

**Minutes**  
**State Board of Education**  
**Monday, May 21, 2007**

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

**Members Present**

Mr. Jesse Ary  
Dr. Vicki Balentine  
Ms. Martha Harmon  
Superintendent Tom Horne  
Ms. Joanne Kramer  
Ms. Anita Mendoza  
Mr. Jacob Moore  
Dr. Karen Nicodemus  
Ms. Cecilia Owen

**Members Absent**

Dr. John Haeger  
Mr. Larry Lucero

1. BUSINESS REPORTS

A. President's Report

Dr. Nicodemus shared a copy of a report from Cochise College, Center for Teacher Education, regarding curriculum alignment as an information item.

Dr. Nicodemus noted that as a follow-up to the April Special Session a draft of a Vision Statement has been generated utilizing key words discussed at the Special Session in framing the statement and suggested that any changes should be directed to Mr. Yanez. She added that a formal agenda item will be scheduled in the future for consideration.

Dr. Nicodemus reminded members that a Special Session is scheduled for June 11, 2007, to discuss increasing graduation requirements, with the possibility of the meeting being held off-site. Dr. Nicodemus noted that background materials regarding graduation requirements are being developed at this time and the goal is to distribute them to members a week prior to the session.

B. Superintendent's Report

Mr. Horne noted the following information regarding ADE divisions:

- Academic Achievement
  - Five high school teams selected for Breaking Ranks II statewide capacity training
- Education Services and Resources
  - SkillsUSA Arizona Conference
  - Family, Career and Community Leaders of America (FCCLA)
- School Effectiveness
  - Special Populations section hosted Migrant Education Conference
- Academic Achievement
  - Spotlight on Success awards dinner
- Standards and Assessment
  - Curriculum Mapping I and II Conference

Superintendent Horne added that beginning next year, he estimates that 6% of seniors with enough credits to graduate will not graduate because they did not pass AIMS and augmentation will no longer be available. He noted that a reaction from certain parts of the public will be heard and alerted the SBE that this is on its way in about a year from now.

Dr. Nicodemus asked if it would be appropriate to receive projections regarding the numbers/percentages as soon as this year's AIMS results have come in and Mr. Horne responded that the information will be updated as soon as this year's results are in.

C. Board Member Reports

There were no reports at this time.

D. Director's Report

Mr. Vince Yanez, Executive Director, State Board of Education, noted that his comments will be interspersed throughout the agenda and added no further comment at this time.

2. CONSENT AGENDA

A. Consideration to Approve State Board Minutes

1. April 23, 2007
2. April 23, 2007 Executive Session
3. May 14, 2007 Special Session

B. Consideration to Approve Contract Abstracts

1. Workforce Investment Act of 1998 allows Federal Title Five Incentive and State Leadership funds to be used for Collaboration Building
2. Federal Regulation title I Part C, Migrant Education Program, NCLB, PL 107-110, Section 1301, et. seq.

C. Consideration to Accept the Recommendation of the Professional Practices Advisory Committee and Grant the Application for Teacher Certification for:

1. Jill S. Brooker, Case # C-2006-109 R
2. Shelagh Edmondson, Case # C-2006-042
3. Linden Roberts, Case # C-2007-002 R
4. Paula (Ratliff) Willard, Case # C-2003-022 R

D. Consideration to Accept the Recommendation of the Professional Practices Advisory Committee and Deny the Application for Certification for Roberto Duran, Case # C-2006-108 R

E. Consideration to Approve Appointments to the Certification Advisory Committee

F. Consideration to Approve Career Ladder Programs for FY 07-08

G. Consideration to Approve Additional Monies for Teacher Compensation for FY 07-08 Pursuant to A.R. S. § 15-952 and A.R. S. § 15-537

H. Consideration to Approve Requests to Budget and Accumulate in the Unrestricted Capital Section for Fiscal Year 2007-2008:

1. Piñon USD
2. Whiteriver USD

I. Consideration to Approve Academic Contest Funds Pursuant to A.R.S. § 15-1241 and A.A.C. R7-2-313

J. Consideration to Approve Qualified Providers for the Full Structured English Immersion Endorsement

K. Consideration to Approve Contract Amendment Related to Graduation Requirements for Daisy Education Corporation dba Sonoran Science Academy

L. Consideration to Approve Proposals for Qualified Receivers Pursuant to A.R.S. § 15-103(E)

The following items were removed from the Consent Agenda for further discussion/clarification:

- Item 2B
- Item 2C3
- Item 2F

- Item 2H2
- Item 2J

Motion by Mr. Ary and seconded by Mr. Moore to approve the Consent Agenda with the exception of the pulled items. *Motion passes.*

### **Item 2B**

Dr. Nicodemus asked that this item be pulled in order to abstain from the voting as Cochise College is a recipient of funds.

Motion by Dr. Balentine and seconded by Ms. Mendoza to approve the State Contracts as submitted. *Motion passes. Dr. Nicodemus abstained.*

### **Item 2C3**

Mr. Charles Easaw, Chief Investigator, Investigative Unit, Arizona State Board of Education, stated that Mr. Roberts was not present but that Mr. Roberts was a teacher with 24 years' experience who was experiencing financial difficulties at the time that he applied for renewal and because he didn't have \$60, he altered the date on the fingerprint clearance card. Mr. Easaw explained that Mr. Roberts re-applied with the funds about six months later and in the meantime the Investigative Unit discovered that Mr. Roberts had made the initial alteration. Mr. Easaw reiterated the mitigating factors included in the materials packet.

Ms. Jennifer Pollock, Assistant Attorney General, Arizona Attorney General's Office, clarified that questions can be posed even though the person is not present and Dr. Nicodemus made the following observations while emphasizing her respect for the work of the PPAC:

- \$60 doesn't warrant altering the date on a fingerprint clearance card, indicating a very serious lapse in judgment
- A letter of recommendation from Mr. Roberts' present employer was not included
- Someone may have been able to loan \$60 to Mr. Roberts

Motion by Dr. Balentine and seconded by Ms. Kramer to accept the findings of fact, conclusions of law and recommendation of the PPAC and grant Mr. Linden Roberts' application for certification. *Motion passes. Dr. Nicodemus and Ms. Mendoza voted no.*

Mr. Charles Easaw, Chief Investigator, Investigative Unit, Arizona State Board of Education, introduced Mr. Peter Brandt, Investigator, who joined the Investigative Unit two weeks prior to this date and comes very well recommended. Mr. Brandt was welcomed by the State Board members.

