

The seal of the Missouri State Auditor is circular and features a central figure holding a scale and a sword. The text around the seal reads "SEAL OF THE STATE AUDITOR" at the top, "WE STAND DIVIDED" in the middle, and "1820 MISSOURI 1892" at the bottom.

Nicole Galloway, CPA

Missouri State Auditor

Charter School Oversight

Report No. 2020-028

June 2020

auditor.mo.gov



Nicole Galloway, CPA
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of Charter School Oversight

Charter School Boards	State law does not require members of the board of directors for charter schools to obtain a specific amount of training or meet certain qualifications. As a result, it is unclear whether board members are adequately prepared to oversee charter schools.
Inconsistent Oversight	Charter school sponsor oversight of schools is not consistent and sponsor representatives indicated additional information or guidance would be useful regarding their duties. No standards have been established for the frequency of charter school reviews, contents of the annual oversight report, or what sponsors monitor at charter schools.
Charter School Sponsor Funding Comparison and Use	Charter school sponsor funding methods and use of sponsor funding should be periodically evaluated. A comparison of Missouri's funding methodology to methods used by 44 states and the District of Columbia that operate charter school programs found various funding methods used by these entities. Some Missouri sponsors use part or all of their funding to provide additional programs and services to their charter schools rather than for administrative costs related to oversight duties.

Due to the nature of this report, no rating is provided.

*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

- Excellent:** The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.
- Good:** The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.
- Fair:** The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.
- Poor:** The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

Charter School Oversight

Table of Contents

State Auditor's Report	2
------------------------	---

Introduction	
Background	4
Scope and Methodology	9

Management Advisory Report - State Auditor's Findings	
1. Charter School Boards.....	11
2. Inconsistent Oversight.....	12
3. Charter School Sponsor Funding Comparison and Use	14

Appendixes	
A Charter School Closures	17
B Charter School Sponsor Funding Methods by State.....	18



NICOLE GALLOWAY, CPA **Missouri State Auditor**

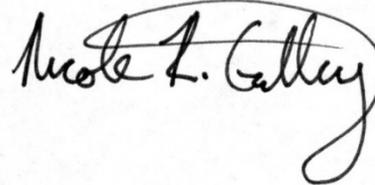
Honorable Michael L. Parson, Governor
and
Members of the General Assembly,
and
Charles Shields, State Board of Education President
and
Dr. Margie Vandeven, Commissioner
Department of Elementary and Secondary Education
Jefferson City, Missouri

We have conducted an audit of Charter School Oversight and certain information related to charter school sponsors, in fulfillment of our duties under Charter 29, RSMo. The scope of the audit included, but was not limited to, the year ended June 30, 2019. The objectives of our audit were to:

1. Evaluate internal controls over significant management and financial functions related to the oversight of charter schools.
2. Evaluate compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and procedures, including certain financial transactions related to charter school oversight.
4. Compare Missouri's charter school funding method with that of other states.
5. Evaluate potential changes needed in state laws governing charter schools and charter school sponsors.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

For the areas audited, we identified (1) deficiencies in internal controls, (2) no significant noncompliance with legal provisions, (3) no significant deficiencies in management practices and procedures, (4) differences between states on how they fund charter sponsors, and (5) opportunities for improvement in the state laws governing charter schools and charter school sponsors. The accompanying Management Advisory Report presents our findings arising from our audit of Charter School Oversight.

A handwritten signature in black ink that reads "Nicole R. Galloway". The signature is written in a cursive style with a large, looping flourish at the end of the name.

Nicole R. Galloway, CPA
State Auditor

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Charter School Oversight

Introduction

Background

In 1998, Missouri began allowing for the formation of charter schools in St. Louis and Kansas City under Section 160.400, RSMo. This statute made Missouri the 34th state to authorize the creation of charter schools. Charter schools are separate schools that receive the same funding as public schools, but are allowed to operate free from some rules and regulations that apply to traditional public school districts. As of June 30, 2019, Missouri had 38 charter schools.

Sponsor formation

Each charter school must have an approved sponsor. An approved sponsor has the authority to open, monitor, and evaluate its charter school(s). Missouri revised state laws governing charter schools in 2012, which grandfathered in all entities sponsoring a charter school as of August 28, 2012, and established the Missouri Charter Public School Commission (MCPSC). The MCPSC is an independent sponsoring entity consisting of 9 members appointed by the Governor, with consent of the Senate.¹

Section 160.400.3, RSMo, allows the following entities to become a charter school sponsor (1) the school board of Kansas City Public Schools or St. Louis Public Schools; (2) a public 4-year college or university with an approved teacher education program; (3) a community college with the service area encompassing some portion of the district; (4) any private 4-year college or university with an enrollment of at least 1,000 students, with its primary campus in Missouri, and with an approved teacher preparation program; (5) any 2-year private vocational or technical school designated as a 501(c)(3) nonprofit organization under the Internal Revenue Code of 1986, as amended, and accredited by the Higher Learning Commission, with its primary campus in Missouri; and (6) the MCPSC.

