



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.

tea.texas.gov



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

Contents

- About the National Association of Charter School Authorizers 4
- About this Suite of Resources 4

- INTRODUCTION 6**
- What Are Authorizers and Why Do They Matter? 6
- Core Authorizing Principles 6

- CAMPUS EVALUATION FRAMEWORK OVERVIEW 7**
- Purpose and Use 7
- Evaluation Framework Components – An Overview 10

- ACADEMIC EVALUATION FRAMEWORK & GUIDANCE 11**
- Introduction 11
- Framework Structure 11
- Indicators and Measures in Detail 13
- Uses of Academic Performance Information 16
- Assessing Academic Performance Across The Three Indicators 16

- FINANCIAL EVALUATION FRAMEWORK & GUIDANCE 17**
- Introduction 17
- Framework Structure 17
- Measures in Detail 20

- ORGANIZATIONAL EVALUATION FRAMEWORK & GUIDANCE 27**
- Introduction 27
- Framework Structure 28
- Measures in Detail 31

- APPENDIX 50**
- Glossary of Terms Used in The Financial Evaluation Framework 50

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](#)¹ in 2004 and updated the guidelines as recently as 2018. 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 AuthoRISE² at 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.

¹ 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.

² Login credentials are required to access NACSA's learning modules. To request access, visit: docs.google.com/forms/d/e/1FAIpQLSd8gjlGKaR80rGCjv_eymZg4cjFdeCJM88svFSdUXg2Xc1DQ/viewform

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: systemofgreatschools.org



*TEA has created a plug and play adaptable Word version of the Campus Evaluation Framework which can be found at 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:

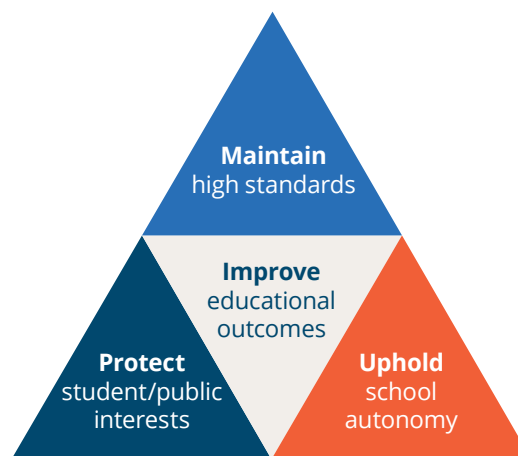
- Improve the quality of schools in the district;
- Expand options for students;
- Provide a path to innovation for teachers and leaders; and
- Meet the unique needs of the district.

The Authorizer 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 Partnership (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 context.³



A quality authorizer defines 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 2018 Principles & Standards for Quality Charter School Authorizing

³ These model frameworks are based upon and strongly aligned to NACSA's Core Performance Framework and Guidance, 2013.



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 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:** Are students succeeding academically?
- **Financial:** Is the school financially viable?
- **Organizational:** Is the organization effective and well run?

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 performance on the Campus Evaluation Framework forms the basis for a district authorizer’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](#):

<p>Call for Quality Schools</p>	<ul style="list-style-type: none"> ▪ The Campus Evaluation Framework (CEF) is available to all potential charter school applicants so they are aware of performance expectations upon applying. ▪ The CEF is also available to the public so the community is aware of performance expectations for all charter schools. ▪ The CEF can be used as a tool for community engagement, to get input from and inform the community regarding the district's performance priorities.
<p>Contracting</p>	<ul style="list-style-type: none"> ▪ The district authorizer and charter ensure a shared understanding of all elements of the CEF and negotiate any school-specific measures, such as Mission-Specific Goals in the Academic Performance Framework. ▪ The finalized CEF is included as an attachment to the charter contract.
<p>Ongoing Oversight and Monitoring – Differentiated Based on School Performance</p>	<ul style="list-style-type: none"> ▪ The charter school submits required documents and data consistent with the contract and CEF. ▪ The district authorizer conducts differentiated school visits and school board meeting observations, as needed, based on performance. ▪ The district authorizer analyzes data within the metrics found in the CEF.
<p>Annual School Performance Ratings</p>	<ul style="list-style-type: none"> ▪ The district authorizer uses the CEF to create: <ul style="list-style-type: none"> – Academic Performance Rating – Financial Performance Rating – Organizational Performance Rating
<p>Annual Report Card* & Interventions</p>	<ul style="list-style-type: none"> ▪ The district authorizer compiles performance ratings in an annual report card for each school. ▪ Results are presented to charter school boards and leaders, and made available to the public. ▪ The district authorizer implements any Interventions as needed: Notices of Concern, Notices of Breach, etc.
<p>Renewal Decisions</p>	<ul style="list-style-type: none"> ▪ The district authorizer implements its renewal process and compiles the school performance over the course of the contract using the CEF. ▪ The district board of directors makes a decision regarding contract renewal based on the school's performance. ▪ If renewed, the school and authorizer enter into a new contract.



