



# Charter School Authorizing & Oversight 101, With an Emphasis on Financial

## Charter Authorizer Support Initiative (CASI)

### CASBO Annual State Conference

### April 6, 2023



**CALIFORNIA DEPARTMENT OF EDUCATION**

Tony Thurmond, State Superintendent of Public Instruction

# Sign-In and Materials

Using smartphone, please use the QR code to access our **sign-in sheet**.



Using smartphone, please use the QR code to access our **materials**.



# Introductions

## CCAP

**Tom Hutton**  
Executive Director  
**Dr. David Patterson**  
Board President  
**Debi Deal**  
Treasurer

## SCCOE

**Mefula Fairley**  
Executive Director, Charter Schools  
Department  
**Dr. Michelle Johnson**  
Associate Director, Charter Schools  
Department



# Getting to Know You

- District or COE? Or non-authorizer?
- Financial staff or other?
- How many charter schools?
- How many years of experience with charter schools?
- How many of your colleagues would you say have authorizing duties in your organization – including you?



# Charter Authorizer Support Initiative (CASI)

Funded by federal Public Charter School Grant Program (PCSGP)  
Charter School Authorizer (CSA) Technical Assistance Provider (TAP) Sub-Grant.

California Department of Education (CDE) funds CCAP & SCCOE to provide  
technical assistance to charter school authorizers across the state.

Special emphasis on small and rural authorizers, training & networking.



# Outcomes for Today

- For those new to charter schools and charter oversight, gain some understanding of California's charter school and authorizing system.
- Learn some basics about financial oversight of charter schools, best practices, and areas of risk.
- Be equipped with resources, networking, and sources of ongoing support for authorizing.



