State of Nevada
Governor's Finance Office
Division of Internal Audits

Audit Report

State Public Charter School Authority

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Contracted Administrative Support and Charter School Transportation

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Improving compliance with charter school reporting requirements will enhance transparency. Eliminating recurring taxes and fees on vehicles will reduce transportation costs.

DIA Report No. 26-02
July 9, 2026

EXECUTIVE SUMMARY
State Public Charter School Authority Contracted Administrative Support and Charter School Transportation

Objective: Improve transparency of contracted administrative support and reduce the cost of providing charter school transportation.

Charter schools sponsored by the State Public Charter School Authority (SPCSA) did not fully comply with statutory and regulatory reporting requirements related to Management Organization disclosures, financial and contract disclosures, and timely submission of Plans to Improve Achievement of Pupils. Missing website disclosures, late certifications, incomplete postings of required information, and recurring reporting deficiencies were noted over the last three school years audited. In some cases, charter schools certified compliance with reporting requirements despite failing to provide information required by law. These deficiencies reduce transparency regarding charter school operations, governance, Management Organization relationships, and the use of public funds.

SPCSA has existing oversight processes and enforcement mechanisms that can be used to address noncompliance, including issuing Notices of Concern to noncompliant charter schools. Consistent enforcement using existing tools will improve the timeliness, completeness, and reliability of information reported by charter schools and strengthen SPCSA oversight. Improved compliance will provide parents, policymakers, and other education stakeholders with more accurate and timely information to support accountability, oversight, and informed decision-making.

Nevada charter schools are required to pay governmental services taxes and vehicle registration fees on school-owned vehicles. School districts and governmental entities are exempt from these recurring vehicle taxes and fees. Unlike school districts, charter schools do not receive transportation funding through the Pupil-Centered Funding Plan. Charter schools can apply for limited transportation funds made available through a special legislative appropriation for student transportation or use a portion of school operating budgets to support student transportation services, creating additional financial pressures that are not imposed on traditional public schools.

Pursuing legislation to exempt charter schools from vehicle taxes and registration fees will reduce recurring transportation costs. The financial impact of these costs is more significant for smaller and newer charter schools with limited operating resources. Exempting charter schools from paying recurring vehicle taxes and registration fees will eliminate a barrier to providing charter school student transportation.

INTRODUCTION

At the direction of the Executive Branch Audit Committee, the Division of Internal Audits (DIA) conducted an audit of the State Public Charter School Authority (SPCSA). The audit focused on contracted administrative support and charter school transportation. DIA reviewed administrative reporting compliance for charter schools, including schools managed by, or contracted with, Educational Management Organizations and Charter Management Organizations. Additionally, DIA reviewed options to reduce the cost of providing charter school transportation. The audit scope and methodology, background, and acknowledgments are included in Appendix A.

DIA's audit objective was to develop recommendations to:

- ✓ Improve transparency of contracted administrative support and reduce the cost of providing charter school transportation.

State Public Charter School Authority Response and Implementation Plan

DIA provided draft copies of this report to SPCSA for review and comment. DIA considered SPCSA's comments in preparation of this report; SPCSA's response is included in Appendix B. In its response, SPCSA accepted the recommendations. Appendix C includes a timetable to implement the recommendations.

NRS 353A.090 requires within six months after the final report is issued to the Executive Branch Audit Committee, the DIA Administrator shall evaluate the steps SPCSA has taken to implement the recommendations and shall determine whether the steps are achieving the desired results. The Administrator shall report the six-month follow-up results to the committee and SPCSA.

The following report (DIA Report No. 26-02) contains DIA's *findings*, *conclusions*, and *recommendations*.

Improve Transparency of Contracted Administrative Support and Reduce the Cost of Providing Charter School Transportation

The State Public Charter School Authority can improve transparency of contracted administrative support and reduce the cost of providing charter school transportation by:

- Enforcing compliance with charter school reporting requirements; and
- Pursuing a Bill Draft Request to exempt charter schools from vehicle taxes and registration fees.

Improving transparency of contracted administrative support and reducing the cost of providing charter school transportation will strengthen accountability and oversight of charter school operations while reducing operational expenditures associated with owning or leasing vehicles, allowing the savings to be directed toward student services.

Enforce Compliance with Charter School Reporting Requirements

The State Public Charter School Authority (SPCSA) should enforce compliance with charter school reporting requirements. Enforcing compliance with charter school reporting requirements will increase transparency of charter school operations for the public and education stakeholders. Additionally, enforcing compliance with charter school reporting requirements will reduce delays in decision-making processes.

Most Charter Schools Failed to Comply with Management Organization Information Disclosure Requirements

Most charter schools sponsored by SPCSA (34 of 51) failed to comply with Management Organization information disclosure requirements mandated by statute.[1,2] NRS 388A.352 requires the governing body of a charter school to post on its internet website:

- The definition of a Charter Management Organization (CMO);
- The definition of an Educational Management Organization (EMO); and
- Whether the charter school is operated by a CMO or receives services from an EMO and, if so, the name of the CMO or EMO.

