

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES**

Agenda Item Summary Sheet

Committee: Academic and Student Affairs

Date of Meeting: July 20, 2010

Agenda Item: Charter School Report

- Proposed Policy Change Approvals Required by Policy Other Approvals Monitoring
- Information

Cite policy requirement, or explain why item is on the Board agenda:

Board Policy 3.28 Charter School Sponsorship requires completion of an annual report about all charter schools sponsored by colleges and universities within the Minnesota State Colleges and Universities system.

Scheduled Presenter(s):

None (this is informational item)

Outline of Key Points/Policy Issues:

Statutory changes made in response to a report by the Office of the Legislative Auditor and the work of a joint House-Senate charter school working group resulted in a fundamental shift in responsibilities for approving charter schools. Sponsors are now authorizers, approved by the Minnesota Department of Education and, in turn, are responsible for authorizing charter schools.

Background Information:

Currently, charter schools are in operation in thirty-nine states and the District of Columbia. There are currently more than 4,900 charter schools in the U.S. with a total enrollment of more than 1.4 million students. According to the Minnesota Association of Charter Schools, approximately 33,000 Minnesota students are currently enrolled in 152 charter schools. Within the Minnesota State Colleges and Universities, three colleges currently sponsor five charter schools.

**BOARD OF TRUSTEES
MINNESOTA STATE COLLEGES AND UNIVERSITIES**

INFORMATION ITEM
Charter School Report

Introduction

This report was prepared to meet the requirements of Board Policy 3.28 Charter School Sponsorship using information submitted by each institution within the Minnesota State Colleges and Universities system that is a sponsor of one or more charter schools. It describes charter school activities and performance during the 2008-2009 school year.

Background

Charter schools are public schools established under Minnesota Statute 124D.10 as either a cooperative or a non-profit corporation. The first charter school in Minnesota, and in the nation, was approved in 1991 and became operational in 1992. Each charter school must have an elected board of directors, which is responsible for the school’s education program, management, and administration, and an authorizer (previously sponsor), which can be a school district, a public or private postsecondary institution, or a nonprofit organization. Operating and reporting requirements for charter schools are articulated in MS 124D.10 and in rules and regulations promulgated by the Minnesota Department of Education. Authorizer/sponsorship contracts set forth responsibilities of and requirements for charter school boards and authorizers. Minnesota Statute sets forth the means by which an authorizer is approved by the Minnesota Department of Education and by which authorizers enter into and terminate contracts.

National Trends and Issues

Currently, charter schools are in operation in 39 states and the District of Columbia. There are currently more than 4,900 charter schools in the U.S. enrolling more than 1.4 million students. According to the Minnesota Association of Charter Schools, there are currently 152 charter schools operating in Minnesota with a total enrollment of approximately 33,000. About half of all Minnesota charter schools are sponsored or authorized by non-profit organizations, with the remaining schools sponsored by colleges and universities, school districts, and the Minnesota Department of Education. There are currently approximately 50 different entities serving as sponsors/authorizers of Minnesota charter schools.

In Minnesota, the charter school landscape is changing because of statutory provisions enacted in 2009 that shifted the responsibility for approval of charter schools from the Minnesota Department of Education to authorizers. Authorizers must now be approved by the Minnesota

Department of Education and they, in turn, are responsible for approving charter schools. This and related changes resulted from the findings of the 2009 report by the Office of the Legislative Auditor and the work of a legislative charter school work group. Discussions continued during the 2010 legislative session about how to address issues regarding charter school facilities; because no action was taken in 2010, further discussions are likely in 2011.

Nationally, several major reports about charter schools and their impact were released over the past year. One study, completed by researchers at **Stanford University's Hoover Institute**, found that fewer than one-fifth of charter schools across the country offered a better education than did comparable local schools and more than one-third were "significantly worse." The report found that a significant factor in determining quality is the rigor of the authorities that grant charters. The report's authors noted that a small minority of charter schools enjoy significant publicity and high-profile financial support and that charter schools are largely an urban phenomenon, with charter schools in 72 cities now enrolling 10 percent or more of public school students. They also concluded that a major problem is an apparent lack of will or willingness to close poorly performing schools.

