

Measuring Charter School Financial Viability: A Better Approach

CCSA Annual Conference
Tuesday March 27, 2018

Welcome

Presenters

David Patterson Ed.D., Director CARSNet (Charter Authorizers Regional Support Network)

Brianna Garcia, Director, Management Consulting Services, School Services of California (SSC)

Darlene Chambers, Ph.D., Senior Vice President National Charter Schools Institute

Debi Deal, CFE Intervention Specialist, FCMAT (Fiscal Crisis & Management Assistance Team)

Miles Denniston, Vice President, CSMC (Charter School Management Corporation)

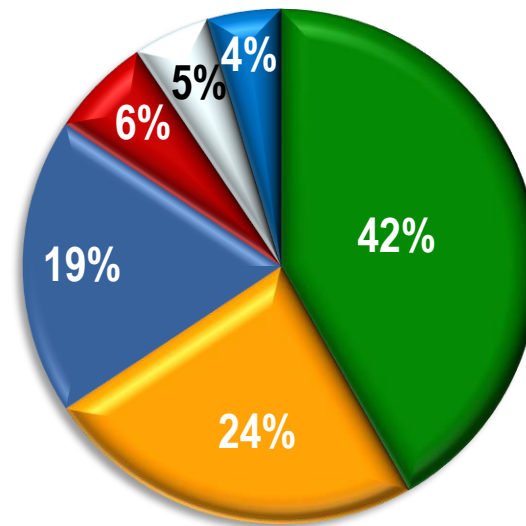
What is CARNet? What is CCAP?

Outcomes for the Workshop

- Participants Have an Understanding:
 - Why fiscal viability is critical
 - What are fiscal leading indicators
- Leading indicators developed by CARSNet
- Discussion and your feedback

Why is charter financial oversight critical?

According to the Center for Education Reform, **42%** of charter school closures can be attributed to **financial deficiencies**.



- Financial
- Mismanagement
- Academic
- District Obstacles
- Other/Unknown

What's In Ed Code?

EC 47604.32: *Each chartering authority...shall do all of the following with respect to each charter school under its authority:*

...(d) Monitor the fiscal condition of each charter school under its authority

CARSNet Undertook Identifying Fiscal Metrics that Work for California Charter Schools

- Values, Principles and Expectations
- Design Principles
- Authorizers in CA, NACSA, FCMAT, School Services
- Guidance from NACSA, standards being used in other states

Three Categories of Accountability Metrics - 1

- Near-Term Measures, Sustainability and Financial Compliance
- These are leading indicators for the school
- Work ongoing to consolidate further

Measure	Metric
Near-Term Measures	
1.a	Current ratio
1.b	Unrestricted days cash on hand
1.c	Enrollment variance
1.d	Unduplicated pupil percentage (UPP) variance
1.e	Default
Sustainability Measures	
2.a	Total margin
2.b	Debt to asset ratio
2.c	Cash flow monitoring
2.d	Debt service coverage ratio
2.e	Minimum Proportionality Percentage (MPP)
Financial Compliance Measures	
3.a	Financial reporting and compliance requirements
3.b	Generally Accepted Accounting Principles (GAAP)

Working Smarter, Not Harder

- Using Technology to Make Fiscal Reporting More Timely, Efficient and Transparent
- Epicenter

EVERYTHING YOU NEED, ALL IN ONE LOGIN

From processing charter applications and managing compliance to automating workflow and evaluating performance, Epicenter has everything you need to get results.



