



Accountability System 2024-25 School Year

*For Charter Schools Authorized by
the Indiana Charter School Board*

Adopted December 2012
Revised & Readopted 2020

For more information, please visit the
Indiana Charter School Board website:
<http://www.in.gov/icsb>

Overview

Indiana Code (“IC”) § 20-24 requires the Indiana Charter School Board (“ICSB”) to hold charter schools authorized by ICSB accountable for fulfilling their duties and obligations under Indiana law and the charter. ICSB designed its Accountability System to hold schools to a rigorous, fair, and transparent set of academic, financial, and organizational standards. This document outlines ICSB’s process of evaluating and publicly reporting the performance of the public charter schools under its authority. It was created so that school leaders, data managers, families, and other stakeholders can understand what measures are used, how each rating is calculated, and how these measures and ratings are used to inform renewal and closure decisions.

ICSB’s Accountability System consists of a set of standard goals and outcome measures organized into three categories representing ICSB’s expectations for student learning and achievement, financial sustainability, and operations:

- Category 1: Academic Success
- Category 2: Financial Health
- Category 3: Organizational Compliance

Each category has multiple measures of performance and is scored according to the following scale:

- Exceeds the Standard;
- Meets the Standard;
- Approaches the Standard; and
- Does Not Meet the Standard.

A school’s performance on each measure is assessed through a combination of reports, data submissions, and school site visits. Calculated subgroups include race, ethnicity, socio-economic status (SES), English language learners (ELL), and special education. The “n” size for individual reporting categories is twenty (20). In assessing a school’s organizational compliance, ICSB uses a reasonable measure of sufficiency that faults schools for material non-compliance only. Combined, these data serve as the basis for the school’s annual School Performance Report, which, in turn, serves as the basis for site visit questions, annual reports, and all performance-related assessments of the school over the five-year charter term.

The expectation is that a school Meets or Exceeds Standard for each individual accountability measure. Failure to Meet or Exceed Standard on one or more accountability measures may result in a follow-up review, the implementation of a “corrective plan,” and/or closure of the school or non-renewal of the school’s charter.

Important Note for the 2021-22 School Year

Due to the changes made to ICSB's Accountability System, and the changes to state law described below, ICSB had planned to revise the way it assesses certain measures of academic success. The baseline year for most state and federal metrics was to be the 2018-19 school year and, as two years of data is required to measure growth, the 2019-20 school year was intended to be the baseline for growth metrics.

However, because of the COVID-19 pandemic during the spring of 2020, the State of Indiana received a federal and state waiver from accountability, so no summative testing was done at the end of the 2019-20 school year. While the State of Indiana administered the ILEARN assessment during the 2020-21 school year, a combination of the transition year (2018-19) followed by a gap year (2019-20) means that ICSB is unable to generate a reliable growth baseline. Further, while there is summative proficiency or subgroup data available for 2020-21, we cannot validly or reliably compare it to data from the 2018-19 school year.

As a result, ICSB will use 2020-21 ILEARN data for informational purposes only. We will use 2021-22 data as the baseline for growth and comparative data for Academic Success Category measures.

Recent Changes to Indiana Law

Beginning with the 2018-19 school year, Indiana transitioned from ISTEP to a new assessment system: ILEARN. ILEARN consists of end-of-year summative assessments aligned to the Indiana Academic Standards measuring proficiency for English/Language Arts, mathematics and proficiency for social studies and science in the following content areas and grade levels:

- Computer-Adaptive English/Language Arts and Mathematics – Grades 3-8;
- Computer-Adaptive or fixed-form Science – Grades 4 and 6 and Biology end-of-course assessment;
- Fixed-form Social Studies – Grade 5; and
- Computer-Adaptive assessments for English 10 and Algebra I end-of-course assessments, beginning in 2019-20.

During the 2017 legislative session, the Indiana General Assembly revised the state graduation requirements to replace the requirement for a student to pass a “graduation qualifying exam” in order to receive a diploma with a new requirement, referred to as “graduation pathways.”

The graduation pathways requirements for earning a high school diploma officially goes into effect with the 2023 cohort; however, the Indiana General Assembly and State Board of Education provided that schools may award diplomas to students that meet the graduation pathways requirements in the 2018 through 2022 cohorts. Because the state graduation requirements now encompass indicators of college and career readiness, Indiana removed the college and career readiness indicator from its statewide accountability system to avoid duplication of this metric.

Category 1: Academic Success

1.1 School Culture and Student Engagement

1.2 State and Federal Accountability

1.3 Mission Specific Academic Goals

1.4 Student Achievement

1.5 Academic Growth

1.6 Academic Equity and Achievement Gaps

1.7 College and Career Readiness

1.1. School Culture and Student Engagement

Each School Culture and Student Engagement indicator will be calculated as a comparative measure against the school corporation in which the charter school is located. The overall average calculation will include schools with the same grade levels as the charter school.

