



Financial Performance Framework Ratings Recommendations

for the School Year Ending June 30, 2024





Agenda

1. Overview of Financial Performance Ratings.
2. Recommendations for the removal, issuance, continuation, and elevation of Notices of Concern and Breach.



Financial Framework: Indicators

Category/Indicator

How is this evaluated by the Authorizer?

Near Term Measures

1. Current Ratio
2. Unrestricted Days Cash-on-Hand Ratio
3. Enrollment Variance
4. Debt Default

Sustainability Measures

5. Total Margin
6. Debt to Asset Ratio
7. Cash Flow
8. Debt Service Coverage Ratio



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

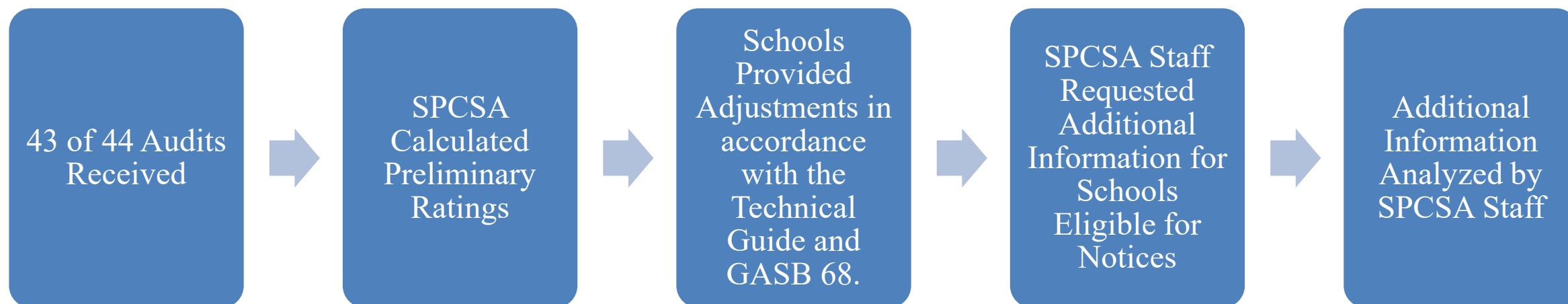
- Schools earning this rating in some indicators have failed to meet minimum expectations by a significant margin, signaling concerns.
- Staff will closely monitor schools with these designations, and their status for renewal is in question.



	Meets Standard	Does Not Meet Standard	Falls Far Below Standard
Near Term Indicators			
Current Ratio	Greater than or equal to 1.1	Between 0.90 and 1.0	Less than 0.9
Unrestricted Days Cash-On-Hand	Y1 Schools: 15+ days Y2 Schools: 30+ days All Others: 60+ days OR between 30 and 60 days with a one-year positive trend.	Between 15-30 days OR between 30 and 60 days with a one-year negative trend.	Less than 15 days
Enrollment Variance	Y1 Schools: 90%+ Y2 Schools: 92.5%+ All Others: 95%+	Between 85% and 95%	Less than 85%
Debt or Lease Default	School is not in default of any loans or lease payments.	N/A	School is in default of a loan or lease payment.
Sustainability Indicators			
Total Margin and Aggregated Three-Year Total Margin	Current Year and Aggregated Three-Year Margins are positive.	Current Year OR Aggregated Three-Year is negative.	Current Year AND Aggregated Three-Year are negative.
Debt to Asset Ratio	Less than .9	Between 0.90 and 1.0	Greater than 1.0
Cash Flow	Multi-year cash flow and most recent year cash flow are positive.	Multi-year cash flow OR most recent year cash flow are negative.	Both multi-year cash flow and most recent year cash flow are negative.
Debt/Lease Service Coverage Ratio	Ratio is greater than or equal to 1.10 or school does not have outstanding loan or long-term lease.	Ratio is less than 1.10.	N/A



SPCSA Staff's Analysis & Considerations





Indicators and Ratings

1. Schools receive 8 ratings—one for each indicator within the framework.
2. Poor financial performance measures ratings may trigger a Notice of Concern or Notice of Breach recommendation
 1. At least one indicator scoring at “Falls Far Below Standard” OR
 2. At least three indicators scoring at “Does Not Meet Standard”
3. 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.



Ratings Summary

- Out of 43 charter holders, 31 earned primarily “Meets Standard” ratings, indicating the school is generally viable in the short and long term.
- All charter holder ratings can be found in the 2023-24 Financial Performance Ratings Report including in the board packet.



Questions





Agenda Item 10: Proposed Motion

Adopt the Fiscal Year 2024 SPCSA Financial Performance Framework results provided in the 2023-24 Financial Performance Ratings Report.

Thank you!

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