Epicenter Scorecard: Financial Oversight and Monitoring

- Automatically scores defined financial targets
- Only the Scorecard provides trend data
- Populates data in Annual Reports
- Centrally stores and delivers transparent data
- At a glance, provides a portfolio view



CALIFORNIA
CHARTER
AUTHORIZING
PROFESSIONALS




Hope Academy

- Overview
- Contacts
- Operations
- Submissions
- Scorecard

Financial & Compliance Performance Report

Address 1091 Alter Rd Detroit, MI 48215	Phone (313) 542-0224
School Code Various	Grades Served PK - 08
	Term of Agreement 2010 - 2016

School Year: 2016-2017 

Financial Condition

 Change in Net Assets	Meets Standards
 Current Ratio	Meets Standards
 Net Asset Ratio	Meets Standards
 Cash on Hand Ratio	Does Not Meet Standards
 Loan Delinquency	Meets Standards

Financial Controls

 Financial Controls - Audit	Exceeds Standards
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Reporting

 Document Timeliness	Meets Standards
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Legal Compliance

 Legal Compliance	Meets Standards
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Epicenter – Quick Overview

On-Line Document Management and Oversight Tool

Home > School List > School > Scorecard

Achievement House Academy

Overview | Contacts | Operations | Submissions | Scorecard

Financial & Compliance Performance Report

Address: 3850 Rohnerville Road, Fortuna, MI 95540
 Phone: (707) 725-7823
 Grades Served: 01, 02, 05 - 08
 Term of Agreement: Unknown

School Code: 8817
 School Year: 2016-2017

Financial Condition

- Change in Net Assets
- Current Ratio
- Net Asset Ratio
- Cash on Hand Ratio
- Loan Delinquency

Financial Controls

- Financial Controls - Audit

Reporting

- Document Timeliness

Legal Compliance

- Legal Compliance

Meets Standard
 Meets Standard
 Does Not Meet Standard
 Meets Standard
 Exceeds Standard
 Meets Standard
 Exceeds Standard

Home > Compliance Statistics

EPICENTER

Sally Rodgers Sign Out The Authorizer

Help Reports

Statistics | Summary | Detail | Calendar | Status

Classifications (10) | Entities (59) | Submission Types (130) | Time Period

Due Dates from Jul 1 through 6/30/2018

On-time

94%

223 of 238

Accurate

98%

235 of 239

Review Pending 5

Complete

32%

223 of 697

Approval Pending 7

Past Due

1%

3 of 238

Entity	Compliance Type	Count	Percentage
Achievement House Academy	Board On-time	1/1	100%
	Board Compliant	1/1	100%
	Board Complete	1/1	100%
School	School On-time	7/7	100%
	School Compliant	7/7	100%
	School Complete	7/22	32%
Active Progress Academy	Board On-time	1/1	100%
	Board Compliant	1/1	100%
	Board Complete	1/1	100%
School	School On-time	6/6	100%
	School Compliant	6/6	100%
	School Complete	6/14	43%

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Sally Rodgers Sign Out The Authorizer

Help Reports

Schedule Requirement...

Calendar

Entities (59) | Submission Types (130)

September 2017

Calendar grid showing dates from 27 to 30. Events include: Asbestos Management Annual Facilities Lease/Proof of Owners Measures of Academic Progress Michigan Student Data System, Reauthorization Orientation Meeting Application & Decision Criteria Application Transmittal Form, Emergency Drills Log Sheet, Board Meeting Posting.

Legend: School (Green), Board (Blue)

Panel Discussion

Your Questions and Input - 1

Panelists

- Miles Denniston - Vice President, CSMC (Charter School Management Corporation)
- Debi Deal – CFE – Intervention Specialist, FCMAT (Fiscal Crisis & Management Assistance Team)

Panel Discussion

Your Questions and Input - 2

Leading Questions

1. How will fiscal metrics and ratios help the school and the authorizer identify when a school is doing well, is facing fiscal pressures, or is at serious risk of failure?
2. How effective do you think small charter schools and small authorizers can be in using these fiscal metrics and ratios?
3. What are the two top things CARSNet, CCAP and the authorizing community should be considering in further developing and implementing these standards?

Additional Resources

CARSNet Website

www.carsnet.org

CCAP Website

www.calauthorizers.org

Contact Information

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