

FY 2023 Annual Report: Analysis of Funding for Mississippi Charter Schools and the Charter School Authorizer Board

A Report to the Mississippi Legislature
Report #697
December 12, 2023



PEER Committee

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The Mississippi Legislature created the Joint Legislative Committee on Performance Evaluation and Expenditure Review (PEER Committee) by statute in 1973. A joint committee, the PEER Committee is composed of seven members of the House of Representatives appointed by the Speaker of the House and seven members of the Senate appointed by the Lieutenant Governor. Appointments are made for four-year terms, with one Senator and one Representative appointed from each of the U.S. Congressional Districts and three at-large members appointed from each house. Committee officers are elected by the membership, with officers alternating annually between the two houses. All Committee actions by statute require a majority vote of four Representatives and four Senators voting in the affirmative.

Mississippi's constitution gives the Legislature broad power to conduct examinations and investigations. PEER is authorized by law to review any public entity, including contractors supported in whole or in part by public funds, and to address any issues that may require legislative action. PEER has statutory access to all state and local records and has subpoena power to compel testimony or the production of documents.

PEER provides a variety of services to the Legislature, including program evaluations, economy and efficiency reviews, financial audits, limited scope evaluations, fiscal notes, and other governmental research and assistance. The Committee identifies inefficiency or ineffectiveness or a failure to accomplish legislative objectives, and makes recommendations for redefinition, redirection, redistribution and/or restructuring of Mississippi government. As directed by and subject to the prior approval of the PEER Committee, the Committee's professional staff executes audit and evaluation projects obtaining information and developing options for consideration by the Committee. The PEER Committee releases reports to the Legislature, Governor, Lieutenant Governor, the agency examined, and the general public.

The Committee assigns top priority to written requests from individual legislators and legislative committees. The Committee also considers PEER staff proposals and written requests from state officials and others.



Joint Legislative Committee on Performance Evaluation and Expenditure Review

PEER Committee

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December 12, 2023

Honorable Tate Reeves, Governor
Honorable Delbert Hosemann, Lieutenant Governor
Honorable Philip Gunn, Speaker of the House
Members of the Mississippi State Legislature

On December 12, 2023, the PEER Committee authorized release of the report titled ***FY 2023 Annual Report: Analysis of Funding for Mississippi Charter Schools and the Charter School Authorizer Board.***

Senators

Charles Younger
Vice Chair
Sollie Norwood
Secretary
Kevin Blackwell
Lydia Chassaniol
Dean Kirby
Chad McMahan
John Polk

A handwritten signature in black ink that reads "Jerry R. Turner". The signature is fluid and cursive, with the first name "Jerry" being the most prominent.

Representative Jerry Turner, Chair

Executive Director

James F. (Ted) Booth

This report does not recommend increased funding or additional staff.

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CONCLUSION: Funding from state, local, federal, and other sources was sufficient for charter schools in FY 2023. However, the local ad valorem pro rata calculation required by state law continues to provide for unequal shares between charter schools and school districts. MCSAB receives 3% of annual state and local per-pupil revenues from charter schools. In FY 2023, MCSAB expended \$563,349 on its operations. FY 2023 was the fifth year the statutory formula generated sufficient funding to support MCSAB's activities. Having analyzed several consecutive years of financial data from MCSAB, PEER contends that MCSAB has achieved the financial stability to operate on less than 3% of charter school revenues. PEER also determined that MCSAB's charter school renewal process lacks full transparency and accountability.



BACKGROUND

Background

MISS. CODE ANN. Section 37-28-7 (3) (1972) outlines the composition of the Mississippi Charter School Authorizer Board (MCSAB). The Board is made up of seven appointed members and is the sole authorizing body for charter schools in the state. In FY 2023, MCSAB staff included 3 members.

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

During the 2023 Legislative Session, the House Education and Appropriations Committees passed a committee substitute for H.B. 555 to correct the issue of the staggered terms of office; however, the bill died on the House calendar.

The Board, on recommendation from its third-party evaluator, Advanced Leadership Strategists, approved one application for an additional charter school to be located in the Clarksdale Municipal School District.

During SY 2022–2023, eight charter schools (six located in Jackson, one located in Clarksdale, and one located in Greenwood) served 2,938 students.



SUFFICIENCY OF CHARTER SCHOOL FUNDING

- For FY 2023, the Mississippi Department of Education (MDE) distributed Mississippi Adequate Education Program (MAEP) funding to charter schools in the same manner as the local public school districts in which they are located.

For FY 2023, the eight operating charter schools received local support payments from ad valorem taxes in a manner consistent with MISS. CODE ANN. Section 37-28-55 (2) and (3) (1972).

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

- Federal funds received by MDE are distributed to each public school district and charter school based on the school's ability to meet federal program requirements.

In FY 2023, the charter schools that were operating that year received federal grant funds totaling \$16,872,283, including \$136,086 from the Charter Schools Program grant.

- In FY 2023, the eight operating charter schools received between \$3.1 million and \$8.5 million from MAEP funding, local ad valorem taxes, federal funds, and other sources.

Seven of the eight charter schools operating in Mississippi received revenues in FY 2023 that were sufficient to cover their expenditures that year. Revive's expenditures exceeded its revenues by \$305,296.

- MCSAB's appropriation was included as a line item in MDE's FY 2024 budget.
- MCSAB receives 3% of annual per-pupil allocations received by charter schools from state and local sources.

FY 2023 was the fifth year this statutory formula generated sufficient funding to support MCSAB's. For the second consecutive year, MCSAB did not collect all of the 3% fees it was owed from Clarksdale Collegiate because Coahoma County School District had not received enough January MAEP funds to provide its pro rata share of those funds for the students from its district who enrolled in Clarksdale Collegiate that year.

Weaknesses in MCSAB's Renewal Process

MCSAB renewed the charter contracts for the three charter schools whose terms ended at the conclusion of SY 2022-2023. Smilow Collegiate was renewed for a five-year term; and, Clarksdale Collegiate and Midtown Public were renewed for four-year terms with conditions.

PEER determined that MCSAB's decision matrix—against which it makes its renewal decisions for charter schools—lacks clarity, objectivity, and transparency by failing to set weights for each performance domain (academic, financial, and organizational) and failing to set clear standards for the length of the renewal term.

Various sections of state law suggest that the decision of whether to renew a charter school must be based on MCSAB's performance framework but that decisions related to renewal terms (e.g., length of renewal) may be based on factors outside of the performance framework (e.g., the particular circumstances of each school), which could lead to subjective decision-making.

Under the current law, factors other than performance must be clearly defined or have clearly defined limits to ensure transparency and accountability.

Charter School Performance

MCSAB annually measures each charter school's performance according to a performance framework, which consists of three domains—academic, financial, and organizational. MCSAB's SY 2022-2023 performance framework reports were not yet available during PEER's fieldwork; however, prior years' reports show that only one school—Midtown Public—did not "meet expectations" in all three performance domains from SY 2018-2019 to SY 2021-2022.

Charter School Program Grant

In September 2017, the U.S. Department of Education awarded MCSAB a five-year, \$15 million grant to help expand the state's charter school sector. The five-year grant period was from October 1, 2017, to September 30, 2022. In August 2023, MCSAB applied for a third no-cost extension to the grant, but the U.S. Department of Education did not grant the extension.

Accountability Grades

Charter School	School Year	
	2021-2022	2022-2023
Midtown Public	D	F
Reimagine Prep	C	D
Joel E. Smilow Prep	C	D
Joel E. Smilow Collegiate	B	F
Ambition Prep	No grade	C
Clarksdale Collegiate	D	D
Leflore Legacy Academy	D	F



SUMMARY OF RECOMMENDATIONS

1. The Legislature should consider removing the 3% funding MCSAB receives from charter schools' state and local revenue sources. The Legislature should also consider annually funding MCSAB from any funds available to the Legislature. If the Legislature chooses to keep the 3% funding model, it should consider allowing 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, then 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. MCSAB should submit a proposed amendment to MISS. CODE ANN. Section 37-28-7 (2) and (3) that revises the calculation so that public school students and charter school students receive equal per-pupil local ad valorem funding.
3. The Legislature should consider reconstituting the Board to establish terms of office that, when concluded, minimize the impact on the Board's operations.
4. The Legislature should consider amending MISS. CODE ANN. Section 37-28-33 (1) (1972) to require that decisions regarding renewal terms be based on the performance framework set forth in the charter contract.
5. The Legislature should consider amending MISS. CODE ANN. Section 37-28-55 (3) such that in cases where the school district's January transfer of MAEP funds is insufficient to cover the amount it owes the charter school, the school district shall pay the charter school the balance it owes from its own funds, of which MCSAB shall also receive 3% in accordance with MISS. CODE ANN. Section 37-28-11 (1972).
6. MCSAB should collect the \$12,541.17 in 3% fees from Clarksdale Collegiate and count it as FY 2023 revenue.
7. MCSAB should ensure that its renewal evaluation criteria are clear, objective, and transparent.

FY 2023 Annual Report: Analysis of Funding for Mississippi Charter Schools and the Charter School Authorizer Board

Introduction

Authority, Scope, and Purpose

In 2013, the Mississippi Legislature enacted the “Mississippi Charter Schools Act of 2013” (Chapter 497, *Laws of 2013*), which repealed the “Conversion Charter School Act of 2010”¹ and provided authorization for a charter school oversight board and guidance for the formation of charter schools in Mississippi.

As stated in MISS. CODE ANN. Section 37-28-37 (2) (1972):

The Joint Legislative Committee on Performance Evaluation and Expenditure Review (PEER) shall prepare an annual report assessing the sufficiency of funding for charter schools, the efficacy of the state formula for authorizer funding, and any suggested changes in state law or policy necessary to strengthen the state’s charter schools.

PEER conducted this review in accordance with MISS. CODE ANN. Section 5-3-51 (1972) et seq.

Method

To conduct this analysis, PEER reviewed:

- relevant sections of state law; and,
- federal, state, and local funding information provided by charter schools, the Mississippi Charter School Authorizer Board (MCSAB), Mississippi Department of Education (MDE), Institutions of Higher Learning (IHL), and the Mississippi Department of Finance and Administration (DFA).

PEER also interviewed staff members of MCSAB, Midtown Public Charter School, Reimagine Prep, Joel E. Smilow Prep, Joel E. Smilow Collegiate, Revive, Clarksdale Collegiate, Ambition Prep, Leflore Legacy Academy, and MDE.

¹ The “Conversion Charter School Act of 2010” (MISS. CODE ANN. Section 37-165-1 [1972] et seq.) provided a means whereby the parents or guardians of students enrolled in a chronically underperforming local public school could

Background

This chapter serves as an update to previous PEER reports on the following information:

- membership and staff of MCSAB;
- charter school applicants in MCSAB's 2023 application cycle; and,
- charter schools serving students during School Year (SY) 2022–2023.

Membership and Staff of MCSAB

MCSAB is a state agency of seven appointed members. The staggering of MCSAB Board members' terms has resulted in three of the Board members rotating off in the same year, which could prevent the Board from establishing a quorum at its meetings. MCSAB is the sole authorizing body for charter schools in the state and is responsible for oversight of the schools' operations. In FY 2023, the Board had three staff members.

MISS. CODE ANN. Section 37-28-7 (3) (1972) outlines the composition of MCSAB. The appointment of the Board is as follows:

- The Governor appoints three members, one member from each of the Mississippi Supreme Court districts.
- The Lieutenant Governor appoints three members, one member from each of the Mississippi Supreme Court districts.
- The State Superintendent of Public Education appoints one member.

All appointments must be made with the advice and consent of the Senate. See Exhibit 1 on page 3 for a list of current Board members and their terms.

As PEER noted in previous annual reports on charter schools, although MISS. CODE ANN. Section 37-28-7 (5) (1972) established staggered terms of office for MCSAB, this has resulted in three of the Board members rotating off in the same year, which could prevent the Board from establishing a quorum at its meetings.

The "Mississippi Charter Schools Act" was written such that the Governor's three appointments' terms conclude at the same time and the Lieutenant Governor's three appointments' terms conclude at the same time.

petition the Mississippi State Board of Education to convert the public school to a conversion charter school. This conversion status would have required a contract issued by the State Board of Education.

During the 2023 Legislative Session, the House Education and Appropriations Committees passed a committee substitute for H.B. 555 to correct the issue of the staggered terms of office; however, the bill died on the House calendar.

In FY 2023, MCSAB staff included an Executive Director, an Executive Support staff position, and a General Counsel staff position. The General Counsel staff member was hired in November 2022, to be responsible for, among other duties, advising the board and staff on existing laws; ensuring compliance with the Open Meetings Act; reviewing and revising MCSAB policies to ensure compliance with current law; providing training to schools to ensure they understand their contractual obligations and to monitoring legislation pertinent to charter schools.

