



*Unleashing Education from
Convention*

The Cost of Authorizing Minnesota's Charter Schools

For 2016-2017 (FY 17)

*Annual Authorizers Income and Expenditures
Compilation Report*

A Publication of the
Minnesota Association of
Charter Schools

January, 2018

History & Overview

Among the many accountability reforms enacted to Minnesota's charter school law in 2009, there were two specific provisions that addressed the cost of authorizing.

The first provision established a new fee structure and significantly increased potential oversight fees paid by schools to authorizers. The increase phases in over a four year period and will result in over \$3 million dollars per year being made available to authorizers for their responsibilities.

The second provision established a requirement that authorizers annually submit by September 30th a report of their oversight expenses for the previous charter contract/academic year to the Commissioner of Education, as well as to the schools the authorizer charters. The expenditure reports are designed to ascertain the real cost of authorizing, as well as to ensure that funding for authorizing responsibilities is not being diverted for other operations of an authorizer.

These provisions of the law went into effect on August 1, 2009. Given that there was no reporting requirement prior to the change in law, the general expectation was that the first reports would be due September 30, 2010, for the 2009-2010 (FY10) charter contract year.

The Minnesota Association of Charter Schools annually publishes a comprehensive report of all authorizer expenditure reports based on the documents filed by authorizers with MDE.

FY 10

The first annual authorizer expenditure reports for FY10 were due to the MN Department of Education (MDE) on October 1, 2011. After multiple requests from the Association to MDE, it was unclear whether the authorizer expenditure reports were ever requested or collected, as MDE did not have copies of the

reports in its data base and was not able to locate hard copies of these reports.

Thus, it was impossible to compile a report on authorizer expenditures for FY10.

FY 11 - 13

While MDE began formally requesting the authorizer expenditure reports in FY 11, authorizers were slow to comply with the requirements in the law.

In FY 11, only 18 of 40 plus authorizers submitted the required expenditure report.

In FY 12, 26 of the 37 authorizers submitted the required expenditure reports.

In FY 13, 19 of the 25 authorizers submitted the required expenditure report.

FY 14 AND BEYOND

In 2013 the charter school law was amended to require that authorizers not only report expenditures but also their income. So beginning with FY14 authorizer reports were to include the reporting of income. In FY14, all but 2 authorizers reported their income.

One of the challenges that there has been in getting a full picture of the income and expenditures of authorizing is that as the number of authorizers has dramatically fallen from a high of 51 to 16 in FY17, authorizers have not submitted reports for the final year of being an authorizer. This occurred again this year (FY17) when two (2) authorizers withdrew as of June 30, 2017 but did not submit an income or expenditures for FY17.

Findings – FY17

1. The level of compliance, and the information provided by authorizers has steadily improved since FY11 when the first real effort to collect information on the cost of authorizing was undertaken to comply with the requirements of the 2009 changes in the charter school law.
2. The formula upon which authorizer fees are based is providing more than enough income for oversight responsibilities of authorizers given that 11 of 14 reporting authorizers ran a net surplus of income over expenditures, and overall authorizers had a net income surplus of \$232,945.13. *Previous reports show net surpluses in 4 of the last 5 years.*
3. The primary cost of oversight were personnel related costs - 70.5%.
4. The average cost of oversight per school ranged from \$6,381.00 to \$23,078, with the average being \$16,738.00. *In FY12 the average was \$11,604.00.*
5. There were two (2) authorizers, both of which withdrew as authorizers on June 30, 2017, that did not submit an Annual Income and Expenditure Report for the final year of authorizing.