A recent report released by the **Thomas Fordham Institute** focused on the degree and nature of autonomy allowed for charter schools. The analysis was generally positive about Minnesota charter school provisions, awarding full points for all identified aspects of vision, culture, and programs, as well as specific elements of finance and governance (budgetary fungibility, management organizations, and procurement) and staffing (dismissal of employees and teacher employment terms), while finding less flexibility in the areas of teacher certification, salary schedules or retirement plans, and the composition of school boards.

Charter Sponsors in the Minnesota State Colleges and Universities

During the 2008-2009 academic year, three colleges within the Minnesota State Colleges and Universities System – Alexandria Technical College, Century College, and Rochester Community and Technical College – continued their sponsorship of a total of five charter schools. No new sponsorships were initiated, nor were any ended, during that time, but discussions begun in 2008-2009 have led to concrete steps being taken by Anoka Technical College to establish a new charter school. From time to time, system institutions are contacted by potential new charter school developers; often, the costs of sponsorship and the need for an appropriate "fit" between the mission of a given school and its sponsor emerge as key factors in determining whether to take on a sponsorship role.

As expectations have become clearer about the role of sponsors and as it has evolved to that of authorizers, some institutions have found it more challenging to fulfill these requirements within current budgetary limits. This continues to underscore the importance of a close and mutually beneficial working relationship between a college or university and the school it authorizes. In light of the significant financial and academic pressures faced by charter schools, it is critical that

the school and its authorizer share information openly and work together effectively to help ensure that each school meets its goals. In response to the statutory changes previously referenced, current sponsors will have to apply to the Commissioner of Education to continue serving as authorizers by June 30, 2011. As a result, the Minnesota Department of Education has begun conducting workshops and providing other guidance to prepare sponsors for the new role of authorizers and to prepare to submit documentation for approval to authorize charter schools. To date, the Department has approved six authorizers, including Anoka Technical College.

Institutional Report Summaries, 2008-2009

Sponsor: Alexandria Technical College

School: Lakes Area Charter School

Location: Osakis, MN

Status of Sponsorship: Continuing

Sponsor Comments: “LACS has a credit recovery program that provides the opportunity for students who are behind to graduate on time. The program has been a key factor in moving students toward graduation. Lakes Building Corporation is an associated building corporation that has a loan in process with Minnesota Rural Development through the USDA to construct a larger facility across from the present location with construction scheduled to start during 2010.”

School Mission and Programs: It is the mission of the Lakes Area Charter School to provide quality education for the youth of the community in support of personal growth and academic excellence. The three components of the curriculum include state mandated academics, individualized instruction, and technology with an emphasis on individual student needs.

Enrollment: During 2008-2009, enrollment was approximately 70 students. The school primarily serves students in grades 9-12 but is authorized to serve 7th and 8th grades. LACS had students “open enrolled” from 14 surrounding communities. The demographic breakdown of the school’s study body was 3.5% American Indian, 5.4% Asian, 1.8% Hispanic, 5.4% African American, and 83.9% White. Special education enrollment was approximately 30% and has only changed slightly over the years.

Staff: LACS employed seven teachers, one counselor, and one administrator in 2008-2009, as well as a retired superintendent as a budgetary consultant.

Board of Directors: The elected board of directors consists of three teachers and two parents.

Academic Progress: Data used to evaluate student performance include graduation numbers, attendance data, and results of state required tests in mathematics, writing, and reading as well as the Test of Adult Basic Education (TABE). Seventy percent of students who tested in reading in May 2009 demonstrated improved scores, 74% demonstrated improved math computation scores, 74% demonstrated improved applied math scores, 70% demonstrated improved language scores, and 65% had improved spelling scores. Overall score increases averaged 28.31% in reading, 19.23% in math computation, 24.75% in applied math, 17.09 in language, and 18.54 in spelling. New software is being used to track students’ progress toward graduation. LACS has an excellent graduation rate of 91.65%, which exceeds the state target of 80%. LACS students also exceeded state targets in attendance and achieved adequate yearly progress in reading but did not

make AYP in math.

