



TEXAS EDUCATION AGENCY

# CAMPUS EVALUATION FRAMEWORK



Contractual Standards for School Performance





The Texas Education Agency is the state agency that oversees primary and secondary public education. It is headed by the commissioner of education. The Texas Education Agency improves outcomes for all public school students in the state by providing leadership, guidance, and support to school systems.

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## nacsa

National Association of Charter School Authorizers is an independent voice for effective charter school policy and thoughtful charter authorizing practices that lead to great public schools.

**[qualitycharters.org](http://qualitycharters.org)**



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## ABOUT NACSA

The National Association of Charter School Authorizers (NACSA) is an independent voice for effective charter school policy and thoughtful charter authorizing practices that lead to more great public schools. NACSA's research, policy, and consultation work advances excellence and accountability in the sector. With authorizers and other partners, NACSA has built the gold standard for authorizing. Through smart charter school growth, these authorizers give hundreds of thousands of children an opportunity for a better education each year.

NACSA first established [\*Principles & Standards for Quality Charter School Authorizing\*](#)<sup>1</sup> in 2004. The Principles & Standards reflects lessons learned by experienced authorizers and NACSA regularly updates the document to reflect current best practices. This foundational resource guides authorizing principles and practices across the country, including in Texas, and informs the contents of this handbook.



The [Authorizer Handbook](#), [Quality Authorizing Self-Assessment](#), [Campus Evaluation Framework](#), and [Campus Evaluation Report](#) are all available on the [Texas Partnerships website](#).

## ABOUT THIS SUITE OF RESOURCES

TEA has worked with NACSA to produce this suite of charter school authorizing resources. These resources, which include reference materials, templates, and exemplars, are intended to serve as guidance for Texas independent school district boards seeking to authorize and oversee charter schools under Texas Education Code, Chapter 12, Subchapter C. The suite of resources includes:

- **Authorizer Handbook:** a reference document that provides an overview of best practices throughout the authorizing life cycle and includes several templates and exemplars throughout
- **Quality Authorizing Self-Assessment:** a reference document that offers a checklist of critical authorizing responsibilities outlined in the Authorizer Handbook
- **Campus Evaluation Framework:** a reference document and template that outlines a set of rigorous contractual expectations charter schools must meet in the areas of academic, financial, and organizational performance
- **Campus Evaluation Report:** an adaptable template and dataset aligned to the Campus Evaluation Framework that generates school-level reports authorizers can use to inform schools and school communities of campus performance
- **Texas Authorizer Online Training:** a series of online learning modules designed in partnership with TEA that allow districts to deepen their level of knowledge and understanding of authorizing best practices, hear and learn from local and national models, and access core resources and tools. District authorizers can access these resources any time through AuthoRISE at [members.qualitycharters.org](https://members.qualitycharters.org).

These resources are general guidelines that attempt to meet all applicable state and federal statutory requirements, as well as those for Texas Partnership (SB 1882) benefits.

<sup>1</sup> NACSA's *Principles & Standards for Quality Charter School Authorizing* provide essential guidance for the unique professional practice of authorizers and their daily balancing act of honoring the autonomy of charter schools while holding them accountable for high achievement, effective management, and serving all students well.



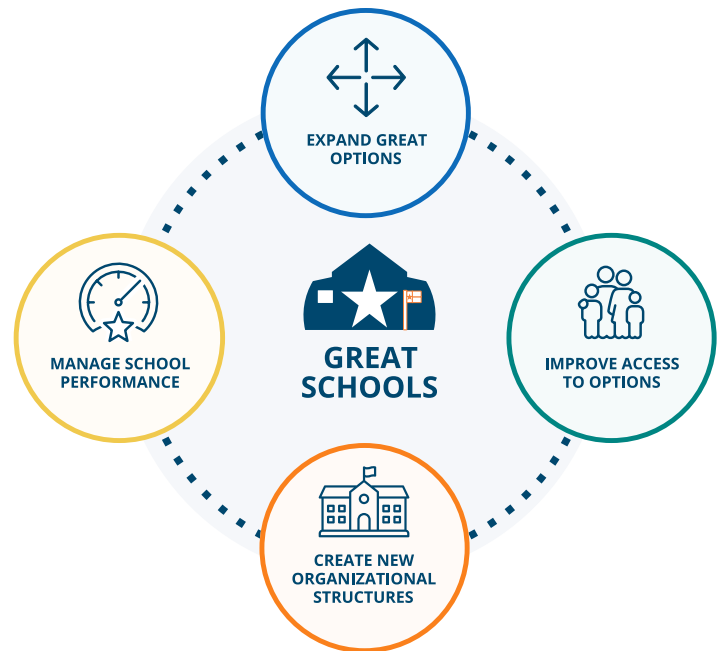
## PURPOSE OF THIS RESOURCE

A Campus Evaluation Framework is the accountability mechanism for charter schools and their district authorizers. This document provides Texas district authorizers with guidance on how to use the Campus Evaluation Framework and a template\* that can be adapted for inclusion in the charter contract that outlines the core performance expectations of charter schools. This resource should be used in conjunction with the TEA Authorizer Handbook, the Quality Authorizing Self-Assessment, and the Campus Evaluation Report.

The Campus Evaluation Framework is also intended to support districts pursuing the System of Great Schools (SGS) strategy to design and implement a continuous improvement process that includes an annual portfolio planning process, manages and evaluates school performance, takes strategic action to expand great options for families, empowers families by increasing their access to those great options, and creates new organizational structures to ensure school actions are sustainable, strategic, and successful.

TEA launched the SGS Network to support districts interested in pursuing this strategy to develop a locally designed system-level innovation and problem-solving approach, including launching offices of innovation and charter school authorizing, to achieve contextualized “North Star” goals such as:

**Increasing the # and % of students in top-rated schools and reducing the # and % of students in low-rated schools.**



For more information on the System of Great Schools, visit:  
<https://sgs.tea.texas.gov>



\*TEA has created a plug and play adaptable Word version of the Campus Evaluation Framework which can be found at [txpartnerships.org/tools](https://txpartnerships.org/tools).







# INTRODUCTION

## WHAT ARE AUTHORIZERS AND WHY DO THEY MATTER?

Charter school authorizers are the entities that decide who can start a new charter school, set academic and operational expectations, and oversee school performance. They also decide whether a charter school should remain open or close at the end of its contract. As such, authorizers are pivotal in ensuring students receive a high-quality education.

Good authorizers make it their mission to give more students access to a quality education. They expand choices for parents by opening and growing more great schools. They focus on what a charter school achieves, not how it does the work. They set clear expectations on the front end and use strong accountability on the back end, through use of a Campus Evaluation Framework. If a school is not serving students and taxpayers, a good authorizer closes that school and works to ensure students can smoothly transition into better options.

By implementing national best practices in charter school authorizing, Texas district authorizers can:

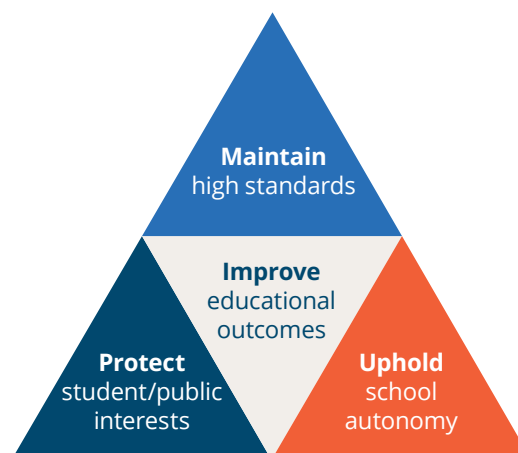
- Improve the quality of schools in the district;
- Expand options for students;
- Provide a path to innovation for teachers and leaders; and
- Meet the unique needs of the district.

The Authorizing Handbook provides further discussion of the broad role of authorizers and why they matter.

## CORE AUTHORIZING PRINCIPLES

Three fundamental principles lie at the heart of authorizing. These Principles for Quality Charter School Authorizing constitute the foundation that guides authorizers' practices day-to-day, from establishing a chartering office through all major stages of chartering responsibility. High-performing authorizers habitually return to these principles to ensure they are implementing effective authorizing practices. NACSA's Core Authorizing Principles, highlighted below and more fully discussed in the Authorizer Handbook, have been adapted to applicable state and federal statutory requirements, and should guide the work of Texas district authorizers.

- Maintaining High Standards
- Upholding School Autonomy
- Protecting Student and Public Interests





# CAMPUS EVALUATION FRAMEWORK OVERVIEW



Charter school authorizing begins with a bargain for performance. Authorizers agree to entrust a charter school with public dollars and public-school students, and give the school broad autonomy over how it achieves agreed upon outcomes. In return, the school commits to achieving those outcomes, managing public funds responsibly, complying with its legal obligations, and providing a quality education for all students.

For this bargain—autonomy in exchange for accountability—to work, district authorizers must establish, maintain, and enforce high performance standards for all schools in their portfolios. District authorizers can do this not by dictating inputs or controlling processes but by setting expectations and holding schools accountable for results.

The critical first step in effective performance management is to set and communicate clear and rigorous expectations for schools' academic, financial, and organizational performance. Schools need clearly defined standards so that they know what is expected, and district authorizers need clearly defined standards to manage performance effectively by implementing a rigorous, fair oversight process that respects charter school autonomy yet holds schools accountable for outcomes. This independence or flexibility is also outlined in requirements for Texas Partnerships (SB 1882) benefits.

## PURPOSE AND USE

To help district authorizers establish clear performance expectations, TEA developed the ***Campus Evaluation Framework, which includes Academic, Financial, and Organizational components*** (the “Campus Evaluation Framework”) and which districts can customize to meet local needs and contexts.<sup>2</sup>

A quality authorizer executes charter contracts that plainly define clear, measurable, and attainable academic, financial, and organizational performance standards and targets that the school must meet as a condition of renewal, including but not limited to state and federal measures.

*NACSA's Principles & Standards for Quality Charter School Authorizing*

<sup>2</sup> These model frameworks are based upon and strongly aligned to NACSA's Guide to Performance Frameworks, 2023.





The objective of the Campus Evaluation Framework is to provide charter school operators and boards with clear expectations, evidence-based oversight, and timely feedback while ensuring charter autonomy.

The Campus Evaluation Framework is grounded in all that the field has learned and know about more than three decades of practice:

1. [Principles & Standards for Quality Charter School Authorizing](#), to ensure best practices in oversight;
2. [Leadership, Commitment, and Professional Judgment](#), to ensure these researched characteristics of strong authorizers are exercised; and
3. [Communities at the Center](#), to ensure schools meet their local needs, aspirations, and context.

## PRINCIPLES & STANDARDS FOR QUALITY CHARTER SCHOOL AUTHORIZING

NACSA has worked with authorizers to build and codify this gold standard for quality authorizing. *Principles & Standards for Quality Charter School Authorizing* helps authorizers set high expectations for the schools they charter, while recognizing there are many ways for schools to meet those expectations.

The *Principles* articulate a set of beliefs: quality authorizers maintain high standards for schools, uphold school autonomy, and protect students and public interests. Authorizers must maintain a balance among these principles. The cornerstone of quality authorizing is that schools commit to providing quality education for all students, managing public funds responsibly, and complying with legal obligations, and in return, authorizers grant schools broad autonomy to meet those standards.



The *Standards* identify core authorizer responsibilities that uphold these *Principles*. Performance Frameworks—the focus of this document—form the backbone of an authorizer’s performance management system; this is how authorizers put standards into action.

## LEADERSHIP, COMMITMENT, PROFESSIONAL JUDGMENT

Great authorizers—those with strong community-focused school portfolios and performance outcomes—implement foundational authorizing best practices. But to achieve outstanding outcomes, more is needed. When compared to others nationally, great authorizers also share certain additional unmistakable characteristics:

- **Leadership:** Great authorizers are dedicated to the mission of giving more children access to better schools through the proactive creation and replication of high-quality charter schools and the closure of academically low-performing ones. This necessitates a consistent use of strong PFs, and taking action based on their results.
- **Commitment:** Great authorizers reflect their institution’s commitment to quality authorizing. Authorizing is visible, transparent, championed, and adequately resourced. The people responsible for day-to-day authorizing functions have influence over decision making. This necessitates that PFs are known, valued, and utilized by all relevant authorizing actors in the institution.
- **Professional Judgment:** Great authorizers make decisions based on what will drive student outcomes, not based on checking boxes or personal beliefs. This necessitates a realistic use of the PFs and taking action to ensure student, family, and community aspirations are met.

## CENTERING COMMUNITIES

Charter schooling has the opportunity to provide many more charter models that reflect a variety of community demands and needs, and meet the aspirations of students and communities.

Authorizers play a crucial role here: they are in a position to set an example of what’s possible through

the relationships they build with communities and the performance expectations schools must live up to.

By using Evaluation Frameworks that respect and value the diversity of aspirations of communities, authorizers encourage innovation and community centeredness.

## WHAT HAPPENS WHEN

The three areas of performance covered by the frameworks—academic, financial, and organizational—correspond directly with the three areas on which a charter school’s performance should be evaluated. The frameworks ultimately address the following fundamental questions:

- **Academic:** Is the school academically successful?
- **Financial:** Is the school financially healthy?
- **Organizational:** Is the school organizationally sound?

Monitoring and evaluation of all three of these areas are essential to effective charter school performance management. Well-designed frameworks enable effective performance management and promote school success by establishing and communicating performance expectations at the outset for all schools in an authorizer’s portfolio in a way that is objective, transparent, and directly related to school quality. As such, there should be no surprises related to performance over the course of the charter term and at renewal.

The Campus Evaluation Framework establishes the performance standards that district authorizers can use to guide their monitoring of charter school performance, including whether and when to intervene for performance issues. Most importantly, a charter school’s annual performance on the Campus Evaluation Framework provides district authorizers with the information necessary to make rigorous and evidence-based renewal and revocation decisions. In addition, a charter school’s annual school report card, which provides each school and the public with a summary of the school’s performance, highlighting areas of strength and areas in need of improvement.



The Campus Evaluation Framework is integral to the charter school life cycle, and it is implemented as outlined below, consistent with authorizing activities outlined in the Authorizer Handbook:



TEA has developed a Report Card Template that districts can use to develop annual report cards for each authorized school. It is available at [txpartnerships.org/tools](https://txpartnerships.org/tools).





## QUALITY EVIDENCE

Authorizers must determine what data to collect in order to evaluate school performance on Campus Evaluation Frameworks measures. This Guide outlines data sources for each measure. Authorizers clearly communicate to schools what data they will use to evaluate school performance. That data becomes evidence when it is used to support a rating.

Generally, data is either quantitative or qualitative:

- **Quantitative data** is information which can be counted or measured and given a numerical value. Examples include the percentage of students achieving their growth target in reading, student attendance rates, and the school's cash balance.
- **Qualitative data** is descriptive and expressed in terms of words rather than numbers. Examples include the extent to which the school is implementing its key design elements and the comprehensiveness of a school's financial statements.

Both quantitative and qualitative data can be solid evidence. Observation and the experience and voices of stakeholders matter in determining school quality as does more traditional quantitative information.

We often think of measures and data in terms of validity and reliability:

- **Validity** is the extent to which a tool measures what you want it to measure. For example, does a 50-question survey on parent engagement measure how engaged parents are or does it measure whether parents are willing to complete a 50-question survey?
- **Reliability** speaks to consistency and whether a measurement produces similar results over time under the same conditions. For example, does a college placement exam produce similar results from similarly situated groups of students?

