Cestaro.

Second by Dr. Rottweiler

Motion Passes unanimously

3. Emerson Nez

Supt. Huppenthal left the room at 11:12

Mr. Easaw stated Mr. Nez would not be available in person and was available via telephone if requested by the Board. Mr. Molera stated he would like to proceed with the presentation without having Mr. Nez telephonically.

Mr. Easaw explained the procedural history of the case and outlined his criminal history. He reminded the Board that Mr. Nez did appear before the Board in January, but that the Board did not take action on his application due to the absence of a police report in the investigative file.

Ms. Klein asked if Mr. Nez held a drivers license. Mr. Easaw stated to his knowledge Mr. Nez does hold a drivers license.

Motion by Mr. Moore to adopt the findings of fact, conclusions of law and recommendation of the PPAC and grant the teacher certification application for Mr. Nez

Second Mr. Miller

Roll Call vote:

Mr. Tyree – No

Supt. – Not present

Dr. Balentine – Yes

Ms. Hamilton – Yes

Ms. Klein – No

Mr. Miller – No

Mr. Moore – Yes

Ms. Ortiz-Parsons - No

Dr. Rottweiler – Yes

Pres. Molera - No

Motion Failed

Mr. Yanez noted that six votes are required to take action and that this matter would have to be rescheduled.

4. Raymond Alvarez

Mr. Easaw provided an overview of the case and stated Mr. Alvarez was present for questions. Mr. Easaw explained that the PPAC has recommended the Mr. Alvarez's application be approved.

Motion by Dr. Balentine to adopt the findings of fact, conclusions of law and recommendation of the PPAC and grant the teacher certification application for Raymond Alvarez

Second by Mr. Tyree

Motion passed unanimously

5. Gene Gonzales

Mr. Easaw provided an overview of the case and stated Mr. Gonzales and his legal counsel were present. Mr. Gonzales requested a reconsideration of the State Boards initial denial of his application. As a result a full hearing was held before the PPAC.

Mr. Bill Holder stated he was Mr. Gonzales legal counsel and said the PPAC was provided with further information. This information was also provided to the Board.

Dr. Balentine left the room at 11:25

Mr. Gonzales stated the matter was an accident and he has taken care of all of the requirements set by the Board. Mr. Gonzales stated he would like to continue being an educator.

Mr. Klein asked if Mr. Gonzales was currently employed.

Mr. Gonzales stated that he was currently employed as a teacher's aide.

Dr. Balentine returned 11:27

Motion by Mr. Miller to adopt the findings of fact, conclusions of law and recommendation of the PPAC and grant the teacher certification application for Gene Gonzales

Second Mr. Moore

Motion passes

Supt. Huppenthal returned to the meeting at 11:28

Supt. Huppenthal asked to reconsider the motion for Mr. Nez

Motion by Supt. Huppenthal to reconsider the motion for Mr. Nez

Motion passes unanimously

Mr. Yanez clarified that the Board would be voting on a motion to adopt the findings of fact, conclusions of law and recommendation of the PPAC and grant the teacher certification application for Mr. Nez.

Mr. Tyree – No

Supt. – No

Dr. Balentine – Yes

Ms. Hamilton – Yes

Ms. Klein – No

Mr. Miller – No

Mr. Moore – Yes

Ms. Ortiz-Parsons - No

Dr. Rottweiler – Yes

Pres. Molera - No

Motion failed

Mr. Molera asked to continue with item H.

- F. Presentation, discussion and consideration to adopt the findings of fact, conclusions of law and recommendation of the Professional Practices Advisory Committee and issue a letter of censure against the teaching certificates held by William Ferrill

Mr. Easaw provided an overview of the case and stated Mr. Ferrill was present. Mr. Easaw stated that Mr. Ferrill had some difficulties with prior school district employers – TUSD and Indian Oasis. More recently, from 2002 to the present there have been no issues reported to the investigative unit. Mr. Easaw stated that staff has prepared a negotiated settlement agreement for the Board’s consideration. Under the terms of the agreement Mr. Ferrill would be issued a professional letter of censure.

Motion by Mr. Tyree approve the proposed settlement agreement.

Second by Mr. Miller

Motion passed unanimously

- G. Presentation, discussion and consideration to adopt the findings of fact, conclusions of law and recommendation of the Professional Practices Advisory Committee and suspend the teaching certificate held by Myat Win

Mr. Easaw stated Mr. Win was not present and proceeded to provide an overview of the case. Mr. Easaw Summarized three arrests. The first two (2003 and 2006) involved allegations of soliciting sexual favors in a public park. In 2010 there was an additional arrest for disorderly conduct.

Motion Mr. Moore adopt the findings of fact, conclusions of law and recommendation of the PPAC and suspend the teaching credentials held by Myat Win.

