GATHER, VERIFY, TRACK: AN APPROACH TO DUE DILIGENCE

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KEY QUESTIONS

What is due diligence?

Why is it important to conduct due diligence?

How can I develop my own due diligence process?
Due diligence generally refers to the care a reasonable person should take before entering into an agreement or a transaction with another party or the research and analysis of a company or organization done in preparation for a business transaction.
NACSA’s Principles and Standards for Quality Authorizing advise authorizers to conduct “due diligence to examine the applicant’s experience and capacity” when experienced charter school operators apply for a new school.

DIY DUE DILIGENCE

- Analyze information gathered in RFP; fact check
- Other authorizers
- Simple online research
- Capacity Interview
- Alignment between narrative, budget, and management agreement (if applicable)
NACSA DUE DILIGENCE REPORTS

- Experienced operators
- Comprehensive report on an experienced operator’s academic, financial, and organizational track record
- Factual; no judgments
- Application specific
- Inform interview questions/areas of clarification
FLORIDA DEPARTMENT OF EDUCATION
The Model Application and Due Diligence
Adam Emerson, Charter Schools Director
MODEL FLORIDA CHARTER SCHOOL APPLICATION

- Required for all applicants and authorizers
- Developed in consultation with districts, operators, and national experts (2009)
- Districts may request additional information (section 1002.33(6)(a)6., Florida Statutes)
- Recent and proposed revisions
MODEL FLORIDA CHARTER SCHOOL APPLICATION

- Recent and Proposed Revisions
  - Guided by Principles and Standards
  - Raising the bar
    - Rigor
    - Scope
    - Clarity

Florida Principles & Standards
for Quality Charter School Authorizing

Florida Department of Education | Office of K-12 School Choice
MODEL APPLICATION REVISIONS

- Applicant History Worksheet
  - Completed by applicants with previous charter school experience
    - Individual (leadership), governing board, management company
  - Five years of data per charter school
    - Active/closed
    - Enrollment and FRL
    - Academic and financial performance
MODEL APPLICATION WORKSHEET

- Aligned with Principles and Standards
  - Accept proposals from first-time charter applicants as well as existing school operators/replicators, while taking into consideration past performance, experience and capacity (Standard 2.A.2)
  - Grant charters only to applicants that have demonstrated competence and capacity to succeed in all aspects of the school, consistent with the stated approval criteria (Standard 2.C.5)
  - Rigorously evaluate each application through a thorough review of the written proposal, a substantive interview with the applicant group, and other due diligence to examine the applicant’s experience and capacity, conducted by knowledgeable and competent evaluators (Standard 2.C.6)
ADDITIONAL INITIATIVES

- Florida Principles and Standards for Quality Authorizing
- Comprehensive Authorizer Evaluations
  - Conducted by NACSA
  - No cost to district
  - Five completed, three scheduled
  - Five years of data per charter school
- Applicant interview training
- Additional tools
  - NACSA database (beta)
  - Charter School Search (beta)
APPLICATION PROCESS OVERVIEW

- Potential Applicant meeting
- Technical Assistance as requested by applicant

Once submitted:
- Presentation by applicant
- Review of application as individual reviewer
- Review team meetings
- Interview with applicant
- Recommendation to the Superintendent
- Recommendation to the Board by the Superintendent
DUE DILIGENCE – PRIOR TO SUBMITTAL

- Meeting with applicant/applicant group
- Looking at past history
- Amount of knowledge and expertise possessed by the group
DUE DILIGENCE - DURING REVIEW PROCESS

• Consider past performance of applicant, management organization, and governing board
• Google information
• Call board members who do not show up to presentation or interview
• Consult with other authorizers who have worked with the applicant through application or operation
• DOE tracker
• NACSA tracker
CAPACITY DOES MATTER AND CAN BE USED FOR DENIAL OF AN APPLICATION
NACSA’S CHARTER OPERATOR TRACKER
(Beta Version - aka the “Tracker”)

- Searchable database of information about EMOs/CMOs.
- Compilation of basic, factual information
  - Schools currently operating
  - Schools by state
  - Enrollment by school/state
  - Authorizers
- Operator-Verified Data/Updated Annually
WHY BUILD THE TRACKER?

- Reliable current information does not exist in one place.
- Make information easily accessible in a central location.
- Help authorizers do their own due diligence.
THE TRACKER (Beta Version) LAUNCH

- Florida Pilot
  - Introduced to coincide with Florida’s August 1st statewide application submission deadline.
- Improve and expand the scope of the Tracker.
  - 1-2 additional states 2015-16
  - Annual update of information
LET’S TAKE A TOUR!
WHAT’S YOUR APPROACH TO DUE DILIGENCE?

QUESTIONS?