Introduction
This report was prepared to meet the requirements of Board Policy 3.28 Charter School Sponsorship using information submitted by each institution within the Minnesota State Colleges and Universities system that is a sponsor of one or more charter school. The information it contains describes charter school activities and performance during 2002-2003, the most recent year for which complete charter school reports are available.

Background
Charter schools are public schools established under Minnesota Statute 124D.10 as either a cooperative or a non-profit corporation. The first charter school in Minnesota, and in the nation, was approved in 1991 and became operational in 1992. Each charter school must have an elected board of directors, which is responsible for the school’s education program, management, and administration, and a sponsor, which can be a school district, a public or private postsecondary institution, or a nonprofit organization. MS 124D.10 and rules and regulations promulgated by the Minnesota Department of Education outline operating and reporting requirements for charter schools, and the sponsorship contract sets forth responsibilities of and requirements for charter school boards and sponsors. Minnesota Statute also sets forth the means by which a sponsor may terminate or not renew its sponsorship contract.

General Trends and Issues
The 2002-2003 academic year was a quiet year in Minnesota for charter schools. While major challenges to the charter school movement are underway in several other states, no major issues or problems regarding charter schools were raised in Minnesota. This may indicate a growing maturity in a state in which charter schools have been in place for more than a decade. By 2004, 87 Minnesota charter schools had a total enrollment of 14,000 students.

Nationally, standards for charter school authorizers (or sponsors, as they are known in Minnesota) were adopted in spring 2004 by the National Association of Charter School Authorizers. Information about these “Principles and Standards for Quality Charter School Authorizing” has been provided to Minnesota State Colleges and Universities System sponsors.

More recently, charter schools have been in the news in Minnesota because of two reports released during the summer. The first was a report by State Representative Matt Entenza, which focused on problems of late audit reports by many Minnesota charter schools. Although none of the charter schools sponsored by our colleges and universities were late submitting audit reports last year, one sponsor reported that charter schools, as “small” clients, sometimes get “pushed to the bottom of the list” by auditors. As a result, a late audit report may only reflect on the auditor selected, not on a deficiency of the charter school.

The second report was prepared by the American Federation of Teachers (AFT) and was based on an in-depth analysis of results on NAEP (National Assessment of Educational Progress) tests.
AFT’s analysis revealed that charter school students, on average, tested approximately one-half year behind other public school students. They found that when matched for poverty level or location (urban, rural, etc.), charter students scored lower, and that while there were no significant differences between black students in charter and “regular” public schools, the black/white gaps were as large in charter schools as in other public schools. Supporters of charter schools have challenged the AFT results, citing the large numbers of underperforming students who have chosen to attend charter schools.

Future national analyses of the performance of charter school students (and further assessments of the AFT study) may be difficult since the U.S. Department of Education recently reported that in the future, they will collect and report on only a sample of charter schools, rather than continuing their current practice of collecting data from all charter schools across the country. They report that this will make the collection and reporting of charter schools more consistent with that of other public schools; critics question whether the change is a response to the AFT’s critical assessment of charter school student performance.

Charter Sponsors in the Minnesota State Colleges and Universities

Six colleges and universities within the Minnesota State Colleges and Universities System are currently sponsoring a total of seven charter schools, one of which is scheduled to open in Fall 2004. This represents a slight reduction in the number of sponsors (seven) and charter schools (eleven) reported in the 2003 Charter School Sponsorship Annual Report. Over the past year, Central Lakes College and Inver Hills Community College ended their roles as sponsors, and Rochester Community and Technical College ended sponsorship of one school. Reasons given for non-renewal or termination of sponsorship contracts were primarily financial. Meanwhile, St. Cloud State University is serving as sponsor for a new charter school expected to open in Fall 2004. Inquiries from several other colleges indicate potential interest in new sponsorships.

Institutional Report Summaries

**Sponsor:** Alexandria Technical College  
**School:** Lakes Area Charter School  
**Location:** Osakis, MN  
**Status of Sponsorship:** Continuing (current contract for 2002-2005)  
**Sponsor Comments:** “The highlight of last year was the graduation of 24 seniors on May 30, 2003. This number represents those similar to smaller school districts in our area. After four years, LACS is finally viewed by the surrounding communities as a “real” school. The school projects graduating 30 seniors in May of 2004! Students attending the charter school continue to show improved test scores and overall attendance.”  
**School Mission and Programs:** The Lakes Area Charter School was established to meet the needs of students not successful in traditional school settings through hands-on learning in one-on-one or small group teaching situations. Academic and transitional (to work or postsecondary education) needs are both given a high priority. The school’s program includes Customized Education, Project-based Learning, and Business and Technology.  
**Enrollment:** Lakes Area Charter School has seen a significant increase in enrollment, with end-of-year enrollments growing from 15 in 2001-2002 to 69 in 2002-2003. An enrollment of 76 students is anticipated for 2003-2004. Increases are attributed both to advertising and student word-of-mouth.  
**Staff:** 5 teachers and one administrator, all licensed
**Board of Directors:** The elected board consists of two teachers, one parent, one community member, and the school’s principal.

**Academic Progress:** LACS has reported that the pass rate on the state’s writing Basic Skills Test (BST) increased 4% (from 85% to 89%) from 2002 to 2003. Students also achieved a 10% increase in the pass rate on the state’s mathematics BST over the same period (from 40% to 50%). Also noted were participation by 93% of students’ parents in parent/teacher conferences and improved student attendance rates, ranging from 80% for 11th graders to 90% for 9th graders.

