



ACCOUNTABILITY STANDARDS

Introduction

Michigan's charter school law, Public Act 362 of 1993, delegates to the governing boards of state public universities, community colleges, intermediate school districts and local school districts the responsibility for authorizing and overseeing public school academies.

While delegating this new authority to the governing boards of state public universities, community colleges, intermediate school districts and local school districts, the legislature placed authorizers and public school academies within the existing legal framework of Michigan's public education system. The following help compose this legal framework:

- Michigan Constitution
- Michigan Legislature
- State Board of Education
- Michigan Superintendent of Public Instruction
- Michigan Department of Education
- Public School Academy Authorizers
- Intermediate School Districts
- Public School Academy Board of Directors
- Other Local, State and Federal Agencies

In 1998, several members of the Michigan Council of Charter School Authorizers (MCCSA) commissioned the development and distribution of a discussion paper regarding charter school oversight and accountability. In order to bring further clarity and uniformity to the oversight and accountability to Michigan's charter public schools initiative, the MCCSA has established the following standards for charter school authorizers. It should be emphasized that some authorizers have adopted these standards and are implementing them as part of their oversight.

I

Review of Applicants

Michigan's charter school law, Public Act 362 of 1993, requires that authorizing bodies issue public school academy contracts on a competitive basis, taking into consideration all of the following:

- ✓ The educational goals to be achieved;
- ✓ The population to be served; and
- ✓ The resources available for operation.

To satisfy these requirements, Michigan authorizers shall use a rigorous, comprehensive application process that meets and exceeds these statutory requirements. Authorizers shall approve applications that demonstrate strong probability of success for starting and operating a quality public school academy. Furthermore, the application must comply with the legal requirements of Part 6A of the Revised School Code and contain:

- ✓ A compelling and realistic vision;
- ✓ A solid business plan; and
- ✓ A rigorous, quality educational program.

II

Charter Contract Development

After an authorizer completes its review of applications and identifies the public school academies it may charter, the authorizer begins developing charter contracts. The charter school law sets forth the basic requirements for all charter contracts. To satisfy these requirements, each public school academy contract issued by an authorizer shall, at a minimum, contain all of the following sections:

- ✓ Authorizing Resolution and Method of Board Member Selection and Appointment (approved by the authorizer's governing board);
- ✓ The Authorizer's General Terms and Conditions for issuing the contract;
- ✓ Public School Academy Mission Statement;
- ✓ Statement of Educational Goals (goals must be reasonable, clear and measurable);
- ✓ Description of Educational Program;
- ✓ Curriculum Description (detailed by grade level and subject matter, and aligned to state content standards and benchmarks);
- ✓ Methods of Pupil Assessment (including the requirement to administer the MEAP and a nationally recognized standardized test each year, as required by federal law);

- ✓ Measures of Success (agreed upon by authorizer and academy board of directors) and plans for disseminating “report cards” as required by federal law;
- ✓ Governance Structure;
- ✓ Articles of Incorporation (filed with the Michigan Department of Consumer and Industry Services Corporation, Securities and Land Development Bureau);
- ✓ Bylaws;
- ✓ A description of how the authorizer’s fiscal agent duties will be administered;
- ✓ A description of how the authorizer’s oversight duties will be administered;
- ✓ Description of Staff Responsibilities and a copy of any agreement with an Educational Service Provider, if applicable;
- ✓ Physical Plant Description (including address, narrative description, site plan, floor plan, lease/purchase agreement, and Office of Fire Safety occupancy approval);
- ✓ Student Application and Enrollment Procedures;
- ✓ School Calendar and School Day Schedule (schedule shall meet or exceed staff development and student attendance standards set by the state); and
- ✓ Age or Grade Range of Pupils Served.

Once the public school academy contract is prepared, the authorizer has appointed the initial academy board members, and the articles of incorporation have been filed, the authorizer shall facilitate the organizational meeting of each academy board. Through the organizational meeting, the academy board officially takes over for the applicant and adopts governing policies, operational procedures, and finalizes the terms and conditions of the charter contract.

Authorizers shall support and oversee that academy boards adopt and maintain sound governing policies. In this effort, authorizers will assist public school academy boards to fully understand their roles and responsibilities by providing support and encouragement for board members to participate in a comprehensive board orientation and training program.