Second by Mr. Tyree

Motion Passed unanimously

Mr. Molera asked to continue with item J

- H. Presentation, discussion and consideration of the Board's strategic priorities. Discussion may include, but is not limited to, critical issues planning, legislative priorities and identification of Board policy initiatives.

Mr. Yanez provided a handout with the key areas to be reviewed by the Board. Mr. Yanez reviewed the four priorities outlined in the document:

Flexibility for “Excelling” Schools

Purpose: To provide our highest achieving schools with greater hiring flexibility.

Rationale: Schools that have a history of performing at the highest levels have demonstrated that they know how to develop and implement educational programs that result in significant student gains. These schools should be rewarded for their successes by affording them greater flexibility to spur innovation and provide models for how to obtain ongoing student success.

Action: Federal regulations prohibit states from exempting teachers in traditional public schools from all certification requirements. To satisfy this requirement, the Board can develop a new certificate that would be subject to fewer regulations and valid only in our highest performing schools.

Independently, the Board can create such a certificate; however, there are still several statutory requirements that would need to be met. These requirements include:

- AZ/US constitution;
- Professional knowledge test;
- Subject knowledge test,;
- Phonics (elementary only);
- Structured English Immersion (SEI) training; and
- Fingerprint clearance

The Board could pursue legislation to provide freedom from all of these requirements with the exception of the subject knowledge test (although this requirement could also be met by sufficient coursework), SEI training, and fingerprint clearance.

Ms. Hamilton expressed concerns with a proposal that would not require that teachers be certified.

Mr. Molera stated that the intent of the proposal is to broaden the flexibility in many areas, including certification.

Ms. Hamilton stated that she would have a concrete alternative before she could support the proposal.

Superintendent Huppenthal indicated that he generally supported the proposal, but that he would prefer a Measured approach that would allow the Board and the ADE to engage several stakeholder groups, including the AEA, to work toward a consensus proposal.

Mr. Molera suggested that this item be tabled to allow him to work with Ms. Hamilton and to address the other matters that he would like to include in this proposal.

Strengthen AZ LEARNS

Purpose: To grant the Board the authority to intervene more quickly in our lowest performing schools.

Rationale: Under existing statutes the Board may not intervene in schools until they have been labeled “underperforming” (or “D”) for three consecutive years. In some instances this delay can be detrimental to the academic progress of students. The Board should be granted greater authority to take immediate action in Arizona’s lowest performing schools.

Action: The Board should pursue legislation to amend A.R.S. § 15-241 (AZ LEARNS). This amendment should grant the Board the authority to establish specific criteria that would immediately cause any school to be labeled “failing” (or “F”), regardless of prior year labels. These criteria should be rigorous so that the Board avoids the over-identification of failing schools.

Additionally, the Board should ensure that it is allocated the resources necessary to help address the immediate needs of these schools.

Receivership/Fiscal Crisis Teams

Purpose: To provide the Board with additional options to address schools in financial distress.

Rationale: Under existing law the Board has two methods of intervening in schools in financial distress: receivership (A.R.S. § 15-103) and fiscal crisis teams (A.R.S. § 15-107).

While these are two very important tools, these laws provide stringent criteria regarding when the Board can exercise either option. Specifically, fiscal crisis teams may only be used in

cases of school district overexpenditures, and receivers may only be used in cases of “gross mismanagement” or “insolvency” (both terms are statutorily defined).

Recent history has demonstrated that in some cases of insolvency and/or gross mismanagement the use of a fiscal crisis team may be more appropriate. This is largely due to the severity of the issues and the financial burdens receiverships place on school districts that are already in difficult financial situations.

Action: The Board should pursue legislation to amend A.R.S. §§ 15-103 and 15-107 to provide the Board with greater discretion regarding the use of receivers and fiscal crisis teams.

Investigative Unit / Professional Practices Advisory Committee

Purpose: To ensure the Board has the necessary resources to process cases of immoral / unprofessional conduct in a timely manner.

Rationale: The current staffing level of the Board’s Investigative Unit includes five investigators (including the Chief Investigator) and one administrative assistant. This is inadequate.

Presently, each investigator maintains an active caseload of approximately 180 cases. This is simply not sustainable and results in delays in case processing that are unfair to certificate holders, schools, and, in some cases, may place students in danger.

Additionally, the Investigative Unit is currently appropriated \$365,900 from the teacher certification fund. This appropriation is not nearly enough to cover the unit’s salary and operational expenses. To address this issue the Investigative Unit’s budget is annually supplemented by a large portion of the Board’s general fund appropriation.

Action: The Board should take action to establish at least two additional investigators to help mitigate caseload concerns and to process cases in a more timely manner.