 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.



EVALUATION FRAMEWORK COMPONENTS – AN OVERVIEW



ACADEMIC

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.



FINANCIAL

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

1. current ratio;
2. unrestricted days cash;
3. enrollment variance; and
4. debt default;

and up to four sustainability indicators:

1. total margin and aggregated three-year total margin;
2. debt-to-asset ratio;
3. cash flow; and
4. debt service coverage ratio.

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



ORGANIZATIONAL

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. Educational program;
2. Financial management and oversight;
3. Governance and reporting;
4. Students and employees;
5. School environment; and
6. School culture.

This document also 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.

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

Measures

Each indicator includes a measure, which provides the means to evaluate the given indicator. The measures take the form of questions about the school's performance. District authorizers will need to evaluate available resources and data sources, as well as school missions and district priorities, when finalizing measures to be included in the framework.

Metrics

Metrics are the methods of evaluating a measure. For example, to answer the question, "Is a school meeting mission-specific academic goals?", district authorizers may calculate different metrics depending on the school's established mission-specific goals. For a foreign language-focused school, a district authorizer may calculate the percentage of students achieving language proficiency based on a reliable assessment tool.

Targets and Ratings

For each of the measures, targets are set to rate the schools against the framework. The targets establish the levels of performance needed to place each school into the following rating categories:

Exceeds Standard: Meeting the targets for this rating category indicates that the charter school is exceeding expectations and showing exemplary performance. These schools are clearly on track for charter renewal and warrant consideration for the authorizer to encourage expansion or replication.

Meets Standard: The targets for this rating category set the minimum expectations for charter school performance. Schools earning this rating are performing well and are on track for charter renewal.

Does Not Meet Standard: Schools in this rating category have failed to meet minimum expectations for performance. At a minimum, they should be subject to closer monitoring and their status for renewal is in question.

Falls Far Below Standard: Schools that fall into this rating category are performing well below the district authorizer's expectations and on par with the lowest-performing schools in the district and state. Schools that fall into this rating category exhibit performance that is so inadequate that they should be subject to non-renewal or revocation of their charters unless they can demonstrate substantial improvement prior to the end of their charter terms. The targets for this rating category should be set at a level that makes a clear case for unacceptable academic performance.

District authorizers may face challenges or feel hesitation in setting targets that are more demanding than expectations that apply to their existing traditional district schools. It is important to remember that charter schools are granted autonomy in exchange for greater accountability, often with the expectation that charter schools will outperform traditional district schools. As a result, district authorizers are encouraged to raise performance standards for charter schools in their districts.

⁵ It specifies that charter schools that earn unacceptable academic performance ratings (an "F") for the three preceding years, lower than satisfactory financial performance ratings for the past three years, or any combination of these ratings for the three preceding years will be closed automatically, subject to an administrative hearing. This "three strike" law applies to Subchapter C / 1882 charter schools.

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 law⁵. 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 post-secondary outcomes, program-specific measures (e.g., foreign language proficiency, technological proficiency, cultural competency), school culture measures (e.g., discipline incidences, community partnerships), or non-cognitive measures (e.g., social and emotional learning measures). 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.

SAMPLE MISSION-SPECIFIC MEASURE

Measure 2: Are students meeting or exceeding National Education Technology (NETS) grade-level standards?

Exceeds Standard

- 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

- 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

- 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

- Each year, the aggregate percentage of students in Grades 3 - 6 who meet or exceed the NETS grade-level standards is less than 50%.

Setting targets for Mission-Specific Goals

A charter school and its district authorizer should identify measures, metrics, and targets within the Academic Evaluation Framework that capture the school's accomplishment of its specific mission. These non-traditional measures supplement, rather than supplant, traditional measures of school quality. It is important to note that mission-specific goals should not be used to lower expectations for charter schools.

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.

SAMPLE TEXAS A - F ACCOUNTABILITY SYSTEM FOCUS AREA MEASURE**Measure 3: 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.

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 Judgement

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.



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. However, district authorizers must ensure that the schools they authorize are financially stable. As with the Academic and Organizational Evaluation Framework, authorizers should use the Financial Evaluation Framework to monitor and evaluate schools' performance at least annually, to report such performance to schools and the public annually, to intervene in schools that do not meet expectations, and to make high-stakes decisions whether to renew, non-renew, or revoke a school's charter, or to expand or replicate a school.

