The ABC’s of Great Authorizer/Charter School Relations

A: Accountable

B: Businesslike

C: Communicative

Accountable:

The standard equation for a healthy authorizer/school relationship may remind you of one often shared with children: autonomy in exchange for accountability. This simple equation helps to explain many of the provisions contained in charter contracts with authorizers. For example, a charter school is granted the ability to hire its own staff, choose its own curricula, run its own budget, and determine its own governance. The authorizer is unlikely to interfere with these grants of autonomy unless the school has demonstrated that it is failing to follow the law or remain accountable to the authorizer in these critical areas. (Note: the term “authorizer” is intended to refer to either the authorizing school district or the Charter School Institute, as the case may be.)

The more accountable the school demonstrates itself to be, the more autonomy is likely to be granted by the authorizer. This is also true when it comes to relationships between the school and other entities to which the school is accountable, whether they are state and federal governments, local governments, local emergency first responders, or others. For example, a school that has a good relationship with its local planning and traffic management department may have more freedom to design parking and pickup plan that best meet the needs of the parents.

Most if not all of the requirements for accountability will be found in the charter contract. As an aside, it is important to remember that the contract is not between the authorizer and the head of school; rather, the contract is between the board of the authorizer and the board of the charter school. Ultimate responsibility for the operation of the charter school rests with the charter board, and it is to the charter school board that the authorizer will look for accountability.

Examples of this accountability are found throughout the standard charter school contract. The school is required to administer standardized tests; to conduct yearly independent financial audits; to adhere to the school’s vision and mission with fidelity; to comply with state and federal law; and to ensure appropriate services to at-risk and special needs students. Failure by the school to remain accountable to the authorizer in these and many other areas may result in a breach of the charter contract, non-renewal of the contract, or even early termination.

Unfortunately, some charter schools fail due to the fact that their boards refuse to be accountable to their authorizers until it is too late, and the school either closes voluntarily or is closed by the authorizer. This failure may be on the part of the school, the authorizer, or both.

It is important to note that accountability runs both ways. There are a number of ways that the authorizer is also accountable to the charter school. These include the appropriate and fair
sharing of state and local revenues; the provision of assistance with legal and financial matters as requested; a requirement not to act arbitrarily and capriciously with regard to the school; and finally, a requirement to maintain high standards of authorization.

The State Board of Education in Colorado has adopted the Principals and Standards for Quality Authorizing, promulgated by the National Association of Charter School Authorizers, (NACSA), and a number of local districts and CSI have also adopted these standards to help govern their relationships with their authorized schools. http://www.qualitycharters.org/authorizer-quality/overview.html

In summary, while we most often think of charter schools being accountable to their authorizers, authorizers are also accountable to their schools. Accountability is a two-way street. As authorizers can require their schools to be accountable, schools can require a similar accountability from their authorizers

Questions for School Leaders:

- Have your board members all read and do they understand the charter contract?
- What promises or commitments has your school made to your authorizer?
- How can you hold your authorizer accountable for the promises made to your school?
- Who is responsible for making sure the charter contract requirements are fulfilled?
- Have your board members all read and understood the waivers your school has?
- Is there a board policy handbook easily accessible to board members?
- If so, how often is it reviewed and amended?
- How do stakeholders and parents access it?

Questions for Authorizers:

- What promises or commitments has your district made to the school?
- What systems do you have in place to hold your charter school(s) accountable for the promises made in their application?
- Who, at the district, is responsible for making sure the charter contract requirements are fulfilled?

Businesslike:

The “B” of the ABC’s of great school/authorizer relationships is “Businesslike.” Because charter schools tend to focus on whatever it takes to help students be academically successful, sometimes the business side of charter school operations receives short shrift. It is important to remember that a charter school is not just like any other non-profit organization. A charter school is legally a local public entity, almost like a town council or board of county commissioners.
This fact raises the responsibility of the charter board to a level even exceeding that of a typical non-profit entity. Even a small charter school will be responsible for ensuring that potentially millions of public tax dollars are received, spent, and accounted for appropriately. In addition, charter schools will employ any from a few dozen to potentially hundreds of employees, and are subject to a number of federal and state personnel laws. These facts make it incumbent on all charters schools, new or established, large or small, to run like the multi-million dollar businesses they are.

Unfortunately, some charter schools have few if any full time, in house accounting and bookkeeping staff who are responsible for monitoring and maintaining the financial health of the organization. It is not uncommon for charter schools to hire accounting firms or bookkeepers on a contract basis. While this practice is not necessarily fatal, it is not a best practice for charters to contract out these essential functions. Why? Because a contracted bookkeeper is not necessarily accountable to the head of school or the board, and if things go wrong, the contracted bookkeeper can just walk away from the mess, leaving the head of school and board to clean things up. A number of charter schools in Colorado have experienced just this problem, leading to much greater restrictions from authorizers and even closure.

Another area of business exposure for charter schools is in the human resources department. While most, if not all, charter schools have an “at will” relationship with their employees, meaning that the employee may quit or be asked to leave without cause, many charter schools experience problems with background checks, proper payroll and employment paperwork, security of personnel records, compliance with federal and state tax law, and unemployment compensation. Again, many charter schools contract these functions out, but doing so is not a best practice. You would be hard pressed to name another multi-million dollar enterprise with dozens of employees that did not have full time financial and human resources personnel.

