



Financial Framework Subcommittee's Recommended Framework

ASBCS BOARD MEETING

DECEMBER 10 AND 11, 2018

Development of Framework

- In July and August, Staff Solicited Public Comment and Attended Roundtables on Existing Framework
- Between August and November, Subcommittee Held Six Public Meetings and Informally and Formally Solicited Feedback from Stakeholders
- Subcommittee Advised By Outside Experts



Framework Measures

RECOMMENDED MEASURES

- ❖ Going Concern
- ❖ Default
- ❖ Unrestricted Days Liquidity
- ❖ Adjusted Net Income
- ❖ Lease Adjusted Debt Service Coverage Ratio
- ❖ Average Daily Membership (“ADM”)

KEY CONSIDERATION

- ❖ Noncash expenses have been removed from applicable measure calculations to capture charters’ true economic performance



Framework Measure Ratings

RECOMMENDED MEASURE RATINGS

- ❖ **Meets Standard**
- ❖ **Approaches Standard**
- ❖ **Below Standard**

KEY CONSIDERATIONS

- ❖ Ratings have been modified to better describe the level of performance reflected
- ❖ “Below Standard” targets have been established for all six measures



Summative Performance Ratings

RECOMMENDED RATINGS

- ❖ **Good Standing**
- ❖ **Adequate Standing**
- ❖ **Intervention**

KEY CONSIDERATIONS

- ❖ Three ratings have been developed to better describe the level of performance reflected and better identify charters that warrant the Board's attention
- ❖ Summative performance rating determinations are made annually using information from the most recent audit submitted to the Board and the charter's ADM data



Financial Intervention Process

- Applies to Charters that Receive an “Intervention” Summative Performance Rating
- Provides Opportunity for “Intervention” Charters to Demonstrate Improved Financial Performance
- Allows Board to Act If “Intervention” Charters Do Not Demonstrate Improved Performance



Staffing Resources

- The Board's FY 2020 budget request includes:
 - 4 additional FTE to support implementation of the financial framework and interventions based on the annual audits
 - 4 additional Education Program Managers to support implementation of the academic and operational frameworks
- Without the 4 additional FTE, the Board will be unable to fully implement its new financial framework in FY 2020