Recommendations

To ensure more transparency and accountable of the public funds that authorizer are collecting from chartered public schools, the Minnesota Association of Charter Schools recommends:

1. The Authorizer Income and Expenditure reporting requirements be amended to require authorizers to provide a beginning of the year, and end of the year balances to account for any carry over or deficits from previous years.
2. The Authorizer Income and Expenditures reporting requirements be amended to require details of other income generated beyond authorizer fees.
3. The Authorizer Income and Expenditure reporting requirements be amended to require the value of in-kind service be reported.
4. The Authorizer Income and Expenditure reporting requirements be amended to require a listing of what items and their cost are being reported in the Other Expenditures Category. This Category amounted to more than \$391,000.00 or 14.5% of all expenditures in FY17.
5. The MN Department of Education enforce the statute which requires all authorizers (even those that withdraw as an authorizer) to submit an Annual Income and Expenditure Report.
6. The charter school law needs to be amended to require that when an authorizer withdraws as an approved authorizer and has a positive fund balance that it must return those funds back to the schools it authorized in the final year of authorizing.

Facts and Findings: FY 17 Authorizer Expenditures

Number of Approved Authorizers in FY 17	16
Number of Authorizers Filing Income & Expenditures Reports in FY 17	14

Lowest Reported <u>Total</u> Authorizer Expenditures (<i>St. Catherine's University</i>)	\$9,178.84
Lowest Reported <u>Per School</u> Authorizing Cost (<i>Winona School District</i>)	\$6,381.52
Highest Reported <u>Total</u> Authorizer Expenditures (<i>Audubon Center</i>)	\$531,924.00
Highest Reported <u>Per School</u> Authorizing Cost (<i>Friends of Education</i>)	\$23,037.08

<u>Total Authorizer Expenditures</u> - 14 Reporting Authorizers	\$2,714,381.99
Average Per School Oversight Cost by Reporting Authorizers	\$16,738.57

Income and Expenditures for FY 17

Authorizer	Fee Income Reported	Total Income Reported	Expense Reported	# of Operational Schools	# of Preoperational Schools
Audubon Center of the North Woods ⁱⁿ	\$531,924.00	\$539,674.00	\$513,939.00	34	
Bethel University	\$64,461.00	\$64,461.00	\$62,904.93	3	
Chisago Lakes School District	\$18,375.33	\$18,375.73	\$18,375.73	1	
Friends of Education (FOE)	\$297,283.00	\$297,283.00	\$299,482.00	13	
Germanic-American Institute	No Report	No Report	No Report	1 (T)	
Innovative Quality Schools ^{in **} (IQS)	\$363,896.53	\$366,709.64	\$286,733.46	23	
Minnesota Guild of Charter Schools	\$210,292.55	\$274,992.55	\$282,386.50	10	7
Northfield Public Schools	\$29,064.27	\$29,064.27	\$28,398.30	2	
Novation Education Opportunities ⁱⁿ (NEO)	\$335,194.60	\$335,194.60	\$274,882.48	21	
Pillsbury United Communities (PUC)	\$403,023.83	\$403,023.83	\$397,452.46	19	
Project for Pride in Living ^{**} (PPL)	\$39,694.29	\$39,694.29	\$44,719.00	3	
Saint Catherine University (St. Kate's)	\$11,011.61	\$11,011.61	\$9,178.84	1	
Student Achievement Minnesota (SAM)	\$64,127.00	\$64,127.00	\$59,949.00	3	
University of Saint Thomas (UST)	\$208,583.00	\$208,583.00	\$181,748.95	10	
Volunteers of America – Minnesota (VOA)	\$267,223.00	\$267,223.00	\$241,468.00	18	
Winona Public Schools	\$27,909.00	\$27,909.00	\$12,763.04	2	
Wolf Ridge Environmental Learning Center	No Report	No Report	No Report	1 (T)	
TOTAL	\$2,870,366.13	\$2,947,327.12	\$2,714,381.99	164	7
DIFFERENCE	Total Income – Total Expenses =		+\$232,945.13		

**Authorizers did not categorize their expenditures as outlined by MDE. MACS assigned expenditures for report based on MDE criteria.

***Novation Education Opportunities listed net income at \$60,293.86. Rechecking figures actual income \$60,312.12.

*** Volunteers of America reported total income and expenditures at \$267,223 and \$241,468 respectively. Rechecking figures actual income \$269,128.55 and actual expenditures \$238,734.00.

