

# **Contracting for Performance: Accountability for Low-Performing Charter Schools**

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# Before we get started...

- Who is in the room?
- Why did you come to this session?



# The Performance Landscape

- Charter schools comprise a significant percentage of Oregon schools with a **Level 1 or Level 2** rating on the Oregon Report Card.
- **40%** of all charter school students attend a charter school rated as Level 1 or Level 2.
- Approximately **42%** of charter school closures across the country are due to **financial failure**; 24% are due to “mismanagement”. Only 20% of all closures are due to poor academic performance.\*
- In Oregon, at least **32%** of all charter school closures are due to **financial instability**.
- Of Oregon’s closed charter schools, 19% are non-renewed, 22% convert to a program or other public option, and the rest are terminated or agree to close. **Only a very small percent have been closed due to academic performance.**

# Defining Performance

- What's good performance? What's bad performance?
- Does a charter school always have to perform as good or better than the district?
- What if a charter school serves a high percentage of historically underserved students, SpEd students, students in poverty, homeless students, students that have previously dropped out, students that are overage/under-credit, or English Language Learners?
- What constitutes financial instability?
- What are the hallmarks of organizational incompetence?

# Defining Performance

- How do you define performance?
- How do you know how the charter school is performing?

# The Three Big Areas

- Academic
- Financial
- Organizational

# The contract is your strongest tool!

- A contract should:
  - Reflect the law
  - Incorporate the school's application
  - Protect the district and the charter school
  - Be specific AND flexible
  - Contain explicit performance expectations and remediation measures if benchmarks are not met.
  - Strike a balance between accountability and preserving the charter school's autonomy

# Components of a strong contract

## Academic

- Mission-specific performance expectations\*\*
- Sources of data and standards that will be used to evaluate performance\*\*
- Framework for performance planning, reporting, and professional development
- Teacher, paraeducator, and other staff qualifications and requirements (background checks, registering in the SIS, etc.)
- Explicit expectations for special populations of students (SpEd, TAG, ESL, etc.)

