



# Nevada State Public Charter School Authority

## SPCSA Financial Performance Framework Recommendations



# Presentation Summary of Recommendations

Authorizing staff recommend the Board approve the following Financial Performance Framework changes:

1. Rename “Enrollment Forecast Accuracy” measure to “Enrollment Variance.” This measure would be “For Stakes” Purposes beginning FY 2023.
2. Accept modified formula for the Enrollment Variance measure which focuses on the most recent school year.
3. Adopt proposed Glossary changes.



# Objectives of SPCSA Financial Framework

1	Enable SPCSA to fulfill its mission as authorizer and regulator.
2	Fulfill <b>NRS 388A.273 requirements</b> for performance indicators, measures and metrics for the financial category.
3	Fulfill public school obligations, provide transparent reporting.
4	Convey SPCSA expectations of charter schools.



# What is a Performance Framework?

## Academic

- Is the educational program a success?

## Financial

- Is the school financially viable?

## Organizational

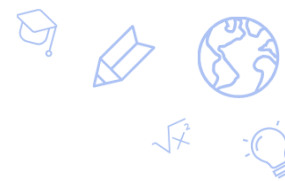
- Is the organization effective and well run?

Source: [NACSA Core Performance Framework and Guidance](#)



# FPF Principles

1	Define financial benchmarks.
2	Treat schools the same.
3	Enable school flexibility and autonomy.
4	Ensure transparency to the public.



# Financial Framework: Indicators

	Category/Indicator	How is this evaluated by the Authorizer?
1	Near Term Measures	<i>1) Current Ratio 2) Unrestricted Days Cash-on-Hand Ratio 3) <u>Enrollment Variance</u> 4) Debt Default</i>
2	Sustainability Measures	<i>1) Total Margin 2) Debt to Asset Ratio 3) Cash Flow 4) Debt Service Coverage Ratio</i>



# Ratings

- **Meets Standard Rating**

- Schools earning this rating in all or nearly all indicators are performing well and are generally financially viable in both the short and long-term.
- The targets for this rating category set the minimum expectations for charter school performance.

- **Does Not Meet Standard**

- Schools earning this rating in some indicators have failed to meet minimum expectations which may signal potential concerns.
- At a minimum, they should be subject to closer monitoring, and their status for renewal is in question.

- **Falls Far Below Standard**

- Schools earning this rating in some indicators have failed to meet minimum expectations by a significant margin signaling concerns, some of which may be immediate.
- Staff will closely monitor schools with these designations, and their status for renewal is in question.



# Indicators and Ratings

- Schools will receive 8 formal ratings, or one for each indicator within the framework.
- Poor financial performance measures ratings may trigger a Notice of Concern or Notice of Breach recommendation.
  - At least one indicator scoring at “Falls Far Below Standard.”  
OR
  - At least three indicators scoring at “Does Not Meet Standard.”
- Continued or significant evidence of materially weak financial performance observed through ongoing/oversight, and/or failure to make substantial progress towards remedying previously-identified concerns may result in escalated intervention.





# How Did We Get Here?

1	The Authority tabled ratings for the Enrollment Forecast Accuracy indicator for FY20 at its January 2021.
2	SPCSA staff researched best practices and conveyed Enrollment Variance measure recommendations to schools with survey for comments.
3	Met with school leaders on May 25th to provide an overview of this recommendation.
4	Prepared final recommendations for presentation to SPCSA board.



# Staff Recommendations

1. That the Enrollment Variance ratio be based on the Most Recent Year only.
2. Issue(s) this proposal will resolve:
  - Doesn't require 4-year history to start on a consistent basis
  - Doesn't require four years to recover from a bad year
  - Focuses on fiscal health rather than forecasting ability
  - Congruent w/other Near-Term measures
  - Congruent with NACSA framework



# Staff Recommendations

## Proposed Glossary changes:

1. Clarify more regarding what documents are needed:
  - Statement of Activities
  - Balance Sheet
2. Add a definition for Financial Statements.
3. Add examples under concepts of “Full Accrual” and “Modified Accrual.”



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# Proposed Motion

Approve the following Financial Performance Framework changes:

1. Rename “Enrollment Forecast Accuracy” measure to “Enrollment Variance.” This measure would be “For Stakes” Purposes beginning FY 2023.
2. Accept modified formula for the Enrollment Variance measure which focuses on the most recent school year.
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*Note: The rest of the Financial Performance Framework remains unchanged for the current and future fiscal years.*



Thank you  
Questions?