ⁱⁿ Indicates authorizers with income outside of authorizing fees

^T Indicates school transferred authorizer. North Shore Community School from Wolf Ridge to Audubon & Twin Cities German Immersion from Germanic-American Institute to St. Thomas.

Freedom Academy – not included in FY17 - school closed mid-year and authorizer was not able to collect fee.

Total Income and Expenditure Breakdown for FY 17

Authorizer	Total Income	Expenditures	Personnel Expenditures Subtotal	Administrative/Office Expenditures Subtotal	Other Expenditures	Total Expenditures	Net Income (Deficit)
Audubon	\$539,674.00		\$376,552.00	\$35,953.00	\$101,434.00	\$513,939.00	\$25,735.00
Bethel	\$64,461.00		\$58,882.51	\$1,476.25	\$2,546.17	\$62,904.93	\$1,556.07
Chisago	\$18,375.73		\$18,017.62	\$358.11	\$0.00	\$18,375.73	\$0.00
FOE	\$297,283.00		\$45,324.00	\$66,040.00	\$188,118.00	\$299,482.00	-\$2,199.00
Germanic-American Institute	No Report		No Report	No Report	No Report	No Report	No Report
IQS	\$366,709.64		\$171,441.00	\$56,373.85	\$58,917.70	\$286,733.46	\$79,976.18
MN Guild	\$274,992.55		\$248,440.69	\$33,946.11	\$0.00	\$282,386.80	-\$7,394.25
Northfield	\$29,064.27		\$26,831.00	\$1,567.30	\$0.00	\$28,398.30	\$665.97
NEO	\$335,194.60		\$211,308.99	\$63,175.49	\$398.00	\$274,882.48	\$60,312.12
PUC	\$403,023.83		\$285,786.41	\$111,497.90	\$168.15	\$397,452.46	\$5,571.37
PPL	\$39,694.29		\$39,796.00	\$4,923.00	\$0.00	\$44,719.00	-\$5,024.71
St. Kate's	\$11,011.61		\$8,251.44	\$927.40	\$0.00	\$9,178.84	\$1,832.77
SAM	\$64,127.00		\$42,415.00	\$5,717.00	\$11,817.00	\$59,949.00	\$4,178.00
UST	\$208,583.00		\$168,571.15	\$13,177.80	\$0.00	\$181,748.95	\$26,834.05
VOA	\$267,223.00		\$198,337.00	\$12,216.00	\$28,181.00	\$241,468.00	\$25,755.00
Winona	\$27,909.60		\$12,696.85	\$0.00	\$66.19	\$12,763.04	\$15,146.56
Wolf Ridge	No Report		No Report	No Report	No Report	No Report	No Report
Total	\$2,947,327.12		\$1,912,651.66	\$407,349.21	\$391,646.21	\$2,714,381.99	\$232,945.13

Expense Category	Personal Expenditures	Administrative/Office Expenditures	Other Expenditures
Percentage	70.5%	15.0%	14.5%

Authorizer Fees By School (FY 17)

