



MCCSA

Michigan Council of Charter School Authorizers

Recognized Best Practices for Authorizing



Table of Contents

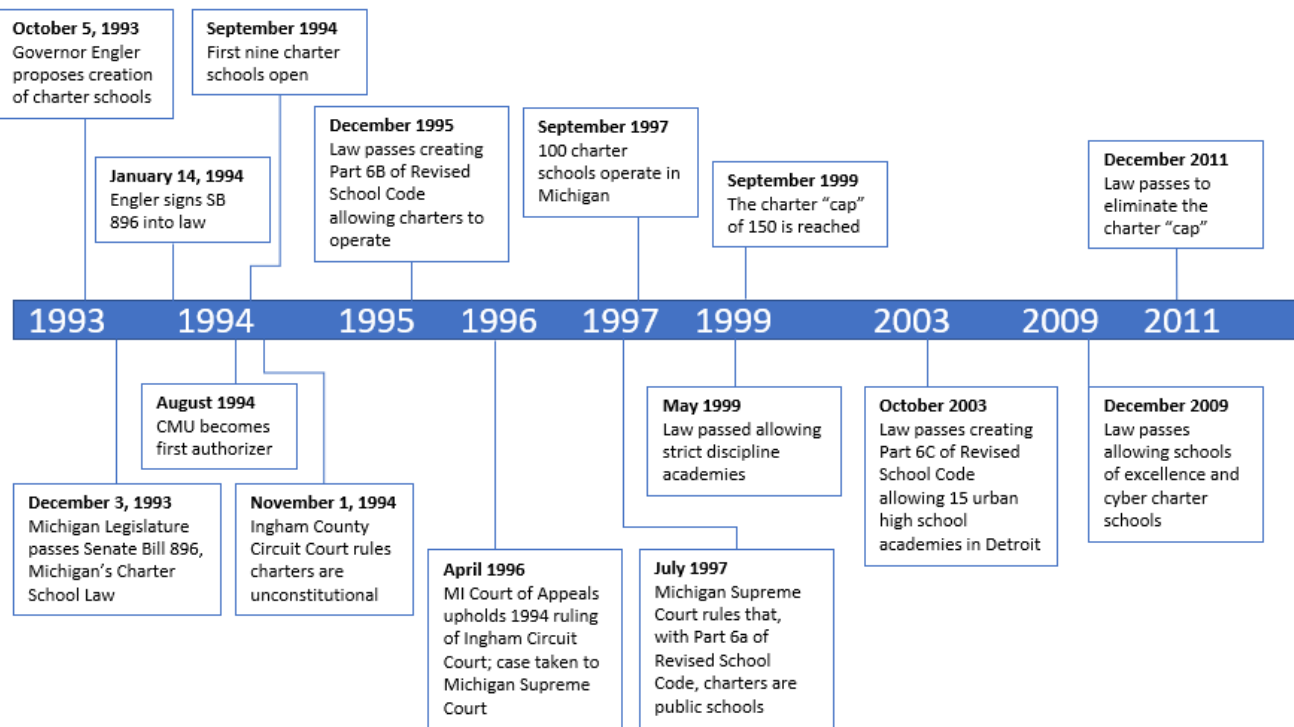
| | |
|---|----|
| Charter Law Summary | 2 |
| MCCSA Guiding Principles, Standards and Assurances | 5 |
| MCCSA Standard: Overseeing and Evaluating a Charter Public School | 7 |
| Academic Monitoring | 10 |
| Audited Financial Statements | 14 |
| Board Governance | 17 |
| Budgeting | 20 |
| Charter Application | 23 |
| Charter Contract | 25 |
| Educational Service Providers | 28 |
| Reauthorization | 31 |

MICHIGAN CHARTER PUBLIC SCHOOL LAW

A Summary

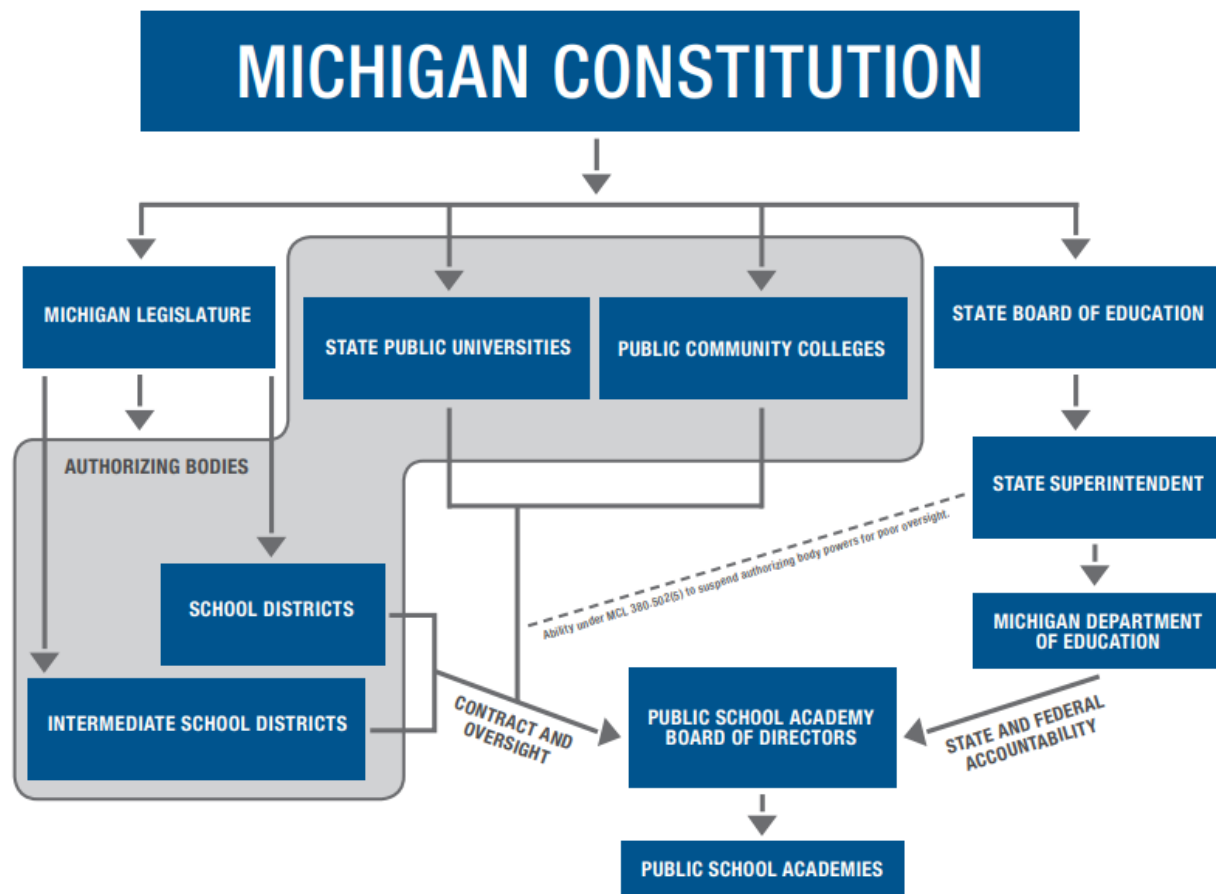
Origins

Charter public schools began in Michigan after Governor John Engler called for “real change” in education in 1993. He specifically cited charter public schools as new and innovative schools that would provide an option for students and families. He suggested they would be free from regulation and would have clarity of mission within their charter. The Michigan legislature responded with Senate Bill 896, which created the state’s first charter school law. The timeline below shows the legislative history of how this charter law has evolved.