[1] Management Organizations include Educational Management Organizations and Charter Management Organizations.

[2] There were 51 charter schools sponsored by SPCSA in school year 2025-2026. These 51 charter schools consist of 90 school campuses. One charter school can operate multiple campuses.

A CMO is defined in NRS 388A.020 as a nonprofit organization that holds a written charter, charter contract, or other equivalent agreement to operate more than one charter school; or a nonprofit organization incorporated in Nevada for the purpose of operating a charter school in cooperation with a CMO that holds a written charter, charter contract, or other equivalent agreement to operate more than one charter school.

An EMO is defined in NRS 388A.030 as a for-profit entity that contracts with and is accountable to the governing body of a charter school to provide centralized support or operations, including, without limitation, educational, administrative, management, compliance, or instructional services or staff, to the charter school.

DIA review of compliance with disclosure requirements for all 51 charter schools sponsored by SPCSA during school year 2025-2026 revealed 33 charter schools (64.7%) did not include definitions of CMOs and EMOs on their public-facing website. Of the 51 charter schools reviewed, 19 were operated by a CMO or received services from an EMO. Of the 19 schools identified:

- Two (10.5%) did not disclose the use of a CMO or EMO; and
- Two (10.5%) did not disclose the name of the CMO or EMO used.

<u>Charter Schools Must Annually Certify Compliance with Statute to SPCSA</u>

Charter schools must annually certify compliance with CMO and EMO disclosure requirements to SPCSA, pursuant to NRS 388A.352. SPCSA requires sponsored charter schools to use Epicenter to certify that information required by statute is properly posted on the school's website. Epicenter is a web-based compliance, governance, and performance management platform managed by SPCSA and accessed by charter schools.

<u>Some Charter Schools Did Not Certify and Many Charter Schools Missed Deadlines</u>

Some charter schools did not annually certify compliance with NRS 388A.352 and many charter schools missed the certification deadlines. During school year 2025-2026, 51 schools were required by SPCSA to self-certify. Of these schools, 38 completed the certification timely (74.5%). Ten schools completed the certification late (19.6%) and three schools failed to complete the certification (5.9%). On average, the schools that submitted late were 37 days overdue. Ten schools were granted an extension, but only six of these schools completed the certification prior to the extended deadline; three schools submitted after the extended deadline; and one school did not certify despite the extended deadline.[3,4]

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[3] The submissions were counted as late due to missing the initial deadline.
[4] The school that did not certify despite the extension closed at the end of school year 2025-2026.

During school year 2024-2025, 44 schools were required by SPCSA to self-certify. Of these schools, 24 completed the certification timely (54.6%). There were 14 schools that completed the certification late (31.8%) and six schools that failed to complete the certification (13.6%). On average, the schools that certified late were 39 days overdue.

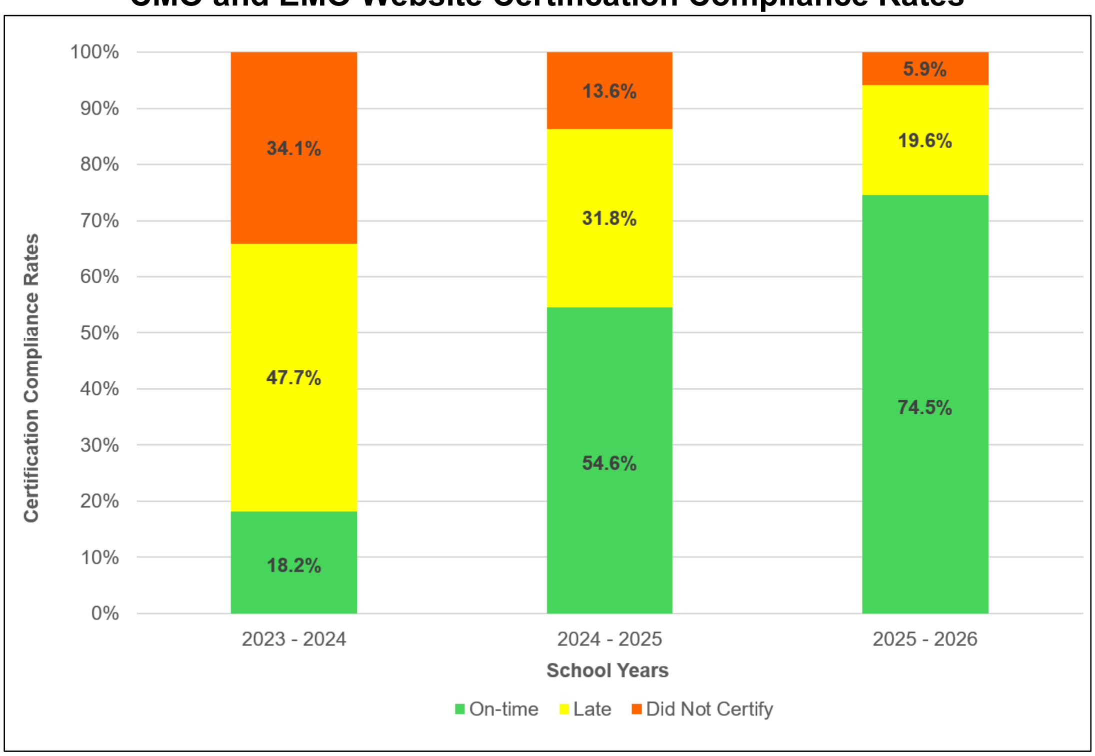
During school year 2023-2024, 44 schools were required by SPCSA to self-certify. Of these schools, eight completed the certification timely (18.2%). There were 21 schools that completed the certification late (47.7%) and 15 schools that failed to complete the certification (34.1%). On average, the schools that certified late were 84 days overdue.

