

FY 2019 Annual Report: Analysis of Funding for Mississippi Charter Schools and the Charter School Authorizer Board

CONCLUSION: The Mississippi Charter School Authorizer Board (MCSAB) currently has three vacant positions on its board, potentially impacting its quorum requirement. Funding from state, local, federal, and other sources was sufficient for charter schools in FY 2019. However, the local ad valorem pro rata calculation required by state law provides for unequal shares between charter schools and the school districts. FY 2019 was the first year the state funding formula, in which each charter school provides 3% of its state and local revenue to the MCSAB, generated sufficient funding to support the board's activities. The board did, however, have an unallowable travel expenditure. Further, in its management of the Charter Schools Program (CSP) Grant, the MCSAB engaged in poor contracting practices and provided insufficient oversight of its contractors.

Background:

The Mississippi Charter School Authorizer Board (MCSAB), a state agency of seven appointed members, is the sole authorizing body for charter schools in the state and is responsible for oversight of the schools' operations. As of September 2019, the board had three staff.

During the FY 2019 application cycle, the MCSAB, with assistance from a team of independent evaluators, approved one application and denied eight. Leflore Legacy Academy was approved to open a 6th-8th grade school for the 2020-2021 school year.

During the 2018-2019 school year, five charter schools (four located within the boundaries of JPS, and one located within the boundaries of the Clarksdale Municipal School District) served 1,505 students.

In September 2017, the U.S. Department of Education awarded a five-year, \$15 million Charter Schools Program (CSP) grant to the MCSAB to help expand the state's charter school sector. The MCSAB spent \$635,846 from the grant funds in FY 2019.

Charter Schools Operating in Mississippi in FY19

Charter School	Grades Served
Midtown Public	Grades 5-8
Reimagine Prep	Grades 5-7
Smilow Prep	Grades 5-6
Smilow Collegiate	Grades K-1
Clarksdale Collegiate	Grades K-2

Academic Performance Results, FY16-FY19

Charter School	FY16	FY17	FY18	FY19
Midtown Public	F	F	F	D
Reimagine Prep	D	D	C	B
Smilow Prep	n/a	D	D	C

NOTE: Smilow Prep and Smilow Collegiate did not receive academic letter grades in FY19 because neither school has yet to serve students at grade levels for which MDE applies annual accountability grades. These grades are not applied until 4th grade.

Report Conclusions

1

The current composition of board members' staggered terms results in three board members terms expiring at one time, potentially impacting the board's quorum requirement.

2

MDE distributed MAEP funding to charter schools at the same amounts it provided MAEP funding to the school districts in which those charter schools were located (before add-on program costs), in accordance with state law.

3

The local ad valorem pro rata calculation required by state law provides unequal shares between charter schools and the school districts.

4

FY 2019 was the first year the state funding formula for the Mississippi Charter School Authorizer Board provided enough funds to cover the operations of the board.

5

The MCSAB inappropriately expended \$1,069 for the travel expenses of a job candidate.

6

The MCSAB is significantly behind in its projected CSP grant expenditures and its efforts to expand charter schools.

7

In its oversight of the CSP grant, the MCSAB engaged in poor contracting practices.

8

The MCSAB paid a contractor \$137,500 without requiring submission of documentation of the work performed.

Recommendations

1. The MCSAB should formally require all charter schools to adopt MDE's accounting manual for public schools.
2. The Legislature should consider amending MISS CODE ANN. §37-28-11(1) to replace the 3% authorizer fee with funding from available funds.
3. The Legislature should, because the MCSAB is a state agency, consider enacting a separate appropriations bill for the board. Such a bill should contain the total amount of funds appropriated for the operations of the board and a total number of authorized full- and part-time positions.
4. The Legislature should, in order to make the pro rata distribution of local ad valorem funds equitable between the school districts and the charter schools, consider amending MISS CODE ANN. §37-28-55(2) and (3) (1972) to include the charter schools' average daily membership for month one of the current year in the denominator of the calculation.
5. a) The Legislature should consider reconstituting the board to establish terms of office that, when concluded, minimize the impact on the board's operations. b) The State Superintendent of Education should submit a nomination letter for the State Superintendent's appointee immediately to the Secretary of the Senate for the remainder of the appointee's three year term, finishing in 2021.
6. The MCSAB should, in order to improve its oversight of the CSP grant: follow through with its amendment to the CSP grant; follow sound contracting practices; ensure timely execution of contracts; only enter into contracts for work under the grant that have been approved by the USDOE; clearly understand grant requirements and allowable expenditures; and hold contractors accountable for performing work under the grant.
7. The MCSAB should comply with DFA's State Travel Policy Rules and Regulations. In no case should the board pay for travel expenses of any job candidate. Further, the Office of the State Auditor should review the \$1,069 expenditure made for job applicant travel to determine an appropriate resolution to this issue.
8. The MCSAB should determine whether the V-Chief contract is still needed since the board now has full-time staff.