Michigan’s First Charter School Law

PA 362 of 1994 created part 6A of the Revised School Code, which established the creation of charter public schools. It provided the authority to four entities to serve charter school authorizers: the board of a local school district, the board of an intermediate school district, the board of a community college, and the board of a state public university. The graphic on the next page displays Michigan’s legal and regulatory framework.



Charter public schools are organized and administered under a board of directors. An application is filed with an authorizer and the law designates a minimum set of requirements for this application. These requirements include the board's articles of incorporation and bylaws as well as the school's grade range, admission policy, calendar, and a copy of the educational goals and curriculum to be used within the charter public school. The law also gives charter public schools operated by state public universities or community colleges the ability to use non-certificated teachers and to contract with personnel as necessary to operate.

With Public Act 362 in place, nine charter public schools opened in the Fall of 1994. The first state university authorizer was Central Michigan University.

The Challenge of Michigan's Charter School Law

The first charter law, with its permission to open schools that would compete with the existing public school system and the ability to contract for educational staff (that possibly would not be certified), created a firestorm with education traditionalists. They challenged the law in 1994 before the Ingham County Circuit Court, who found that public charter schools were unconstitutional because they were not public schools. This decision was appealed and ultimately made it to the Michigan Supreme Court.

During this time, additional legislation was passed to create a Part 6B of the Revised School Code to ensure that charter public schools were public schools. This happened with the passage of Public Act 416 of 1994.

In July 1994, the Michigan Supreme Court ruled that Part 6A was, in fact, constitutional. This action then repealed the law created by PA 416. At this time, 100 charter public schools already were operating in Michigan.

Michigan's Charter "Cap"

In order to make the charter public school law more palatable, a charter "cap" became part of the legislation. The law stated that the governing boards of state public universities could not collectively have a combined total number of charter public school contracts beyond 150. With few traditional public school districts or intermediate school districts selecting to charter schools, this effectively capped the total number of charter public schools that could open in the state. By September 1999, this cap was reached with 150 schools chartered by state public universities in operation.

In October 2003, legislation was passed to allow 15 "urban high school academies" in the City of Detroit. Public Act 179 of 2003 created a new Part 6C of the Revised School Code. Part 6C permitted state public universities to issue up to 15 contracts for "urban high school academies" in the City of Detroit School District.

In December 2009, the cap was stretched again through the passage of Public Act 205 of 2009, which created "schools of excellence" as a new type of charter public school. This legislation, part of the "Race to the Top" education reform package, created a Part 6E of the Revised School Code and allowed for up to 10 new charter public schools in Michigan. If existing charter public schools could demonstrate they met certain criteria, they could convert to schools of excellence with approval from the authorizer. Once a school shifted to this status, an authorizer was permitted to replace the converted school with a new charter public school.

To become a school of excellence, the law used an 80-80-80 rule: schools had to demonstrate that at least 80 percent of K-8 students were proficient on the MEAP test; high schools needed to demonstrate that at least 80 percent of students were graduating or on track to graduate; and the high school needed to have an 80 percent or better attendance rate. In addition, high school students needed to meet a minimum score on the Michigan Merit Exam. Also included in this legislation was the creation of two K-12 cyber schools in an effort to provide full time instruction to urban and at-risk students across the state.

In December 2011, the Michigan legislature passed Public Act 227 of 2011, which increased the amount of charter public schools permitted to operate to 500 through December 2014, and lifted any restriction beyond that.

In 2016, the Michigan legislature passed Public Act 192 of 2016, which required any new charter public school within the Detroit Public Schools Community District to be authorized by a nationally accredited authorizer.

Since 2011, the charter school law has not been amended. In the 2020-2021 school year, 293 charter public schools operated in Michigan.

Reflective Questions:

Are charter public schools truly freed from regulation as intended by Governor Engler in 1993?

How was the passage of the charter public school law in 1993 and subsequent laws in following years a "real change" for Michigan's students and families?

MCCSA PRI

MCCSA GUIDING PRINCIPLES, STANDARDS AND ASSURANCES

Recognized Best Practices

Regulatory Framework

MCL 380.502 (4) states “An authorizing body shall oversee... each public school academy operating under a contract issued by the authorizing body. The authorizing body is responsible for overseeing compliance by the board of directors with the contract and all applicable law.”

MCCSA has adopted Principles and Standards (Standards) that guide authorizers as they develop strong authorizing practices. See *Advancing Excellence: Michigan’s Model for Authorizer Accountability* on the MCCSA’s website for more detail. Focusing on performance and accountability ensures that student success remains paramount to authorizing decisions.

MCCSA Guiding Principles

Believing in the transformative power of education, the members of MCCSA aspire to ensure all families have access to quality educational options for their children. In order to continue to strengthen and improve Michigan’s constitutional and legislative system of free public schools and advance quality practices for the establishment, oversight and support of charter public schools, the following principles and priorities were adopted.

Principle 1: Focus on Performance & Accountability

Strengthening public education requires collaboration and alignment between multiple agencies such as authorizers, intermediate school districts, and the Michigan Department of Education. Working together, these organizations can share data and insights and use multi-dimensional analyses of performance to measure and evaluate quality.

Principle 2: Ensure Equitable Access & Funding

As part of Michigan’s constitutional system of public education, charter public schools and the students they serve deserve a fair and stable operating environment, access to local, state and federal programs and supports, and equitable funding.

Principle 3: Encourage Innovation & Excellence

The ability to explore new approaches is the hallmark of chartering. Fostering a culture of innovation and excellence through a robust system of multiple authorizers is a more effective way to advance student growth and achievement than prescriptive rules and regulations.

Principle 4: Provide Options for Families, Educators & Communities

One size does not fit all. Parents have the fundamental right and are in the best position to choose their children's school. Educators also deserve options. And communities should no longer be restricted to only one provider of public education.

MCCSA Standards

Michigan's charter public schools require nothing less than high-quality, efficient, and effective authorization and oversight. To support these essential goals, MCCSA has adopted the following standards. While the standards are universal and align with MCCSA's guiding principles, individual authorizers have the responsibility to implement their own systems in a manner that is supported by the standards.

Authorizing Commitment & Capacity

Excellence in authorizing means ensuring commitment and capacity by developing practices and organizational structures to conduct authorizing duties effectively and efficiently.

Authorizing a Charter Public School

Excellence in authorizing means understanding the importance of a comprehensive, fair application process, coupled with a strong charter performance contract. Authorizers grant charters only to applicants that demonstrate a strong capacity to establish and operate a quality charter public school. See the Charter Application for Charter Public Schools best practice guide for additional information.

Overseeing & Evaluating a Charter Public School

Excellence in authorizing means understanding the responsibility of establishing a comprehensive system that monitors and evaluates school performance and compliance. This system should provide the necessary information to oversee, evaluate and periodically report the performance of the charter public school. An authorizer's oversight system should preserve and protect the autonomy of the school while minimizing its compliance burden. See the Overseeing and Evaluating Charter Public Schools best practices guide for additional information.

Reauthorizing a Charter Public School

Excellence in authorizing means establishing and implementing a consistent and comprehensive charter reauthorization process, guided by the following core questions:

- Is the charter public school achieving its academic goals as stated in the charter contract?
- Is the charter public school organizationally, educationally, and financially viable?
- Is the charter public school demonstrating good faith compliance in following the terms of its charter contract and applicable law?

See the Reauthorization of Charter Public Schools best practice guide for additional information.

Reflective Questions

Is your organization living up to MCCSA's Principles and Standards?

What might your organization do to ensure you are developing strong authorizing practices?

Overseeing

MCCSA STANDARD: OVERSEEING AND EVALUATING A CHARTER PUBLIC SCHOOL

Recognized Best Practices

Regulatory Framework

MCL 380.502 (4) states “An authorizing body shall oversee... each public school academy operating under a contract issued by the authorizing body. The authorizing body is responsible for overseeing compliance by the board of directors with the contract and all applicable law.”