Exhibit 1: Mississippi Charter School Authorizer Board, Current Members and Terms of Service, August 2023

Board Member	Appointed By	Term End Date
Don Hinton*	Governor	August 30, 2023**
Lee Durrett *	Governor	August 30, 2023**
Candace Robins	Governor	August 30, 2026**
Marcy Scoggins	Lt. Governor	August 30, 2025
Jennifer Jackson Whittier	Lt. Governor	August 30, 2025
Kimberly Remak	Lt. Governor	August 30, 2025
Jean Cook	State Superintendent	August 30, 2024**

* Although the terms for Don Hinton and Lee Durrett expired in August 2023, MCSAB staff noted that both members continue to serve on the Board until new members are appointed.

** All three Governor appointees should have a term end date of August 30; however, the appointment letters for Don Hinton, Lee Durrett, and Candace Robins contain incorrect term end dates of August 31. Likewise, the State Superintendent of Education appointment should have a term end date of August 30, 2024; however, the appointment letter for Jean Cook contains an incorrect term end date of August 31, 2024.

SOURCE: PEER analysis of data from the Mississippi Secretary of State, the Mississippi Legislature’s website, the Mississippi Charter School Authorizer Board website, and state law.

MCSAB employs contractors to satisfy some of its mandate to authorize and oversee charter schools. For example, in FY 2023 MCSAB contracted with a third-party evaluator to evaluate charter school applications and with a private business to perform accounting services.

Charter School Applicants in MCSAB's 2023 Application Cycle

MCSAB received two complete applications for charter schools in its 2023 application cycle. The Board, on recommendation from its third-party evaluator, approved one application for an additional charter school to be located in the Clarksdale Municipal School District.

Any party seeking to open a charter school in Mississippi must submit an application to MCSAB. MCSAB contracted with the National Association of Charter School Authorizers (NACSA) from 2014 to 2018 to manage the application process and to provide independent recommendations of approval or denial for each charter school application. However, beginning in 2019, MCSAB ceased contracting with NACSA because, according to MCSAB staff, NACSA no longer engages in this type of evaluation work. From FY 2020 until FY 2022, MCSAB contracted with SchoolWorks to manage the application process (using protocols developed by MCSAB) and provide recommendations. In FY 2023, MCSAB contracted with Advanced Leadership Strategists to provide this work.

In FY 2023, MCSAB contracted with Advanced Leadership Strategists to manage the charter school application process.

As in previous years, the application process includes three stages of review: the completeness² check, the threshold quality review, and an independent evaluator review (which may lead to an invitation-only capacity interview). For a discussion of each stage of the review, see PEER Report #667, *FY 2021 Annual Report: Analysis of Funding for Mississippi Charter Schools and the Charter School Authorizer Board*, pages 5 and 6.

In the 2023 application cycle, Advanced Leadership Strategists recommended one school be approved as a new charter school. MCSAB followed the recommendation and approved Clarksdale Collegiate Prep at its meeting on September 25, 2023.

In the 2023 application cycle, MCSAB received letters of intent for six schools. Prospective applicants in 2023 were limited to opening school(s) in only 14 of the state's school districts, as these were the only school districts with a "D" or "F" rating that year.³

Of the six prospective applicants who submitted a letter of intent, four were deemed eligible to submit an application⁴ and move forward to Stage 1 of the application process. Of the four eligible schools, MCSAB received applications from two—Clarksdale Collegiate Prep and Level Up Academy—both of which were complete and eligible to advance to Stage 2. Although both organizations are located in Mississippi, were repeat applicants, and were created within the past seven years, only Clarksdale Collegiate has previous experience operating a charter school. In July 2023, Clarksdale Collegiate Prep advanced from Stage 2 to Stage 3.

² "Completeness" refers to the elements that an application must contain to qualify as a finished response based on the requirements set forth in the request for proposals (e.g., a complete budget).

³ According to MISS. CODE ANN. Section 37-28-7 (2) (c), MCSAB may authorize charter schools located in "D" or "F" rated districts without the approval of the local school board.

⁴ Two schools were ineligible to submit an application during the 2023 application cycle. Colearn Academy was deemed ineligible because it was a virtual school. Gifted Preparatory was deemed ineligible because it was missing documentation on its letter of intent and did not resubmit it.

At its September 2023 board meeting, MCSAB—on recommendation from its third-party evaluator—approved the application for Clarksdale Collegiate Prep to open a charter high school.

Exhibit 2 on page 5 lists the charter school applications MCSAB has approved to date (from its 2014 application cycle through its 2023 application cycle), the operational school years, and contract terms.

Exhibit 2: Approved Mississippi Charter Schools through the 2023 Application Cycle

Charter School	School District	Charter Operator	First School Year of Operation	Contract Term ¹
Midtown Public*	Jackson Public	Midtown Partners, Inc.	SY 2015–2016	FY 2016 to FY 2020 FY 2021 to FY 2023 FY 2024 to FY 2027
Reimagine Prep*	Jackson Public	RePublic Schools, Inc.	SY 2015–2016	FY 2016 to FY 2020 FY 2021 to FY 2025
Joel E. Smilow Prep*	Jackson Public	RePublic Schools, Inc.	SY 2016–2017	FY 2017 to FY 2021 FY 2022 to FY 2025
Joel E. Smilow Collegiate*	Jackson Public	RePublic Schools, Inc.	SY 2018–2019	FY 2019 to FY 2023 FY 2024 to FY 2028
Clarksdale Collegiate*	Clarksdale Municipal	Clarksdale Collegiate, Inc.	SY 2018–2019	FY 2019 to FY 2023 FY 2024 to FY 2027
Ambition Preparatory*	Jackson Public	Ambition Preparatory Charter School	SY 2019–2020	FY 2020 to FY 2024
Leflore Legacy Academy*	Greenwood Leflore	Mississippi Delta Academies	SY 2020–2021	FY 2021 to FY 2025
Revive*	Jackson Public	RePublic Schools, Inc.	SY 2022–2023	FY 2023 to FY 2027
SR1 College Preparatory and STEM Academy	Canton Public	SR1	SY 2023–2024	FY 2024 to FY 2028
Republic High School	Jackson Public	RePublic Schools, Inc.	TBD ²	TBD ²
Instant Impact Global Prep	Natchez-Adams	Instant Impact Educational Services	SY 2023–2024	FY 2024 to FY 2028
Clarksdale Collegiate Prep	Clarksdale Municipal	Clarksdale Collegiate, Inc.	SY 2025–2026	TBD ²

* Charter schools that were in operation during SY 2022–2023.

1. Per MISS. CODE ANN. Section 37-28-21 (1) (1972), MCSAB must grant an initial charter to each qualified applicant for a term of five operating years. In 2020, MCSAB renewed Midtown Public's contract for a three-year term and Reimagine Prep's contract for a five-year term. In 2021, MCSAB renewed Smilow Prep's contract for a four-year term. In FY 2022, MCSAB renewed both Midtown Public's and Clarksdale Collegiate's contracts for four-year terms; and Smilow Collegiate's contract for a five-year term.
2. As of October 2023, MCSAB had not generated a contract with RePublic High School or Clarksdale Collegiate Prep.

SOURCE: PEER analysis of Mississippi Charter School Authorizer Board documents.

Charter Schools Serving Students during SY 2022–2023

During SY 2022–2023, eight charter schools (six located in Jackson, one located in Clarksdale, and one located in Greenwood) served 2,938 students.⁵ One new charter school, Revive, opened during SY 2022–2023.

As shown in Exhibit 3 on page 6, eight charter schools located in Jackson, Clarksdale, and Greenwood, had an average daily attendance of 2,938 for SY 2022–2023. Grades served ranged from kindergarten to eighth grade. Two charter schools in Jackson have completed eight full school years, while the other five have completed between one and seven full school years.

Exhibit 3: Charter Schools and Students Served during SY 2022–2023

Charter School	City	# School Years Completed	Grades Served	Average Daily Attendance
Midtown Public	Jackson	8	4th–8th	255
Reimagine Prep	Jackson	8	5th–8th	456
Joel E. Smilow Prep	Jackson	7	5th–8th	523
Joel E. Smilow Collegiate	Jackson	5	K–4th	507
Ambition Preparatory	Jackson	4	K–4th	357
Clarksdale Collegiate	Clarksdale	5	K–6th	481
Leflore Legacy Academy	Greenwood	3	6th–8th	225
Revive	Jackson	1	K–1st	134
TOTAL				2,938

SOURCE: PEER analysis of Mississippi Charter School Authorizer Board and Mississippi Department of Education data.

In FY 2023, Midtown Public’s contract was amended such that beginning in SY 2023–2024, it would begin serving kindergarten students in addition to the fourth through eighth grade students it currently serves.

⁵ Total average daily attendance for months two and three of SY 2022–2023, according to MDE.

Charter School Performance

This chapter serves as an update to previous PEER reports on the following information:

- MCSAB's evaluation of charter school performance;
- Mississippi Academic Assessment Program data for SY 2022-2023; and,
- charter school accountability grades for SY 2022-2023.

MCSAB's Evaluation of Charter School Performance

MCSAB must annually assess each charter school's performance. MCSAB's SY 2022-2023 performance framework reports were not yet available during PEER's fieldwork; however, prior years' reports show that only one school—Midtown Public—did not "meet expectations" in all measured performance areas from SY 2018-2019 to SY 2021-2022.

According to MISS. CODE ANN. Section 37-28-29 (1972), charter contracts must include a performance framework that outlines academic and operational performance indicators as well as measures and metrics that will guide MCSAB's evaluations of the charter school (e.g., student academic proficiency, financial performance, sustainability).

Also, MCSAB must annually assess each charter school's performance on the indicators listed in the performance framework. MISS. CODE ANN. Section 37-28-31 (1972) requires that MCSAB submit a performance report to the Legislature for each charter school it oversees. If a charter school's performance is unsatisfactory, MCSAB must notify the charter school and provide a reasonable opportunity for the school to remedy the problem unless the problem warrants revocation of the charter.

In FY 2021, MCSAB contracted with a vendor to develop a performance framework that was more comprehensive than the one MCSAB had been using. MCSAB conducted a trial run of the new performance framework in FY 2022 prior to its full implementation in FY 2023.

Since SY 2018-2019, all except one charter school met performance expectations each year in each performance category that was measured.

Exhibit 4 on page 8 shows how each charter school performed on the academic, financial, and organizational performance measures of MCSAB's performance framework from SY 2018-2019 through SY 2021-2022.

Notably, the academic performance measure includes, among other components, the charter school's state accountability grade as well as its proficiency scores on the MAAP assessments (where applicable).

Exhibit 4 shows that since SY 2018-2019, six of the seven charter schools for which MCSAB provided a performance framework report scored "meets expectations" in each performance

category for which a performance score was applied (i.e., a performance score was not applied in some cases because of a COVID-19 waiver, the unavailability of data, or the charter school had not yet begun operating). The only charter school that did not score “meets expectations” was Midtown Public, which scored “approaches expectations” in academic performance in SY 2018-2019 and in organizational performance in SY 2019-2020.

Exhibit 4: MCSAB Performance Framework Report Results for Each Charter School from SY 2018-2019 to SY 2021-2022

LEGEND:

Meets	Meets Expectations
Approaches	Approaches Expectations
N/A	School not in operation, received no rating, received COVID-19 waiver, or information was not available

Charter School	Performance Category	Performance Framework Used			
		Old	Old	Old	New
		SY 2018-2019	SY 2019-2020	SY 2020-2021	SY 2021-2022
Midtown Public (renewals in 2020 and 2023)	Academic Performance	Approaches	N/A	N/A	Meets
	Financial Performance	Meets	N/A	Meets	Meets
	Organizational Performance	Meets	Approaches	Meets	Meets
Reimagine Prep (renewal in 2020)	Academic Performance	Meets	N/A	N/A	Meets
	Financial Performance	Meets	N/A	Meets	Meets
	Organizational Performance	Meets	Meets	Meets	Meets
Joel E. Smilow Prep (renewal in 2021)	Academic Performance	Meets	N/A	N/A	Meets
	Financial Performance	Meets	N/A	N/A	Meets
	Organizational Performance	Meets	Meets	Meets	Meets
Joel E. Smilow Collegiate (renewal in 2023)	Academic Performance	N/A	N/A	N/A	Meets
	Financial Performance	Meets	N/A	Meets	Meets
	Organizational Performance	Meets	Meets	Meets	Meets
Clarksdale Collegiate	Academic Performance	N/A	N/A	N/A	Meets

(renewal in 2023)	Financial Performance	Meets	N/A	N/A	Meets
	Organizational Performance	Meets	Meets	Meets	Meets
Ambition Preparatory	Academic Performance	N/A	N/A	N/A	Meets
	Financial Performance	N/A	N/A	Meets	Meets
	Organizational Performance	N/A	Meets	Meets	Meets
Leflore Legacy Academy	Academic Performance	N/A	N/A	N/A	Meets
	Financial Performance	N/A	N/A	Meets	Meets
	Organizational Performance	N/A	N/A	Meets	Meets

SOURCE: PEER analysis of data from the Mississippi Charter School Authorizer Board.

MCSAB's SY 2022-2023 performance framework report was not yet available during PEER's fieldwork. Because of this, PEER utilized student Mississippi Academic Assessment Program (MAAP) assessment data and student accountability letter grades provided by MDE.

