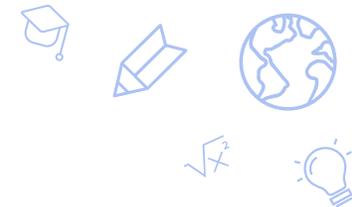




Revisions to Organizational and Financial Performance Frameworks

June 23, 2023



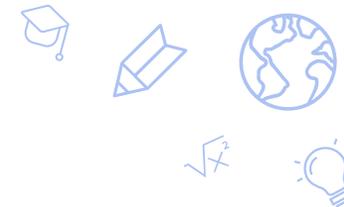


Proposed

- I. Review the purpose of the Performance Framework
- II. Discuss proposed technical changes to the Financial Performance Framework
- III. Discuss proposed technical changes to the Organizational Performance Framework
- IV. Board Consideration

Purpose of the Performance Framework





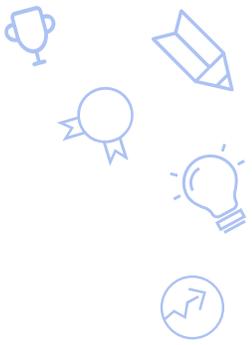
The SPCSA's Mission

The SPCSA sponsors, supports, and oversees dynamic and responsive public charter schools that prepare all students for academic, social, and economic success.

2023-24 School Year

	80 Charter School Campuses		Over 60,000 Students
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Providing Access to High-Quality Schools





Providing Access to High-Quality Schools

Strong Academic Performance

Without strong academic performance, students will not be prepared for academic, social, and economic success

Effectively Run and Legally Compliant

If a school is not effectively run and legally compliant it runs the risk of not being able to operate (e.g. health and safety, building permitting, etc.) or misusing taxpayer dollars

Financially Sustainable

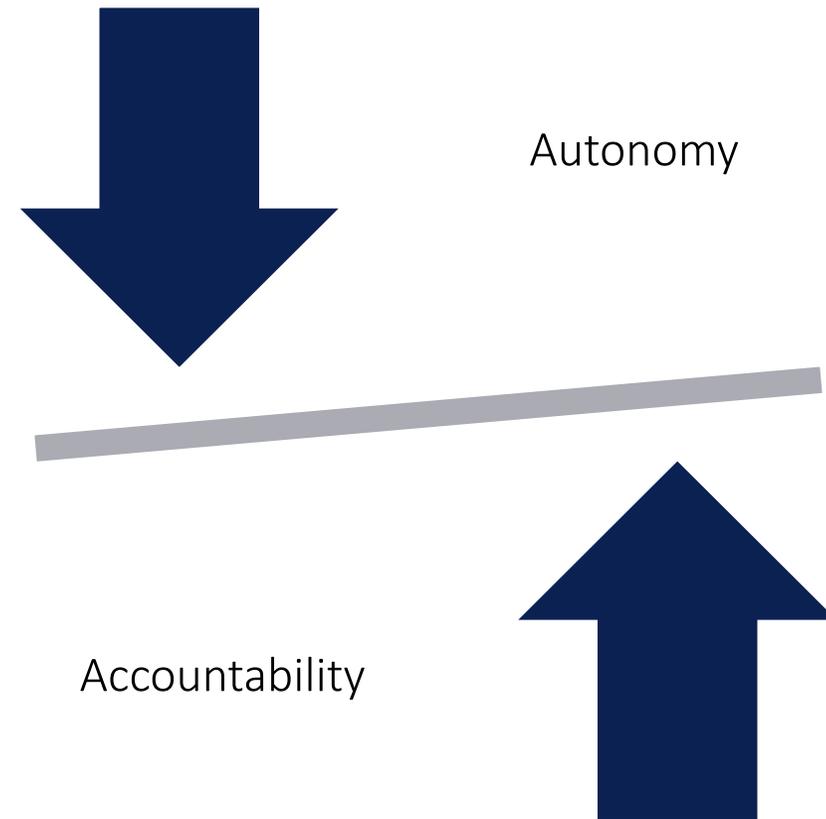
If a school is not financially sustainable it may not have sufficient funds to continue to operate



Charter School Concept

“The charter school model empowers teachers to provide **innovative**, high-quality instruction and gives them the **autonomy** to design a classroom that fits their students' needs. Charter schools are led by dynamic principals who have the **flexibility** to create a school culture that fosters student performance and parent satisfaction. Charter schools are held **accountable** to the **performance** standards they agree to in their charter and by their communities.”

-National Association for Public Charter Schools





STUDENT FOCUSED

We put what is best for students at the center of our work and honor the critical role that families play in student success.



