

Contracting for Performance: Accountability for Low- Performing Charter Schools

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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.

The Three Big Areas

- Academic
- Financial
- Organizational

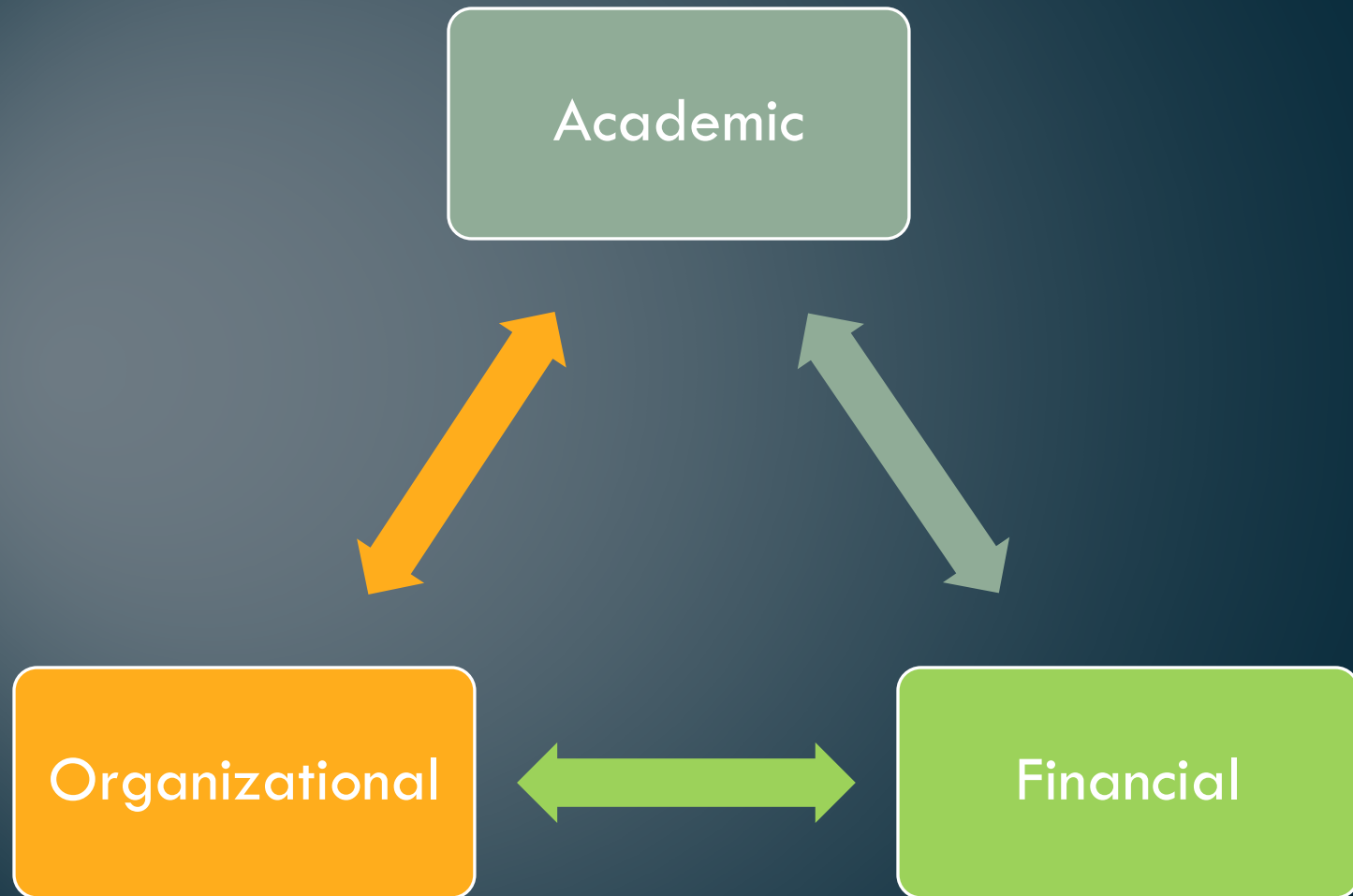
Defining Performance

- 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?