Mississippi Academic Assessment Program Data for SY 2022-2023

PEER analyzed SY 2022-2023 MAAP data, which showed that Clarksdale Collegiate was the only charter school to outperform its home district on any MAAP assessment. Specifically, it outperformed Clarksdale Municipal School District on the 2022-2023 English Language Arts (ELA) assessment.

MAAP is a state assessment that measures students' knowledge, skills, and academic growth in third through eighth grades in English Language Arts (ELA), Math, and Science. ELA and Math assessments are given in third through eighth grades, while the Science assessment is given in fifth and eighth grade.

ELA

Students in seven of the eight charter schools took the MAAP ELA assessment. Revive was the only charter school that did not take the ELA assessment because it did not serve students in third grade or above (i.e., the years in which the ELA assessment is given) in SY 2022-2023.

Four of the seven charter schools—Midtown Public, Reimagine Prep, Smilow Prep, and Clarksdale Collegiate—showed that a higher percentage of their students scored at least proficient on the test compared to SY 2021-2022 results. Students at two charter schools—Smilow Collegiate and Ambition Prep—performed about the same on the test compared to SY 2021-2022, and test results at Leflore Legacy Academy showed that a slightly lower

percentage of its students scored at least proficient on the test compared to SY 2021-2022 results.

Notably, Clarksdale Collegiate performed higher than the other charter schools on the ELA assessment in SY 2022-2023, while Midtown Public was the lowest-performing charter school on the ELA assessment that year.

At the district level, both Jackson Public School District and Greenwood-Leflore Consolidated School District outperformed the charter schools located within those districts; however, Clarksdale Collegiate outperformed Clarksdale Municipal School District on the ELA assessment in SY 2022-2023.

Math

Revive was the only charter school that did not take the Math assessment because it did not serve students in third grade or above (i.e., the years in which the MAAP Math assessment is given) in SY 2022-2023.

Four of the seven charter schools—Midtown Public, Ambition Prep, Clarksdale Collegiate, and Leflore Legacy Academy—showed that a higher percentage of their students scored at least proficient on the test compared to SY 2021-2022 results. Test results at three charter schools—Reimagine Prep, Smilow Prep, and Smilow Collegiate—showed that a lower percentage of students scored at least proficient on the test compared to SY 2021-2022 results.

Reimagine Prep scored higher than the other charter schools on the Math assessment in SY 2022-2023, while Leflore Legacy Academy was the lowest-performing charter school on the Math assessment that year.

Students at the district level—Jackson Public School District, Clarksdale Municipal School District, and Greenwood-Leflore Consolidated School District—outperformed the charter schools located within those districts.

Science

Students in five of the eight charter schools—Midtown Public, Reimagine Prep, Smilow Prep, Clarksdale Collegiate, and Leflore Legacy Academy—took the MAAP Science assessment in SY 2022-2023.

Of those five, Midtown Public, Reimagine Prep, and Smilow Prep showed that a smaller percentage of their students scored at least proficient on the test compared to SY 2021-2022 results; however, a larger percentage of students at Clarksdale Collegiate scored at least proficient on the test compared to last year.

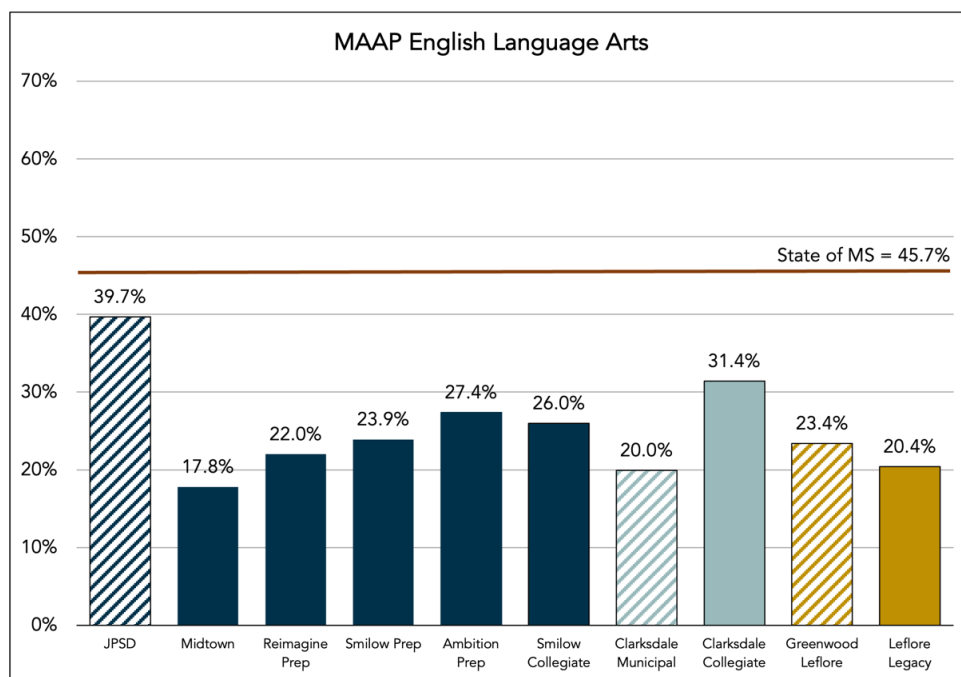
A smaller percentage of students at Leflore Legacy Academy—who took the MAAP Science assessment for the first time during SY 2022-2023—scored at least proficient when compared to students at the other charter schools who took the MAAP Science assessment that year.

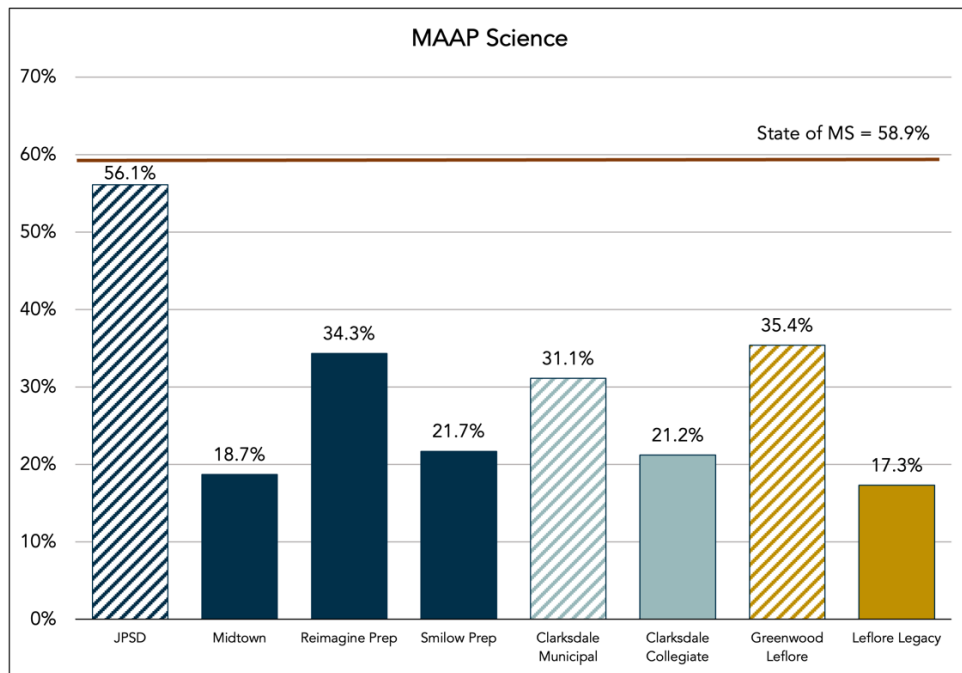
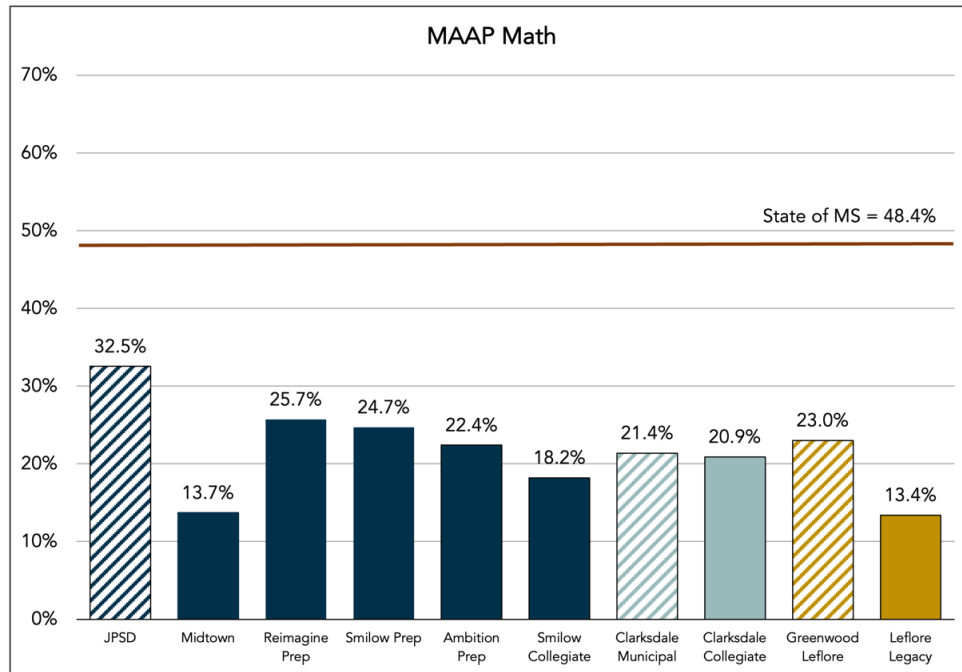
Students at the district level—Jackson Public School District, Clarksdale Municipal School District, and Greenwood-Leflore Consolidated School District—outperformed the charter schools located within those districts.

Students at Smilow Collegiate, Ambition Prep, and Revive did not take the Science assessment in SY 2022-2023 because those schools did not serve fifth- or eighth-grade students—the years in which the MAAP Science assessment is given.

Exhibit 5 on pages 11 through 12 illustrates the percentage of charter school students that scored “proficient” on the MAAP ELA, Math, and Science assessments compared to their home districts and students statewide in SY 2022-2023.

Exhibit 5: Percentage of Charter School Students that Scored “Proficient” Compared to Home Districts and Students Statewide, SY 2022-2023





* Patterned columns represent home districts, and solid columns represent charter schools. Like colors indicate that schools are in the same geographic area.

** The data shown for JPSD, Clarksdale Municipal School District, Greenwood-Leflore Consolidated School District, and the state of Mississippi reflect only elementary and middle schools. Although the percentages for JPSD, Clarksdale Municipal School District, and Greenwood-Leflore Consolidated School District exclude data from charter schools, the percentages for the state of Mississippi include data from both charter schools and traditional school districts.

SOURCE: PEER analysis of Mississippi Department of Education data.

Charter School Accountability Grades for SY 2022-2023

PEER analyzed SY 2022-2023 student accountability letter grades provided by MDE. These letter grades showed that five charter schools received lower ratings compared to last year and no charter schools increased its rating.

Accountability grades are performance ratings of A, B, C, D, and F assigned by the Mississippi Statewide Accountability System, administered by MDE. Each school is rated based on established criteria regarding student achievement, individual student growth, graduation rate, and participation rate. The Mississippi State Board of Education typically approves accountability grades in the fall (September or October) for the previous school year.

Of the eight charter schools operating in SY 2022-2023, two received the same accountability rating as their home districts; five charter schools received a lower accountability rating than their home districts; and one—Revive—was not yet eligible to receive an accountability rating.

Exhibit 6 on page 14 illustrates charter school accountability grades for SYs 2015-2016 through 2022-2023.

Ambition Prep received a C for its first accountability rating, which was the highest accountability rating among the charter schools and equal to the rating received by its home district, JPSPD, for SY 2022-2023.

Clarksdale Collegiate received a D, which is the same grade it received last year, and equal to the rating received by its home district, Clarksdale Municipal School District, for SY 2022-2023.

Four charter schools dropped one letter grade from last year: Midtown Public and Leflore Legacy Academy, each from a D to an F; and Reimagine Prep and Joel E. Smilow Prep, each from a C to a D.

Joel E. Smilow Collegiate dropped three letter grades, from a B in SY 2021-2022 to an F in SY 2022-2023. This was mostly due to a drop in proficiency scores for Math between those two years, which also affected the Math growth components.

For SY 2022-2023:

- JPSPD received a letter grade of C;
- Clarksdale Municipal School District received a letter grade of D; and,
- Greenwood Leflore Consolidated School District received a letter grade of C.

