
Charter School Performance Framework

The Background:

T.C.A. § 49-13-143 states that performance-related provisions within a charter agreement shall be based on a performance framework. The State Board's Charter School Performance Framework addresses the academic, financial, and organizational benchmarks by which State Board authorized charter schools are scored to indicate the overall success and health of the charter school. A charter school's performance on these measures is published in the State Board's annual report.

Since publishing its first annual report in December 2018, the State Board has worked with a financial consultant to review the alignment between the financial metrics in the Charter School Performance Framework and the generally accepted accounting principles of state and local government entities as established by the Governmental Accounting Standard Board (GASB). All charter schools in Tennessee receive GASB-based annual financial audits, which is a requirement of statute. However, the State Board's financial performance frameworks, which mirrored the model frameworks from the National Association of Charter School Authorizers, are based off of the generally accepted accounting principles of the private sector established by the Financial Accounting Standards Board (FASB).

To ensure alignment to GASB and clarity in the document, the following updates have been made:

- Included information under each indicator about where the source information is found in the audit to run the metric.
- On page 15, under 2(d) Debt Service Coverage Ratio, added rent payments to the denominator in the equation.
- On page 16, added a table with a full list of data sources to run the financial performance framework.

The State Board staff sought feedback on these changes from stakeholders, including the State Board's authorized charter schools, and additional feedback will be sought between first and final reading.

Policy Justification:

T.C.A. § 4-5-230 requires that justification for adopting an item as a policy instead of a rule be submitted to the chair of the Government Operations Committee. This item is proposed to be adopted as a policy because it defines or explains the meaning of a statute or rule and/or concerns only the internal management of state government that does not affect private rights or privileges.

The Recommendation:

State Board staff recommends acceptance of this item on first reading.