

FY 2016 Annual Report: Analysis of Funding for Mississippi Charter Schools and the Charter School Authorizer Board

Executive Summary

Introduction

In 2013 the Mississippi Legislature enacted the “Mississippi Charter Schools Act of 2013” that provided authorization for a charter school oversight board and guidance for the formation of charter schools.

MISS. CODE ANN. § 37-28-37(2) (1972) requires PEER (the Joint Legislative Committee on Performance Evaluation and Expenditure Review) to prepare an annual report that

1. assesses the sufficiency of funding for charter schools;
2. assesses the efficacy of the state formula for authorizer funding; and
3. suggests changes to state law or policy that might strengthen charter schools.

PEER limited this review to the first two mandates: to evaluate sufficiency of funding for charter schools and the efficacy of the state formula for authorizer funding. The third mandate—to make suggested changes in state law or policy to strengthen the state’s charter schools—is not addressed in this report because charter schools only began operations in the state in 2015.

PEER reviewed the first two charter schools to have completed one year of serving students (the FY 2015-16 school year): Midtown Public Charter School and Reimagine Prep, both located in Jackson.

Charter Schools: Their Position and Purpose in Mississippi’s Education System

According to the U.S. Department of Education, a public charter school is a “publicly funded school that is typically governed by a group or organization under a legislative contract (or charter) with the state or jurisdiction.” In Mississippi, state law establishes all charter schools as public schools and part of the state’s public school system.

Under MISS. CODE ANN. § 37-28-3(1) (1972), general purposes of charter schools include the following:

- *To close achievement gaps between high-performing and low-performing groups of public school students;*

- *To increase high-quality educational opportunities within the public education system for all students, especially those with a likelihood of academic failure;*
- *To encourage the use of different, high-quality models of teaching, governing, scheduling and other aspects of schooling which meet a variety of student needs;*
- *To provide students, parents, community members and local entities with expanded opportunities for involvement in the public education system.*

In alignment with the act, the contracts between charter schools and the authorizer board establish a clear emphasis on expanding educational opportunities for “underserved students.” All contracts must provide, among other requirements, detailed enrollment policies and procedures, educational program requirements, and grade-level enrollment projections. The underserved student composition of a charter school’s enrollment must reflect that of students attending the school district in which the charter school is located, and is defined as being at least 80 percent of that population.

Mississippi Charter School Authorizer Board and Its Responsibilities

The Mississippi Charter School Authorizer Board (MCSAB) is the sole authorizing body for charter schools in the state and is responsible for oversight of the schools’ operations. The MCSAB is made up of seven appointed members. For a list of current board members, please see Appendix A, page 24.

MCSAB responsibilities include developing chartering policies, reviewing charter school applications, deciding whether to approve or reject applications (including renewal applications), entering into charter contracts with applicants, overseeing charter schools, and, when necessary, revoking a charter school’s contract.

Charter Schools in Mississippi

State law establishes certain requirements for the MCSAB pertaining to issuance of yearly requests for proposals for charter school applications (e.g., must provide a timeline for approval or denial decisions) and establishes requirements for charter school applicants (e.g., must be a nonprofit organization). The application process involves three stages of review, and the MCSAB is the final authority for approval decisions.

Through the 2015 application cycle, the MCSAB (with assistance from National Association of Charter School Authorizers) had evaluated 19 applications and approved three applications for four schools. The following two charter operators began serving in Jackson in the 2015-16 school year:

- Midtown Partners, Inc. operating the Midtown Public Charter School, and
- RePublic Schools, Inc. operating ReImagine Prep.

The third and fourth approved charters belong to RePublic Schools, Inc. for the operation of Joel E. Smilow Prep and Joel E. Smilow Collegiate in Jackson. RePublic Schools, Inc. began operation of Joel E. Smilow Prep during the 2016-17 school year but deferred the opening of Joel E. Smilow Collegiate until the 2017-18 school year.

Sufficiency of Funding for Charter Schools

Charter schools receive funding from state sources, local ad valorem taxes, federal funds, and through fund-raising and other sources, such as grants and gifts.

Sufficiency of funding from the state of Mississippi is defined by the Legislature through the Mississippi Adequate Education Program (MAEP) formula as funding levels necessary for school districts to meet at least a successful Level III rating of the accreditation system as established by the State Board of Education using current statistically relevant state assessment data.

During FY 2016, the Mississippi Department of Education (MDE) distributed MAEP funding to charter schools and public schools in a consistent manner. The MDE distributed \$623,742 to Midtown Public and \$648,797 to Reimagine Prep from MAEP funds.

During FY 2016 Midtown Public received approximately \$1.46 million and Reimagine Prep received approximately \$1.48 million from MAEP, local ad valorem taxes, federal funds, grants, gifts, fund-raising, and charitable contributions.

Efficacy of the Mississippi Charter School Authorizer Board Funding Model

For purposes of this report, efficacy of the MCSAB funding model is equated to providing sufficient revenue from charter school fees to fully fund MCSAB operations. Under state law, the MCSAB receives 3% of annual per-pupil allocations received by charter schools from state and local sources. In FY 2016, the first year charter schools were operational in the state, this statutory formula did not generate sufficient funding to support the board's activities.

To provide the MCSAB with sufficient funding, in FY 2014 and FY 2015, prior to charter schools becoming operational, and in FY 2016, additional funding for the MCSAB was included in Institutions of Higher Learning (IHL) program enhancement funding.

For FY 2017, funding from the 3% fee of annual per-pupil allocations is not projected to be sufficient to fully fund MCSAB operations. Until charter school enrollment reaches a level sufficient for the 3% fee combined with any gifts, grants, or donations the board may receive is large enough to fully fund the board's operations, supplemental legislative funding will continue to be required.

Recommendations

1. The Mississippi Charter School Authorizer Board should formally adopt regulations requiring all charter schools in the state to report quarterly and annual financial information in the format required by the Mississippi Department of Education's accounting manual for Mississippi public school districts. Adoption and enforcement of these regulations would facilitate any future comparison of charter school and public school expenditures.
2. Under the current funding model, the Mississippi Charter School Authorizer Board receives 3% of state and local funds that charter schools receive. Therefore, the amount of funds from sources available to charter schools on a per-pupil basis is less than the funds provided to public schools on a per-pupil basis. To provide fully equitable state and local funding between public school and charter school pupils, the Legislature should consider amending MISS. CODE ANN. § 37-28-11(1) (1972) to remove the 3% funding the Mississippi Charter School Authorizer Board receives from charter schools' state and local revenue sources. The Legislature should also consider amending the same section to provide that the authorizer board shall be annually funded from any funds available to the Legislature.
3. To ensure funding and accountability of appropriations, the Legislature should consider providing specifically for MCSAB operations by taking one of the following options:
 - a. Because the board is a state agency per MISS. CODE ANN. § 37-28-7, the Legislature could consider enacting a separate appropriations bill for the board. Such 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.
 - b. The Legislature, while continuing to fund the board through appropriations to the IHL, could provide a specific line item in the IHL appropriation for board support with provision for total authorized positions.