

LENDING AND LEARNING

ANNUAL PROGRESS REPORT FROM THE SELF-HELP CHARTER SUPPORT TEAM. Issue 5, 2009-2010

SELF-HELP IS ONE OF THE NATION'S LARGEST COMMUNITY DEVELOPMENT INSTITUTIONS.

Our mission is to create ownership and economic opportunity for people of color, women, rural residents, and low-wealth families and communities.

For over 25 years, Self-Help has provided \$5 billion in financing to over 60,000 families, individuals, and organizations.

Self-Help supports high-performing charter schools that serve the needs of low-wealth, rural, and minority students. To date, we have loaned over \$100 million to 44 charter schools in 11 states.

To learn more visit us at www.self-help.org

For inquiries regarding loans to charter schools, please contact: Jane Ellis (919) 956-4407 or (800) 476-7428 jane.ellis@self-help.org

ADDITIONAL RESOURCES

Building Board Diversity

by Jennifer Rutledge
This short book from the National Center for Nonprofit Boards will help your school board evaluate and improve its diversity.

Creating an Effective Charter School Governing Board Guidebook

by Frank Martinelli
Find this comprehensive guidebook at www.uscharterschools.org/governance/

The Seven Absolutely Universal, Non-Negotiable, Unchanging Principles of Good Charter School Governance

by Brian L. Carpenter
This paper provides a framework for good charter school governance. Look for it and other resources on the National Resource Center on Charter School Finance and Governance's website: www.charterresource.org



To meet the needs of the community, the school reopened as a tuition-free, open enrollment charter school in 2001.

BOARD DIVERSITY

At your school's next board meeting, look around the room. Do many of your fellow board members look like you? Think like you? Come from the same neighborhood? *If so, your school could benefit from a diversity overhaul.*

When we hear the word “diversity,” race may come to mind, but the term is not simply about ethnicity. Diversity is a broad concept and is the result of multiple races, ethnicities, genders, economic classes, faiths, occupations, and ages uniting to fulfill a common mission. Although diversity among students, faculty, and staff is important, it is equally critical that a school has a diverse board of directors. A lack of diverse perspectives and backgrounds on the board can impede a school's ability to develop comprehensive approaches to academics, fundraising, student recruitment, and public relations. Not only can a diverse board improve a school's performance, it also can prevent costly mistakes. Board members from a variety of fields (particularly legal and financial) can lend their expertise during critical decisions.

Despite the many elements that comprise a person's identity,

race is still a dominant trait used to identify an individual. In considering diversity, race is often discussed when recruiting people of color. However, racial balance is not a goal limited to mostly white schools. Remember, any board that is noticeably homogenous—regardless of color—could benefit from greater diversity. To help your school complete its board diversity overhaul, read the tips below.

How can my school board improve its diversity?

- For the next round of elections on your charter school's board, ask each current board member to recruit one person who comes from a different socioeconomic background.
- If your school has middle or high school grades, have a student representative on your board. Let the youth you serve help guide your school's mission.

- Don't fall into the fatal recruit-and-ignore trap. In other words, make sure there is a process for welcoming and training all new board members. Each board member should be on a committee and leave each board meeting with an assigned task. Encouraging active participation makes each board member feel equally valuable.

- During the recruitment phase, be mindful of tokenism. Having one person act as the sole representative for their entire community can lead to misunderstandings and potential conflict.

Remember, people do not fall into one single category. We are all a combination of different identities and affiliations. Take advantage of each board member's many identities. Recognize their skills and all of their unique perspectives.

THE JOURNEY FROM PRIVATE TO PUBLIC



St. Mary's Academy has a familiar story to a growing number of charter schools across the country. Founded in 1895, St. Mary's opened as a private Catholic school, the first of its kind in Beeville, Texas. For more than 100 years, oil, railroad, and naval facilities fueled the economy of the small town, but as the staple industries began to dwindle, St. Mary's became too expensive for many Beeville residents. Like many parochial schools, St. Mary's witnessed a decline in its enrollment.

Although many of the families could not afford the school's tuition, Beeville residents valued St. Mary's long history as a positive educational option. To meet the needs of the community, the school reopened as a tuition-free, open enrollment

charter school in 2001. Assistant principal Noreen Brown praised the decision, saying, “there were so many children who could not afford to attend the private school. By converting to a charter school we now offer a free public education to any student that desires to attend.”

Once the school received its charter in 2001, the enrollment grew significantly. In its last year as a private school, 130 students were enrolled at St. Mary's; after its first year as a public charter school, the school served 180 students in grades kindergarten through six. Currently, the high-performing school is at capacity with 330 students enrolled and many more on the waiting list.

The boom in enrollment demanded additional space. To help meet its growing demand, St. Mary's sought facility financing from Self-Help. Working with a team of Self-Help financial and construction experts, the school was able to construct a new classroom building and pavilion. A loan guarantee from the US Department of Agriculture helped reduce the rates for the school.