MCCSA Guiding Principles and Standards

A comprehensive oversight system is essential to the education ecosystem. MCCSA has adopted Principles and Standards (Standards) that guide authorizers as they develop strong authorizing practices. MCCSA Standards include Overseeing and Evaluating a Charter Public School which states, “Excellence in authorizing means understanding the responsibility of establishing a comprehensive system that monitors and evaluates school performance and compliance. This system should provide the necessary information to oversee, evaluate and periodically report the performance of the charter public school. An authorizer’s oversight system should preserve and protect the autonomy of the school while minimizing its compliance burden.”

What is a Comprehensive Oversight System?

Charter public schools can be a catalyst for change and can provide great educational options for families and students. Charter schools are granted greater autonomy in exchange for high standards of accountability in the areas of academic performance, financial management and organizational stability. Authorizers are responsible for deciding who can open new schools, setting clear expectations, overseeing school performance, and taking action if a school is not meeting expectations. This responsibility requires clear and consistent oversight practices, evaluation and transparency with the schools the authorizer oversees. Therefore, it is imperative that authorizers ensure their commitment and capacity by developing practices and organizational structures to fulfill authorizing responsibilities effectively and efficiently.

Oversight and evaluation responsibilities are described in the charter contract and are the responsibility of the authorizer throughout the charter life cycle, from ensuring that new school applicants are ready to open on day one to ongoing operations at the school. A comprehensive oversight system will include, but is not limited to, monitoring and evaluating the following areas:

Academic Performance

The primary objective of monitoring academic performance is to ensure that students are receiving a quality education and to assure families and community members that public dollars are supporting

student learning. In between high stakes charter public school reviews, such as renewals, monitoring of student performance allows the authorizer, school and community to know whether a school is making adequate progress to meet its charter goals and provides the school with the assurance that it is on track or allows time to improve if not. School academic performance should be publicly displayed in a way that families can use the information to make informed choices. The absence of strong academic monitoring could result in a school failing to appropriately serve students for years.

Specifically, authorizers should set clear expectations through the development of educational goals in the charter contract. The authorizer oversight system should include monitoring on an ongoing and annual basis to determine if the school is on track to meet its student academic expectations outlined in the charter contract. Strong academic monitoring is valuable in informing authorizing decisions and ensures that the charter public school board and leadership are clear regarding how they are doing according to the authorizer's expectations. See the Academic Monitoring for Charter Public Schools best practice guide for more information.

Financial Health and Operations

Financial health and operational stability are important for any school. As stewards of public funds, charter public schools must ensure that all funds are used in the best interest of the school and the students they serve. The authorizer should have clear expectations outlined for charter public schools that reflect financial and operational health and stability. Not only is it important to have clear expectations and metrics to measure this, but the systems and processes must be in place to safeguard against improprieties, misuse, or conflicts of interest.

In addition, the authorizer must identify and clearly communicate operational stability expectations across several spectrums of school operations such as student enrollment, special education, teacher certification and facility and health safety. Financial and operational health and stability of each school should be reported through the annual oversight process and made available to the school and public on an annual basis. See the Budgeting for Charter Public Schools and the Audited Financial Statements of Charter Public Schools best practice guides for more information.

Educational Service Provider Accountability

Authorizers have the legal obligation to carefully review any agreement that the board of a charter public school they authorize plans to enter into with an Educational Service Provider (ESP). Specifically, Michigan law requires authorizers to review and approve or disapprove any agreement between the charter public school board and an ESP before the agreement is finalized and executed. Authorizers may only disapprove an ESP agreement if the agreement violates some portion of the charter contract or Michigan law. Authorizers should establish ESP policies designed to outline requirements that must be satisfied before charter public school boards and ESPs enter into a final agreement. Specifically, policies should address the roles and responsibilities of the ESP and the charter public school board. See the Educational Service Provider Policies for Charter Public Schools best practice guide for more information.

Charter Boards

Each charter public school is governed by an independent team of local leaders who are appointed by the school's authorizer. Charter public school board members are public officials in the state of Michigan and take a statewide constitutional oath of office when appointed. Authorizers have the responsibility to ensure that board members are well vetted and qualified to serve as board members and continue to serve in the best interest of students. Authorizers must establish a clear policy detailing the selection and appointment process for charter public school board members and ensure that board member vacancies are filled in a timely manner. Authorizers are responsible for ensuring that charter public school board members govern by board policy.

Authorizers should provide charter public school board members with professional development opportunities that cover the following topics: academic results, effective governance and leadership, legal compliance, board and charter public school leadership relationships, finance and budgeting. Finally, authorizers should ensure that boards are well informed of the school's performance according to the charter agreement and they are strong stewards of public funds. See the Board Governance for Charter Public Schools best practice guide for additional information.

The monitoring and evaluation should occur on a regular basis and the authorizer should provide performance reports that are reflective of the academic, financial, and operational expectations of the charter contract to the school and the public.

Why is a Comprehensive Oversight System important?

A comprehensive oversight system will allow the authorizer to monitor and evaluate a school's performance and compliance. This system should provide the necessary information to oversee, evaluate and periodically report the performance of the charter public school. An authorizer's oversight system should preserve and protect the autonomy of the school while minimizing its compliance burden. Ultimately, a comprehensive oversight system will allow the authorizer to answer the following questions during reauthorization:

- Is the charter public school achieving its academic goals as stated in the charter contract? All groups of pupils should be considered.
- Is the charter public school organizationally, educationally, and financially viable?
- Is the charter public school demonstrating good faith compliance in following the terms of its charter contract and applicable law?

The authorizer shall base reauthorization decisions on the data and information gathered through the oversight and evaluation system as defined by the charter contract. If a charter public school is not making adequate progress toward meeting its performance goals, as defined in the charter contract, the authorizer may decide not to renew the charter contract.

Reflective Questions

Does your organization have strong policies and practices that reflect the oversight and evaluation responsibilities necessary for strong authorizing?

Are charter public schools aware of authorizer oversight expectations?

Are you providing performance reports to schools and the public that are reflective of the expectations outlined in the charter contract?

ACADEMIC MONITORING

Recognized Best Practices

Regulatory Framework

The Revised School Code (MCL 380.507(1)(e)) identifies the oversight role of the authorizer as it relates to academic performance of charter public schools. Authorizers are required to “develop and implement a process for holding a public school academy accountable for meeting applicable academic performance standards set forth in the contract and for implementing corrective action for a public school academy that does not meet those standards.” It also states that the contract may be revoked by the authorizer if the authorizing body determines that the charter public school has failed to demonstrate “improved pupil academic achievement for all groups of pupils or meet the educational goals set forth in the contract” (380.507(4)(a)).

In addition to the oversight of the authorizer, Michigan Department of Education (MDE) provides an academic framework for all public schools: Michigan School Index System and the Michigan Parent Dashboard for School Transparency, as established by MCL 380.1280g of the Revised School Code and the federal Every Student Succeeds Act of 2015 (ESSA). The Michigan School Index System assigns a letter grade for a series of indicators (student proficiency, student growth, graduation rate, English learner progress, state assessment participation, and school quality/success). Schools in need of support are identified as Comprehensive Support and Improvement (CSI) schools, Targeted Support and Improvement (TSI) schools or Additional Targeted Support (ATS) schools.

All public schools report their student academic data to MDE. MDE makes the information and the school accountability designation publicly available on the MI School Data website. Charter schools also report their academic data to the authorizer for academic monitoring and accountability.

While the academic goals in the charter contract are the main source of accountability for charter public schools, it is imperative that the authorizer, charter public school board, and school leadership understand MDE’s academic accountability framework and the actions that the MDE may require if a school is identified as a CSI, TSI or ATS school.