Exhibit 6: Mississippi Charter Schools' Accountability Grades, School Years 2015-2016 through 2022-2023

Charter School	School Year							
	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
Midtown Public	F	F	F	D	D	No grade	D	F
Reimagine Prep	D	D	C	B	B	No grade	C	D
Joel E. Smilow Prep	Not operating	D	D	C	C	No grade	C	D
Joel E. Smilow Collegiate	Not operating	Not operating	Not operating	Not operating	No grade	No grade	B	F
Ambition Prep	Not operating	Not operating	Not operating	Not operating	No grade	No grade	No grade	C
Clarksdale Collegiate	Not operating	Not operating	Not operating	Not operating	No grade	No grade	D	D
Leflore Legacy Academy	Not operating	Not operating	Not operating	Not operating	No grade	No grade	D	F

NOTE: During SY 2019-2020 no assessments were given; therefore, schools used their previous year's accountability grade. However, schools that were not operating the previous year did not have a grade for SY 2019-2020. Further, during SY 2020-2021, MDE did not have growth metrics for any schools, therefore MDE did not apply an accountability grade to any schools that year.

SOURCE: PEER analysis of Mississippi Department of Education data.

Charter School Renewals

This chapter serves as an update to previous PEER reports on the following information:

- charter school renewals in FY 2023;
- weaknesses in the FY 2023 renewal process; and,
- charter schools in conditional renewal status and upcoming charter school renewal.

Charter School Renewals in FY 2023

MCSAB renewed the charter contracts for the three charter schools whose terms ended at the conclusion of SY 2022-2023. Specifically, Smilow Collegiate was renewed for a five-year term; and both Clarksdale Collegiate and Midtown Public were renewed for four-year terms with conditions.

As stated in MISS. CODE ANN. Section 37-28-33 (1972):

A charter may be renewed for successive five-year terms of duration. The authorizer may grant renewal with specific conditions for necessary improvements to a charter school and may lessen the renewal term based on the performance, demonstrated capacities and particular circumstances of each charter school.

According to MISS. CODE ANN. Section 37-28-33 (1972), MCSAB is required to issue charter renewal application guidance each year before September 30 to any charter school whose term will expire the following year. MCSAB approved its 2022-2023 *Charter School Renewal Guidance and Application Process* at its Board meeting on June 13, 2022, and notified the three charter schools who had terms ending in 2023—Smilow Prep, Clarksdale Collegiate, and Midtown Public—that their terms would end at the conclusion of the 2022-2023 school year and each school was required to submit a charter renewal application to MCSAB for approval to continue operating.

At its Board meeting on December 12, 2022, MCSAB approved a contract with a third-party evaluator for charter school renewal evaluation support.

On March 21, 2023, the third-party evaluator released renewal recommendation reports to MCSAB for Smilow Collegiate, Clarksdale Collegiate, and Midtown Public. In April 2023, MCSAB voted as follows:

- Smilow Collegiate was renewed for a 5-year term;
- Clarksdale Collegiate was renewed for a 4-year term, with conditions; and,
- Midtown Public was renewed for a 4-year term, with conditions.

Weaknesses in the FY 2023 Renewal Process

MCSAB’s decision matrix—against which it makes its renewal decisions for charter schools—lacks clarity, objectivity, and transparency by failing to set weights for each performance domain (academic, financial, and organizational) and failing to set clear standards for the length of the renewal term.

MCSAB’s renewal decision matrix, against which it bases its renewal decisions for charter schools, contains weak and subjective language leading to possible inconsistencies in scoring schools as well as resulting in confusion among schools regarding which areas, if any, are weighted more heavily than the others.

As shown in Exhibit 7 on page 16, MCSAB’s *Charter School Renewal Guidance and Application Process* for 2022-2023 includes the decision matrix against which MCSAB will base its renewal decisions.

Exhibit 7: MCSAB’s Decision Matrix for FY 2023 Renewal Recommendations

Academic Expectations	Financial Performance	Organizational Performance	Renewal Recommendation & Term Length for Consideration by MCSAB
Meets or Exceeds Expectations	Meets Expectations	Meets Expectations	School May be Renewed for up to a Five-year Term
Approaches or Fails to Meet Expectations	Approaches or Fails to Meet Expectations	Approaches or Fails to Meet Expectations	School May be Renewed for a Lesser Term and/or School May Receive a Conditional Renewal
Fails to Meet Expectations	Fails to Meet Expectations	Fails to Meet Expectations	School May Receive a Non-renewal Resulting in Closure

MCSAB notes in its document that it “will use professional judgment when applying the renewal criteria to ensure all schools are afforded an equitable opportunity to demonstrate their success over time.”

SOURCE: Mississippi Charter School Authorizer Board *Charter School Renewal Guidance and Application Process* for 2022-2023, page 5.

The vague language illustrated in MCSAB’s renewal decision matrix raises a number of questions, such as the following:

- If a school does not score at the same level across all performance domains, which renewal recommendation is applied?
- If a school “fails to meet expectations” in any or all performance domains, which renewal recommendation is applied?

- If a school “meets” or “exceeds expectations” across all performance domains, under what circumstances would it not be renewed for a five-year term?

PEER determined that MCSAB’s renewal process:

- lacks full transparency and accountability to ensure that renewal decisions are based on objective evidence;
- fails to set weights for each performance domain (academic, financial, and organizational); and,
- fails to set clear standards for determining the length of the renewal term.

Additionally, PEER determined that state law is unclear regarding the criteria for establishing renewal terms.

MCSAB’s renewal process lacks full transparency and accountability to ensure that renewal decisions are based on objective evidence.

According to NACSA, an authorizing board should develop a strong renewal process that:

- uses a formal renewal application as part of a fair and transparent process;
- provides each school a public, cumulative performance report prior to the school’s renewal application, which states the authorizer’s summative findings concerning the school’s performance and its prospects for renewal; and,
- makes renewal decisions based on merit and objective evidence.

Problems with Renewal Application and the Lack of a Cumulative Performance Report

MCSAB does not provide each school up for renewal with a cumulative and comprehensive performance report stating MCSAB’s summative findings concerning the school’s prospects for renewal prior to the school submitting a renewal application, which limits transparency. Further, MCSAB uses the application as a primary piece of evidence for renewal rather than its intended purpose, which is to allow the school a meaningful opportunity to respond to issues in meeting performance expectations as described in the performance report.

MISS. CODE ANN. Section 37-28-33 (2) (1972) states, in part:

Before September 30, the authorizer shall issue a charter school performance report and charter renewal application guidance to any charter school whose charter will expire the following year. The performance report must summarize the charter school's performance record to date based on the data required by this chapter and the charter contract, and must provide notice of any weaknesses or concerns perceived by the authorizer which may jeopardize the charter school's position in seeking renewal if not timely rectified.

Currently, the Board does not provide a cumulative and comprehensive report. Rather, it provides its usual annual performance report to each charter school—both those up for renewal and those not up for renewal—which includes an opportunity for MCSAB to make clarifications on items and for each school to make corrections to factual errors. NACSA reiterates the need for a special, renewal performance report that constitutes the Board’s

cumulative record of the charter school's performance. The purpose of this component is to provide the school with as much information as possible so that the school is fully aware of its own performance over time in relation to the criteria. According to NACSA, "the more an authorizer communicates with schools about their performance prior to renewal, the more predictable the renewal decision should become."

State law further requires that the charter school renewal application guidance provide an opportunity for each renewal applicant to strengthen its case for renewal, particularly in cases where the charter school's performance shows a need for improvement. Specifically, MISS. CODE ANN. Sec. 37-28-33 (3) states:

The charter renewal application guidance must provide, at a minimum, an opportunity for the charter school to:

- (a) present additional evidence, beyond the data contained in the performance report, supporting its case for charter renewal;*
- (b) describe improvements undertaken or planned for the school; and,*
- (c) detail the school's plans for the next charter term.*

Although this statute appears to be written to provide an opportunity for the charter school to support its case for renewal by providing optional additional documentation and information, MCSAB staff indicated that the applicants were evaluated more heavily on what each one submitted in its renewal application rather than the data in the performance framework; and that if the applicant had not provided sufficient supplemental documentation, it counted negatively against the applicant. Thus, MCSAB uses the application as a primary piece of evidence for renewal rather than its intended purpose, which is to allow the school a meaningful opportunity to respond to issues in meeting performance expectations as described in the performance report.

It would seem logical to conclude that if MCSAB is statutorily required to base its renewal decision on the renewal applicant's performance over time as indicated on its performance framework report, and if the applicant "met expectations" on each performance domain for each year of its charter term, then the renewal decision should not be more heavily based on additional optional information the applicant provides.

MCSAB's renewal evaluation criteria fail to set weights for each performance domain.

PEER identified the following two examples in which MCSAB's failure to set weights for each performance domain resulted in confusion among renewal applicants.

The third-party evaluator applied its own undisclosed weights to the performance domains.

Exhibit 8 on page 19, which contains the analysis and renewal recommendations made by the third-party evaluator, shows that the third-party evaluator applied to both Midtown Public and Smilow Collegiate scores of "approaches expectations" in two performance domains and "meets expectations" in one performance domain; and that Clarksdale Collegiate scored "meets expectations" in two performance domains and "approaches expectations" in one performance domain. It would be logical to conclude that, all things being equal, Clarksdale Collegiate should score higher than the other two; however, the

third-party evaluator recommended a 5-year renewal term for Smilow Collegiate and a 3-year renewal term for Clarksdale Collegiate.

This suggests that the three domains were not equal and that the academic performance domain—for which Smilow Collegiate “met expectations” and Clarksdale Collegiate “approached expectations”—was weighted more heavily than the financial success and organizational success performance domains; this, however, was not communicated to the schools or noted in MCSAB’s *Charter School Renewal Guidance and Application Process* or in *The Mississippi Charter School Authorizer Board Renewal Application Rubric*.

Exhibit 8: Analysis and Renewal Recommendations Made by Third-party Evaluator for Charter Schools Seeking Renewal in FY 2023

Charter School	Performance Domain	Rating by Third-Party Evaluator	Recommendation
Midtown Public	Effective Academic Program	Approaches Expectations	3-year renewal with conditions*
	Financial Success	Meets Expectations	
	Organizational Success	Approaches Expectations	
Charter School	Performance Domain	Rating by Third-Party Evaluator	Recommendation
Smilow Collegiate	Effective Academic Program	Meets Expectations	5-year renewal
	Financial Success	Approaches Expectations	
	Organizational Success	Approaches Expectations	
Charter School	Performance Domain	Rating by Third-Party Evaluator	Recommendation
Clarksdale Collegiate	Effective Academic Program	Approaches Expectations	3-year renewal*
	Financial Success	Meets Expectations	
	Organizational Success	Meets Expectations	

*Although the third-party evaluator recommended that Midtown Public be renewed for 3 years with conditions and Clarksdale Collegiate be renewed for 3 years, MCSAB voted that both schools be renewed for 4 years with conditions.

SOURCE: PEER analysis of renewal recommendation reports provided by third-party evaluator to the Mississippi Charter School Authorizer Board.

The third-party evaluator did not provide sufficient documentation showing how it used MCSAB's renewal application rubric to score the schools.

In addition to MCSAB's *Charter School Renewal Guidance and Application Process*, it also developed *The Mississippi Charter School Authorizer Board Renewal Application Rubric* to be used by MCSAB and external evaluators. The third-party evaluator did not provide sufficient documentation to MCSAB or to the renewal applicants showing how it determined its final scores for the renewal recommendation reports, leading to confusion as to how the scores were determined. Although the third-party evaluator provided percentage scores showing how well each applicant exceeded, met, approached, or failed to meet expectations, it did not provide any notes or scoring sheets showing how it determined the percentages. In the renewal recommendation report for each applicant, the third-party evaluator provided a narrative evaluation of each performance domain, but not with any sense of precision or sufficient explanation showing how the percentage score was determined.

The third-party evaluator reasoned that it did not provide worksheets showing how it determined the scores because individual worksheets were filled out separately by each evaluator before composite final scores were determined by consensus. PEER notes, however, that the third-party evaluator did not provide sufficient documentation showing how composite final scores were determined.

This practice leads to confusion among applicants as to how their final scores were determined. Any third party who evaluates the charter schools for renewal should provide sufficient documentation showing how scores were determined.

MCSAB staff noted that it will include a stipulation in its next RFP/RFQ that will require the reviewer to provide documentation showing how it determined final scores.

MCSAB's evaluation criteria fail to set clear standards for determining length of renewal term.

MCSAB's failure to set clear standards for determining the length of a renewal term also resulted in confusion among renewal applicants. MCSAB's decision matrix attempts to combine two components of the renewal decision—whether a school is granted a renewal, and for how long—into one decision. Separating these two components might help to provide some clarity.

For example, the Louisiana Department of Education's charter school renewal criteria clearly provide a minimum term length for renewals based on academic performance. For instance, a school with an academic accountability grade of "A" receives a minimum contract term length of six years, with the potential for adding a set number of additional years based on its level of performance in the organizational and financial domains (e.g., the "A" school receives an additional 4 years if it meets all expectations in the organizational and financial domains for all years of its term).

State law is unclear regarding renewal term criteria.

In addition to MCSAB's responsibility of deciding whether to renew a charter school, MCSAB has the authority to grant renewal with specific conditions and may reduce the full five-year renewal term to a lesser number of years. MISS. CODE ANN. Section 37-28-33 (1) states that MCSAB can lessen the renewal term "based on the performance, demonstrated capacities, and particular circumstances of each charter school."

