

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.