The addition of these investigators will necessitate a larger appropriation to cover not only salary and ERE, but also to address the costs associated with processing additional cases (attorney fees, court reporters, travel, etc.).

The Board should also explore options to restructure its Professional Practices Advisory Committee so that it has the capacity to effectively conduct the additional hearings that will be necessary.

Motion by Supt. Huppenthal to approved the proposed initiative with the following modification:

- *That the Board add a legislative education piece that focuses on the reform agenda and deregulation*
- *That item no. 1 include a provision that requires engagement with the various education stakeholders to the maximum extent practicable.*

Second by Dr. Balentine

Motion passed unanimously

Returned to Item F

Supt. Huppenthal left the meeting 12:16

- I. Presentation, discussion and consideration to determine non-compliance with the USFR for failing to correct deficiencies and to withhold state funds, pursuant to A.R.S. § 15-272(B), from the Indian Oasis-Baboquivari Unified District

Mr. Jordan Ellel provided an overview of the USFR for the district. The district has submitted a request for an audit. Mr. Ellel stated representatives from the district were present to answer any questions the Board may have. Mr. Ellel provided the Board with general background as follows:

The District did not submit to the Office of the Auditor General audit reports and Uniform System of Financial Records Compliance Questionnaires for fiscal years 2009 or 2010. In several letters, the most recent being to Superintendent Huppenthal on May 6, 2011, the District was advised of its noncompliance with the requirements of A.R.S. § 15-271 and the potential penalties for its failure to bring itself into compliance.

In communications with the Auditor General, the District anticipated that they would submit the 2009 reports shortly (possibly before this meeting) and then begin work on the 2010 reports.

At this time, the District has simply failed to submit its reports for 2009 and 2010. After the reports are submitted, the Auditor General will review the reports to determine whether there are any internal control deficiencies.

The District is out of compliance, and the Auditor General's Office verifies that the District will not be in compliance before the next Board meeting.

The Board should move to find the District in noncompliance with the USFR and to withhold 3% of the District's state aid until the Auditor General verifies that the deficiencies have been met and that the District is back in compliance.

Ms. Klein asked for further information regarding the percentage of funds per classroom.

Mr. Daniel Flury has been with the district for two years. He stated that the low percentage of funds per classroom is a function of the districts large transportation needs.

Ms. Klein asked if there was a way to assure the funds would be going back to the classroom.

Mr. Molera stated if the district would need to be back in compliance within the fiscal year

Mr. Yanez explained that the statute provides that all withheld funds will be repaid to the district provided that the district comes back in compliance before the end of FY2013.

Mr. Moore asked how the 3% was determined. Mr. Yanez stated the percentage was determined by the table approved by the Board. Mr. Molera stated he worked with Mr. Yanez on the approved table. Mr. Moore stated that he attended Indian-Oasis and would be abstaining from the vote in this matter.

Motion by Mr. Tyree Move to find the Indian Oasis-Baboquivari Unified School District out of compliance with the requirements of the USFR and to withhold 3% of the district's state-aid, pursuant to A.R.S. § 15-272(B).

Second Mr. Miller

Motion Passed unanimously
Mr. Moore abstained

Continued with item K.

- J. Presentation, discussion and consideration to approve the receiver's financial improvement plan for the Cedar Unified School District, pursuant to A.R.S. § 15-103(F)

Mr. Bacon, managing director for Simon Consulting, provided an overview of the district's current financial and administrative status. The district currently has a new superintendent, principal and is in the process of hiring a new financial manager. Mr. Bacon provided the Board with an executive summary of the 120 report that states the following:

The Receiver, appointed by the Arizona State Board of Education ("ASBE") on April 26, 2011, has completed an initial evaluation of the Cedar Unified School District, No. 25 ("CUSD" or the "District"). In addition, the Receiver has taken control of all administrative, financial, and operational responsibilities for CUSD. At the time of the Receiver's appointment, the Governing

Board of CUSD had already decided not to renew the contracts of Superintendent Dr. Damon Clarke and Jeddito Elementary School Principal Dr. Tommy Yazzie. Cost cutting efforts implemented by the Receiver included overall staff reductions, reorganization and reduction of administrative staff, elimination of excess vehicles, reduction of travel expenses, decreased utility bills, improved accounting controls, and improvement in the utilization of administrative and financial resources (grants, food funds, etc.). Many of these improvements were overseen by Dr. Paul Hanley ("Hanley"), a consultant retained by the Receiver to assist the District under ARS 15-103. These changes have decreased the operating costs for the District and set the stage for savings through improved fiscal responsibility in future years, thereby allowing the District to repay the previous overspending.

As part of the financial improvement plan, the Receiver is in the process of turning control of the school operations over to the interim superintendent and administrative staff. By transferring day-to-day operations to these positions while retaining oversight and decision-making authority, the Receiver will minimize future administrative expenses incurred by the Receivership without compromising the financial integrity of the District.

