

CONCLUSION: Funding from state, local, federal, and other sources was sufficient for charter schools in FY 2025. For FY 2025, the charter schools received local support payments from ad valorem taxes in a manner inconsistent with statute; however, MDE plans to correct this miscalculation by re-directing local ad valorem funds from charter schools to the public school districts. MCSAB receives 3% of annual state and local per-pupil revenues from charter schools which, since FY 2019, has generated sufficient funding to support MCSAB's activities. MCSAB did not receive a general fund appropriation for FY 2025 or FY 2026. Independent audit reports for three charter schools showed financial weaknesses.



BACKGROUND

MISS. CODE ANN. Section 37-28-7 (3) (1972) outlines the composition of the Mississippi Charter School Authorizer Board (MCSAB), which is composed of seven appointed members and is the sole authorizing body for charter schools in the state. In FY 2025, MCSAB staff included five people.

Although Board members serve staggered terms of office, this has resulted in three Board members rotating off in the same year, which could prevent the Board from establishing a quorum at its meetings.

During SY 2024-2025, ten charter schools served 3,890 students.

No new charter school applications were approved during the 2025 application cycle because the Board did not receive any completed applications.

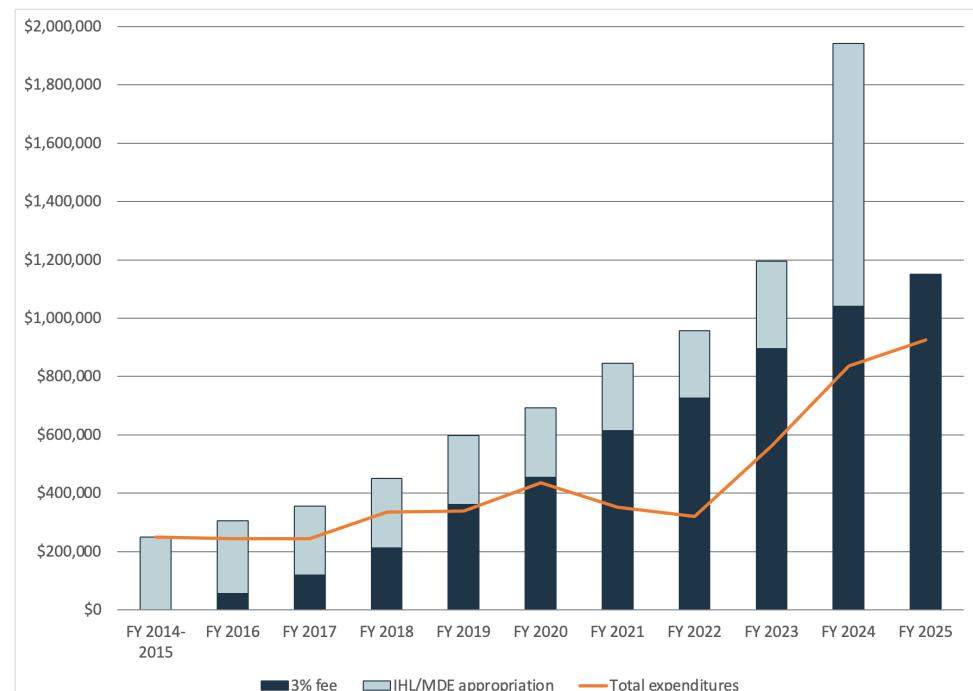
MCSAB did not receive a general fund appropriation for FY 2025 or FY 2026. As of June 30, 2024, MCSAB maintained a special fund balance totaling \$2.5 million. As of June 30, 2025, its special fund balance totaled \$2.7 million.

At its Board meeting in December 2025, MCSAB voted to place SR1 on Revocation Review because of its continued failure to meet enrollment projections, its financial situation—which shows it has one day cash on hand—and that after a review of its FY 2026 first quarter financial audit, there is no indication of progress toward remedying these issues.