Other sections of the law indicate that “renewal decisions” are to be based on schools’ performance over time in accordance with the performance framework. In particular, MISS. CODE ANN. Sec. 37-28-33 (6) states:

In making each charter renewal decision, the authorizer must ground its decision in evidence of the school’s performance over the term of the charter contract in accordance with the performance framework set forth in the charter contract.

MISS. CODE ANN. Sec. 37-28-33 (4) also requires that the renewal decision be based on the performance framework set forth in the charter contract. Specifically, it states:

The charter renewal application guidance must include or refer explicitly to the criteria that will guide the authorizer’s renewal decision, which must be based on the performance framework set forth in the charter contract and consistent with this chapter.

These sections seem to indicate that the decision of whether to renew a charter school must be based on the performance framework but that decisions related to renewal terms (e.g., length of renewal) may be based on factors outside of the performance framework (e.g., the particular circumstances of each school), which could lead to subjective decision-making. Under the current law, factors other than performance must be clearly defined or have clearly defined limits.

Additionally, given the lack of clarity in law, it is even more important for MCSAB to separate out the decision of whether to renew (yes/no) from the decision on term lengths/conditions, as discussed on page 20.

Charter Schools in Conditional Renewal Status and Upcoming Charter School Renewal

Three charter schools are currently under renewal contracts with conditions—Smilow Prep, Midtown Public, and Clarksdale Collegiate. Smilow Prep’s renewal term is approved through SY 2024-2025 and both Midtown Public and Clarksdale Collegiate have renewal terms through SY 2026-2027. Ambition Prep is the only charter school whose term ends in 2024, at which time MCSAB will consider a renewal contract.

Charter Schools in Conditional Renewal Status

The following three charter schools are currently in conditional⁶ renewal status:

⁶ Examples of conditions include developing a teacher certification plan ensuring no more than 25% of teachers are exempt from state licensure programs, developing and monitoring SMART—specific, measurable, achievable, realistic, and time-bound—goals, and undergoing a mid-term site visit and school quality review.

Smilow Prep

In June 2021, MCSAB approved a four-year renewal contract with Smilow Prep through SY 2024-2025 with conditions. In November 2021, Republic Schools requested an Attorney General's opinion regarding the matter of consolidating Smilow Prep and Smilow Collegiate. On April 6, 2023, the Attorney General opined that MCSAB was permitted to consolidate schools. MCSAB staff stated that it is currently developing a school consolidation policy.

Regarding the request by Republic Schools to consolidate Smilow Prep and Smilow Collegiate, the Attorney General opined that MCSAB is permitted to consolidate schools.

Midtown Public and Clarksdale Collegiate

In April 2023, MCSAB approved four-year renewal contracts with Midtown Public and Clarksdale Collegiate through SY 2026-2027, both with conditions.

Upcoming Charter School in Renewal in 2024

Ambition Prep began serving students during SY 2019-2020. It will complete its first charter term at the end of SY 2023-2024, at which time MCSAB will consider a renewal contract.

Sufficiency of Funding for Charter Schools

MISS. CODE ANN. Section 37-28-37 (2) (1972) requires, in part, that the PEER Committee prepare an annual report assessing the sufficiency of funding for charter schools. This chapter addresses the following issues regarding the sufficiency of charter school funding:

- sufficiency of state-level funding;
- sufficiency of funding from local ad valorem taxes;⁷
- sufficiency of federal funding;
- sufficiency of funding from other sources; and,
- charter school funding received.

Sufficiency of State-level Funding

For FY 2023, MDE distributed Mississippi Adequate Education Program funding to charter schools in the same manner as the local public school districts in which they are located.

The Mississippi Legislature defines what constitutes adequate funding to public schools through a formula known as the Mississippi Adequate Education Program (MAEP). MISS. CODE ANN. Section 37-151-5 (a) (1972) states:

“Adequate program” or “adequate education program” or “Mississippi Adequate Education Program (MAEP)” shall mean the program to establish adequate current operation funding levels necessary for the programs of such school district 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.

Different stakeholders may define “adequate funding” and “sufficient funding” in varying terms, but for purposes of this review, to assess the sufficiency of funding for charter schools as required by statute, PEER equates sufficient funding to the Legislature’s definition of adequate funding through the MAEP formula.

For FY 2023, MDE distributed MAEP funding to charter schools in the same manner as the local public school districts in which they are located.⁸ For example:

⁷ According to Investopedia, an ad valorem tax is a tax based on the assessed value of an item, such as real estate or personal property.

⁸ Charter schools and the school districts in which they are located receive the same amount of per-pupil MAEP funding before add-ons but receive different amounts of per-pupil add-ons. For charter schools: SY 2022–2023 per-pupil amounts are based on SY 2022–2023 enrollment projections for each charter school. MISS. CODE ANN. Section 37-28-55 (1) (b) (1972) states that the enrollment figure used for MAEP funding for charter schools is to be the projected enrollment stated in the charter school contract.

- MDE distributed MAEP funding to Midtown Public, Reimagine Prep, Smilow Prep, Smilow Collegiate, Ambition Prep, and Revive in a manner consistent with its provision of MAEP funds to JPSD.
- MDE distributed MAEP funding to Clarksdale Collegiate in a manner consistent with its provision of MAEP funds to the Clarksdale Municipal School District.
- MDE distributed MAEP funding to Leflore Legacy Academy in a manner consistent with its provision of MAEP funds to the Greenwood-Leflore Consolidated School District.

Sufficiency of Funding from Local Ad Valorem Taxes

For FY 2023, the eight operating charter schools received local support payments from ad valorem taxes in a manner consistent with MISS. CODE ANN. Section 37-28-55 (2) and (3) (1972). However, the local ad valorem pro rata calculation required by the statute provides unequal shares between charter schools and school districts.

Under MISS. CODE ANN. Section 37-57-104 (1972), during the submission of its annual budget, the school board of each school district sets local funding for public school districts up to a maximum of fifty-five mills.⁹ Further, MISS. CODE ANN. Section 37-28-55 (2) (1972) requires each school district in which a charter school is located to distribute a pro rata¹⁰ share of local ad valorem funds to all charter schools in the district.¹¹ Under MISS. CODE ANN. Section 37-28-55 (3) (1972), effective July 1, 2016, if a student who resides in one school district attends a charter school located in another school district, the district in which the student resides distributes its pro rata share of local ad valorem support funds to the charter school the student attends.

For purposes of this review, PEER equates the sufficiency of local funding levels for each charter school to the funding levels provided to other schools in the same district. For FY 2023, the eight operating charter schools received local support payments from ad valorem taxes in a manner consistent with MISS. CODE ANN. Section 37-28-55 (2) and (3) (1972).

In 2016, the Legislature amended the “Mississippi Charter Schools Act” to allow students in school districts rated “C,” “D,” or “F” to cross district lines to attend charter schools. In SY 2022-2023 for the eight charter schools in operation in Mississippi, per-pupil local support payments were based on ad valorem tax receipts received by a student’s district of residence for the previous fiscal year.

Pro Rata Share of Local Ad Valorem Taxes to Charter Schools

Regarding local ad valorem taxes to be paid to charter schools, MISS. CODE ANN. Section 37-28-55 (2) (1972) requires the following:

⁹ For the purpose of property tax assessment, one mill represents \$1 in property taxes for every \$1,000 in assessed property value.

¹⁰ According to Investopedia, pro rata is a Latin term used to describe a proportionate allocation.

¹¹ If the school district does not pay the required local amount to the charter school before January 16, MDE shall reduce the local school district’s January transfer of MAEP funds by the amount owed to the charter school and shall redirect that amount to the charter school.

For students attending a charter school located in the school district in which the student resides, the school district in which a charter school is located shall pay directly to the charter school an amount for each student enrolled in the charter school equal to the ad valorem tax receipts and in-lieu payments received per pupil for the support of the local school district in which the student resides.

Determining the pro rata share of local ad valorem taxes to be remitted to charter schools in accordance with the provisions of MISS. CODE ANN. Section 37-28-55 (2) and (3) (1972) results in the charter schools receiving more funds per pupil than the school district in which the student resides.

Subsection (3) of Section 37-28-55 requires that the pro rata amount must be calculated by dividing the local school district's months one through nine average daily membership (ADM)¹² of the previous year into the total amount of ad valorem receipts and in-lieu receipts.

For example, the total amount of ad valorem receipts collected by JPSD during

SY 2021-2022 was \$69,259,699.80. Months one through nine of ADM, not including students enrolled in charter schools was 18,634. During SY 2022-2023 there were six charter schools with a total enrollment of 2,434 operating within JPSD.

To determine the pro rata share of local ad valorem tax collections to be remitted to the charter schools, JPSD divided the total collections (\$69,259,699.80) by the district's enrollment¹³ (18,634 students), which resulted in a per-pupil amount of \$3,716.85 for the charter schools. JPSD then multiplied the per-pupil amount (\$3,716.85) by the charter schools' student enrollment¹⁴ (2,434) to determine the pro rata share of ad valorem tax collections to be remitted to the charter schools—i.e., \$9,046,812.90.

Because state law does not require a home district to calculate total enrollment to include all students living within the district by adding the enrollment of charter schools operating within a district to the enrollment for the district, the home district receives a lower per-pupil pro rata share of local ad valorem collections. In the case of JPSD for SY 2022-2023, charter schools operating within the district received a per-pupil local ad valorem amount of \$3,716.85 while JPSD received a per-pupil local ad valorem amount of \$3,231.35, a difference of \$485.50 per pupil. Exhibit 9 on page 26 illustrates how the difference in per-pupil ad valorem funding between JPSD has increased each year since FY 2017 in favor of the charter schools.

¹² ADM is the average number of students per day who are enrolled. This is different from ADA, which is the average number of students per day recorded as "present."

¹³ ADM for months one through nine of the previous year.

¹⁴ ADM for month one of the current year.

Exhibit 9: Comparison of Charter School* Per-pupil Ad Valorem Funding to JPSD Per-pupil Ad Valorem Funding, FY 2017 through FY 2023

Fiscal Year	Charter School Per-Pupil Ad Valorem Funding	JPSD Per-Pupil Ad Valorem Funding	Per-Pupil Difference	Total Dollar Amount of Unequal Funding
FY 2017	\$2,700.93	\$2,649.85	\$51.08	\$25,767
FY 2018	\$2,782.15	\$2,684.18	\$97.97	\$87,440
FY 2019	\$2,922.39	\$2,754.45	\$167.94	\$225,997
FY 2020	\$3,011.84	\$2,774.12	\$237.72	\$403,428
FY 2021	\$3,276.39	\$2,948.06	\$328.33	\$649,964
FY 2022	\$3,650.20	\$3,240.88	\$409.32	\$821,490
FY 2023	\$3,716.85	\$3,231.35	\$485.50	\$1,045,194

* For this exhibit, the charter schools are those within the geographical boundaries of JPSD.

SOURCE: PEER analysis of Mississippi Department of Education documents.

As the number of charter schools grows, this statutory calculation will affect the school districts more adversely, particularly districts in which multiple charter schools are operating. As shown in Exhibit 9, the amount of unequal local ad valorem funding between JPSD and the district's charter schools from FY 2017 to FY 2023 ranged from \$25,767 in FY 2017 to \$1,045,194 in FY 2023. The total dollar amount of unequal funding from FY 2017 to FY 2023 was \$3,259,279.

During the 2023 Legislative Session, H.B. 555, as introduced, addressed the issue of unequal shares between charter schools and school districts; however, the bill died on the House calendar.

Sufficiency of Federal Funding

Federal funds received by MDE are distributed to each public school district and charter school based on the school's ability to meet federal program requirements. In FY 2023, the charter schools that were operating that year received federal grant funds totaling \$16,872,283, including \$136,086 from the Charter Schools Program grant.

MISS. CODE ANN. Section 37-28-55 (4) (a) (1972) requires MDE to direct to each qualified charter school a proportional share of all monies generated under applicable federal programs and grants. MDE receives federal grant funds and distributes them to each qualified school based on the standards set forth in each grant's program and agreement and the school's ability to meet these specifications. MDE must comply with the distribution requirements specified by each federal program or grant. The federal government audits the distribution of these funds for compliance with stated program and grant requirements.

Within this framework for the distribution of federal funds, charter schools have equal access to apply for and receive federal funds. Regarding sufficiency, the amount a charter school receives in federal funds depends on its characteristics related to meeting the requirements set forth by the federal program or grant.

In FY 2023, charter schools that were operating that year received federal grant funds totaling \$16,872,283, including \$136,086 from the CSP grant.¹⁵

Sufficiency of Funding from Other Sources

Charter schools apply for grants, gifts, and donations from other sources. In FY 2023, Mississippi's charter schools received \$2,127,572 from other sources.

MISS. CODE ANN. Section 37-28-59 (2) (1972) grants charter schools the authority to receive other forms of support (e.g., charitable contributions and private grants). Like federal funds, these other sources of revenue are variable and depend upon a charter school's ability to apply successfully for grants and to attract donations and gifts from other sources. Therefore, sufficiency of funding from these sources is unique to each charter school, and the amount received from these sources will vary among charter schools.

