

Board's Proposed Financial Dashboard




Written Feedback Sought through May 31, 2019



Introduction to Proposed Dashboard

1. During the new financial framework's development, stakeholders repeatedly expressed to the Board's Financial Framework Subcommittee that the new financial dashboard must be easy to understand and user friendly.
2. Based on these discussions, the Board is releasing a rough mock-up of the proposed financial dashboard for feedback on the proposed descriptions and format. The proposed financial dashboard is based on the financial performance framework approved by the Board at its [December 10, 2018 meeting](#).

Introduction to Proposed Dashboard (cont.)

3. The summary dashboard will use colored triangles to identify the charter holder's ("CH") performance on each measure.
 - "Meets Standard" = 
 - "Approaches Standard" = 
 - "Below Standard" = 

4. As proposed, when a measure's triangle (or anything on that row) is clicked, the dashboard will expand to display more information:
 - Measure description
 - CH's actual performance
 - "Meets Standard" threshold for Going Concern and Default measures. "Meets Standard", "Approaches Standard" and "Below Standard" thresholds for the Unrestricted Days Liquidity, Adjusted Net Income, Lease Adjusted Debt Service Coverage Ratio and Average Daily Membership measures.

Introduction to Proposed Dashboard (cont.)

5. Slide 6 through Slide 8 show sample financial dashboards for the three summative performance ratings, which are “Good Standing”, “Adequate Standing” and “Intervention”. For “Intervention”, see also Slide 17.

6. Slide 9 through Slide 15 include the proposed measure descriptions and “Meets Standard”, “Approaches Standard” and “Below Standard” information.
 - NOTE: A CH’s dashboard will only include the rating information that is applicable to the CH’s performance. For example, if a CH receives a “Meets Standard” then only the “Meets Standard” information will display.



Introduction to Proposed Dashboard (cont.)

7. Slide 16 and Slide 17 include the proposed information that would display if the dashboard's summative performance rating is clicked.
8. The charter representative will have the option to enter a brief explanation for the CH's financial performance that would display under the CH's dashboard.



Sample “Good Standing” Summary Dashboard

Click on any of the triangles below to see more information.

Going Concern



Default



Available Reserve



Revenues Exceed Expenses



Facility & Debt Costs Covered



Stable or Increasing # of Students



Good Standing: Meets the Board’s Financial Performance Expectations

Sample “Adequate Standing” Summary Dashboard



Click on any of the triangles below to see more information.

Going Concern



Default



Available Reserve



Revenues Exceed Expenses



Facility & Debt Costs Covered



Stable or Increasing # of Students



Adequate Standing: Meets the Board’s Financial Performance Expectations

Sample “Intervention” Summary Dashboard

Click on any of the triangles below to see more information.

Going Concern



Default



Available Reserve



Revenues Exceed Expenses



Facility & Debt Costs Covered



Stable or Increasing # of Students



Intervention: [Click Here for More Information](#)

“Going Concern” (Detail)

Going Concern Measure: Accounting principles require charter holder management to evaluate their entity’s ability to continue operating. Under auditing standards, the charter holder’s independent CPA then audits the conclusion reached by management.

Meets Standard

No substantial doubt about the charter holder’s ability to continue operating is raised in the audit.

Below Standard (Option 1)

Substantial doubt about the charter holder’s ability to continue operating is raised in the audit and is not alleviated by management’s plans.

Below Standard (Option 2)

Substantial doubt about the charter holder’s ability to continue operating is raised in the audit, but is alleviated by management’s plans.

“Default” (Detail)

Default Measure: Failure to make timely payments or comply with other requirements may result in a lender or landlord issuing a notice of default.

Meets Standard

Audit indicates charter holder is not in default on its material loans and facility agreements.

Below Standard (Option 1)

Audit indicates charter holder is in default on one or more material loans.

Below Standard (Option 2)

Audit indicates charter holder is in default on one or more facility agreements.

Below Standard (Option 3)

Audit indicates charter holder is in default on one or more material loans and facility agreements.

“Available Reserve” (Detail)

Unrestricted Days Liquidity Measure: Indicates a charter holder’s available reserve by identifying how many days’ expenses can be paid without another influx of cash.