This Financial Evaluation Framework provides authorizers tools to recognize schools currently in or trending toward financial difficulty and to more proactively evaluate or address the problem. The measures are designed to be complementary, as no single measure provides a full picture of the financial situation of a school. Together, they are designed to provide district authorizers with a clear picture of a school's past financial performance, current financial health, and potential financial trajectory.

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 STRUCTURE

The Financial Evaluation Framework gauges both near-term financial health and longer-term financial sustainability. The framework is divided into indicators, measures, metrics, targets, and ratings, explained below.

Indicators

The Financial Evaluation Framework includes two indicators, or general categories, used to evaluate schools' financial performance.

1. **Near-Term.** 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 the desired 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 high 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. **Sustainability.** The framework also includes longer-term financial sustainability measures and is designed to depict a charter school's financial position and viability over time. Schools that meet the desired standards demonstrate a low risk of financial distress in the future. Schools that fail to meet the standards may be at high risk for financial hardship in the future.

Measures

Measures are the means to evaluate an aspect of an indicator. Eight measures are used in the framework: Current Ratio, Unrestricted Days Cash, Enrollment Variance, Debt Default, Total Margin, Debt-to-Asset Ratio, Cash Flow, and Debt Service Coverage Ratio.

Metrics

Metrics are the methods for calculating measures. An example of a metric is Current Ratio equals Current Assets divided by Current Liabilities. Each metric is detailed in the "Measures in Detail" section of this guidance.

Targets

Targets are the thresholds that signify success for a specific measure. An example of a target is "Current Ratio is greater than 1.1." Each target and formula are detailed in the Financial Evaluation Framework. The targets included in this framework are based on industry standards and have been adjusted to reflect the Texas charter school financing and funding environment, where necessary.

Ratings

For each measure a school receives one of three ratings based on evaluation of the established metrics:

Meets Standard: The charter school's performance on this component does not signal a financial risk to the school and meets the district authorizer's standard. A school that meets the standard based on an initial review requires no follow-up action by the district authorizer. For the purposes of annual reporting and high-stakes decision-making, a district authorizer may also give a "Meets Standard" rating to schools that did not meet standards on the initial review of their financials if, upon follow-up review, the authorizer concludes that concerns initially raised have been addressed and performance indicates sound financial viability.

Does Not Meet Standard: The charter school's performance on this component signals a financial risk to the school and does not meet the district authorizer's expectation. If a school does not meet standards based on an *initial* review of the school's financials, the district authorizer should follow up to determine if the school is truly a financial risk for the purposes of annual reporting, intervention, and high-stakes decision-making. Schools that are a financial risk may be eligible for notice of unsatisfactory performance, probation, or other forms of intervention. Schools that do not meet the standard across more than one area may be considered for non-renewal.

Falls Far Below Standard: The charter school's performance on this component signals a significant financial risk to the school and does not meet the district authorizer's expectation. If a school falls far below standards based on an *initial* review of the school's financials, the district authorizer should follow up to determine the severity of the risk for the purposes of annual reporting, intervention, and high-stakes decision-making. Schools that are a significant financial risk may require probation, intervention, non-renewal, or revocation.

DEFINITIONS

A glossary of terms used in this Financial Evaluation Framework is included as Appendix A.

COLLECTING EVIDENCE

To implement the framework and evaluate charter schools' financial performance, all district authorizers must require the charter schools they authorize to submit to 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)

Balance Sheet
Income Statement

Nonprofit (FASB)

Statement of Financial Position
Statement of Activities and Changes in Net Assets

Governmental (GASB)

Statement of Net Position
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 should also regularly require charter schools to provide current financial information in addition to audited information. See *Organizational Evaluation Framework, Measure 2a, which ensures that schools are meeting financial reporting and compliance requirements*. Examples of current data that should be collected include monthly or quarterly balance sheets and cash flow statements. As discussed throughout this framework, it is critical that district authorizers do not rely only on audited financial statements especially when making high-stakes decisions, conducting ongoing monitoring, and assessing whether a school is in immediate financial distress.

It is also important to note that in some cases a single charter contract 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 independent audit and 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.

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 non-compliance 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.)

MEASURES IN DETAIL

Each of the measures included in the Financial Evaluation Framework is described below. Like the Academic Evaluation Framework, the Financial Evaluation Framework focuses purposefully on quantitative outcomes rather than qualitative measures. For example, the Financial Evaluation Framework excludes measures of how a charter school manages and expends its funds, as the framework is not designed to evaluate a school's spending decisions. There are no measures that address what portion of a school's costs are for instruction; rather, the measures focus on the overall expenses of a school versus the offsetting revenues. Furthermore, this framework does not include indicators of strong financial management practices, which are laid out in the Organizational Evaluation Framework. The Financial Evaluation Framework analyzes the financial performance of a charter school, not its processes for managing that performance.