# A Brief Introduction to California Charter Schools & Authorizing



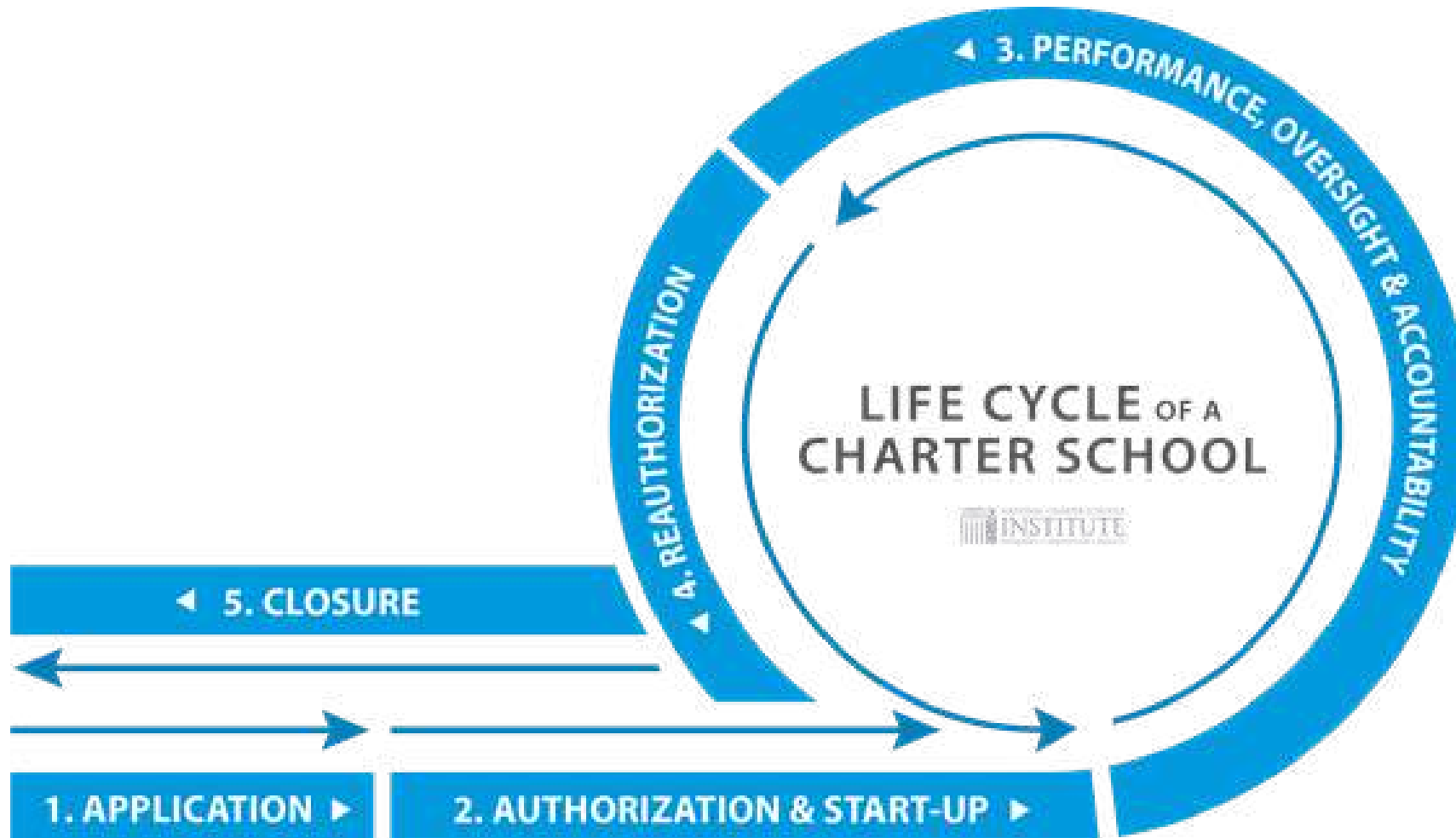
# Charter School Basics

- Self-governing, self-managed schools.
- Non-profit 501(c)(3) entities authorized by law to operate a nonsectarian, public school.
- Governed by a charter document (and often an MOU) and overseen by an authorizer: school district or county office of education (note: State Board).
- Exempt from some rules that apply to districts: “Mega-waiver”.
- The “Accountability Bargain”: More autonomy, but higher-stakes accountability based on performance.





# Life Cycle of Charter: Five Stages



# California Realities

- Two-thirds of school districts are “small” = 2,500 or fewer students.
- 328 charter school authorizers – more than any other state.
  - The authorizer role is mandatory.
- Most authorizers are “small”:
  - 92% oversee six or fewer schools, of that 66% oversee only one or two schools

# California Realities

- Limited resources for authorizing:
  - Authorizer administrative fee is lesser of actual costs or oversight fee of 1% - 3% of a charter school's (Local Control Funding Formula Education Code (EC) 47613)
  - Generally, 1% unless providing rent-free facility, then 3%
- Many authorizers have few or no dedicated authorizing staff
- High staff turnover
- Polarized politics
- Declining enrollment

# Charter Oversight Requirements

(California Education Code EC 47604.32)

At an absolute minimum, authorizer is required to:

1. Identify at least one staff member as contact person for charter school.
2. Visit each charter school at least annually.
3. Ensure school complies with all reports required of charters by law, including Local Control Accountability Plan (LCAP) and LCAP annual update.
4. **Monitor fiscal condition of each charter school.**
5. Provide timely notification to CDE of renewal, revocation, or a school that ceases operations.

# Basics of Financial Oversight



# Oversight Best Practices

- Internal controls are grounded in policies, procedures, and administrative regulations critical to ensure strong oversight:
  - Policies and procedures: Defined and monitored.
  - Desk manuals: Accounting/business, human resources, employment.
  - Build a relationship: Team approach to support charter school.
  - Communication: Active and ongoing with charter school.
  - Documentation: If it's not in writing, it didn't happen!
  - Evaluations of financial progress throughout year, as well as annually.
  - Periodic site visits.
- Internal controls span education programs, attendance, human resources and all aspects of school's financial operations.