To become a sponsor, these entities, except the MCPSC and sponsors grandfathered in by the 2012 legislation, must submit a sponsorship application to the Department of Elementary and Secondary Education (DESE) as provided under Section 160.403, RSMo. Once the entity is approved as a sponsor, the DESE executes a 6-year renewable sponsoring contract with the sponsor. The Kansas City Public Schools is the only new sponsor approved since 2012.

¹Section 160.425, RSMo, governs the creation of the MCPSC, its members, duties, and funding. No more than 5 members shall be of the same political party and no more than 2 members shall be from the same congressional district. Appointees to the MCPSC are selected by the governor as follows (1) 1 member from 3 recommended by the commissioner of education, (2) 1 member from 3 recommended by the commissioner of higher education, (3) 1 member from 3 recommended by the president pro tempore of the senate, (4) 1 member from 3 recommended by the speaker of the house of representatives, and (5) 5 additional members appointed by the governor, one of whom is selected from 3 recommended by the Missouri School Board Association.



Charter School Oversight Introduction

The following table lists all charter school sponsors since the beginning of the charter schools program in 1998. Some of the entities are no longer operating as sponsors.

Sponsor	Operating from
University of Central Missouri	1999-Present
Southeast Missouri State University	2000-Present
University of Missouri - St. Louis	2000-Present
Saint Louis Public Schools	2001-Present
Saint Louis University	2008-Present
Washington University	2009-Present
University of Missouri - Columbia	2010-Present
Kansas City Public Schools	1999-2005 ¹ 2015-Present
Missouri Charter Public School Commission	2015-Present
University of Missouri - Kansas City	1999-2019
Lindenwood University	2010-2018
Missouri University of Science and Technology	2001-2013
Missouri Baptist University	2006-2011
Harris-Stowe State University	2000-2006

¹ Sponsorship ceased for a 10-year period after closure of Westport Edison Academy in 2005.

Sponsor governance

Sections 160.400 through 160.425, and 167.349, RSMo, provide requirements for the organization and administration of charter schools. In addition, 5 CSR 20-100.250, establishes policies and procedures for the DESE to oversee and evaluate whether a sponsor is in good standing with its obligations. The DESE approves and provides oversight to sponsors who, in turn, assist in opening, monitoring, and evaluating charter schools.

According to Sections 160.400.11(3),(4), and (5), RSMo, for a sponsor to remain in good standing, it must fulfill its obligations under Sections 160.400 to 160.425, and 167.349, RSMo, including, but not limited to, negotiating contracts with its charter schools, conducting contract oversight, and implementing a process that uses comprehensive data to make renewal decisions. Each contract must clearly state the rights and responsibilities of each party regarding school autonomy, expected outcomes, measures for evaluating success or failure, consequences for poor academic performance, and other material terms. The sponsor must provide oversight that evaluates charter school performance, monitors compliance, and advises on intervention and renewal decisions, and ensures autonomy.

Under Section 160.400.17(1), RSMo, the State Board of Education (SBE) is required to evaluate sponsors every 3 years to determine if they are in compliance with established standards. The SBE completes these evaluations through the DESE. If DESE personnel determine a sponsor is in material noncompliance with its duties, Sections 160.400.17(2), (3), and (4), RSMo,



Charter School Oversight Introduction

provide procedures for remediation. Under the procedures, the DESE will notify the sponsor and give the sponsor time to complete corrective actions. If compliance issues continue, the Commissioner of Education conducts a public hearing and the SBE may recommend corrective actions, which may include withholding the sponsor's funding and suspending the sponsor's authority to sponsor a school that it currently sponsors or an additional school until the sponsor corrects the noncompliance. The SBE may also decide to remove the sponsor's authority to sponsor. The sponsor is provided an opportunity to respond to the recommendations. Final determination regarding corrective actions is determined by the SBE. If the SBE removes a sponsor's authority, the MCPSC becomes the sponsor of the suspended sponsor's charter schools.

Sponsor funding

Per Section 160.400.11, RSMo, a sponsor receives 1.5 percent of the amount of state and local funding allocated to each charter school from the DESE not to exceed \$125,000, adjusted for inflation. The DESE will continue to remit the sponsor payment as long as the sponsor fulfills its obligations set out in state law and in the sponsor's contracts with the charter schools. The MCPSC has received both the 1.5 percent allocation for each school sponsored and a state appropriation to help with the commission's operations and oversight of its sponsored charter schools. Beginning in July 2020, the MCPSC will only receive the 1.5 percent allocation from charter school funds.

Section 5 CSR 20-100.260(1)(I) requires the sponsors to submit to the DESE an annual financial accountability report that shows if the sponsor spent at least 90 percent of its funding to support charter school operations and compliance.



Charter School Oversight
Introduction

Sponsors received the following funding for the 2 years ended June 30, 2019.