The targets used in the following measures are generally based on industry and Texas standards 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 18.

Indicator 1

Near-Term Measures

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 meet current obligations. 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.

Data Sources: Audited balance sheet

Measure 1.A. Current Ratio: Current Assets divided by Current Liabilities

Meets Standard

- Current Ratio is greater than or equal to 1.1; or
- Current Ratio is greater than or equal to 1.0 and less than 1.1, and one-year trend is positive (current year ratio is higher than last year's)

Note: For schools in their first or second year of operation, the current ratio must be greater than or equal to 1.1.

Does Not Meet Standard

- Current Ratio is greater than or equal to 0.9 and less than or equal to 1.0; or
- Current Ratio is greater than or equal to 1.0 and less than 1.1 and one-year trend is negative

Falls Far Below Standard

- Current ratio is less than or equal to 0.9

Falls Far Below Standard

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

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: This ratio tells district authorizers whether the school has enough cash to meet its cash obligations. Depreciation is removed from the total expenses denominator because it is not a cash expense. This measure takes on critical importance when the timing of school payments is irregular or often delayed.

At least one month of operating expenses cash on hand is a standard minimum measure of financial health of any organization. Due to the nature of charter school cash flow and the sometimes-irregular receipts of revenue, a 60-day threshold is included for schools to meet the standard. Still, schools showing a growing cash balance from prior years and that have enough cash to pay at least one month's expenses are also sufficiently financially stable and show positive trending; therefore, such performance meets the standard. If a school has fewer than 15 days of cash on hand, it will not be able to operate for more than two weeks without another cash inflow and is at high risk for immediate financial difficulties.

Data Sources: Audited balance sheet and income statement

Measure 1.B. Unrestricted Days Cash: $\text{Unrestricted Cash divided by } ([\text{Total Expenses minus Depreciation Expense}] / 365)$

Meets Standard

- Days Cash is greater than or equal to 60; or
- Days Cash is greater than or equal to 30 and less than 60, and one-year trend is positive

Note: Schools in their first or second year of operation must have a minimum of 30 Days Cash.

Does Not Meet Standard

- Days Cash is Greater than or equal to 15 and less than 30; or
- Days Cash is greater than or equal to 30 and less than 60, and one-year trend is negative

Falls Far Below Standard

- Days Cash is less than 15

Measure 1.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 its annual budget is based on projected enrollment, funding is based on actual enrollment. A school that fails to meet its enrollment targets may encounter financial challenges.

Enrollment variance of less than 85 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 Sources: Charter school board-approved annual budget (which includes projected enrollment) and actual enrollment

Measure 1.C. 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 85 and less than 95 percent in the most recent year

Falls Far Below Standard

- Enrollment Variance is less than 85 percent in the most recent year

Measure 1.D. 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 1.D. Debt Default

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

Sustainability Measures

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 2.A.

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: The Debt-to-Asset Ratio demonstrates what a charter school owes against what it owns. 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 2.B. 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. Cash Flow

Definition: The Cash Flow measure indicates the trend in a charter school's cash balance over a period of time.

Rationale: This measure is similar to Days Cash on Hand but indicates long-term stability versus near-term. Since cash flow fluctuations from year to year can have a long-term impact on a charter school's financial health, this metric assesses both multi-year cumulative cash flow and annual cash flow. This measure is not intended to encourage amassing resources instead of deploying them to meet the mission of the organization but rather to provide for stability in an uncertain funding environment. A positive cash flow over time generally indicates increasing financial health and sustainability of a charter school.

Data Sources: Three years of audited balance sheets

Measure 2.C.

Cash Flow:

Multi-Year Cash Flow: Year 3 Total Cash – Year 1 Total Cash

One-Year Cash Flow: Year 2 Total Cash – Year 1 Total Cash

Meets Standard

- Multi-Year Cumulative Cash Flow is positive and Cash Flow is positive each year; or
 Multi-Year Cumulative Cash Flow is positive, and Cash Flow is positive in one of the last two years

Note: Schools in their first or second year of operation must have positive cash flow.

Does Not Meet Standard

- Multi-Year Cumulative Cash Flow is positive but Cash Flow in each of last two years is negative

Falls Far Below Standard

- Multi-Year Cumulative Cash Flow is negative

Measure 2.D. 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:

- 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

Measure 2.D. Debt Service Coverage Ratio: $(Net\ Income + Depreciation + Interest\ Expense) / (Annual\ Principal,\ Interest,\ and\ Lease\ Payments)$

- Meets Standard*
- Debt Service Coverage Ratio is greater than or equal to 1.1
-
- Does Not Meet Standard*
- Debt Service Coverage Ratio is less than 1.1
-
- Falls Far Below Standard*
- Not Applicable



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 should 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. One difference between the Organizational Evaluation Framework and the Academic and Financial Evaluation Frameworks discussed above is that qualitative data, in addition to quantitative data, is necessary 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.