MCCSA Guiding Principles and Standards

MCCSA has adopted Principles and Standards that guide authorizers as they develop strong authorizing practices. To balance charter public school autonomy and student academic outcomes, the first principle of MCCSA’s guiding principles is for authorizers to focus on Performance & Accountability. The responsibility of continuous monitoring lies with multiple agencies including the school’s authorizer and the MDE. Part of effective monitoring requires clear, continuous, and direct communication among the oversight entities and with the school so that there is minimum duplication of effort and unnecessary burden.

As described in MCCSA's *Authorizing Excellence: Michigan's Model for Authorizer Accountability*, monitoring for academics is multi-faceted. Waiting to report school performance until the contract term ends is not a best practice, rather regular oversight and reporting is necessary to ensure that students are receiving the best education available. Specifically, it is stated in the section *Overseeing & Evaluating a Charter Public School* that "authorizing means understanding the responsibility of establishing a comprehensive system that monitors and evaluates school performance and compliance. This system should provide the necessary information to oversee, evaluate and periodically report the performance of the charter public school. An authorizer's oversight system should preserve and protect the autonomy of the school while minimizing its compliance burden."

Furthermore, "if, during the course of the charter contract term, the authorizer determines that a public charter school is not making adequate progress, the authorizer shall give notice to the school and allow reasonable time and opportunity for the school to make necessary changes. However, if after the changes, the school is still not making adequate progress, the authorizer shall send notice to a school regarding their lack of progress and provide intervention support strategies that work to improve student outcomes and operations while maintaining program autonomy and accountability."

What is academic monitoring?

Academic monitoring is the process conducted by an authorizer on an ongoing and annual basis to determine if the school is on track to meet its student academic expectations outlined in the charter contract. Strong academic monitoring is valuable in informing authorizing decisions and ensures that the charter school board and leadership are clear regarding how they are doing according to the authorizer's expectations. In addition, school academic performance should be publicly displayed in a way that families can use the information to make informed choices. Academic monitoring includes, but is not limited to, school performance on the state rating system, charter goals that measure student academic outcomes, and authorizer frameworks or scorecards. It may also include mission-specific goals, school site visits where teachers are observed (as opposed to a document review) and engagement with families, staff, and students regarding school academic learning and social-emotional development.

Specific key performance indicators to consider as part of academic monitoring include but are not limited to:

- Academic proficiency
- Academic growth
- Subgroup performance
- Student motivation and engagement
- College and career readiness
- School culture, climate and stakeholder engagement
- Mission-specific goals

Why is academic monitoring important?

The primary objective of academic monitoring is to ensure that students are receiving a quality education and to assure families and community members that public dollars are supporting student learning. In between high stakes charter public school reviews, such as renewals, monitoring of student performance allows the authorizer, school, and community to know whether a school is making adequate progress to meet its charter goals, providing the school with the assurance that it is on track or allows time to improve if not. The absence of strong academic monitoring could result in a school failing to appropriately serve students for years.

What is the difference between academic monitoring and compliance monitoring?

Simply stated, academic monitoring measures outputs and compliance monitoring measures inputs. Academic monitoring evaluates measurable outcomes reflecting student performance. Compliance monitoring that falls under the realm of academics includes compliance with teacher qualification requirements, compliance with special education laws such as IDEA and ADA, compliance with laws governing English learner education, compliance with certificate of occupancy, and other areas that, when followed, should result in better student outcomes.

Academic Monitoring Best Practices

Transparency and Clear Communications

A transparent academic monitoring and reporting process will result in greater outcomes and ensure that all stakeholders have a clear understanding of expectations and the performance of the school. It is best practice to publish all rubrics, guidance, and documents and provide them to school leadership well in advance of a site visit or monitoring review. To enhance the academic monitoring system and ensure there are no surprises, it is important to inform schools, families, and community members of what will be monitored and when.

Multiple Measures

Measuring school quality is most effective and valid when multiple measures are used that go beyond state assessments and frameworks. Key performance indicators beyond standardized test results can provide a more holistic view of school quality. Consider utilizing the key performance indicators listed earlier. Other measures to consider could include student portfolios, school-based assessments, as well as gradebooks, attendance, and transcripts. It is essential that authorizers do not focus on inputs such as choice of curriculum, school schedule, or other inputs not outlined in the charter contract or accountability framework.

Site Visits

Site visits are an effective tool in providing strong academic monitoring oversight. Site visits provide the authorizer and school leadership with qualitative evidence to inform decisions and can provide valuable feedback to the charter school board and school leadership. Formal and informal site visits should be utilized strategically to gain a full picture of school quality. Formal site visits should always be conducted with a rubric, so there is a clear standard of excellence without bias for school mission or programming. Informal or unannounced visits, when used appropriately, can help to provide an authentic view of a school in action.

Know your schools

It is important that the authorizer builds a relationship with the charter public school board and school leaders to help strengthen communications. In addition, authorizers can gain a more complete understanding of the school by not only communicating with the charter school board and school leaders but also communicating with students and families who choose the school. Authorizers can utilize site visits as an opportunity to interview leadership, staff, students, and families to accomplish this. The use of climate and culture surveys can also be a valuable tool.

Take appropriate actions

To have a strong academic monitoring system, it is essential to include clear indicators and authorizer processes to take the appropriate actions when necessary. High performing schools should be recognized and celebrated. While underperforming schools should be identified and interventions

should be implemented to improve the school's performance. Interventions might include increased monitoring, submission and implementation of a corrective action plan, and eventually closure if the school fails to demonstrate adequate progress.

Reflective Questions:

Does your academic monitoring utilize multiple measures to reflect quality?

How are you using site visits effectively to further understand quality education at the school?

Are you providing performance reports to schools and the public that reflect academic expectations outlined in the charter contract?

Does your academic monitoring process clearly articulate the actions the authorizer will take if the school is not making adequate progress?

Audited Financial

AUDITED FINANCIAL STATEMENTS

Recognized Best Practices

Regulatory Framework

The State School Aid Act (MCL 388.1618) requires a charter public school to have an annual financial statement audit. The Revised School Code (MCL 380.503) requires that all charter contracts include requirements and procedures for authorized schools to complete a financial audit that shall be conducted at least annually by a certified public accountant in accordance with generally accepted governmental auditing principles.

If a school expends more than \$750,000 in federal funds, the school is required to undergo a Single Audit.

MCCSA Guiding Principles and Standards and Authorizer Assurances

MCCSA has adopted Principles and Standards (Standards) that guide authorizers as they develop strong authorizing practices. Focusing on performance and accountability ensures that student success remains paramount to authorizing decisions. MCCSA Standards include Overseeing and Evaluating a Charter Public School which states “Excellence in authorizing means understanding the responsibility of establishing a comprehensive system that monitors and evaluates school performance and compliance. This system should provide the necessary information to oversee, evaluate and periodically report the performance of the charter public school...” The Standards explain that a comprehensive oversight system includes monitoring and evaluating fiscal performance.

Specifically, MCCSA believes it is critical to include a review of a charter public school’s compliance with legal requirements and certain best practices. Consequently, MCCSA has approved Authorizer Assurances (Assurances) that require “all charter contracts include requirements and procedures for schools to complete a financial audit which shall be conducted at least annually by a certified public accountant in accordance with generally accepted governmental auditing principles.” The Assurances also require that an “authorizer requires an independent CPA responsible for completing the school’s annual financial audit.”

What is an audit and why is it important?

The benefit of an audit is that it provides assurance that management has presented a “true and fair” view of a charter public school’s financial performance. Management is responsible for preparing the financial statements in accordance with the generally accepted accounting principles. The independent auditor opines as to whether the financial statements are fairly presented. This provides the board and other stakeholders, such as authorizers, the confidence that they can rely on the financial statements to make decisions. When it comes to fraud, auditors may not detect material fraud, but they are responsible for obtaining reasonable assurance that the financial statements are not materially misstated as a result of fraud. The State School Aid Act requires state aid to be withheld by the State if an audit is not submitted as required.