Sponsors	Year Ended June 30,		
	2019	2019	2018
	Charter		
	Schools	Payments	Payments
	Sponsored	Received	Received
University of Central Missouri	8	\$760,383	\$778,852
Southeast Missouri State University	1	86,878	79,437
University of Missouri - St. Louis	7	427,921	407,285
Saint Louis University	1	32,282	118,329
Washington University	2	177,812	173,877
University of Missouri - Columbia	8	640,888	521,424
Kansas City Public Schools	2	35,295	22,394
MCPSC	9	369,728	28,724
University of Missouri - Kansas City ¹	0	336,389	671,537
Lindenwood ¹	0	75,992	148,814

¹ Sponsorship responsibilities transferred to MCPSC during the year ended June 30, 2019.

Source: Prepared by the State Auditor's Office (SAO) using data from the DESE website.

Charter school formation

Per Section 160.405.1, RSMo, when an individual or entity seeks to establish a charter school in Missouri, the person or organization must prepare and submit a proposed charter application to a potential sponsor. The potential sponsor reviews the proposal and has the option to approve or deny the application.

Section 160.405.3, RSMo, provides if a charter is approved by a sponsor, the charter application must be submitted to the SBE, along with a statement of finding by the sponsor that the application meets the requirements of Sections 160.400 to 160.425 and Section 167.349, RSMo, and a monitoring plan under which the charter sponsor will evaluate the academic performance, including annual performance reports, of students enrolled, in the charter school. The SBE must approve or deny a charter application within 60 days of receipt of the application.

The DESE provides assistance to the SBE during the application review process. DESE personnel review the charter application approved by the sponsor for state and federal compliance. The DESE then presents the charter school application with a statement of finding and a recommendation for approval or disapproval to the SBE. The SBE ultimately makes the decision on the school's establishment.

Charter school renewals

Per Section 160.405.9(2), RSMo, the sponsor's renewal process of a charter school must be based on a thorough analysis of whether (1) the charter school's annual performance report met or exceeded the district in which the



Charter School Oversight Introduction

charter school is located in 3 of the last 4 school years; (2) the charter complied with its legally binding contract with the sponsor; and (3) the charter school is organizationally and fiscally viable determining at a minimum that the school does not have a negative balance in its operating funds, a combined balance of less than 3 percent of the amount expended for such funds during the previous fiscal year; or expenditures that exceed receipts for the most recently completed fiscal year.

In the year the charter school is considered for renewal, the sponsor will submit a revised charter application to the SBE that demonstrates whether the charter school complied with the performance contract and federal and state laws. The SBE reviews the information provided and at its next regularly scheduled meeting votes on the revised charter application.

Charter school closures

The sponsors are required by Section 160.405.8, RSMo, to close or take other remedial actions if they identify the following:

- The charter school provides a high school program that fails to maintain a graduation rate of at least 70 percent in 3 of the last 4 school years unless the school has dropout recovery as its mission.
- The charter school's annual performance report results are below the district's annual performance report results based on the performance standards in 3 of the last 4 school years.
- The charter school is identified as a "persistently lowest-achieving school"² by the DESE.

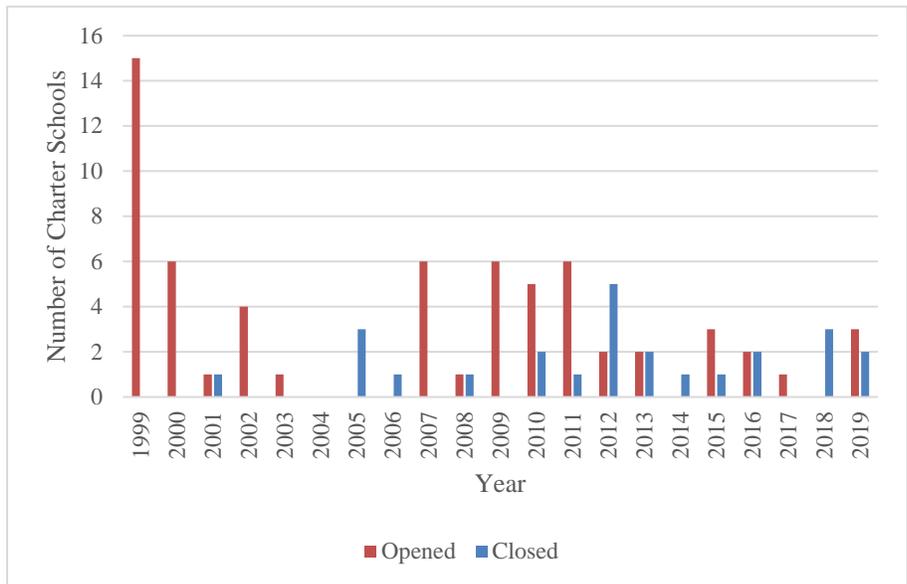
² The DESE has procedures in place to identify "persistently lowest-achieving schools" in accordance with federal law (Section 1111(c)(4)(D) of the Elementary and Secondary Education Act).