*Ms. Owen arrived at 9:33AM during the preceding discussions.*

### **Item 2F**

Ms. Janet Cox, Campus Director/Principal, East Valley Institute of Technology (EVIT), asked that this item be removed from the Consent Agenda as they are not clear as to why the plan was not approved by the Career Ladder Advisory Committee (CLAC). She added that phone calls have not been returned and asked that the item be placed on next month's agenda for further discussion.

Mr. Yanez stated that the matter was discussed by CLAC on a couple of occasions and asked ADE staff to clarify.

Ms. Jan Amator, Deputy Associate Superintendent for Highly Qualified Professionals, Academic Achievement, Arizona Department of Education, noted that the CLAC has been working with EVIT for a number of years regarding problems with its career ladder plan. Ms. Amator pointed out the following:

- Since 2004, as ADE Career Ladder Director, she found concerns regarding EVIT's budget and procedure
- Advised EVIT that they could not use Career Ladder monies for student expenses

- Advised that EVIT have a full time Career Ladder director to oversee these activities
- Primary concerns are budgetary
- ADE was audited last year by the Auditor General and Career Ladder came under criticism as the budget was not detailed enough
  - corrections were made and ADE has been working with Career Ladder districts regarding their budgets in this area
- EVIT has had representatives at the network meetings on a monthly basis where trends, concerns, etc., are discussed
  - EVIT representative raised questions/concerns about their operations at these meetings
- Open invitation to all Career Ladder directors to attend all CLAC meetings to discuss any concerns
- EVIT was notified in 2004 not to spend Career Ladder monies for student expenses but they are still doing this
- EVIT allocated \$331 but spent \$31,000 for classified yet there is no full-time Career Ladder office
- Only 47% of total funds are allocated to teacher addenda and while there is nothing stated in law, a rule of thumb is that anything less than 70% sends up a “red flag” as this is a teacher incentive program
- CLAC will not take action to approve or recommend disapproval of this program until a report from the Auditor General is received

Ms. Harmon clarified that the request is to wait for the Auditor General’s report and if verified, funding could be cut off and Ms. Amator stated that until the application is approved for next year there would not be money going forward for the next year. She added that the intent of the CLAC is to make sure the budget is in line with law and requirements.

Ms. Amator added that in the August 2003 minutes/notes from CLAC it is noted that “EVIT has a history of a cavalier attitude toward CLAC and law itself” and that today’s action is to make sure EVIT is on the right track per the State Auditor General.

Ms. Harmon asked about the timeline and opportunity for EVIT to respond to an audit and Ms. Amator clarified that after the report is received a recommendation could be brought to SBE. She noted that if the item is tabled the timeline could reach into the fall due to summer scheduling, etc. Ms. Amator added that funding is retroactive once it is recommended to be allowed.

Ms. Cox insisted that they do not know what the issues are and why the plan was not approved. She confirmed that they have had small issues which were resolved at CLAC. She noted that the main issue was not budgetary, but rather that EVIT does not give AIMS and that they have worked with CLAC to rectify this.

Ms. Amator clarified that there are certified employees being paid by Career Ladder money and student expenses were paid out of Career Ladder monies. Ms. Amator added that the only way to verify whether EVIT’s spending is allowable is through an audit.

Dr. Nicodemus noted that in the past the plan was approved without sanctions and with the intent to work with the district as the pattern has been consistent and the same discussions have been raised by the CLAC.

Further clarifications were made as follows:

- until this matter is cleared up no funds will go to the district for the next year
- the only way to clear this up is to approve that an audit be done
- would probably not be possible to have an audit completed by the June 2007 meeting and after July 1 a new fiscal year begins, making the funding at risk for the following FY

- applications are due by November 15 which are reviewed by CLAC and feedback is given to district
- the schools/districts on today's agenda are the final recommendations
- all schools on this list were notified of today's recommendations

Ms. Lisa Kelley, Education Program Specialist, Title II Highly Qualified Professionals, Arizona Department of Education, confirmed that meeting dates for the CLAC are set for October, January, March and additional meetings in March depending on how much more business needs to be discussed. She noted that the January meeting had a quorum by one and it was set to discuss EVIT but the quorum was lost. The March meeting did not have a quorum and the item was moved to an April 22<sup>nd</sup> meeting.

Ms. Mendoza asked if EVIT was not able to get feedback due to the late meeting and Ms. Kelley noted that EVIT has received feedback but the lateness of the meeting has presented additional problems.

Ms. Kelley stated that in order to assure that EVIT is receiving unbiased feedback the budget should be reviewed by the Auditor General.

Dr. Nicodemus asked why the SBE is just now receiving recommendations from CLAC as reports were submitted in November and asked what the implications are if a recommendation is not received until fall. Ms. Kelley clarified that the payout of addenda to Career Ladder teachers happens at the end of the year and is not affected adversely this year. She added that CLAC is not asking for approval or denial of the program but clarification of the activities on the financial side. Ms. Amator further clarified that Career Ladder is a year-by-year program, and even in an existing program there is provision for moving up and down the scale and noted that in most districts Career Ladder money is an additional addenda and not part of the contract.

Ms. Amator stated that the hope is that EVIT will let its teachers know that some concerns have been raised by CLAC. Ms. Amator reiterated that CLAC has pledged to assist EVIT in addressing all issues and hopes to be able to recommend approval. Ms. Amator added that if they are unable to work with EVIT in addressing the issues it may be that CLAC would recommend denial in which case there would be no money for this purpose.

Ms. Harmon asked if it is possible to work within statute to reach an answer other than through the Auditor General's audit and a denial and Ms Amator responded that school finance does not have the statutory authority to do this, which necessitates the request for the Auditor General's services.