LEADERSHIP

We earn the public's trust by holding our agency to the highest standards and investing in our growth and development.



EXCELLENCE THROUGH IMPROVEMENT

We establish clear, high expectations and constantly seek growth for ourselves and foster improvement for our schools.



EQUITY & DIVERSITY

We are committed to ensuring equitable access for students from all backgrounds and value the voices of all members of our community.



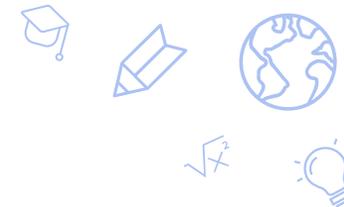
TRANSPARENCY

We promote transparent and open communication and make school performance data accessible to all stakeholders.

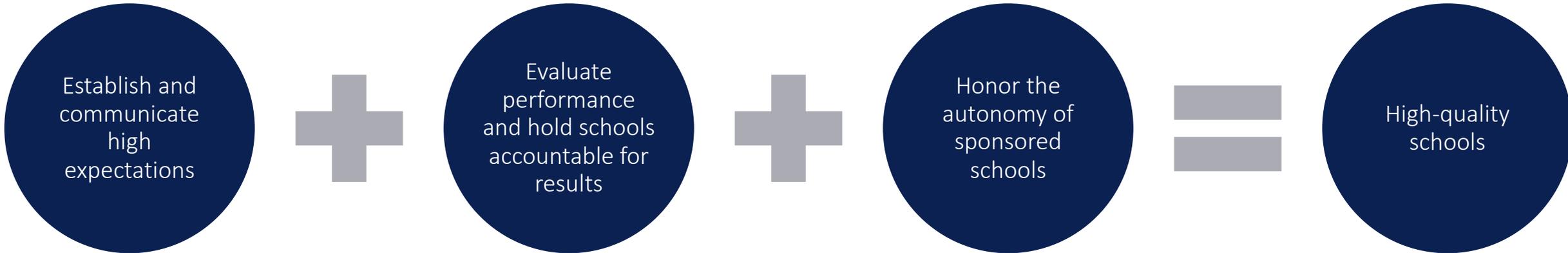


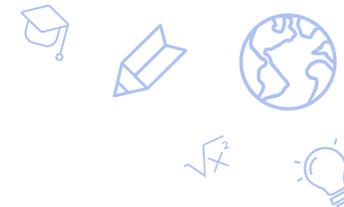
ACCOUNTABLE AUTONOMY

We provide our charter schools with the autonomy to innovate in the best interests of students while holding them accountable for academic results, financial performance, and legal compliance, so that students, families, and taxpayers can be confident in the quality of the schools we sponsor.



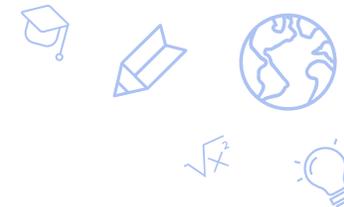
The Authorizer/Sponsor's Role





Performance Frameworks

- Sponsors are required to *adopt a Performance Framework* which includes measures and metrics related to academics, finances and organization; the Performance Framework must be incorporated into the charter school contract (NRS 388A.273)
- Sponsors must *annually evaluate* schools against the Performance Framework and report the results to NDE (NRS 388A.351)
- Results against the Performance Framework must be *considered in high-stakes decisions*
 - Schools are required to meet the requirements of the Performance Framework in order to be approved for *expansion* (NRS 388A.279(3))
 - *Renewal* decisions must take into account the school's performance in accordance with the Performance Framework (NRS 388A.285)
 - School contracts may be *terminated* if they fail to meet the requirements of the performance framework (NRS 388A.330 and NAC 388A.350)



The SPCSA's Performance Frameworks

Academic

- Is the educational program a success?

Organizational

- Is the organization effective and well run?

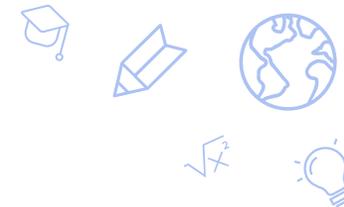
Financial

- Is the school financially viable?

Site Evaluations look at all three aspects through an in-person evaluation and formal observation process.