## Financial

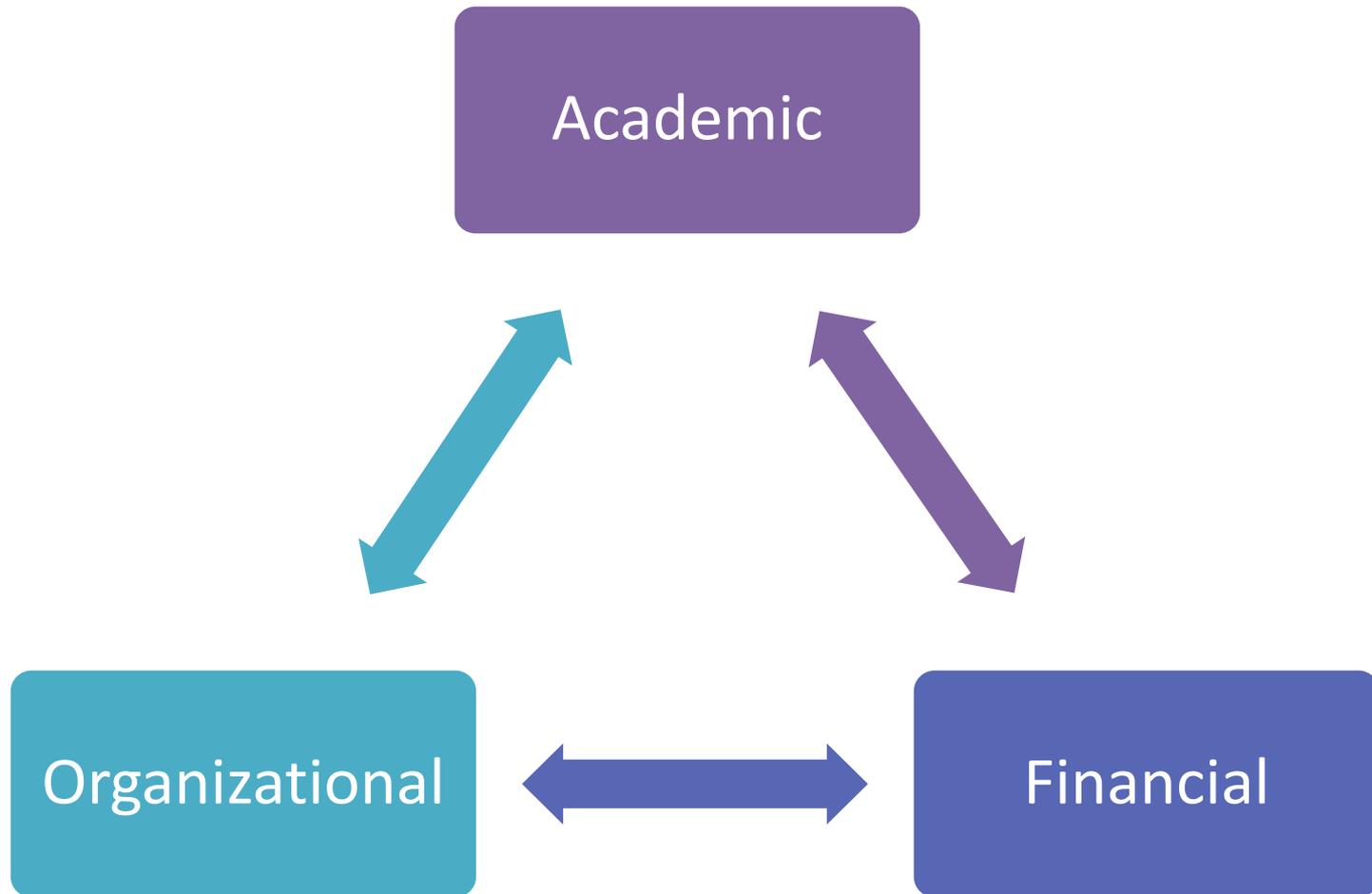
- Funding formula, and process and timeline for payments
- Expected financial deliverables (budget, quarterly reports, PERS remittance statements, audit, insurance specifications, etc.)
- The sound financial management system that will be implemented and maintained\*\*
- Criteria for financial stability; remediation measures if a school becomes financially unstable

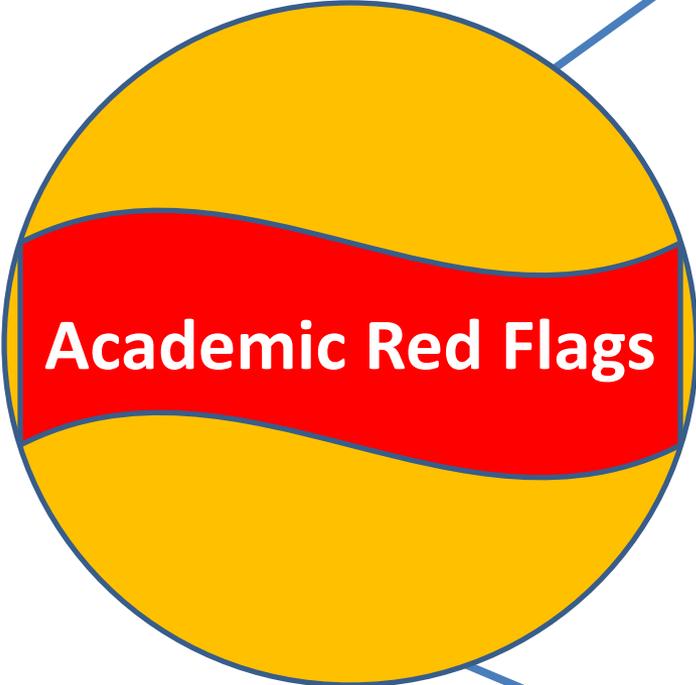
## Organizational

- Requirement that board members sign an acknowledgment of understanding\*\*
- Enrollment cap, growth plan, location, enrollment process, calendar, required instructional hours
- Technology requirements (including security and usage of district hardware or software)
- Policy requirements and operational powers, indemnification clauses

*\*\* Required in law*

# Problems in one area may indicate problems in another





## Academic Red Flags

### Overall Performance:

- Multiple year decrease in Math
- Multiple year decrease in participation rate
- Substandard graduation data