Ms. Harmon asked if there is a way to exchange information to determine if it needs to go to the Auditor General and Ms. Pollock noted that CLAC has the responsibility to review each program to determine if all criteria have been met, to make recommendations and to work with schools regarding technical questions. Ms. Pollock noted that she did not have clear information as to whether an independent auditor could perform this function or whether the Auditor General's Office was required to perform these duties.

Mr. Ary noted that EVIT has had every opportunity to present information and CLAC has the ability to hold a special session to try to resolve this issue.

Mr. Moore asked for clarification regarding the request being considered and Ms. Pollock stated that:

- Superintendent could request an audit
- CLAC is an advisory board to SBE
- Authority could lie with either entity to request an audit

Mr. Moore stated his desire to resolve this in a timely manner and noted his concern regarding the time needed to conduct an audit.

Superintendent Horne clarified that the CLAC had a subsequent meeting with a quorum where this item was considered and added that he would be happy to make a request for an audit by the Auditor General as quickly as possible. Mr. Horne reiterated that the CLAC is an advisory committee to the State Board with the responsibility of making recommendations to the SBE, which it has done. Mr.

Horne added that the CLAC is making this recommendation under the shadow of criticism by the Auditor General that these programs are being administered on an ongoing basis without sufficient oversight of finances.

Ms. Mendoza clarified that funding for teachers would not be affected this year and a review could take place for a possible recommendation for next year as funding would not be affected for teachers until Spring 2008.

Ms. Amator pledged that CLAC will work with EVIT both during and after the review to assist in any way possible.

Motion by Ms. Harmon and seconded by Dr. Balentine to accept the recommendations of the Career Ladder Advisory Committee as outlined in the agenda item.

Dr. Nicodemus asked to include a timeframe in the motion and Ms. Harmon amended the motion by stating that the SBE accept the recommendations of the Career Ladder Advisory Committee with the understanding that notwithstanding the recommendations for an audit by the State Auditor General, and that absent any action prior to October 2007 there will be a recommendation from CLAC to the SBE no later than the October 2007 SBE regular meeting. *Motion passes.*

### **Item 2H2**

Dr. Balentine asked that items relating to the following area be posted in the General Session as opposed to the Consent Agenda:

- Over-expenditure of a school district that is unresolved

Motion by Dr. Balentine and seconded by Ms. Mendoza that the unresolved over-expenditure amount for Whiteriver USD be resolved. *Motion passes.*

Mr. Lyle Friesen, Legislative Business Policy Advisor, School Finance, Arizona Department of Education, responded that he has no difficulty with this and that he expects/hopes that the district governing board will waive its right to a hearing and reduce their budget for the next two years which would then give the district the authority to budget and expend next year.

Mr. Yanez responded that any request to accumulate will be placed on the General Session if there is an issue with over-expenditures. He noted that the intent is that if there are any financial issues with a district, including over-expenditures or USFR compliance issues, the item will be placed on the General Session.

### **Item 2J**

Dr. Nicodemus asked for clarification in the listings of providers and Ms. Irene Moreno, Deputy Associate Superintendent, Academic Achievement Division, English Acquisition Services Unit, Arizona Department of Education, made the following corrections:

- Arizona Campuses changed to Wayland Baptist University (Sierra Vista and Phoenix)
- Intell-School, Inc. changed to Intelli-School, Inc. (charter)
- Intelli-School, Inc. moved to LEA from Higher Institutes of Learning

Motion by Ms. Mendoza and seconded by Ms. Owen to approve the submitted recommendations. *Motion passes.*

### **3. CALL TO THE PUBLIC**

Mr. Russell Kukla addressed the SBE stating:

- Need to lay a correct foundation for our children and stop teaching them how to sing the alphabet
- Fly is still in the ointment of education
- 25% of students are testing as proficient
- Teach a child how to memorize before we tell them what to memorize
- Foundation of education is learning how to remember

- Hopes to get a call and would work free to consult with schools

#### 4. SPECIAL PRESENTATION AND DISCUSSION REGARDING THE ARIZONA ENGLISH LANGUAGE LEARNER TASK FORCE

Mr. Allen Maguire, Chairman, ELL Task Force, presented an update of the Task Force's progress via PowerPoint Presentation, which is included in the materials packet.

Mr. Maguire noted that the committee has not taken any final actions to date but rather it has been deliberating regarding the charge it was given via statute as outlined in the presentation. Mr. Maguire emphasized that the Task Force is working toward the best results within the framework of the law. He noted that the presentation points are his views of the work being done.

Dr. Balentine asked what different structure is expected in Arizona in August and Mr. Maguire noted:

- Grouping of students by proficiency level; based on number of ELL students
  - Focus groups toward progress
  - Multiple language groupings
  - In small numbers, groups may look different
  - If groups are too diverse, difficult to achieve progress
- Four hours of English language development
  - Law is narrow in terms of ELD
- Structure of the four hours
  - Comes from ELL proficiency standards
  - Allocation of time
- Don't know what this will look like in August
  - Haven't talk much about implementation
  - Will be discussed at length

Dr. Balentine requested that an adaptation of the model may be what the August recommendation looks like and Mr. Maguire responded that implementation is the key and will be a focus of the Task Force.

Superintendent Horne noted that he has been getting detailed reports as the task force meets and added that some districts are getting good results as they move students toward English proficiency. Ms. Kramer asked what proficiency means and Mr. Maguire noted that the law describes this as a score on the AZELLA, which is the standard.

Ms. Kramer noted that she sees this happening as integration within the existing curriculum.

Mr. Ary asked regarding school size and the implications as to whether or not these models now being developed will look similar to best practice in the unified districts if more districts are unified. Mr. Maguire noted that the model will work the same but the outcome may look different, i.e., different groupings, as the application may be different. Mr. Maguire also mentioned mobility, a huge issue for students, which must be recognized by the Task Force.

Ms. Mendoza asked if integration meets the requirement of the law of 4 hours of focused instruction and Mr. Maguire noted that the Task Force doesn't make recommendations but notes that the committee may prescribe a series of actions/behaviors that will happen in the districts.

Ms. Mendoza noted that we may be preparing people to meet a delivery of services that may not be the model presented to them.

Mr. Moore commented on the potential of capacity and staff expenses and Mr. Maguire noted the Task Force doesn't cost out the models but that the law requires a series of actions/behaviors in the districts/schools which result in a net incremental cost funded by the SEI fund.