Financial Performance Framework & Proposed Revisions





Financial Performance Indicators

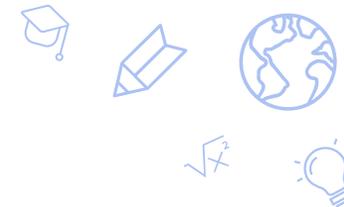
Near Term

- Current Ratio
- Unrestricted Days Cash-on-Hand
- Enrollment Variance
- Debt Default

Sustainability

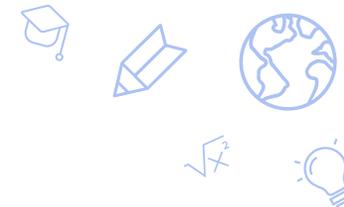
- Total Margin
- Debt to Asset Ratio
- Cash Flow
- Debt Service Coverage Ratio

Financial performance is evaluated using the results of the annual independent financial audit.



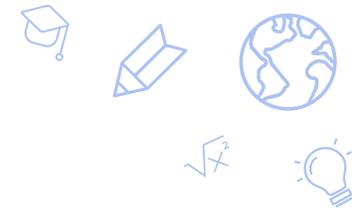
Near Term Measures

Measure	What it means	Why it matters
Current Ratio	The extent to which a school has enough resources to pay its debts over the coming 12 months	Measures a school's ability to cover/pay for its short-term debt obligations
Unrestricted Days Cash-on-Hand	The number of days a school can pay operating expenses without receiving an influx of cash	Measures the number of days a school can continue operations and pay expenditures without additional revenue
Enrollment Variance	The extent to which a school is meeting its enrollment projections, thereby generating sufficient revenue to fund ongoing operations	Measures if the school is maintaining sufficient revenues to maintain operations and if budget forecasts are reasonable
Debt Default	The school's ability to meet loan or lease obligations or is delinquent with its debt service payments	Measures if the school is meeting current lease obligations



Sustainability Measures

Measure	What it means	Why it matters
Total Margin	Whether or not the school's revenues outpace expenditures year over year, and where calculable, over a three-year period	Indicates whether or not the school is operating within its available resources
Debt to Asset Ratio	The amount of debt a school owes compared to the assets they own	Measures the extent to which the school relies on borrowed funds to finance operations
Cash Flow	Compares a school's end of year cash balance for cash balance growth	Year over year cash growth is generally indicative of strong financial health
Debt Service Coverage Ratio	The extent to which a school can cover its debt or long-term lease obligations	Measures the degree to which a school can pay facility principal and interest due or lease payments based on the current year's net income and available cash



Proposed Technical Changes

1) Added Clarity to the Enrollment Variance Measure

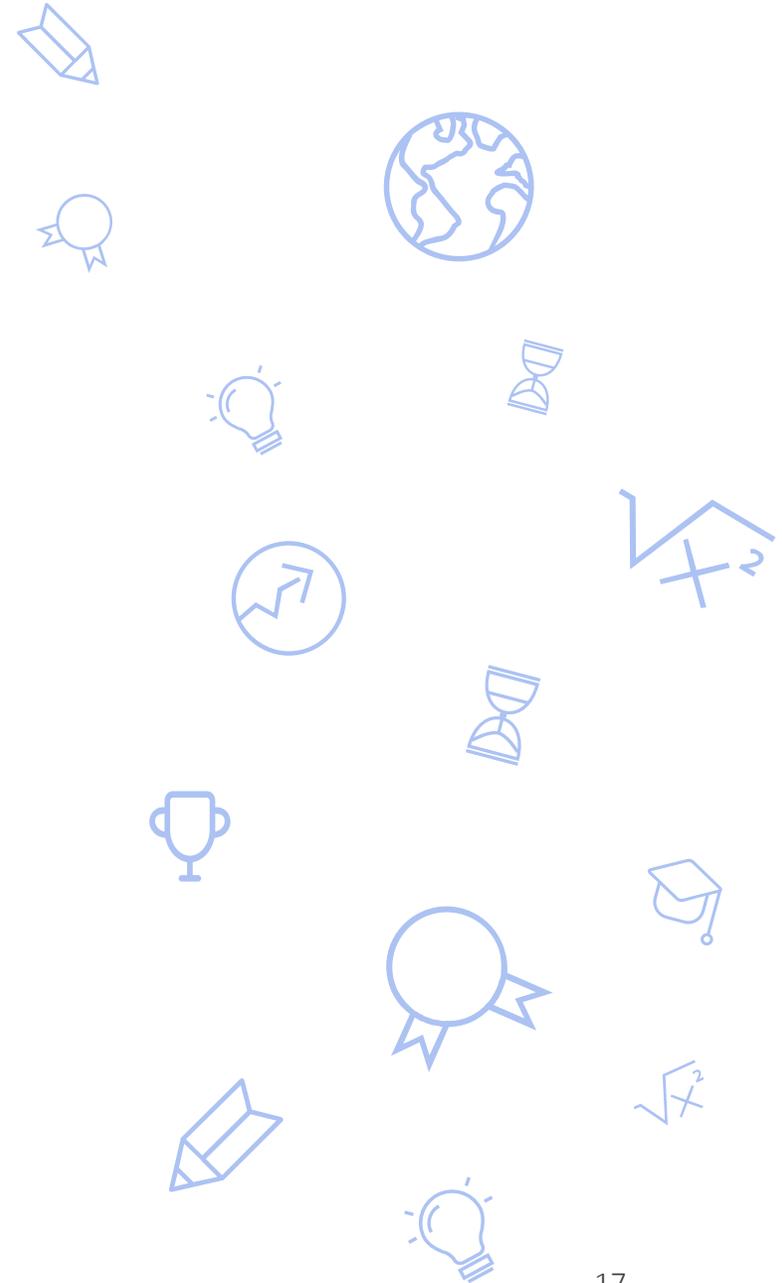
Proposed version makes clear that the overall projection and enrollment will be used for networks, not individual campuses, as applicable.

