



UNDERSTANDING

IDAHO PUBLIC CHARTER SCHOOL COMMISSION

ANNUAL PERFORMANCE REPORTS



Idaho Public Charter School Commission
304 North 8th Street, Room 242
Boise, Idaho 83702

Phone: (208) 332-1561
chartercommission.idaho.gov

Alan Reed, Chairman
Tamara Baysinger, Director

Winter 2015

Introduction

Each year, Idaho’s Public Charter School Commission (PCSC) issues an annual performance report to every school in its portfolio. This document is intended to provide readers with insight into:

- ◆ The **history** of annual reports,
- ◆ The **purpose** of annual reports,
- ◆ The **content** of annual reports,
- ◆ The **interpretation** of annual reports, and
- ◆ The **impact** of annual reports.

By the time you’ve finished reading, we hope you will understand not only how to read your school’s annual report, but also why the report is important and how it can be used to help build a stronger future for Idaho students.

History

Idaho's [charter school law](#) was created in 1998. The intent of the legislation was (among other things) to improve student learning, expand learning experiences for students, provide parents with more educational choices, and hold charter schools accountable for meeting measurable educational standards.

Public charter schools exchange increased autonomy for increased accountability. Independent charter school boards are authorized to use taxpayer dollars to operate schools of choice. However, if these schools fail to meet expectations, they can be closed.

Authorized chartering entities, or "authorizers," are responsible for overseeing public charter schools' academic, operational, and financial statuses. The PCSC is Idaho's largest authorizer, with 35 schools in its portfolio as of winter 2015.

In 2013, the legislature amended statute to provide additional clarity about how authorizers should oversee schools. Their work was informed by a diverse group of Idaho charter school stakeholders, as well as by the [model charter law](#) developed by the National Alliance for Public Charter Schools.

Idaho statute now requires authorizers to develop a performance certificate and performance framework. Together, these two documents:

- ◆ Clarify the administrative relationship between the authorizer and the charter school, including the rights and duties of each party, and
- ◆ Establish academic and operational performance expectations by which the charter school will be judged.

Public charter schools are subject to periodic renewal. A school whose charter is renewed has permission to continue operations for another five years. A school whose charter is non-renewed must close its doors. Authorizers base their renewal or non-renewal decisions on schools' outcomes relative to the specific criteria contained in the performance certificate and framework.

Beginning in spring 2013, the PCSC invited its stakeholders to participate in a collaborative process of drafting the new certificate and framework. Many school representatives provided valuable input on a series of drafts leading up to the final documents that were adopted in August 2013.

The PCSC thanks the National Association of Charter School Authorizers, whose [Core Performance Framework and Guidance](#) informed the drafting of the PCSC's performance framework, as well as the publication you're reading now.

Because each school is held accountable to the quality measures contained in its performance certificate and framework, it is important for the PCSC to keep schools informed of their statuses. Annual reports are issued to all PCSC portfolio schools by March of each year. Schools in their renewal year will receive their reports by November 15, ensuring adequate time for them to respond before a renewal decision is made.

Purpose

Annual reports serve several, important functions. They:

- ◆ Provide transparent, data-driven information about charter school quality;
- ◆ Ensure that charter school boards have access to clear expectations;
- ◆ Ensure that charter school boards are provided maximum opportunity to correct any deficiencies prior to their renewal year;
- ◆ Inform mid-term decision-making, such as the evaluation of charter amendment proposals; and
- ◆ Inform renewal decision-making.

Content

Each annual report contains a brief overview of the school, including its mission, history, demographics, and leadership. The overview is followed by the school's performance framework, including outcomes for the most recently completed school year.

The framework is comprised of four sections: Academic, Mission-Specific, Operational, and Financial.

Each section contains a number of measures intended to evaluate the school's performance against specific criteria. The performance measures contained in the certificate and framework typically do not change during the certificate term. This makes it possible to evaluate trends, as well as a school's current status.