Audit Summary: The audit report, prepared by Larson Allen, LLP found that the financial statement represents fairly the financial status of the schools. The only material weaknesses noted are a lack of segregation of duties, which the board works to address by reviewing and approving all expenditures at its monthly board meetings and adjusting accounting procedures and practices to limit the potential of material misstatements of annual financial statements. It was also recommended that the school retain all records for its scholarship fund in the future.

Sponsor: Century College

School: Twin Cities International Elementary School (TIES)

Location: 277 12th Avenue North, Minneapolis, MN

Status of Sponsorship: Continuing

Sponsor Comments: “Century College sponsors three charter schools: Twin Cities International Elementary Schools (TIES), Minnesota International Middle School (MIMS) (TIES and MIMS are co-located in Minneapolis), and the Ubah Medical Academy located in Hopkins. The schools continue to make positive academic progress and are in good financial condition. We value our past and present relationships and we firmly support the educational missions of these very successful charter schools. In light of recent policy changes by the Minnesota Department of Education, and given that our present commitments continue to June 30, 2011, Century’s executive leaders are closely evaluating its sponsorship relationships with a focus on determining the most advantageous arrangement for the well-being of the three schools. In our review, we are making a careful assessment of our present and future capacity to provide effective oversight and the resources and time needed to fulfill the needs of these three schools.”

School Mission and Programs: The mission of TIES is to “provide a rigorous education in a culturally sensitive environment.” As such, it “seeks to prepare students for successful and productive lives as United States citizens while allowing them to retain their unique cultural heritage.”

Enrollment: Enrollment at TIES remained steady at approximately 600.

Staff: The TIES staff in 2008-2009 included 42 teaching positions; two full-time assistant directors/parent liaisons; and a school director.

Board of Directors: The board consists of eleven members, including five teachers, four community members (two of whom are parents), and two ex-officio members (the sponsor liaison and school director).

Academic Progress: TIES students made AYP in both math and reading in 2008-2009, and students with limited English proficiency showed solid performance on required language assessments. The school uses Success For All for reading interventions and offers an after school program to build reading and math skills. The school achieved an overall attendance rate of 94.5% in 2008-20089 and an AYP participation rate of 100%.

Audit Summary: The audit conducted in 2008-2009 was “clean” with the exception of a single internal control finding that resulted in a recommendation to put controls in place to obtain required reports from employees working on more than one federal award as required under Title

I provisions.

Sponsor: Century College

School: Minnesota International Middle School (MIMS)

Location: 277 12th Avenue North, Minneapolis, MN

Status of Sponsorship: Continuing

Sponsor Comments: See above

School Mission and Programs: See description for TIES above.

Enrollment: Enrollment at MIMS declined modestly from 360 students in 2007-2008 to 320 in 2008-2009.

Staff: In 2008-2009, MIMS employed 23 teachers, including four in grade 5, five in grade 6, four in grade 7, four in grade 8, and three in special education.

Board of Directors: The board consists of ten members, including four teachers, four community members, and two ex-officio members (the sponsor liaison and school director).

Academic Progress: MIMS came very close to making AYP again in 2008-2009 and attributes the fact that it missed this benchmark (by less than two percent) to late enrollments. Overall, the school saw dramatic increases in student progress, with most students showing an increase in content knowledge in both reading and math. The school's participation rate in AYP exceeded 94%. The school continued to emphasize after school programming and summer school as strategies to enhance student learning, and curricula were selected to strengthen math and reading skills.

Audit Summary: The school had a clean audit for 2008-2009.

Sponsor: Century College

School: Ubah Medical Academy (UMA)

Location: 277 12th Avenue North, Minneapolis, MN

Status of Sponsorship: Continuing

Sponsor Comments: See above

School Mission and Programs: The mission of Ubah Medical Academy is to provide students with a rigorous education that will prepare them for college and the pursuit of medical or other meaningful careers in the community.