A measure may be reliable and valid, but it also needs to be credible, meaning key stakeholders believe it is a rigorous measure of what a good school should be, and it is defensible to families, students, decision makers, and policymakers. Valid, reliable and credible measurement instruments may have formal research studies that accompany them, but authorizers should not limit themselves to only using those tools. A well-developed method of measuring what and how students do after high school for example, can be valid, reliable, and credible through a number of measurement instruments.

For many measures, authorizers triangulate data. For example, to evaluate whether a school is implementing non-biased discipline policies, an authorizer reviews the school's discipline policy; talks to a diversity of students, parents, and teachers about how it is implemented; and analyzes discipline data.

Finally, **authorizers consider the preponderance of data**. For example, in determining whether a school board follows open meeting law, an authorizer may determine that a school failed to publicly post a meeting notice for one meeting of 30 over a three-year period. In this case, the preponderance of evidence is that the school followed requirements. Such an approach should also be used in making judgments in many areas (e.g., using multiple measures of performance in an academic domain).

Authorizers consider all of the above in determining what is quality evidence for their evaluations.



EVALUATION FRAMEWORK COMPONENTS – AN OVERVIEW



The **Academic Evaluation Framework** includes measures that allow a district authorizer to evaluate the academic performance of a charter school. This section includes:

- 1. Texas A - F Accountability System;
- 2. Mission-specific Goals; and
- 3. Additional focus areas from the Texas A - F Accountability System that the authorizer wishes to highlight or emphasize



The **Financial Evaluation Framework** measures the financial health and viability of schools through up to four near-term indicators:

**Near-Term:**

- 1. Current ratio;
- 2. Unrestricted days cash; and
- 3. Debt default.

**Long-Term:**

- 1. Total margin and aggregated three-year total margin ratio;
- 2. Debt-to-asset ratio; and
- 3. Debt service coverage ratio.

**Financial Management and Oversight:**

- 1. Annual financial audit
- 2. Financial reporting and compliance
- 3. Enrollment variance; and
- 4. Financial Oversight (quality measure)

Performance on indicators are evaluated on an annual basis using the annual financial audit and other available data, though not all indicators are applicable to all schools.



The **Organizational Evaluation Framework** provides performance and compliance targets for the legal and contractual obligations that schools must meet. There are six areas of focus:

- 1. Delivering the Educational program;
- 2. Governance in the Public Interest
- 3. Supporting Students and Protecting Students' Rights
- 4. Creating great places to work
- 5. Maintaining a Safe and Positive Learning Environment
- 6. Building a Cohesive Community
- 7. Meeting Reporting Requirements
- 8. Complying with Additional Obligations



Each Framework includes the following essential components:

COMPONENT	DEFINITION	EXAMPLES		
		Academic Framework	Financial Framework	Organizational Framework
INDICATOR	General category of performance	Student Growth	Near-Term Financial Health	Governance
MEASURE	Way of evaluation an aspect of an indicator	Growth on statewide assessments	Current ratio	How well is the board fulfilling its oversight and fiduciary duties?
METRIC	Method, tool, instrument used to quantify a measure	Percentage of students grades 4-8 achieving target growth towards proficiency on statewide math assessment	Current ratio is the school's current assets divided by current liabilities	The board has clear policies that ensure arm's length negotiations for management and/or facilities contracts and contracts meet authorizer requirements
TARGET	Threshold that signifies success in meeting the standard for specific measure	80% of students grades 4-8 achieve growth target towards proficiency or maintain proficiency on the statewide math assessment	Current ratio is greater than or equal to 1.1.	The board has clear policies, including those that ensure arm's length negotiations for management and/or facilities contracts and contracts meet authorizer requirements.
RATING	Assignment of charter school performance into one of four rating categories based on how the school performs against the framework targets.	If school meets the target rate of 80% or more of students achieving growth toward proficiency or maintaining proficiency on the statewide math assessment, the rating category is <b>Meets Standard</b>  Ratings are clearly articulated for other levels of performance	If school meets the target of greater than or equal to 1.1 the rating category is <b>Meets Standard</b>  Ratings are clearly articulated for other levels of performance	If a school has the required policies in place and a compliant management and facilities contracts, the rating is <b>Meets Standard</b>  Ratings are clearly articulated for other levels of performance
ANALYSIS	Description of the rating that incorporates more detailed information, what needs to happen, what information needs to be ascertained or followed up on, what might need an intervention, what is part of a trend, etc. This analysis provides the authorizer and school with the context for actual performance within each rating.	The school achieved a rating of <b>Exceeds Standard</b>  Analysis: 86% of the students grades 4-8 achieved target growth towards proficiency or maintained proficiency on the statewide math assessment in Year 3 of operation. This represents an in-crease of 15 percentage points from Year 2 of operation and a 27 percent-age-point increase from Year 1 of operation. The school has demonstrated sustained improving performance over the past two years.	The school achieved a rating of <b>Does Not Meet Standard</b> .  Analysis: The school's year-end current ratio in Year 3 of operation was 0.95, which does not meet standard. However, the school reports that this is due to Year 3's investment of cash re-serves in additional technology for students that has been planned for several years. The school has a history of strong financial performance, and the current ratio at the end of the year financials is 1.17. No further monitoring will be required at this time.	The school achieved a rating of <b>Approaches Standard</b> .  Analysis: The board has the required policies in place, and the performance contract with the management company includes financial reporting requirements. The academic performance measures in the contract, however, are not sufficiently clear or aligned to the authorizer's Evaluation Framework. The school board should work with its independent legal counsel and management counsel and management company to amend the contract accordingly.



PERFORMANCE TARGETS AND RATINGS

Authorizers establish performance targets that honor their unique contexts. These targets establish the levels of performance corresponding to the ratings for a given measure. Authorizers begin by setting targets for the *Meets Standard* rating category, which establish expectations and definitions of a quality performance on a given measure. Potential ratings include:

<i>Exceeds Standard</i>	This rating is reserved for performance that far exceeds expectations, demonstrating exceptional performance on a particular measure. This rating may be used in the academic framework, but it is not typically used in the financial or organizational framework.
<i>Meets Standard</i>	The target for this rating category sets the expectation for charter school performance in all measures in all frameworks—academic, financial, and organizational. Schools earning this rating on a particular measure are performing well in that area.
<i>Approaches Standard</i>	Schools with this rating are approaching but have not fully met expectations for performance on a given measure. While these schools have achieved some of the minimum expectations on the measure in question, these schools may be subject to further analysis and potentially closer monitoring. This rating may be used for academic measures and qualitative measures in the organizational and financial frameworks.
<i>Does Not Meet Standard</i>	Schools with this rating on a measure are performing below the authorizer’s expectations, and the school is subject to further analysis, closer monitoring, and possibly intervention. This rating is used on all measures in all frameworks.
<i>Falls Far Below Standard</i>	Schools with this rating on a measure are performing far below the authorizer’s expectations, and the school is subject to further analysis, closer monitoring, and likely intervention. This rating is typically used for academic measures and quantitative financial measures. Schools performing at this level on an academic measure demonstrate unacceptable performance. A Falls Far Below Standard rating on a financial framework measure may demonstrate that the school is at financial risk.

BIG PICTURE GUIDANCE FOR AUTHORIZERS

The document provides guidance that explains the various elements of each framework component and assists district authorizers in customizing it for use in school evaluation. While customization of the Campus Evaluation Framework is encouraged, district authorizers should take care to ensure that any modifications that are made do not lower standards for academic, financial, and organizational performance or otherwise compromise the district’s ability to hold schools accountable for successful outcomes.

Lastly, it is also important for district authorizers to recognize and plan for the reality that no matter how strong their Campus Evaluation Framework is, it will not remove the need for district professional judgment, nor will the framework enforce itself. District authorizers must have the agency, capacity, and commitment to use the framework as intended to ensure quality outcomes for all students.





# ACADEMIC EVALUATION FRAMEWORK & GUIDANCE



## INTRODUCTION

It is essential for district authorizers to establish, maintain, and enforce high academic performance standards for charter schools in their portfolios. The Academic Evaluation Framework sets and communicates clear expectations for charter school academic performance aligned with district and state priorities. It is intended as a starting point for district authorizers to adapt to hold charter schools accountable for strong academic performance and should be used to review and communicate each charter school's academic performance annually. The framework can also meet requirements for Texas Partnership (SB 1882) benefits for school academic performance goals.

This Academic Evaluation Framework focuses purposefully on quantitative academic outcomes as a basis for analysis to be used in high-stakes decisions. Qualitative measures – most often inputs such as observations of classroom instruction – may provide context for the outcomes that authorizers analyze. However, qualitative measures do not measure the academic performance of the students in the school and so are not included in the academic portion of the framework; such measures are included in the organizational section.

## USES OF ACADEMIC PERFORMANCE INFORMATION

**Generally, district authorizers use academic performance data for three purposes:**

- **Annual performance monitoring or other periodic reviews, including whether to issue an intervention or differentiate oversight**
- **High-stakes decisions (renewal and revocation)**
- **Public reporting**

District authorizers use academic performance information to make decisions about how to treat each school both at the time of renewal and periodically during the school's charter term. For example, an authorizer may reward excellent schools with more autonomy, recognition, funding, or the chance to expand, while other schools may be identified for review and possible intervention because of evidence of poor academic performance. District authorizers also use performance data to make high-stakes decisions about the renewal and revocation of charters. For all charter schools, authorizers should use performance data for public reporting to various stakeholders, such as schools, policymakers, students and families, and the public.



## ASSESSING ACADEMIC PERFORMANCE ACROSS THE THREE INDICATORS

For each of the framework uses described above, district authorizers must come to an overall conclusion about school quality. This assessment of academic performance should lead to predictable decisions and potential consequences that help an authorizer make objective, data-driven decisions that are consistent across charter schools, across time, and across personnel in the district authorizing office. The framework also provides a transparent and objective structure for district authorizers to make high-stakes decisions. Within the structure, there is room for both quantitative analysis and qualitative professional judgment. With proper oversight and monitoring, as well as continued reporting and communication, both schools and the district authorizer should be aligned in regards to performance and renewal decisions.

### Spotlight on Professional Judgment

The district authorizer should consider the implications of a school earning ratings of Meet Standards on some but not all of the measures. For example, a school could earn a “C” (Meets Standards) on Measure 1: Texas A - F Accountability System but earn a rating of Falls Far Below Standard on Measure 2: Mission-specific Measures and Measure 3: Texas Accountability Focus Area Measure (Closing the Gaps). The district authorizer must use professional judgment to determine the overall quality of the school in terms of academic performance and whether the school warrants renewal.



## FRAMEWORK STRUCTURE

### Indicators

This Academic Evaluation Framework assesses charter school performance across three indicators (as further described below):

- The Texas A - F Accountability System
- Mission-specific Goals
- Optional Focus Areas from the Texas A - F Accountability System



## INDICATORS AND MEASURES IN DETAIL

The summary of the indicators and measures provided below includes an overview of each indicator and measure, as well as the factors district authorizers should consider when structuring those measures and setting specific targets. This framework is intended to be used in its entirety, unless otherwise indicated.

### Indicator 1 | Texas A - F Accountability System

The primary indicator of academic performance in this Academic Evaluation Framework is the Texas A – F Accountability System. The Texas A - F System includes three essential indicators: Student Achievement, School Progress, and Closing the Gaps.

- **Student Achievement:** evaluates performance across all subjects for all students on general and alternate assessments; College, Career, and Military Readiness (CCMR) indicators; and graduation rates
- **School Progress:** evaluates school outcomes in two areas: the number of students who grew at least one year academically (or are on track) as measured by STAAR results and the achievement of all students relative to districts or campuses with similar economically disadvantaged percentages
- **Closing the Gaps:** uses disaggregated data to demonstrate differentials among racial/ethnic groups, socioeconomic backgrounds, and other factors

### Setting targets for the Texas A - F Accountability system

Texas Education Code (TEC) §12.115(c) sets minimum performance expectations for charter schools to remain in operation under the state's default closure laws. However, these performance expectations do not define expectations for success. District authorizers are encouraged to identify higher, more aspirational performance targets than those identified in the state's default closure law. In the example below, a school earning a "D" on the state accountability system is designated as "Does Not Meet Standard." District authorizers can set A – F performance targets that may result in the potential non-renewal of schools that fail to "Meet Standard" on Indicator 1 for three of the five years of its charter term even if those schools would not otherwise qualify for non-renewal under the state's default closure law.

As noted above, district authorizers are encouraged and have the flexibility to set academic targets for their charter schools on the Texas A - F Accountability Indicator that are even more rigorous than the state accountability grade. However, the Texas A - F Accountability System will remain the backstop. If a charter school earns a state grade that prompts state accountability consequences, those consequences will apply regardless of the rating the school receives on the district authorizer's academic framework.

#### Measure 1: *Is the school performing well on the Texas A - F Accountability System?*

##### *Exceeds Standard*

- ☐ School earned an A or B from the Texas A - F Accountability System.

##### *Meets Standard*

- ☐ School earned a C from the Texas A - F Accountability System.

##### *Does Not Meet Standard*

- ☐ School earned a D from the Texas A - F Accountability System.

##### *Falls Far Below Standard*

- ☐ School earned a F from the Texas A - F Accountability System.



Indicator 2 | Mission-Specific Goals

Mission-specific goals evaluate how well charter schools are meeting their unique school missions. These goals focus on student learning while also allowing schools to highlight performance not captured in other accountability indicators. Ultimately, mission-specific goals encourage more diverse and innovative school options for students and families. Depending on the school’s mission, these goals could include additional postsecondary outcomes, program-specific measures (e.g., foreign language proficiency, technological proficiency, cultural competency), school culture measures (e.g., discipline incidences, community partnerships), or noncognitive measures (e.g., goal-setting skills). Examples of mission-specific goals include:

- A foreign language-focused school measuring language proficiency through a reliable assessment tool.
- A college-preparatory academy measuring growth in percentage of students passing AP/IB tests.
- A school focused on environmental issues, including measures of environmental education performance.
- An early-college high school measuring the percentage of students graduating with college credits earned.
- A school that enrolls students for short periods of time (e.g., students transitioning to foster care), measuring weekly growth in reading and math on a school-administered assessment.

District authorizers can and should ask applicants to identify mission-specific goals during the application phase and use these goals as part of the evaluation criteria. Mission-specific goals identified in the application are a starting point for the negotiation between the district authorizer and the applicant of measures to include in the Academic Evaluation Framework and charter contract. Measures should only be included if the goals are valid, reliable, measurable, and quantifiable. In addition, mission-specific goals should measure and demonstrate learning and achievement not merely participation rates or effort. Mission-specific measures are most likely to work when charter schools can purchase already-developed, off-the-shelf assessments or when measurement of an outcome is relatively straightforward. Measures should align with the mission of the school and targets should be ambitious but realistic.

Measure 2: Sample Mission-Specific Measure
Are students meeting or exceeding National Education Technology (NETS) grade-level standards?
Exceeds Standard
<input type="checkbox"/> Each year, the aggregate percentage of students in Grades 3 - 6 who meet or exceed the NETS grade-level standards will be at least 80%.
Meets Standard
<input type="checkbox"/> Each year, the aggregate percentage of students in Grades 3 - 6 who meet or exceed the NETS grade-level standards will be at least 65% but less than 80%.
Does Not Meet Standard
<input type="checkbox"/> Each year, the aggregate percentage of students in Grades 3 - 6 who meet or exceed the NETS grade-level standards is less than 65% but more than 50%.
Falls Far Below Standard
<input type="checkbox"/> Each year, the aggregate percentage of students in Grades 3 - 6 who meet or exceed the NETS grade-level standards is less than 50%.