Data from the 2021-22 school year will be used to adjust the listed metrics for Meeting Standard for the **Category 1.1** Measures for future years. Therefore, while these data will be used to inform accountability decisions, schools will not be held accountable to the listed metrics and/or targets for the 2020-21 school year.

1.1.a The school's overall attendance rate (as reported on DOE-AT).

Exceeds the Standard:

Above the traditional public school corporation average.

Meets the Standard:

At or within one percent (1%) of the traditional public school corporation average.

Does Not Meet the Standard:

More than one percent (1%) below the traditional public school corporation average.

1.1.b The school's teacher retention rate (as reported by IDOE).

Exceeds the Standard:

Above the traditional public school corporation average.

Meets the Standard:

At or within one percent (1%) of the traditional public school corporation average.

Does Not Meet the Standard:

More than one percent (1%) below the traditional public school corporation average.

Note: A school's ranking on this measure may be adjusted where a school's teacher "n-size" is too low to be validly characterized by a percentage.

1.1.c The school's student re-enrollment rate (from end of year to beginning of year).
<i>Exceeds the Standard:</i> <input type="checkbox"/> More than ninety percent (90%) of the students eligible to return to the school re-enrolled.
<i>Meets the Standard:</i> <input type="checkbox"/> Between eighty and ninety percent (80% - 90%) of the students eligible to return to the school re-enrolled.
<i>Approaches the Standard:</i> <input type="checkbox"/> Between seventy and eighty percent (70% - 80%) of the students eligible to return to the school re-enrolled.
<i>Does Not Meet the Standard:</i> <input type="checkbox"/> Less than seventy percent (70%) of the students eligible to return to the school re-enrolled.
1.1.d The school's student re-enrollment rate (from year to year). (Trends)
<i>Exceeds the Standard:</i> <input type="checkbox"/> More than eighty-five percent (85%) of the students eligible to return to the school re-enrolled over time.
<i>Meets the Standard:</i> <input type="checkbox"/> Between seventy-five and eighty-five percent (75% - 85%) of the students eligible to return to the school re-enrolled over time.
<i>Approaches the Standard:</i> <input type="checkbox"/> Between seventy and seventy-five percent (70% - 75%) of the students eligible to return to the school re-enrolled over time.
<i>Does Not Meet the Standard:</i> <input type="checkbox"/> Less than seventy percent (70%) of the students eligible to return to the school re-enrolled over time.

1.2. State and Federal Accountability

1.2.a The school's summative rating on Indiana's A-F accountability system.
<i>Exceeds the Standard:</i> <input type="checkbox"/> The school received an "A" on the state accountability system.
<i>Meets the Standard:</i> <input type="checkbox"/> The school received a "B" on the state accountability system.
<i>Approaches the Standard:</i> <input type="checkbox"/> The school received a "C" on the state accountability system.
<i>Does Not Meet the Standard:</i> <input type="checkbox"/> The school received a "D" or "F" on the state accountability system.
<u>Note:</u> If a school receives an "F" in any given year, follow-up review will be required.

1.2.b The school's summative rating on the Federal accountability system.
<i>Exceeds the Standard:</i> <input type="checkbox"/> The school "Exceeds Expectations."
<i>Meets the Standard:</i> <input type="checkbox"/> The school "Meets Expectations."
<i>Approaches the Standard:</i> <input type="checkbox"/> The school "Approaches Expectations."
<i>Does Not Meet the Standard:</i> <input type="checkbox"/> The school "Does Not Meet Expectations."

1.3. Mission Specific Academic Goals

Two (2) or more educational goals that are aligned to and support the school's mission which are developed by the school in conjunction with ICSB staff. Mission specific goals may not replicate existing accountability measures.

1.3.a The school's performance on mission specific academic goal #1.
<i>Exceeds the Standard:</i> <input type="checkbox"/> _____.
<i>Meets the Standard:</i> <input type="checkbox"/> _____.
<i>Approaches the Standard:</i> <input type="checkbox"/> _____.
<i>Does Not Meet the Standard:</i> <input type="checkbox"/> _____.

1.3.b The school's performance on mission specific academic goal #2.
<i>Exceeds the Standard:</i> <input type="checkbox"/> _____.
<i>Meets the Standard:</i> <input type="checkbox"/> _____.
<i>Approaches the Standard:</i> <input type="checkbox"/> _____.
<i>Does Not Meet the Standard:</i> <input type="checkbox"/> _____.

1.4. Student Achievement (Grades 3-8 & 10)

Proficiency calculations include only students who have been enrolled for at least one hundred and sixty-two (162) days. The term “state assessment” includes the high school assessment pursuant to Public Law 192-2018.

“Comparable traditional public schools” include traditional public schools, Innovation Network schools, and Innovation Network charter schools located within the school corporation in which the charter school is located.

1.4.a The school’s grade level proficiency on the state assessment in English Language Arts compared with the previous school year.

Exceeds the Standard:

Increase of more than five percent (5%) from the previous school year.

Meets the Standard:

Increase of between two and five percent (2% - 5%) from the previous school year.