# Authorizer's Role for Successful Fiscal Oversight?



Building a partnership, providing support and good communication and sharing expectations for renewal.



Providing key fiscal information to charters on major budgetary financial updates that affect budget assumptions throughout the year.



Understanding the basics of oversight and industry best practices.

# Monitoring the Fiscal Condition



Enrollment



Average Daily Attendance (ADA)



Unduplicated Pupil Percentage (UPP)



Cash on Hand & Cash Management



Board Approval Deadlines



Timely Reporting



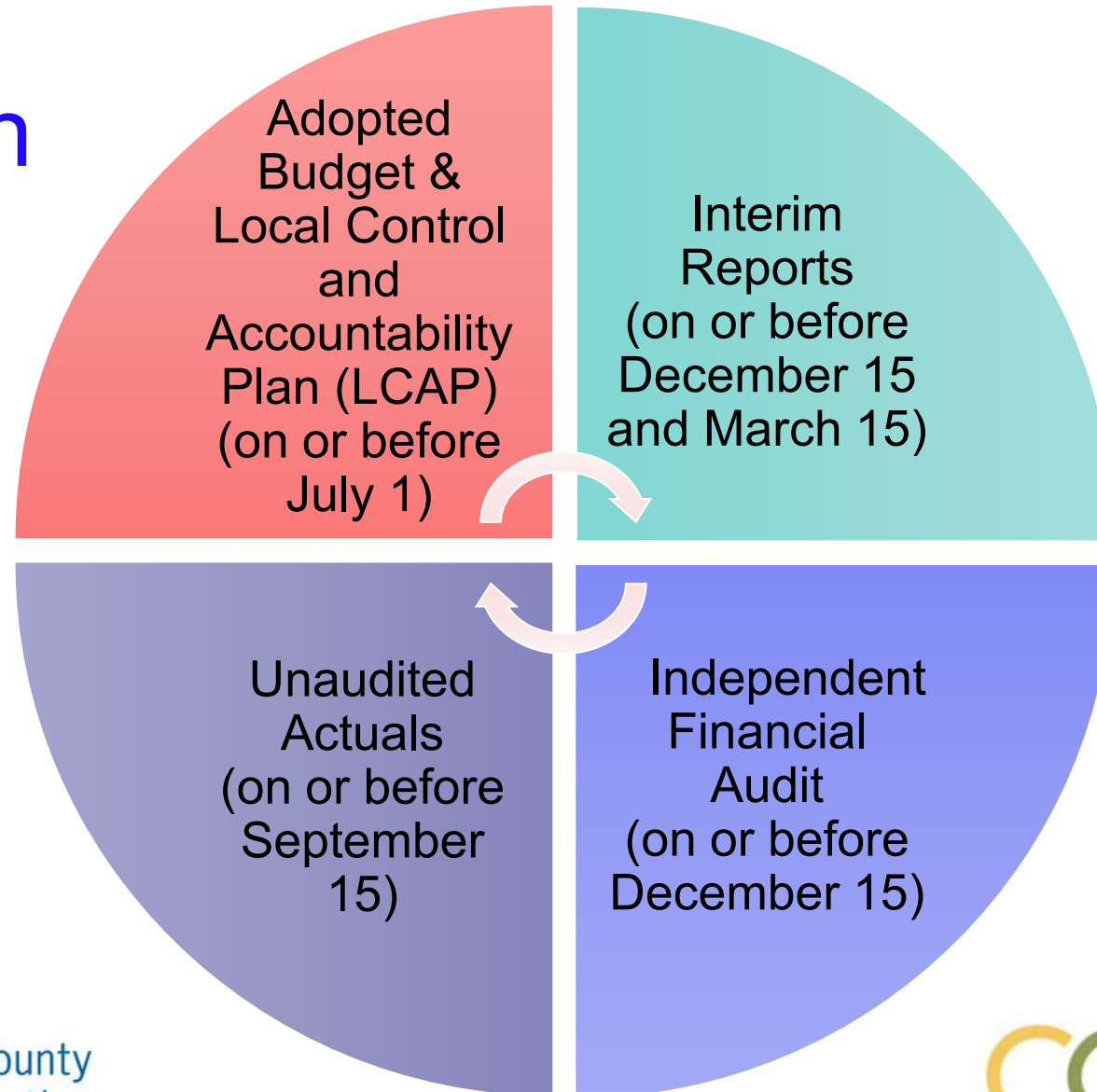
Santa Clara County  
Office of Education