### Subgroup Performance:

- Decrease in performance of SpEd students
- Decrease in performance of historically underserved races

### Achievement Gaps:

- Girls' performance in Reading increasing; boys' performance decreasing
- Widening and/or stagnant gaps between subgroups



**Auditors Opinion:**

- Findings of material weaknesses
- Ongoing concerns

**Cash Flow:**

- Expenses exceed revenue
- Widening gap between cash flow and budget projections

**Budget:**

- Expenses exceed revenue
- Widening gap between cash flow and budget projections

## Organizational Red Flags

### Charter School Board:

- High turnover
- Micromanagement of staff
- Lack of oversight of staff

### Administration:

- Lack of capacity in administration  
Everyone wearing too many hats
- Lack of training or qualifications for key roles: business manager, development director, etc.

### Non-Profit/School Management:

- Lack of follow-through
- Poor communication
- Minor violations of contract
- Lack of PD for staff

# Performance framework examples

## Measure 1d

How are **Economically Disadvantaged** students achieving on state assessments in MATH?

### **Exceeds expectations:**

- More than 85% of the school's average subgroup achievement rate meets or exceeds standard.

### **Meets expectations:**

- Between 70%-84% of the school's average subgroup achievement rate meets or exceeds standard.

### **Needs improvement:**

- Between 55%-69% of the school's average subgroup achievement rate meets or exceeds standard.

### **Falls far below expectations:**

- Below 55% of the school's average subgroup achievement rate meets or exceeds standard.

State Board of Education comments:

School comments:

# Performance framework examples

## 8. Sustainability Measures

### Measure 8a

Total Margin: Net income divided by total revenue

Aggregated total margin: Total 3-year net income divided by total 3-year revenues

#### *Meets expectations:*

- Aggregated 3-year total margin is positive and the most recent year total margin is positive

#### *Needs improvement:*

- Aggregated 3-year total margin is greater than -1.5%, but trend does not “meet standard” (above)

#### *Falls far below expectations:*

- Aggregated three-year total margin is less than or equal to -1.5% and the most recent year total margin is less than -10%

State Board of Education comments:

School comments:

### Measure 8b

Debt to asset ratio: Total liabilities divided by total assets

#### *Meets expectations:*

- Debt-to-asset ratio is less than .9

#### *Needs improvement:*

- Debt-to-asset ratio is between .9 and 1.0

#### *Falls far below expectations:*

- Debt-to-asset ratio is greater than 1.0

State Board of Education comments:

School comments:

# Performance framework examples

## 11. Governance and Reporting

### Measure 11a

Is the school complying with applicable governance requirements?

#### *Meets expectations:*

- The school materially complies with applicable laws, rules, regulations, and provisions of the charter contract relating to governance by its board, including but not limited to:
  - Board policies
  - Board bylaws
  - State open meetings law
  - Code of ethics
  - Conflicts of interest
  - Board composition and/or membership rules

#### *Needs improvement:*

- The school did not comply with applicable laws, rules, regulations, and provisions of the charter contract relating to governance by its board, including but not limited to:
  - Board policies
  - Board bylaws
  - State open meetings law
  - Code of ethics
  - Conflicts of interest
  - Board composition and/or membership rules

#### *Falls far below expectations:*

- The school was materially out of compliance with applicable laws, rules, regulations, and/or provisions of the charter contract relating to governance by its board, including, but not limited to:
  - Board policies
  - Board bylaws
  - State open meetings law
  - Code of ethics
  - Conflicts of interest
  - Board composition and/or membership rules

State Board of Education comments:

School comments:

# Contract Remediation Measures

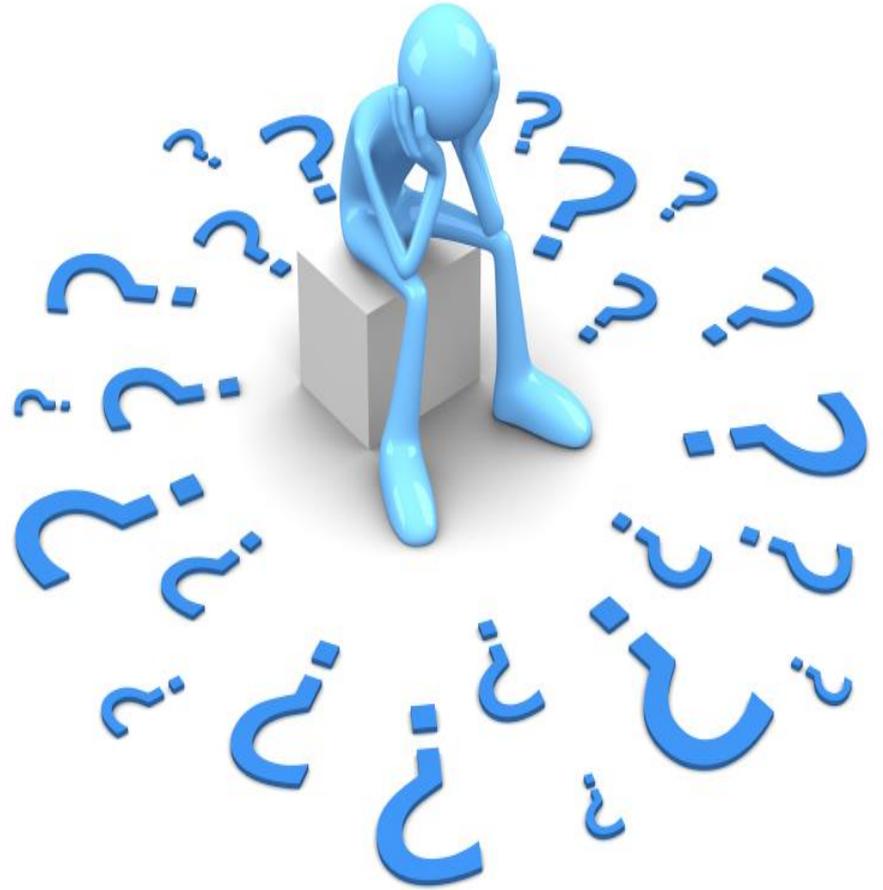
***Example:***

If ABC Charter School fails to meet any performance goal set forth in its Performance Plan for two consecutive school years, a plan of action will be initiated, including:

1. ABC Charter School will create a detailed, specific plan to address the under-performing area, based upon best practice.
2. ABC Charter School will create a relevant professional development plan, based upon best practice.
3. ABC Charter School will demonstrate progressive improvements in this area, working with the Charter School Program Director and any other staff in related departments to determine reasonable measures of assessment.

If, after these steps are completed and reasonable goals (as set with Charter Schools Program Director and PPS staff) are not met within an additional calendar year from when the steps are developed, this may be grounds for termination.

Why is this school performing so poorly?



# Does your charter school fit into the following categories?

## High percentage of...

- students identified as dropouts
- adjudicated youth
- students with chronic behavioral, mental health, substance abuse, and/or attendance problems
- students who are pregnant and/or parenting
- students who are over-age/under-credited?
- homeless students
- foster and/or highly mobile students

# Potential additional contract terms for alternative charter schools

## Academic progress

- Skill growth in Reading and Math (MAP)
- Credit attainment

## Successful completion

- One-year graduation rate
- Post-secondary readiness (COMPASS or ACT)

## School Connection

- Average daily attendance
- Growth in attendance
- Annual retention rate

## School climate

- Student/family survey

# NACSA's suggestions for additional measures\*

- Completion of treatment programs
- College enrollment rate and/or student employment rate
- Student contributions to community (vote registration, community service projects, etc.)
- Metacognitive skills – students learning to manage their own learning
- Non-cognitive traits (such as “grit”)

In short, a contract can be:

**Planning Tool**

**Guide**

**Authority**

# Contract Tools and Resources

## ***Possible Tools (Exhibits):***

- [Performance Framework](#)
- Calendar of Deliverables
- Educational Program

## Resources:

- [National Association of Charter School Authorizers](#)
- [Oregon School Boards Association](#)
- [Oregon Department of Education](#)

# Thank you!

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