Charter School Oversight Introduction

Figure 1 shows the number of charter schools opened and closed by fiscal year since 1999.

Figure 1: Number of charter schools opened and closed by fiscal year



Source: Prepared by the SAO using data from the DESE website. See Appendix A for a list of closed charter schools.

According to the sponsors and the DESE, charter schools primarily close for one or more of the following reasons (1) financial distress, (2) low enrollment, (3) board or administration mismanagement, and (4) poor academic performance. Appendix A provides more information on charter school closures.

Scope and Methodology

Our analysis focused on the oversight of charter schools by their Boards and sponsors and the oversight of sponsors by the DESE. The scope of our audit included, but was not necessarily limited to, the year ended June 30, 2019.

We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of the legal provisions that are significant within the context of the audit objectives and assessed the risk that illegal acts, including fraud, and violations of applicable contracts or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions. This work included, but was not limited to, a review of Sections 160.400 through 160.425, and 167.349, RSMo, and 5 CSR 20-100.

Our methodology also included gathering information regarding the oversight of charter schools through discussions with various representatives from the



Charter School Oversight Introduction

DESE and the 8 active sponsors. We also reviewed sponsoring and performance contracts, annual sponsor reports, sponsor policies and procedures, the DESE's evaluations of sponsors, and other pertinent documents.

To evaluate and compare Missouri's charter school sponsor funding with those of other states, we obtained and reviewed information from the National Association of Charter School Authorizers (NACSA) that compared authorizer fees and funding systems as of February 2015. We also contacted charter school officials in other states to verify the NACSA information reflected current practices.

Charter School Oversight Management Advisory Report State Auditor's Findings

1. Charter School Boards

State law does not require members of the board of directors for charter schools to obtain a specific amount of training or meet certain qualifications. As a result, it is unclear whether board members are adequately prepared to oversee charter schools. Sponsors expressed concerns during our interviews about the lack of regulations and laws governing charter school board training and qualifications.

Charter school boards are responsible for overseeing charter schools to ensure the compliance with state laws and regulations and that the schools are meeting all of the requirements set forth by the sponsor, the DESE, and state law.

Board training

State law does not require board members to obtain a specific amount of training. As provided in 5 CSR 20-100.260(4)(L), sponsors are required to ensure that charter board members are aware of and have access to adequate training to fulfill their duties. However, there are no state laws or regulations specifying what is considered an adequate amount of training and if any must be obtained. Based on our review, sponsor's training requirements for their charter school board members varied (see also MAR finding number 2).

Prior to August 2019, Section 162.203, RSMo, required public school board members to obtain 16 hours of training during their first year. As of August 2019, the statute requires 18 hours and 30 minutes of board training for newly elected public school board members plus 1 hour of refresher training annually thereafter. Charter school board members have no similar training requirement. As a result, they may not receive a similar level of training as their public school district counterparts and may not obtain the necessary training to provide appropriate oversight.

Board qualifications

State law does not provide any minimum qualifications for an individual to serve as a charter school board member. Initially, the individuals or organization that start the application process of opening a charter school select the charter school board members. Board members then appoint individuals to fill any board vacancies.

Section 162.291, RSMo, requires public school board members to be a citizen of the United States, a resident of Missouri and the school district, and at least 24 years old. In addition, school district board members are elected by the voters of the school district.

Charter school closure due to ineffective board oversight

As discussed in the Background section, charter schools primarily close for four reasons. DESE officials indicated ineffective board oversight is directly related to three of those reasons (board and administration mismanagement, financial distress, and poor academic performance). Our review of charter school closures identified 23 of the 26 schools (88 percent) closed for the primary reason of either mismanagement, financial distress, or poor academic

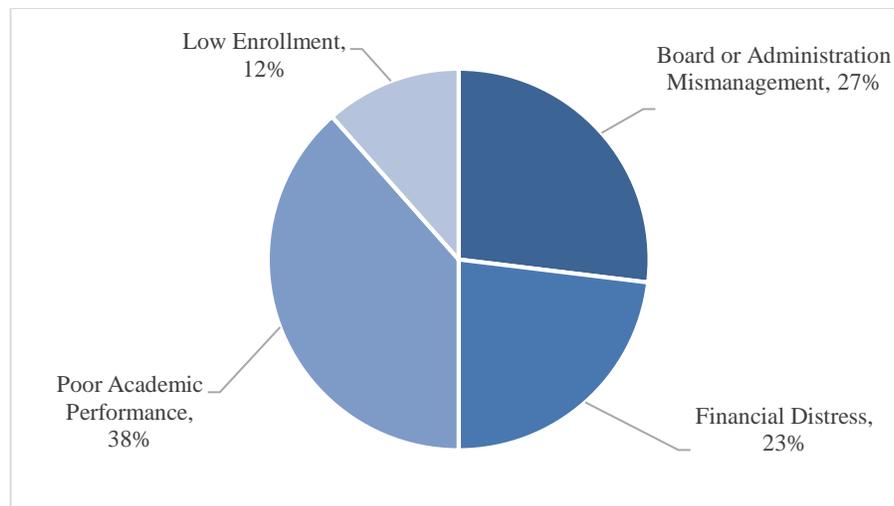


Charter School Oversight Management Advisory Report - State Auditor's Findings

performance. School closures result in displaced students who must seek enrollment elsewhere.

