

**Wednesday, September 17, 2014**

**TO: Cindy Murphy, Charter School Center  
Kevin McHenry, Assistant Commissioner**

**RE: Authorizer Accountability – Annual Income/Expenditure Reports**

According to MN Statutes 124D.10 Subd. 15 authorizers are required to submit an annual report of income and expenditures by September 30<sup>th</sup> of each year for their authorizing activities of the previous academic year.

According to the records, we have received from the Minnesota Department of Education, there are authorizers every year that have not complied with this legal requirement.

For **2012-2013 (FY13)** the following authorizers did not submit a financial report:

- Fraser
- **ISD 917**
- Minneapolis Guild of Public Schools
- **Northfield Public Schools**
- **Rochester Community College**
- **Winona Public Schools**

*[Four of the six are **public entities** and two are nonprofit organizations].*

For **2011 -2012 (FY12)** the following authorizers did not submit a financial report

- Adler Graduate School
- **Alexandria Technical College**
- **Anoka Technical College**
- College of St. Scholastic
- **Faribault Public Schools**
- Northwood's Children's Services
- **Saint Paul Public Schools**
- **Stillwater Area Public Schools**
- Upper Midwest American Indian Center
- **Yellow Medicine East School District**

*[Six of the ten were public entities, two private colleges and two non-profits organizations].*

For **2010-2011 (FY11)** there were 25 authorizers that did not submit a financial report. [14 of the 25 were public entities, seven were private colleges and four non-profit organizations].

While many of the authorizers that did not report in FY 11 and FY 12 are no longer approved authorizers, the law does not excuse an authorizer from submitting an income/expenditure report for the last year that they were an authorizer.

Based on the history of compliance, the Minnesota Association of Charter Schools has two questions and three suggestions.

### Questions?

1. What does the MN Department of Education do to ensure that authorizers comply with the legal requirement that they submit a financial report by September 30<sup>th</sup> of each year?
2. What does the MN Department of Education do to reprimand or sanction an authorizer that does not comply with this legal requirement?

### Suggestions

1. The Department should send a letter to the authorizer representative and the CEO of the authorizing organization at least 60 days before the end of the fiscal year that an authorizer ceases to be an authorizer notifying them that they are required to submit a final income/expenditure by September 30.
2. When an authorizer does not submit their annual income/expenditures report, that the Commissioner notify the authorizer representative that the failure to submit, or the late submission of the report, has been documented and will be a factor considered in the authorizer performance evaluation.
3. When an authorizer does not submit their annual income/expenditure report, that the Commissioner send a letter to the authorizer's Chief Executive Officer or Board Chair (as appropriate) notifying that individual that their organization is not in compliance with the law.

The fact that there are authorizers every year that are not submitting their annual income/expenditure reports is of concern for two reasons.

**First**, it raises questions and concerns that authorizers are not accountable and that they are not fulfilling their responsibilities, which in turns provides a basis for calls to add further requirements on authorizers. **Second**, it undermines public confidence in government and weakens the credibility of the Minnesota Department of Education as an agency that has the capacity and capability to fulfill its responsibilities.

Neither of these things is good for the charter school movement in Minnesota, so we urge the Department to address the issue of authorizers that are not fulfilling their legal and civic duty to account for the public funds that they receive for conducting their authorizer responsibilities.

The MACS Board of Directors and I look forward to your response to our questions and suggestions.

Sincerely,

Eugene Piccolo  
Executive Director

MACS Board of Directors