

FY 2020 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 two 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 2020. However, the local ad valorem pro rata calculation required by state law provides for unequal shares between charter schools and the school districts. FY 2020 was the second year the state funding formula, in which each charter school provides 3% of its state and local per pupil revenue to MCSAB, generated sufficient funding to support the board’s activities that year. The board reimbursed the state general fund for an unallowable expense from FY 2019, but paid two contractors without a contract in FY 2020. The board made improvements to its oversight of its federal Charter Schools Program grant and made progress in developing a solid board infrastructure. The board did, however, grant renewal to a charter school although the school did not meet the renewal requirements.

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 October 2020, the board has three staff members.

During the FY 2020 application cycle, MCSAB, with assistance from a team of independent evaluators, approved one application and denied two. SR1 College Preparatory and STEM Academy was approved to open a Kindergarten through 1st grade school in Canton for the 2022-2023 school year.

During the 2019-2020 school year, six charter schools (five located within the boundaries of JPS, and one located within the boundaries of the Clarksdale Municipal School District) served 1,992 students.

In February 2020, MCSAB contracted with the National Association of Charter School Authorizers (NACSA) to conduct an evaluation of MCSAB’s authorizing practices.

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 has spent \$1.75 million from the grant funds from FY 2018 through FY 2020, which is significantly less than what it had projected to spend by this time.

Charter Schools Operating in Mississippi in FY 20

Charter School	Grades Served
Midtown Public	Grades 5 through 8
Reimagine Prep	Grades 5 through 8
Smilow Prep	Grades 5 through 8
Smilow Collegiate	Grades K through 2
Clarksdale Collegiate	Grades K through 3
Ambition Prep	Grades K through 1

Academic Performance Results, FY 16-FY 20

Charter School	FY 16	FY 17	FY 18	FY 19	FY 20
Midtown Public	F	F	F	D	D
Reimagine Prep	D	D	C	B	B
Smilow Prep	n/a	D	D	C	C

NOTE: Smilow Collegiate, Clarksdale Collegiate, and Ambition Prep did not receive academic letter grades in FY 2020 because each 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 constitution of board members' staggered terms results in three board members rolling off 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 statute.

3

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

4

FY 2020 was the second year the state funding formula for MCSAB provided enough funds to cover the operations of the board.

5

MCSAB's 3% fee revenues have increased at a greater rate than its expenditures. Therefore, PEER believes MCSAB may have achieved the financial stability to operate on less revenue.

6

MCSAB reimbursed the state general fund \$1,069 for an unallowable travel expense PEER noted in last year's report. However, MCSAB paid two contractors without a contract in FY 2020.

7

MCSAB made improvements to its oversight of its federal Charter Schools Program grant and made progress in developing a solid board infrastructure.

8

MCSAB granted renewal to Midtown Public although it did not meet the performance framework requirements for renewal.

Recommendations

1. MCSAB should implement each of the recommendations NACSA provided in the NACSA Authorizer Evaluation Tool.
2. MCSAB should formally require all charter schools to adopt MDE's accounting manual for public schools.
3. MCSAB should, in order to protect its own interests regarding the expenditure of public funds, enter into personal services contracts with any individuals performing work for MCSAB, regardless of the amount.
4. MCSAB should continue its efforts to develop a solid infrastructure in which it can more effectively operate.
5. The Legislature should consider amending MISS. CODE ANN. § 37-28-11 (1) (1972) to replace the 3% authorizer fee with funding from available funds; or, if the legislature chooses to keep the 3% fee, consider amending § 37-28-11 (1) to allow MCSAB to receive up to 3% of annual per pupil allocations.
6. The Legislature should, because MCSAB is defined as 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.
7. MCSAB in consultation with MDE should, in order to make the pro rata distribution of local ad valorem funds equitable between school districts and charter schools, submit to the Senate and House Education committees by January 1, 2021, a proposed amendment to MISS. CODE ANN. Sections 37-28-55 (2) and (3) (1972) revising the calculation such that traditional public school students and charter school students in those districts receive equal per pupil local ad valorem funding.
8. 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, after each appointment made to MCSAB, submit an appointment letter to the Senate so that the appointee can be confirmed.