



Nevada State Public Charter School Authority

SPCSA Financial Performance Framework Results and Recommendations

Special Board Meeting: Financial Reviews

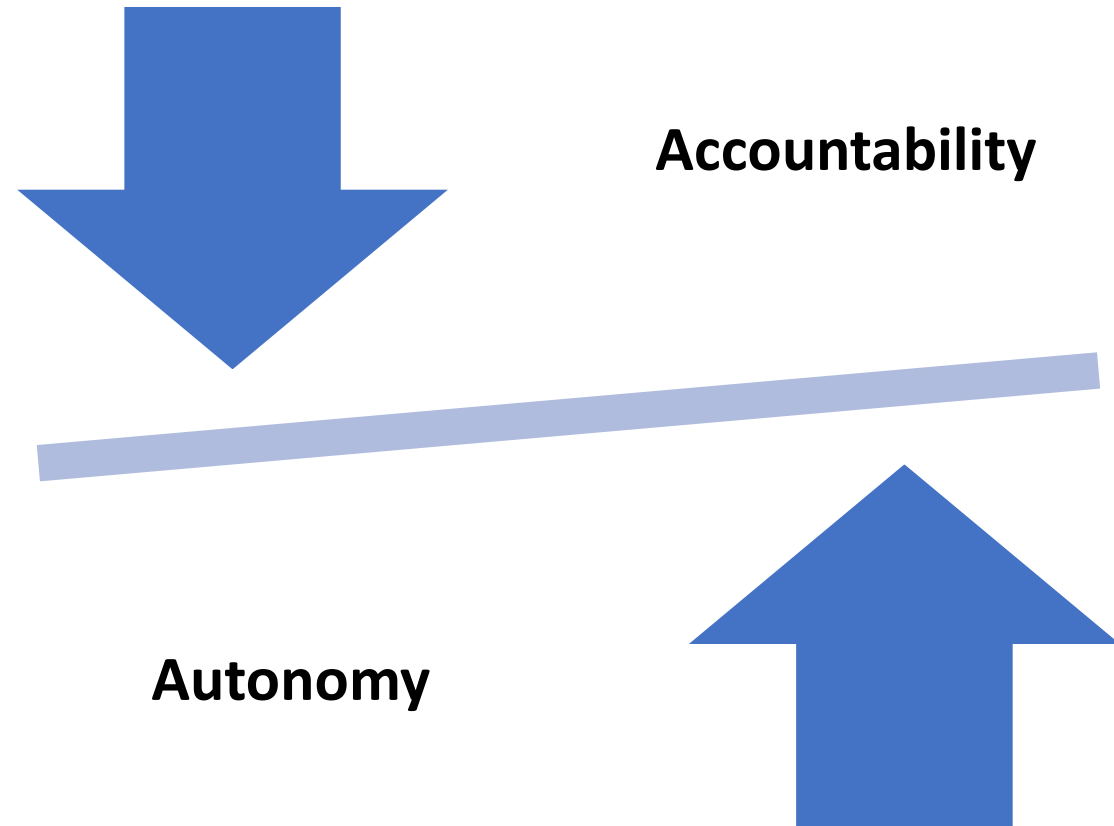
- This meeting was called in part to provide the SPCSA Board with the opportunity to
 - Discuss the recommendations, reviews, and FYE 21 Audited Financial Statements of schools that submitted their statements substantially after the December 1 NAC deadline, and
 - Take action regarding SPCSA staff recommendations.

Objectives of SPCSA Financial Framework

- 1 Enable SPCSA to fulfill its **mission** as authorizer and regulator
- 2 Fulfill **NRS 388A.273 requirements** 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?

- Document that sets forth agreed upon expectations of performance and compliance
- Established in the charter agreement
- Basis for school evaluations, monitoring, and intervention that informs high-stakes decisions by an authorizer



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?

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	<ol style="list-style-type: none"> 1) <i>Current Ratio</i> 2) <i>Unrestricted Days Cash-on-Hand Ratio</i> 3) <i>Enrollment Variance</i> 4) <i>Debt Default</i>
2	Sustainability Measures	<ol style="list-style-type: none"> 1) <i>Total Margin</i> 2) <i>Debt to Asset Ratio</i> 3) <i>Cash Flow</i> 4) <i>Debt Service Coverage Ratio</i>

Enrollment Variance will be calculated for the SYE 22 performance ratings next winter.