In FY 2023, charter schools received \$2,127,572 from other sources including contributions, grants, donations, and other miscellaneous revenue.

Charter School Funding Received

In FY 2023, the eight operating charter schools received between \$3.1 million and \$8.5 million from MAEP funding, local ad valorem taxes, federal funds, and other sources.

Exhibit 10 on page 28 details the amounts received by each charter school in FY 2023. Amounts are organized by funding source.

¹⁵ For a description of grant programs that provide funding to Mississippi's charter schools, see Appendix D on page 42 in the *FY 2017 Annual Report: Analysis of Funding for Mississippi Charter Schools and the Charter School Authorizer Board* (PEER Report #615).

Exhibit 10: Charter School Revenues in FY 2023, by Funding Source

Charter School	MAEP ¹	FY 2022 ADA Adjustment ²	Local Ad Valorem Taxes	CSP Funds through MCSAB	Other Federal Funds ³	Other ⁴	Total
Midtown Public	\$1,796,056	\$(40,413)	\$1,057,749	N/A	\$1,153,804	\$213,790	\$4,180,986
Reimagine Prep	\$3,192,864	\$(322,433)	\$1,920,215	N/A	\$3,131,003	\$237,604	\$8,159,253
Smilow Prep	\$3,182,569	\$(225,993)	\$2,145,237	N/A	\$2,713,759	\$218,999	\$8,034,571
Smilow Collegiate	\$3,040,009	\$(99,171)	\$2,121,415	N/A	\$3,223,434	\$166,193	\$8,451,880
Ambition Prep	\$2,151,984	\$(65,355)	\$1,462,920	N/A	\$1,926,760	\$190,411	\$5,666,720
Clarksdale Collegiate	\$3,152,814	\$(83,328)	\$1,392,263	N/A	\$2,364,975	\$474,376	\$7,301,100
Leflore Legacy	\$1,703,264	\$(231,256)	\$683,819	\$34,117	\$1,682,605	\$103,578	\$3,976,127
Revive	\$1,371,436	N/A	\$575,284	\$101,969	\$539,857	\$522,621	\$3,111,167
Total	\$19,590,996	\$(1,067,949)	\$11,358,902	\$136,086	\$16,736,197	\$2,127,572	\$48,881,804

1. MAEP reflects amounts received by the charter schools after reductions for less than full MAEP funding. There were no budget cuts ordered by the Governor for FY 2023 MAEP. This amount does not include FY 2022 average daily attendance (ADA) adjustments to FY 2023 MAEP (Source: MDE).
2. Because MAEP distributed to charter schools each year is calculated using projected ADA, MISS. CODE ANN. Section 37-28-55 (1) (b) (1972) requires a reconciliation of MAEP funds distributed to charter schools each year. The MAEP reconciliation is applied to the next year's MAEP. Therefore, the MAEP reconciliation resulting from the FY 2022 ADA adjustment is applied to FY 2023 MAEP. The MAEP reconciliation resulting from the FY 2023 ADA adjustment will be applied to FY 2024 MAEP (Source: MDE).
3. Other federal funds reflect the amount received by the charter school from federal sources other than the CSP grant that had been administered by MCSAB from FY 2018 until FY 2022. Other federal funds include Titles I, II, IV, and V funding, USDA grants, special education, school improvement program (SIP) funds, IDEA, various Elementary and Secondary School Emergency Relief Fund (ESSER) grants, federal food service funds, E-rate, nursing grant, CSGF grants, CARES funds, and federal 21st-century grant (Source: Charter schools' financial records).
4. Other sources of funds include contributions and donations from private sources, grants, donations, program service fees, teacher pay raises, E-rate, Extended School Year funds, interest, credit card rebates, donated investments, earnings on investments, student activities, grants-in-aid, lease revenue, other income, and miscellaneous revenue.

SOURCE: PEER analysis of financial records from the Mississippi Department of Education, Department of Finance and Administration, and charter schools' financial records.

Charter School Revenue Versus Expenditures

PEER reviewed each charter school's financial records for FY 2023 to determine whether revenues were sufficient to provide for the schools' expenditures. Exhibit 11 on page 29

Seven of the eight charter schools operating in Mississippi received revenues in FY 2023 that were sufficient to cover their expenditures that year.

shows that seven of the eight charter schools operating in Mississippi received revenues in FY 2023 that were sufficient to cover their expenditures that year. Notably, Revive, the newest charter school that began operations in the Fall of 2022, was the only charter school whose expenses exceeded revenues in FY 2023.

Exhibit 11: FY 2023 Charter School Revenues versus Expenditures

Charter School	Revenues	Expenditures	Difference
Midtown	\$4,180,987	\$3,593,552	\$587,435
Reimagine Prep	\$7,856,606	\$7,556,025	\$300,581
Smilow Prep	\$7,978,098	\$7,077,309	\$900,789
Smilow Collegiate	\$8,309,970	\$7,548,114	\$761,856
Ambition Prep	\$5,565,066	\$5,267,426	\$297,640
Clarksdale Collegiate	\$7,405,398	\$7,065,994	\$339,404
Leflore Legacy	\$4,030,624	\$3,655,288	\$375,336
Revive	\$2,613,635	\$2,918,931	\$(305,296)

NOTE: For this exhibit, PEER used total revenues reported by each charter school. These revenues may not match the revenues for those schools shown in Exhibit 10 on page 28 because of the varying requirements of cash versus accrual accounting methods.

SOURCE: PEER analysis of charter schools' FY 2023 financial records.

Charter School Cost per Student

As presented in Exhibit 12 on page 30, the estimated cost per student for public schools in the state of Mississippi in FY 2023 was \$13,673, according to the National Education Association (NEA). Five of the eight charter schools showed a cost per student that was higher than the state collectively in FY 2023. Smilow Prep, Ambition Prep, and Clarksdale Collegiate showed a cost per student that was lower than the state collectively.

While Ambition Prep was the only school whose cost per student was lower in FY 2023 than it was in FY 2022 (a decrease of 6%), Reimagine Prep's cost per student increased by 29%, the highest percentage increase among the charter schools operating in SY 2022-2023. Notably, although both Ambition Prep's and Reimagine Prep's net expenditures increased by 17% between FY 2022 and FY 2023, Ambition Prep's ADA for SY 2022-2023 increased by 24% while Reimagine Prep's ADA for SY 2022-2023 decreased by 10% from the previous year.

Like other start-up charter schools, Revive's cost per student during its first year was markedly higher than that of the other seven charter schools in operation in SY 2022-2023. Specifically, Revive's cost per student for SY 2022-2023 was 51% higher than the average cost per student for the other schools. Revive's high cost per student is not unlike Clarksdale Collegiate's cost per student during its first year of operation in SY 2018-2019 which was 49% higher than that of the other charter schools that year, or Leflore Legacy Academy's cost per student during its first year in SY 2020-2021 which was 57% higher than that of the other charter schools that year. Without economies of scale, the cost per student for newer charter schools could be expected to be higher than that for schools or districts with larger student populations.

Exhibit 12: FY 2023 Mississippi Charter School Cost Per Student Compared to Cost Per Student for Mississippi Public Schools, Excluding Capital, Depreciation, and Interest Expenses

Charter School	Net Expenditures ¹	Enrollment ²	FY 2022 Cost Per Student	FY 2023 Cost Per Student
Midtown Public	\$3,501,891	255	\$11,845	\$13,733
Reimagine Prep	\$7,556,025	456	\$12,842	\$16,570
Smilow Prep	\$7,077,309	523	\$11,666	\$13,532
Smilow Collegiate	\$7,548,114	507	\$12,759	\$14,888
Ambition Prep	\$4,514,993	357	\$13,466	\$12,647
Clarksdale Collegiate	\$6,457,064	481	\$11,399	\$13,424
Leflore Legacy	\$3,586,561	225	\$13,276	\$15,940
Revive	\$2,918,931	134	N/A	\$21,783
State of Mississippi ³	\$5,337,637,000	390,374	\$12,203	\$13,673

1. For those charter schools that noted such, net expenditures do not include capital expenses, interest expenses, and depreciation and amortization.
2. SY 2022-2023 ADA, months two and three.
3. SY 2022-2023 data from the National Education Association's (NEA) *Ranking of the States 2022 and Estimates of School Statistics 2023*,¹⁶ pages 37 and 48. Notably, pages 37 and 48 show updates to FY 2022 ADA and net expenditures for Mississippi. Although the NEA reported FY 2022 ADA to be 400,870, its adjustment shows that FY 2022 ADA was 392,217. Therefore, PEER has recalculated Mississippi's cost per student for FY 2022 to be \$12,203. PEER Report #677 shows this figure to be \$11,124.

SOURCE: PEER analysis of charter schools' FY 2023 financial records.

¹⁶ <https://www.nea.org/sites/default/files/2023-04/2023-rankings-and-estimates-report.pdf>.

Efficacy of the State Formula for Authorizer Funding

MISS. CODE ANN. Section 37-28-37 (2) (1972) requires that, as part of an annual report, the PEER Committee assess the efficacy of the state formula for funding MCSAB.

This chapter addresses:

- efficacy of the MCSAB funding model;
- MCSAB expenditures; and,
- progress toward MCSAB's agency independence.

Efficacy of the MCSAB Funding Model

Under MISS. CODE ANN. Section 37-28-11 (1) (1972), MCSAB receives 3% of annual per-pupil allocations received by charter schools from state and local sources. FY 2023 was the fifth year this statutory formula generated sufficient funding to support MCSAB's activities. However, for the second consecutive year, MCSAB did not collect all of the 3% fees it was owed from Clarksdale Collegiate because Coahoma County School District lacked sufficient January MAEP revenue to provide its pro rata share of funds to Clarksdale Collegiate in both FY 2022 and FY 2023.

As authorized under MISS. CODE ANN. Section 37-28-11 (1) (1972), MCSAB receives 3% of annual per-pupil allocations received by charter schools from state and local sources. For purposes of this report, PEER equates efficacy¹⁷ to sufficient revenue from charter school fees to fully fund MCSAB operations. In FY 2019, the statutory formula began generating sufficient funding to support MCSAB's activities.

Exhibit 13 on page 33 shows MCSAB's revenues compared to its expenditures since FY 2014, with revenues broken out into MCSAB's legislative appropriation and its 3% fee revenue. Although MCSAB's annual appropriations decreased slightly from \$250,000 in FY 2014 and FY 2015 to \$229,890 in FY 2022, it increased to \$300,000 in FY 2023. Additionally, the 3% fee revenues continue to increase each year. However, while expenditures had decreased from FY 2020 to FY 2022, expenditures in FY 2023 were 76% higher than they were in FY 2022. Despite MCSAB's increase in expenditures in FY 2023, PEER maintains—as it has in previous years—that MCSAB continues to sustain the financial stability to operate on less revenue. Notably, at the end of FY 2023, MCSAB maintained a cumulative special fund balance of \$1,658,771.

For the second consecutive year, MCSAB did not collect all of the 3% fees it was owed from Clarksdale Collegiate because Coahoma County School District had not received enough January

¹⁷ Merriam-Webster defines *efficacy* as "the power to produce the desired result or effect."

MAEP funds to provide its pro rata share of those funds for the students from its district who enrolled in Clarksdale Collegiate that year.

MISS. CODE ANN. Section 37-28-55 (3) (1972) states:

For students attending a charter school located in a school district in which the student does not reside, the State Department of Education shall pay to the charter school in which the student is enrolled an amount as follows: the pro rata ad valorem receipts and the in-lieu payments per pupil for the support of the local school district in which the student resides.

Specifically, in SY 2022-2023, Clarksdale Collegiate enrolled 172 students who resided within the boundaries of Coahoma County School District. Based on the statutory formula stated in MISS. CODE ANN. Section 37-28-55 (3), Coahoma County School District owed Clarksdale Collegiate \$5,111.43 in local ad valorem revenue it received for each of the 172 students attending Clarksdale Collegiate, which totaled \$879,165.96.

The statutory process for this transfer required that MDE reduce Coahoma County School District's January MAEP payment by \$879,165.96 and redirect it to Clarksdale Collegiate. Specifically, MISS. CODE ANN. Section 37-28-55 (3) continues as follows:

The State Department of Education shall reduce the school district's January transfer of MAEP funds by the amount owed to the charter school and shall redirect that amount to the charter school. Any such payments made under this subsection (3) by the State Department of Education to a charter school must be made at the same time and in the same manner as adequate education program payments are made to school districts under Sections 37-151-103.