Auditor Engagement

The auditor should be an independent, objective, qualified individual that is hired by the board. Management can help with the identification of the auditor, but the board must make the final decision.

The auditor should be experienced with Michigan school accounting requirements. The audit engagement letter should include the audit objective, audit procedures, management responsibilities, fees, and engagement administration including timeline for completion and auditor presentation of the audit at a board meeting.

Audited Financial Statements and Audit Findings

The audited financial statements of a charter public school will include the independent auditor's report, management's discussion and analysis, the basic financial statements, a report on internal control over financial reporting, compliance and other matters, a management letter, as well as required supplemental information. A separate communication from the auditor to the board, the AU 260 letter (The Auditor's Communication with Those Charged with Governance), will also be included in the audit package.

A Single Audit is required if the Academy expends \$750,000 or more in federal awards. If required, this audit will be issued under separate cover and will include additional statements and schedules.

The auditor's report will include an opinion as to whether the financial statements are presented fairly. A clean opinion is called an unmodified opinion. A modified opinion is issued if the auditor disagrees with management and does not believe the financial statements are presented fairly.

The auditor will also provide a letter with additional information that includes significant audit findings, if any. Audit findings vary in seriousness. They include:

- Material weakness - a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the school's financial statements will not be prevented or detected on a timely basis.
- Significant deficiency - a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the school's financial reporting.
- Comments and recommendations – comments or recommendations are less severe than a significant deficiency and/or something the auditor wants to point out.

Best Practices for Using Audited Financial Statements

Audited financial statements with an unmodified opinion provides the board and other stakeholders, such as authorizers, the confidence that they can rely on the financial statements to make decisions. Authorizers and board members should consider the following when monitoring and evaluating financial performance:

- Ensure board members have a proper understanding of the board's role and responsibilities regarding the financial performance of the school.
- Require the charter public school to engage an independent auditor to conduct an annual audit of the financial statements.
- Read the audit report and financial statements for a general understanding.

- Review the audit report to ensure the opinion is not modified and there is no ongoing concern footnote that expresses the auditor's concern about the future of the charter public school.
- Review the audit letter that includes the additional information to determine if there are any material weaknesses. If material weaknesses exist, determine if the board has addressed the issues. The board should determine if there are any findings, not just material weaknesses, and address each appropriately.
- Review the financial statements to ensure the charter public school does not end the year in a deficit.
- Consider evaluating the fiscal performance of the charter public school through analyzing standard key performance indicators including, but not limited to:
 - Current Ratio: Can the school pay their short-term obligations?
 - Change in Fund Balance: Is the school living within its means?
 - Cash Days on Hand: Does the school have the cash available to pay bills?
 - Enrollment Stability: Is the school's main revenue source stable?

Reflective Questions:

How can the audited financial statements be used to evaluate and monitor the charter public school's financial performance?

Does our organization have the proper systems and processes in place to effectively monitor the financial health of the schools it oversees?

When should an authorizer and/or board be concerned about a charter public school's financial performance?

BOARD GOVERNANCE

Recognized Best Practices

Regulatory Framework

The Revised School Code (MCL 380.502) requires charter public schools to be organized and governed by a board of directors. The board of directors is also responsible for adopting bylaws by which they will oversee the public charter school.

The primary responsibility of authorizers is to hold public charter school boards accountable to meet the terms of the charter contract and to ensure they are in compliance with all applicable law as required by the Revised School Code (MCL 380.507). Under Michigan law, authorizers are responsible for establishing the method of selection, length of term and number of board members for each charter public school they authorize. In addition, authorizers are responsible for ensuring that the board operates independently of any educational management company providing services to the school and maintains and releases information necessary to comply with applicable law.

MCCSA Guiding Principles and Standards

MCCSA has adopted Principles and Standards that guide authorizers as they develop strong authorizing practices. Focusing on performance and accountability ensures that student success remains paramount to authorizing decisions. MCCSA Standards include Overseeing and Evaluating a Charter Public School which states, “Excellence in authorizing means understanding the responsibility of establishing a comprehensive system that monitors and evaluates school performance and compliance. This system should provide the necessary information to oversee, evaluate and periodically report the performance of the charter public school. An authorizer’s oversight system should preserve and protect the autonomy of the school while minimizing its compliance burden.” The standards state that one of the components of an authorizer’s comprehensive oversight system should include charter public school board membership and governance.

How is a charter public school board established?

Under Michigan law, authorizers are responsible for establishing the method of selection, length of term and number of board members for each charter public school they authorize. The authorizer must also ensure that the board members selected are representative of the local community.

A charter public school board may identify and recommend qualified candidates to the authorizer for consideration. This is an important part of the process as current board members can identify strong candidates who are members of the community, parents, and individuals with skill sets that would provide the expertise and perspective that is necessary for effective governance. Once board candidates have been recommended, the authorizers will perform due diligence that includes background checks, review of qualifications, and an interview. Upon completion of due diligence, the authorizer will determine if the candidate moves forward. As board members enter into the last year of their term of service, the authorizer will conduct a reappointment process prior to a new term.

Charter Public School Board Roles and Responsibilities

Healthy board governance is critical to ensuring a charter public school's success. Boards are charged with the task of making sure the charter public school is achieving its mission and vision and producing excellent educational results for students. Boards also have an important fiduciary responsibility to ensure public funds are being appropriately stewarded and are being spent in a way that will ensure improved academic achievement for students. Further, it is the responsibility of the board to ensure the terms of the charter contract are being met and that the charter public school is in compliance with applicable law. In addition to its contractual and fiduciary responsibilities, the board also serves as a public voice for the great things the charter public school is achieving for its community.

To effectively fulfill their roles and responsibilities, board members should always have the three primary duties of nonprofit governing boards as their guide: the duty of care, the duty of loyalty and the duty of obedience. The duty of care involves the obligation to oversee and hold accountable the people who run the public charter school. The duty of loyalty means putting the charter public school first and being sure that decision-making is in the best interest of the public charter school - by putting the kids first. The duty of obedience means that as a board member you are ensuring the charter public school is acting in good faith to follow its charter contract and all applicable laws. Effectively fulfilling the board's duties and responsibilities will provide board members with a peace of mind, reduce risk to the school, and lower the risk of organizational and personal liability.

What are the authorizer's responsibilities in holding charter public school boards accountable?

The authorizer is responsible for holding charter public school boards accountable for the academic, fiscal and organizational results of the school. The authorizer through their comprehensive oversight system must ensure that the charter public school board governs the school in a manner that ensures the educational goals of the charter contract are met and that the school is a viable organization both financially and operationally. The authorizer is also responsible for ensuring the charter public school board is in compliance with the charter contract requirements and all applicable law, including but not limited to ensuring that all necessary state and federal reports are completed and submitted in a timely manner.

Another important responsibility of the authorizer is to take necessary measures to ensure that the charter public school board operates independently of any Educational Service Provider (ESP) that provides services to the school. One way an authorizer does this is by reviewing and possibly disapproving any agreement that a charter public school board enters into with an ESP. See the Educational Service Provider Policies for Charter Public Schools best practices guide for more detail.

Best Practices for Board Governance – Roles and Responsibilities

The ability of a charter public school board to govern well stems from its clear understanding of its roles and responsibilities. The authorizer plays an important role in helping charter public school boards understand their roles and responsibilities. Board training and development can be an excellent vehicle for helping board members more clearly understand their governing duties. Board training and development can take many forms such as helping boards develop a new board member orientation program, providing a board training manual, offering in person or online board professional development opportunities, creating informational pieces on topics that are important to board members and informing boards about any federal, state, or authorizers updates that they need to be

aware of. It is important that the training charter public school board members receive include a large variety of critical governing topics such as:

- Board governance expectations and bylaws;
- Adopting legally sound governing policies and keeping them current;
- Implementing the goals of the charter contract;
- Running effective and efficient board meetings;
- Strategic planning and goal setting;
- Evaluating academic performance; and
- Financial oversight and risk management.