Ultimately, the measures discussed below should be considered collectively to evaluate the operational capacity 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 six indicators or categories used to evaluate the school’s organizational performance and compliance. District authorizers 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.** 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. 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. **Financial Management and Oversight.** While the Financial Evaluation Framework is used to analyze the school’s financial performance, district authorizers use this indicator to set expectations for the school’s management and oversight of its finances, without regard to financial performance. Annual audits and interim financial reports are critical sources of evidence for this indicator.
3. **Governance and Reporting.** A charter school must practice sound governance and adhere to reporting requirements of the district and TEA. This indicator sets forth expectations for the charter

board's compliance with governance-related laws, the board's own bylaws and policies, and foundational practices of effective schools.

4. **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, including the rights of students and employees, as well as operational requirements such as teacher licensing and background checks.
5. **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.
6. **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.

Measures

For each of the indicators, the framework provides specific measures by which to evaluate schools. The measures take the form of questions about the school's organizational performance. For example:

- Is the school implementing the material terms of the education program?
- Is the school protecting the rights of Bilingual/English learners?
- Is the school meeting financial management and oversight requirements?

Metrics

Metrics are expectations set forth in evaluating a measure. For example, to evaluate the question, "Is the school following Generally Accepted Accounting Principles?", district authorizers should look to several areas where the school must meet existing expectations established by laws, rules, regulations, or provisions of the charter contract.

Throughout the Organizational Evaluation Framework, metrics are defined against a "Meets Standard" rating, based on state and federal laws. Based on the specific terms of the charter contract and the district authorizer's policies, the evaluation standard may need adjusting.

Targets and Ratings

For each measure, a school receives one of three or four ratings annually based on evaluation of the established metrics.

Meets Standard: this rating is defined by the threshold of success for the measure or the target the school is expected to meet. The Organizational Evaluation Framework establishes a base level of legal and ethical compliance in order to protect school autonomy. Therefore, if the charter school meets the target, the district authorizer does not need to follow up with the school or require corrective action. Schools do not meet the standard if failures are material in nature, meaning they are relevant to the district authorizer's accountability decisions.

Approaches Standard: some authorizers may determine that an option for a rating of Approaches Standard is appropriate for some measures, particularly those that are multifaceted or those that do not align with a binary (meets/does not meet) approach. Under this rating, a school has met some but not all of the targets on the measure or has partially met multiple measures.

Does Not Meet Standard: this rating remains consistent for each measure. Under this rating, the charter school has materially failed to meet the target at some point during the annual evaluation period; however, the failure(s) were not significant to

the viability of the school and the board has either addressed the issue or made sufficient progress toward compliance.

Falls Far Below Standard: this rating also remains consistent for each measure. Under this rating, the charter school is not meeting the legal expectation of satisfactory performance and follow-up by the district authorizer is necessary to determine action or accountability decisions. A school should receive this rating if it is currently not in material compliance with the requirement and that noncompliance impacts its ability to implement its program consistent with expectations outlined in the charter contract. A school may also receive this rating if it has been chronically out of compliance throughout the evaluation period and/or is not making satisfactory progress toward compliance.

Since the *Does Not Meet Standard* and *Falls Far Below Standard* remain consistent for each measure, these definitions are not included for each measure below. The definition of *Meets Standard* is included for each measure in this Organizational Evaluation Framework, and an authorizer may choose to add a rating of *Approaches Standard* for relevant measures, as noted above.

While schools should be evaluated against the Campus Evaluation Framework annually, the evaluations should be considered collectively for accountability purposes at the time of renewal. This is especially true of the Organizational Evaluation Framework: correction or progress toward correcting issues identified in previous evaluations should be considered as a positive toward accountability determinations, whereas persistent failure to address a shortcoming should carry additional weight when considering renewal (See also *High-Stakes Decision-Making* on page 28).

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 through 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 school, 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.

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 for certain measures through direct observation. For example, the district authorizer may observe mandatory state assessments to ensure compliance with required procedures. 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.

HIGH-STAKES DECISION-MAKING

The Academic Evaluation Framework should generally be the primary tool for high-stakes decisions, such as renewal or revocation, largely because authorizers use this framework to measure schools' academic outcomes. The Organizational Evaluation Framework is used to measure compliance, which is not always directly related to school performance. In most cases, district authorizers should use the evaluation of

the charter school's organizational performance to communicate unsatisfactory performance as a basis for intervention or as secondary evidence when making the case for closure. Only when the school falls far below the standard, which would indicate major concerns with organizational effectiveness, should a district authorizer consider findings on organizational effectiveness as the primary reason for non-renewal or revocation.