### Indicator 3 (Optional) | Texas A - F Accountability System Focus Areas

The letter grade produced by the Texas A - F Accountability System reflects school performance across a wide range of measures and metrics, including measures of Student Achievement, School Progress, and Closing the Gaps. Based on district priorities, authorizers may choose to “pull out” specific measures, metrics, and targets to hold charter schools accountable for specific areas of performance.

#### Setting Targets for Focus Areas

District authorizers are encouraged to identify focus areas within the Texas A - F Accountability System. In the example below, a district authorizer has identified the “Closing the Gaps” domain of the state’s accountability system as a district priority. The “Closing the Gaps” domain uses disaggregated data to demonstrate differentials among racial/ethnic groups, socioeconomic backgrounds, and other factors. District authorizers would “pull out” the “Closing the Gaps” grade from the Texas A - F system and set expectations for its charter schools specific to that domain.

#### Measure 2: Sample Texas A-F Accountability System Focus Area

*How well did the school score in the “Closing the Gaps” domain?*

##### *Exceeds Standard*

☐ School earned an A or B in the Closing the Gaps domain.

##### *Meets Standard*

☐ School earned a C in the Closing the Gaps domain.

##### *Does Not Meet Standard*

☐ School earned a D in the Closing the Gaps domain.

##### *Falls Far Below Standard*

☐ School earned an F in the Closing the Gaps domain.



# FINANCIAL EVALUATION FRAMEWORK & GUIDANCE



## INTRODUCTION

The Financial Evaluation Framework is intended as a starting point for district authorizers to adapt to evaluate charter schools' financial performance as part of ongoing monitoring and renewal decision-making. The framework can also meet requirements for Texas Partnership (SB 1882) benefits for school financial performance goals.

Charter schools have the autonomy to manage their finances, consistent with state and federal law. An authorizer's role, as stated in NACSA's Principles & Standards, is to define "clear, measurable, and attainable...financial...standards and targets that a school must meet as a condition of renewal..."

Authorizers, therefore, must be able to determine, on an ongoing basis, if a school is financially viable, and able to meet its promises to students, families, and community, or if it is at risk of becoming financially vulnerable. Financial viability means meeting financial performance targets, such as Days Unrestricted Cash, as well as specific measures related to financial management and oversight.

Financial shortcomings can impact a school more quickly and significantly than other deficiencies. That's why authorizers develop and utilize a good set of tools to assess and monitor a school's financial health while respecting a school's rightful autonomy.

## AUTONOMY AND TEXAS DISTRICT CHARTERS

Understanding the financial structure of Texas district charters, including 1882 partnerships,

and how charter autonomy is operationalized can be tricky. The district and charter must have a clear shared understanding of roles and responsibilities around finances and align their systems and processes in a way that upholds charter autonomy and accountability. In many cases, school staff remain district employees, and other operational components of the charter are provided by the district. As such, not all funding flows to the charter. Therefore, it is critical that district authorizers and charter partners discuss and are clear about what financial resources the charter has autonomy and accountability over, and these agreements should be memorialized in the charter contract. Such an understanding is critical to effective implementation of this Financial Evaluation Framework.

## FINANCIAL INTEGRITY RATING SYSTEM OF TEXAS (FIRST)

This Financial Evaluation Framework aligns very closely to elements of the state's school financial accountability rating system, known as the [School Financial Integrity Rating System of Texas \(FIRST\)](#). This system is used for both districts and charter schools to ensure that Texas public schools are held accountable for the quality of their financial management practices and that they improve these practices. Most district authorized charters (including 1882 partnerships) will not receive a FIRST rating. The indicators and measures outlined in this resource will provide comparable information for district authorizers, and FIRST targets inform targets for this framework.



### Spotlight on Financial Oversight

Because the Financial Evaluation Framework is completed using the annual financial audit, which is a retrospective look at performance, district authorizers must also review schools' financial performance at least quarterly depending on the circumstances as part of their ongoing oversight, through review of the budget, income statement, balance sheet, and cash flow statement, and take necessary actions should performance be of concern.

## FRAMEWORK INDICATORS

The Financial Evaluation Framework gauges both near-term financial health and longer-term financial sustainability as well as the quality of financial management and oversight.

- 1. Near-Term Financial Health.** The portion of the framework that tests a school's near-term financial health is designed to depict the charter school's financial position and viability for the upcoming year. Schools meeting these standards demonstrate a low risk of financial distress in the coming year. Schools that fail to meet the standards may currently be experiencing financial difficulties and/or are at risk for financial hardship in the near-term. These charter schools may require additional review and immediate corrective action on the part of the district authorizer.
- 2. Long-Term Financial Sustainability.** The framework also includes long-term financial sustainability measures and is designed to depict a charter school's financial position and viability over time. Schools that meet these standards demonstrate a low risk of financial distress in the future. Schools that fail to meet the standards may be at risk for financial hardship in the future.
- 3. Financial Management and Oversight.** While the other two indicators measure a school's quantitative financial health, the measures in this area set expectations for the school's management and oversight of its finances and provide a more qualitative look at performance irrespective of the near-term and long-term calculations.

## DEFINITIONS

A glossary of terms used in this Financial Evaluation Framework is included as an [Appendix](#).

## COLLECTING EVIDENCE

To implement the framework and evaluate charter schools' financial performance, all district authorizers must require the charter schools they authorize to complete and submit an independent annual financial audit using accrual-based accounting. Cash-based audits will not provide the correct information needed for the framework. District authorizers will specifically need the following information to use the framework:

- Audited balance sheet\*
- Audited income statement\*
- Audited statement of cash flows
- Notes to the audited financial statements
- Charter school board-approved budget with enrollment targets
- Actual enrollment information
- Annual debt schedule indicating the total principal and interest due

\* Throughout this framework, financial statements will be referred to in the common, for-profit nomenclature as noted below. We have also provided terms consistent with FASB and GASB for reference, as both may be used in charter school audits.



Terms Used in This Framework

Generic (For-Profit)	Nonprofit (FASB)	Governmental (GASB)
Balance Sheet	Statement of Financial Position	Statement of Net Position
Income Statement	Statement of Activities and Changes in Net Assets	Statement of Activities

Spotlight on Use of Framework

The Financial Evaluation Framework is designed to be a stand-alone document that clearly identifies each charter school’s financial standing in the context of the eight measures. However, if a school receives an *initial* “Does Not Meet Standard” or “Falls Far Below Standard” rating on any one measure, it may or may not be in financial distress. The Financial Evaluation Framework is meant to flag potential problem areas for further investigation, and it is important that district authorizers follow up with schools that fall below the standard before assigning the school with a final annual rating or making high-stakes decisions.

For this reason, district authorizers may consider utilizing a two-tiered review and reporting process that incorporates a fourth rating, “Requires Further Analysis.” The “Requires Further Analysis” rating would be given to a school that, upon initial review, did not meet the standard for a measure. The “Requires Further Analysis” rating would be granted only until the district authorizer could complete a follow-up analysis of the school’s financial health. Based on the follow-up analysis, the district authorizer could give the school an annual final rating of “Meets Standard,” “Does Not Meet Standard,” or “Falls Far Below Standard” based on whether the school’s performance on the measure indicates a financial risk based on more up-to-date and detailed financial information.

In order to effectively conduct ongoing monitoring of financial stability, district authorizers regularly require charter schools to provide current financial information and reports such as monthly or quarterly balance sheets, incomes statements, and cash flow statements. District authorizers do not rely only on audited financial statements, especially when making high-stakes decisions. Conducting ongoing monitoring is important to understanding a school’s overall financial health and assessing whether a school is in immediate financial distress.

It is also important to note that in some cases a single charter contract or operator may cover multiple schools or campuses. In such cases, the district authorizer should hold each school or campus independently accountable. Each charter school or campus should have its own independently audited financial statements that can be evaluated by the district authorizer or, if an umbrella entity has a single consolidated audit for multiple schools or campuses, each school or campus’s financials should be independently represented in the consolidated audit.



## WHEN A SCHOOL DOES NOT MEET ONE OR MORE FINANCIAL FRAMEWORK STANDARD

No single financial performance measure can or should be used to assess the financial situation, trends, or ongoing viability of a charter school. Nevertheless, when a school does not meet the standard for a specific measure, the authorizer seeks more information. A rating of “Does Not Meet Standard” on a single measure is not necessarily an indication of financial distress. However, an authorizer should understand the reasons for financial underperformance, assess the severity of the situation, and, if necessary, determine an appropriate course of action or intervention.

When a school does not meet the standard on two or more measures of Near-term Financial Health or Long-term Financial Stability, an authorizer should review previous year’s framework results and the school’s most recent unaudited financial statements to examine trends and the school’s current year financial activity vs. the approved budget. Depending on the circumstances, an authorizer may require additional action by the school, such as:

- Submission of an updated current year cash flow projection;
- Submission of updated enrollment data and or future enrollment projections, and/or providing an explanation of enrollment shortfalls;
- Current year budget revision(s) and/or submission of quarterly or more periodic budget vs. actual income statements prepared on a GAAP basis;
- Submission of three-to-five-year financial projections; and/or
- A written explanation of the reasons a school did not meet two or more financial standards and/or submission of a Corrective Action Plan (CAP) to address the situations.

If a school is in default of loan covenants or has other challenges related to long-term debt, an authorizer should review loan or bond documents issued by

the lending institution, trustee, or bondholder of the loan and initiate a discussion with these external parties to better understand the circumstances creating a default or other challenges. Authorizers should be cognizant that it is not uncommon for lenders, trustees, or bondholders to grant waivers for unmet covenants if debt service payments are not impacted. However, if a waiver is not granted for any default situation, an authorizer may require a corrective action plan (which could be the same plan as provided to a lender, trustee, or bondholders) and closely monitor the school’s progress in executing the plan and getting out of a default status.

If a school does not meet the standard on one or more measures of Financial Management and Oversight, especially if an audit identifies material conditions, major findings, or significant weaknesses in internal controls, the authorizer may require additional action by a school’s governing board. While the authorizer should not dictate how a school remedies deficiencies, suggested developmental approaches may include areas such as:

- Revision and/or development of appropriate and comprehensive board-approved financial policies;
- Board financial oversight training;
- A written explanation of the circumstances behind an adverse rating if the reasons are not indicated in notes to an independent audit report or in a Management Letter provided by an independent auditor; and/or
- Submission of a Corrective Action Plan (CAP).

In instances where schools do not meet multiple standards across the three categories of financial performance, an authorizer should communicate directly with the school’s governing board and leadership to better understand the situation, assess the school’s explanation for failure to meet multiple standards, and determine appropriate next steps. If an authorizer requires submission of a financial CAP, the authorizer should closely monitor implementation of that CAP and financial oversight being performed by a school’s governing board and/or finance committee.





## FINANCIAL PERFORMANCE AND HIGH-STAKES DECISION-MAKING

District authorizers should use this Financial Evaluation Framework and additional follow-up analysis (as referenced above) for making high-stakes decisions, including renewal, non-renewal, or revocation. However, in many cases financial performance may be secondary to academic performance or severe organizational noncompliance in building a case for non-renewal or revocation. If a charter school is high performing academically but does not meet all standards for financial performance, its authorizer might determine that the school should continue operating until it comes to a point of being unable to maintain quality operations. In that case, district authorizers should use the evaluation of financial performance to communicate unsatisfactory performance as a basis for intervention or as secondary evidence when making the case for closure. Only when a school falls far below the standard, which would indicate major concerns with financial viability, should an authorizer consider findings on the Financial Evaluation Framework as the primary reason for non-renewal or revocation. (This is especially true if these instances indicate that the school may not have the financial resources to provide a quality program through the end of the current school year.)

## INDICATORS AND MEASURES IN DETAIL

Each of the measures included in the Financial Evaluation Framework is described below. The targets used in the following measures are generally based on industry and Texas standards (including FIRST) for determining a school's financial risk, and they dictate an initial rating for schools based on audited financial information. However, it is critical that district authorizers not stop at the initial audit review when publishing an annual report or making high-stakes decisions for schools that do not meet standards on the initial assessment. District authorizers must conduct follow-up analysis based on the audit review to determine if a school is truly in distress. District authorizers should use this follow-up review to determine if a school deserves a "Meets Standard," "Does Not Meet Standard," or "Falls Far Below Standard" rating on its annual report based on its financial health. See *Spotlight on Use of Framework to Flag and Further Analyze* on page 22.



## Indicator 1 | Near-Term Financial Health

### Measure 1.A. Current Ratio

**Definition:** The Current Ratio depicts the relationship between a charter school's current assets and current liabilities.

**Rationale:** The Current Ratio measures a charter school's ability to pay its obligations over the next 12 months. A Current Ratio of greater than 1.0 indicates that the school's current assets exceed its current liabilities, which indicates an ability to pay its short-term obligations. A ratio of 1.1 or higher is preferable for charter schools, however, because this means a school is financially well-positioned to meet short-term obligations and unplanned contingencies potentially affecting funding or cash flow. A Current Ratio of less than 1.0 indicates that the school does not have sufficient current assets to cover current liabilities and is not in a position to meet its financial obligations over the next year. A ratio of less than 0.9 may indicate a more challenging situation.

**Data Sources:** Audited balance sheet

#### Measure 1a: Current Ratio

*Current Ratio = Current Assets ÷ Current Liabilities*

##### *Meets Standard*

☐ Current Ratio is greater than or equal to 1.1.

##### *Does Not Meet Standard*

☐ Current Ratio is greater than or equal to 0.9 and less than 1.1.

##### *Falls Far Below Standard*

☐ Current ratio is less than 0.9



Measure 1.B. Unrestricted Days Cash

**Definition:** The Unrestricted Days Cash on hand ratio indicates how many days a charter school can pay its expenses without inflow of additional cash.

**Rationale:** A school will have sufficient cash available to meet financial obligations requiring cash outlays if its unrestricted days cash ratio is greater than 60 days or between 30 and 60 days and the most recent one-year trend is positive (i.e., days cash increased from the previous year).

Unrestricted Days Cash is one of the most important financial performance measures for a charter school. This standard takes on additional importance when the timing of school payments is irregular and/or can be delayed. Due to the nature of charter school cash flow and the sometimes-irregular receipt of revenues, a 60-day threshold is an appropriate standard for seasoned charter schools. An unrestricted days cash standard of 60 days is also commonly established by debt financing covenants.

Depreciation is removed from the total expenses denominator because it is not a cash expense.

**Data Sources:** Audited balance sheet and income statement

<p><b>Measure 1b: Unrestricted Days Cash</b></p> <p><i>Unrestricted Days Cash: Unrestricted Cash divided by ([Total Expenses minus Depreciation Expense]/365)</i></p>
<p><i>Meets Standard</i></p> <p><input type="checkbox"/> Unrestricted Days Cash is greater than or equal to 60 days; or</p> <p><input type="checkbox"/> Unrestricted Days Cash is greater than or equal to 30 but less than 60, and one-year trend is positive</p> <p><i>Note: Schools in their first or second year of operation must have a minimum of 30 Days Cash.</i></p>
<p><i>Does Not Meet Standard</i></p> <p><input type="checkbox"/> Unrestricted Days Cash is Greater than or equal to 30 days but less than 60 days and one-year trend is negative</p>
<p><i>Falls Far Below Standard</i></p> <p><input type="checkbox"/> Days Cash is less than 30 days</p>



**Measure 1.C. Debt Default**

Definition: Debt default indicates whether a charter school is meeting its debt obligations. In other words, a school would be considered in debt default if it is not making timely debt service payments.

Rationale: A charter school that is not making its debt service payments may be in financial distress. As a result, in such case, a charter school receives a rating of “Falls Far Below Standard” rather than “Does Not Meet Standard.”