Approaches the Standard:

Less than a two percent (2%) increase from the previous school year.

Does Not Meet the Standard:

Decrease from the previous school year.

1.4.b The school’s grade level proficiency on the state assessment in Math compared with the previous school year.

Exceeds the Standard:

Increase of more than five percent (5%) from previous school year.

Meets the Standard:

Increase of between two and five percent (2% - 5%) from previous school year.

Approaches the Standard:

Less than a two percent (2%) increase from previous school year.

Does Not Meet the Standard:

Decrease from previous school year.

1.4.c The school’s proficiency on the state assessment in English Language Arts compared with traditional public schools with the same tested grades located within the same school corporation.

Exceeds the Standard:

Ten percent (10%) or higher than comparable traditional public schools.

Meets the Standard:

Between two and ten percent (2% - 10%) higher than comparable traditional public schools.

Approaches the Standard:

Between the same as and two percent (2%) higher than comparable traditional public schools.

Does Not Meet the Standard:

Less than comparable traditional public schools.

1.4.d The school's proficiency on the state assessment in Math compared with traditional public schools with the same tested grades located within the same school corporation.
<i>Exceeds the Standard:</i> <input type="checkbox"/> Ten percent (10%) or higher than comparable traditional public schools.
<i>Meets the Standard:</i> <input type="checkbox"/> Between two and ten percent (2% - 10%) higher than comparable traditional public schools.
<i>Approaches the Standard:</i> <input type="checkbox"/> Between the same as and two percent (2%) higher than comparable traditional public schools.
<i>Does Not Meet the Standard:</i> <input type="checkbox"/> Less than comparable traditional public schools.
1.4.e The percentage of students who have been enrolled for at least two (2) full school years achieving proficiency on the state assessment in English Language Arts.
<i>Exceeds the Standard:</i> <input type="checkbox"/> More than eighty percent (80%).
<i>Meets the Standard:</i> <input type="checkbox"/> Between seventy and eighty percent (70% - 80%).
<i>Approaches the Standard:</i> <input type="checkbox"/> Between sixty and seventy percent (60% - 70%).
<i>Does Not Meet the Standard:</i> <input type="checkbox"/> Less than sixty percent (60%).
1.4.f The percentage of students who have been enrolled for at least two (2) full school years achieving proficiency on the state assessment in Math.
<i>Exceeds the Standard:</i> <input type="checkbox"/> More than eighty percent (80%).
<i>Meets the Standard:</i> <input type="checkbox"/> Between seventy and eighty percent (70% - 80%).
<i>Approaches the Standard:</i> <input type="checkbox"/> Between sixty and seventy percent (60% - 70%).
<i>Does Not Meet the Standard:</i> <input type="checkbox"/> Less than sixty percent (60%).
1.4.g The percentage of students achieving proficiency on the IREAD-3 state assessment (including summer retest).
<i>Exceeds the Standard:</i> <input type="checkbox"/> More than ninety percent (90%).
<i>Meets the Standard:</i> <input type="checkbox"/> Between eighty and ninety percent (80% - 90%).
<i>Approaches the Standard:</i> <input type="checkbox"/> Between seventy and eighty percent (70% - 80%).
<i>Does Not Meet the Standard:</i> <input type="checkbox"/> Less than seventy percent (70%).

1.5. Academic Growth (Grades 4-8)

1.5a The percentage of students achieving “typical” or “high” growth on the state assessment in English Language Arts according to Indiana’s Growth Model.

Exceeds the Standard:

Ninety percent (90%) or more.

Meets the Standard:

Between seventy-five and ninety percent (75% - 90%).

Approaches the Standard:

Between sixty and seventy-five percent (60% - 75%).

Does Not Meet the Standard:

Less than sixty percent (60%).

1.5.b The percentage of students achieving “typical” or “high” growth on the state assessment in Math according to Indiana’s Growth Model.

Exceeds the Standard:

Ninety percent (90%) or more.

Meets the Standard:

Between seventy-five and ninety percent (75% - 90%).

Approaches the Standard:

Between sixty and seventy-five percent (60% - 75%).

Does Not Meet the Standard:

Less than sixty percent (60%).

1.5.c Students achieving “adequate and sufficient growth” on the state assessment in English Language Arts as measured by Indiana’s Growth Model and reported through Student Growth Percentiles (“SGP”).

Exceeds the Standard:

The median SGP for all students is more than sixty (60).

Meets the Standard:

The median SGP for all students is between fifty (50) and sixty (60).

Approaches the Standard:

The median SGP for all students is between thirty (30) and fifty (50).

Does Not Meet the Standard:

The median SGP for all students is less than thirty (30).

1.5.d Students achieving “adequate and sufficient growth” on the state assessment in Math as measured by Indiana’s Growth Model and reported through SGP.

Exceeds the Standard:

The median SGP for all students is more than sixty (60).

Meets the Standard:

The median SGP for all students is between fifty (50) and sixty (60).

Approaches the Standard:

The median SGP for all students is between thirty (30) and fifty (50).