Before looking at each section of the framework in detail, here's a quick review of terminology:

TERM	DEFINITION	EXAMPLE
Indicator	A general category of performance	Student achievement
Measure	A general means of evaluating an aspect of an indicator	Student proficiency on a standardized test
Metric	A means of evaluating a measure	The percentage of students that achieve proficiency on the standardized reading test
Target	A goal that signifies whether a particular measure has been met	70% proficiency on the standardized reading test
Rating	A label given to categorize a particular level of performance	"Exceeds Standard," or "Does Not Meet Standard"

Each section of the framework is broken down into indicators, measures, metrics, targets, and ratings. The following pages explain how.

A WORD ABOUT TIMING

Each annual report reflects the outcomes of the previous fiscal and school year, with one exception: The 2013-14 annual reports, published in spring 2015, reflect academic data from the 2012-13 school year. This is due to state-level assessment changes that resulted in an absence of standardized test data for the 2013-14 school year. The assessment change from ISAT to SBAC also means that academic data from 2012-13 cannot be directly compared to academic data from 2014-15 onward.

ACADEMIC

The Academic section of the framework is designed to demonstrate how well students are learning in the major subject areas of reading, mathematics, and language usage. For high schools, it also evaluates students' readiness for post-secondary education.

Do all portfolio schools have the same academic expectations?

Most PCSC portfolio schools are evaluated using the same set of Academic measures. Alternative charter schools are evaluated using a framework in which a few measures are modified to make them more relevant.

How was the level of expectation determined?

Idaho statute provides that the performance targets must, at a minimum, require that each school meet applicable federal, state and authorized chartering entity goals for student achievement. During the collaborative process of developing the PCSC's framework, stakeholders agreed that the level of performance that would contribute to a 3-star rating on Idaho's Star Rating System would be considered adequate to meet this standard.

What is measured by the Academic section?

The Academic section contains 16 measures divided into the following indicators:

- ◆ **State and Federal Accountability** - These 2 measures evaluate a school on its overall performance as it relates to No Child Left Behind and Idaho's ESEA waiver.
- ◆ **Student Academic Proficiency** - These 3 measures evaluate a school on its students' academic achievement.
- ◆ **Student Academic Growth** - These 7 measures evaluate a school on its students' academic growth in two, different ways. Some of the measures consider what percentage of students are learning at a rate that will allow them to achieve proficiency within 3 years or by 10th grade. Other measures compare students' growth rate to that of other students with similar academic performance histories.
- ◆ **College and Career Readiness** - These 4 measures evaluate a school on its students' readiness for post-secondary education.

Where does the PCSC get its academic data?

Most of the measures in the Academic section are evaluated using standardized test results. In order to maximize consistency of results while minimizing schools' reporting burden, all data for completion of the Academic section is gathered through the Idaho State Department of Education (SDE).



MISSION-SPECIFIC

The Mission-Specific section of the framework is designed to offer meaningful recognition of school successes that aren't reflected in standardized test results. Mission-Specific measures may be academic or non-academic in nature, but they must be data-driven and objective.

Do all portfolio schools have the same mission-specific expectations?

No. Each school's mission-specific measures are unique. Some schools elected to opt-out of including mission-specific measures for their initial performance certificate terms.

How was the level of expectation determined?

Each school's mission-specific indicators, measures, metrics, and targets were negotiated one-on-one with the PCSC.

What is measured by the mission-specific section?

Mission-specific measures vary widely based on the mission and focus of different schools. Below are some examples of the mission-specific indicators selected by PCSC-portfolio schools:

- ◆ Second language acquisition
- ◆ University application acceptance
- ◆ Character development
- ◆ Course completion
- ◆ Early reading skills
- ◆ Science and technology skills

Where does the PCSC get its mission-specific data?

Because most mission-specific measures rely on data that is not reported to the SDE, schools are responsible for collecting data and reporting results directly to the PCSC on an annual basis.