<u>Charter School Certification Compliance and Timeliness Has Improved Since 2023</u>

From school year 2023-2024 to school year 2025-2026, charter schools improved certification compliance and timeliness with CMO and EMO website disclosures. The percentage of charter schools that failed to certify compliance decreased from 34.1% in school year 2023-2024 to 5.9% in school year 2025-2026, an improvement of approximately 83%. The percentage of charter schools that completed certification by the due date increased from 18.2% in school year 2023-2024 to 74.5% in school year 2025-2026. Exhibit I shows the CMO and EMO website certification compliance rates over the last three school years.

Exhibit I

CMO and EMO Website Certification Compliance Rates



Source: DIA analysis of data maintained in Epicenter provided by SPCSA.

Two Charter Schools Certified Compliance Despite Failing to Comply with Statutory Disclosure Requirements

Two charter schools sponsored by SPCSA certified compliance with CMO and EMO website information posting requirements despite not providing this information on their public-facing website, as required by statute. One school is operated by a CMO and the other school receives services from an EMO. Neither school disclosed using a Management Organization and neither school disclosed the name of the CMO or EMO used. Two other charter schools sponsored by SPCSA did not disclose the information required by statute on their public-facing website; however, these schools did not certify to SPCSA that the annual website certification task was complete. Both compliance failures demonstrate an opportunity for SPCSA to improve enforcement of charter school reporting requirements.

NRS 388A.229 assigns SPCSA responsibility for collecting, analyzing, and reporting data from its sponsored charter schools. According to the 2021–2022 SPCSA Reporting Requirements Manual, SPCSA is required to annually confirm charter schools have complied with reporting requirements. Epicenter serves as the centralized platform for charter schools to certify compliance and for SPCSA to monitor and verify completion of required reporting. The system generates automated notifications to both SPCSA and charter school personnel for reporting deadlines and continues sending reminders at established intervals until the required task is completed. The notifications are intended to promote timely compliance by the charter schools and provide SPCSA with alerts of non-compliance. Confirmation by SPCSA would have identified noncompliance and facilitated timely corrective action.

The disclosure requirements related to CMOs and EMOs are generally static in nature. Definitions of CMOs and EMOs, the disclosure of whether a charter school utilizes such Management Organizations, and the identification of the organization typically remain unchanged from year to year unless the underlying contractual arrangement changes. Once the required information is posted on a charter school's public website, it generally remains current for the duration of the contract, including any extensions, unless the contract is amended or terminated. As a result, periodic verification by SPCSA would provide practical means of ensuring continued compliance with disclosure requirements.

All Charter Schools Not Using a Management Organization Certified Compliance Despite Failing to Post Required Information on Websites

All charter schools sponsored by SPCSA that do not use a CMO or EMO marked the annual website certification task as complete in Epicenter, despite failing to provide the required information on their website. NRS 388A.352 mandates each governing body of a charter school to post on its website the definition of a CMO and an EMO and indicate whether the charter school is operated by a Management

Organization. The requirement is placed on each governing body of a charter school; the statute does not limit the requirement only to charter schools using Management Organizations but rather to each governing body for all charter schools.

Charter schools that did not contract with Management Organizations were consistent in not posting the definition and non-usage status on their websites. All 32 charter schools that were not contracted with a CMO or EMO failed to post the required information, indicating statutory requirements were misinterpreted.