Data Sources: Notes to audited financial statements

**Measure 1c: Debt Default**

*Has the school delinquent with debt service payments?*

***Meets Standard***

☐ School is not delinquent with debt service payments

***Does Not Meet Standard***

☐ Not applicable

***Falls Far Below Standard***

☐ School is delinquent with debt service payments



Indicator 2 | Long-Term Financial Sustainability

Measure 2.A. Total Margin and Aggregated Three-Year Total Margin

Definition: Total Margin and Aggregated Three-Year Total Margin measure the deficit or surplus a charter school yields out of its total revenues. In other words, it measures whether the school is operating at a surplus (more total revenues than expenses) or at a deficit (more total expenses than revenues) in a given time period.

Rationale: The Total Margin is important to track as charter schools cannot operate at deficits for a sustained period without risk of closure. While schools are not intended to make money, it is important for charters to build, rather than deplete, a reserve to support growth or sustain the school during uncertain funding periods. The aggregated three-year total margin is helpful for measuring long-term financial stability of the school by smoothing the impact of single-year fluctuations on the single-year total margin indicator.

General preference in any industry is that total margin is positive, but organizations can make strategic choices to operate at a deficit for a year for a large operating expenditure or other planned expense. The targets set allow for flexibility over a three-year timeframe by including the aggregated total margin. However, a margin in any year of less than -10 percent or an aggregate three-year total margin less than or equal to -1.5 percent is an indicator of financial risk.

Data Source: Three years of audited income statements

**Measure 2a: Total Margin and Aggregated Three-Year Total Margin**

*Total Margin: Net Income divided by Total Revenue*

*Aggregated Total Margin: Total Three-Year Net Income Divided by Total Three-Year Revenues*

**Meets Standard**

- ☐ Aggregated Three-Year Total Margin is positive; or
- ☐ Most recent year Total Margin is positive, Aggregated Three-Year Total Margin is greater than -1.5 percent, and the trend is positive for the last two years.

*Note: For schools in their first or second year of operation, the cumulative Total Margin must be positive.*

**Does Not Meet Standard**

- ☐ Aggregated Three-Year Total Margin is greater than -1.5 percent, but trend does not “Meet Standard”

**Falls Far Below Standard**

- ☐ Aggregated Three-Year Total Margin is less than or equal to -1.5 percent; or
- ☐ The most recent year Total Margin is less than -10 percent



**Measure 2.B. Debt-to-Asset Ratio**

**Definition:** The Debt-to-Asset Ratio measures the amount of liabilities a charter school owes versus the assets the school owns. In other words, it measures the extent to which the school relies on borrowed funds to finance its operations.

**Rationale:** A lower Debt-to-Asset Ratio generally indicates stronger financial health. A Debt-to-Asset Ratio greater than 1.0 is a generally accepted indicator of potential long-term financial issues, as the school owes more than it owns, reflecting a risky financial position. A ratio less than 0.9 indicates a financially healthy balance sheet, both in the assets and liabilities, and the implied balance in the equity account.

**Data Source:** Audited balance sheet

**Measure 2b: Debt-to-Asset Ratio**  
*Total Liabilities divided by Total Assets*

*Meets Standard*

- ☐ Debt-to-Asset Ratio is less than or equal to 0.9

*Does Not Meet Standard*

- ☐ Debt-to-Asset Ratio is greater than 0.9 and less than or equal to 1.0

*Falls Far Below Standard*

- ☐ Debt-to-Asset Ratio is greater than 1.0



Measure 2.C. Debt Service Coverage Ratio

**Definition:** The Debt Service Coverage Ratio indicates a charter school’s ability to cover its debt obligations in the current year.

**Rationale:** This ratio measures whether a charter school can pay the principal and interest due on its debt based on the current year’s net income. Depreciation expense is added back to the net income because it is a non-cash transaction and does not actually cost the school money. The interest expense is added back to the net income because it is one of the expenses an entity is trying to pay, which is why it is included in the denominator.

Debt Service Coverage Ratio is commonly used as a debt covenant measure across industries. A ratio of 1.1 or greater is industry standard for identifying organizations healthy enough to meet obligations and generate a surplus, though some loan covenants may set an expected debt service coverage ratio of 1.15 or even 1.2.

**Data Sources:** Three years of audited balance sheets

- Net Income: audited income statement
- Depreciation expense: audited cash flow statement
- Interest expense: audited cash flow statement and/or income statement
- Annual principal and interest obligations: provided from school

<p><b>Measure 2c: Debt Service Coverage Ratio</b></p> <p><i>Debt Service Coverage Ratio: (Net Income + Depreciation + Interest Expense) / (Annual Principal, Interest, and Lease Payments)</i></p>
<p><i>Meets Standard</i></p> <p><input type="checkbox"/> Debt Service Coverage Ratio is greater than or equal to 1.1</p>
<p><i>Does Not Meet Standard</i></p> <p><input type="checkbox"/> Debt Service Coverage Ratio is less than 1.1</p>
<p><i>Falls Far Below Standard</i></p> <p><input type="checkbox"/> Not Applicable</p>



### Indicator 3 | Financial Management and Oversight

The previous measures in this Financial Evaluation Framework are used to evaluate a charter school's financial health in quantifiable terms, while the qualitative measures in this section relate to organizational effectiveness of financial management, oversight, and compliance with financial requirements, regardless of the school's performance on measures of financial health.

#### Measure 3.A. Annual Financial Audit

**Definition:** The annual financial audit assesses an organization's financial statements and processes against Generally Accepted Accounting Principles (GAAP). Schools that do not meet these standards will have findings in their financial audits. Certain findings are more adverse than others and authorizers should specifically look for material weaknesses on internal controls.

**Rationale:** Critical to an organization's health and stability is its ability to manage its finances well. Authorizers have a responsibility to protect the public's interest and must evaluate the extent to which the charter school is responsibly managing its finances. Financial audits, completed by professional, independent auditors, are vital to evaluating a school's financial management and oversight.

Authorizers should also give particular attention to auditor findings within the "going concern disclosure," which is a paragraph in the auditor's opinion. Organizations that are considered a "going concern" are, in the opinion of the auditor, financially viable to operate for at least one year. If an audit includes a paragraph with a "going concern disclosure," the auditor has concerns about the organization's viability, which should be a major concern for the district authorizer.

**Data Sources:** The authorizer should require charter schools to conduct and submit an annual financial audit, a requirement that should be embedded in the charter contract. The authorizer should have documented scope of audit requirements to ensure the financial audit includes information necessary to evaluate schools' financial management practices and viability.

#### Measure 3a: Annual Financial Audit

*Do independent financial audit results demonstrate that a school is meeting basic financial management, controls, and oversight expectations?*

##### Meets Standard

- ☐ The school materially complies with applicable laws, rules, regulations, and provisions of the charter contract relating to financial management and oversight expectations as evidence by an annual independent audit, including but not limited to:
  - An unqualified audit opinion
  - An audit devoid of significant findings and conditions, material weaknesses, or significant internal control weaknesses
  - An audit (including separate or supplemental schedules) devoid of repeat findings of significance.
  - An audit that does not include a going concern disclosure

##### Does Not Meet Standard

- ☐ The school's independent financial audit does not meet one or more of the Meets the Standard indicators, and therefore the school is not meeting basic financial management, controls, or oversight expectations.



Measure 3.B. Financial Reporting and Compliance

Definition: Financial Reporting and Compliance measures whether a charter school is submitting accurate and timely information to the authorizer, as required by the charter contract or state law.

Rationale: Accurate and timely reporting and compliance is a foundational expectation of any public institution including charter schools.

Data Source: The authorizer should maintain a record of a school’s adherence to reporting requirements, including financial reports.

**Measure 2b: Financial Reporting and Compliance**  
*Is the school meeting financial reporting and compliance requirements?*

*Meets Standard*

- ☐ The school materially complies with applicable laws, rules, regulations, and provisions of the charter contract relating to financial reporting requirements, including but not limited to:
  - Complete, on-time submission of financial reports, including the Annual Financial Report (TEC §39.083), monthly or quarterly balance sheets, and cash flow statements
  - On-time submission and completion of financial-statement reporting and audit requirements as set forth in the charter contract (Model Contract §12.08)
  - Compliance with all required reporting of public funds usage, including TEC §11.174 Texas Partnership funds

*Does Not Meet Standard*

- ☐ The school does not materially comply with applicable laws, rules, regulations, and provisions of the charter contract relating to financial reporting requirements due to failure to make timely and complete submission of required documents, including failure or unwillingness to provide additional information requested by the authorizer.



### Measure 3.C. Enrollment Variance

**Definition:** Enrollment Variance measures whether a charter school is meeting its enrollment projections and depicts actual versus projected enrollment.

**Rationale:** Since enrollment is the critical driver of revenue, the Enrollment Variance is important to track the sufficiency of revenues to fund ongoing operations. The charter school leadership and board must be thoughtful and use evidence and strong models to project enrollment. While the school's annual budget is based on projected enrollment, funding is typically based on actual enrollment. A school that fails to meet its enrollment targets may encounter financial challenges.

Enrollment variance of less than 90 percent indicates that a significant amount of funding on which a charter school sets its expense budget is no longer available and thus the school may be at a significant financial risk. Schools that achieve at least 95 percent of projected enrollment generally have the operating funds necessary to meet all expenses and thus are likely not at a significant risk of financial distress.

**Data Source:** Charter school board-approved annual budget (which includes projected enrollment) and actual enrollment

#### Measure 3c: Enrollment Variance

*Enrollment Variance: Actual Enrollment divided by Enrollment Projection in Charter School Approved Budget*

##### *Meets Standard*

☐ Enrollment Variance is greater than or equal to 95 percent in the most recent year

##### *Does Not Meet Standard*

☐ Enrollment Variance is greater than or equal to 90 and less than 95 percent in the most recent year

##### *Falls Far Below Standard*

☐ Enrollment Variance is less than 90 percent in the most recent year



### Measure 3.D. Financial Oversight

**Definition:** Financial oversight is a qualitative evaluation of the school board's and leadership's management and oversight of the school finances, including policies and practices.

**Rationale:** Financial Oversight includes an array of responsibilities that need to be carried out by a school's board and leadership to ensure appropriate and effective use of public funds, starting with developing, approving, executing, and monitoring annual budgets. A school that lacks effective financial budgeting, monitoring, and oversight practices on the part of leadership and/or the governing board is likely to be or become financially at risk.

**Data Source:** Financial statements, board meeting minutes, interviews with board members and school leadership, and board meeting observations.

#### Measure 3d: Financial Oversight

*Does the school and its governing board effectively establish and approve annual budgets, monitor budget implementation, and ensure the ongoing financial health and success of the school?*

##### Meets Standard

- ☐ The school and its governing board establish, approve, and monitor annual budget execution and safeguard the financial health and activities of a school by consistently demonstrating some or all of the following:
  - The Board has adopted and maintains financial-related policies for the school's basis of accounting, segregation of duties, physical security of assets, budget development and approval process, preparation and review of internal financial reports, purchasing and procurement processes, conflicts of interest disclosure, and to ensure compliance with any and all reporting requirements.
  - The Board consistently reviews financial reports and statements including a balance sheet, a budget-to-actual income statement, a cash flow statement, and a financial dashboard.
  - The Board approves annual budgets by self-prescribed or charter contract-imposed deadlines and adjusts annual budgets as necessary (for example, if enrollment targets are not hit, or when specific revenue or expenses are no longer realistic or achievable).
  - A school's financial planning and management practices include a multi-year projected income statement (pro forma) and a 12-month rolling projected cash flow, developed by school leadership and/or a contracted financial services provider, and periodically reviewed and updated by leadership and the governing board. (This standard is particularly applicable to growing, expanding, or replicating schools.)
  - The Board reviews annual independently audited financial statements, reports and management letters, and evidence suggests that all findings, whether material, significant, or deficient, are being addressed at the school leadership and board levels.
  - The Board considers the school's financial health in relation to student outcomes and progress towards meeting the school's mission. (In other words, the Board's focus is on great outcomes for students and how or whether the financial health of the organization supports attainment of those outcomes.)
  - The school has appropriate in-house, employed financial expertise and/or contracts with a reputable, proven, financial services provider.

##### Does Not Meet Standard

- ☐ Authorizer review and available evidence suggests or confirms that the school (its leadership and/or governing board) has not put into place, is not putting in place or institutionalizing, or does not have the capacity to engage in adequate, responsible fiscal oversight as outlined above.





# ORGANIZATIONAL EVALUATION FRAMEWORK & GUIDANCE



## INTRODUCTION

The organizational Evaluation Framework is intended as a starting point for authorizers to adapt to hold charter schools accountable for organizational performance. The Organizational Evaluation Framework defines the operational standards to which a charter school be accountable to its district authorizer and the public.

The expectations set out here derive from state and federal law, the operating terms in the school's charter contract, and elements of the [TEA Effective Schools Framework](#). Of the three frameworks, the Organizational Evaluation Framework is most closely aligned with the charter contract in terms of documenting operational expectations such as adherence to the school model and compliance with reporting requirements. Like the Financial Evaluation Framework and unlike the Academic Evaluation Framework, the Organization Evaluation Framework includes qualitative data, in addition to quantitative data, as a necessary component to evaluate whether charter schools are meeting required legal and ethical obligations (See "Spotlight on Protecting School Autonomy" on page 25), as well as standards of effective schools.

One of a district authorizer's core responsibilities with respect to charter schools is to protect the public interest. The Organizational Evaluation Framework is the primary lever for carrying out this responsibility, enabling district authorizers to ensure that charter schools are respecting rights of students, staff, and

families within the schools, as well as the interests of the general public. District authorizers can protect school operational autonomy by establishing a base set of operational expectations that are common to all schools and limiting those requirements primarily, though not exclusively, to what is required by law or the charter contract. The more that the district authorizer's operational requirements stray beyond fundamental legal or ethical obligations, the more likely that the authorizer is infringing on a charter school's appropriate autonomy.

District authorizers are also in a unique position as the Local Education Agency (LEA) and in some cases the employer and facilities manager. This creates overlapping of responsibilities for compliance in areas such as service to student with special needs and English learners, as well as employment and safety requirements. District authorizers and their charter schools must clearly outline responsibilities of each party in the charter contract to facilitate effective implementation of the Organization Performance Framework.

Ultimately, the measures discussed below should be considered collectively to evaluate the operational effectiveness of the school. In the charter model, academic performance and financial viability should drive accountability decisions, with the organizational framework measures presenting an opportunity for the authorizer to review core operational functions without impeding school autonomy.



### Spotlight on Protecting School Autonomy

The Organizational Evaluation Framework can threaten school autonomy depending on how the authorizer uses the framework. The central premise of charter school autonomy is that the authorizer articulates the expected outcomes and the Evaluation Framework has maximum flexibility to determine the best way to achieve those outcomes. In other words, the authorizer articulates the goals and the school decides the best way to get there as long as the approach is consistent with legal or other requirements. Whereas the Academic and Financial Evaluation Frameworks focus almost exclusively on the goals or results, the Organizational Evaluation Framework inevitably mandates certain elements of process.