The more knowledgeable the charter public school board is on critical governance topics, the easier it will be for the board to make wise decisions that will positively impact students and ensure financial resources are wisely stewarded.

Authorizers can also ensure that charter public school boards understand their roles and responsibilities by creating policies and systems that hold boards accountable. Examples of effective policies and systems include: an annual calendar of reporting requirements, model board bylaws, policies and procedures for reviewing ESP agreements, model financial policies and procedures; and a contract reauthorization process.

Reflective Questions

Who is responsible for ensuring a fully seated board?

Who is responsible for the academic, fiscal and organizational results of a charter public school?

Does your team provide effective professional development that will increase the knowledge and abilities of the charter public school board to fulfill their responsibilities?

Budgeting

BUDGETING

Recognized Best Practices

Regulatory Framework

Michigan legislators enacted the Uniform Budgeting and Accounting Act (UBAA), which was amended by Public Act 493 in 2000, making specific sections, specifically the budget-related sections, applicable to charter public schools. A summary of those requirements are as follows:

- The board is required to designate, by resolution, a Chief Administrative Officer (CAO), who assumes final responsibility for the preparation and presentation of the recommended budget and controls the budget throughout the year.
- The board is required to approve a budget timeline.
- The CAO is required to prepare a budget for the school's General Fund and any Special Revenue Fund (i.e. Food Service Fund).
- The original budget for the General Fund and any Special Revenue Fund must be presented in a 3-column format (last year, current year projection and proposed budget).
- The school is required to publish a public hearing notice in a general circulation newspaper.
- The school is required to present the original budget for the General Fund and any Special Revenue Fund at a properly noticed public hearing before it is approved by the board.
- The board is required to approve, by resolution, the original budget for the General Fund and any Special Revenue Fund prior to July 1.
- All budget amendments are required to be approved, by resolution, by the board as soon as it becomes apparent that the revenues are going to be less than the original estimate or expenditures are going to be greater than those used to formulate the budget.
- Any violations of the Uniform Budgeting and Accounting Act, as disclosed in the audited financial statements (in the absence of reasonable procedures to detect the violation), shall be filed with the State Superintendent of Public Instruction and reported to the Attorney General.

The UBAA and the State School Aid (MCL 380.1220) requires that a school cannot pass a budget with cumulative negative fund balance. See MCL 380.1220 for requirements should a school operate under a deficit budget.

MCCSA Guiding Principles and Standards

MCCSA has adopted Principles and Standards (Standards) that guide authorizers as they develop strong authorizing practices. Focusing on performance and accountability ensures that student success remains paramount to authorizing decisions. MCCSA Standards include Overseeing and Evaluating a Charter Public School which states "Excellence in authorizing means understanding the responsibility of establishing a comprehensive system that monitors and evaluates school performance and compliance. This system should provide the necessary information to oversee, evaluate and periodically report the performance of the charter public school..." The Standards explain that a comprehensive oversight system includes monitoring and evaluating fiscal performance. Budgets and the budgeting process play an important role in a school's financial performance.

What is a budget and why is it important?

Being strategic when budgeting maximizes the charter public school's ability to achieve future success through the accomplishment of its mission. A budget is a tool that helps create a roadmap for implementing strategies. By creating the roadmap, the board is defining strategic expectations and what they want to achieve. Setting these clear expectations allows for a strong accountability system to ensure the roadmap is followed and goals are achieved.

Budgets also serve as an integral part of the school's system of internal control. Having a budget helps the board remain disciplined in organizing the school's finances, which is the first step of knowing the school's overall financial health. A budget forces the school and the board to strategically plan and focus on financial resources and obligations.

Budgeting Process Best Practices

Budgeting is the process of making financial goals for a school and creating a plan to achieve those goals. The budgeting process starts with the identification of needs by reviewing organizational documents such as the mission, strategic plan, educational program, assessment results, and school improvement plans.

Working collaboratively to identify needs and establish budget priorities provides the best opportunity for success of student achievement. To ensure this occurs, the school should create a budget team representing multiple stakeholders including the school board, school administration, teachers and staff. The budget team will provide the necessary insight to align budget priorities appropriately. The budget team should establish a budget process timeline that provides ample time for collecting the necessary information, building of the budget, review by the board, and necessary revisions.

Once the budget is complete, the school should develop a communication plan for internal and external stakeholders. It is important for internal stakeholders to understand the budget as they will be integral in helping ensure the expectations of the budget are met. It is important for external stakeholders to have transparent insight into the budget so that they understand the identified priorities and have realistic expectations.

The budget process should also include a monitoring process throughout the year for the charter public school board to review the budget and make necessary adjustments should revenue or expenditures not materialize as expected.

Budget Monitoring and Evaluation Best Practices

Budgets provide the board and other stakeholders, such as authorizers, the confidence that the charter public school has allocated resources appropriately to fulfill the mission of the school and is fiscally responsible. Authorizers should review the original budget and amended budgets to ensure the projected revenue and expenditures are realistic based upon the previous year's numbers and that the school is not projecting a deficit. If an authorizer has concerns about a school's financial status, the authorizer may review the budget in more detail.

All board members, even with a CAO and a finance committee, should be held accountable to know and understand the budget and spending plan of the charter public school. Specifically, a board should:

- Ensure compliance with the UBAA as described above.
- Participate in the budget team (treasurer and one additional board member).

- Review the original budget to ensure alignment with the school's priorities.
- Review the budget on a regular basis, comparing the budgeted revenues and expenditures to the actual revenues and expenditures, per the interim financial statements, to ensure the budget is being followed and expectations are being met.
- Approve an amendment as soon as it becomes apparent that the revenues are going to be less than the original estimate or expenditures are going to be greater than those used to formulate the budget.
- Compare the final budget to the results of the audited financial statements to understand the accuracy of the budgeting process.

Reflective Questions:

Has your organization developed a system to oversee and monitor the charter public school's budget?

How do you determine if a charter public school is fiscally responsible and living within its means?

Charter Application

CHARTER APPLICATION

Recognized Best Practices

Regulatory Framework

Pursuant to the Revised School Code (MCL 580.502 (3), to obtain a contract to organize and operate a charter public school, an application must be submitted to an authorizing body. The application shall include the following:

- Identification of the applicant for the contract.
- A list of the proposed members of the board of directors of the charter public school and a description of the qualifications and method for appointment or election of members of the board of directors.
- The proposed articles of incorporation.
- Documentation meeting the application requirements of the authorizing body, including the following:
 - the governance structure of the school.
 - the educational goals, curricula and methods of pupil assessment.
 - the admission policy.
 - the school calendar and school day schedule.
 - the age or grade range of pupils to be enrolled.
 - descriptions of staff responsibilities and of the public charter school's governance structure.
 - for an application to the board of a school district, an intermediate school board, or board of a community college, identification of the local and intermediate school districts in which the school will be located.
 - an agreement that the school will comply with state and federal law.
 - a description of and address for the proposed physical plant in which the school will be located.

See MCL 580.502(3) for details and additional requirements.

MCCSA Guiding Principles and Standards

MCCSA has adopted Principles and Standards that guide authorizers as they develop strong authorizing practices. Focusing on performance and accountability ensures that student success remains paramount to authorizing decisions. MCCSA Standards suggest that the application process should:

- Provide for first-time applicants as well as experienced operators.
- Encourage expansion and replication of charter public schools demonstrating success.
- Allow for autonomy while encouraging innovation.
- Be rigorous and transparent, ensuring authorizer expectations are clearly stated and legal requirements are met.