Charter Schools Receiving Services from an EMO Did Not Post All Audit Reports and Revenue, Expenditure, and Contract Information on Websites

Charter schools sponsored by SPCSA that received services from an EMO did not post all financial and performance audit reports and all revenue, expenditure, and contract information on their website. NRS 388A.354(1)(a)(1) requires charter schools receiving services from an EMO to post financial and performance audit reports on the school website. Likewise, NRS 388A.354(1)(a)(2) and (3) require revenue, expenditure, and contract information to be posted on the school website.[5,6] DIA reviewed school websites in May 2026 to evaluate compliance with the statutory requirements. Of the charter schools sponsored by SPCSA that received services from an EMO:

- 16 of 16 (100%) failed to post performance audits on the school website as required by statute;
- 2 of 16 (12.5%) failed to post financial audits on the school website as required by statute; and
- 3 of 16 (18.8%) failed to post revenue, expenditure, and contract information on the school website as required by statute.

Compliant charter schools receiving services from an EMO fulfilled the revenue, expenditure, and contract posting requirements by publishing the EMO Revenue and Expenses report on the school website. The EMO Revenue and Expenses report template is provided and required by SPCSA.

[5] NRS 388A.354(1)(a)(2) requires charter schools to post on the website: the amount of money received by the EMO from public and private sources to carry out the terms of the contract; the expenditures of the EMO relating to carrying out the contract, including, without limitation, the payment of salaries, benefits, and bonuses; and an identification of each contract, transaction, and agreement entered into by the EMO relating to carrying out the contract with the charter school, including, without limitation, contracts, transactions, and agreements with parent organizations, subsidiaries, and partnerships of the EMO.
[6] NRS 388A.354(1)(a)(3) requires charter schools to post on the website information on any contract between a member of the governing body of the charter school or any member of the family of the member of the governing body and another charter school, sponsor of a charter school, CMO, or EMO.

Some Charter Schools Failed to Comply with Requirements to Certify Submission of EMO Satisfaction Evaluations Timely

Some charter schools sponsored by SPCSA failed to comply with requirements to certify submission of EMO satisfaction evaluations timely. Charter schools that receive services from an EMO are required to submit an EMO evaluation report to the charter school sponsor pursuant to regulation. NAC 388A.580(5) requires the governing body of a charter school to review the performance of the EMO to determine whether the EMO is performing in a manner that satisfies the terms and conditions of the charter contract. If the EMO is not performing in a satisfactory manner, the governing body must require the EMO to prepare a plan of corrective action. The plan must include the steps which will be taken to ensure that the EMO performs in a manner which satisfies the terms and conditions of the charter contract.

Charter schools sponsored by SPCSA must certify compliance with EMO satisfaction evaluation report submission requirements on Epicenter. DIA reviewed EMO satisfaction evaluations submitted for the last three school years and determined:

- 2 of 15 charter schools (13.3%) certified compliance late for school year 2024-2025;[7]
- 3 of 15 charter schools (20%) certified compliance late for school year 2023-2024; and
- 1 of 14 charter schools (7.1%) certified compliance late for school year 2022-2023.

Over the three-year period reviewed, three charter schools were responsible for all six late certifications.[8]

<u>EMO Disclosures</u>
<u>Provide Transparency</u>

The disclosure requirements for charter schools receiving services from an EMO are intended to provide transparency regarding the use of public funds and the extent of contracted management services. These disclosures inform parents, policymakers, and other stakeholders as to whether a charter school utilizes a Management Organization, the scope of services provided, and the associated costs. EMO satisfaction evaluations, financial audits, performance audits, and revenue, expenditure, and contract information provide important context regarding a school's operations and financial stewardship.

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[7] There were only 15 charter schools receiving the services of an EMO in school year 2024-2025. An additional school, FuturEdge Academy, received the services of an EMO in school year 2025-2026. EMO Satisfaction Evaluations for school year 2025-2026 are not due to SPCSA until August 30, 2026.
[8] The three charter schools responsible for all six late certifications are Legacy Traditional Schools, Nevada Connections Academy, and Signature Preparatory.

When required information is outdated, incomplete, or unavailable, stakeholders have diminished ability to evaluate how public funds are being used and compare operational and financial practices among charter schools. Maintaining complete and current disclosures improves transparency, supports accountability, and provides stakeholders with reliable information when making decisions related to charter school oversight and school selection.

Some Charter School Campuses Failed to Comply Timely with Requirements to Certify Submission of the Plan to Improve Achievement of Pupils

Some charter school campuses failed to comply timely with requirements to certify submission of the Plan to Improve Achievement of Pupils Enrolled in the School (the plan). The plan is an important document to reference when assessing a school for its performance and the relative improvement of students enrolled in the school.

NRS 385A.650 requires the principal of each individual charter school campus to develop and submit the plan annually.[9] SPCSA requires certification in Epicenter for each charter school campus as opposed to the charter school organization. One charter school organization can have multiple campuses. SPCSA requires schools to certify submission of the plan annually in March. The plan submitted in March is for the following school year. For example, the plan submitted in March 2026 is for school year 2026-2027.