Dr. Nicodemus asked if some of the laws might be more understandable as a result of the Task Force's work and Mr. Maguire responded that until the job is done, opinions may not be as valuable.

He added that this is a complex law and is part voter-protected and part legislatively created and that some of the most disagreed-with provisions are those that are voter protected. He added that they may present an “other considerations” at the end of the assignment.

Dr. Balentine asked if the outcome is intending to be technical assistance for the districts or a consequence for non-100% implementation of components and Mr. Maguire noted that some portion of reasonableness would probably be possible.

Superintendent Horne noted the bill that created the Task Force also created 20 new positions for technical assistance which the ADE is working toward.

Ms. Pollock explained that if there is non-compliance on this issue the SBE can determine to withhold funds just as in USFR issues. She also clarified that \$14M was allocated last year and any withholding would be taken from this fund.

5. GENERAL SESSION – The Board will recess for lunch at approximately 12:00 p.m.  
No Board business will be discussed by Board members during that time.

- A. Program Update from the Office of English Language Acquisition Services

Ms. Irene Moreno, Deputy Associate Superintendent, Academic Achievement Division, English Acquisition Services Unit, Arizona Department of Education, presented the overview of the Office of English Language Acquisition Services (OELAS), via PowerPoint Presentation, included in the materials packet, which outlined some of the duties and responsibilities of the division.

Dr. Nicodemus asked if funding allocated toward these initiatives differs from district to district and Ms. Moreno responded that the issue is actually what LEA’s are choosing to do, rather than a funding issue. Superintendent Horne added that some districts have more funds per student than other districts.

Dr. Nicodemus asked if an annual report is generated from the collected data and Ms. Moreno stated it could be made available upon request in an understandable format.

Ms. Mendoza asked about the percentage of proficiency comparison from SELP to AZELLA and Ms. Moreno responded that there are different levels that differ from one test to another. She noted that there is an increase in the number of total students in the first year and lower in the second year. Ms. Mendoza asked for a comparison in the two tests regarding the number of students being identified on the test. Ms. Moreno stated that this was put on hold as AZELLA was not in place, but that she would follow up with this information. Superintendent Horne added that there was an increase in the first year in the number of students reclassified as a percentage of the total students and in the second year it leveled off. Ms. Moreno added that this is the first year with AZELLA and that they would look at this factor. Dr. Nicodemus noted that the percentages of students classified as ELL is changing over time and should be included in the additional data.

Dr. Nicodemus clarified that the work of the Task Force is to put in place the model programs that would require 4 hours of instruction specific to the ELL population. She added that the SEI initiative is to have teachers qualified in all subject areas to be able to address the needs of the ELLs. She asked if the presentation indicated that implications will be determined after the models are received and whether there is a disconnect in terms of the SEI initiative to the mandate to the ELL Task Force regarding the 4-hour instruction. Ms. Moreno noted that some strategies are best practices that are useful for teaching all students and a disconnect is not perceived. Dr. Nicodemus noted that all aspects of these requirements must be discussed and clarified for districts. Mr. Horne emphasized that the four-hour requirement is for one year only and the second year the students should be in a mainstream classroom.

Ms. Harmon asked why there have been several assessments and Ms. Moreno noted that State Board rule calls for a second test in order to assess.



B. Update Regarding Legislative Affairs. The Board May Take Action to Support, Oppose or Remain Neutral on Specific Legislative Proposals

Mr. Jack LaSota, Legislative Liaison, State Board of Education, noted the following activity:

- HB 2305, Saddle Mountain bail-out bill is now out of conference committee and the following provisions were added:
  - Creation of 10-member study committee
    - All legislatures (5 from each House)
    - Will study causes of district over-spending, budget capacity and accountability
    - SBE is not mentioned as a focus
    - Initial report is due in mid-December 2007
  - Short-term extension of receivership statute
    - Until sine die date next year (2008)
      - Will require an emergency provision and 2/3 vote
      - Assuming it passes as a regular bill, there will be a 3 month period where the SBE cannot put a district into receivership
      - Remedied in itself after the provision takes over
  - Representative Burns gave Saddle Mountain a tongue lashing and asked them to get their act together and not depend on the Legislature for assistance in the future
- Budget SB1086
  - Passed with 24 positive votes
  - House has its own budget bill which did not pass (needed 6 votes)
    - Another vote tomorrow (HB 2742)
  - Has 3 FTE's for SBE and \$46M for teacher salary supplements
    - HB does not include FTE's for SBE and has \$25M for teacher salaries
      - A recent agreement will likely add \$4M for e-learning technology grants

Dr. Nicodemus stated that she visited with Legislators last week regarding the SBE's support of the Senate bill and stated that some of the questions seemed to raise the issue as to whether the SBE is trying to replicate ADE efforts and that the SBE may not appreciate the work of the ADE. Dr. Nicodemus emphasized that the SBE very much appreciates the work of the ADE and at the same time the SBE is a constitutionally created Board and must carry out its due diligence around policy issues. She noted that SBE members have many policy issues to be worked on and that the SBE needs the additional staff assistance to carry out its responsibilities.

C. Presentation, Discussion and Consideration to Accept the Recommendations of the Professional Practices Advisory Committee and Deny the Applications for Certification for the Following Individuals:

1. Rhonda Payne, Case # C-2006-044 R

Mr. Charles Easaw, Chief Investigator, Investigative Unit, Arizona State Board of Education, stated that Ms. Payne has requested that this item be tabled in order to retain legal counsel.

Dr. Balentine asked for clarification regarding tabling and Ms. Pollock noted that the SBE does not have to honor the request to table in that the full process was gone through by the PPAC.

Motion by Ms. Mendoza and seconded by Ms. Owen to table this item per the request by Ms. Payne. *Motion passes. Ms. Kramer voted no.*

2. Francisco Segovia, Case # C-2005-030 R

Mr. Charles Easaw, Chief Investigator, Investigative Unit, Arizona State Board of Education, noted that Mr. Segovia was present.