CALIFORNIA  
CHARTER  
AUTHORIZING  
PROFESSIONALS



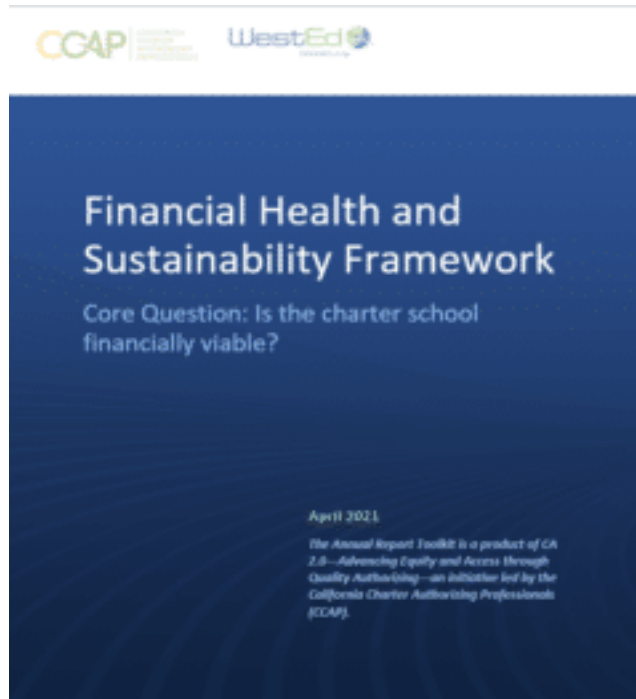
# Reporting EC Section 47604.33



# Financial Oversight Framework



# CCAP Annual Reports Toolkit: Financial Health & Sustainability Framework



Financial Framework



Performance Indicators



Template



► <https://calauthorizers.org/resource/annual-report-toolkit-financial-health-and-sustainability-framework/>

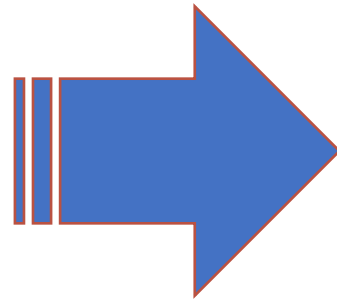
# Financial Health & Sustainability Framework

## Financial Framework Overview

|           | Definition  |
|-----------|---|
| Indicator | Categories of financial performance   |
| Measure   | Means to evaluate one aspect of an indicator  |
| Metric    | Measure of quantifying a measure  |
| Target    | Thresholds that signify success in meeting the standard of performance for a specific measure           |
| Rating    | Assignment of a school's performance into a category, based on how the school performs against a target |

# Fiscal Health Measures

The CCAP Framework includes three measures to evaluate a school's financial performance



1. Short-term
2. Sustainability
3. Fiscal Controls

# Short-Term Indicators

## Days of Cash on Hand

How many day of cash on hand does school have to pay its bills?

## Cash Flow Projection

Will cash received meet obligations each month of budgeted fiscal year?

## Enrollment Variance

Does projected student enrollment support budgeted revenue?

## Average Daily Attendance (ADA) to Enrollment Variance

Is projected funded ADA used for budgeted revenue reasonable?

## Unduplicated Pupil Percentage (UPP) Variance

Does school's actual UPP funding support operating budget?