Does Not Meet the Standard:

The median SGP for all students is less than thirty (30).

1.6. Academic Equity and Achievement Gaps (Grades 3-8 & 10)

Calculated for each subgroup meeting the minimum n-size. If the subgroup equates to eighty percent (80%) or more of the total student population the subgroup is not individually calculated as this equates to “total school” and is already calculated under [Category 1.4](#) and [1.5](#).

“Comparable traditional public schools” include traditional public schools, Innovation Network schools, and Innovation Network charter schools located within the school corporation in which the charter school is located.

1.6.a The proficiency on the state assessment in English Language Arts for each subgroup compared with traditional public schools with the same tested grades located within the same school corporation.

Exceeds the Standard:

Ten percent (10%) or higher than the traditional public schools for the subgroup.

Meets the Standard:

Between two and ten percent (2% - 10%) higher than the traditional public schools for the subgroup.

Approaches the Standard:

Between the same as and two percent (2%) higher than the traditional public schools for the subgroup.

Does Not Meet the Standard:

Less than the traditional public schools for the subgroup.

1.6.b The proficiency on the state assessment in Math for each subgroup compared with traditional public schools with the same tested grades located within the same school corporation.
<i>Exceeds the Standard:</i> <input type="checkbox"/> Ten percent (10%) or higher than the traditional public schools for the subgroup.
<i>Meets the Standard:</i> <input type="checkbox"/> Between two and ten percent (2% - 10%) higher than the traditional public schools for the subgroup.
<i>Approaches the Standard:</i> <input type="checkbox"/> Between the same as and two percent (2%) higher than the traditional public schools for the subgroup.
<i>Does Not Meet the Standard:</i> <input type="checkbox"/> Less than the traditional public schools for the subgroup.

1.6.c The change in proficiency on the state assessment in English Language Arts for each subgroup compared with the previous school year.
<i>Exceeds the Standard:</i> <input type="checkbox"/> Five percent (5%) or higher than the previous school year for the subgroup.
<i>Meets the Standard:</i> <input type="checkbox"/> Between two and five percent (2% - 5%) higher than the previous school year for the subgroup.
<i>Approaches the Standard:</i> <input type="checkbox"/> Between the same as and two percent (2%) higher than the previous school year for the subgroup.
<i>Does Not Meet the Standard:</i> <input type="checkbox"/> Less than the previous school year for the subgroup.

1.6.d The change in proficiency on the state assessment in Math for each subgroup compared with the previous school year.
<i>Exceeds the Standard:</i> <input type="checkbox"/> Five percent (5%) or higher than the previous school year for the subgroup.
<i>Meets the Standard:</i> <input type="checkbox"/> Between two and five percent (2% - 5%) higher than the previous school year for the subgroup.
<i>Approaches the Standard:</i> <input type="checkbox"/> Between the same as and two percent (2%) higher than the previous school year for the subgroup.
<i>Does Not Meet the Standard:</i> <input type="checkbox"/> Less than the previous school year for the subgroup.

1.7. College and Career Readiness (Grades 9-12)

1.7.a The school's four-year graduation rate compared with the state average for traditional public high schools(Excluding Adult High Schools from average).

Exceeds the Standard:

Equal to or greater than the state average.

Meets the Standard:

Within five percent (5%) of the state average.

Approaches the Standard:

Between six and fifteen percent (6% - 15%) below the state average.

Does Not Meet the Standard:

More than fifteen percent (15%) below the state average.

1.7.b The school's four-year graduation rate compared with traditional public high schools within the same school corporation.

Exceeds the Standard:

Equal to or greater than traditional public school(s).

Meets the Standard:

Within five percent (5%) of the traditional public school(s).

Approaches the Standard:

Between six and ten percent (6% - 10%) below the traditional public school(s).

Does Not Meet the Standard:

More than ten percent (10%) below the traditional public school(s).

1.7.c The percentage of students entering grade 12 at the beginning of the school year (as reported on DOE-PE) who graduated from high school (credit based, as reported on DOE-GR).

Exceeds the Standard:

Ninety-five percent (95%) or more.

Meets the Standard:

Between eighty-five and ninety-five percent (85% - 95%).

Approaches the Standard:

Between seventy-five and eighty-five percent (75% - 85%).

Does Not Meet the Standard:

Less than seventy-five percent (75%).

1.7.d The percentage of graduating students planning to pursue college or career, as defined by and reported to the Indiana Department of Education (as reported on DOE-GR).
<i>Exceeds the Standard:</i> <input type="checkbox"/> Ninety-five percent (95%) or more.
<i>Meets the Standard:</i> <input type="checkbox"/> Between eighty-five and ninety-five percent (85% - 95%).
<i>Approaches the Standard:</i> <input type="checkbox"/> Between seventy-five and eighty-five percent (75% - 85%).
<i>Does Not Meet the Standard:</i> <input type="checkbox"/> Less than seventy-five percent (75%).