OPERATIONAL

The Operational section of the framework is designed to assess whether schools are effectively managed and compliant with legal requirements.

Do all portfolio schools have the same operational expectations?

Yes.

How was the level of expectation determined?

The operational measures were drafted with input from NACSA's Core Performance Framework Guidance and modified as necessary to reflect Idaho's requirements. During the collaborative process of developing the PCSC's framework, care was taken to ensure that schools would not be excessively penalized for occasional instances of non-compliance, so long as they took corrective action in a timely manner.

What is measured by the Operational section?

The Operational section contains 16 measures divided into the following indicators:

- ◆ **Educational Program** - These 4 measures evaluate whether a school is implementing its educational program with fidelity and complying with requirements applicable to all Idaho public schools.
- ◆ **Financial Management and Oversight** - These 2 measures evaluate whether a school is meeting Generally Accepted Accounting Principles and financial reporting requirements.
- ◆ **Governance and Reporting** - These 2 measures evaluate whether a school's board is operating in accordance with the law and complying with state, federal, and authorizer reporting requirements.
- ◆ **Students and Employees** - These 4 measures evaluate whether schools are protecting individuals' rights and safety.
- ◆ **School Environment** - These 3 measures evaluate additional aspects of schools' compliance with laws designed to protect students' rights, safety, and privacy.
- ◆ **Additional Obligations** - This final measure addresses any areas of potential, material non-compliance that is not covered by the other indicators.

Where does the PCSC get its operational data?

Throughout the year, the PCSC keeps notes and documentation regarding schools' compliance and operations. Outside sources such as independent fiscal audits and State Department of Education records also inform evaluation of this section.



FINANCIAL

The Financial section of the framework is designed to assess schools' short- and long-term financial stability.

Do all portfolio schools have the same financial expectations?

Most PCSC portfolio schools share an identical set of financial expectations. However, a few schools have management contracts that include deficit-protection clauses. These schools are exempt from certain measures.

How was the level of expectation determined?

The financial measures were drafted with input from NACSA's Core Performance Framework Guidance and agreed upon by stakeholders during the collaborative process of developing the PCSC's framework. Generally speaking, the rating categories reflect industry standards.

What is measured by the Financial section?

The Financial section contains 8 measures divided into the following indicators:

- ◆ **Near-Term Measures** - These 4 measures evaluate a school's financial position and viability for the upcoming year (that is, the fiscal year during which the annual report is issued). Low scores indicate likelihood of immediate financial hardship.
- ◆ **Sustainability Measures** - These 4 measures evaluate a school's financial position and viability over time. Low scores indicate high risk of financial hardship in future years.

Additional detail about the financial measures is provided on the next page.

Where does the PCSC get its financial data?

Most data used to score the financial section is collected from schools' annual, independent fiscal audits. Relevant enrollment data is gathered from Unit Calculation Worksheets and ISEE reports submitted to the SDE.



The Financial section of the framework is often the most difficult for people to understand. For many, the terminology is unfamiliar. Ratings alone can be misleading, because low ratings on a small number of measures raises only the *possibility* of a problem. Sometimes, there is a simple explanation that alleviates concern. Be sure to read the Notes section beneath each measure within your school's framework to gain important, contextual information.

The PCSC, school representatives, and stakeholders may wish to seek additional information if the annual report raises questions. The following chart offers assistance with this process:

	MEASURE	PURPOSE	WHERE TO LEARN MORE
NEAR-TERM INDICATORS	1a Current Ratio	Measures a school's ability to pay its obligations over the next 12 months.	<ul style="list-style-type: none"> Monthly financial statements. Look for monthly current ratio trending upward.
	1b Unrestricted Days Cash	Indicates whether or not the school has sufficient cash to meet its cash obligations.	<ul style="list-style-type: none"> Actual to-date cash flow Cash flow projections through the end of the fiscal year Look for increases in unrestricted cash and days cash on hand.
	1c Enrollment Variance	Compares actual enrollment to projected enrollment. This is important because budgets are based on projections, while revenue is based on actuals.	<ul style="list-style-type: none"> Budgets revised to reflect lower enrollment Monthly (new) budget variance report Look for how the budget has been amended to end with a net surplus despite reduced revenue. There should be few, if any, variances.
	1d Default	Indicates whether or not a school is meeting its debt obligations.	<ul style="list-style-type: none"> Documentation from lender Look for proof that the school is no longer in default, the lender has waived the obligations, or the parties have agreed on a plan to resolve the default.
SUSTAINABILITY INDICATORS	2a Total Martin	Measures whether a school operates at a surplus (more total revenues than expenses) or a deficit (more total expenses than revenues).	<ul style="list-style-type: none"> Revised budget Monthly (new) budget variance report. Look for a net surplus and few, if any, variances.
	2b Debt to Asset Ratio	Compares the amount a school owes against what the school owns. This demonstrates the extent to which the school relies on borrowed funds to finance its operations.	<ul style="list-style-type: none"> Action plan to increase the school's net assets Updated budget Monthly financial statements Look for monthly debt to asset ratio trending upward. Also look for alignment among the action plan, budget, and financial statements.
	2c Cash Flow	Indicates the trend in a school's cash balance over time.	<ul style="list-style-type: none"> Actual to-date cash flow Cash flow projections through end of fiscal year Look for increases in cash balance over the course of the year.
	2d Debt Service Coverage Ratio	Measures whether or not a school can pay the principal and interest due on its debt based on the current year's net income.	<ul style="list-style-type: none"> Revised budget Monthly (new) budget variance report Look for demonstration of a net surplus sufficient that the debt service coverage ratio is greater than 1.1.

Interpretation

Understanding the results in your school’s annual report is simple, though the formulas used to arrive at those results can be rather complex. By looking at different sections of the framework, you can get a general sense of your school’s status, or you can dig into the details.

On each measure, a school will fall into one of four rating categories: Exceeds Standard, Meets Standard, Does Not Meet Standard, or Falls Far Below Standard. Within each rating category, schools earn more points for better results and vice versa. This system is designed to reflect the nuances of a school’s performance and reduce oversimplification.

General results are best viewed on the Scorecard within the framework. Each section (Academic, Mission-Specific, Operational, and Financial) includes a color-coded column for easy review.

Here’s an example from the Scorecard of a fictitious school:

ACADEMIC	Measure
State/Federal Accountability	1a
	1b
Proficiency	2a
	2b
	2c
Growth	3a
	3b
	3c
	3d
	3e
	3f
	3g
College & Career Readiness	4a
	4b
	4c

Don’t worry! The next page will explain how to find more detail about each measure. For now, try using the color-coding to quickly assess this school’s strengths and weaknesses.

Blue indicates that the school “Exceeds Standard” on the relevant measure.

Green indicates a “Meets Standard” rating.

Yellow indicates a “Does Not Meet Standard” rating.

Red indicates that the school “Falls Far Below Standard” on the relevant measure.

In this example, we see that the school’s proficiency results are below standard in all subjects, especially math (measure 2b). However, we also see high ratings on all growth measures, indicating that the school is doing an excellent job of moving a challenging group of students toward proficiency.

Additionally, it appears that while the school’s graduation rate is acceptable (measure 4c), improvement could be made in the areas of advanced opportunity coursework and college entrance exams (measures 4a and 4b).

For more detailed information about a particular measure, simply flip to the Academic section of the framework. For example, suppose you want more information about measure 3b, on which our imaginary school “Meets Standard.”