# Short-Term Indicators

Budgeted Local Control & Accountability Plan (LCAP)  
Is school budgeting items that mirror approved LCAP plan, and is spending materially consistent with budget?

Reserve for Economic Uncertainty  
Does school have resources to weather economic uncertainties?

# Sustainability Indicators

## Debt Default

Is school meeting its debt obligations?

## Multi-year Financial Projections

Is school living within its means?

## Subsequent Years Cash Flow

How much money does school have available to spend?



# Fiscal Controls

## County Office of Education (COE) Financial Report Reviews

Is school's governing board receiving copies of COE letters regarding the COE's review of school's submitted reports, and is the school addressing any COE concerns?

## Annual Independent Audit

Did auditors provide an unqualified opinion?

# Applying Indicators

| Framework Provides |   |
|--------------------|---|
| Definitions        | What terms mean.  |
| Data Sources       | What data are used for evaluation.                        |
| Formulas           | The method to calculate results.                          |
| Standards          | Meets, or fails to meet a standard.                       |
| Examples           | Simulation using sample school data.                      |
| Conclusion         | Results of the test: Meets or fails to meet the standard. |
| Template           | Worksheets to document your work.                         |



# Example: UPP Variance

## 5. Unduplicated Pupil Percentage (UPP) Variance – “Does the school’s actual UPP funding support the operating budget?”

**Definition:** UPP variance is the difference between the projected and actual percentage of enrolled students as of the first Wednesday in October of each school year who qualify for Free/Reduced Price Meals, and/or are English Learners, Foster Youth, or Homeless.

“Unduplicated” means that each pupil is counted only once even if the pupil meets more than one of the preceding criteria.

The accuracy of forecasted UPP indicates to the authorizer whether the school is accurately projecting its unduplicated pupil enrollment percentage, thereby generating Supplemental and possibly Concentration Grant funding the school expects to receive under the state Local Control Funding Formula.

# Example: UPP Variance

**Data source:** Charter School Unduplicated Pupil Percentage on CALPADS 1.17 report.

**Formula:**

$$\text{Percent Forecast Accuracy} = 100 \times \left[ \frac{\text{Actual UPP Percentage}}{\text{Projected UPP Percentage}} \right]$$

**Standard:**

**MEETS|STANDARD:** Projected UPP variance equals or exceeds 95% of forecast in the current year.

**DOES NOT MEET STANDARD:** Projected UPP variance is less than 95% of forecast in the current year.

# Example: UPP Variance

**Example:**

$$100 \times \left( \frac{60\%}{65.5\%} \right) = 91.6\%$$

**Conclusion:** **Does Not Meet Standard.** UPP variance is below 95% in the most recent prior year.

# Example: UPP Variance

## 5. Unduplicated Pupil Percentage (UPP) Variance – “Does the school’s actual UPP funding support the operating budget?”

|                         |     |               |    |
|-------------------------|-----|---------------|----|
| Meets                   |     | Does Not Meet |    |
| Reviewer Comments:      |     |               |    |
|                         |     |               |    |
| Action Required?        | Yes |               | No |
| Detail Required Action: |     |               |    |
|                         |     |               |    |

# Anti-Fraud Task Force

CCAP has formed an Anti-Fraud Task Force: Broad based representatives of key stakeholders throughout system.

- ❑ Financial oversight not just about fiscal health but also fraud prevention.
- ❑ A rare but visible and damaging phenomenon.
- ❑ Everybody lost in A3 scandal: Criminals, schools, parents, kids, authorizers, public.





# Anti-Fraud Task Force

## Key Focus Points



- Ensure existing requirements and best practices are consistently applied.
- Know how to get help when there are concerns.
- Consider proposals to strengthen the system for prevention and prosecution.