School	Authorizer	Fee Paid
Academia Cesar Chavez	University of St. Thomas	\$24,268.00
Academic Arts High School	Audubon Center of the North Woods	\$10,720.00
Academy for Sciences & Agriculture	Audubon Center of the North Woods	\$24,268.00
Achieve Language Academy	Novation Education Opportunities	\$24,268.00
Agamim Classical Academy	Novation Education Opportunities	\$7,917.44
Arcadia Charter School	Northfield Public Schools	\$12,690.65
Art & Science Academy	Minnesota Guild	\$23,914.66
Aspen Academy	Friends of Education	\$24,268.00
Athlos Academy of St. Cloud	Volunteers of America	\$5,948.00
Athlos Leadership Academy	Volunteers of America	\$23,792.00
Augsburg Fairview Academy	Minnesota Guild	\$13,108.80
Aurora Charter School	Audubon Center of the North Woods	\$24,268.00
Avalon Charter School	Novation Education Opportunities	\$23,042.47
Bdote Learning Center	Innovative Quality Schools	\$6,916.40
Beacon Academy	Innovative Quality Schools	\$24,268.00
BEST Academy	Audubon Center of the North Woods	\$24,268.00
Birch Grove Community School	Volunteers of America	\$5,948.00
BlueSky Online Charter School	Novation Education Opportunities	\$24,268.00
Bluffview Montessori School	Winona Public Schools	\$18,853.69
Bright Water Elementary	Audubon Center of the North Woods	\$16,593.00
Cannon River STEM School	Audubon Center of the North Woods	\$24,268.00
Career Pathways	Minnesota Guild	\$11,805.83
Cedar Riverside Community School	Pillsbury United Communities	\$16,134.66
City Academy High School	St. Catherine's University	\$11,011.61
Clarkfield Area Charter School	Friends of Education	\$6,067.00
College Prep Elementary	Minnesota Guild	\$24,268.00
Cologne Academy	Friends of Education	\$24,268.00
Community of Peace Academy	University of St. Thomas	\$24,268.00
Community School of Excellence	Minnesota Guild	\$24,268.00
Cornerstone Montessori Elementary School	Volunteers of America	\$10,878.59
Crosslake Community School	Audubon Center of the North Woods	\$21,354.00
Cyber Village Academy	Innovative Quality Schools	\$24,268.00
DaVinci Academy of Arts and Science	Friends of Education	\$24,268.00
Discovery Charter School	Novation Education Opportunities	\$13,923.77
Discovery Public School of Faribault	Audubon Center of the North Woods	\$6,202.00
Discovery Woods Montessori School	Audubon Center of the North Woods	\$6,083.00
Dugsi Academy	Pillsbury United Communities	\$24,768.00
Duluth Edison Charter School	Innovative Quality Schools	\$24,268.00
Eagle Ridge Academy	Friends of Education	\$24,268.00
East Range Academy of Technology & Science	Audubon Center of the North Woods	\$14,802.00
ECHO Charter School	Innovative Quality Schools	\$10,556.60
Edvisions Off Campus	Innovative Quality Schools	\$11,938.40
El Colegio Charter School	Pillsbury United Communities	\$13,058.69
Excell Academy for Higher Learning	Audubon Center of the North Woods	\$24,268.00
Face to Face Academy	Project for Pride in Living	\$3,292.29
Flex Academy	Innovative Quality Schools	\$6,788.96
FIT Academy	Volunteers of America	\$5,948.00
Friendship Academy of the Arts	Pillsbury United Communities	\$13,695.73
Glacial Hills Elementary School	Audubon Center of the North Woods	\$10,170.00
Global Academy	University of St. Thomas	\$24,268.00
Great Expectations School	Audubon Center of the North Woods	\$9,379.00
Great River School	Novation Education Opportunities	\$24,268.00
Green Isle Community School	Volunteers of America	\$5,948.00
Harbor City International School	Volunteers of America	\$23,018.76
Harvest Preparatory School	Audubon Center of the North Woods	\$24,268.00
Hennepin Elementary School	Friends of Education	\$24,268.00
Hiawatha Academies	University of St. Thomas	\$24,268.00
High School for Recording Arts	Pillsbury United Communities	\$24,768.00

Authorizer Fees by School (FY 17)