DIA reviewed the annual certification for submission of the plan for a three-year period using data provided by SPCSA from Epicenter. DIA analyzed 249 submission certification records from school year 2024-2025 to school year 2026-2027 and determined 72 charter school campuses (28.9%) failed to certify submission of the plan timely, as follows:

- 40 of 88 certifications (45.5%) for school year 2026-2027 were submitted late;
- 10 of 80 certifications (12.5%) for school year 2025-2026 were submitted late; and
- 22 of 81 certifications (27.2%) for school year 2024-2025 were submitted late.

SPCSA is responsible for overseeing the performance of charter schools and ensuring the schools meet statutory and academic expectations. The plan serves as a key accountability document by identifying strategies intended to improve student outcomes and address areas of academic need. Timely certification of the plan helps ensure school leadership has established performance improvement

[9] The statutory framework requires the plan to comply with State Board of Education regulations and federal accountability standards. The plan must include: methods for evaluating and improving the school climate and closing gaps in achievement between different demographic groups of pupils; attainable quantitative goals for improvement in the achievement of pupils who are English language learners; and other areas.

goals and enables SPCSA to monitor compliance and assess planned efforts to improve student achievement. When certifications are submitted late, SPCSA has less assurance that schools are completing required planning activities in a timely manner, reducing the effectiveness of oversight and limiting the availability of current information used to monitor school performance.

Existing Oversight and Enforcement Mechanisms Can Be Used to Enforce Charter School Reporting Requirements and Compel Compliance

Existing oversight and enforcement mechanisms can be used to enforce charter school reporting requirements and compel compliance. SPCSA has oversight and enforcement mechanisms available to address late or missing reports required by statute or regulation to be submitted. SPCSA has not used available enforcement mechanisms necessary to correct recurring compliance issues, including repeatedly submitting reports after established deadlines or failing to submit required reports altogether.

Available corrective actions include issuing notices of noncompliance, notifying charter school governing bodies of reporting deficiencies, and, when warranted, pursuing more significant corrective measures through SPCSA's established performance and accountability framework.

SPCSA's corrective action process includes the issuance of Notices of Concern, Notices of Breach, and Notices of Intent to Revoke, depending on the nature and severity of the deficiency. These notices may be applied progressively or, in cases involving significant concerns, accelerated based on the circumstances. The issuance of notices occurs through SPCSA's public governance process and serves to formally communicate deficiencies to charter school leadership and governing bodies while establishing expectations for corrective action.

Consistent application of existing enforcement mechanisms will reinforce the importance of timely and complete reporting, promote compliance with statutory and regulatory requirements, and strengthen SPCSA's oversight of sponsored charter schools. By holding charter schools accountable for reporting obligations, SPCSA can improve the reliability, completeness, and timeliness of information used by stakeholders to monitor charter school operations and performance. Exhibit II shows the circumstances and possible outcomes for each level of notification.

Exhibit II

Notification Letter Criteria

Notification	Possible Circumstances	Possible Outcomes
Notice of Concern	• Evidence of weak financial, academic, or organizational performance through ongoing oversight or at the time of annual review. • Repeated or material failure to submit items in a timely and/or complete manner.	• Written notification to charter school governing body detailing area(s) of concern, expected actions on the part of the school, and time to remedy as applicable.
Notice of Breach	• Continued evidence and/or significant evidence of material weak financial, academic, or organizational performance through ongoing oversight or at the time of annual review. • Failure to make substantial progress towards remedying previously identified concern. • Failure to comply with applicable laws, regulations, and/or terms of the charter contract.	• Written notification to charter school governing body detailing area(s) of deficiency. • May require corrective action plan and/or site evaluation.
Notice of Intent to Revoke	• Serious violations of laws, regulations, and/or the charter contract through ongoing oversight or at the time of annual review. • Patterns of failure to comply with performance standards.	• Written notification to charter school governing body regarding termination and school closure.

Source: SPCSA Financial Performance Framework Technical Guide, Adopted July 2024.

Conclusion

Enforcing compliance with charter school reporting deadlines will increase transparency and accountability within Nevada's charter school system. Verifying compliance with statutory and regulatory reporting requirements helps ensure information provided to parents, policymakers, and other education stakeholders is complete, accurate, and current. Effective oversight enables SPCSA to identify and address noncompliance in a timely manner, reducing the risk that missing or inaccurate information could impair public understanding of charter school operations, governance, or financial relationships. As a result, stakeholders will have more reliable information to support oversight responsibilities and informed decision-making.

Recommendation

1. Enforce compliance with charter school reporting requirements.

Pursue a Bill Draft Request to Exempt Charter Schools from Vehicle Taxes and Registration Fees

The State Public Charter School Authority (SPCSA) should pursue a Bill Draft Request (BDR) to exempt charter schools from vehicle taxes and registration fees. Exempting charter schools from vehicle taxes and registration fees will reduce charter school transportation costs and remove a barrier to providing student transportation.