The District will have to pay back approximately \$295,000 to the State of Arizona in fiscal year 2011-12.¹ As a result of the Receiver's ongoing investigation, the total outstanding Maintenance & Operations ("M & O") budget over expenditure is still approximately \$590,000. It is the opinion of the Receiver that the District may not be able to pay all outstanding debts within the allotted two years without reducing the quality or diversity of educational options available to the students attending CUSD.

The Receiver's investigation established there are no indicators of gross financial mismanagement by CUSD administration or Governing Board. Rather, previous M & O over expenditures, the decision to build the new high school, the accompanying bond issuance, and the subsequent declining enrollment of the District contributed to the financial situation currently facing CUSD. Continued financial and operational oversight and guidance by the Receiver will be required to ensure that the financial problems are resolved and do not recur in the future. The Receiver desires to implement the financial improvement plan set forth below as required by

ARS § 15-103. While part of this plan contemplates reduced involvement of the Receiver in day-to-day operations of the District, the dire financial situation of CUSD will require continued involvement by the Receiver. Execution of the financial improvement plan requires the extension of all authoritative powers previously granted to the Receiver by the State Board of Education. The Receiver therefore requests that the Board extend the authority of the Receivership as enumerated in sections (F)(1) through (F)(11) of ARS § 15-103. The Receiver believes CUSD will require Legislative assistance to allow for an extended payback period for the amount owed.

The Receiver's investigation is ongoing and any new findings may require updates to the information contained in this report.

Motion by Dr. Balentine to Move to accept the receiver's financial improvement plan for the Cedar Unified School District, and to grant the receiver the authorities enumerated in A.R.S. § 15-103(F)(1) through (11).

Second by Mr. Moore

Motion passes unanimously

12:41 Lunch

1:11 Returned from lunch

Continued with item I.

- K. Presentation, discussion and consideration to open rulemaking procedures for proposed rules R7-2-602 and R7-2-603 regarding professional teaching standards and professional administrative standards

Dr. Butterfield stated one of the recommendations of the task force that worked on the teacher/principal evaluation framework was to align its professional teacher and administrator standards to the INTASC and ISLLC standards.

Motion by Dr. Balentine to initiate rulemaking procedures for proposed rules R7-2-602 and R7-2-603 regarding professional teaching standards and professional administrative standards.

Second by Mr. Miller

Ms. Klein stated she had some concerns regarding the proposed rules. Ms. Klein suggested that the rules clearly state that teachers and administrators need to meet the standards set forth in these rules.

Ms. Klein addressed several specific areas of the proposed rules and asked that staff take action to amend the proposed rules prior to initiating the rulemaking process.

Mr. Molera asked if Ms. Klein, and any other members, would submit their concerns to Mr. Yanez so that those matters could be addressed and discussed at the next Board meeting.

Mr. Yanez stated that the Board can amend the proposed rules as it desires; however, he cautioned that substantive changes could require a complete review of the teacher evaluation framework. He noted that schools across Arizona are currently using the proposed standards in the development of their evaluation instruments.

Mr. Yanez stated changes addressed within the next month before the September meeting will not delay the process.

Members agreed to table the matter until its next meeting.

- L. Presentation, discussion and consideration to accept the International English Language Test System Assessment for the purpose of satisfying the requirements of R7-2-614(I)(3)(C), related to the Provisional Foreign Teacher teaching certificate

Ms. Amator provided an overview of item. She explained that this item is a proposal to approve an additional English proficiency test for the purpose of issuing the Provisional Foreign Teacher teaching certificates.

Motion by Mr. Miller to approve the department's recommendation

Second by Mr. Tyree

Motion passed unanimously

- M. Presentation, discussion and consideration to open rulemaking Procedures for proposed rule R7-2-307 regarding state administration fees for the Arizona GED testing program

Ms. Liersch provided an overview of the item. She explained that the proposed rule change would increase the allowable fees associated for the administration of the GED exam. Ms. Leirsch explained that the request to increase the fee authority is in response to increased costs associated with scoring the current exam.

Motion by Dr. Rottweiler to initiate rulemaking procedures for proposed rule R7-2-307 regarding state administration fees for the Arizona GED testing program.

Second by Mr. Miller

Motion passed unanimously

- N. Board comments and future meeting dates – The executive director, presiding officer or a member of the Board may present a brief summary of current events pursuant to A.R.S. § 38-431.02(K) and may discuss future meeting dates and direct staff to place matters on a future agenda. The Board will not discuss or take action on any current event summary.

No requests

5. ADJOURN

Motion by Mr. Tyree to adjourn

Second by Ms. Ortiz-Parsons

Motion passed unanimously