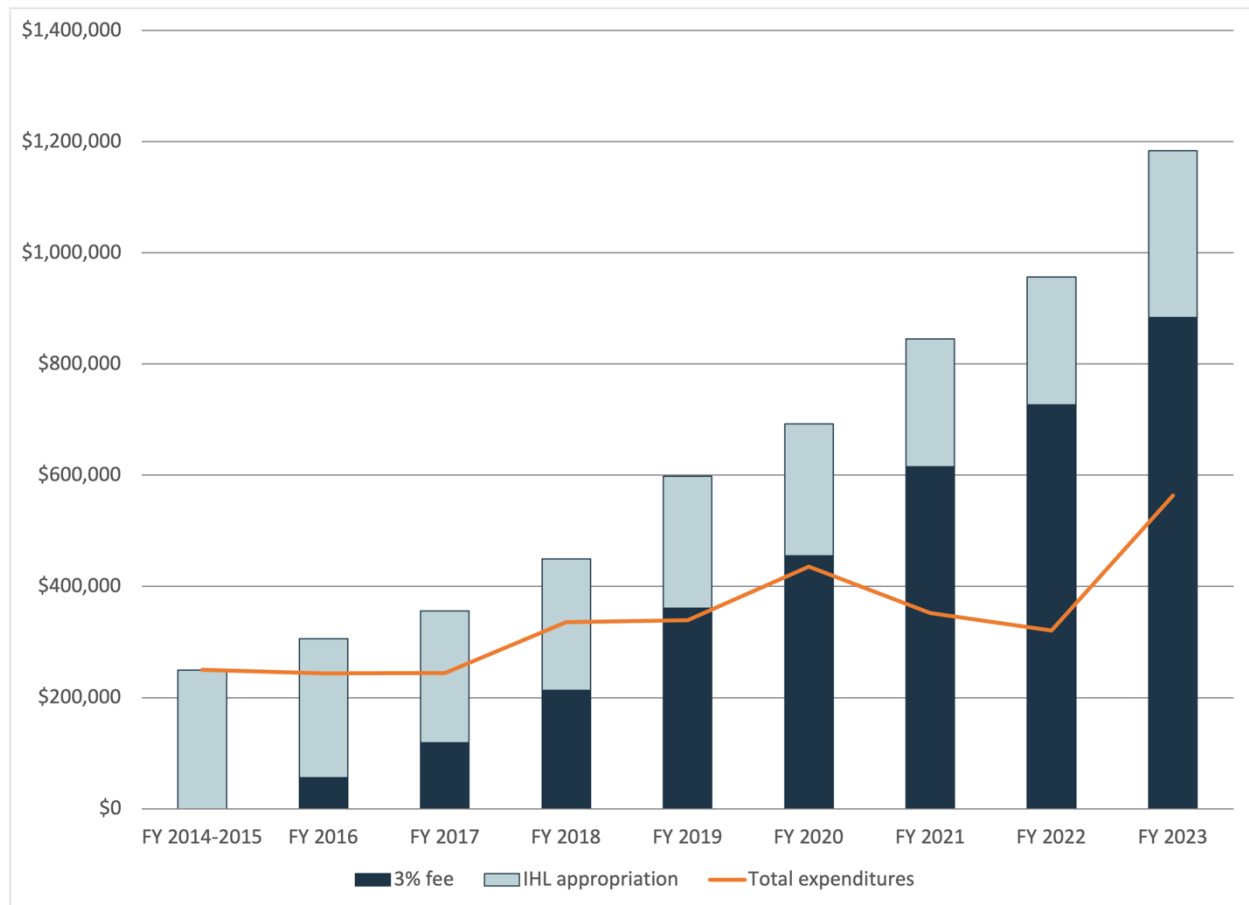
However, according to MDE, the January MAEP allocation Coahoma County School District was to receive totaled \$461,127.00, which was \$418,038.96 short of what it owed Clarksdale Collegiate. Therefore, Coahoma County School District paid Clarksdale Collegiate the remaining \$418,038.96 directly.

Because the \$418,038.96 was not transferred to Clarksdale Collegiate through MAEP funds as required by statute, MCSAB did not include it in its calculations of state and local funds received by Clarksdale Collegiate, against which it calculates the 3% fees it is owed. Therefore, MCSAB requested \$12,541.17 ($3\% \times \$418,038.96$) less from Clarksdale Collegiate than it should have for FY 2023.

As it did in FY 2022,¹⁸ PEER recommends that MCSAB collect this money from Clarksdale Collegiate as part of its FY 2023 revenue.

¹⁸ In FY 2022, Coahoma County School District's January MAEP amount was \$75,469.84 short of what Coahoma County School District owed Clarksdale Collegiate that year. Therefore, PEER recommended in last year's report that MCSAB collect an additional \$2,264.10 ($3\% \times \$75,469.84$) from Clarksdale Collegiate as part of its FY 2022 revenue. MCSAB did this as part of its collection of 3% fees in FY 2023.

Exhibit 13: MCSAB Appropriations and 3% Fee Revenues Collected Compared to Expenditures, FY 2014 through FY 2023



NOTE: This chart reflects the 3% fees that MCSAB actually collected from Clarksdale Collegiate.

SOURCE: PEER analysis of legislative appropriations bills and revenue and expenditure information provided by the Mississippi Charter School Authorizer Board and the Institutions of Higher Learning.

MCSAB Expenditures

In FY 2023, MCSAB expended \$563,349 with \$319,771 (57%) of this amount spent on personal services and \$237,839 (42%) spent on contractual services.

As shown in **Exhibit 14** on page 34, MCSAB expended \$319,771 on personal services and \$237,839 on contractual services in FY 2023.

Exhibit 14: MCSAB Expenditures,* by Major Budget Category, FY 2014 through FY 2023

Major Categories	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Personal Services	\$131,269	\$221,178	\$80,352	\$272,778	\$232,765	\$228,213	\$319,771
Travel	\$10,447	\$13,196	\$7,432	\$3,597	\$0	\$3,839	\$0
Contractual Services	\$69,468	\$89,238	\$239,417	\$151,751	\$112,646	\$79,079	\$237,839
Commodities	\$9,102	\$6,351	\$8,869	\$7,051	\$6,576	\$9,323	\$3,475
Equipment	\$24,090	\$5,923	\$3,487	\$749	\$0	\$0	\$2,264
Subsidies, Loans, and Grants	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$244,376	\$335,886	\$339,557	\$435,926	\$351,987	\$320,454	\$563,349

* These expenditures include those made only with state dollars and do not include expenditures made with funds from the federal Charter Schools Program grant. For expenditures made with Charter School Program grant funds, see Exhibit 15 on page 37.

SOURCE: PEER analysis of financial records from the Mississippi Charter School Authorizer Board and the Department of Finance and Administration.

Progress toward MCSAB's Agency Independence

After a decade of having its annual appropriation included in the IHL appropriation, MCSAB's appropriation was included as a line item in MDE's FY 2024 budget; and in FY 2025, MCSAB will be included as a program within MDE's budget and submit its own budget request.

In FY 2014 and FY 2015—before any charter schools were in operation—the Legislature provided an appropriation from the Capital Expense Fund to the Institutions of Higher Learning (IHL) for the purpose of defraying the costs of MCSAB's general operations. Then, from FY 2016 through FY 2023, the Legislature provided an appropriation each year from its general funds to IHL which was to be earmarked for MCSAB. During these years, Mississippi's Accountability System for Government Information and Collaboration (MAGIC) showed that MCSAB was an appropriation unit within IHL with its own accounting fund.

During the 2023 Legislative Session, H.B. 1613 stated that of the funds appropriated to MDE for FY 2024, \$1.4 million shall be provided to MCSAB (i.e., for FY 2024, MDE—rather than IHL—received an appropriation which was to be earmarked for MCSAB).

Although the FY 2024 funds were earmarked for MCSAB, MCSAB was not included as a program within MDE's budget nor did MCSAB submit its own budget request for the FY 2024 funds. However, beginning in FY 2025, MCSAB will be included as a program within MDE's budget and will submit its own budget request.

MCSAB's Management of the Federal Charter Schools Program Grant

This chapter addresses:

- status of the federal Charter School Program (CSP) grant; and,
- FY 2023 federal CSP grant expenditures.

The CSP grant is a component of the federal funding received by three charter schools (Leflore Legacy Academy, Revive, and SR1) in FY 2023. CSP grant funding is in addition to the funding received by MCSAB.

Status of the Federal CSP Grant

In October 2022, the U.S. Department of Education awarded a five-year, \$19.3 million CSP grant to Mississippi First. Although this action made MCSAB ineligible to receive a new CSP grant, the U.S. Department of Education awarded MCSAB a no-cost extension to its CSP to continue administering CSP subgrants to SR1 and Revive. All other eligible charter schools received CSP subgrants from Mississippi First.

In September 2017, the U.S. Department of Education's (USDOE) Expanding Opportunity through Quality Charter Schools Program awarded new grants totaling \$253 million to nine states and seventeen charter management organizations to create and expand charter schools across the nation. MCSAB received a five-year, \$15 million grant to help expand the state's charter school sector. The five-year grant period was from October 1, 2017, to September 30, 2022.

In April 2021, USDOE approved MCSAB's request to revise some of its grant objectives. As part of that approval, USDOE also shortened the grant term from its original five years (from 2017 to 2022) to four years (from 2017 until 2021), with a 12-month no-cost extension until 2022.

On October 3, 2022, USDOE awarded a new five-year, \$19.3 million CSP grant to Mississippi First, a non-profit advocacy organization located in Jackson.

On October 31, 2022, USDOE also awarded MCSAB a 12-month no-cost extension to continue administering its two remaining CSP subgrants (to SR1 and Revive), including technical assistance to those subgrantees, through September 23, 2023.

In August 2023, MCSAB applied for a third no-cost extension, but USDOE did not grant the extension to MCSAB.

For a detailed explanation regarding the purpose and objectives of the grant, see PEER report #677, *FY 2022 Annual Report: Analysis of Funding for Mississippi Charter Schools and the Charter School Authorizer Board*, pages 26 through 37.

FY 2023 Federal CSP Grant Expenditures

MCSAB spent \$4,032,981 (45%) of its \$9 million revised grant by the end of FY 2023.

As shown in Exhibit 15 on page 37, although MCSAB's grant projected that it would spend \$9 million over the lifetime of the grant, it had only spent \$4 million by the end of FY 2023, which is 45% of its total projected budget.

Exhibit 15: MCSAB Expenditures from the Federal Charter Schools Program Grant, FY 2018 through FY 2023

	Administration	Contractual	Subgrants	Total
FY 2023 Expenditures	\$5,801	\$88,563	\$648,614	\$742,978
Budget for life of CSP Grant	\$238,550	\$660,200	\$8,100,000	\$8,998,750
Expenditures through FY 2023	\$139,680	\$579,110	\$3,314,191	\$4,032,981
Balance Remaining of Grant Budget	\$98,870	\$81,090	\$4,785,809	\$4,965,769

SOURCE: PEER analysis of financial records from the Mississippi Charter School Authorizer Board and Department of Finance and Administration.

As shown in Exhibit 16 on page 38, MCSAB distributed \$3,314,191 in CSP subgrants to five charter schools (Clarksdale Collegiate, Ambition Prep, Leflore Legacy Academy, Revive, and SR1) from FY 2018 to FY 2023.

Exhibit 16: MCSAB Reimbursements to Subgrantees from the Federal Charter Schools Program Grant, FY 2018 through FY 2023

Subgrantee	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Total
Clarksdale Collegiate	\$0	\$190,949	\$319,851	\$142,009	\$247,192	N/A	\$900,001
Ambition Prep	N/A	\$180,408	\$370,409	\$147,412	\$201,771	N/A	\$900,000
Leflore Legacy Academy	N/A	N/A	\$297,080	\$282,345	\$286,151	\$34,117*	\$899,693
Revive	N/A	N/A	N/A	N/A	N/A	\$298,565	\$298,565
SR 1	N/A	N/A	N/A	N/A	N/A	\$315,932	\$315,932
Total	\$0	\$371,357	\$987,340	\$571,766	\$735,114	\$648,614	\$3,314,191

NOTE: Because of lapse year expenditures, prior year expenditures, and reimbursements made to MCSAB by Ambition Prep, PEER has adjusted the expenditures for Ambition Prep for FY 2020 and FY 2021 and Clarksdale Collegiate for FY 2020 to accurately reflect the years in which certain expenditures occurred. PEER report #667, Exhibit 16, page 44, shows different dollar amounts for Ambition Prep and Clarksdale Collegiate for those years.

*\$34,117 provided to Leflore Legacy Academy in FY 2023 was carried over from FY 2022 expenditures.

SOURCE: PEER analysis of financial records from the Mississippi Charter School Authorizer Board and the Department of Finance and Administration.

Recommendations

1. Under the current funding model, MCSAB receives 3% of the state and local funds received by charter schools. Therefore, the total amount of funds from sources available to charter schools on a per-pupil basis is less than the total amount of funds provided to public schools on a per-pupil basis. As such, to provide fully equitable state and local funding between public school and charter school pupils, the Legislature should consider amending MISS. CODE ANN. Section 37-28-11 (1) (1972) to remove the 3% funding MCSAB receives from charter schools' state and local revenue sources.

If the Legislature chooses to keep the 3% funding model, it should consider amending MISS. CODE ANN. Section 37-28-11 (1) to allow for 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. Because the 3% fees alone have been sufficient to cover MCSAB's expenses for the past five fiscal years, MCSAB may be ready to operate on less state and local funds.