Charter Schools Pay Vehicle Taxes and Registration Fees, but School Districts and Government Agencies Are Exempt

Charter schools pay vehicle taxes and registration fees, but school districts and government agencies are exempt. NRS 388A.087(1) deems a charter school to be a political subdivision of the state in limited circumstances, such as for purposes relating to purchasing or leasing public land, but not for purposes related to recurring vehicle taxes and fees.

NRS 371.030 imposes a Governmental Services Tax (GST) for the privilege of operating any vehicle upon public highways in Nevada. NRS 371.100(1)(a) exempts vehicles owned by the United States, the State of Nevada, any political subdivision of the State of Nevada, or any county, municipal corporation, city, unincorporated town, or school district in the State of Nevada from paying GST. Charter schools in Nevada are not exempt from paying GST.

NRS 482.205 requires every owner of a vehicle intended to be operated upon any highway in Nevada to register the vehicle with the Department of Motor Vehicles, and NRS 482.480 imposes a vehicle registration fee. NRS 482.503 exempts vehicles owned by the United States, the State of Nevada, any political subdivision of the State of Nevada, or any county, municipal corporation, city, unincorporated town, or school district in the State of Nevada from paying the vehicle registration fee. Charter schools in Nevada are not exempt from paying vehicle registration fees.

As a state agency, SPCSA is exempt from paying GST, but the charter schools it sponsors are not. Unlike charter schools, school districts and government agencies:

- Are exempt from paying GST;
- Are exempt from paying vehicle registration fees; and
- Obtain exempt government vehicle plates.[10]

[10] Exempt vehicles are issued exempt ("EX") vehicle plates pursuant to NRS 482.368. An issuance fee of $5 is charged per exempt plate, which is identical to the issuance fee for standard plates. Specialty and vanity plates incur a greater fee.

Unlike School Districts, Charter Schools Do Not Receive Transportation Funding through the Pupil-Centered Funding Plan

Unlike school districts, charter schools do not receive transportation funding through the Pupil-Centered Funding Plan (PCFP). PCFP has several major funding components:

- Statewide Base Funding;
- Adjusted Base Funding;
- Weighted Funding (At-Risk, English Learner, Gifted and Talented);
- Local Special Education Funding; and
- Auxiliary Services Funding, which includes Transportation and Food Services.[11]

Under the current funding formula, school districts receive transportation funding through the PCFP as a distinct funding component known as Auxiliary Services Funding. Charter schools do not receive transportation funding through the PCFP.

Governor and Legislature Supported Funding for Charter School Transportation Beginning in 2023

Governor Lombardo and the Nevada Legislature supported funding for charter school transportation beginning in 2023. In 2023, Governor Lombardo's education package (Assembly Bill 400) included a $14 million biennial appropriation ($7 million per fiscal year) for charter school transportation. The bill passed the Assembly unanimously, 41–0 and passed the Senate by a vote of 20–1, receiving support from members of both major political parties. In 2025, Senate Bill 468 appropriated $17 million of funds over the biennium for charter school transportation. The bill passed the Assembly 39–3 and the Senate by a vote of 20–0 (one excused), receiving support from members of both major political parties.

Charter school transportation has been a focus of policymakers as evidenced by appropriations during the 2023 and 2025 Legislative Sessions. Despite $31 million of charter school transportation funding being appropriated over the last two Legislative Sessions, legislation to exempt charter schools from vehicle taxes and registration fees has been unsuccessful. During the 2025 Legislative Session, Assembly Bill 546 (charter school vehicle registration exemption) was referred to committee, but no further action was taken.

<u>Vehicle Taxes and Registration Fees
Impact Smaller and Newer Schools</u>

Vehicle taxes and registration fees impact smaller and newer schools. Vehicle taxes and fees impose a relatively greater financial burden on smaller and newer

[11] The funding allocated to Transportation in Auxiliary Services is determined by using the average cost over the last four years of reported transportation expenses at the school district level.

charter schools because the costs are largely fixed on a per-vehicle basis and represent a higher proportional impact for schools with lower enrollment and more limited operating budgets. Larger and more established charter schools are better able to absorb some expenses through broader funding bases, whereas smaller or newer charter schools may experience a comparatively higher share of available funding being directed toward vehicle-related costs.

Exempting Charter Schools from Vehicle Taxes and Fees
Will Eliminate Some Recurring Student Transportation Costs

Exempting charter schools from paying vehicle taxes and registration fees will eliminate some recurring student transportation costs and increase the share of resources available for other purposes. Students and families may benefit indirectly through improved access to school transportation options and expanded school choice, particularly where transportation is a barrier to enrollment.[12] By reducing the cost associated with maintaining transportation fleets, such exemptions may also broaden the effective reach of charter schools to a wider student population.