Mr. Segovia addressed the SBE apologizing for his irresponsible behavior in his capacity as a teacher and asked the SBE to consider the facts that he has been out of teaching for over two years now and has no plans to go back into teaching in the near future. He requested that his certificate be renewed as he worked hard in college to get the certificate, that he understands that what he did was very irresponsible and would like to keep his certificate.

Motion by Mr. Ary and seconded by Ms. Kramer to accept the findings of fact, conclusions of law and recommendation of the Professional Practices Advisory committee and deny Francisco Segovia's application for certification. *Motion passes.*

D. Presentation, Discussion and Consideration to Determine Non-Compliance with the USFR and to Withhold State Funds Pursuant to A.R.S. §15-272(B) for Peach Springs Unified School District No. 8

Mr. Chad Sampson, Assistant Attorney General, Attorney General's Office, presented the information as provided in the materials packet.

Dr. Eugene Thomas, Superintendent, Peach Springs USD, addressed the items/concerns outlined in the materials stating:

- Difficulty in moving from one attendance record-keeping program to another where some staff were not trained in the program
  - Will be adopting a new program and will bring in people who are already trained
- Purchasing requirements
  - Hired new personnel and changed purchasing by going through Mohave
  - Adopted sealed bid process this year
    - Allows recommendations to come through him to the school board
  - Instituted three-quote process prior to awarding
- Internal controls
  - Quotes for all items equal to or greater than \$5K
  - Determine budget capacity for the purchase order
  - Develop purchasing process including requisition, receiving report and purchase order
  - Employee with this responsibility has been trained extensively by Mohave
  - Actively recruit qualified personnel

Ms. Harmon noted that the person in charge needs to make sure they can cover the responsibilities if there is not someone on staff who can and Dr. Thomas responded that he was already working long days and that he didn't have staff to carry out all the responsibilities, especially those requiring at least three people to look at sealed bids, for instance.

Ms. Harmon asked if there were other instances of non-compliance in prior years and Dr. Thomas noted that it had happened in the year prior to his coming on staff two years ago, and that he feels confident that they are on the right track. He noted that consistency of staff is key to their being able to be in compliance and he believes they are on track to accomplish this.

Dr. Balentine asked if Peach Spring USD held charters for a number of schools and clarified that those issues are separate from today's issues. Mr. Sampson stated that Peach Springs was one of the districts that sponsored several charters throughout the state that did not turn out well. Dr. Thomas noted that previously he was at the SBE to address two charters that were out of compliance and that Peach Springs has subsequently terminated those charters, as Peach Springs could not service the charters.

Dr. Nicodemus asked when the Auditor General will return for evaluation and Dr. Thomas stated that they would like to invite the Auditor General to come back before June 30, 2007.

Mr. Yanez clarified that he needs written notice from the district requesting a follow-up audit from the Auditor General and that the Auditor General requests 60 days of operation in order to see whether the new systems are sufficient to meet the requirements.

Mr. Sampson clarified that Dr. Thomas addressed all issues reported by the Auditor General but that this cannot be confirmed without an audit from the Auditor General.

Dr. Thomas added that the county superintendent has been supportive regarding budget capacity, looking at how revenue is being generated, payroll, and how accounts payable are being covered. He added that with more staff they will be able to meet the requirements and are being as pro-active as possible, which has been difficult with limited number of staff.

Mr. Sampson added that other hard working superintendents have been given additional opportunities to rectify matters like this in the past and that the ADE has available personnel as well as accounting/auditing firms in the state that are available to help districts. Dr. Thomas added that his board recommended that they hire an on-site accounting person as well as advertise for an accounting firm, which they are doing.

Motion by Ms. Harmon and seconded by Ms. Mendoza to determine that Peach Springs Unified School District is out of compliance with the USFR and to direct the Superintendent of Public Instruction to withhold 10% of state funds from the district until the Auditor General reports that the district has achieved compliance. Ms. Owen stated that when districts have taken the right steps and have shown good effort, withholding of 5% should be considered. Mr. Moore stated that he supports a 5% withholding.

Ms. Mendoza noted the personal accountability in the system and stated that she supports 10% as it is substantial enough to make a school board aware of the importance of having a system in place rather than depending on one person.

Dr. Thomas noted that all funds were withheld for Special Education for two years and that they have now met the standards and the monies have been returned and that he prefers to have the district systemically correct.

Motion by Ms. Owen and seconded by Mr. Moore to amend the motion to request 5% withholding until the Auditor General reports that the district has achieved compliance. *Motion passes unanimously via roll call vote. Amended motion passes.*

*The Board broke for lunch at 12:25PM and reconvened at 1:07PM*

E. Presentation, Discussion, and Consideration to Approve Passing Scores for the Middle Grade Language Arts/Reading, General Science and Social Studies Content Exams

Ms. Jan Amator, Deputy Associate Superintendent for Highly Qualified Professionals, Academic Achievement, Arizona Department of Education, presented the information provided in the materials packet, noting that the number of those taking the test is high for a first-time offering.

Dr. Marty Carlin, National Evaluation Systems, explained the pass rate analyses provided in the materials packet stating that the items were evaluated and revised to meet criteria for determining proficiency of an entry-level teacher in Arizona.

Ms. Mendoza asked what percentage of teachers are new graduates or teachers who are getting an endorsement and Dr. Carlin responded that this type of information is not gathered at test time.

Dr. Balentine asked how teachers remain in the system for assistance in passing the test and Ms. Amator responded that the ADE does not monitor a teacher's progress in this area, as this is technically a district issue. In the case of highly qualified, Ms. Amator explained that as long as schools are making a good faith effort to get its teachers highly qualified, action may be taken by the district. In addition, Dr. Balentine asked what ratio of teachers is taking the test and Ms. Amator noted that in all probability those who take this test are working toward highly qualified status.

Dr. Carlin noted, regarding passing rates in science, that the committee speculated that those in this area might be more specialized in their areas of expertise. Ms. Amator added that the test is over the middle school Arizona academic standards for science curriculum, grades 7-9, and that these scores will also be discussed with the state's colleges of education.