1.7.e The school's strength of diploma indicator.
<i>Exceeds the Standard:</i> <input type="checkbox"/> The school's diploma indicator "Exceeds Expectations."
<i>Meets the Standard:</i> <input type="checkbox"/> The school's diploma indicator "Meets Expectations."
<i>Approaches the Standard:</i> <input type="checkbox"/> The school's diploma indicator "Approaches Expectations."
<i>Does Not Meet the Standard:</i> <input type="checkbox"/> The school's diploma indicator "Does Not Meet Expectations."

Category 2: Financial Health

2.1 Financial Management and Compliance

2.2 Near-Term Financial Indicators

2.3 Long-Term Financial Indicators

2.4 Other Financial Indicators

2.1. Financial Management and Compliance

2.1.a The school effectively established and monitored budgets.

- The school materially complied with applicable laws, rules, regulations, and provisions of the charter contract relating to budgets.
- Governing board meetings and/or audit notes documented review and approval of an annual budget on or prior to the deadline.
- Any revisions to the annual budget during the school year were reviewed and approved by the governing board.
- The governing board reviewed and approved financial statements, including: the statement of financial position, income/expense statement, cash flow statement (at least quarterly), budget vs. actual reports, enrollment report, disbursements.

Meets the Standard:

- The school effectively established and monitored budgets.

Does Not Meet the Standard:

- The school did not effectively establish or monitor budgets.

2.1.b The school implemented appropriate financial policies and practices.

- The school materially complied with applicable laws, rules, regulations, and provisions of the charter contract relating to financial policies and practices, including but not limited to:
 - Contracting/Purchasing
 - Fund Balance
 - Use of Public Funds
 - Student Fees
 - Internal Controls
 - Escrow

Meets the Standard:

- The school implemented appropriate financial policies and practices.

Does Not Meet the Standard:

- The school did not implement appropriate financial policies and practices.

2.1.c The school completed timely and accurate financial reporting.

- The school materially complied with applicable laws, rules, regulations, and provisions of the charter contract relating to financial reporting, including submission and full completion of the required version of the Financial Workbook.
- The school materially complied with all federal grant requirements and reporting.

Meets the Standard:

- The school completed timely and accurate financial reporting.

Does Not Meet the Standard:

- The school did not complete timely and accurate financial reporting.

2.1.d The school complied with state audit requirements.

- The school materially complied with applicable laws, rules, regulations, and provisions of the charter contract relating to the annual financial audit.
- The most recent financial audit is devoid of significant findings and conditions, material weaknesses, significant internal control weaknesses, and/or ongoing concerns. An appropriate corrective action plan is in place to ensure any finding is not repeated in the next fiscal year.
- Any previous year audit findings have not been repeated in most recent audit.
- The school received an unqualified opinion from its independent auditor.

Meets the Standard:

- The school complied with state audit requirements.

Does Not Meet the Standard:

- The school did not comply with state audit requirements or audit findings are repeated.

2.2 Near-Term Financial Indicators

2.2.a Current Ratio: Current Assets ÷ Current Liabilities

Definition: Current Ratio measures a school’s ability to pay its obligations over the next twelve (12) months (liquidity). A Current Ratio of greater than 1.0 indicates that the school’s current assets exceed its current liabilities, thus indicating ability to meet current obligations. A Current Ratio of less than 1.0 indicates that the school does not have sufficient current assets to cover the current liabilities and is not in a satisfactory position to meet its financial obligations over the next twelve (12) months.

Meets the Standard:

- Current Ratio is greater than 1.1; or
- Current Ratio is between 1.0 and 1.1 and one-year trend is positive.

Approaches the Standard:

- Current Ratio is between 0.9 and 1.0 or equals 1.0, or
- Current Ratio is between 1.0 and 1.1 and one-year trend is negative.

Does Not Meet the Standard:

- Current Ratio is less than or equal to 0.9.

2.2.b Unrestricted Days Cash: $\frac{\text{Unrestricted Cash}}{(\text{Total Expense} - \text{Depreciation Expense}) \div 365}$

Definition: Unrestricted Days Cash calculates the extent to which a school has sufficient cash to meet its cash obligations. Depreciation expense is removed from the total expenses because it is not a cash expense.

Meets the Standard:

- Forty-five (45) days cash on hand; or
- Between thirty (30) and forty-five (45) days cash and one-year trend is positive.

Approaches the Standard:

- Days cash on hand is between fifteen (15) and thirty (30) days; or
- Days cash on hand is between thirty (30) and forty-five (45) days and one-year trend is negative.

Does Not Meet the Standard:

- Days cash on hand is less than fifteen (15) days.

2.2.c Annual Enrollment Change: $\frac{\text{Current Year ADM} - \text{Previous Year ADM}}{\text{Previous Year ADM}}$

Definition: Annual Enrollment Change captures changes to a school's enrollment from year to year as a percentage. While a single year decrease may simply reflect the mobility of the student population being served, a multi-year downward trend may be an indication that the school is failing to retain students from year-to-year or is not implementing an effective recruitment strategy.