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](#). 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, either as separate indicators or as 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 some foundational aspects of effective schools drawn from the TEA Effective Schools Framework: 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

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. 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.

1.A. Material Terms of the Charter Contract

This measure assesses the school's adherence to the 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 1.A. *Is the school implementing the material terms of the education program as defined in the charter contract?*

Meets Standard

- The school implemented the material terms of the education program, as set forth in the charter contract, in all material respects, and the education program in operation reflects the material terms, or the school has gained approval for a charter modification to the material terms.

Data Sources: District authorizers may verify implementation of the material terms through site visit observations, interviews with stakeholders in the charter community, and required reports from the charter school. 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.

1.B. 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 1.B. *Is the school complying with applicable education requirements?*

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

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.

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 1.C. *Is the school implementing practices that support effective instruction and assessment focused on student achievement?*

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.

Data Sources: District authorizers may evaluate this measure through review of curriculum materials, lesson plans, professional development calendars, job descriptions, site visit observations, record reviews, interviews of stakeholders, or third-party reports or monitoring.

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.

Measure 1.D. *Is the school protecting the rights of students with disabilities and providing effective programming?*

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:
 - Equitable access and opportunity to enroll
 - 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
 - Access to the school facility and program to students in a lawful manner consistent with students' IEPs or Section 504 plans
 - Provision of quality programming consistent with students' IEPs or Section 504 plans and the best interest of students
 - Appropriate use of available, applicable funding

Data Sources: District authorizers may evaluate this measure through data from student information systems or other regular reporting mechanisms, site visit observations, record reviews, interviews of stakeholders, or third-party reports or monitoring.

1.E. Bilingual Education/English Learners

Charter schools must also follow state and federal laws governing access and services for bilingual 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.

Measure 1.E. *Is the school protecting the rights of bilingual and English learner students and providing effective programming?*

Meets Standard

- The school materially complies with applicable laws, rules, regulations, and provisions of the charter contract relating to requirements regarding bilingual and English learner students, including:
 - 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
 - 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
 - Provision of quality programming consistent with students' needs
 - Appropriate accommodations on assessments
 - Exiting of students from bilingual or English as a second language services, in alignment with relevant board policies

Data Sources: District authorizers may evaluate this measure through data from student information systems, or other regular reporting mechanisms, review of school policies, site visit observations, record audits, interviews of stakeholders, or third-party reports or monitoring.

Indicator 2

Financial Management and Oversight

The Financial Evaluation Framework includes measures used to evaluate a charter school's financial health, while the measures in this section related to organizational performance assess a school's compliance with financial requirements, regardless of the school's performance on measures of financial health. Measures included in this indicator, because they evaluate compliance rather than financial performance outcomes, should be kept separate from the Financial Evaluation Framework, which is solely focused on performance outcomes.

2.A. Financial Reporting and Compliance

The financial reports included in this measure are used as a basis for the analysis of a school's financial viability (as measured in the Financial Evaluation Framework) and financial management (as measured in the Organizational Evaluation Framework). The purpose of this measure is to determine whether the school is submitting accurate and timely information to the authorizer, as required by the charter contract or state law.

Measure 2.A. *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

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

2.B. Financial Management and Oversight

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, disinterested auditors, are vital to evaluating a school's financial management and oversight.

Auditors evaluate 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.

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" then the auditor has concerns about the organization's viability, which should be a major concern for the district authorizer.

Measure 2.B. *Is the school following Generally Accepted Accounting Principles (GAAP)?*

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 that does not include a going concern disclosure

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.

Indicator 3 Governance and Reporting

3.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 3.A. *Is the school complying with governance requirements?*

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)

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 board packets, including board minutes, and assurances of compliance. The district authorizer should review the school's board policies and bylaws, including any amendments made since the last review. Additionally, the authorizer may require a statement of assurances of compliance with conflicts of interest and board membership requirements, among other requirements. When warranted, periodic attendance by the district authorizer at board meetings may allow the authorizer to verify compliance with some elements of this measure.

If the district authorizer, through monitoring or evaluation, finds that it needs to follow up and monitor board governance more closely, it can look for additional evidence, such as the board's strategic plan, and oversight and evaluation plan.

3.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.

Measure 3.B. *Is the school complying with reporting requirements?*

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

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.

3.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 3.C. *Is the school holding management accountable?*

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

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.

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

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

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.