Because organizational requirements focus largely on school operations and processes, they have the greatest potential to infringe inappropriately on school autonomy. In K-12 education, we are accustomed to systems of school evaluation that focus primarily, if not exclusively, on process. Thus, evaluation systems focus on whether school leadership is strong, how well data are being used, whether the instructional materials are rigorous, and whether classroom instruction is effective. Because this process-focused approach is familiar and common – indeed the norm – it is easy for authorizers to fall into routines that stress or focus solely on process-based oversight. Many of these processes are undeniably critical to school success and this framework includes selected high-level expectations drawn from the Texas Education Agency’s Effective Schools Framework. This may create some tensions around autonomy; therefore, it is important the authorizer keep its primary focus on outcomes while considering some of the processes identified in this framework and limit the desire to identify the specific approaches by which schools carry out their mission. **In the charter model, these process decisions are central to school autonomy and should remain the responsibility of the charter school’s governing board and leadership.**

## FRAMEWORK STRUCTURE

### Indicators

The Organizational Evaluation Framework includes five indicators or categories used to evaluate the school’s organizational performance and compliance. District authorizer review each of these areas when evaluating proposals from the district’s Call for Quality Schools and once a school is approved, district authorizers will also evaluate these areas for ongoing performance.

- 1. Education Program.** The educational program is the heart of a school. This indicator assesses the school’s adherence to the material terms of its proposed education program and implementation of core elements of effective schools as outlined in the TEA Effective Schools Framework (ESF). As a legal term, something is “material” if it is relevant and significant. For purposes of defining educational program accountability, the district authorizer should consider whether the information would be relevant and significant to decisions about whether to renew, non-renew, or revoke a charter. In addition to capturing material terms of the education program, this indicator also captures certain aspects of an education program that are required by law.
- 2. Governance and Reporting.** An authorizer enters into a charter agreement with a board of directors that is an important keeper of the public trust. This indicator area ensures that the board meets basic legal and contractual requirements of the district and TEA, while also setting a bar for quality consistent with expectations for public nonprofit organizations.
- 3. Students and Employees.** While charter schools may be exempt from certain laws and allowed to function with greater autonomy, they still must adhere to federal and state laws and district policies (as applicable) regarding treatment of individuals within the



organization. Through this indicator, the district authorizer measures charter school compliance with a variety of laws related to students and employees, as well as operational requirements such as teacher licensing and background checks.

**School Environment.** Charter schools must also follow additional operations-related laws, such as those protecting the health and safety of students, and protecting student and staff privacy and data. This indicator addresses the additional school community compliance requirements imposed on charter schools.

4. **School Environment.** Charter schools must also follow additional operations-related laws, such as those protecting the health and safety of students, and protecting student and staff privacy and data. This indicator addresses the additional school community compliance requirements imposed on charter schools.
5. **School Culture.** A positive school culture is foundational to the success of any charter school. Through this indicator, the district authorizer can evaluate the extent to which the school has systems and practices in place that set behavioral expectations and management for students and staff, provide appropriate student support services to address whole child health and wellness, and engage families and community in the education of their children.

## COMPLIANCE VS. QUALITY

Many of the indicators in the Organizational Framework include both basic compliance measures and quality measures.

- Basic compliance measures ask a straightforward yes or no question related to baseline expectations in law or the charter contract. These measures assess requirements such as whether the board adheres to open meeting requirements or whether the school meets teacher credentialing requirements. Ratings for these measures are generally “Meets” or “Does Not Meet.”
- Quality measures go beyond basic legal requirements and set a higher expectation. These assess more complex and nuanced areas of performance, such as whether a board has a shared

understanding of and commitment to the school’s mission; whether the school has staff recruitment, hiring, and retention policies and practices that foster great outcomes for students; and if a school is designing a comprehensive and effective program for serving students with special needs. Ratings for these measures are generally “Meets,” “Approaches,” or “Does Not Meet.”

## MATERIALITY

As with the Financial Framework, the concept of materiality matters. Meeting the standard does not require perfection. An authorizer must use professional judgment to determine if a school has substantially met the standard as presented. For example, a district authorizer requires that board members engage in annual training. One school has nine board members, eight of whom completed the training during the calendar year, one of whom completed the training two months late. Compare this to another school with nine board members, only three of whom completed the required training. The description of not meeting the standard for many measures in the OF is as follows: “The school fails to materially comply with applicable laws and the charter contract as outlined above.” The fact that, in one school, one board member was two months late in completing training is likely not material, while the fact that, in another school, two-thirds of the board failed to complete the required training, likely is material.

## COLLECTING EVIDENCE

Below is a list of common ways that district authorizers may collect data to evaluate charter schools’ organizational performance, beginning with the least invasive approach. Some measures in the Organizational Evaluation Framework require periodic monitoring to ensure compliance, while others can be analyzed annually during site visits or thorough reports submitted to the authorizer. Others may only require an assurance of compliance by the charter school board but may require follow up if concerns are raised. District authorizers will have to determine which approach or approaches are most appropriate for evaluating each indicator within the Organizational Evaluation Framework based on their values, capacity, and local context.





### Assurances of Compliance by The Charter Board

District authorizers may find it efficient and effective to require a charter school to maintain a file of compliance assurances. This documentation by the board provides an assurance to the district authorizer that the board is aware of and complies with its legal obligations to the charter school and to the public. Accompanying this assurance should be evidence of compliance or direct reference to evidence such as board minutes or policies. The assurance and supporting evidence can be organized and maintained by the school for review by the district authorizer upon request. The district authorizer may review the maintained file as it deems appropriate and may request additional supporting evidence from the school to ensure compliance.

### Required Reporting

The district authorizer may also require that the charter school report or verify compliance to the authorizer as requested or, ideally, on a scheduled basis. District authorizers should be cautious, however, of the impact of excessive or irregularly timed reporting requirements on the autonomy of the charter schools, as well as the drain on district resources in reviewing reports in the interest of compliance rather than performance. To ease the burden on both the district authorizer and the school, authorizers should adopt reporting schedules and clearly communicate these to the school. District authorizers should also weigh whether their own reporting requirements are duplicative with other state or federal reports.



While Texas law does not require charter schools to develop annual reports, some schools may create such reports to share information with their families, funders, and the community. Such reports can be useful to the authorizers and a powerful means for schools to tell their stories. **Authorizers should always seek to verify or triangulate evidence, when possible, no matter the source.**

### Third-Party Reviews

Another way to verify compliance is to seek reviews from a third-party reviewer. This approach allows the district authorizer to access expert opinions while at the same time reducing redundancy in review and evaluation of the charter school. Third-party reviewers may include state or federal agencies or contracted consultants, but any such reviews should be transparent and in accordance with clear criteria.

### Observed Practice

The district authorizer may verify compliance and assess quality for certain measures through direct observation. For example, the district authorizer may observe mandatory state assessments to ensure compliance with required procedures. Or a district authorizer may visit classrooms to assess a positive school culture. In such cases, it is not the authorizer's role to evaluate teachers; instead the authorizer looks for patterns and trends in the classroom and the extent to which practice reflects the identified standards for quality. If the district authorizer seeks verification in this form, it is critical that the authorizer has the capacity and expertise to appropriately evaluate performance.

### Investigations

At times district authorizers may receive complaints or assertions from individuals that a charter school is not in compliance. The district authorizer should generally refer the complainant to the charter school board, which is responsible for investigating such cases. However, from time to time the district authorizer may receive complaints that it must investigate directly, especially if the complaint is a major infraction or if it directly involves the charter school board. In some instances, especially in which

student safety is at risk, the district authorizer itself may be required by law to act or notify appropriate authorities, including TEA, of its findings.

## INDICATORS AND MEASURES IN DETAIL

The Organizational Evaluation Framework catalogs in one place the various requirements that the charter school must meet according to state and federal law, rules, regulations, and the school's charter contract. In addition, this framework includes elements of effective schools adapted from the [TEA Effective Schools Framework](#) as well as other measures of quality. This section includes definitions of the measures in the Organizational Evaluation Framework, background information to help district authorizers better understand each measure, and where to find evidence to evaluate schools against the measures.

Depending on the specific provisions of the charter contract, district authorizers may need to add additional measures within one of the existing six indicators. District authorizers should be extremely cautious in adding new indicators or measures and be vigilant in adding requirements not grounded in law or the charter contract, or that are duplicative of existing indicators or measures. It is important to remember that the Organizational Evaluation Framework relies primarily on compliance, though it includes foundational aspects of effective schools drawn from the TEA Effective Schools Framework and other measures of quality: in order to ensure that charter autonomy is not infringed upon, the organizational performance measures should be primarily tailored to reflect legal responsibilities.

Lastly, as a reminder, since the *Does Not Meet Standard* and *Falls Far Below Standard* remain consistent for each measure, only the definitions of *Meets Standard* and *Approaches Standard where potentially relevant* are included below.



## Indicator 1 | Education Program

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The Organizational Evaluation Framework includes measures of the school's educational program that are legal or contractual requirements that the charter school must adhere to when implementing its program, as well as elements of effective schools drawn from the [TEA Effective Schools Framework](#) and other measures of school quality. These measures are different from the Academic Evaluation Framework in that they measure aspects of educational program compliance and delivery rather than performance outcomes and thus should remain separate.

This indicator area includes both compliance and qualitative measures, including within the same area, such as service for students with disabilities, because basic compliance is the floor for performance, and quality measures set a higher expectation for serving students.

One important measure of this indicator relates to **key design elements or mission-specific attributes of a school**. Key design elements may be referred to as "material terms" of the school's education program. The authorizer should distinguish between design elements that belong in the Organizational Framework and those that should be measured as part of the Academic Framework. For example,

- At a foreign language immersion school, expectations around appropriate staffing, scheduling, and student participation in foreign language learning are included in the OF, while outcomes of a students' foreign language proficiency results may be included in the AF.
- At a school that is designed to achieve success through an extended school day and year, the OF should determine whether there is, in fact, extended time as advertised. The anticipated academic outcomes correlated to that extended time will be assessed in the AF.
- At an alternative school focused on helping older students finish high school, the OF should review if the necessary supports are available for the students to succeed, while the AF will include clear outcomes related to student graduation rates.

Another way to think about key design elements is to ask: is the school delivering the educational program it promised to students, families, and the community? The ideal in every community is for all educational options to meet a high standard of quality so parents can choose among these options based on the needs of each of their children, from year to year. Thus, the authorizer plays a key role in helping parents make informed choices by assessing whether the schools in the authorizer's portfolio are doing what they promised. Once an approved school becomes operational, the authorizer should expect the educational program to be reasonably consistent with the one included in the initial contract, and material changes should be agreed upon by the school and the authorizer.



## COMPLIANCE – EDUCATION REQUIREMENTS

### 1.A. Education Requirements

Some elements of a public school's education program are fixed in law and may not be waived for charter schools. This measure evaluates the charter school's adherence to these legal requirements.

#### Measure 1a: Education Requirements

*Does the school comply with applicable education requirements?*

##### *Yes (Meets Standard)*

- ☐ The school materially complies with applicable laws, rules, regulations and provisions of the charter contract relating to education requirements, including:
  - Instructional time requirements (TEC §25.081)
  - Graduation/promotion requirements (TEC §28.021)
  - Curriculum requirements (19 TAC §74.1 et seq.)
  - State assessment requirements (TEC §39.023)
  - State and federally funded mandatory programming

##### *No (Does Not Meet Standard)*

- ☐ The school fails to materially comply with applicable laws and the charter contract as outlined above.

#### Data Sources:

The district authorizer may require an assurance of compliance from the charter school board and follow up if noncompliance complaints are raised by TEA or other stakeholders arise. Follow-up review could include requests of data to verify compliance, such as school calendars, student records, or reports the charter school submits to TEA.

- School calendars and daily schedules
- Student/parent handbook that includes course requirements
- Other relevant information gathered through third-party sources, and periodic verification of compliance, such as during site visits
- Board assurance of compliance



QUALITY – KEY DESIGN ELEMENTS

1.B. Key Design Elements

This measure assesses the school’s adherence to the key design elements - or material terms - of its proposed education program. This is consistent with requirements of partnership school benefits under SB 1882, which state that “the performance contract ensures the partner is accountable to implementing the education plan described in the approved charter proposal.” As a legal term, something is material if it is relevant and significant. For the purposes of defining educational program accountability, the authorizer should consider whether the information would be relevant and significant to decisions about whether to renew, non-renew, or revoke a charter.

District authorizers should extract from the approved application the essential elements of the educational program to which the charter school will be held accountable. The assessment of educational program terms should generally be a “truth in advertising” standard. For example, a school that proposes an extended school day and school year should be evaluated based on whether there is, in fact, extended learning time. Alternatively, a school that proposes to have a math and science focus, in alignment with a priority the district identified in its Call for Quality Schools, should be accountable for the educational program having a recognizable emphasis on these subjects. However, academic outcomes from such program elements should not be evaluated in this section: academic performance evaluation is completed through the Academic Evaluation Framework.

**Measure 1b: Key Design Elements**

*Does the school implement the key design elements of its education program as outlined in the charter contract?*

*Meets Standard*

☐ The school implements the key design elements of its education program consistent with its mission and the charter contract, with the following elements fully developed and aligned to the mission and key design elements:

- Staff qualifications and experience
- Staff professional development
- Staff and other stakeholders, including community members served by the school, exhibit a shared understanding of the mission and key design elements
- The school broadly communicates its mission and key design elements to help families make informed choices about where to enroll their children
- Curriculum, instructional strategies and instructional materials

*Approaches Standard*

☐ One or more of the above elements is developing or in need of improvement.

*Does Not Meet Standard*

☐ The school failed to implement the program as described above and the failure(s) was (were) material and significant to the viability of the school.

Data Sources:

District authorizers may verify implementation of the material terms through:

- Site visits, including classroom observations
- Stakeholder interviews: school leadership, board members, staff, students, parents, and community
- Annual reports, renewal applications, or other school submissions
- School website
- Staff information, including professional development calendars
- Board meeting agendas, materials, and minutes

The data sources will vary based on the material terms of the school’s education program. For example, if a school’s extended school day and/or school year is a material term of its education program, then the district authorizer should review the school’s academic calendar, as well as verify this material term through teacher interviews.



## QUALITY – EDUCATIONAL PROGRAM

### 1.C. Effective Instruction & Assessment

At the core of effective schools is effective instruction: interactions between students, teachers, and content determine learning outcomes. This instructional core is strengthened and supported by effective, well supported teachers, high-quality curriculum, and strong school leaders. Elements consistent with the Texas Education Agency's [Effective Schools Framework](#) (ESF) are noted with an \*.

#### Measure 1c: Effective Instruction & Assessment

*Does the school deliver a high-quality academic program that meets the needs of all students?*

##### *Meets Standard*

- ☐ The school implements instructional and assessment programs focused on student achievement, with the following elements fully developed and functioning effectively:
  - Instructional leaders with clear roles and responsibilities who develop, implement, and monitor instructional plans through use of data and other evidence\*
  - Retaining effective, well-supported teachers by strategically recruiting, selecting, assigning, on-boarding, and building the capacity of teachers so that all students have access to high-quality educators\*
  - Ongoing, job-embedded personalized professional development for teachers aligned to the mission, vision, values, and goals of the school and linked to high-quality curriculum in all core subjects and relevant ages\*
  - Instructional leaders use normed tools and processes to conduct teacher observations, capture trends, track and support progress over time, and provide timely feedback with clear models and opportunities to practice for teachers\*
  - All students have access to a TEKS-aligned, guaranteed, and viable curriculum, assessments, and resources to engage in learning at appropriate levels of rigor\*
  - Instructional materials with key ideas, essential questions, and recommended materials, including content-rich texts, are used across classrooms. The instructional materials are intentionally designed to meet the needs of students with disabilities and English learners among other student groups\*
  - The school implements high-quality common formative assessments aligned to state standards for all tested areas and PK - 2nd Grade math and reading\*
  - Teacher teams, supported by instructional leaders, meet frequently and regularly for in-depth conversations about formative and interim student data, effective instructional strategies, and possible adjustments to instructional delivery focused on meeting the needs of both struggling learners and learners needing acceleration\*
  - Educational programming, including curriculum, engages students in ways that are culturally and linguistically appropriate, responsive, and relevant

##### *Approaches Standard*

- ☐ The school implements instructional and assessment programs focused on student achievement, with many but not all of the above elements fully developed and functioning effectively.