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III

Ongoing Roles and Responsibilities

After the public school academy contract is issued, Section 502(4) of the Revised School Code, MCL 380.502(4), requires that “an authorizing body shall oversee, or shall contract with an intermediate school district, community college or state public university to oversee, each public school academy operating under a contract issued by the authorizing body. The oversight shall be sufficient to ensure that the authorizing body can certify that the public school academy is in compliance with statute, rules, and the terms of the contract.” Recognizing that the most effective oversight is prevention, authorizers may proactively provide continuing training and assistance to help public school academy boards comply with their contract and applicable law.

Although authorizers play an essential quality control role, it is important to remember that the primary oversight function begins with each public school academy’s board of directors. The members serving on these public boards take the constitutional oath of office, serve as

public officials, and have primary responsibility for ensuring that the academy complies with statute, rules, and the terms of the contract.

IV

Oversight Framework

To ensure that public school academies are complying with the statute, rules and terms of their contracts, authorizers shall develop and implement a comprehensive oversight system. Each authorizer shall demonstrate that it holds public school academy board's accountable for, among other things, contractual and legal compliance, academic performance, and financial stewardship.

MCCSA strongly believes the following framework will provide greater uniformity in the application of accountability standards.

Academy Board

- Recognizing that public school academy board members are public officials and have primary responsibility for the academy's governance and operation, authorizers shall establish a common process for selecting and appointing academy board members. At a minimum, each authorizer shall require prospective academy board members to do all of the following:
 - ✓ Complete an application for board appointment;
 - ✓ Undergo a criminal records check; and
 - ✓ Participate in a personal interview.
- Upon satisfactory completion and review of these items, the authorizer may recommend candidates to its governing board for consideration. Only candidates that are approved according to the appointment process established by the authorizer and have taken the constitutional oath of office are eligible to serve on the board of a public school academy.
- To ensure that public school academy boards fulfill their responsibilities as public bodies, the authorizer shall establish a system that monitors and supports academy board compliance with:
 - ✓ The Revised School Code;
 - ✓ The State School Aid Act;
 - ✓ The Open Meetings Act;
 - ✓ The Freedom of Information Act;
 - ✓ The Uniform Budget and Accounting Act;
 - ✓ Other state and federal regulations applicable to public school academies;
 - ✓ Adoption of sound governing policies;
 - ✓ Proper recording and publication of board minutes; and

- ✓ Proper maintenance and filing of corporate records and reports.

Student Application and Enrollment

- To ensure that public school academies are open and accessible to all interested parties, authorizers shall ensure that each academy legally notices and informs the public of its application period and enrollment procedures. If more applications are received than there is space available, a random selection drawing shall be conducted. Further, the authorizer must directly monitor the administration of the random selection drawing.

Academic Performance and Student Testing

- Believing competitive comparisons and benchmarking information are necessary for raising standards and driving continuous improvement, authorizers shall issue public school academy contracts containing clear, measurable academic and operational performance standards and shall file the contracts with the Michigan Department of Education or the State Superintendent for Public Instruction, as required by law.
- To effectively monitor the progress public school academies are making toward the fulfillment of their goals, authorizers shall collect and review each academy's Annual Education Report and School Improvement Plan and provide feedback to the academy.
- To assess the academic performance of public school academies, authorizers shall institute an educational monitoring system that, among other things, requires public school academies to annually administer:
 - ✓ The Michigan Educational Assessment Program (MEAP); and
 - ✓ A nationally recognized standardized achievement test.

Special Education

- Recognizing that public school academies are local education agencies for the purposes of special education, authorizers shall coordinate with the Michigan Department of Education, intermediate school districts, and other appropriate organizations to ensure public school academies are included in their intermediate school districts special education plan and provide the necessary guidance and support to assist public school academies in fulfilling their obligation to provide special education services.

Teacher Certification

- To ensure that all public school academy teachers are state approved, authorizers shall administer a comprehensive and periodic on-site teacher certification verification process, which includes verification that academies have satisfied the criminal history checks and unprofessional disclosure requirements set forth in the Revised School Code.