Conclusion

Under Nevada law, charter schools are required to pay vehicle-related taxes and fees, while school districts and other governmental entities are exempt, creating a structural difference in treatment. Unlike school districts, charter schools do not receive transportation funding through the PCFP Auxiliary Services component and are therefore more reliant on operating budgets to support transportation needs. Although the Governor and Legislature have acted to appropriate $31 million in targeted transportation funding for charter schools from fiscal year 2023 through 2027, prior legislative efforts to establish permanent fee exemptions have not been advanced. The proposed exemptions are intended to reduce financial pressure, particularly for smaller and newer charter schools where per-vehicle costs represent a larger share of total resources, and to improve access to student transportation and school choice by lowering barriers to providing student transportation.

Recommendation

2. Pursue a Bill Draft Request to exempt charter schools from vehicle taxes and registration fees.

[12] DIA Report No. 24-02 (Equitable Access to Charter Schools) identified a lack of transportation as a barrier to students attending a school of their choice.

Appendix A

Scope and Methodology, Background, and Acknowledgments

Scope and Methodology

We began the audit in December 2025. In the course of our work, we interviewed management of the State Public Charter School Authority (SPCSA) to discuss processes inherent to SPCSA's operations, and staff of the Department of Motor Vehicles to discuss vehicle taxes and fees levied on public schools in Nevada. We reviewed SPCSA records and researched legislative history, state budget manual procedures, applicable Nevada Revised Statutes, Nevada Administrative Code, State Administrative Manual, U.S. Code of Federal Regulations, federal education program requirements, and other state and federal guidelines. We concluded fieldwork in May 2026.

We conducted our audit in conformance with the *Institute of Internal Auditors' Global Internal Audit Standards*.

Background

The State Public Charter School Authority (SPCSA) was established by Senate Bill 212 of the 2011 Legislative Session. The mission of SPCSA is to sponsor, support, and oversee dynamic and responsive public charter schools that prepare all students for academic, social, and economic success. The vision of SPCSA is equitable access to diverse, innovative, and high-quality public schools for every Nevada student. SPCSA consists of four organizational divisions: Finance and Operations, School Support, Monitoring and Evaluation, and Charter School Authorizing. SPCSA's strategic goals are:

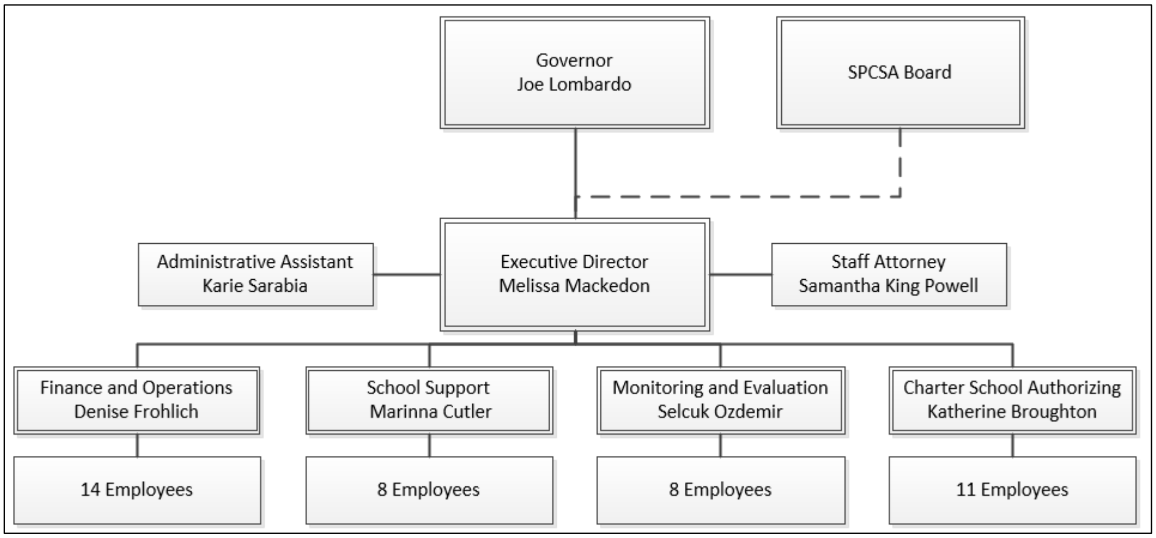
- Provide communities with access to excellent schools that students and families want to attend;
- Provide equitable access to charter schools; and
- Commitment to being a responsive organization.[13]

Exhibit III shows SPCSA's organizational chart.

[13] State Public Charter School Authority 2025-2030 Strategic Plan.

Exhibit III

SPCSA Organizational Chart



Source: SPCSA.

Acknowledgments

We express appreciation to the State Public Charter School Authority's management and staff, the Department of Motor Vehicles, and the Governor's Finance Office, Budget Division for their cooperation and assistance throughout the audit.