##### *Does Not Meet Standard*

- ☐ The school failed to implement the program as described above and the failure(s) was (were) material and significant to the viability of the school.





Data Sources:

- Site visits, including classroom observations
- Curriculum materials
- Stakeholder interviews: school leadership, board members, staff, students, parents, and community
- Annual reports, renewal applications, or other school submissions
- School website
- Staff information, including professional development calendars
- Board meeting agendas, materials, and minutes
- Third-party reports or monitoring



## COMPLIANCE – STUDENTS WITH DISABILITIES

### 1.D. Students with Disabilities

Charter schools must comply with state and federal special education laws and provide a high-quality learning environment for all students. In addition to an evaluation of how well a school is educating students with disabilities (a component of the Academic Evaluation Framework), the Organizational Evaluation Framework should include an evaluation of whether the school is meeting its legal obligations regarding services to students with disabilities, protecting their rights under law. While district authorizers (as LEA) are ultimately responsible for compliance, charter schools are responsible for day-to-day compliance and implementation. The charter contract should clearly outline the responsibilities of the district and the charter.

#### Measure 1d: Students with Disabilities

*Does the school comply with applicable requirements for students with disabilities?*

##### *Yes (Meets Standard)*

- ☐ Consistent with the charter school's status and responsibilities as a school in a district LEA, the school materially complies with applicable laws, rules, regulations, and provisions of the charter contract relating to the treatment of students with identified disabilities and those suspected of having a disability, including:
  - Full implementation of and compliance with the [Results Driven Accountability](#) system
  - Equitable access and opportunity to enroll
  - Identification and referral including evaluation of representation of subgroups, (i.e., Child Find process is in place and the school adheres to this process)
  - Operational compliance, including provision of services in the least restrictive environment and appropriate inclusion in the school's academic program, consistent with IEPs and 504 plans, assessments, and extracurricular activities (including requirements under Texas Education Code Chapter 29, Subchapter A)
  - Discipline, including due process protections, manifestation determinations, and behavioral intervention plans
  - Development and implementation of Individualized Education Programs (IEPs) and Section 504 plans, including access to the school's facility and programs
  - Communication requirements with parents or guardians
  - Provision of quality programming consistent with students' IEPs or Section 504 plans and the best interest of students
  - Appropriate use of available, applicable funding

##### *No (Does Not Meet Standard)*

- ☐ The school fails to comply with applicable laws and the charter contract as outlined above.

#### Data Sources:

- Site visits, including classroom observations
- Record reviews
- Stakeholder interviews: school leadership, special education director, staff, students, parents, and community
- Annual reports, renewal applications, or other school submissions
- School policies
- Financial statements
- Third-party reports or monitoring, such as from a district special education department, a special education collaborative, board of cooperative services, or TEA



QUALITY – STUDENTS WITH DISABILITIES

<p><b>Measure 1e: Students with Disabilities</b></p> <p><i>Does the school provide services and supports so that students with disabilities can access the general education curriculum and achieve the academic and social goals outlined in their IEPs?</i></p>
<p><i>Meets Standard</i></p> <p><input type="checkbox"/> The school provides services and supports such that students with disabilities can access the general education curriculum and achieve the academic and social goals outlined in their IEPs, with the following elements fully developed and functioning effectively:</p> <ul style="list-style-type: none"><li>▪ Sufficient staffing aligned with federal/state law and the school’s approach to educating students with disabilities</li><li>▪ Systematic collaboration among general education staff, special education staff, and service providers</li><li>▪ Effective tracking and progress monitoring practices in areas such as progress towards IEP goal attainment, degree of inclusion in the general education classroom, discipline, student retention and graduation, and post-graduation opportunities</li><li>▪ Professional development for general and special education staff to strengthen differentiation and intervention strategies</li><li>▪ Equitable access to extracurricular programming</li><li>▪ Regular communication with students’ families</li></ul>
<p><i>Approaches Standard</i></p> <p><input type="checkbox"/> One or more of the above elements is developing or in need of improvement.</p>
<p><i>Does Not Meet Standard</i></p> <p><input type="checkbox"/> The school failed to implement the program as described above and the failure(s) was (were) material and significant to the viability of the school.</p>

Data Sources:

- Site visits, including classroom observations
- Record reviews
- Stakeholder interviews: school leadership, special education director, staff, students, parents, and community
- Annual reports, renewal applications, or other school submissions
- School policies
- Staff professional development and/or meeting schedules
- Financial statements
- Third-party reports or monitoring, such as from a district special education department, a special education collaborative, board of cooperative services, or TEA



## COMPLIANCE – EMERGENT BILINGUAL STUDENTS/ENGLISH LEARNERS

### 1.F. Emergent Bilingual Students/English Learners

Charter schools must also follow state and federal laws governing access and services for emergent bilingual students and English learner students. In addition to an evaluation of how well a school is educating these students (a component of the Academic Evaluation Framework), the Organizational Evaluation Framework includes an evaluation of how well the school is meeting its legal obligations in providing services to these students and protecting their rights under state and federal law. While district authorizers (as LEA) are ultimately responsible for compliance, charter schools are responsible for day-to-day compliance and implementation. The charter contract should clearly outline the responsibilities of the district and the charter.

#### Measure 1f: Emergent Bilingual Students/English Learners

*Does the school comply with requirements for students that qualify as English learners?*

##### *Yes (Meets Standard)*

- ☐ The school materially complies with applicable laws, rules, regulations, and provisions of the charter contract (including Title III of the Elementary and Secondary Education Act [ESEA] and U.S. Department of Education authorities) relating to requirements regarding bilingual and English learner students, including:
  - Full implementation of and compliance with the Results Driven Accountability system
  - Equitable access and opportunity to enroll
  - Required policies related to the service of bilingual and English learner students (including requirements under Texas Education Code Chapter 29, Subchapter B)
  - Compliance with native language communication requirements, including communication with parents or guardians
  - Proper steps for identification of students in need of bilingual or English as a second language services, in alignment with relevant board policies
  - Appropriate and equitable delivery of services to identified students
  - Appropriate accommodations on assessments
  - Exiting of students from bilingual or English as a second language services, in alignment with state law
  - Securing and use of all available funding

##### *No (Does Not Meet Standard)*

- ☐ The school fails to materially comply with applicable laws and the charter contract as outlined above.

#### Data Sources:

District authorizers may evaluate this measure through data from student information systems, or other regular reporting mechanisms

- Site visits, including classroom observations
- Record reviews
- Stakeholder interviews: school leadership, staff, students, parents, and community
- Annual reports, renewal applications, or other school submissions
- School policies
- Financial statements
- Assessment data
- Language Proficiency Assessment Committee composition, convenings, and determinations



## QUALITY – EMERGENT BILINGUAL STUDENTS/ENGLISH LEARNERS

### Measure 1g: Emergent Bilingual Students/English Learners

*Does the school provide services and support so that English learners can access the general education curriculum and make expected progress towards English language proficiency?*

#### *Meets Standard*

- ☐ The school provides services and supports such that English learners can access the general education curriculum and make expected progress towards English language proficiency, with the following elements fully developed and functioning effectively:
  - Sufficient staffing aligned with federal/state law and the school's approach to educating English learners
  - Systematic collaboration among English learner staff and general and special education staff
  - Effective tracking and progress monitoring practices in areas such as progress towards English language proficiency, degree of inclusion in the general education classroom, discipline, student retention and graduation, and post-graduation opportunities
  - Professional development for staff to strengthen differentiation and intervention strategies for English learners
  - Equitable access to extracurricular programming
  - Regular communication with students' families

#### *Approaches Standard*

- ☐ One or more of the above elements is developing or in need of improvement.

#### *Does Not Meet Standard*

- ☐ The school failed to implement the program as described above and the failure(s) was (were) material and significant to the viability of the school.

#### Data Sources:

- Site visits, including classroom observations
- Record reviews
- Stakeholder interviews: school leadership, staff, students, parents, and community
- Annual reports, renewal applications, or other school submissions
- School policies
- Staff professional development and/or meeting schedules
- Financial statements
- Third-party reports or monitoring, such as from a district special education department, a special education collaborative, board of cooperative services, or TEA



## Indicator 2 | Governance and Reporting

The quality of governance is a strong predictor of charter school success. It is also one of the most powerful ways for a school to connect to and be responsive to its community. A school with strong governance is more likely to have efficient operations, sound finances, and strong learning outcomes for students. Those outcomes, rooted in organizational performance, will satisfy the public interest in excellent publicly funded educational programs for all children in the community. **Strong authorizers engage governing boards instead of only interacting with school leaders.**

A charter school board has primary responsibilities which it cannot delegate. Boards must meet basic legal requirements such as board formation and reporting. Then, they have additional responsibilities which largely determine whether or not a school succeeds in serving the community:

- To establish a vision for the school;
- To hire and hold a school leader accountable for performance;
- To ensure all students are learning; and
- To serve as a fiduciary for the public funds generated for the education of the children attending the school.

The authorizer's role relative to governance is to assess a new school board's readiness to fulfill these duties at the application phase, and then to hold the board accountable throughout the life of the charter.

## COMPLIANCE - GOVERNANCE

### 2.A. Governance Requirements

Charter school boards hold fiduciary responsibility for the charter schools they oversee and must comply with applicable governance requirements. Governance standards derive from state law and the charter contract, and may differ depending on the specifics of the charter agreement.

#### Measure 2a: Governance Requirements

*Does the school comply with basic governance requirements?*

##### *Yes (Meets Standard)*

- ☐ The school materially complies with applicable laws, rules, regulations, and provisions of the charter contract related to governance by the board, including but not limited to:
  - Board bylaws and policies, including a code of ethics and conflict of interest policy (Model Contract §6.03 & Addendum A-2)
  - Texas Open Meetings Act (TEC §12.1051)
  - Texas Public Information Act (TEC §12.1051)
  - Texas Conflict of Interest Law (TEC §12.1054)
  - Board composition, election, and membership requirements (TEC §12.111(a)(7); §12.120; Bylaws)
  - Compliance with board training requirements (TEC §12.123)

##### *No (Does Not Meet Standard)*

- ☐ The school fails to materially comply with applicable laws and the charter contract as outlined above.



Data Sources:

Governance requirements enumerated in this measure are purposefully narrow, in that they are requirements to which a district authorizer can legally hold the board accountable. District authorizers should seek to verify board compliance through analysis of:

- Corporate formation documents (Article of Incorporation and Bylaws) and regulatory filings
- Board member disclosures or other signed documents related to compliance with ethics and conflict of interest requirements
- School website
- Board meeting agendas, materials, and minutes
- Board policies
- Board meeting observations
- Board assurance of compliance



## COMPLIANCE - REPORTING

### 2.B. Reporting Requirements

District authorizers, in order to effectively evaluate charter school performance, must receive and review reports from the schools they authorize. Additionally, charter schools are responsible to other entities, including TEA, for certain reporting requirements. Many reporting requirements may be fixed in law while others are outlined in the charter contract or are required by the district authorizer for monitoring purposes.

District authorizers should be cognizant of the burden excessive or erratic reporting requirements may place on charter schools and the ways in which such requirements may threaten charter autonomy. District authorizers should depend, as much as possible, on existing reporting requirements and should, ideally, only impose new reporting requirements if the intended purpose of the reporting cannot be fulfilled through existing reporting requirements, whether to the authorizer or to another entity. District authorizers should also establish a reporting calendar of clear deadlines and clear reporting formats to reduce the compliance burden for charter schools.

Reporting is not just a matter of compliance: it makes public transparency possible. When it is not done accurately, it may contribute to funding issues or prohibit the authorizer from properly conducting school oversight.

Nonexistent or poor reporting also impacts public trust. Finally, incomplete, untimely, or inaccurate reporting may be an early indicator of a struggling organization.

This measure includes broad categories of reports; it is the authorizer's job to monitor the collection of these reports. The authorizer should expand this to include specific reports required by the authorizer and/or state, however, the **Financial Framework includes a measure specifically related to financial reporting, so such reports should not be included in both places.**

#### Measure 2b: Reporting Requirements

*Is the school complying with reporting requirements?*

##### *Yes (Meets Standard)*

- ☐ The school materially complies with applicable laws, rules, regulations, and provisions of the charter contract related to relevant reporting requirements to the authorizer, TEA, and/or federal authorities, including:
  - Annual report to State Commissioner (TEC §12.119(b); 19 TAC §100.1007)
  - Texas Public Education Information Management System (PEIMS) requirements (TEC §12.104)
  - State and federal reporting requirements specified in charter contract (Model Contract §13.02)
  - Additional authorizer required reporting as outlined in the charter contract

##### *No (Does Not Meet Standard)*

- ☐ The school fails to materially comply with applicable laws and the charter contract as outlined above.

#### Data Sources:

To help monitor this measure, the district authorizer should develop a reporting calendar to track all required reports to the authorizer, TEA, and any other relevant parties; this will help both the authorizer and the school keep track of when reports are due, which will minimize duplicative reporting.



2.C. Management Accountability

The central role of the charter school board is to responsibly delegate the work of actualizing the board’s vision and mission. To that end, the board has a responsibility to oversee and hold accountable the charter school management, whether it chooses to contract with a management organization or hire an individual. District authorizers should have at their disposal the means to hold charter school boards accountable for their oversight of management.

For charters that contract with an Education Service Provider (ESP), the charter contract between the district authorizer and the board should clearly identify the school governing board as the party ultimately responsible for the success or failure of the school and condition charter approval on authorizer review and approval of the third-party contract. The district authorizer should ensure that the third-party contract or written performance agreement with the ESP includes, among other things, performance measures, consequences, mechanisms by which the school governing board will hold the provider accountable for performance, and financial reporting requirements and provisions.

**Measure 2c: Management Accountability**  
*Is the school holding management accountable?*

*Yes (Meets Standard)*

☐

The school materially complies with applicable laws, rules, regulations, and provisions of the charter contract relating to oversight of school management, including but not limited to:

- For ESPs, maintaining authority over management, holding it accountable for performance as agreed under a written performance agreement, and requiring annual financial reports from the ESP
- For others, oversight of management that includes holding it accountable for performance expectations which may or may not be agreed to under a written performance agreement

*No (Does Not Meet Standard)*

☐

The school fails to materially comply with applicable laws and the charter contract as outlined above.

Data Sources:

Expectations for the board to hold the school management accountable should be established in a written performance agreement, whether that be a written contract with a third-party ESP or an established evaluation process for an individual head of school, to which the district authorizer should require access.



## 2.D. Governance Commitment to Student Academic Achievement and Well-Being

The purpose of a charter school is to educate and develop young people consistent with the mission of the school. Therefore, a core purpose of the board of directors of a charter school is to champion the school's mission while ensuring that all goals are being achieved. The board has a contract with the school district to deliver on this. Because the board delegates the day-to-day work of operationalizing the mission and achievement of the contractual outcomes, the board must ensure that systems are in place to support school leadership and to monitor student outcomes, while also holding school management accountable as outlined in 3.C, above. Elements consistent with the Texas Education Agency's Effective Schools Framework (ESF) are noted with an \*.