# More Resources



# Tools, Templates & Compilations of Samples

- CCAP authorizer toolkits and resources
  - <https://calauthorizers.org/resource-library/>
- Financial Crisis Management and Assistance Team (FCMAT) has tools
  - <https://www.fcmat.org/charter-and-authorizer>
  - Annual Oversight Checklist (updated July 2020):
    - <https://www.fcmat.org/charter-school-oversight-checklist>
  - Charter School Accounting and Best Practices Manual:
    - <https://www.fcmat.org/charter-school-manual>

# County Offices of Education

- Not just authorizers themselves:
  - Some shared responsibility for district-authorized charter schools in county including fiscal review of schools
  - Many provide support, training, networking for district authorizers in county
- Districts, who are authorizing points of contact at COE?
- Coordination of county and district monitoring functions
- Collaboration, joint training opportunities, etc.



# Digital Authorizing Platforms

Various tools available to systematize authorizing related records, reporting, monitoring.

- Some designed specifically for authorizing, including:
  - Epicenter and other charter tools
  - Other more universal tools but with authorizing-related templates
- Front-end adoption work pays off in ongoing ease
- Can be very helpful to charter schools as well
- Some have tools to facilitate charter school's governing board oversight role



# CASI RESOURCES

- Join the CASI ListServ for updates:  
<https://www.cde.ca.gov/sp/ch/casicommlist.asp>
- Check out the CASI Website for resource pages, past programming:  
<https://www.cde.ca.gov/sp/ch/casi.asp>
- Save CASI email address for inquiries:  
[CASI@cde.ca.gov](mailto:CASI@cde.ca.gov)



# CASI Charter Chats

- Monthly Statewide Virtual Meetings - 10:00-11:00 a.m., last Wednesday of each month.
- Legislative updates.
- **Fiscal updates.**
- Other Hot Topics from the Field
- Breakout Groups: By region, by size, by topic
- Q&A
  
- Recordings, slides, resources from Charter Chats
  - <https://www.cde.ca.gov/sp/ch/casichchats.asp>

# CASI Quarterly Regional Trainings

Virtual and in-person if sufficient interest.

- Regional (North, Central, and South) or just where interest - usually hosted by partner COEs -- but can be others.
- Previous topics included: Annual Reports & Site Visits, Teacher Credentials, **Fiscal Oversight**, and the Road to Renewal.
  - For session recordings:  
<https://www.cde.ca.gov/sp/ch/casiqrt.asp>



Santa Clara County  
Office of Education



CALIFORNIA  
CHARTER  
AUTHORIZING  
PROFESSIONALS

# April Quarterly Regional Trainings

## Survival Tips for Small Authorizers

- Virtual: Friday, April 14, 2023
  - In-person sessions may be scheduled too by the time of this session
  - Register at <https://www.cde.ca.gov/sp/ch/casiqrt.asp>



# CCAP 2023 California Charter School Authorizers Conference

June 13-16, 2023, Palm Springs

- Starts with CASI preconference workshop on “Charter Authorizing & Oversight 101” – two half days.
  - Attend one, or both! CASI preconference workshop, or main conference,
  - <https://calauthorizers.org/event/ccaps-2023-california-charter-school-authorizers-conference/>



Santa Clara County  
Office of Education



CALIFORNIA  
CHARTER  
AUTHORIZING  
PROFESSIONALS

# Your feedback!

Please complete our short survey!

<https://forms.gle/ZquKa7FyscLGjiKY6>



# Contact Us - [CASI@cde.ca.gov](mailto:CASI@cde.ca.gov)

## California Charter Authorizing Professionals (CCAP)

- Tom Hutton, Executive Director, 916.244.3520, [tom.hutton@calauthorizers.org](mailto:tom.hutton@calauthorizers.org)
- Dr. David Patterson, President, Board of Directors, 916.801.2454, [david.patterson@calauthorizers.org](mailto:david.patterson@calauthorizers.org)
- Debi Deal, Treasurer, 310.422.2242, [debi.deal@calauthorizers.org](mailto:debi.deal@calauthorizers.org)
- Kimberly Waite-Cooper, Project Support, 916.244.3520, [kimberly.waitecooper@calauthorizers.org](mailto:kimberly.waitecooper@calauthorizers.org)
- Or [info@calauthorizers.org](mailto:info@calauthorizers.org)