Motion by Dr. Balentine and seconded by Ms. Owen to accept the passing scores for the middle grade language arts/reading, general science and social studies teacher proficiency assessments as presented. *Motion passes.*

- F. Presentation, Discussion and Consideration to Accept the Proposed Consent Agreement with the Salt River Pima – Maricopa Indian Community Schools for the Purpose of Restoring the Charter to Acceptable Performance in Accordance with A.R.S. § 15-241(T)

~~XXXX~~Ms. DeAnna Rowe, Executive Director, State Board for Charter Schools, presented the information provided in the materials packet.

Motion by Ms. Mendoza and seconded by Ms. Kramer to accept the proposed consent agreement with the Salt River Pima-Maricopa Indian Community Schools for the purpose of restoring the charter school to acceptable performance in accordance with A.R.S. § 15-241(T). *Motion passes.*

Ms. Mendoza noted that she carefully read the consent agreement and stated that they seem to be on the right track. She added that student needs at the middle school level are sometimes intense and that she wished them well in their endeavors.

- G. Presentation, Discussion and Consideration to Approve Withhold State Funds Pursuant to A.R.S. § 15-977 for Precision Academy Systems, Inc.

Ms. DeAnna Rowe, Executive Director, State Board for Charter Schools, presented the information provided in the materials packet.

Mr. Dan P. Martinez, President, Precision Academy Systems, Inc., noted that the school has been nominated for and when the audit was received in November, they began working on the problem.

Mr. Martinez reported that they have hired an audit team member and that they believe they are in compliance. Mr. Martinez noted that he received a notice of this meeting with only two days' notice and asked the SBE to wait until he could provide a full report on June 4 before it takes action.

Mr. Martinez noted that they were out of compliance and that a motion of non-compliance would impact the school by approximately \$29,000 until such time that the school is in compliance.

Ms. Pollock and Mr. Yanez clarified that this case involves classroom site funds and the Auditor General is not involved.

Ms. Rowe noted that if the school comes into compliance in a timely manner and meets the criteria of the charter board, the withheld funds could be stopped and/or returned in a timely manner.

Ms. Rowe clarified that the initial correspondence sent to the school indicated that the school was out of compliance and that a letter dated May 1, 2007, stated that the school's explanation did not satisfy the required compliance issues. She added that once staff verifies that the school is back in compliance the funds are automatically released.

Ms. Harmon asked about the procedures to come into compliance and remedy this situation and Mr. Martinez stated they are going to eliminate the carry-forward as there was not sufficient cash to cover the carry-forward amount. He noted that by increasing the teacher performance pay they will eliminate the carry-forward.

Motion by Dr. Balentine and seconded by Ms. Harmon to find that Precision Academy systems, Inc. is out of compliance with classroom site fund requirements and to authorize the withholding of 10% of their monthly apportionment of state aid until the school can demonstrate compliance. *Motion passes.*

Dr. Nicodemus asked for clarification regarding the carry-forward line item in question and Mr. Martinez explained that the 2006 violation was not having sufficient cash on hand equal or greater than the carry forward and that the way to eliminate the carry forward is to increase the teacher performance pay and thereby eliminate the item.

Ms. Rowe explained that there are specific areas where classroom site funds can be expended and that the school has been out of compliance for three years so this is a cumulative affect:

- Total of expenditures does not equate to the total amount of dollars received over the last three years and the school did not provide that they had the extra money in reserve.

#### H. Presentation and Discussion of Proposed Changes to the AZ LEARNS School Accountability Formula Relating to the English Language Learner Assessment

Dr. Robert Franciosi, Deputy Associate Superintendent, Research and Evaluation Section, Arizona Department of Education, presented the information provided in the materials packet, stating that the proposed change is a result of the law passed last year regarding ELL students requiring school evaluations to incorporate the results of the English Language Proficiency Assessment (AZELLA) in the formula. Dr. Franciosi pointed out the differences from the original proposal presented last February:

- Threshold raised from 16% to 30%
- Commitment by ADE that this is only a transition measure
  - Legislature would like more fully incorporated results into the formula
  - Formula will be altered again at this time next year to incorporate the English Language results more fully into the formula

Ms. Margaret Garcia Dugan, Deputy Superintendent of Public Instruction, Arizona Department of Education, stated that HB 2064 also put forth that the AZ LEARNS results for AZELLA be given to the public. Ms. Dugan noted that due to the Legislators' request, the percentage was increased to 30%. She explained that this will be an interim recommendation and that a new rate, perhaps higher, will be recommended next year following this year's evaluation. Ms. Dugan added that the funding extends to two years for those students that have not become proficient in one year.

Dr. Cindy Ziker, Director, Assessment and Research, Glendale UHSD, stated the following:

- they have no way of knowing if rewarding a bonus point for re-classifieds is appropriate
- there is no data to support 30% or 16%
- last year the average was 13%
- why should 30% deserve an award of a bonus point in the AZ LEARNS formula
- previously AZ LEARNS did not have ELL conditions
- not reasonable with a track record; may not even be possible
- may advantage large schools or schools with higher ELL population

Ms. Harmon asked:

- what percentage of students was reclassified last year
  - Dr. Franciosi responded that the state average was 16%
- what happens after the monitoring is continued and classification is made
  - Dr. Franciosi stated that monitoring of proficient students does not factor into the formula after the student is re-classified
- how are smaller schools impacted (less than 16 ELL students)
  - Dr. Franciosi explained that these schools would not receive an additional point and would have no adverse impact since the scale is not re-adjusted
- how do Board members determine the best solution for schools
  - Dr. Franciosi clarified that they can provide additional information if needed but that this proposal is a result of input from the field regarding target goals, Legislative

staff, and a compromise between all these groups as to what is reasonable, feasible and attainable

Dr. Balentine asked who in the Legislature is asking for this and Superintendent Horne clarified that leadership and staff are asking for this action. Dr. Balentine noted that the field would agree that there is no particular adverse affect in the overall formula and that this may be the better of other alternatives that were presented. Dr. Franciosi stated that particular recommendations from their advisory committee were to keep the emphasis on academics and the affect at minimum and to start with a state average. He added that Legislature weighed in after that stating that 16% was too low. Ms. Mendoza added that asked what information the House leadership is using to make its recommendations and how the funding for targeted instruction is handled. Ms. Garcia Dugan responded that models presented to the field may be used and if the school/district feels it has a model that fulfills requirements, they can submit the model of their choice to the task force for review and possible approval.