Finally, charter schools may experience business exposure in the areas of conflict of interest, nepotism and excessive compensation. This is particularly true in a new charter school where the initial board members were recruited by the head of school and may not have a deep background in the expectations and requirements of serving on a charter school board. Because of a pre-existing personal relationship with the head of school, the board members may be loath to contradict her, ask her for explanations, or even ensure accountability from the head of school until matters have gotten serious. Board members should be prepared to sign a board agreement setting forth behavioral expectations, as well as a conflict of interest statement on a yearly basis, and the school should provide copies of those documents to their autorizer. It is reasonable and even expected that an authorizer should be assured of compliance with these basic business requirements. Additionally, the charter school board and the authorizer are in a business-oriented, contractual relationship in which the school contract defines the relationship and expectations between the school and the authorizer.

Questions for School Leaders:

- How much emphasis is placed on the “business” of running your school at the board level?
• How does the board stay informed on the finances, human resources, and legal compliance of the school and its staff?
• Who ensures compliance with the state Financial Transparency Act (CRS 22-44-301)?
• Who provides complete and on-time submission of financial reports, including financial audit, corrective action plans, annual budget, revised budgets (if applicable), periodic financial reports as required by the authorizer, and any reporting requirements if the board contracts with an education service provider?
• Who is responsible for meeting all reporting requirements related to the use of public funds?
• Who ensures that the school’s audit is an unqualified audit opinion devoid of significant findings and conditions, material weaknesses, or significant internal control weaknesses?
• Who is responsible for ensuring the security of employee and student academic records?
• Do you have Conflict of Interest statements and Board Agreements signed and on file?

Questions for Authorizers:

• Is your district staffed appropriately to carry out all authorizing responsibilities commensurate to the number of charters in your district?
• Who monitors compliance with the state Financial Transparency Act (CRS 22-44-301)?
• Who monitors the charter school’s financial reports, including financial audit, corrective action plans, annual budget, revised budgets (if applicable), periodic financial reports as required by the authorizer, and any reporting requirements if the board contracts with an education service provider?
• Do you have a fair process for applications and renewals that is clearly articulated and uniform across schools?

Communicative:

Too often the charter school and district communication starts out strong but drops off over time. A healthy charter/authorizer relationship is based on regular, transparent communication.

Many charter school contracts require regular reporting of certain information to the authorizer, normally surrounding academic performance and financial health. However, charter schools should also take the initiative to report on a number of other important items, such as:

• Changes to Articles of Incorporation or Bylaws
• Changes in key personnel
• Safety issues
• Transportation issues
• Changes to school security arrangements
• Unanticipated financial difficulties
• Enrollment issues
• Legal issues
No one likes to air their dirty laundry, but most charter contracts require that charter schools immediately inform their authorizer of these types of issues. Failure to do so can rise to the level of a breach of contract and a shortened or terminated charter.

Authorizers are also required to be communicative with their charters around such areas as:

- changes to the law affecting the authorizer
- changes to the authorizer’s financial status
- new policies adopted by the authorizer board
- authorizer expectations for charter reporting

Perhaps most important is the requirement that the authorizer provide an annual review of each charter school. These annual reports should review academic performance, financial health, and governance to ensure that any issues identified by the authorizer are communicated back to the school. Ideally, a draft of this annual report should be provided to the school for review and comment before finally issued by the authorizer. These annual reports can provide a track record of charter performance and provide for mid-course corrections, so that at charter renewal time there are no surprises.

Finally, a useful communication strategy is the establishment of an annual evaluation tool that sets forth the standards by which school performance will be evaluated. Developing this tool requires school and authorizer communication in a number of areas, including:

- What items will be included in the performance contract, whether academic, financial and operational;
- How the data supporting those items will be gathered and by whom;
- The timeline and the process by which the school is evaluated;
- How mid-course corrections, if needed, will be communicated and implemented.

As with any relationship, communication between the parties is essential to ensure that the relationship is strong, that any potential problems are identified and rectified early, and that the relationship can continue into the future for the benefit of all stakeholders. This is particularly true of charter schools and their authorizers.

Questions for School Leaders:

- How can you ensure regular communication with your authorizer?
- What communications would you like to regularly provide to your authorizer?
- What information would you like to receive from your authorizer?
- Who at your school is responsible for communication with you authorizer?
- How is the board informed of these communications?

Questions for Authorizers:
• How can you ensure regular communication with your charter school(s)?
• What communications would you like to regularly provide to your charter school(s)?
• What information would you like to receive from your charter school(s)?
• Is the Annual Performance Review being provided to your charter school(s)?
• Does your website make it easy for new school developers to find contact information?

Conclusion:

The ABC’s of a healthy charter school/authorizer relationships boil down to these three key factors: being Accountable, Businesslike, and Communicative. Each party to the charter school contract may need to take the initiative from time to time to engage in dialog about each of these key factors. Neither party to a charter contract can afford to wait until it’s too late. Ultimately, the appropriate use of tax dollars to provide an excellent education for Colorado’s children is the goal of both charters and their authorizers. It’s as basic as “ABC.”

Exercise for Schools:

• Consider which of the three areas identified in this module pose the greatest area of concern for your school. How can your board identify shortfalls in school accountability, businesslike operations and communication?
• Develop a communication plan for working with your authorizer, including what information is regularly communicated and by whom. Who will be responsible for initiating communication with your authorizer? Who at your authorizer’s office is your main contact?
• Examine the business practices of your school. What processes or policies should be improved, and by whom?