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

Problems in one area may indicate problems in another



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

Example: Remediation measures

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.

Academic red flags

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graph LR; A((Academic red flags)) --- B((Overall performance)); A --- C((Subgroup performance)); A --- D((Achievement gaps));
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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

Financial red flags

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graph LR; A((Financial red flags)) --- B((Auditor's Opinion)); A --- C((Cash Flow)); A --- D((Budget)); B --- B1[• Findings of material weaknesses]; B --- B2[• Going concern]; C --- C1[• Expenses exceed revenue]; C --- C2[• Widening gap between cash flow and budget projections]; D --- D1[• Heavily reliant on fundraising]; D --- D2[• Unrealistic projections for SSF, enrollment, expenses, etc.]
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Auditor's Opinion

- Findings of material weaknesses
- Going concern

Cash Flow

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

Budget

- Heavily reliant on fundraising
- Unrealistic projections for SSF, enrollment, expenses, etc.

Organizational red flags

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graph LR; A((Organizational red flags)) --- B((Board)); A --- C((Administration)); A --- D((Nonprofit management /school management));
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Board

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

Administration

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

Nonprofit management /school management

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

Contracting for performance

- A strong contract can anticipate issues and help districts and charter schools plan for remediation of poor performance in any area.
- Annual evaluations based on statutory and contract requirements will build a portfolio of evidence for the renewal recommendation (and will help reduce surprises!)
- Renewal contracts can address issues that arose in the previous contract term.

Performance framework examples

Measure 1a

Is the school meeting acceptable standards according to the Oregon State school rating system?

Exceeds standard:

- School received the highest rating from the state accountability system

Meets standard:

- School received the highest rating from the state accountability system

Does not meet standard:

- School did not receive passing rating from the state accountability system

Falls far below standard:

- School identified for intervention or considered failing by the state accountability system

District comments:

School comments:

Measure 8b

Debt to asset ratio: Total liabilities divided by total assets

Meets standard:

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

Does not meet standard:

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

Falls far below standard:

- Debt-to-asset ratio is greater than 1.0

District comments:

School comments:

Performance framework examples, cont.

Measure 11c

Is the school complying with reporting requirements?

Meets standard:

- The school materially complies with applicable laws, rules, regulations, and provisions of the charter contract relating to relevant reporting requirements to the district, and the Oregon Department of Education, including but not limited to:
 - Accountability planning and performance
 - Attendance and enrollment reporting
 - Compliance with the charter contract and all applicable laws
 - Timely submission of all deliverables
 - Additional information as requested by the district

Does not meet standard:

- The school was materially out of compliance with applicable laws, rules, regulations, and/or provisions of the charter contract relating to relevant reporting requirements to the district, and the Oregon Department of Education, including, but not limited to:
 - Accountability planning and performance
 - Attendance and enrollment reporting
 - Compliance with the charter contract and all applicable laws
 - Timely submission of all deliverables
 - Additional information as requested by the district

District comments:

School comments:

Measure 6a

Did the school meet the academic goals it set forth in its 2014-15 Accountability Plan?

Goal set in Plan	Goal achieved? (School response)	Why or why not? (School response)

Measure 6b

Did the school implement the academic recommendations from the district in the 2013-14 annual report?

Recommendation from the district	Recommendation implemented? (School response)	Why or why not? (School response)

Why is this
school
performing
so poorly?



Does your charter school fit into the following categories?