Superintendent Horne noted that schools get group B wage and the idea of the bill is to stop the per-student funding and the money goes into another fund. He added that once the models come out the schools show that they are going to meet those models, determine the costs and then receive those costs if approved. Mr. Horne also added that if the costs exceed the amount in the fund, the Legislature should appropriate more money to cover those costs. In addition, he noted that controversially, the bill provides that federal monies must be applied before monies are requested from the state.

Mr. Moore asked about the justification behind the recommended 30% and Ms. Dugan stated that the Legislature did not specify a percentage, but only declined 16%, and because the two-year funding stipulated in the law, the ADE wanted to see if 50% could be reclassified in one year and 50% in another year resulting in all students being trained.

Ms. Owen asked if the ADE looked at any other states' data and Ms. Dugan reiterated that Proposition 203 which states not normally to exceed one year and with HB 2064, that addresses only language proficiency as opposed to academic proficiency, two years is the recommended timeframe to teach this to children. Ms. Owen concerned about 30% seems like warp speed.

Mr. Ary noted his concerns about the arbitrary figure and Mr. Horne responded that they are looking for a goal between all extremes:

- can't make students able to pass in 1 or 2 years, need 3 years
- English language proficiency in order to learn academically proficiently
- Legislature says this must be accomplished in two years
- expectation that rates of classification will grow
- 30% represents number higher than the rejected 16% and more toward 50% asked by Legislature

Mr. Ary asked if more information will be available before action is required at the next meeting and Mr. Horne explained that they are aiming at a two-year goal, which is realistic, and will provide this information. He noted that we are at 20% and are recommending a goal that is 1/3 of the way. Ms. Harmon asked for more specific information to back up the 30% goal and what is being done to assist in achieving this goal. Dr. Balentine responded that to implement the four-hour requirement will require staffing and facilities increases. Ms. Harmon asked if this is doable and Dr Balentine responded that the fact that this is an add-on does minimize negative consequences regarding AYP but there are still probably unintended consequences.

Mr. Horne noted that the data show that 198 schools have already attained this goal so it is doable and there is no detriment if the goal is not met. He added that schools that don't have ELLs will not get the point and that Legislature wanted this statistic in the formula as they wanted to pressure schools into moving students to English language proficiency.

Dr. Franciosi added that whether or not there are unintended consequences will be determined after the results of AZELLA 3 are completed.

Mr. Moore noted that schools should be willing to abide by Legislature's opinion but wondered if this is driven by politics rather than a decision to be made by the SBE based on data.

Mr. Horne reiterated that he recommended 30% because he thinks it is doable but 50% is not doable.

Dr. Franciosi noted that the next recommendation would likely include:

- Increased %
- Increased scale for formula

Mr. Horne noted that as the methods produce results, they are not positive that the second recommendation would be made.

Dr. Nicodemus reiterated that federal requirements ask that a student be able to take a test in English in the fourth year and that the SBE makes decisions but looks to the ADE for recommendations it feels are appropriate for schools.

Mr. Yanez noted that at the evidentiary hearing the SBE argued that its own data shows that the two year requirement is not data-based. Ms. Owen noted that there are students who speak native languages other than Spanish, who may not be able to achieve language proficiency in two years and requested data in this regard.

Mr. Moore asked if this issue has been raised with the possibility of changing language in NCLB and Mr. Horne answered that it has been raised forcefully and should be on the federal agenda for further discussion.

#### I. Presentation and Discussion Regarding Initiating Rulemaking Regarding High School Graduation Requirements, R7-2-302

Ms. Cheryl Lebo, Associate Superintendent of Standards & Assessment, Arizona Department of Education, introduced the item and stated that this item will be brought in June or later for action. She noted that this requirement is needed because all students:

- must manage personal finances
- make economic choices every day
- must be economically and financially literate in the work place and as citizens
- must be competitive in the global job market

Ms. Lebo added that there have been requests for more mathematics education in high school and economics education supports and reinforces this quite clearly in personal finance, data analysis, probability and discreet math, and patterns, algebra and functions and in applying math to every day life.

Ms. Elizabeth Velard, President, Arizona Council on Economic Education, stated that economics is about choice, consequences and cost/benefit analysis. Ms. Velard referred to a letter from Mr. Steven Reff, included in the materials packet, who advocates economics in the curriculum.

Ms. Lebo reported that 85% of high school requirements include economics and that the belief is that in order to reinforce this, economics should be a high school requirement.

Mr. Greg Pratt, Economics Professor, Mesa Community College, addressed the SBE stating that he is pleased to support a requirement of economics as a high school graduation requirement. Mr. Pratt also provided handouts to support his opinion, which are included in the materials packet.

Ms. Jacqi Fifield, Manager Treasury Analysis, Salt River Project, stated that economics is vital in a high school background because no matter what degree or job they have, an economics background is very good. She added that a board composed of business people throughout the Valley strongly supports the economics graduation requirement.

Ms. Kathleen Floyd voiced the financial industries support for expanding the social studies requirements in Arizona to three years, which includes an economics semester. Ms. Floyd, Vice

President, Securities Industries in the Financial Markets Association, and Executive Director, Stock Market Gain Program, noted that economic education is hands-on learning. She noted that in New Jersey a majority of companies work closely with the state's government, which has a lot more requirements for graduation including three years each of social studies, science and math and New Jersey has the number one graduation rate in the country. She noted that economic education is important because:

- today's students will be responsible for building their own wealth and retirement; pensions will be a thing of the past
- must give students the tools and understanding to determine their own financial future
- stock market gain is real world hands-on experience in helping students understand economics
- covers the ins and outs of saving and investing
- reinforces academic skills of language arts, research, technology and math
- is an engaging means to reach students

Mr. Horne added that the new rule to be proposed will include courses to be taught by CTE, social studies and business teachers. Ms. Mendoza stated that she supports this increase and noted that standards already exist and it appears that the decision could be left to districts as to where the course is going to be taught. She cautioned that this could put schools/districts on a different pathway.

Dr. Balentine asked where the highly qualified component comes in and Mr. Horne noted that if the teacher is highly qualified in business, they would be qualified to teach the course.