Indicator 4 Students and Employees

4.A. Rights of Students

Charter schools must protect the rights of the students they serve. District authorizers have a responsibility to ensure that the charter school complies with a range of requirements, from admissions policies to protections of students' civil rights.

Measure 4.A. *Is the school protecting the rights of all students?*

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)

Data Sources: District authorizers should evaluate this measure through reports to the authorizer and/or TEA, charter school board policies and examples of forms, and site visit observations and interviews with charter school community stakeholders. District authorizers may also require that the board assures compliance with certain elements of this measure that may be difficult to verify unless through investigation.

4.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.

Measure 4.B. *Is the school meeting attendance goals?*

Meets Standard

- The school materially complies with applicable laws, rules, regulations, and provisions of the charter contract related to attendance goals.

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

4.C. Staff Credentials

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.

Measure 4.C. *Is the school meeting teacher and other staff credentialing requirements?*

Meets Standard

- The school materially complies with applicable laws, rules, regulations, and provisions of the charter contract relating to state certification requirements. (TEC §12.129; Model Contract §9.03)

Data Sources: District authorizers should evaluate this measure through reports to TEA through the Texas Academic Performance Reports system.

4.D. 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 oversee 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 may not be 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.

As with 4.C. above, because the district may be the employer of record in some cases, the district and the charter each have responsibilities as it relates to employee rights. 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.

Measure 4.D. *Is the school complying with laws regarding employee rights?*

Meets Standard

- The school materially complies with applicable laws, rules, regulations, and provisions of the charter contract related to employment considerations, including those relating the Family Medical Leave Act and the Americans with Disabilities Act.

Data Sources: District authorizers may evaluate this measure through board assurance of compliance and/or third-party reports such as court rulings or employment agency findings.

4.E. 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.

As with 4.C. and 4.D. above, because the district may be the employer of record in some cases, the district and the charter each have responsibilities as it relates to background checks.

Measure 4.E. *Is the school completing required background checks?*

Meets Standard

- The school materially complies with applicable laws, rules, regulations, and provisions of the charter contract related to background checks of all applicable individuals. (TEC §22.085; Model Contract §8.11 & §9.02)

Data Sources: District authorizers may evaluate this measure through TEA's Educator Certification reporting system, along with assurances of compliance by the board and periodic record checks either annually or during site visits. District authorizers may elect to review a random sample of files to confirm compliance.

Indicator 5 School Environment

5.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 5.A. *Is the school complying with facilities requirements?*

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
 - 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

Data Sources: District authorizers may evaluate this measure through assurance of compliance by the board, review of relevant documentation, and periodic verification of compliance, possibly during site visits.

5.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. District authorizers, when adapting this framework, should consider how services are provided within the charter school.

Measure 5.B. *Is the school complying with health and safety requirements?*

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:
 - Appropriate nursing services and dispensing of pharmaceuticals
 - Food services requirements, as applicable
 - Other district-provided services, as applicable (Model Contract §17.01)
 - Monitoring of student health and other requirements related to local and state health requirements

Data Sources: District authorizers may evaluate this measure through assurance of compliance by the board and period verification of compliance during site visits and/or third-party reviews.

5.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 5.C. *Is the school handling information appropriately?*

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

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

Indicator 6

School Culture

6.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 6.A. *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: District authorizers may evaluate this measure through review of school policies, student/parent handbooks, and other records, site visit observations, interviews of stakeholders, or third-party reports or monitoring.

6.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 6.B. *Does the school effectively involve families and community?*

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*
 - 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.

Data Sources: District authorizers may evaluate this measure through review of school policies, student/parent handbooks, calendars and other records, site visit observations, interviews of stakeholders, or third-party reports or monitoring.

APPENDIX

GLOSSARY OF TERMS USED IN THE FINANCIAL EVALUATION FRAMEWORK

Assets: A probable future economic benefit obtained or controlled by a particular entity as a result of past transactions or events. These economic resources can be tangible or intangible.

Audit: A systematic collection of the sufficient, competent evidential matter needed to attest to the fairness of management's assertions in the financial statements or to evaluate whether management has efficiently and effectively carried out its responsibilities. The auditor obtains this evidential matter through inspection, observation, inquiries, and confirmations with third parties.

Balance Sheet: A financial statement that discloses the assets, liabilities, and equities of an entity at a specified date in conformity with generally accepted accounting principles (GAAP). Also referred to as the Statement of Financial Position or Statement of Net Assets.

Basis of Accounting: This refers to the methodology and timing of when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

Cash Basis: A basis for accounting whereby 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.

Consultant: An independent individual or entity contracting with an agency to perform a personal service or render an opinion or recommendation according to the consultant's methods and without being subject to the control of the agency except as to the result of the work. The agency monitors progress under the contract and authorizes payment.