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Appendix B

State Public Charter School Authority Response and Implementation Plan

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June 18, 2026

Division of Internal Audits
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Nevada State Public Charter School Authority, Response to ED 26-02

To Whom It May Concern:

The State Public Charter School Authority appreciates the Division of Internal Audits for its thoughtful partnership and professionalism throughout the audit process. SPCSA values the audit team's collaborative approach and the opportunity to identify practices that can further strengthen transparency, accountability, and oversight. The Authority also appreciates the report's acknowledgment of the meaningful progress made by sponsored charter schools and SPCSA staff over time, including improvements in reporting compliance and timeliness where appropriate. SPCSA is committed to continuous improvement and views the recommendations contained in this report as an opportunity to build upon existing efforts and enhance support and accountability systems for Nevada's public charter schools.

SPCSA notes that the increase in late certifications for the Plans to Improve Achievement of Pupils during the 2026–2027 cycle occurred during a period of significant transition in both state systems and accountability requirements. During the School Improvement Plan (SIP) development window, the Nevada Department of Education (NDE) temporarily restricted access to the Plan4Learning platform while system updates were implemented, without advance notice to Local Education Agencies (LEA) or schools. The outage reduced the time schools had to revise and submit plans, and the updated guidance explaining the platform changes had not yet been released. As a result, SPCSA staff independently researched the system modifications, revised guidance documents, developed new training materials, and provided technical assistance to schools to support the timely completion of required plans.

At the same time, NDE issued guidance related to newly enacted legislation and expanded federal compliance expectations affecting school improvement planning, including requirements associated with SB81, AB335, SB460, English Learner planning, federal grant applications, desktop monitoring, and alignment between School Improvement Plans and funding decisions.

These changes increased the complexity of SIP development, review, and monitoring and required additional documentation, stakeholder engagement, technical assistance, revisions, and oversight. While these circumstances contributed to the increase in late submissions during the 2026–2027 cycle, SPCSA remains committed to strengthening its monitoring processes and supporting schools in meeting all required deadlines and compliance obligations.

Recommendation 1:
Enforce compliance with charter school reporting requirements.

SPCSA Response:
Accept.

Implementation Plan:
The SPCSA accepts this recommendation and will utilize its Organizational Performance Framework (OPF) to hold sponsored charter schools accountable for compliance with required reporting and submission obligations. Beginning with the evaluation of the 2025–2026 school year, SPCSA staff will incorporate schools' compliance with reporting requirements into the OPF review process and apply the accountability mechanisms established in the framework, as appropriate.

The results of the 2025–2026 Organizational Performance Framework will be presented to and approved by the SPCSA Board in the fall of 2026. Through this annual process, SPCSA staff will identify schools that fail to submit required reports or certifications in a timely manner and will address instances of noncompliance through the existing oversight and intervention structures available to the Authority. If a school receives a notice on the OPF, it is limited to a range of amendments, including growth and expansion amendments, until it is back in good standing.

This work will continue each fall annually, as Organizational Performance Framework results are finalized and presented to the SPCSA Board.

Target Completion Date:
Fall 2026, with ongoing annual implementation thereafter.

Recommendation 2:
Pursue a Bill Draft Request to exempt charter schools from vehicle taxes and registration fees.

SPCSA Response:
Accept.

Implementation Plan:
The SPCSA accepts this recommendation and has already initiated efforts to pursue the recommended statutory change. SPCSA has been working collaboratively with the Nevada Department of Motor Vehicles regarding proposed legislation to exempt charter schools from applicable vehicle taxes and registration fees. Proposed bill draft language was submitted to and

approved by the Governor's Office, and the Department of Motor Vehicles entered the approved language into the Nevada Executive Budget System (NEBS) by the applicable deadline. SPCSA will continue to support and monitor the progress of this proposal throughout the 2027 Nevada Legislative Session and will work with stakeholders as appropriate to advance the legislation.

Target Completion Date:
Conclusion of the 2027 Nevada Legislative Session.

Respectfully,

Melissa Mackedon, ED SPCSA

Appendix C

Timetable for Implementing Audit Recommendations

In consultation with the State Public Charter School Authority (SPCSA), the Division of Internal Audits categorized the recommendations contained within this report into two separate implementation time frames (i.e., *Category 1* – less than six months; *Category 2* – more than six months). SPCSA should begin taking steps to implement all recommendations as soon as possible. The target completion dates are incorporated from Appendix B.

Category 1: Recommendations with an anticipated implementation period less than six months.

Recommendation	Time Frame
1. Enforce compliance with charter school reporting requirements.	Oct. 2026

Category 2: Recommendations with an anticipated implementation period exceeding six months.

Recommendation	Time Frame
2. Pursue a Bill Draft Request to exempt charter schools from vehicle taxes and registration fees.	June 2027

The Division of Internal Audits shall evaluate the actions taken by SPCSA concerning the recommendations within six months from the issuance of this report. The Division of Internal Audits shall report the results of its evaluation to the Executive Branch Audit Committee and SPCSA.