### Measure 2d: Governance Commitment to Student Academic Achievement and Well-Being

*Does the school governing body support, promote and monitor student outcomes?*

#### *Yes (Meets Standard)*

- ☐ The charter school board of directors implements policies and practices focused on ensuring student achievement and well-being with the following elements fully developed and functioning effectively:
  - Clear job description(s) for school leadership that prioritize(s) instructional leadership and achievement outcomes for students\*
  - Ongoing support and coaching opportunities for school leader\*
  - Monitoring of student outcomes, consistent with the charter contract, through use of dashboards or other tools to review student academic performance data and other measures of student outcomes
  - Allocation of sufficient resources to support the achievement of the goals in the charter contract

#### *No (Does Not Meet Standard)*

- ☐ The school failed to implement sound governance as described above and the failure(s) was (were) material and significant to the viability of the school.

#### Data Sources:

District authorizers may evaluate this measure through review of board meeting information, observation of board meetings, interviews of stakeholders, or third-party reports or monitoring.



## QUALITY - GOVERNANCE

### Measure 2e: Governance

*Does the board fulfill its governance and fiduciary duties?*

#### *Meets Standard*

- ☐ The board demonstrates sound governance through policies and practices that foster accountability for performance with the following elements fully developed and functioning effectively:
  - Board members have a shared understanding of and commitment to the school's mission and vision.
  - Board members possess an array of appropriate and relevant skills with which to oversee the school and recruit additional members when a gap is identified. The board evaluates the school leader(s), its own performance, and/or the contracted Education Service Provider (ESP) consistently, in accordance with a written board policy.
  - The board regularly reviews academic, financial, and organizational performance data to ensure all students are learning and the school is meeting performance expectations as outlined in the charter contract, and takes appropriate action as needed.
  - The board ensures implementation of its policies, such as bylaws, code of ethics, and conflict of interest policy, and ensures they are kept up to date and legally compliant.
  - If school operation is contracted to a management organization:
    - There is evidence of arm's-length negotiations for management and/or facilities contracts;
    - A written agreement exists that includes:
      - Performance measures, consequences, and mechanisms by which the school governing board will hold the provider accountable for performance, aligned with the performance measures in the charter contract;
      - Financial reporting requirements and provisions for the school governing board's financial oversight.

#### *Approaches Standard*

- ☐ One or more of the above elements is developing or in need of improvement.

#### *Does Not Meet Standard*

- ☐ The school failed to implement sound governance as described above and the failure(s) was (were) material and significant to the viability of the school.

#### Data Sources:

- Board meeting agendas, materials, and minutes
- Board member interviews
- Board meeting observations
- Board policies
- Management services contract
- Leadership evaluation policies and practices
- Strategic planning documents or other similar documents that highlight board planning, goal setting, and evaluation



## Indicator 3 | Students and Employees

### 3.A. Rights of Students

Charter schools have both statutorily defined responsibilities to protect the rights of the students they serve and an obligation to ensure that these rights are implemented with fidelity. A charter school board should have a process for regular review of applicable policies and practices both in writing and in action. District authorizers have a responsibility to verify that such a process is implemented.

Compliance and avoidance of illegal activity is the floor as it relates to supporting students and protecting their rights. Schools must be held to higher standards and should be expected to provide students an excellent chance at success in whatever is next in their lives after completing their K-12 experience: further education, work, and/or meaningful participation in community.

In addition to a check for compliance with legal protections for students, the authorizer should assess how accessible and supportive the school is to all students. This shows up in areas such as enrollment, retention, discipline, and support services. Relevant data can be gathered through the evaluation process and could also include empowering and including community voices through direct surveys or focus groups.

#### Measure 3a: Rights of Students

*Is the school protecting the rights of all students?*

##### *Yes (Meets Standard)*

- ☐ The school materially complies with applicable laws, rules, regulations, and provisions of the charter contract related to the rights of students, including but not limited to:
  - Admissions, lottery, waiting list, fair and open recruitment, enrollment, and attendance zone policies, as applicable (Model Contract §§8.07-08)
  - Collection and protection of student information and proper usage of the Texas Records Exchange system (TEC §7.010)
  - Due process protections, privacy, and civil rights protections
  - Conduct of discipline and adherence to district code of conduct (Model Contract §8.08)

##### *No (Does Not Meet Standard)*

- ☐ The school fails to materially comply with applicable laws and the charter contract as outlined above. Note: Proper handling of discipline processes for students with disabilities is addressed more specifically in Section 1D.

#### Data Sources:

- Enrollment, lottery, and admissions policies
- Student enrollment forms and related forms
- Lottery observations
- Other relevant board policies
- Student discipline policies and/or student/family handbook
- Evidence of practices, including those for recruitment, hiring, compensation, coaching, collaboration, professional development, and evaluation for leaders, teachers, and other staff
- Student, family, and/or staff survey results
- Student, family, and/or staff interviews
- Discipline data (including data by student subgroup to evaluate for equitable discipline practices; this data is [available through TEA](#))
- Board assurance of compliance





3.B. Attendance Goals

Attendance is an important leading indicator of a quality education program, but it is not included in the Academic Evaluation Framework because it is not in itself an academic performance outcome. District authorizers should evaluate the school’s attendance rates through the lens of organizational effectiveness. Schools with strong attendance are more financially and organizationally viable, while schools that struggle to meet attendance goals as stated in the charter contract, especially if chronically, may be at risk of academic or financial failure.

<b>Measure 3b: Attendance Goals</b> <i>Is the school meeting attendance goals?</i>
<i>Yes (Meets Standard)</i> <input type="checkbox"/> The school materially complies with applicable laws, rules, regulations, and provisions of the charter contract related to attendance goals.
<i>No (Does Not Meet Standard)</i> <input type="checkbox"/> The school fails to materially comply with applicable laws and the charter contract as outlined above.

Data Sources:

District authorizers should evaluate this measure through student attendance reports to the authorizer and/or TEA.



## COMPLIANCE – STAFFING

A high-performing public school does much more in terms of employment than meet baseline certification and other compliance requirements, such as publishing an employee handbook and hanging OSHA posters in the office or staff room. A high-performing school recruits, develops, and retains employees committed to academic excellence, organizational effectiveness, and fiscal solvency. Such schools ensure employees are respected and have the resources they need to be successful.

Because the district may be the employer of record in some cases, the district and the charter each have responsibilities as it relates to staffing, employee rights, and background checks.

**Employee Rights:** Charter schools must follow applicable employment law, which is vast and complex. District authorizers often find that this measure may be administratively burdensome to monitor and authorizers may need to assume a school's compliance unless there is evidence to the contrary. Note that *allegations* of violations of employee rights are not in and of themselves sufficient evidence of noncompliance. District authorizers should not take sole responsibility for investigating allegations and should use the investigations and rulings of third parties to substantiate findings.

Despite challenges in evaluating a school's performance on this measure, we include it because it is an existing legal requirement, its inclusion communicates to schools that the district authorizer expects schools to be in compliance, and it provides the authorizer with a place to capture noncompliance in the event it can be substantiated.

Regardless of the employer, as part of charter's autonomy and consistent with the requirements for Texas Partnership (SB 1882) benefits, the charter has "initial, final, and sole authority over staffing" decisions.

**Credentialing:** Public schools must employ appropriately qualified and credentialed staff. Charter schools may be exempt from some credentialing requirements, which district authorizers must keep in mind when evaluating charter schools against this measure. While staff may be employed by the district, both the district and the charter school must ensure that staff are appropriately qualified and credentialed for the position in which they are working.

**Background Checks:** Charter schools must conduct background checks, or ensure background checks have been completed, for all employees and any adults who may come into contact with students within the school.

### Measure 3c: Staffing

*Does the school comply with basic staffing requirements?*

#### *Yes (Meets Standard)*

- ☐ The school materially complies with applicable laws, rules, regulations, and provisions of the charter contract regarding employee qualifications and rights, such as:
  - Background checks and clearances of all applicable individuals including employees, contractors, and volunteers (TEC §22.085; Model Contract §8.11 & §9.02)
  - State certification requirements. (TEC §12.129; Model Contract §9.03)
  - Employee rights, such as, those relating to the Family Medical Leave Act (FMLA), the Americans with Disabilities Act (ADA), and employment contracts

#### *No (Does Not Meet Standard)*

- ☐ The school fails to materially comply with applicable laws and the charter contract as outlined above.

#### Data Sources:

- Record checks either annually or during site visits
- Reports to TEA through the Texas Academic Performance Reports system and Educator Certification reporting system
- Third-party reports such as court rulings
- Board assurance of compliance



QUALITY – STAFFING

**Measure 3d: Staffing**  
*Does the school create a work environment that fosters the professional growth and retention of effective employees?*

*Meets Standard*

☐ The school’s talent management approach fosters a sustainable, inclusive work environment with the following elements fully developed and functioning effectively:

- Recruitment, hiring, and retention practices that build an effective team that can deliver on the school’s mission and its stated goals
- Equitable compensation and benefits policies
- Professional development and other staff supports that meet educator needs consistent with the school’s mission, key design elements, and goals and meet annual training requirements (e.g., student protections under FERPA)
- Effective performance management practices, such as staff evaluation, onboarding, and performance improvement practices

*Approaches Standard*

☐ One or more of the above elements is developing or in need of improvement.

*Does Not Meet Standard*

☐ The school failed to implement the program as described above and the failure(s) was (were) material and significant to the viability of the school.

Data Sources:

- Employment policies
- Evidence of practices, including those for recruitment, hiring, compensation, coaching, collaboration, professional development, and evaluation for leaders, teachers, and other staff
- Staff survey results
- Staff interviews
- Staff demographic reports
- Staff retention data



## Indicator 4 | School Environment

Authorizers should ensure that the school's physical plant is safe for occupancy as a school and that the school complies with laws related to the provision of transportation and food services. The responsibilities of the charter school and district for this area should be clearly outlined in the charter contract, given that in some cases the district is responsible for some or all elements of facilities, transportation, and food service. An authorizer may also use this opportunity to assess whether the school environment is conducive to learning. Has the board considered, for example, the message students hear, see, and feel when they are invited into and spend many hours a day in the school's facilities?

### 4.A. Facilities Requirements

The district may provide a facility for the charter school's use, or the school may secure a facility through other means. As such, the scope of compliance requirements for the charter school may differ in each case. Expectations, such as adequate insurance or adequate maintenance, should be spelled out in the charter agreement and monitored by the authorizer.

#### Measure 4a: Facilities Requirements

*Is the school complying with facilities requirements?*

##### *Yes (Meets Standard)*

- ☐ The school materially complies with applicable provisions of the charter contract related to the school facilities and grounds, which may include but not be limited to:
  - Compliance with permitted use provisions and restrictions (Model Contract §11.03)
  - Adequate provision of maintenance and janitorial services (Model Contract §11.06-07)
  - Documentation of requisite insurance coverage (Model Contract §11.08)
  - Americans with Disabilities Act (ADA) and Individuals with Disabilities Education Act (IDEA)
  - Fire inspections and related records
  - Viable certificate of occupancy or other required building use authorization
  - The school building is well-maintained, clean, and sanitized consistent with health requirements, and is safe, welcoming, and conducive to learning

##### *No (Does Not Meet Standard)*

- ☐ The school fails to materially comply with applicable laws and the charter contract as outlined above.

#### Data Sources:

- Site visits, including classroom observations
- Record reviews
- Stakeholder interviews: school leadership, staff, students, parents, and community
- Annual reports, renewal applications, or other school submissions
- School policies
- Third-party reports or monitoring, such as from a district food or facilities offices, TEA, and local or state fire safety offices



#### 4.B. Health and Safety

Charter schools must meet state and federal health and safety requirements related to general operations, as well as specific services, including health services and food services, whether these services are provided by the district as the local education agency or contracted independently. While district authorizers (as LEA) are ultimately responsible for compliance, charter schools are responsible for day-to-day compliance and implementation. District authorizers, when adapting this framework, should consider how services are provided within the charter school and the charter contract should clearly outline responsibilities of the parties.

##### Measure 4b: Health and Safety

*Is the school complying with health and safety requirements?*

##### *Yes (Meets Standard)*

- ☐ The school materially complies with applicable laws, rules, regulations, and provisions of the charter contract related to safety and the provision of health-related services, including but not limited to:
  - School safety requirements as outlined in TAC §61.1031
  - Crisis management or related policies and practices
  - Policies related to School Safety and Security Committee Meeting (TEC §37.108 & TEC §37.109); School Behavioral Threat Teams (TEC §37.115); Safety Procedures and Drills (TAC §103.1209; Access Control Procedures (TAC §61.040)
  - Appropriate nursing services and dispensing of pharmaceuticals
  - Food services requirements, as applicable
  - Other district-provided services, as applicable (Model Contract §17.01) including but not limited to:
    - o Student transportation
    - o Counseling
  - Monitoring of student health and other requirements related to local and state health requirements

##### *No (Does Not Meet Standard)*

- ☐ The school fails to materially comply with applicable laws and the charter contract as outlined above.

##### Data Sources:

- Site visits, including classroom observations
- Record reviews
- Stakeholder interviews: school leadership, staff, students, parents, and community
- Annual reports, renewal applications, or other school submissions
- School policies
- Third-party reports or monitoring, such as from a district food or facilities offices, TEA, and local or state fire safety offices



#### 4.C. Information Management

Both the charter school board and school management must appropriately handle sensitive information, which often includes student-level data protected under federal law. Additionally, the charter school may receive requests for documentation from stakeholders or the media and must comply with the Public Information Act and other laws requiring active public disclosure. District authorizers should evaluate a school's adherence to the requirements for information management and distribution.

##### Measure 4c: Information Management

*Is the school handling information appropriately?*

##### *Yes (Meets Standard)*

- ☐ The school materially complies with applicable laws, rules, regulations, and provisions of the charter contract related to the handling of information, including but not limited to:
  - Maintaining the security of and providing access to student records under the Family Educational Rights and Privacy Act and other applicable authorities
  - Accessing documents maintained by the school under Texas Public Information Act (TGC Chapter 552)
  - Transferring student records in accordance with the Texas Records Exchange System (TEC §7.010)
  - Proper and secure maintenance of testing materials

##### *No (Does Not Meet Standard)*

- ☐ The school fails to materially comply with applicable laws and the charter contract as outlined above.

##### Data Sources:

Authorizers may evaluate this measure through board assurance of compliance, authorizer investigation, and/or review of third-party investigations.



QUALITY – SCHOOL ENVIRONMENT

**Measure 4d: School Environment**

*Does the school maintain a welcoming environment that is conducive to learning for all students, families, and staff?*

*Meets Standard*

☐ The school maintains a welcoming environment that is conducive for all students, families, and staff, with the following elements fully developed and functioning effectively:

- Facilities safety and security, including the welcoming and guiding of visitors, including parents
- Climate control (e.g., heating and/or cooling)
- Lighting systems
- Student furniture
- Student transportation is safe, reliable, and accessible

*Approaches Standard*

☐ One or more of the above elements is developing or in need of improvement.

*Does Not Meet Standard*

☐ The school failed to implement the program as described above and the failure(s) was (were) material and significant to the viability of the school.

- Data Sources:
- Site visits, including classroom observations
  - Record reviews
  - Stakeholder interviews: school leadership, staff, students, parents, and community
  - Parent, student, and staff surveys



## Indicator 5 | School Culture

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Strong partnerships with families and communities are vital to nurturing learning and navigating operational challenges. This section is based on the following [guiding principles](#) promoted by NACSA:

1. Communities have great ideas about their kids' educational aspirations and needs.
2. All communities—including those that have been neglected for decades—have important untapped assets.
3. Families know their children best, including what learning environments will work for them.
4. Sustainable growth and effective, innovative ideas about what schools are and can do for students will come largely from neighborhoods where students live.
5. Acting on the aspirations and needs of local communities will require fresh thinking and action, inclusive of and beyond typical charter schooling and authorizing practices.
6. Investments in policy, practice, and passionate people are necessary to deliver on all good ideas communities have for educating their children.