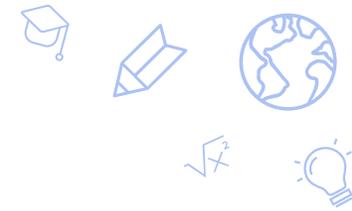
2) Added language for Net Liability Considerations

Proposed language accommodates possible exceptions to both Total Margin and Debt Service Coverage Ratio calculations

3) Updated glossary with additional descriptions and technical clarifications

Organizational Performance Framework & Proposed Revisions

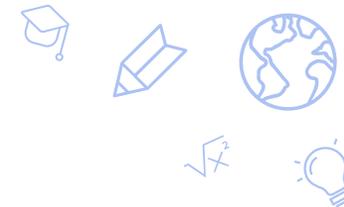




Organizational Performance Indicators

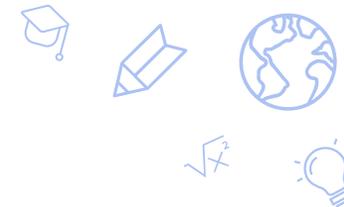


Organizational performance is evaluated through regular reports submitted by schools, review of verified complaints to SPCSA or other federal, state, and local agencies, and board certification.



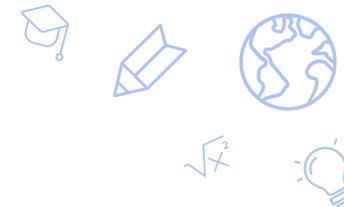
Measures

Indicator	Measures
Education Program	<ul style="list-style-type: none">• Is the school implementing the material terms of the education program as defined in the current charter contract?• Is the school complying with applicable education requirements?• Is the school protecting the rights of students with disabilities?• Is the school protecting the rights of English Language Learner (ELL) students?
Financial Management and Oversight	<ul style="list-style-type: none">• Is the school meeting financial reporting and compliance requirements?• Is the school following Generally Accepted Accounting Principles (GAAP)?• Is the school using the chart of accounts prescribed by the Nevada Department of Education?• Is the school meeting grant subrecipient compliance requirements?
Governance and Reporting	<ul style="list-style-type: none">• Is the school complying with governance requirements?• Is the school holding management accountable?• Is the school complying with reporting requirements?



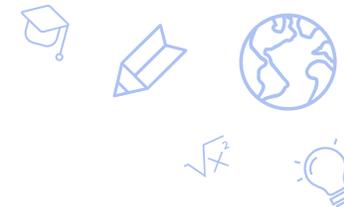
Measures (cont.)

Indicator	Measures
Students and Employees	<ul style="list-style-type: none">• Is the school protecting the rights of all students?• Is the school meeting attendance goals of 90% or greater?• Is the school re-enrolling 80% of its students, year over year?• Is the school meeting Nevada teacher and other staff credentialing requirements?• Is the school complying with laws regarding employee rights?• Is the school completing required background checks?
School Environment	<ul style="list-style-type: none">• Is the school complying with facilities and transportation requirements?• Is the school complying with health and safety requirements?



Proposed Technical Changes/Updates

- Minor language updates to the following:
 - Notices and late submissions
 - Annual independent audit submission
 - Clarified board responsibilities
 - Added engagement letter requirement for late submissions only
 - Updated language on board member disclosure forms
- Self-Certification form includes revised language regarding board membership
- Appendix B reflects current scorecard



Proposed Motion

Approve the technical changes to the financial and organizational performance frameworks, as proposed by staff and incorporated into the presented drafts.

Note that if approved, the proposed changes would go into effect July 1, 2023 for Fiscal Year 2024.