Meets Standard

days *[Will display charter holder’s actual performance]*

Approaches Standard

days *[Will display charter holder’s actual performance]*

Below Standard

days *[Will display charter holder’s actual performance]*

“Revenues Exceed Expenses” (Detail)

Adjusted Net Income Measure: Considers whether a charter holder is operating within its available resources. If the charter holder’s adjusted expenses exceed its revenues (negative adjusted net income), then performance on this measure also considers the percentage calculated by dividing the charter holder’s adjusted net income by its total revenues.

Meets Standard

$\$X$ [*Will display charter holder’s actual performance*]

Approaches Standard

$\$(X), X\%$ [*Will display charter holder’s actual performance*]

Below Standard

$\$(X), X\%$ [*Will display charter holder’s actual performance*]

“Facility & Debt Costs Covered” (Detail)

Lease Adjusted Debt Service Coverage Ratio Measure: Considers how easily debt principal, interest and facility payments can be paid as they become due. A ratio of less than 1.0 means the charter holder is unable to cover its facility and debt costs for the year without dipping into its savings or borrowing additional funds.

Meets Standard

X.XX [Will display charter holder’s actual performance]

Approaches Standard

X.XX [Will display charter holder’s actual performance]

Below Standard

X.XX [Will display charter holder’s actual performance]

Not Applicable

The charter holder currently does not have any principal, interest or facility payments.

“Stable or Increasing # of Students” (Detail)

Average Daily Membership Measure: Averages the annual percent change in the charter holder’s student count used for state funding for the three most recent completed school years.

- For “Meets Standard”, “Approaches Standard” and “Below Standard”, a graph of charter holder’s ADM for last four fiscal years (if available) would display.
- The “Meets Standard”, “Approaches Standard” and “Below Standard” will include a description of the CH’s performance (see Slide 15)
- If part of a network, performance of the CH’s network will be displayed.
- The rating thresholds that display would be specific to CH’s size (small, medium, large).

“Stable or Increasing # of Students” (Detail)

Meets Standard

(in one of three ways):

1. The charter holder experienced an overall increase in its student count.
2. The charter holder experienced an overall decrease in its student count of less than 3% (OR 5%).
3. While the charter holder experienced an overall decrease in its student count of between 3% (OR 5%) and 9.99% (OR 14.99%), its performance on the framework’s other measures resulted in a “Meets” rating.

Approaches Standard

(in one of two ways):

1. The charter holder experienced an overall decrease in its student count of between 3% (OR 5%) and 9.99% (OR 14.99%).
2. While the charter holder experienced an overall decrease in its student count of 10% (OR 15%) or more, its performance on the framework’s other measures resulted in an “Approaches” rating.

Below Standard

(in one way):

1. The charter holder experienced an overall decrease in its student count of 10% (OR 15%) or more.

“Good Standing” / “Adequate Standing” Detail

As proposed, when either “Good Standing: Meets the Board’s Financial Performance Expectations” or “Adequate Standing: Meets the Board’s Financial Performance Expectations” is clicked, the following would display:

Good Standing

The charter holder has no measure rated “Below Standard” and no more than one measure rated “Approaches Standard”. A charter holder with a rating of “Good Standing” meets the Board’s financial performance expectations.

Adequate Standing

The charter holder has no measure rated “Below Standard” and two or more measures rated “Approaches Standard”. A charter holder with a rating of “Adequate Standing” meets the Board’s financial performance expectations.

Intervention

The charter holder either has a) one or more measures rated “Below Standard” or b) three consecutive years in “Adequate Standing”. A charter holder with a rating of “Intervention” must submit information to the Board regarding the charter holder’s financial performance.

“Intervention” Detail

- When “Intervention: Click Here for More Information” Is Selected, One of Following Options Would Display:
 - The charter holder has one or more measures rated “Below Standard” and is required to submit information to the Board regarding its financial performance.
 - The charter holder has three consecutive years in “Adequate Standing” and is required to submit information to the Board regarding its financial performance.
- This Page Will Also Include:
 - The CH’s Submissions
 - Link to the CH’s Public Communications Log Where “Intervention”-Related Emails May Be Accessed, or the Emails Themselves
- After June 30 Quarterly Financial Report Is Reviewed, the CH’s Dashboard Will Be Updated to Include Either:
 - “Intervention process completed: No further response required; pending review of next audit” for a CH that receives a status of “Not on Probation”.
 - “Intervention process completed: Does Not Meet Board’s Financial Performance Expectations” for a CH that receives a status of “On Probation”.
- Information Above Will Be In Addition to the “Intervention: Click Here for More Information”