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

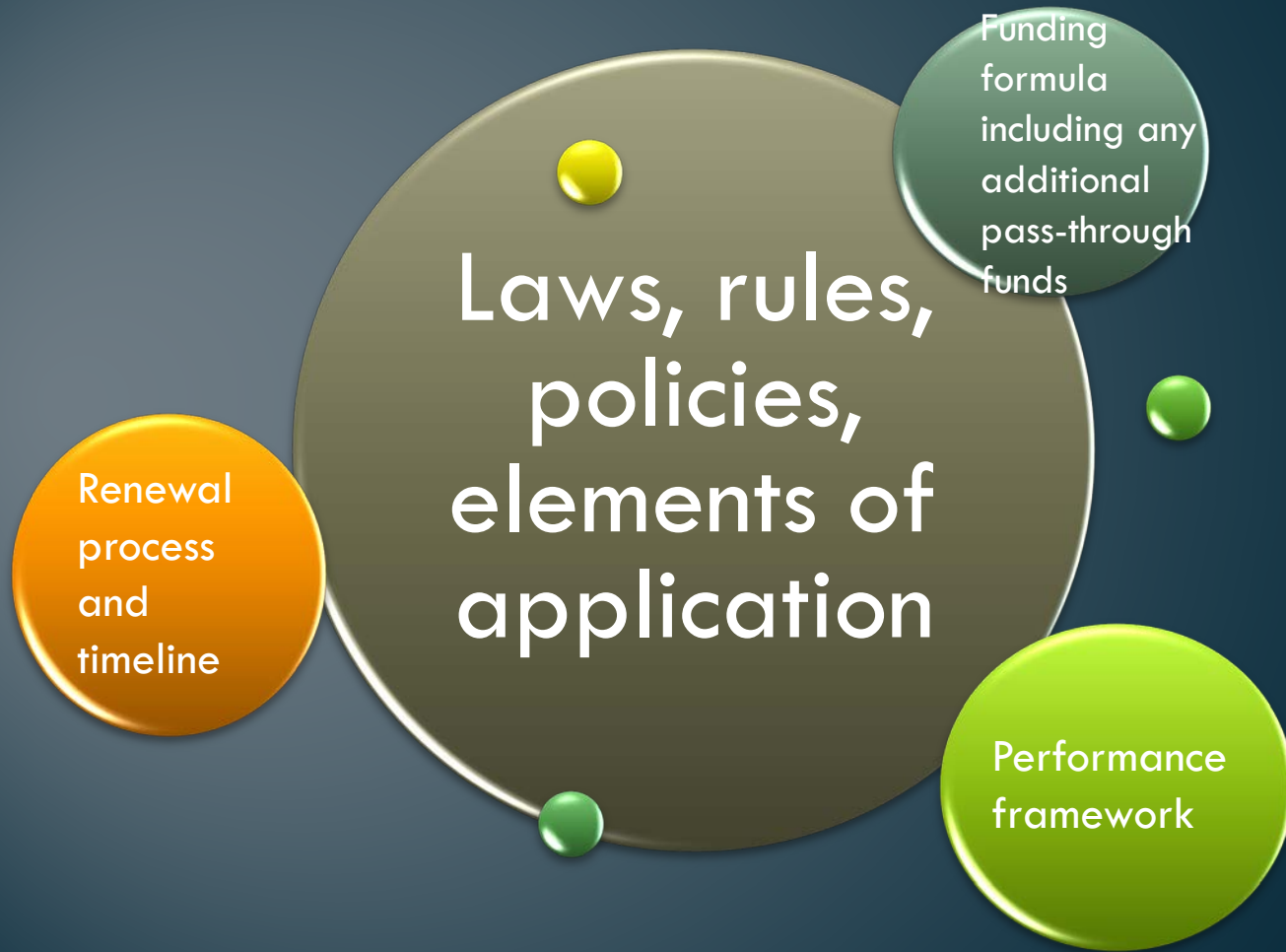
School climate

- 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”)

Other considerations for the contract



In short, a contract can be:

- A planning tool
- A guide
- An authority
- A paperweight



Contract Tools and Resources

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

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

Thank you!

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