The MCCSA Standards also suggest that the application review should consider:

- The school's performance goals.
- A compelling and realistic vision.
- A sound and sustainable business and financial plan.
- The will and capacity to effectively implement the plan.

Application Process Best Practices

The authorizer should establish an application process that is objective, transparent, shares the authorizer goals and expectations and clearly explains the process, steps and timeline. It should result in the authorizer completing a thorough review to gain confidence that the applicant has a promising vision and the ability to implement. The process should ensure that only schools likely to improve educational outcomes for students are granted a charter.

A best practice application process will include the following steps:

- Proposal or letter of intent, if applicable – Some authorizers require a short proposal or letter of intent be submitted prior to being allowed to submit an application.
- Application– The applicant submits the application for review.
- Initial Review (Phase I) – The application is reviewed by an expert panel who assesses whether the proposed school is in the best interest of the students and the community. The review should be rigorous and focused on academic, operational, and financial plans. Often authorizers will use internal and external reviewers to ensure the integrity of the process.
- Due Diligence – The authorizer should perform due diligence on the applicant to gain an understanding of their previous experience operating a school and their track record of success.
- Applicant Meeting Review (Phase II) – The applicant(s) are interviewed by the authorizer review panel to gain a deeper understanding of the applicant's ability to execute their vision and to gather additional information that was not included in the written application.
- Final Review and Recommendation – The review team completes any necessary additional reviews and determines if the applicant will be recommended for authorization.
- Approval - The authorizing body considers the recommendation for approval.
- Preoperational Phase – The approved applicant and the authorizer work together to complete and execute the charter contract and ensure a successful launch of the school.

Reflective Questions:

What makes a strong and compelling application?

Should an authorizer use an expert panel with external members to review an application?

Charter Contract

CHARTER CONTRACT

Recognized Best Practices

Regulatory Framework

The Revised School Code (MCL 380.502 (4)) states “An authorizing body shall oversee ... each public school academy operating under a contract issued by the authorizing body. The authorizing body is responsible for overseeing compliance by the board of directors with the contract and all applicable law.”

It requires that a charter contract contain certain items including, but not limited to:

- educational goals and the methods used to measure success;
- description of the method used to monitor compliance with applicable law;
- the items required to be in the application;
- revocation procedures;
- physical address;
- financial audit requirements;
- description of the process and standards for renewal of the contract;
- requirements regarding the board of directors and their responsibilities; and
- the ability to hold and own buildings and other property for school purposes.

See MCL 380.503 for additional details and requirements.

MCCSA Guiding Principles and Standards

MCCSA has adopted Principles and Standards (Standards) that guide authorizers as they develop strong authorizing practices. Focusing on performance and accountability ensures that student success remains paramount to authorizing decisions. MCCSA Standards state that “Authorizers should develop charter contracts that are performance-based and emphasize student achievement, while ensuring compliance with Michigan law and holding schools accountable for results. It should include, but not be limited to:

- Clear academic performance expectations that: (a) ensure students are prepared for success in college, work and life, and (b) require academic improvement for all groups of students.
- Clear operational performance expectations.
- The rights and responsibilities of the authorizer, the board, and the school.
- All legally required information.”

What is a Charter Contract?

A charter contract is a performance contract between the charter public school board and its authorizer. It provides the legal framework and authority for the board to operate a charter public

school. It stipulates the terms and conditions by which the school will operate and clearly defines the rights and responsibilities of each party.

A charter contract makes “school-based autonomy and accountability real, and thus are critical for making the charter school concept work. Charter contracts protect school autonomy and safeguard schools from inappropriate intervention while at the same time establishing the performance standards that enable authorizers to hold schools accountable for results. They make clear the school’s obligation to uphold the public trust and protect students’ rights.” (NACSA, *The Essential Practices: Why They Matter*)

The charter contract is a robust, living document and should be updated as necessary through a charter contract amendment process. It should be a fixed-term agreement and be subject to an authorizer’s reauthorization process. To ensure transparency, authorizers should include the charter contract on the authorizer’s website.

While charter contracts may differ by authorizer, as a best practice, a charter contract should include the following:

Terms and Conditions

Establishes the rights and obligations of the contracting parties. It defines important terms and includes the length-of-term as well as the amendment, revocation, and reauthorization processes.

Schedule 1: Articles of Incorporation

Establishes the existence of a corporation within the State of Michigan.

Schedule 2: Organizational Bylaws

Describes how the board of directors is structured to conduct the business of the school. It includes information on the formation of the board, board meetings and individual board roles and responsibilities.

Schedule 3: Fiscal Agent Agreement

Outlines legal requirements set forth by the State of Michigan and financial duties of the fiscal agent, the authorizer.

Schedule 4: Oversight, Compliance and Reporting Agreement

Identifies the compliance and reporting responsibilities of the board and administration, and the oversight responsibilities of the authorizer. This includes the Master Calendar of Reporting Requirements.

Schedule 5: Description of Staff Responsibilities

Describes the staffing structure of the school that will be used to fulfill its mission and meet the educational goals. It includes position descriptions and the educational service provider agreement, if applicable.

Schedule 6: Physical Plant Description

Provides information on the school building(s) including its site and floor plans, facility agreement and Certificates of Use and Occupancy.

Schedule 7: Required Information for a Charter Public School

Contains mission-driven components that describe how your school will operate and structure its educational program. Specifically, it includes the governance structure, educational goals, educational program, curriculum, methods of pupil assessment, enrollment, school calendar and age or grade range of pupils.

Schedule 8: Information Available to the Public and the Authorizer

Provides a list of information the board shall collect, maintain, and make available to the public and to the authorizer as required by state law for school districts.

It is a recognized best practice for an authorizer to provide a 5-year term for the initial contract. After the initial term and based upon a reauthorization review, the term for subsequent charter contracts may be shortened or lengthened based upon the school's performance.

Reflective Questions:

Why is it important to review the charter contract and understand what is in it?

What are some of the expectations included in the charter contract for the authorizer? For the board?
For the administration?

Education S

EDUCATION SERVICE PROVIDERS POLICIES

Recognized Best Practices

Regulatory Framework

Authorizers have a legal obligation to carefully review any agreement that the board of a charter public school they authorize plans to enter into with an educational service provider (ESP). Specifically, the Revised School Code (MCL 380.503, 380.523, 380.1311b and 380.1311e) requires authorizers to review or disapprove any agreement between the charter public school board and an ESP before the agreement is finalized and executed. Authorizers may only disapprove an ESP agreement if the agreement violates some portion of the charter contract or law.

MCCSA Guiding Principles and Standards

MCCSA has adopted Principles and Standards that guide authorizers as they develop strong authorizing practices. Focusing on performance and accountability ensures that student success remains paramount to authorizing decisions. MCCSA Standards include Overseeing and Evaluating a Charter Public School which states, “Excellence in authorizing means understanding the responsibility of establishing a comprehensive system that monitors and evaluates school performance and compliance. This system should provide the necessary information to oversee, evaluate and periodically report the performance of the charter public school. An authorizer’s oversight system should preserve and protect the autonomy of the school while minimizing its compliance burden.” The standards state that one of the components of an authorizer’s comprehensive oversight system should include ESP accountability.

What is an Educational Service Provider?

ESPs, sometimes also referred to as charter management organizations (CMO) or educational management organizations (EMO), are organizations that receive public funds to help manage and operate a charter public school. ESPs can be for-profit or nonprofit organizations. They contract with charter public school boards to provide services such as accounting, payroll and benefits, transportation, financial and legal advice, marketing, facility management, personnel management, developing curriculum and/or special education services for a fee.