Current Assets: Resources that are available, or can readily be made available, to meet the cost of operations or to pay current liabilities.

Current Liabilities: Those obligations that are payable within one year from current assets or current resources.

Current Ratio: A financial ratio that measures whether or not an entity has enough resources to pay its debts over the next 12 months. It compares an entity's current assets to its current liabilities and is expressed as follows: $\text{current ratio} = \text{current assets} \div \text{current liabilities}$.

Debt: An obligation resulting from the borrowing of money or from the purchase of goods and services. Debts of the entity include bonds, accounts payable, and other liabilities.

Debt Service: The cash that is required for a particular time period to cover the repayment of interest and principal on a debt. Debt service is often calculated on a yearly basis.

Debt Service Default: Occurs when the borrower has not made a scheduled payment of interest or principal.

Debt Service Coverage Ratio: Also known as "debt coverage ratio," the debt service coverage ratio is the ratio of cash available for debt servicing to interest, principal, and lease payments.

Debt to Asset Ratio: A financial ratio that measures the proportion of an entity's assets that are financed through debt. It compares an entity's total assets to its total liabilities and is measured by dividing the total liabilities by the total assets. If the ratio is less than 1.0, most of the entity's assets are financed through equity. If the ratio is greater than 1.0, most of the entity's assets are financed through debt.

Financial Audit: An audit made by an independent external auditor for the purpose of issuing an audit opinion on the fair presentation of the financial statements of the entity in conformity with generally accepted accounting principles.

Fiscal Period: Any period at the end of which an entity determines its financial position and the results of its operations.

General Fund: The general fund is used to account for the general financial activities of the entity when

reporting under governmental accounting. The general fund is used for funds not required to be accounted for in another account.

Generally Accepted Accounting Principles (GAAP): These are the uniform minimum standards for financial accounting and reporting. They govern the form and content of the financial statements of an entity. GAAP encompass the conventions, rules, and procedures necessary to define accepted accounting practice at a particular time. They include not only broad guidelines of general application but also detailed practices and procedures. The primary authoritative body on the application of GAAP to state and local governments is the Governmental Accounting Standards Board.

Governmental Accounting: The composite activity of analyzing, recording, summarizing, reporting, and interpreting the financial transactions of a governmental entity.

Income Statement: A financial statement that shows revenues and expenditures of an entity at a specified date in conformity with generally accepted accounting principles. Also referred to as the Statement of Activities and Changes in Net Assets or the Statement of Activities.

Indicator: General category of financial performance.

Interest Payable: A liability account reflecting the amount of interest owed by the entity. In governmental funds, interest is to be recognized as an expenditure in the accounting period in which it becomes due and payable, and the liability is to be recorded as interest payable at that time. In proprietary and trust funds, interest payable is recorded as it accrues, regardless of when payment is actually due.

Interim Financial Statement: A financial statement prepared before the end of the current fiscal period and covering only financial transactions during the period to date.

Liabilities: Probable future sacrifices of economic benefits, arising from present obligations of a particular entity to transfer assets or provide services to other entities in the future as a result of past transactions or events. The term does not include encumbrances.

Measure: General means to evaluate an aspect of an indicator.

Metric: Method of quantifying a measure.

Net Assets: The difference between assets and liabilities.

Net Income: A term used in accounting for proprietary funds to designate the excess of total revenues and operating transfers in minus total expenses and operating transfers out for an accounting period.

Principal: The amount of the loan excluding any interest.

Statement of Activities: A governmentwide financial statement that reports the net (expense) revenue of its individual functions. An objective of using the net (expense) revenue format is to report the relative financial burden of each of the reporting government's functions on its taxpayers.

Statement of Cash Flows: A GAAP financial statement for proprietary funds that provides relevant information about the cash receipts and cash payments of a government during a period. It categorizes cash activity as resulting from operating, noncapital financing, capital financing, and investing activities.

Statement of Activities and Changes in Net Assets: The financial statement that is the GAAP operating statement for pension and investment trust funds. It presents additions and deductions in net assets held for pension benefits and investment pool participants. It reconciles net assets held at the beginning and end of the financial period, explaining the relationship between the operating statement and the balance sheet.

Statement of Net Assets: A governmentwide financial statement that reports the difference between assets and liabilities as net assets, not fund balances or equity. Assets are reported in order of liquidity or how readily they are expected to be converted to cash and whether restrictions limit the government's ability to use the resources. Liabilities are reported based on their maturity or when cash is expected to be used to liquidate them. Net assets are displayed in three components: invested in capital assets, net of related debt; restricted; and unrestricted.

Target: Threshold that signifies success for a specific measure.

Total Margin: Total revenues less total expenses (net income) divided by total revenue.