Meets the Standard:

- Annual Enrollment Change increases or shows a current year decrease of less than ten percent (10%).

Does Not Meet the Standard:

- Annual Enrollment Change shows a current year decrease of more than ten percent (10%); or
- Annual Enrollment Change has decreased each year for the last three (3) years.

2.2.d Primary Reserve Ratio

Calculation: $\frac{\text{Net Asset Position}}{\text{Operating Expenses}}$

Definition: Primary Reserve Ratio compares a school's net asset size relative to its operating budget – a measure of financial strength.

Meets the Standard:

- Primary Reserve Ratio is greater than .025.

Does Not Meet the Standard:

- Primary Reserve Ratio is less than .025.

Note: This metric is new for the 2020-21 school year and will be used for data gathering purposes only in year 1.

2.3. Long-Term Financial Indicators

2.3.a Change in Net Assets Margin & Aggregated Three-Year Margin

Calculation: Change in Net Assets Margin: $\frac{\text{Net Asset Position}}{\text{Operating Revenue}}$

Aggregated Three-Year Margin: $\frac{\text{Three-Year Net Asset Position}}{\text{Three-Year Operating Revenue}}$

Definition: Change in Net Assets Margin measures the deficit or surplus a school yields out of its total revenues; in other words, it measures whether or not the school is living within its available resources. Aggregated Three-Year Margin measures over the long-term whether a school's revenues exceed its expenses. Changes in Net Assets Margin will be used for the first two years of operation. While Aggregated Three-Year Margin smooths the impact of single-year fluctuations on the Change in Net Assets Margin for a single year, the performance of the school in the most recent year, however, is indicative of the sustainability of the school, thus the school must have a positive Change in Net Assets Margin in the most recent year to meet the standard.

Meets the Standard, either:

- Aggregated Three-Year Margin is positive and the most recent year Change in Net Assets Margin is positive; or
- Aggregated Three-Year Margin is greater than negative one point five percent (-1.5%), the trend is positive for the last two years, and the most recent year Change in Net Assets Margin is positive.

Does Not Meet the Standard, either:

- Aggregated Three-Year Margin is less than or equal to negative one point five percent (-1.5%); or
- The most recent year Change in Net Assets Margin is less than negative ten percent (-10.0%).

Note(s): Schools in their first and second year of operation must have a positive cumulative Change in Net Assets Margin. Follow-up review may be required if either: 1) Change in Net Assets Margin is less than or equal to negative one point five percent (-1.5%); or 2) the most recent year Change in Net Assets Margin is less than negative ten percent (-10.0%).

2.3.b Debt to Asset Ratio

Calculation: $\frac{\text{Total Liabilities}}{\text{Total Assets}}$

Definition: The Debt To Asset Ratio measures the amount of liabilities a school owes versus the assets it owns; in other words, it measures the extent to which the school relies on borrowed funds to finance its operations. The Debt To Asset Ratio compares the school's liabilities to its assets. Simply put, the ratio demonstrates what a school owes against what it owns. A lower Debt To Asset Ratio generally indicates stronger financial health.

Meets the Standard:

- Debt to Asset Ratio is less than 0.9.

Does Not Meet the Standard:

- Debt to Asset Ratio is greater than 0.9.

2.3.c. One Year Cash Flow & Multi-Year Cash Flow

Calculation: One Year Cash Flow = Year 3 Total Cash – Year 2 (prior year) Total Cash

Multi-Year Cash Flow = Year 3 (most recent year) Total Cash – Year 1 (first year of operation or 5-years previous depending on age of school) Total Cash

Definition: A measure of the amount of cash generated by a school's normal funding sources. One Year Cash Flow indicates whether a company can generate sufficient positive cash flow to maintain and grow its operations. It concentrates on cash inflows and outflows related to a school's main activities, such as providing educational services, and paying teacher salaries. Any investing and financing transactions are excluded and reported separately, such as borrowing and buying capital equipment. Multi-Year Cash Flow indicates the trend in the school's cash balance over a period of time. This measure is similar to Unrestricted Days Cash but indicates long-term stability versus near-term. Since cash flow fluctuations from year to year can have a long-term impact on a school's financial health, this metric assesses both Multi-Year Cash Flow and annual cash flow. The preferred result is greater than zero.

Meets the Standard, either:

- Multi-Year Cash Flow is positive and Cash Flow is positive each year; or
- Multi-Year Cash Flow is positive, Cash Flow is positive in one of two years, and Cash Flow in the most recent year is positive.

Does Not Meet the Standard:

- Multi-Year Cash Flow is positive, but otherwise does not Meet the Standard; or
- Multi-Year Cash Flow is negative.

Note(s): Schools in their first and second year of operation must have positive Cash Flow.