Figure 2 shows the percentage of schools that closed for each of the primary reasons for a charter school closure.

Figure 2: Primary reasons for charter school closures



Source: Prepared by the SAO using data obtained from the DESE.

Conclusion

Considering the duties and responsibilities of charter school board members and the impact their effectiveness has on a charter school and its students, continual board training and at least minimal qualifications are necessary to ensure board members have the skills to oversee schools and stay up-to-date with current regulations, guidance, and best practices.

Recommendation

The DESE work with sponsors to ensure charter school board members meet the same training and qualification requirements of public school board members. The DESE should also work with the General Assembly to revise charter school laws to require charter school board member training and board member applicants meet certain qualifications.

Auditee's Response

The DESE concurs with the recommendation and will work with sponsors and the General Assembly, if necessary, to ensure that members of charter governing boards are appropriately trained and qualified.

2. Inconsistent Oversight

Charter school sponsor oversight of schools is not consistent. In addition, sponsor representatives indicated additional information or guidance would be useful regarding their duties.

No set standards have been established for the frequency of charter school reviews, contents of the annual oversight report, or what sponsors monitor at charter schools. In June and July 2019, we met with representatives of the 8 active sponsors and obtained an understanding of their organization's



Charter School Oversight Management Advisory Report - State Auditor's Findings

oversight procedures. We identified the following differences in the level of oversight they provided:

- The frequency of onsite reviews varied among the sponsors. Four sponsors performed monthly reviews, three performed annual reviews, and one performed quarterly reviews of their charter schools.
- Sponsor oversight reports varied in the amount of information included and the areas of review. All sponsors reported on academic performance, financial performance, and school governance. In addition to these areas, some sponsors evaluated the school's curriculum, the culture of the school, teacher performance, and the school's community involvement.
- One sponsor did not perform reviews of attendance records used to determine the average daily attendance (ADA). Funding is distributed to charter schools based on ADA. The sponsor representative said it was not the organization's responsibility to review attendance records, but the other seven representatives said their organizations reviewed these records.
- Seven sponsors provided funding annually for charter school board members to receive board training, but only two evaluated if the board members obtained training during the year.

The inconsistencies identified suggest more guidance may be necessary. Additional resources such as guidelines or standards would help sponsors provide consistent oversight and comparable reports of charter school performance.

Recommendation

The DESE work with sponsors to determine what additional oversight resources or standards would be useful and provide that guidance.

Auditee's Response

The DESE concurs with the recommendation. In the time following the audit period, the DESE has implemented two significant initiatives that address the recommendation. First, the DESE developed a comprehensive list (assurance checklist) of statutory requirements that charter schools must meet. Sponsors have their schools affirm and sign that they are fulfilling the requirements of the law and send a copy to the DESE. This initiative provides significantly greater clarity to schools and sponsors about their responsibilities. Second, the DESE has implemented a new sponsor evaluation system. The system was developed collaboratively with sponsors and is based on standards that were updated within the last two years.



3. Charter School Sponsor Funding Comparison and Use

Charter school sponsor funding methods and use of sponsor funding should be periodically evaluated.

Section 160.400.11, RSMo, provides the expenses associated with sponsorship of charter schools shall be defrayed by the DESE retaining 1.5 percent of the amount of state and local funding allocated to the charter school. This amount is capped at an amount adjusted for inflation. In 2019 and 2018, the capped amount was \$151,984 and \$148,814, per school, respectively. The DESE pays the retained funds for each charter school to the school's sponsor. This funding method was established in 2005 under Section 160.400, RSMo, but the law excluded school districts and the SBE from receiving sponsorship funding. Revisions to the statute in 2012 removed those exclusions.

State comparison

We compared Missouri's funding methodology to methods used by other states that operate charter school programs. Forty-four states and the District of Columbia (D.C.) have authorized charter school programs. We identified various funding methods used by these entities.