Higher Ground Academy	Audubon Center of the North Woods	\$24,268.00
Hmong College Prep Academy	Bethel University	\$24,268.00
HOPE Community Academy	University of St. Thomas	\$24,268.00
International Spanish Language Academy	Innovative Quality Schools	\$24,268.00
Jane Goodall Environmental Sciences Academy	Innovative Quality Schools	\$10,445.20
Jennings Community School	Pillsbury United Communities	\$9,782.51
Kaleidoscope Charter School	Volunteers of America	\$23,792.00
Kato Public Charter School	Novation Education Opportunities	\$8,645.48
KIPP North Star Academy	Volunteers of America	\$23,792.00
La Crescent Montessori & STEM School	Audubon Center of the North Woods	\$6,761.00
Lafayette Charter School	Novation Education Opportunities	\$7,589.82
Lakes International Language Academy	Volunteers of America	\$23,792.00
Laura Jeffrey Academy	Audubon Center of the North Woods	\$14,688.00
Learning for Leadership Charter School	Pillsbury United Communities	\$24,768.00
Level Up Academy	Innovative Quality Schools	\$9,087.21
LIFE Prep	Minnesota Guild	\$24,268.00
Lincoln International High School	Minnesota Guild	\$16,935.30
Lionsgate Academy	Novation Education Opportunities	\$20,172.53
LoveWorks Academy for Visual & Performing Arts	Pillsbury United Communities	\$22,341.20
Math & Science Academy	Student Achievement Minnesota	\$24,268.00
Metro Deaf School	University of St. Thomas	\$6,067.00
Metro Schools	Audubon Center of the North Woods	\$24,268.00
MILROY Area Charter School	Innovative Quality Schools	\$6,067.00
Minisinaakwaang Leadership Academy	Innovative Quality Schools	\$6,067.00
Minnesota Academy of Hearing, Speech & Language	Minnesota Guild	\$1,517.00
Minnesota Excellence in Learning Academy	Innovative Quality Schools	\$18,051.76
Minnesota International Middle School	Pillsbury United Communities	\$24,768.00
Minnesota Internship Center Charter High School	Pillsbury United Communities	\$24,768.00
Minnesota Math & Science Academy	Pillsbury United Communities	\$24,768.00
Minnesota New Country School	Innovative Quality Schools	\$21,575.12
Minnesota Online High School	Pillsbury United Communities	\$16,007.25
Minnesota Transitions Charter School	Pillsbury United Communities	\$24,768.00
Nasha Shkola	Innovative Quality Schools	\$9,623.79
Natural Science Academy	Audubon Center of the North Woods	\$7,038.00
Naytahwaush Community Charter School	Volunteers of America	\$10,241.56
Nerstrand Elementary School	Novation Education Opportunities	\$13,923.77
New Century Academy	Novation Education Opportunities	\$9,100.50
New Century School	Volunteers of America	\$5,948.00
New City Charter School	Novation Education Opportunities	\$22,951.46
New Discoveries Montessori Academy	Audubon Center of the North Woods	\$11,191.00
New Heights School	Minnesota Guild	\$13,261.43
New Millennium Academy	Friends of Education	\$24,268.00
Noble Academy	Audubon Center of the North Woods	\$24,268.00
North Lakes Academy	Audubon Center of the North Woods	\$24,268.00
North Metro Flex Academy	Novation Education Opportunities	\$12,831.71
North Shore Community School *	Audubon Center of the North Woods	\$24,752.00
Northeast College Prep	Student Achievement Minnesota	\$23,570.00
Northern Lights Community School	Audubon Center of the North Woods	\$11,161.00
Northwest Passage High School	Bethel University	\$15,925.00
Nova Classical Academy	Friends of Education	\$24,268.00
Odyssey Academy	Audubon Center of the North Woods	\$23,968.00
Oshki Ogimaag Charter School	Audubon Center of the North Woods	\$6,067.00
PACT Charter School	Bethel University	\$24,268.00
Paladin Career & Technical High School	Innovative Quality Schools	\$24,268.00
Parnassus Preparatory School	Friends of Education	\$24,268.00
Partnership Academy	PPL/Audubon Center of the North Woods	\$12,058.00
Phoenix Academy Charter School	Minnesota Guild	\$6,067.00
Pillager Area Charter School	Audubon Center of the North Woods	\$6,067.00
PIM Arts High School	University of St. Thomas	\$24,268.00
Prairie Creek Community School	Northfield Public Schools	\$16,373.62

Authorizer Fees by School (FY 17)