2.3.d Debt Service Coverage Ratio

Calculation: (Change in Net Assets + Depreciation + Interest Expense) ÷ (Annual Principal + Interest + Lease Payments)

Definition: The Debt Service Coverage Ratio indicates a school's ability to cover its debt obligations in the current year. This ratio measures whether or not a school can pay the principal and interest due on its debt based on the current year's net income. Depreciation expense is added back to the net income because it is a non-cash transaction and does not actually cost the school money. The interest expense is added back to the net income because it is one of the expenses an entity is trying to pay, which is why it is included in the denominator.

Meets the Standard:

Debt Service Coverage Ratio is equal to or exceeds 1.0.

Does Not Meet the Standard:

Debt Service Coverage Ratio is below 1.0.

2.4. Other Financial Indicators

2.4 Other Financial Indicators

Definition: ICSB may, at its discretion use other qualitative indicators and indicators for which schools may have data that is not currently available in a widely accessible manner to monitor a school's financial performance. Such indicators include, but are not limited to:

- Audit Findings
- Debt Default
- Chronically Missed or Late Payroll
- Failure to File Tax Returns or Reports Required by the State
- Failure to Withhold or Remit Payroll Taxes
- Chronically Missed or Late Vendor Payments
- Occupancy Cost as a Percentage of Total Operating Expenses
- Deferred Maintenance on Building
- Use of Short-Term Financing for Cash Flow Purposes
- Turnover in Key Administrative Positions
- Operating Revenues and Expenses per Student
- Fund Balance as a Percentage of Total Operating Expenses
- Facilities Cost per Student
- Classroom Expenditure Ratio

Meets the Standard:

ICSB has not identified any financial issues that are reasonably likely to have a material and negative impact on the school as a going concern.

Does Not Meet the Standard:

ICSB has identified one or more financial issues that are reasonably likely to have a material and negative impact on the school as a going concern.

Category 3: Organizational Compliance

3.1 Admissions and Enrollment

3.2 Discipline

3.3 Special Education

3.4 English Language Learners

3.5 Student Rights

3.6 Governance

3.7 Reporting Requirements

3.8 Safety, Security, and Health

3.9 Legal Compliance

3.1. Admissions and Enrollment

3.1. The school conducted lawful, unbiased admissions and enrollment processes including conducting appropriate randomized lotteries where required.

Meets the Standard:

- The school materially complied with admissions and enrollment requirements based on applicable laws, rules and regulations, and all relevant provisions of the charter agreement. This includes, but is not limited to:
- Following fair and open recruitment practices.
 - Not seeking or using information in ways that would have been discriminatory or otherwise contrary to law.
 - Implementing all required admissions preferences and only allowable discretionary preferences.
 - Carrying out a lottery consistent with applicable rules and policies.
 - Compiling and utilizing waiting list consistent with applicable rules and policies.
 - Enrolling students in accordance with a lawful admissions policy, lottery results, and waiting list results.
 - Not “counseling out” students either in advance of enrollment or thereafter.
 - **Indianapolis schools, who are required to participate in Enroll Indy, follow all policies and procedures as set forth in the applicable Memorandum of Understanding.**
- Any shortcomings or failures to comply with admissions and enrollment requirements were inadvertent and any adverse consequences have been promptly remedied.

Does Not Meet the Standard:

- The school failed, in one or more material respects, to comply with admissions and enrollment requirements based on applicable laws, rules, and regulations as well as any relevant provisions of the charter agreement. Such shortcomings or failures have had adverse consequences and have not been promptly remedied.

3.2. Discipline

3.2. The school followed appropriate and lawful student discipline processes.

Meets the Standard:

- The school conducted suspensions and expulsions in material compliance with the school's discipline policy, applicable laws, rules and regulations, and all relevant provisions of the charter agreement. The school has promptly and effectively remedied shortcomings when identified.

Does Not Meet the Standard:

- The school failed, in one or more material respects, to implement its program in the manner described above.

3.3. Special Education

3.3. The school followed all applicable laws, rules and regulations (including the Individuals with Disabilities Education Act, Section 504 of the Rehabilitation Act of 1973, and the Americans with Disabilities Act, and Article 7) and all relevant provisions of the charter agreement with respect to the rights of students with disabilities.

Meets the Standard:

- The school consistently treated students with identified disabilities and those suspected of having a disability in accordance with applicable laws, rules and regulations, and all relevant provisions of the charter agreement. This includes, but is not limited to:
- Identification: It consistently complied with rules relating to identification & referral.
 - Operational Compliance: It consistently complied with rules relating to the academic program, assessments, discipline, and all other aspects of the school's program and responsibilities.
 - IEPs: Student Individualized Education Plans and Section 504 plans were appropriately carried out, and confidentiality was maintained.
 - Accessibility: Access to the school's facility and program was provided to students and parents in a lawful manner and consistent with their abilities.
 - Funding: All applicable funding was secured and utilized in ways consistent with applicable laws, rules, regulations and provisions of the school's charter agreement.

- Any areas of non-compliance were addressed promptly and effectively once identified.

Does Not Meet the Standard:

- The school failed, in one or more material respects, to implement its program in the manner described above.