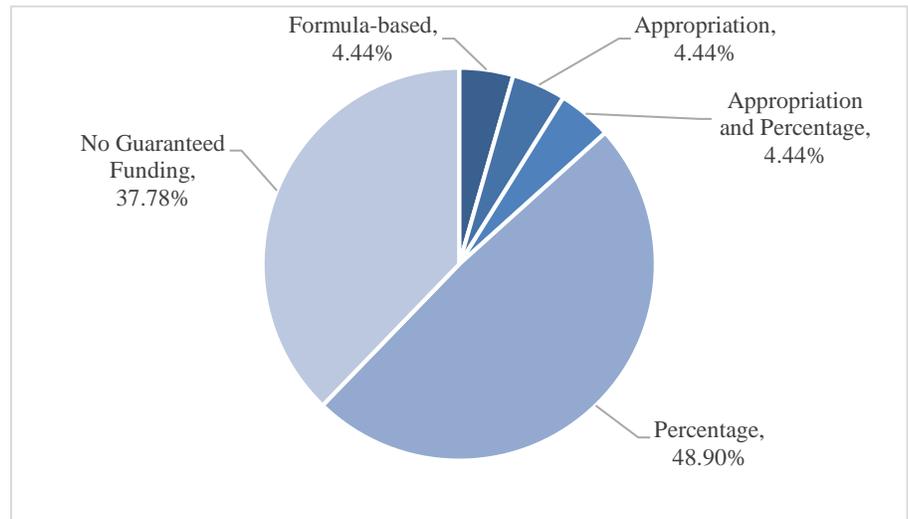
- Seventeen states do not provide any guaranteed funding.
- Two states use a formula-based variable fee methodology.
- Two states provide annual appropriations to the sponsors.
- Twenty-two states, including Missouri, provide sponsors a percentage of the state and local funds allocated to their respective charter schools (see Figure 4). Several states award a different percentage based on one or more of the following criteria (1) type of sponsor, (2) number of charter schools sponsored, (3) the number of students, (4) grade-levels the school provides, and (5) time the charter school has been open. Only Missouri and Tennessee allocate a percentage of school funding and also limit the total per school sponsor funding to a set dollar amount.
- Two states provide an appropriation and a percentage of charter school funding.



Charter School Oversight
 Management Advisory Report - State Auditor's Findings

Figure 3 shows the percentage of states using the various funding methods. See Appendix B for more information on each state's funding method.

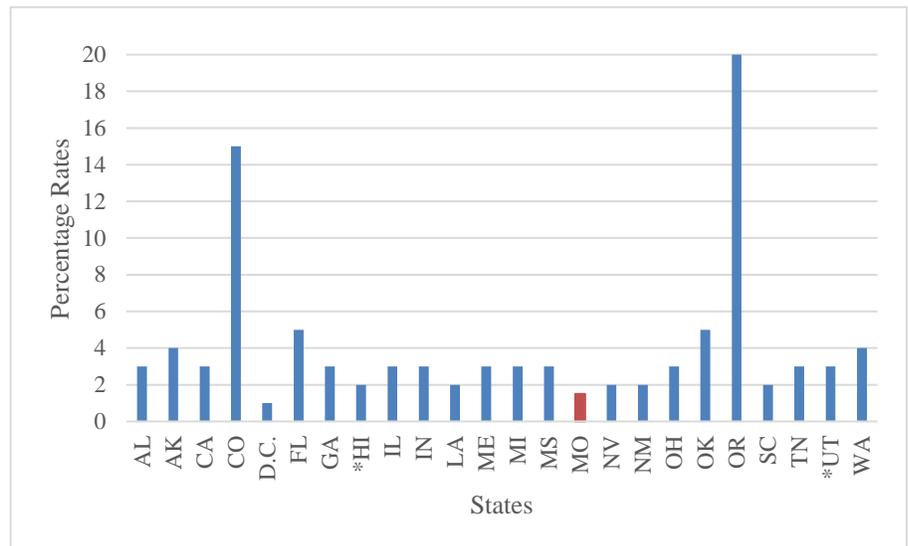
Figure 3: State charter school sponsor funding by method



Source: Prepared by the SAO using data from the National Association of Charter School Authorizers (NACSA) and the various states.

Figure 4 shows Missouri provides the second lowest percentage of school funding of states using that method. See Appendix B for more detail on the range of other percentage rates and variables.

Figure 4: Maximum authorized rates for states using the percentage funding method



* The state uses a combination of appropriation and percentage funding methods.

Source: Prepared by the SAO using data from the NACSA and the various states.



Charter School Oversight
Management Advisory Report - State Auditor's Findings

Use of funding

Some Missouri sponsors use part or all of their funding to provide additional programs and services to their charter schools rather than for administrative costs related to oversight duties. Additional programs and services include mini-grants, school improvement projects, charter school board trainings, and/or funds for continuing education for teachers. Two of the 8 active sponsors' representatives indicated they use all of their funding to provide additional resources to their charter schools. The remaining 6 sponsor representatives indicated they use a portion of the funding to provide additional programs and services to their charter schools. Sponsor representatives indicated their organizations need the funding to provide adequate oversight; however, due to limited school funding, they felt the charter schools needed the additional resources more to meet student needs.