In the Academic section of the framework, Measure 3b looks like this:

Measure 3b Criterion- Referenced Growth in Math	Are students making adequate annual academic growth to achieve math proficiency within 3 years or by 10th grade?	Result (Percentage)	Points Possible	Possible in this Range	Percentile Targets	Percentile Points	Points Earned
	Exceeds Standard: At least 85% of students are making adequate academic growth.		76-100	25	85-100	16	0.00
	Meets Standard: Between 70-84% of students are making adequate academic growth.	81.00	51-75	25	70-84	15	66.50
	Does Not Meet Standard: Between 50-69% of students are making adequate academic growth.		26-50	25	50-69	20	0.00
	Falls Far Below Standard: Fewer than 50% of students are making adequate academic growth.		0-25	25	1-49	49	0.00
Notes							66.50

Now we can see what the measure is intended to assess, how each rating category is defined, and exactly where this school fell within the “Meets Standard” category. The number of points the school earned on this measure is determined by where in the “Meets Standard” range the school fell.

In the Result column above, we see that 81% of students made adequate growth in math. The formula contained within the framework used this number to calculate a point value of 66.5 (out of 100 possible) for this measure. This value appears in the Points Earned column.

If only 70% of the school’s students had made adequate growth, the school would still have met the standard, but it would have received fewer points.

An “Exceeds Standard” rating will earn a school up to 100% of the total possible points.

A “Meets Standard” rating will earn a school a majority of the total possible points for that measure, but the school will not be eligible for the maximum points possible.

A “Does Not Meet Standard” rating will usually offer a modest percentage of the total possible points in order to recognize the success that has occurred, even while acknowledging that there remains room for improvement.

A “Falls Far Below Standard” rating will sometimes offer a small percentage of the total possible points. On many measures, however, this rating reflects that the school has fallen below a “floor,” or base level of expectation, resulting in 0 points earned.

Within each rating category, schools earn more points for better results and vice versa. This system is designed to reflect the nuances of a school’s performance and reduce oversimplification.

If a school were to “meet standard” on every measure, it would be guaranteed a score high enough to ensure renewal.

Let's talk about Accountability Designations...

For purposes of high-stakes decision-making, the framework's heaviest emphasis is on the school's Accountability Designation. This designation is calculated using points earned in the Academic and Mission-Specific sections. The Accountability Designation is found on the Scorecard.

Here's an example from our fictitious school:

ACCOUNTABILITY DESIGNATION	Academic & Mission-Specific Range	% of Points Possible Earned
Honor Schools achieving at this level in all categories are eligible for special recognition and will be recommended for renewal. Replication and expansion proposals are likely to succeed.	75% - 100% of points possible	
Good Standing Schools achieving at this level in Academic & Mission-Specific will be recommended for renewal; however, conditional renewal may be recommended if Operational and/or Financial outcomes are poor. Replication and expansion proposals will be considered. To be placed in this category for Academic & Mission-Specific, schools must receive the appropriate percentage of points and have at least a Three Star Rating.	55% - 74% of points possible	69.04%
Remediation Schools achieving at this level in Academic & Mission-Specific may be recommended for non-renewal or conditional renewal, particularly if Operational and/or Financial outcomes are also poor. Replication and expansion proposals are unlikely to succeed.	31% - 54% of points possible	
Critical Schools achieving at this level in Academic & Mission-Specific face a strong likelihood of non-renewal, particularly if Operational and/or Financial outcomes are also poor. Replication and expansion proposals should not be considered.	0% - 30% of points possible	

Academic results contribute 60% to the overall Accountability Designation.

Mission-Specific results contribute the remaining 40%.

This school earned 69.04% of the total points possible for all Academic & Mission-Specific measures combined. We know from Academic measure 1a that the school earned a 3-star rating from the SDE. Therefore, this school is to be congratulated on a Good Standing designation.

The descriptions under each Accountability Designation (Honor, Good Standing, Remediation, and Critical) indicate how such designations will affect schools that fall into each category.

The Operational and Financial sections of the framework are also scored. In most cases, results for these sections are considered secondary to the Accountability Designation. However, Operational and Financial outcomes may lead to non-renewal in cases of egregious failure to meet standards.