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

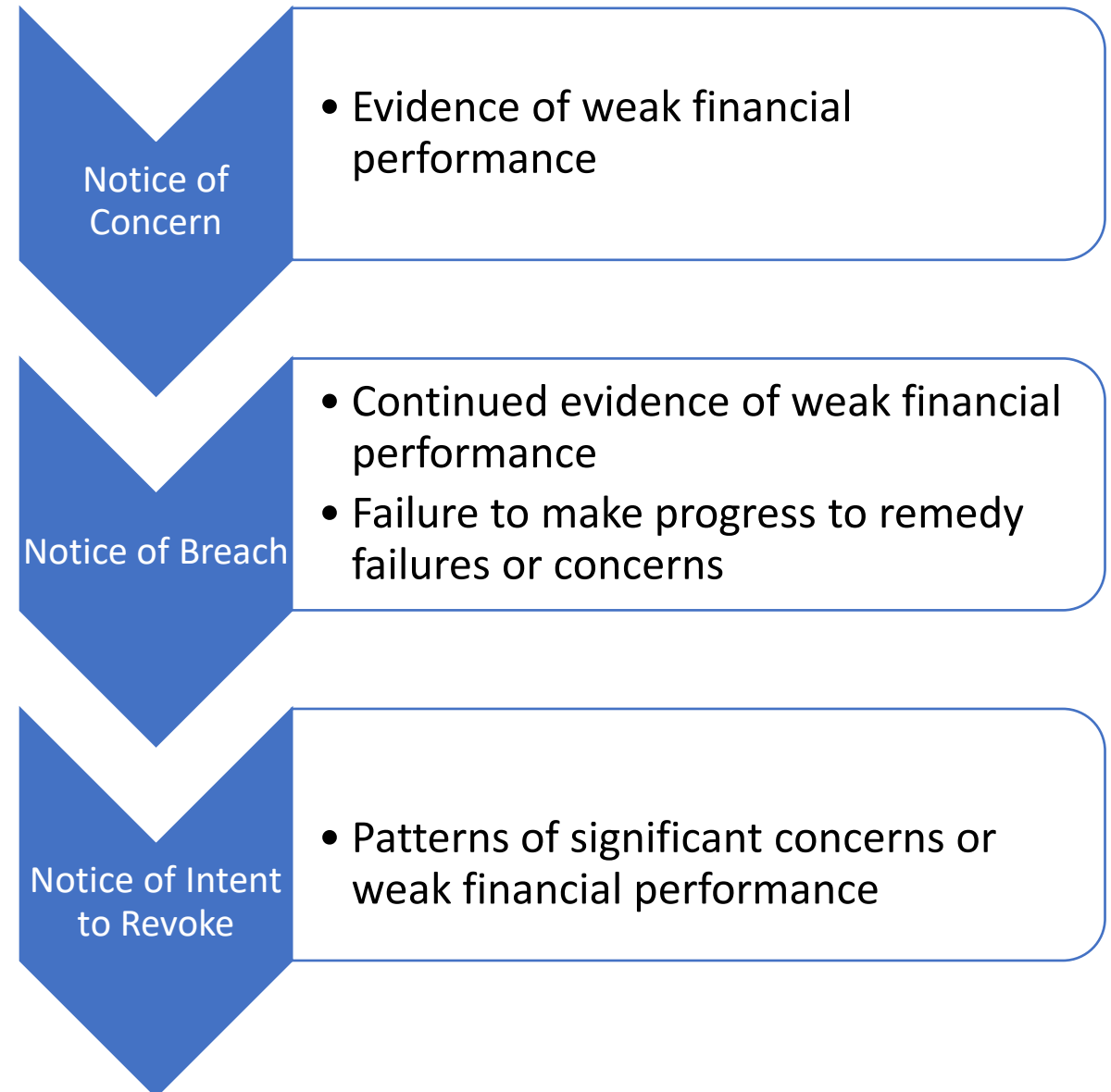
Indicators and Ratings

- Schools will receive 7 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

Interventions

“Occasionally, the routine Performance Framework process will result in adverse findings. Charter schools may fall **out of compliance on important legal or contractual requirements**. Academic standards may not be met. Financial sustainability may become an issue. When these situations occur, the Authority may respond in a number of ways.”

Pg 5 [Charter School Performance Framework](#)



Timeline

Key Milestones

Authorizing staff have monitored quarterly reports throughout FY21

Most audits have been presented to individual charter boards

Most audits were submitted to SPCSA, LCB and NDE by **December 1**

Preliminary results were provided to schools by **December 18**

Final data presented to the Authority on **January 28, 2022**

Special Board Meeting, **February 15: Other Financial Ratings matters.**

Outcomes of Financial Performance Reviews

1	Conveyed preliminary reviews to schools for their feedback
2	Met with select schools based on their questions or performance outcomes and to confirm acknowledgement of ratings
3	Resolved open questions and conveyed intended recommendations based on ratings
4	Prepared final recommendations for presentation to SPCSA board

Recommendations (see page __ of memo)

1	Accept performance data for all schools included in today's presentation.
2	Remove the active Notice of Concern for Nevada Virtual Academy
3	Request a Targeted Remediation Plan from Explore Academy
4	Issue a Notice of Concern for Signature Preparatory Academy

While other schools exhibited ratings of 'Does Not Meet Standard' and 'Falls Far Below Standard' SPCSA staff has tailored recommendations so as to be responsive to the available performance data while also considering the individual context for each school. Therefore, no action is recommended for other schools at this time.

Next Steps

1	Staff will review the Financial Performance Technical Guide and MS Excel model as part of its continuous improvement process
2	Staff will review pro forma Enrollment Variance preliminary results to ensure congruency with objectives for the modifications
3	Staff will continue its research into best practices, including regarding helping schools achieve and maintain financial health during likely coming budget impacts for the next few years



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Questions?