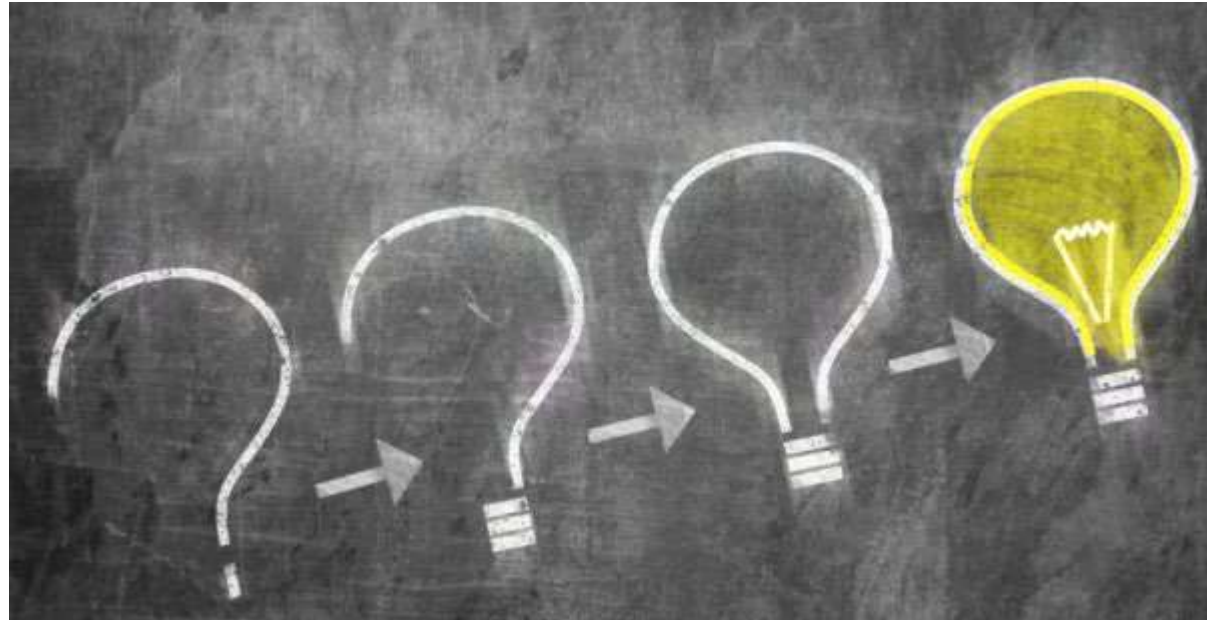
# Contact Us - [CASI@cde.ca.gov](mailto:CASI@cde.ca.gov)

## Santa Clara County Office of Education (SCCOE)

- Justin Fallon, Admin. Assistant IV, 408.453.3600 [jfallon@sccoe.org](mailto:jfallon@sccoe.org)
- Mefula Fairley, Director, 408.453.3605, [mfairley@sccoe.org](mailto:mfairley@sccoe.org)
- Dr. Michelle Johnson, Associate Director, 408.453.3602, [mjohnson@sccoe.org](mailto:mjohnson@sccoe.org)
- Matt Daugherty, Administrator, 408.453.3608, [mdaugherty@sccoe.org](mailto:mdaugherty@sccoe.org)
- Cynthia Tapia, Fiscal Administrator, 408.453.3604, [ctapia@sccoe.org](mailto:ctapia@sccoe.org)
- Shallu Sharma, Fiscal Administrator, 408.453.3609, [ssharma@sccoe.org](mailto:ssharma@sccoe.org)



# Final Thoughts?



# Thank You!



Santa Clara County  
Office of Education

CCAP

CALIFORNIA  
CHARTER  
AUTHORIZING  
PROFESSIONALS