3.4. English Language Learners

3.4. The school followed all applicable laws, rules, regulations (including Title III of the Elementary and Secondary Education Act (ESEA), as amended by the Every Student Succeeds Act of 2015 (ESSA) and US Department of Education authorities) and all relevant provisions of the charter agreement with respect to the rights of English Language Learner (ELL) students.

Meets the Standard:

- The school complied with English Language Learner requirements and consistently treated ELL students in a manner consistent with all applicable laws, rules and regulations, and all relevant provisions of the charter agreement.
- Identification: The school consistently and effectively implemented steps to identify students in need of ELL services.
 - Delivery of Services: Appropriate ELL services were equitably provided to identified students pursuant to the school's policy and educational program.
 - Accommodations: Students were provided with appropriate accommodations on assessments.
 - Exiting: Students were exited from ELL services in accordance with their capacities.
 - Monitor: The school monitors the academic progress of former ELL students for at least two years.

- Any areas of non-compliance were addressed promptly and effectively once identified.

Does Not Meet the Standard:

- The school failed, in one or more material respects, to implement its program in the manner described above.

3.5. Student Rights

3.5. The school protected the rights of students.

Meets the Standard:

- The school materially complied with the laws protecting student rights, including due process protections, civil rights, Title IX, and other student liberties, including First Amendment protections relating to free speech and religion.

Does Not Meet the Standard:

- The school failed, in one or more material respects, to protect, or has violated, the laws protecting student rights.

3.6. Governance

3.6. The organizer complied with applicable laws, rules and regulations, and all relevant provisions of the charter agreement relating to governance of the school.

Meets the Standard:

- The organizer materially complied with applicable laws, rules and regulations, and all relevant provisions of the charter agreement relating to governance of the school by the governing board. This includes, but is not limited to:
 - The governing board operates in compliance with its articles of incorporation, by-laws, code of ethics, and conflict of interest policy.
 - The governing board meets a minimum of four (4) times a year.
 - The governing board keeps minutes of all board meetings which must include, at a minimum: i) the date, time, and place of the meeting, ii) the members of the governing body recorded as either present or absent, including whether the member is participating electronically, iii) the general substance of all matters proposed, discussed, or decided, and iv) a record of all votes taken, by individual members if there is a roll call.
 - Board meeting schedules, meeting notices, and copies of board minutes are easily accessible and available to the public on the charter school’s website.
 - The governing board complies with Indiana’s Open Door and Access to Public Records laws, including providing electronic notice to ICSB of all board meetings.
 - The organizer is in good legal standing with the Internal Revenue Service and the State of Indiana.
 - The organizer is in legal compliance with all contractual obligations with third parties.
- If contracting with an Educational Service Provider (ESP), the organizer is functionally and structurally independent from, properly oversees, and holds accountable the ESP. Indicators of functional and structural independence include but are not limited to: i) governing documents that do not tie the organizer to the ESP; ii) the governing board has independent legal counsel; iii) the governing board is not appointed or controlled by the ESP; iv) the board has not improperly delegated its duties and responsibilities to the ESP.

Does Not Meet the Standard:

- The school failed to comply, in one or more material respects, with applicable laws, rules, regulations and the requirements set forth in the school’s charter regarding governance by its board.

3.7. Reporting Requirements

3.7. The school met ICSB and IDOE reporting requirements.

Meets the Standard:

- The school substantially met all ICSB Reporting Requirements, as may be amended from time to time. For these purposes, “substantially meets” means no more than three (3) reports are submitted late for a given year.
- The school substantially met all IDOE Reporting Requirements, as may be amended from time to time. For these purposes, “substantially meets” means no more than three (3) reports are submitted late for a given year.

Does Not Meet the Standard:

- The school did not substantially meet ICSB and IDOE’s Reporting Requirements as described above.

3.8. Safety, Security, and Health

3.8. The school complied with applicable laws, rules and regulations, and relevant provisions of the charter agreement relating to safety, security, and health related services.

Meets the Standard:

- The school complied with applicable laws, rules and regulations, and relevant provisions of the charter agreement relating to safety and security and the provision of health-related services to students and the school community, including but not limited to:
- Fire inspections and related records.
 - Maintaining a viable certificate of occupancy.
 - Maintaining student records and testing materials securely.
 - Maintaining documentation of requisite insurance coverage.
 - Offering appropriate nursing services.
 - Appropriate dispensing of pharmaceuticals.
 - Provision of food services.

Does Not Meet the Standard:

- The school failed, in one or more material respects, to comply with health and safety requirements.

3.9. Legal Compliance

3.9. The school complied with all other applicable laws, rules and regulations, and the provisions of the charter.

Meets the Standard:

- The school materially complied with all other applicable laws, rules and regulations, and the provisions of the charter:
- Teacher licensure.
 - Background checks.
 - Maintaining appropriate governance and managerial procedures and financial controls.
 - Providing proper notice to ICSB as required by [Section 8.4](#) of the Charter.

Does Not Meet the Standard:

- The school failed, in one or more material respects, to comply with applicable laws, rules and regulations, and the provisions of the charter.