To implement measures within this indicator, the authorizer must collaborate closely with school leadership and board to reach a shared understanding on how they think about their community, what cohesion looks like, and what strategies the school will implement and outcomes the school will achieve to meet the standard.

**Specifically, the school and authorizer must work together to identify the evidence for Meets Standard.**

**The elements included below are meant to be examples but not prescriptive nor comprehensive.**

Authorizers can use this standard to push schools to think in new ways about community, to honor effective practices implemented by school, and to share those across the portfolio.



### 5.A. Student Supports

Schools must ensure systems and structures are in place to support students inside and outside the classroom, both academically and behaviorally. This includes having in place behavioral expectations and management systems aligned to the mission, vision, and values of the school, along with support services to support the whole child. Elements consistent with the Texas Education Agency's [Effective Schools Framework \(ESF\)](#) are noted with an \*.

#### Measure 5a: Student Supports

*Is the school implementing policies and practices that create a positive school culture and support student well-being and learning?*

##### *Meets Standard*

- ☐ The school implements policies and practices that create a positive school culture focused on student learning and well-being, with the following elements fully developed and functioning effectively:
  - Established and fully implemented age-appropriate behavioral expectations and management systems for students and staff, including use of data to make adjustments to policies and practices\*
  - Proactive and responsive student support services to support whole child health and wellness\*
  - Culturally relevant behavior expectations and management systems and student support services

##### *Approaches Standard*

- ☐ The school implements policies and practices that create a positive school culture focused on student learning and well-being, with the many but not all of the above elements fully developed and functioning effectively.

#### Data Sources:

Authorizers should find ways to measure culture in ways that are neutral to the school model. Sources of evidence will vary depending on the outcomes identified and agreed upon by the school and authorizer, though these will likely include but not be limited to:

- School policies
- Student/parent handbooks
- Other records
- Site visits, including classroom observation
- Stakeholder interviews: board, school leadership, staff, students, parents, and community
- Parent, student, and staff surveys
- Board meeting minutes, agenda, packets
- Third-party reports or monitoring



## 5.B. Family and Community Involvement

Family and community involvement is important for ensuring a positive school culture that supports a quality education for students and a sustainable charter school. Elements consistent with the Texas Education Agency's [Effective Schools Framework](#) (ESF) are noted with an \*.

### Measure 5b: Family and Community Involvement

*Does the school effectively involve families and communities?*

#### *Meets Standard*

- ☐ The school implements policies and practices that lead to effective involvement of families and community with the following elements fully developed and functioning effectively:
  - The campus creates an inclusive and welcoming environment that engages all families in critical aspects of student learning\*
  - Lesson plans and instructional materials are made available for parent review and/or a system is in place for board to respond to requests from parents for a review of instructional materials consistent with HB 1605.
  - Systems are in place to engage families on a regular basis about their child's performance in a positive, constructive, and personalized way, including their child's college and career preparation and postsecondary success\*
  - The school community is involved in creating and refining the mission, vision and values, and shares a common understanding of the mission, vision, and values in practice\*
  - The school involves families and community in a variety of linguistically and culturally relevant ways in the education of students

#### *Approaches Standard*

- ☐ The school implements policies and practices that lead to effective involvement of families and community with the many but not all of the above elements fully developed and functioning effectively.

#### *Does Not Meet Standard*

- ☐ The school failed to implement the program as described above and the failure(s) was (were) material and significant to the viability of the school.

#### Data Sources:

District authorizers should find ways to measure community in ways that are neutral to the school model. Sources of evidence will vary depending on the outcomes identified and agreed upon by the school and authorizer, through these will likely include but not be limited to:

- School policies
- Student/parent handbooks
- Calendars and other records
- Site visits, including classroom observations
- Stakeholder interviews: board, school leadership, staff, students, parents, and community
- Parent, student, and staff surveys
- Board meeting minutes, agenda, packets
- Third-party reports or monitoring



# APPENDIX

## GLOSSARY OF TERMS USED IN THE FINANCIAL EVALUATION FRAMEWORK

**Amortization Expense:** the write-off of an intangible asset over its expected period of use, which reflects the consumption of the asset. This write-off results in the residual asset balance declining over time. It is a non-cash expense. It is similar to depreciation expense for physical assets.

**Assets:** a resource that provides a current or future value. Assets for schools are generally classified as current, capital, or intangible.

- **Current Assets:** assets that are expected to be used because of standard business operations over the next year. In schools, current assets include cash, accounts receivables, prepaid liabilities, and inventory.
- **Capital Or Fixed Assets:** assets that are purchased for long-term use. They are also sometimes referred to as non-current assets. In schools, fixed assets include land, buildings, vehicles, and equipment.
- **Intangible Assets:** assets that are not physical in nature. Schools may have intangible assets such as leases or subscription-based IT arrangements.
- **Restricted Assets:** temporarily restricted funds and donations (and commonly referred to as net assets with donor restrictions). A temporary restriction dictates what the recipient should be spending funds or donations on (i.e., the specific programs or project), the time period during which a donation should or must be expended, and/or any other conditions that must be met to expend the funds.
- **Unrestricted Net Assets:** any type of assets contributed by donors—cash or asset donations—to a nonprofit organization that have no restrictions placed on the purpose and time of their use, thereby allowing a charter school or nonprofit entity to use the assets as it chooses to best fulfill the organization's mission.

**Audit or Independent Financial Audit:** the review of a school's financial statements and accompanying disclosures by a professional, independent Certified Public Accountant (CPA) rendering an opinion about whether the statements and disclosures have been presented fairly and prepared using Generally Accepted Accounting Principles (GAAP).

- **Audit Report:** a report issued by a CPA that includes financial statements (generally a balance sheet, statement of net income, and a cash flow statement) accompanied by representations that an independent financial audit was conducted in accordance with GAAP, which require that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, and that the auditor believes the audit provides a reasonable basis for his or her opinion.
- **Audit Findings:** findings disclosed by an independent auditor in an annual audit report and/or a management letter, and are classified as:
  - *Material Weakness:* a significant deficiency, or combination of deficiencies, in internal controls and/or accounting practices, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis.
  - *Significant Deficiency:* weaknesses in the internal controls and/or accounting practices that are less severe than a material weakness but important enough to merit review by those charged with governance.



- **Audit Opinion:** the opinion of the auditor as to whether a school's financial statements are presented fairly.
  - *Unmodified ("Clean") Audit Opinion:* indicates that the auditor believes the financial statements are presented fairly and accurately.
  - *Modified Audit Opinion:* states that the auditor is not confident about a specific process or transaction. It may also be a limitation of the scope of the audit.
  - *Adverse Opinion:* indicates the auditor found significant problems with the school's financial statements.
  - *Disclaimer on the opinion:* indicates that the auditor cannot give an opinion.
- **Going Concern:** a term used to describe a school that is expected to operate for the foreseeable future. If an auditor has a concern that a school will not be able to operate for the next 12 months, a going concern note must be included in the audited financial statements.
- **Internal Controls:** procedures, policies, and processes adopted and implemented by a school to ensure the integrity of financial and accounting information, promote accountability, and prevent fraud.
- **Single Audit:** an organization-wide financial statement and federal awards audit required for schools that expend \$750,000 or more in federal funds in one year. It was previously known as the OMB Circular A-133 audit.

**Balance Sheet:** a financial statement that presents a school's or entity's assets, liabilities, and net position. What follows is a crosswalk of terms between a set of for-profit, nonprofit, and governmental financial statements.

#### CROSSWALK OF TERMS

For-Profit	Nonprofit	Government-wide	Governmental Funds
Balance Sheet	Statement of Financial Position	Statement of Net Position	Balance Sheet – Governmental Funds

**Basis of Accounting:** the methodology and timing of when revenues and expenses are recognized in the accounts and reported in the financial statements.

- **Cash Basis Method of Accounting:** revenues are recorded only when received, and expenses are recorded only when paid, without regard to the period in which they were earned or incurred.
- **Accrual Basis Method of Accounting:** recognizes revenue when earned, rather than when collected. Expenses are recognized when incurred rather than when paid.
- **Modified Accrual Basis Method of Accounting:** expenses, whether paid or unpaid, are formally recognized when incurred, but revenues are recognized only when they become both measurable and available to finance expenses of the current accounting period.

**Bonds:** a financing option for facilities and capital assets used by many charter school operators. Bonds can be both tax-exempt and taxable in nature, though the majority of bonds issued on behalf of charter schools are tax-exempt. Tax-exempt bond financing normally offers lower interest rates than other types of loans and financing available in public capital markets or from private lending institutions because interest paid on tax-exempt debt is exempt from current federal income tax, and often exempt from the income tax of the state in which the bonds are issued as well.

**Budget (Operating Budget):** an annual or multi-year plan of revenue and expenses. A budget is used to project and monitor the financial activity of a school to ensure it stays on track with financial expectations. Charter school boards are generally required by law to approve a budget prior to the start of the fiscal year (typically July 1).

- **Revised Budget:** a revision to the original budget. Some charter boards will amend the budget if circumstances warrant a revision, typically in the fall if enrollment numbers are materially different from projections or at other times of the fiscal year as needed.



**Cash Flow:** the difference between total cash receipts and total cash disbursements during a specified time or accounting period.

- **Cash Flow Statement (or Statement of Cash Flows):** one of the basic financial statements required as part of a complete set of financial statements prepared in conformity with GAAP. It categorizes net cash provided or used during a period for operating, investment, and financing activities, and reconciles beginning and ending cash and cash equivalents.
- **12-Month Rolling Cash Flow Statement:** a statement of the budgeted cash activity of a school over the next 12 months, irrespective of the fiscal year, and/or a report that indicates actual cash flow vs. budgeted cash flow.

**Debt Covenants:** restrictions or requirements that lenders put on a school to obtain and maintain debt, and to monitor the ability to pay debt service over a short- or longer-term.

**Debt Service:** the total cash required to cover the payment of interest and principal on a debt, often calculated on a yearly basis.

**Default:** failure to meet any financial obligation. Default triggers a creditor’s rights and remedies identified in the agreement and under the law.

**Deferred Income:** income received but not earned until all events have occurred. Deferred income is reflected as a liability.

**Deficit:** financial shortage that occurs when expenses exceed revenues for a given time period.

**Depreciation:** the decrease in the value of physical assets over time.

- **Depreciation Expense:** the cost of an asset that has been depreciated for a single period. It shows how much of the asset’s value has been used up in that year. It is a noncash expense that allows for quantifying wear and tear on an asset over its estimated useful life.
- **Accumulated Depreciation:** the total amount of depreciation expense that has been allocated for an asset since the asset was placed in use.

**Equity:** the residual interest in assets after deducting liabilities. For a school, this is the amount of total assets less total liabilities, i.e., net assets. It is the third component of a balance sheet; the other two are assets and liabilities. Below is a crosswalk of terms between a set of for-profit, nonprofit, and governmental financial statements.

CROSSWALK OF TERMS

For-Profit	Nonprofit	Government-wide	Governmental Funds
Equity	Net Assets	Net Position	Fund Balance

**Finance Committee:** a committee of the school board that supports effective oversight of a school’s financial activity. This committee often recommends approval of annual or revised budgets to the full governing board and engages more deeply in financial oversight than the full board, including review of monthly or quarterly financial statements, monitoring performance vs. budget, and assessing the ongoing financial viability of a school.

**Financial Projections:** a forecast of future revenues and expenses. Typically, charter school financial projections are based on internal or historical financial data, growth or expansion plans, and external market factors. Typical charter school financial projections cover a three to five-year period of time, sometimes longer. Financial projections are almost always required of charter schools engaged in debt financing.



**Financial Statements:** presentation of financial data including balance sheets, income statements, and statements of cash flow, or any supporting statement intended to communicate an entity's financial position at a point in time and its results of operations for a period then ended. Financial statements for a charter school or network should include a budget vs. actual income statement presentation.

- Audited Financial Statement: any financial statement that a CPA has audited.
- Interim Financial Statement: any unaudited financial statement that covers a period of less than one year.

**Financial Viability:** a school's ability to generate sufficient revenue to meet all expenses.

- Near-term Financial Viability: depicts the school's financial position and viability in the upcoming year.
- Long-term Financial Viability: depicts a school's financial position and viability over time.

**Financial Watch List:** a list of schools maintained by an authorizer that have failed to meet one or more financial performance requirements, or critical requirements such as Debt Service Coverage Ratio or Unrestricted Days Cash, or are in a weak financial position, and the financial activity of which is being closely monitored by an authorizer, to include, at times, required submission of financial reports and updates over and above general authorizer compliance requirements. Schools whose independent audits report significant internal control material weaknesses and/or repeated internal controls weakness findings without corrective actions may or should also be placed on a financial watch list.

**Fund Balance:** a term used in governmental accounting that is equivalent to the difference between a school's total assets and total liabilities.

- Unrestricted or Unassigned Fund Balance: the portion of the fund balance that is not restricted in any way and can be spent however the school board decides. Typically, this refers to the General Fund balance.
- Restricted Fund Balance: the portion of the fund balance that can be spent only for specific purposes.

**GAAP or Generally Accepted Accounting Principles:** recognized common set of accounting principles, standards, and procedures. This is a combination of accepted methods of doing accounting and authoritative standards set by policy boards.

**Governmental Accounting:** the process of recording and managing financial transactions incurred by a governmental entity and applicable to charter schools in most jurisdictions. Financial transactions in different funds are recorded to clarify how resources are being spent. The different funds include general fund, special revenue, capital projects, debt service, and permanent funds. This is relevant for schools that are considered governmental entities.

**Income Statement:** a financial statement that shows the school's revenues, expenses, and net surplus or deficit. Below is a crosswalk of terms between a set of for-profit, nonprofit, and governmental financial statements.

#### CROSSWALK OF TERMS

For-Profit	Nonprofit	Government-wide	Governmental Funds
Income Statement	Statement of Activities and Changes in Net Assets	Statement of Activities	Statement of Revenues, Expenditures, and Changes in Fund Balances



**Liabilities:** financial obligations of a school.

- **Current Liabilities:** financial obligations that are due within one year. Examples in a school include accounts payable, payroll taxes, short-term loans, and retirement payments.
- **Long-Term Or Non-Current Liabilities:** financial obligations payable beyond 12 months. Examples in a school include capital leases, long-term loans, and bonds payable.

**Material (Materiality):** what is important enough to be included. The omission or misstatement of an item in a financial report is material if it is probable that the judgment of a reasonable person relying on the report would have been changed or influenced by the inclusion or correction of the item. For example, for a school with a budget of \$4M, a misstatement of \$600 is likely not material, while an error of \$60,000 is likely material. A calculation is normally done by an independent auditor at the beginning of an audit process to determine what the base “materiality threshold” will be.

**Net Income:** total Revenues minus total expenses. This is also referred to as a surplus, or if negative, a deficit.

**Statement of Financial Position/Statement of Net Position:** a financial statement, at a specified date, usually accompanied by appropriate disclosures that describe the basis of accounting used in its preparation and presentation, which include the entity’s assets, liabilities, and net position. Below is a crosswalk of terms between a set of for-profit, nonprofit, and governmental financial statements.

CROSSWALK OF TERMS

For-Profit	Nonprofit	Government-wide	Governmental Funds
Balance Sheet	Statement of Financial Position	Statement of Net Position	Balance Sheet





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