Conclusions

Because the sponsorship funding method authorized in state law has not been revised since 2005, other states use various other sponsor funding methods, and Missouri sponsors use funding received for charter school purposes unrelated to oversight, a review of the funding methodology is necessary. Such a periodic evaluation would help determine whether the current funding is sufficient to allow sponsors to appropriately monitor their charter schools and ensure those schools meet student needs.

Recommendation

The DESE review other sponsor funding methodologies and evaluate if sponsor funding allows for appropriate oversight and meets the needs of charter school students and make any necessary recommendations to the General Assembly.

Auditee's Response

The DESE concurs with the recommendation and will collaborate with sponsors to review this topic and possibly make recommendations for change.

Appendix A

Charter School Oversight
Charter School Closures

School	Sponsor at Time of Closure	Year of Closure	Primary Reason for Closure (1)
Kansas City Career Academy	University of Central Missouri	2001	Financial Distress
Thurgood Marshall Academy	University of Missouri - St. Louis	2005	Mismanagement
Westport Edison Academy	Kansas City Public Schools	2005	Mismanagement
Youthbuild St. Louis Charter	St. Louis Public Schools	2005	Low Enrollment
Southwest Charter School	University of Central Missouri	2006	Financial Distress
Academy of Kansas City	University of Missouri - Kansas City	2008	Financial Distress
CAN! Academies of St. Louis	State Board of Education	2008	Mismanagement
Ethel Hedgeman Lyle Academy	Missouri Baptist University	2010	Financial Distress
Paideia Academy	Missouri Science & Technology University	2010	Poor Academic Performance
Don Bosco Education Center	University of Central Missouri	2011	Financial Distress
Imagine Academy of Academic Success	State Board of Education	2012	Poor Academic Performance
Imagine Academy of Careers	State Board of Education	2012	Poor Academic Performance
Imagine Academy of Environmental Science	State Board of Education	2012	Poor Academic Performance
Renaissance Academy	University of Central Missouri	2012	Poor Academic Performance
Urban Community Leadership Academy	University of Central Missouri	2012	Mismanagement
Derrick Thomas Academy	University of Missouri - Kansas City	2013	Mismanagement
Shearwater Education Foundation	St. Louis University	2013	Poor Academic Performance
Hope Academy	University of Missouri - Kansas City	2014	Mismanagement
Construction Careers Center	St. Louis Public Schools	2015	Poor Academic Performance
Better Learning Communities Academy	University of Missouri - Columbia	2016	Poor Academic Performance
Jamaa Learning Center	University of Missouri - Columbia	2016	Financial Distress
Benjamin Banneker Academy	University of Central Missouri	2018	Poor Academic Performance
Preclarus Mastery Academy	University of Missouri - St. Louis	2018	Poor Academic Performance
St. Louis College Preparatory	University of Missouri - St. Louis	2018	Mismanagement
Kansas City Neighborhood Academy	Kansas City Public Schools	2019	Low Enrollment
Pathway Academy	MCPSC	2019	Low Enrollment

(1) Financial distress is the result of a lack of funding to continue to operate the school. Mismanagement represents charter school board or administration mismanagement.

Source: Prepared by SAO using information obtained from the Department of Elementary and Secondary Education.

