For Immediate Release
January 18, 2019

State Public Charter School Authority Announces Approval of the Revised Financial Performance Framework

Carson City— January 18, 2019 — Today at the Authority Board Meeting, State Public Charter School Authority approved a revised Financial Performance Framework. The Financial Performance Framework (FPF) has four near-term and four long-term financial measures used to help measure the financial performance and stability of SPCSA-sponsored charter schools. The current version of the Financial Performance Framework was adopted in October 2017. The revised framework will be implemented beginning July 1, 2019.

"Approving this updated Financial Framework will ensure improved oversight of SPCSA -sponsored charter school's financial performance, while taking into account each charter school's unique financial circumstances," said Board Chair, Jason Guinasso, of State Public Charter School Authority.

The revisions are the culmination of best practices from national financial experts and practitioners in lending and investment markets, from the National Association of Charter School Authorizer's *Core Performance Framework* guidance, and from school leaders within the SPCSA portfolio.

During the June 28, 2018 SPCSA Board meeting, the Board directed SPCSA staff to revise the financial performance framework based on a number of concerns: Days of Cash-on-Hand, Total Margin, Debt to Asset Ratio, and Debt Service Ratio. These concerns came to light after previous financial framework analyses were determined not to be accurately capturing the financial performance of charter schools sponsored by the SPCSA.

SPCSA staff finalized the proposed revisions in December 2018 and tested those proposed recommendations. Once tests were completed, SPCSA staff discussed the proposed recommendations with charter leaders. The approved revisions included changes to near-term and sustainability indicators.

Revisions to the near-term indicators included changes to the Unrestricted Days Cash on-Hand Ratio to implement an escalating standard for newer schools until Year 3 of operation which will balance charter school pre-opening expenses with a reasonable cash balance.

The Enrollment Forecast Accuracy was revised to implement an escalating standard for newer charter schools until Year 3 which allows charter schools to establish an initial enrollment base.

Revisions to the sustainability indicators included changes to the Total Margin Measure to now be based on accrual method.

Debt to Asset Ratio was revised to reverse out state pension liabilities which eliminates overstatement of school debt.

Cash Flow was revised to allow possible capital expenditure exception to accommodate planned charter school capital expenditures.

Debt Service Coverage Ratio was revised to account for charter schools leasing facilities which will add SPCSA monitoring coverage for major charter facility expenses.

The State Public Charter School Authority is accountable for implementing a rigorous and fair oversight process that respects the autonomy that is vital to charter school success. This mutual obligation was a key driver in the Authority's decision to revise the Charter School Financial Performance Framework.

For more information, press only:

Danny Peltier

775-687-9178
dpeltier@spcsa.nv.gov

For more information on the SPCSA Financial Framework:

http://charterschools.nv.gov/News/2019/January_18_2019_SPCSA_Support_Docs/