The increased enrollment and smooth construction process

were made possible by the dedicated school board and administration. Principal Stan Simonson, who worked at St. Mary's before its conversion, knew the school needed board members with deep community connections in order to attract new students and successfully manage the school. Drawing on partnerships with the local library, junior college, and Boys and Girls Clubs, Simonson recruited board members from diverse ethnic, occupational, and religious backgrounds. Currently, the school board has over 57% people of color representing a variety of fields.

“Students don't care what you know, until they know that you care.”

Whether parochial or charter school, Simonson knew that a shared vision for the school was the main criterion for board members. “Students don't care what you know, until they know that you care. We use this philosophy to attract teachers, paraprofessionals, and board members alike. We need to know that everyone involved in the school cares about the students and we've been pretty lucky in finding people who fit in with this mission.”

LENDING AND LEARNING

CHARTER FINANCIAL POLICIES QUIZ

Members of the Board of Directors are the financial stewards of their schools. Without sound fiscal management and fundraising, even a top-performing school could face closure. To help you gauge the strength of your board's management skills, take this brief assessment below. Add your scores in each category to find your overall score.

BOARD COMPOSITION

- We have written job descriptions that clearly define the responsibilities of each board member, committee, and leadership position within the board (+2)
- Our board has at least one lawyer and one Certified Public Accountant (CPA) or other financial professional (+5)
- The Treasurer is related to another person on the board or head of school (-5)
- We have an Executive Committee and a Finance Committee (+4)
- Board members have clearly defined term lengths and we have a succession plan to replace exiting board members (+4)
- Board members receive ample financial compensation for their time (-2)

Subtotal out of 15 possible points

FUNDRAISING

- We have a detailed fundraising strategy that is outlined in our strategic plan (+3)
- Board members at our school are not required to raise money (-2)
- We have a facilities acquisition plan (+3)

Subtotal out of 6 possible points

REPORTING FINANCIAL INFORMATION

- All board members understand how to interpret cash flow projections, income statements, and balance sheets (+5)

- We receive annual external audits or reviews (+3)
- Our board reviews financial statements at least every quarter (+4)
- The board receives budget variation reports, but we don't review them consistently (-2)

Subtotal out of 12 possible points

COMMUNICATION

- All board members have a copy of the strategic plan and we refer to it often (+3)
- We do not have a written copy of Financial Policies and Procedures for our school (-3)
- Our board has a written Conflict of Interest policy (+2)
- New board members receive formal training on their duties and responsibilities (+3)
- All of our board members know the school's mission (+4)
- There is sporadic communication between the board and our school's Executive Director (-4)

Subtotal out of 12 possible points

RISK MITIGATION

- We do not have board risk insurance (-2)
- We understand our legal obligations as charter school board members and seek outside counsel when necessary (+3)
- The Board Secretary takes accurate minutes at each board meeting (+2)

Subtotal out of 5 points

TOTAL SCORE out of 50

FINANCIAL POLICIES BEST PRACTICES

How did you score? If you received less than 35 points, your school is at risk of costly mistakes. Every penny counts, so be sure to follow these best practices to maximize your school's financial health.

BOARD COMPOSITION

Your school's board should have a variety of professions represented; having at least one lawyer and someone with financial expertise is particularly important. Although many charters are started by a close-knit community and/or family, nepotism on the board should be avoided. Though board members do dedicate significant amounts of time to their school, your state laws may forbid board member compensation.

FUNDRAISING

Planning to build, buy, or renovate a facility can take years of thorough planning. To make your facility process efficient, make sure your board has a written facility acquisition plan. Having a fundraising plan in place is a key component to any facility plan, and will help your school raise much needed funds for equity injection. To get maximum dollars from your fundraising campaign, make sure your board leads by example—board members should be the first to donate money to your school.

REPORTING FINANCIAL INFORMATION

Although it is highly recommended that your school have at least one financial expert on the board, in reality, everyone should be able to understand basic financial documents, so that the entire board can review the school's finances on a regular basis. Having an annual audit helps make sure your school is following all necessary financial protocols.

COMMUNICATION

The board and the Executive Director should be in frequent communication to ensure all parties are following the same mission and plan. Make sure that new board members receive a thorough training, preferably one that is standard among all board members. Retreats are great ways to improve and facilitate communication among a board.

RISK MITIGATION

It is advisable that the board invest in Officers and Directors Insurance to diminish any potential personal liability. One way to avoid risk is to take accurate minutes during each official board meeting. Remember that monitoring your school's finances is just one of the core functions of the Board of Directors. The board is also responsible for guiding the academic success of a school, and increasing the school's visibility in its community. If you would like more information on charter school boards' best practices, contact your state's charter support organization or refer to the NYC City Charter Center's Governance guidebook.