Prairie Seeds Academy	Audubon Center of the North Woods	\$24,268.00
Prodeo Academy	Innovative Quality Schools	\$24,723.01
Ridgeway Community School	Winona Public Schools	\$9,055.91
River Grove Elementary	Minnesota Guild	\$3,033.50
River's Edge Academy	Audubon Center of the North Woods	\$8,455.00
Riverway Learning Community	Audubon Center of the North Woods	\$9,200.00
Rochester Beacon Academy	Minnesota Guild	\$11,512.84
Rochester Math & Science Academy	Pillsbury United Communities	\$24,768.00
Rochester STEM Academy	Novation Education Opportunities	\$11,575.84
Rochester Off Campus	Minnesota Guild	\$2,730.30
Rosa Parks Charter High School	Minnesota Guild	\$8,195.95
SAGE Academy High School	Novation Education Opportunities	\$8,190.45
Saint Paul City School	Project for Pride in Living	\$12,134.00
Saint Paul Conservatory for Performing Artists	University of St. Thomas	\$24,268.00
Sandstone Montessori	Minnesota Guild	\$6,992.00
Schoolcraft Learning Community	Volunteers of America	\$17,955.53
Sejong Academy	Novation Education Opportunities	\$11,193.62
Seven Hills Preparatory Academy	Friends of Education	\$24,268.00
Skyline Math and Science Academy	Minnesota Guild	\$2,022.00
Sojourner Truth Academy	Pillsbury United Communities	\$24,768.00
Southside Family Charter School	Volunteers of America	10,241.56
Spectrum High School	Volunteers of America	\$23,792.00
Spero Academy	University of St. Thomas	\$8,372.00
St. Cloud Math & Science Academy	Novation Education Opportunities	\$15,652.86
St. Croix Preparatory Academy	Friends of Education	\$24,268.00
Star of the North Academy	Novation Education Opportunities	\$14,706.41
STEP Academy	Innovative Quality Schools	\$24,268.00
Stonebridge World School	Pillsbury United Communities	\$24,768.00
STRIDE Academy	Friends of Education	\$24,268.00
Success Academy	Innovative Quality Schools	\$6,067.00
Swan River Montessori Charter School	Audubon Center of the North Woods	\$14,435.00
TEAM Academy	Novation Education Opportunities	\$10,738.59
Technical Academies of Minnesota	Innovative Quality Schools	\$15,778.08
Tesfa International School	Volunteers of America	\$5,948.00
The Mastery School	Pillsbury United Communities	\$14,787.79
TrekNorth Junior & Senior High School	Volunteers of America	\$23,792.00
TRUTH Preparatory	Minnesota Guild	\$16,391.00
TRIO Wolf Creek Distance Learning Charter School	Chisago Lakes ISD #2144	\$18,375.73
Twin Cities Academy	University of St. Thomas	\$24,268.00
Twin Cities German Immersion School *	University of St. Thomas	\$8,400.00
Twin Cities International Elementary School	Pillsbury United Communities	\$24,768.00
Ubah Medical Academy	Pillsbury United Communities	\$24,768.00
Universal Academy Charter School	Novation Education Opportunities	\$24,268.00
Upper Mississippi Academy	Innovative Quality Schools	\$24,268.00
Urban Academy Charter School	Novation Education Opportunities	\$24,268.00
Venture Academy	Innovative Quality Schools	\$24,268.00
Vermilion Country School	Audubon Center of the North Woods	\$6,443.00
Voyageurs Expeditionary High School	Audubon Center of the North Woods	\$11,522.00
Watershed High School	Innovative Quality Schools	\$6,067.00
West Side Summit	Student Achievement Minnesota	\$16,289.00
Woodbury Leadership Academy	Volunteers of America	\$18,352.55
World Learner School of Chaska	Audubon Center of the North Woods	\$20,616.00
Yinghua Academy	Friends of Education	\$24,268.00
Total		\$2,947,327.12

*These fees were self-reported by the school and not included in the final sum of total fees submitted by authorizer.