Let's see how our imaginary school made out.

OPERATIONAL	Measure	Points Possible	% of Total Points	Points Earned
Educational Program	1a	25	6%	25.00
	1b	25	6%	25.00
	1c	25	6%	15.00
	1d	25	6%	25.00
Financial Management & Oversight	2a	25	6%	15.00
	2b	25	6%	0.00
Governance & Reporting	3a	25	6%	25.00
	3b	25	6%	0.00
Students & Employees	4a	25	6%	25.00
	4b	25	6%	25.00
	4c	25	6%	25.00
	4d	25	6%	25.00
School Environment	5a	25	6%	25.00
	5b	25	6%	25.00
	5c	25	6%	25.00
Additional Obligations	6a	25	6%	25.00
TOTAL OPERATIONAL POINTS		400	100%	330.00
% OF POSSIBLE OPERATIONAL POINTS				82.50%
FINANCIAL	Measure	Points Possible	% of Total Points	Points Earned
Near-Term Measures	1a	50	13%	50.00
	1b	50	13%	10.00
	1c	50	13%	50.00
	1d	50	13%	50.00
Sustainability Measures	2a	50	13%	0.00
	2b	50	13%	30.00
	2c	50	13%	30.00
	2d	50	13%	0.00
TOTAL FINANCIAL POINTS		400	100%	220.00
% OF POSSIBLE FINANCIAL POINTS				55.00%

By turning to the Operational section of the framework, we can determine that the low ratings on two of the measures could be improved simply by making sure that future reports are turned in on time.

The Financial outcomes, however, are more alarming. While it appears the school can afford to continue operations in the short run, the authorizer and school should review additional documentation and communicate further about the implications of the low ratings on all four sustainability measures.

Impact

Annual reports inform major decisions about whether or not schools will be allowed to continue operations. They also ensure that such decisions don't come as a surprise to the school.

In most years, a school's annual report does not result in sanctions or closure. Instead, it serves to advise the school's board of its performance, including any potential areas of concern. This gives the board extensive opportunity for correction before any negative consequences occur.

The PCSC may follow up on concerns raised by an annual report, seeking communication and documentation to better understand the school's status. Additionally, the PCSC uses annual report results to inform decision-making about proposed charter amendments.

Annual reports do become "high stakes" in a school's renewal year. In Idaho, new charter schools are first considered for renewal in their third year of operation. Subsequent renewal evaluations take place every five years.

In the spring of a school's renewal year, the PCSC will evaluate the school's performance outcomes and take one of three actions:

- ◆ Renew the charter, giving the school authorization to continue operations for another five-year term;
- ◆ Non-renew the charter, causing the school to close at the end of the current school year; or
- ◆ Conditionally renew the charter, giving the school authorization to continue operations if it meets specific conditions and deadlines for necessary improvement.

Annual reports play a significant role in renewal decision-making. They provide objective data about a school's performance, both in the most recent school year and over the entire certificate term.

By law, authorizers must renew schools that meet all the standards in their performance certificates at the time of renewal consideration. When schools meet some (but not all) of these standards, the renewal decision is subject to authorizer discretion. The PCSC considers context and trend data, and schools are invited to provide additional clarification, documentation, and testimony before a decision is made.

Finally, the results of all annual reports are compiled into an annual PCSC portfolio report. Published each spring, this document can help stakeholders place their schools' outcomes in context by comparing them to the spectrum of PCSC-portfolio schools.

All interested parties, from parents to administrators to school board members to legislators, are invited to review the PCSC's annual reports. Your interest in Idaho's public charter schools is appreciated.

PCSC portfolio schools are always given an opportunity to correct or clarify the contents of an annual report before it is finalized.

"A quality authorizer maintains high standards and manages charter school performance - not by dictating inputs or controlling processes - but by setting expectations and holding schools accountable for results."

NACSA Core Performance Framework and Guidance