Financial Stewardship

- To assess the organizational viability of public school academies, authorizers shall develop and implement financial monitoring systems that, among other things, require public school academies to:
 - ✓ Comply with the Michigan School Accounting Manual;
 - ✓ Comply with the Uniform Budget and Accounting Act;
 - ✓ Submit an annual budget and any amendments adopted by the academy board;
 - ✓ Submit quarterly financial statements;
 - ✓ Submit an annual independent financial audit, including management letter; and
 - ✓ Comply with competitive bidding requirements.
- Should a public school academy end a fiscal year with a negative fund balance, the academy, its authorizer, and the Michigan Department of Education shall coordinate the establishment of a deficit elimination plan for the academy as required by law.

Educational Service Provider Policies

- To help ensure that public school academies receive quality service and value when contracting with third party providers, authorizers shall establish policies that, among other things, require public school academy boards to perform sufficient due diligence, be represented by independent legal counsel, negotiate an “arms-length agreement,” and make all contracts available for public inspection.
- Educational Service Provider (ESP) agreements shall provide that the financial, educational, and student records pertaining to the public school academy are academy property, and that such records are subject to the provisions of the Michigan Freedom of Information Act. Except as permitted by law, no ESP agreement shall restrict access to public records.
- If a public school academy board contracts with an ESP to manage their financial affairs and prepare their financial statements, the Academy Board and the ESP must ensure proper account and records separation, and comply with the Michigan School Accounting Manual and generally accepted accounting principles.

Facility/Health Safety

- To ensure that the facilities used by public school academies comply with all health and safety requirements, authorizers shall work closely with the Michigan Department of Consumer and Industry Services, the Office of Fire Safety and other agencies so that all necessary approvals are secured before a public school academy is allowed to operate.
- Authorizers shall conduct periodic reviews of each public school academy’s site and facilities to ensure proper care and maintenance is being performed.

- Authorizers shall monitor and assure that each public school academy properly adopts and maintains a school safety plan as required by law.

Contract Reauthorization

- Striving to make the reauthorization process for public school academies straightforward, authorizers shall establish and implement a consistent and comprehensive charter reauthorization process, guided by the following core questions
 - ✓ Is the public school academy's academic program successful according to the measures of success stated in the charter contract?
 - ✓ Is the public school academy organizationally, educationally, and financially viable?
 - ✓ Is the public school academy demonstrating good faith compliance in following the terms of its charter contract and applicable law?
- Should an authorizer choose not to reauthorize a public school academy's contract, it shall follow the charter contracts due process procedures and provide reasonable notification to the academy, the local and intermediate school district, and the Superintendent of Public Instruction so adequate transition and/or dissolution plans can be addressed.

Regulatory Compliance

- To provide clear direction and support for public school academies, authorizers shall develop a master calendar of reporting requirements that details academy reporting obligations and their respective due dates.
- Recognizing that students, parents, and other stakeholders are adversely impacted when a public school academy loses its authority to operate and receive state school aid funds, each authorizer shall establish a progressive discipline procedure that demands accountability and provides reasonable due process.

Public Disclosure and Conflicts of Interest

- To protect and maintain the integrity of public school choice, each authorizer shall implement a common contractual disclosure system that provides timely, comprehensive, accurate, and publicly accessible information regarding the compliance and performance of public school academies, that among other things, ensures compliance with:
 - ✓ The Freedom of Information Act;
 - ✓ The Open Meetings Act; and
 - ✓ Other state and federal regulations.
- When analyzing a potential conflict of interest, authorizers shall ensure compliance with:

- ✓ The Incompatible Public Office Statute; and
 - ✓ Contracts of Public Servants with Public Entities Statute.
- Authorizers, at their sole discretion, may reserve the right to disqualify potential board candidates, if any of the following conditions exist:
 - ✓ The prospective board candidate or a member of his/her family has a pre-existing relationship with an ESP, landlord, or other person doing business with the academy;
 - ✓ The prospective board candidate or a member of his/her family has stock ownership or other financial interest in an ESP, landlord, or other person doing business with the academy;
 - ✓ The prospective board candidate has a family member working at the school; or
 - ✓ Any other potential conflict that would reasonably jeopardize the integrity of the academy, its board of directors, or the authorizer.
 - Education service provider agreements shall provide that the financial, educational, and student records pertaining to the public school academy are academy property, and that such records are subject to the provisions of the Michigan Freedom of Information Act. Except as permitted by law, no ESP agreement shall restrict access to public records.

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V

Oversight Funding

- Authorizers shall recognize that use of up to three percent of state school aid funds permitted to be charged to academies is restricted for the purposes of supporting and overseeing public school academies as required by the Revised School Code.