The majority of charter public schools in Michigan are operated by ESPs. The contract is often referred to as the ESP agreement or charter management agreement. There is great diversity in how charter public school boards engage ESPs. Some boards only contract with an ESP for one or two services, such as payroll and personnel management, while other boards contract with an ESP to provide all educational services. Some ESPs only work with a single school while others work with multiple schools.

What are Educational Service Provider Policies and why are they important?

ESP agreements are critical to a school's success or failure as they represent the school's ability to contract for critical organizational and educational services. In order to be successful, a charter public school board must ensure that the ESP they contract with is able to deliver high quality services that will meet the unique needs of their school. They must also ensure that the ESP is willing to provide services in a cost-effective manner that will allow the school to remain financially solvent.

While the management agreement establishes the relationship between the charter public school board and the ESP, the law requires that authorizers review or disapprove any agreement that a charter public school board enters into with an ESP. Therefore, it is imperative that authorizers develop policies that outline requirements that must be satisfied before charter public school boards and ESPs enter into a final agreement. The policies will guide the authorizers review of ESP agreements.

ESP policies play an important role in safeguarding boards from entering into service agreements that could be detrimental to the school's health. They provide a checklist of items that a charter public school board should carefully consider when entering into an ESP agreement. Some of these important issues include ensuring that the ESP agreement is in the best interest of the school, the board will maintain its independence from the ESP, and conflict of interest and duty of loyalty laws are not violated.

ESP policies should also provide a process by which charter public school boards perform due diligence before they enter into a contract with an ESP. Performing due diligence includes ensuring the ESP has appropriate educational and managerial expertise and is financially solvent. It is also important for the charter public school board to make sure that they can meet the financial obligations of the agreement and that the agreement has undergone a thorough legal review by the board's independent attorney.

In general, ESP policies provide another layer of accountability for charter public school boards and help reduce the likelihood that a board will enter into an ESP agreement that could be detrimental to the success of the school.

Best Practices in Developing Educational Service Provider Policies

ESP policies should include requirements that must be met before a final agreement is reached and they should establish a process for how ESP agreements will be reviewed. Developing ESP policies allows Michigan authorizers to fulfill their statutory obligation to review ESP agreements in a uniform and consistent manner.

ESP policies should ensure that the charter public school board has conducted due diligence as it has developed the ESP agreement. The policy should include a list of due diligence steps that

the charter public school board should have completed and a list of critical information that should be collected and

reviewed. For example, ESP policies should require the charter public school board to obtain and review the following:

- List of ESP Owners and Officers
- Type or form of entity (for-profit corporation, non-profit corporation, limited liability company, etc.)
- Name of ESP's primary banking institution
- Legal counsel for the ESP including contact information
- Accounting or auditing firm for the ESP including contact information
- A written statement regarding the ESP's experience in providing services and the types of service(s) to be provided for the charter public school

ESP policies should also articulate the charter public school board's responsibilities, such as their administrative and fiduciary responsibilities and their responsibility to ensure that the public charter school is in compliance with all applicable state and federal laws. The language of the policies should clearly outline for the board that they must remain an independent, self-governing public body that provides proper oversight, including ensuring the terms of the ESP agreement are being met. ESP policies should be designed so that they serve as a reminder to boards of the critical elements that must to be included in an ESP agreement. ESP policies help to protect boards from entering into agreements with service providers that are not in the best interest of the school.

ESP policies should also describe the process the authorizer will use to review the ESP agreement. Included in the process should be a description of the review timeline. The charter public school board should clearly understand the timeline for the agreement to be submitted to the authorizer for review prior to execution, and the timeline that they can expect for receiving a response. The ESP policy should also include a description of the process that will be used if revisions need to be made to the ESP agreement before it can be executed.

Reflective Questions

How can ESP policies help a charter public school board?

Why is it important for an authorizer to review the ESP agreement before it is finalized?

Reauthoriza

REAUTHORIZATION

Recognized Best Practices

Regulatory Framework

Pursuant to the Revised School Code, the authorizer is not required to issue a contract to a charter public school as the decision “is solely within the discretion of the authorizing body.” Consequently, reauthorization of a charter contract is not required.

MCL 580.503 (6) states, “A contract issued to organize and administer a public school academy shall contain at least all of the following: ...(h) The term of the contract and a description of the process and standards for renewal of the contract at the end of the term. The standards for renewal shall include increases in academic achievement for all groups of pupils as measured by assessments and other objective criteria as the most important factor in the decision of whether or not to renew the contract...”

MCCSA Guiding Principles and Standards

MCCSA has adopted Principles and Standards that guide members as they develop strong authorizing practices. Focusing on performance and accountability ensures that student success remains paramount to authorizing decisions. MCCSA Standards include Reauthorizing a Charter Public School and states “Excellence in authorizing means establishing and implementing a consistent and comprehensive charter reauthorization process, guided by the following core questions:

- Is the charter public school achieving its academic goals as stated in the charter contract?
- Is the charter public school organizationally, educationally, and financially viable?
- Is the charter public school demonstrating good faith compliance in following the terms of its charter contract and applicable law?

The authorizer shall base reauthorization decisions on the data and information gathered public school is not making adequate progress towards meeting its performance goals, as defined in the charter contract, the authorizer may decide not to renew the charter contract.”

What is Reauthorization?

The reauthorization of the charter public school is a significant milestone in the life cycle of a charter public school. Reauthorization is the process that provides an opportunity for an authorizer to evaluate the performance of the charter public school against expectations required by applicable law and the charter contract and determine if a new charter contract will be offered. The evaluation of a charter public school focuses on answering the following questions:

- Is the charter public school achieving its academic goals as stated in the charter contract? All groups of pupils should be considered?

- Is the charter public school organizationally, educationally, and financially viable?
- Is the charter public school demonstrating good faith compliance in following the terms of its charter contract and applicable law?

The reauthorization process will likely involve site visits, data and information verification and review related to the performance of the charter public school. Once the decision to reauthorize a charter public school is made, the authorizer will work with the charter public school to create and execute a new charter contract. The authorizer will then submit the charter contract to the Michigan Department of Education.

Why is Reauthorization important?

Reauthorization is important because it provides for accountability. It is also the mechanism for the authorizer to comply with the renewal requirements in the law and allows the authorizer and charter public school to reflect upon the progress the charter public school is making. It provides the authorizer the opportunity to make an assessment as to whether a new contract will be provided.

Practically speaking, the charter contract is a fixed term contract with an ending date, therefore, a new contract must be issued for the charter public school to continue.

What is the difference between Reauthorization and Contract Extension?

Reauthorization is the process that is legally required as explained above to assess the performance of a school and offer a new contract. A contract extension is an amendment to the term of the *existing contract*. A contract extension (change in length of term) may be used to provide an opportunity for the authorizer to collect additional data and information. The number of years of the term extension should be realistic (maximum 3 years) and only used once. After the extension, the authorizer would invoke the reauthorization process and determine if a new contract will be offered.

Reauthorization Process Best Practices

Reauthorization is a process that starts the day a contract is signed. The authorizer will use data and information gathered through their oversight procedures to build evidence to support a charter public school contract reauthorization. The evidence may include but not be limited to:

- Review of Academic Performance Data
- Review of Board Governance Commitment and Compliance
- Review of Financial Viability
- Review of Operational Systems
- Site visits – Academic and Operational (Site and Facilities, Teacher and Staff Certification)
- Reauthorization Application submitted by the charter public school
- Assessment of Relationship with the Authorizer

Reflective Questions

What is the objective of reauthorization?

When does reauthorization occur? When does a charter contract amendment take place?



WWW.MICHIGANAUTHORIZERS.COM | INFO@MICHIGANAUTHORIZERS.COM

This document was paid for using funds provided by the Michigan Department of Education's Charter School Program Grant.