If the Legislature authorizes MCSAB to receive up to 3% of per-pupil allocations, then 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. In order to make the pro rata distribution of local ad valorem funds equitable between school districts and charter schools, the Legislature should consider amending MISS. CODE ANN. Section 37-28-55 (2) and (3) (1972) to revise the calculation so that traditional public school students and charter school students in those districts receive equal per-pupil local ad valorem funding.
3. Although MISS. CODE ANN. Section 37-28-7 (5) (1972) established staggered terms of office for the Board, this has resulted in three of the Board members rotating off in the same year and could impact the Board's quorum requirement. Because this issue will continue in the future, the Legislature should consider reconstituting the Board to establish terms of office that, when concluded, minimize the impact on the Board's operations. For example, one Board member appointed by the Governor and one member appointed by the Lieutenant Governor could rotate off each year, leaving five Board members in place in any given year.
4. The Legislature should consider amending MISS. CODE ANN. Section 37-28-33 (1) (1972) to require that decisions regarding renewal terms be based on the performance framework set forth in the charter contract.
5. The Legislature should consider amending MISS. CODE ANN. Section 37-28-55 (3) (1972) such that in cases where the school district's January transfer of MAEP funds is insufficient to cover the amount it owes the charter school, the school district shall pay the charter school the balance it owes from its own funds, of which MCSAB shall also receive 3% in accordance with MISS. CODE ANN. Section 37-28-11 (1972).
6. MCSAB should collect an additional \$12,541.17 in 3% fees from Clarksdale Collegiate and count it as FY 2023 revenue.
7. MCSAB should ensure that its renewal evaluation criteria are clear, objective, and transparent by establishing and publicly disclosing:

- (1) the weighted system it will use to evaluate the renewal applicant's performance on each of the three performance domains (academic, financial, and organizational);
- (2) the weighted system it will use to evaluate any additional components that are considered in determining whether a school is renewed or not renewed;
- (3) clear definitions or clearly defined limits regarding what other factors may be considered in decisions regarding renewal terms less than five years; and,
- (4) clear standards for determining the length of a renewal applicant's renewal term.
 - MCSAB could implement term length criteria by establishing a minimum renewal term length based on the applicant's accountability letter grade and add criteria for potential additional years based on its performance in the organizational and financial domains. For example, the Louisiana Department of Education's charter school renewal criteria incorporate this method, as follows:
 - Letter Grade of A = 6-year renewal term, plus potential extra 0 to 4 years;
 - Letter Grade of B = 5-year renewal term, plus potential extra 0 to 2 years;
 - Letter Grade of C = 4-year renewal term, plus no extra years;
 - Letter Grade of D = 3-year renewal, plus no extra years; and,
 - Letter Grade of F = no renewal.

8. To ensure that renewal decisions are based on objective evidence, MCSAB should:

- (1) ensure that its performance framework is in alignment with its criteria for renewal (e.g., in cases where MCSAB has determined that a school has "met expectations" in any of the three performance domains—academic, organizational, or financial—on all of its performance framework reports, it should also "meet expectations" in that domain on its renewal recommendation report).
- (2) provide each school up for renewal with a cumulative and comprehensive performance report stating MCSAB's summative findings concerning the school's prospects for renewal prior to the school submitting a renewal application;
- (3) revise its renewal application so that it only includes:
 - a. a copy of the comprehensive performance report from MCSAB;
 - b. the charter school's response to the evidence presented in the performance report; and,
 - c. additional information from the school to strengthen its case for renewal, particularly in cases where the charter school's performance shows a need for improvement.

Agency Response



Pursuing Excellence Through Options

11/30/23

Mr. James F. (Ted) Booth, Executive Director
Joint Committee on Performance Evaluation and Expenditure Review (PEER)
P.O. Box 1204
Jackson, MS 39215

Dear Mr. Booth,

The Mississippi Charter School Authorizer Board (MCSAB) has reviewed the PEER Committee's FY2023 Annual Report: Analysis of Funding for Mississippi Charter Schools and the Charter School Authorizer Board. The annually mandated report features an assessment of the sufficiency of funding for charter schools and the efficacy of the state formula for authorizer funding which are prescribed by the Mississippi Charter Schools Act of 2013. The Authorizer Board has prepared the following responses to the PEER Committee's recommendations:

Recommendation 1: Under the current funding model, MCSAB receives 3% of the state and local funds received by charter schools. Therefore, the total amount of funds from sources available to charter schools on a per-pupil basis is less than the total amount of funds provided to public schools on a per-pupil basis. As such, to provide fully equitable state and local funding between public school and charter school pupils, the Legislature should consider amending MISS. CODE ANN. Section 37-28-11 (1) (1972) to remove the 3% funding MCSAB receives from charter schools' state and local revenue sources. The Legislature should also consider amending the same section to provide that MCSAB shall be annually funded from any funds available to the Legislature.

If the Legislature chooses to keep the 3% funding model, it should consider amending MISS. CODE ANN. Section 37-28-11 (1) to allow for 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. Because the 3% fees alone have been sufficient to cover MCSAB's expenses for the past five fiscal years, MCSAB may be ready to operate on less state and local funds. If the Legislature authorizes MCSAB to receive up to 3% of per-pupil allocations, then 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.

Response to Recommendation 1: MCSAB respectfully disagrees that the 3% fees alone are sufficient to cover expenses. The 3% funding received from the charter schools provided 62.50% of the Authorizer's FY23 appropriation. In FY23 the 3% revenue was augmented by a CSP grant which provided an additional \$742,978 for operational expenses and school support. The revenue collected during FY23 from the 3% funding was only \$724,698 yet the expenditures totaled \$1,306,326. The legislature recognized that the MCSAB would require additional funding as the CSP grant would no longer be available to support operations and because annual special fund revenue would not be sufficient to meet operational expenses, they therefore increased the FY24 general fund appropriation by 200%.

Funding structures vary greatly from state to state and are based on many factors including the total number of operating charter schools and the total number of students enrolled. Those two primary factors significantly impact MCSAB's financial health, as they determine the actual MAEP receipts of the schools which impact the overall amount of fees the Authorizer is able to collect.

By statute, schools are provided a five year charter and subject to renewal. Should a school be non-renewed or have to close, operational dollars of the MCSAB would be negatively impacted. The Charter School Program (CSP grant) referenced in the PEER report, provided a substantial amount of resources not only to our schools through a sub-grant, but in terms of technical assistance to both eligible schools and the MCSAB. As previously noted, the CSP funds are no longer available which places the MCSAB at a significant disadvantage in its ability to provide support to interested applicants, subgrant recipients (start up schools) as well as support for staffing.

Therefore, the MCSAB maintains that the three percent authorizer fee is currently an essential factor in ensuring the agency has adequate funds to operate and execute its charter school authorizing functions successfully as aligned to national best practices. The MCSAB believes that eliminating or reducing the three percent authorizer fee would discontinue a significant stream of guaranteed funding. Finally, the elimination of the 3% fee would increase reliance on general funds and potentially impact charter growth over time.

Recommendation 2: In order to make the pro rata distribution of local ad valorem funds equitable between school districts and charter schools, the Legislature should consider amending MISS. CODE ANN. Section 37-28-55 (2) and (3) (1972) to revise the calculation so that traditional public school students and charter school students in those districts receive equal per-pupil local ad valorem funding.

Recommendation 2: No response.

Recommendation 3: Although MISS. CODE ANN. Section 37-28-7 (5) (1972) established staggered terms of office for the Board, this has resulted in three of the Board members rotating off in the same year and could impact the Board's quorum requirement. Because this issue will continue in the future, the Legislature should consider reconstituting the Board to establish terms of office that, when concluded, minimize the impact on the Board's operations. For example, one Board member appointed by the Governor and one member

appointed by the Lieutenant Governor could rotate off each year, leaving five Board members in place in any given year.

Recommendation 3: No response.

Recommendation 4: The Legislature should consider amending MISS. CODE ANN. Section 37-28-33 (1) (1972) to require that decisions regarding renewal terms be based on the performance framework set forth in the charter contract.

Recommendation 4:

MCSAB respectfully disagrees with this recommendation as MISS. CODE ANN. Section 37-28-33 clearly provides for discretion and professional judgment in its renewal decision making by specifically stating that a “charter **may** be renewed for successive five-year terms of duration”. Additionally, the current language in the statute allows for the authorizer to grant renewal with specific conditions for necessary improvements to a charter school and lessen the renewal term based on the performance, demonstrated capacities and particular circumstances of each charter school.

Relying only on Performance Framework ratings alone would place the Authorizer in a difficult position in terms of holding schools accountable. MCSAB considers Performance Framework ratings, timely document submissions, site visit reports, the annual legislative report, and other relevant information in its decisions. Renewal of charter schools is a nuanced process and although the Performance Framework captures much of the information related to the schools’ academic, financial and organizational health, by no means can it provide all of the relevant information the board needs to make its decision. Additionally, the charter contract signed by both parties clearly describes the authorizers’ obligation to rely “primarily on the performance standards set forth in the Performance Framework” suggesting other data is necessary to make renewal decisions. (5.1.1)

Finally, the Authorizer engages annually in an evaluation of its practices and review of its policies. Our most recent evaluation specifically includes our renewal practices. In its DRAFT report to be released in December, our national evaluators, from the National Charter School Institute, state the following:

“The guidance provided by the MCSAB was reviewed and determined to meet the statutory obligations. It is clearly organized and provides schools facing renewal with explicit instructions on how to make their case for renewal, including prompts for a narrative response. The rubric provided on the website with the application and guidance clearly states the evaluation criteria and matches the guidance. Further, the MCSAB Policies (page 14 for renewal and page 26 for closure) contain the same clear expectations and processes around renewal, revocation and nonrenewal.”

Recommendation 5: The Legislature should consider amending MISS. CODE ANN. Section 37-28-55 (3) such that in cases where the school district’s January transfer of MAEP funds is insufficient to cover the amount it owes the charter school, the school district shall pay the charter school the balance it owes from its own funds, of which MCSAB shall also receive 3% in accordance with MISS. CODE ANN. Section 37-28-11.

Response to Recommendation 5: The MCSAB concurs with this recommendation.

Recommendation 6: MCSAB should collect an additional \$12,541.17 in 3% fees from Clarksdale Collegiate and count it as FY 2023 revenue.

Response to Recommendation 6: The MCSAB concurs and will invoice Clarksdale Collegiate for the noted amount.

Recommendation 7: MCSAB should ensure that its renewal evaluation criteria are clear, objective, and transparent by establishing and publicly disclosing:

- (1) the weighted system it will use to evaluate the renewal applicant's performance on each of the three performance domains (academic, financial, and organizational);
- (2) the weighted system it will use to evaluate any additional components that are considered in determining whether a school is renewed or not renewed; and,
- (3) clear definitions or clearly defined limits regarding what other factors may be considered in decisions regarding renewal terms less than five years; and,
- (4) clear standards for determining the length of a renewal applicant's renewal term.

MCSAB could implement term length criteria by establishing a minimum renewal term length based on the applicant's accountability letter grade and add criteria for potential additional years based on its performance in the organizational and financial domains. For example, the Louisiana Department of Education's charter school renewal criteria incorporate this method, as follows:

- Letter Grade of A = 6-year renewal term, plus potential extra 0 to 4 years;
- Letter Grade of B = 5-year renewal term, plus potential extra 0 to 2 years;
- Letter Grade of C = 4-year renewal term, plus no extra years;
- Letter Grade of D = 3-year renewal, plus no extra years; and,
- Letter Grade of F = no renewal.

Response to Recommendation 7: The MCSAB believes in continuous improvement and as such will consider this recommendation in tandem with others while keeping in mind accountability systems change over time and aligning renewal decisions and term lengths to letter grades could become a moot point in the future.

Recommendation 8: to ensure that renewal decisions are based on objective evidence, MCSAB should: (1) ensure that its performance framework is in alignment with its criteria for renewal (e.g., in cases where MCSAB has determined that a school has "met expectations" in any of the three performance domains—academic, organizational, or financial—on all of its performance framework reports, it should also "meet expectations" in that domain on its renewal recommendation report). (2) provide each school up for renewal with a cumulative and comprehensive performance report stating MCSAB's summative findings concerning the school's prospects for renewal prior to the school submitting a renewal application; (3) revise its renewal application so that it only includes: a. a copy of the comprehensive performance report from MCSAB, b. the charter school's response to the evidence presented in the performance report; and, c. additional information from the school to strengthen its case for renewal, particularly in cases where the charter school's performance shows a need for improvement.

Response to Recommendation 8: See responses to Recommendations 4 and 7.

Please feel free to contact me with any questions or concerns regarding the above response at lkarmacharya@mcsab.ms.gov or (601) 359-9199.

Respectfully,

Lisa Karmacharya

Lisa Karmacharya, Ed.D.
Executive Director
Mississippi Charter School Authorizer Board

James F. (Ted) Booth, Executive Director

Legal and Reapportionment

Ben Collins

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Debra Monroe

Taylor Mullins

Meri Clare Ringer

Sarah Williamson

Julie Winkeljohn

Ray Wright