Ms. Jan Amator added that economics is spelled out in NCLB as one of the core academics for which a teacher must demonstrate content competency and that the test has been developed.

Dr. Nicodemus stated her support of economics being included in the high school curriculum and added that some key questions relating to high school graduation requirements will be discussed at the June 11 Special Session. She suggested that the rulemaking to be initiated in the near future include all changes that may be made as a target and that the SBE then look at how these goals will be met. She asked that if this action takes place how it impacts the 2007 freshmen and Ms. Lebo responded that many schools have this in place but if economics is not a specified .5 credit, it may get swept under. Ms. Lebo added that the impact for Fall 07 may not be significant but next year's freshman class will be impacted.

Ms. Velard noted that this course prepares students more fully to be participants in the global economy. Ms. Lebo added that as high school requirements are looked at, economics enjoys teacher and education support in Arizona.

J. Presentation, Discussion and Consideration to Approve a Resolution in Support of the Arizona Scholars Initiative and to Authorize Staff to Structure a Grant Proposal for the Initiative's Continuation

Mr. Vince Yanez, Executive Director, State Board of Education, stated that this resolution is to create a grant initiative to continue the AZ Scholars program, which is designed for students to take a more rigorous course of study in high school, as outlined in the materials packet.

Mr. Yanez stated that this was drafted to state the purpose of the resolution. Dr. Balentine noted that the social studies requirement includes the economics as a subject area but does not include the ½ credit, which can be clarified.

Ms. Mendoza noted her support for this program as an encouragement to students. Mr. Moore noted that this is a program looking for a home and asked if SBE is the home for the program, what the impact would be to staff.



Mr. Yanez clarified that the proposal is much like the grant program through AZ READS where some oversight takes place twice a year to evaluate reports but staff involvement is minimal. Mr. Horne stated he has spoken in support of this program and asked whether it is prudent to take on responsibility of a program from ABEC where the funding is being reduced.

Dr. Nicodemus noted if the program is going to transition and if a district participates in this program, whether the district would pick up the costs of the program. Ms. Bobbie Cossano, Interim Project Director, ABEC, noted that the first two years were a pilot program to get acquainted with the requirements, etc., and a partnership between business and education. She also noted that functions of the program include:

- giving presentations at 8<sup>th</sup> grades where there is the most emphasis
- providing incentives
- providing recognition at graduation at a low cost (easily absorbed by businesses and chambers of commerce) which takes care of core costs
- once relationship is established between schools and businesses they can operate on their own with no additional assistance from the program

Dr. Balentine stated that this is short-range, perhaps 3-4 years, that SBE might use to ramp up expectations and understanding of increased permanent graduation requirements. She noted that they had a county-wide kick-off in Pima County and have established relationships with businesses including a 5-year supply of medallions, etc. She noted that this doesn't seem to be a program that will require ongoing expenses but that ongoing funding may be sought via ABEC with counties and/or other entities.

Regarding a long-range support base, Mr. Ary suggested that the Arizona Educational Foundation could be a possible partner in this area.

Ms. Cossano stated that the budgeted \$70K would possibly cover a consultant-type situation and Mr. Yanez noted that an RFP would be put out for this purpose and Dr. Balentine asked that the provider be asked to focus some effort in garnering continued resources for the program. Mr. Yanez stated that this could be discussed with ADE procurement.

Motion by Dr. Balentine and seconded by Ms. Owen to adopt the resolution in support of the Arizona Scholars initiative as presented. Dr. Nicodemus noted that the motion is specific to the resolution *Motion passes.*

Motion by Dr. Balentine and seconded by Ms. Mendoza to authorize staff to structure a grant proposal for the continuation of the scholar's initiative as presented. Dr. Nicodemus clarified that the motion includes:

- support of the program's continuation
- not an intent to manage or facilitate the program
- ABEC wants to move this to a new "home"

*Motion passes. Superintendent Horne voted no.*

Dr. Nicodemus suggested that this might be a better topic of conversation after the conversation regarding high school graduation requirements has taken place. Ms. Cossano noted that ABEC wants to continue the program and would like to clarify the important courses of study to insure that they are in step with the next steps to be taken by the SBE.

Dr. Balentine noted that potential action communicates the desire for rigor, etc, but if laid out as a short-term bridge it wouldn't come back on the SBE.

Ms. Harmon clarified that this does not obligate SBE beyond the existing \$70K and if no other funds are flowing there is no further program and that there is no intent for SBE to manage another program.

Mr. Moore articulated the benefit of moving this program to SBE from ABEC as it provides support for statewide education goals and creates further funding opportunities.

Mr. Ary clarified that this action will be an endorsement as opposed to managing or facilitating a program.

Mr. Horne noted that if the program stays at ABEC the chances of raising money through the business community are greater and Dr. Nicodemus added that ABEC is trying to find a “home” for this program at this time and to find a way to expand its efforts beyond ABEC. Ms. Cossano added that another goal is to add legitimacy to the initiative as the SBE looks at increasing graduation requirements and validity of the importance of rigor. She noted that the ultimate goal is that this program is institutionalized within schools/districts.

K. Discussion and Consideration of the Employment Evaluation and Salary for the Board of Education's Executive Director. The Board may Make Recommendations and/or Take Action Regarding the Employment Evaluation and Salary of the Board's Executive Director. Pursuant to A.R.S. § 38-431.03(A)(1) and (A)(3), the Board may Vote to go into Executive Session for Discussion or Consideration of Employment or Salary of an Employee of the Board and/or for Discussion or Consultation for Legal Advice.

Motion by Ms. Kramer and seconded by Ms. Owen to move in Executive Session. *Motion passes. The Board went into Executive Session at 3:53PM and reconvened in General Session at 4:11PM.*

Motion by Dr. Balentine and seconded by Ms. Harmon to increase Mr. Vince Yanez’ yearly salary to eighty-five thousand dollars or the place on the scale that is closest to that with any increases from the state in addition. *Motion passes.*

#### 6. ADJOURN

Motion by Mr. Moore and seconded by Ms. Mendoza to adjourn. *Motion passes. The Board adjourned at 4:13 PM.*