SUFFICIENCY OF CHARTER SCHOOL FUNDING

- For FY 2025, the Mississippi Department of Education (MDE) distributed Mississippi Student Funding Formula (MSFF) funding to charter schools according to the same weighting system as traditional public schools.
- For FY 2025, the ten operating charter schools received local support payments from ad valorem taxes in a manner inconsistent with MISS. CODE ANN. Section 37-151-211(2) (b) (ii) (1972). Although the local ad valorem pro rata calculation required by statute now provides for equal shares between charter schools and school districts, MDE inadvertently miscalculated the formula; therefore, charter school students received approximately \$1.7 million more in per-pupil local ad valorem funds than traditional public-school students received in FY 2025. MDE plans to redirect the FY 2025 funds from charter schools to the school districts.
- In FY 2025, the ten operating charter schools received between \$1.2 million and \$10.2 million from MSFF funding, local ad valorem taxes, federal funds, and other sources.
- MCSAB receives 3% of annual per-pupil allocations received by charter schools from state and local sources.



Financial Issues with RSI, SR1, and Clarksdale Collegiate

In 2024, an independent accounting firm concluded that Republic Schools, Inc.'s (RSI) accounting procedures lacked transparency and accuracy. The accounting firm made recommendations to remedy these issues to help ensure that the financial position of each of RSI's four schools is clear. Although RSI has made some progress towards implementation of the recommendations, PEER and MCSAB should continue monitoring RSI to ensure full implementation of the recommendations.

In SR1's independent audit report of its financial statements for FY 2025, auditors reported material weaknesses in SR1's internal controls, and adjustments had to be made to correct certain account balances.

In Clarksdale Collegiate's independent audit report of its financial statements for FY 2025, auditors noted it had significant construction loans expiring in 2026 but insufficient cash reserves to settle the debt and no guaranteed plan to re-finance the debt. Therefore, the auditors noted "substantial doubt about the organization's ability to continue" as a going concern.

MCSAB renewed the charter contracts for Leflore Legacy, Reimagine Prep, and Smilow Prep, each of whose terms ended at the conclusion of the 2024-2025 school year. Leflore Legacy was renewed with no conditions; Reimagine Prep and Smilow Prep were renewed with conditions.

Accountability Grades

Charter School	School Year	
	2023-2024	2024-2025
Ambition Prep	B	C
Clarksdale Collegiate	D	D
Leflore Legacy Academy	C	D
Midtown Public	D	D
Reimagine Prep	C	F
Smilow Collegiate	C	D
Smilow Prep	B	D

RECOMMENDATIONS

1. The Legislature should consider amending MISS. CODE ANN. Section 37-28-11 (1) (1972) to allow MCSAB to receive up to 3% of annual per-pupil allocations received by a charter school from state and local funds for each charter school it authorizes. If the Legislature authorizes MCSAB to receive up to 3% of per-pupil allocations, MCSAB should develop a policy for determining the appropriate calculation of fees for charter schools, based on several consecutive years of MCSAB's financial data.
2. The Legislature should consider reconstituting the Board to establish terms of office that, when concluded, minimize the impact on the Board's operations.
3. MDE should ensure that school districts receive the local ad valorem revenue they should have received in FY 2025 as set forth in MISS. CODE ANN. Section 37-151-211(2) (b) (ii) (1972). Specifically, MDE should notify each charter school as to the amount it owes to the school districts; and from January 2026 through June 2026, MDE should withhold—in monthly installments—the amount charter schools owe the school districts and redirect those funds to the appropriate school districts. MDE should also ensure that future local ad valorem shares are distributed equitably to traditional districts and charter schools according to statute.
4. The Legislature should consider amending MISS. CODE ANN. Sections 37-151-211(2) (b) (ii) and (iii) such that for the pro-rata local ad valorem calculation only, both traditional school district enrollment and charter school enrollment reflect actual enrollment based on months two and three of the school year for which the local ad valorem funds are being distributed. The amendment to this calculation should only apply to the local ad valorem pro rata calculation and not the enrollment calculation for MSFF.