Enrollment: Enrollment declined from 271 in 2007-2008 to 220 in 2008-2009.

Staff: UMA had a staff of 19 teachers in 2008-2009, including three each in math and science and two each in language arts and social studies. The remaining teachers were in ESL (four) and special education (one).

Board of Directors: The board is made up of nine elected members, including four teachers, three community members, and two parents.

Academic Progress: Ubah tests student performance with the state's GRAD test and Minnesota Comprehensive Assessments (MCA IIs) and two ESL tests (TEAE and MNSOLOM). The school again made AYP in reading, with 28.6% of 10th graders scoring as proficient compared to 21% in 2007-2008. UMA did not meet AYP standards in mathematics despite continuing gains. The school is above the state target in progress toward English language proficiency and

attainment of English language proficiency but below the state target in content ability in math and science. After school programs focused on academic, language, college prep, and computer applications; SIOP (Sheltered Instruction Observation Protocol); and participation in Admission Possible, College in the Schools, and Century College's PACE program are among the strategies used to build student knowledge, skills, and aspirations. The schools' attendance increased slightly in 2008-2009 to 96.21%.

Audit Summary: The school had a clean audit for 2008-2009.

Sponsor: Rochester Community and Technical College

School: Rochester Off Campus (ROC) Charter School

Location: Rochester, MN

Status of Sponsorship: Continuing

Sponsor Comments: "RCTC enjoys the affiliation we have with ROC and we are proud of the accomplishments of the faculty and students in this learning community. It is remarkable to watch how this unique educational environment can promote success in students who have not been successful at other schools. ROC gives these students the confidence to attempt postsecondary education and succeed! RCTC continues to enjoy and take pride in this charter school sponsorship. ROC satisfies its unique mission very well, and RCTC is more than pleased to assist in that mission."

School Mission and Programs: Rochester Off Campus was established "to assist young people in developing the life, work, and academic skills necessary for transition to adulthood and the workplace." It seeks to provide a safe and healthy learning community that nurtures educational rigor and engages students, parents, and the community in a partnership to that end.

Enrollment: Enrollment at ROC remained stable at 125 students in 2008-2009, enrolling students from 18 school districts. Of these students, 27 percent received special education services and 64 percent were eligible for free or reduced lunch. The school enjoys a strong gender balance, with an enrollment consisting of 49% female and 51% male students. Fifty-three percent of the school's 2009 graduates were enrolled in postsecondary institutions in 2009-2010, and 100 percent of students surveyed expect to graduate from high school.

Staff: The staff of ROC consisted of 12 licensed teachers, with 100% retention from 2007-2008 to 2008-2009.

Board of Directors: The school has a ten member board, made up of five teachers, three community members, one parent, and a representative of Rochester Community and Technical College serving ex-officio.

Academic Progress: ROC focuses on three primary benchmarks – NWEA's Measure of Academic Progress (MAP), the Minnesota Comprehensive Assessments (MCAs), and attendance. Previously, the Adult Basic Learning Examination (ABLE) was used in place of MAP; with this change, no comparison data will be available until the 2009-2010 school year. The MCA scores showed a decline in reading, writing, and math in 2008-2009. As a result, the school has been identified as "pre-restructuring" under NCLB. Staff has carefully studied test data from the last three assessment cycles and identified and isolated areas of deficiency most

common in students' profiles in order to modify the curriculum and the School Improvement Plan. It is important to note that 87% of the newly enrolled students in 2008-2009 had yet to pass one or more of their state assessments, reflecting a continuing trend among referred and newly enrolled students and presenting a significant challenge to the school. In addition, students enrolled at ROC for more than one school year passed state assessments at a rate higher than those who had been enrolled for less than one year, and all seniors met state assessment standards and were conferred diplomas. At the same time, ROC reported daily attendance at or above 84 percent, with an average of nine days missed per student that year compared to an average of 22 days per year per student during the last semester at the students' previous schools.

Audit Summary: The school had a "clean" audit in 2008-2009 and the school continued to maintain an exceptionally strong financial structure and increased its fund balance despite unstable economic conditions.