Appendix B

Charter School Oversight
Charter School Sponsor Funding Methods by State

State (1)	Sponsor Funding Method	Funding Available by Type of Sponsor					Not-For-Profit Organization
		Local Educational Agency (4)	State Educational Agency (SEA)	Independent Chartering Board (5)	Higher Education Institution		
Alabama	Percentage	3% If Sponsor 1-3 Charter Schools 2% If Sponsor 4-5 Charter Schools 1% If Sponsor 6-10 Charter Schools	N/A	No Guaranteed Funding	N/A	N/A	N/A
Alaska (2)	Percentage	4%	4%	N/A	N/A	N/A	N/A
Arizona	Appropriation	No Guaranteed Funding	No Guaranteed Funding	Appropriation	No Guaranteed Funding	N/A	N/A
Arkansas	No Guaranteed Funding	No Guaranteed Funding	N/A	SEA Funded staff	N/A	N/A	N/A
California (2)	Percentage	1%	N/A	N/A	N/A	N/A	N/A
Colorado (2)	Percentage	3% If Sponsor Provides School Facility 5% 15% For Schools with 500 Students or Less	2%	3%	N/A	N/A	N/A
Connecticut	No Guaranteed Funding	No Guaranteed Funding	SEA Funded staff	N/A	N/A	N/A	N/A
Delaware	No Guaranteed Funding	No Guaranteed Funding	SEA Funded staff	N/A	N/A	N/A	N/A
District of Columbia (2)	Percentage	N/A	N/A	1%	N/A	N/A	N/A
Florida (2)	Percentage	5% For Schools With 250 students or Less 2% For High-performing Charter Schools 5% For Virtual schools	5% For Schools With 250 students or Less 2% For High-performing Charter Schools 5% For Virtual schools	N/A	5% For Schools With 250 students or Less 2% For High-performing Charter Schools 5% For Virtual schools	N/A	N/A
Georgia (2)	Percentage	3%	3%	3%	N/A	N/A	N/A
Hawaii (2)	Appropriation and Percentage	N/A	N/A	2%, Appropriation	No Guaranteed Funding	No Guaranteed Funding	No Guaranteed Funding
Idaho	Formula-based	Formula-based	N/A	Formula-based	Formula-based	Formula-based	N/A
Illinois (2)	Percentage	No Guaranteed Funding	N/A	3%	N/A	N/A	N/A
Indiana (2)	Percentage	No Guaranteed Funding	N/A	3%	3%	3%	3%
Iowa	No Guaranteed Funding	No Guaranteed Funding	No Guaranteed Funding	N/A	N/A	N/A	N/A
Kansas	No Guaranteed Funding	No Guaranteed Funding	No Guaranteed Funding	N/A	N/A	N/A	N/A
Kentucky	No Guaranteed Funding	No Guaranteed Funding	N/A	N/A	N/A	N/A	N/A
Louisiana	Percentage	2%	2%	N/A	2%	2%	2%
Maine (2)	Percentage	3%	N/A	3%	N/A	N/A	N/A
Maryland	No Guaranteed Funding	No Guaranteed Funding	N/A	N/A	N/A	N/A	N/A
Massachusetts	No Guaranteed Funding	N/A	SEA Funded staff	N/A	N/A	N/A	N/A
Michigan (2)	Percentage	3%	N/A	N/A	3%	N/A	N/A
Minnesota	Formula-based	Formula-based	Formula-based	N/A	Formula-based	Formula-based	Formula-based
Mississippi	Percentage	N/A	N/A	3.0%	N/A	N/A	N/A
Missouri (3)	Percentage	1.5%	N/A	1.5%	1.5%	1.5%	N/A
Nevada (2)	Percentage	2%	2%	2%	2%	2%	N/A
New Hampshire	No Guaranteed Funding	No Guaranteed Funding	No Guaranteed Funding	N/A	N/A	N/A	N/A
New Jersey	No Guaranteed Funding	N/A	SEA Funded staff	N/A	N/A	N/A	N/A
New Mexico (2)	Percentage	2%	2%	N/A	N/A	N/A	N/A
New York	Appropriation	N/A	Appropriation	N/A	Appropriation	Appropriation	N/A
North Carolina	No Guaranteed Funding	No Guaranteed Funding	SEA Funded staff	N/A	No Guaranteed Funding	No Guaranteed Funding	N/A
Ohio (2)	Percentage	3%	3%	N/A	3%	3%	3%
Oklahoma (2)	Percentage	5%	N/A	N/A	5%	N/A	N/A
Oregon	Percentage	5% For Charter High Schools 20% For Kindergarten-8th grade	N/A	N/A	N/A	N/A	N/A
Pennsylvania	No Guaranteed Funding	No Guaranteed Funding	No Guaranteed Funding	N/A	N/A	N/A	N/A
Rhode Island	No Guaranteed Funding	No Guaranteed Funding	SEA Funded staff	N/A	N/A	N/A	N/A
South Carolina (2)	Percentage	No Guaranteed Funding	N/A	2%	No Guaranteed Funding	No Guaranteed Funding	N/A
Tennessee (3)	Percentage	3%	N/A	3%	N/A	N/A	N/A
Texas	No Guaranteed Funding	No Guaranteed Funding	SEA Funded staff	N/A	N/A	N/A	N/A

Appendix B

Charter School Oversight
Charter School Sponsor Funding Methods by State

State (1)	Sponsor Funding Method	Funding Available by Type of Sponsor					Not-For-Profit Organization
		Local Educational Agency (4)	State Educational Agency (SEA)	Independent Chartering Board (5)	Higher Education Institution		
Utah (2)	Appropriation and Percentage	No Guaranteed Funding	N/A	Appropriation	3% First 2 years 1% Thereafter	N/A	
Virginia	No Guaranteed Funding	No Guaranteed Funding	N/A	N/A	N/A	N/A	
Washington (2)	Percentage	4%	N/A	4%	N/A	N/A	
Wisconsin	No Guaranteed Funding	No Guaranteed Funding	N/A	N/A	No Guaranteed Funding	N/A	
Wyoming	No Guaranteed Funding	No Guaranteed Funding	N/A	N/A	N/A	N/A	

- (1) Includes only states with charter school programs. Montana, Nebraska, North Dakota, South Dakota, Vermont, and West Virginia do not have charter school programs.
- (2) These states provide a percentage ranging up to the percentages listed in the table.
- (3) Funding capped at a specific dollar amount set by state law.
- (4) Local Educational Agency is an entity such as a school district.
- (5) Independent Chartering Boards are established by state law like the Missouri Charter Public School Commission.

Source: Prepared by SAO using data obtained from the National Association of Charter School Authorizers and communications with personnel in these states.