**Audit Summary:** The audit report, prepared by Gary W. Paulson, CPA, noted an inability to audit general fixed assets since the school does not maintain fixed assets records which provide complete accounting control over the quantities and cost of its general fixed assets. With the exception of the effects of any adjustments that might have been determined necessary had they audited the general fixed asset account group, the auditor issued his opinion that the general purpose financial statements present fairly, in all material respects, the financial position of the school and the results of its operations.

**Sponsor:** Central Lakes College  
**School:** Lake Superior High School  
**Location:** Duluth, MN  
**Status of Sponsorship:** Central Lakes ended its contract with Lake Superior High School on June 30, 2003. The Duluth School district subsequently agreed to assume sponsorship of the school.  
**Sponsor Comments:** Although Central Lakes is no longer a sponsor of Lake Superior High School, it has provided brief information “to show that we had properly monitored the charter schools for the FY 2003, especially relating to their financial standing.” Documentation, while incomplete, had improved considerably over the prior year. It showed that the school had improved its financial health, though financial and reporting challenges remain.

**Sponsor:** Central Lakes College  
**School:** Great River Education Center  
**Location:** Waite Park, MN  
**Status of Sponsorship:** Central Lakes ended its contract with Great River Education Center on June 30, 2003. The school had not secured a new sponsor at the time that Central Lakes ended its sponsorship.  
**Sponsor Comments:** Although Central Lakes is no longer a sponsor of Great River Education Center, it has provided brief information “to show that we had properly monitored the charter schools for the FY 2003, especially relating to their financial standing.” The Central Lakes report noted that the school had improved its financial health over the past two years, with revenue above budget, expenses under budget, and an increased fund balance all reported for 2002-2003.

**Sponsor:** Central Lakes College  
**School:** Pillager Area Charter School  
**Location:** Pillager, MN  
**Status of Sponsorship:** Central Lakes ended its contract with Pillager Area Charter School on June 30, 2003. The school’s new sponsor is Northwood’s Children’s Home.  
**Sponsor Comments:** Although Central Lakes is no longer a sponsor of Pillager Area Charter School, it has provided brief information “to show that we had properly monitored the charter schools for the FY 2003, especially relating to their financial standing.” The Central Lakes
report identified improvements in the school’s facilities, cash and fund balances, and
documentation and noted that the school’s financial health appears good, at least for the short
term.

**Sponsor:** Century College  
**School:** Twin Cities International Elementary School (TIES)  
**Location:** Minneapolis, MN (relocated in 2002 from St. Paul)  
**Status of Sponsorship:** Continuing  
**Sponsor Comments:** “The two schools have made significant gains in language development and reading for their primarily immigrant students. They have recently implemented a new mathematics curriculum that appears to be making excellent progress. Their success with educating immigrant communities has received local, state, national and international recognition.....In short, we are honored to sponsor these two exceptional schools.”  
**School Mission and Programs:** TIES was established to maximize opportunities for immigrant children through educational innovations and specialized programming to ensure their educational and emotional development. The program was designed to provide specialized language training, cultural adaptation, help alleviate personal traumas, and provide a supportive family learning community. TIES continues to use the Success for All Reading Program and restructured its math program.  
**Enrollment:** Enrollment at TIES increased from 170 students to 325 students, with the growth attributed in part to the school’s new Minneapolis location. Fourteen students left the school during the 2002-2003 academic, a low rate of mobility for an urban school.  
**Staff:** The Board of Directors adopted a new leadership structure consisting of two co-directors (one an academic specialist and one a cultural specialist) to serve as the school’s top administrators. Significant attention was focused on providing professional development for faculty in the school, including an extensive, year-long ESL training program leading to the implementation of a new ESL inclusion model in the school.  
**Board of Directors:** The board is made up of nine elected members, including three teachers, three parents, one community member, and two school staff. In addition, there is one ex officio member.  
**Academic Progress:** Student performance in mathematics improved dramatically, with the student pass rate on the Minnesota Comprehensive Assessment increasing from 10% in 2002 to 50% in 2003. Reading performance also showed improvements over the previous year, though language challenges continue to be significant. At the end of the school year, only 30% of the school’s students were reading at grade level. Attendance for the year averaged 93.94%.  
**Audit Summary:** The auditor, Larson Allen, issued a “clean” audit report, noting one material weakness (involving a lack of segregation of duties, a common finding for a small organization).

**Sponsor:** Century College  
**School:** Minnesota International Middle School (MIMS)  
**Location:** Minneapolis, MN (relocated from St. Paul)  
**Status of Sponsorship:** Continuing  
**Sponsor Comments:** See above  
**School Mission and Programs:** The mission of MIMS is “to focus on the unique needs of newly arrived immigrants.” Like TIES, it uses a wide variety of approaches to meet these needs, including involving students actively in their communities, focusing on internal relations, emphasizing fostering peace among people and nations, using out-of-school learning projects, and connecting students in the school with students throughout the world.
Enrollment: Enrollment at MIMS increased from 62 students the previous year to 132 students in 2002-2003.

Staff: See above.

Board of Directors: The board consists of nine members and one ex-officio member. Among its full members are five community members, two parents, and two teachers.

Academic Progress: At the end of the year, 19% of the school’s students were reading at grade level, an increase from the previous year. Math scores on the Minnesota Comprehensive Assessment improved as well.

Audit Summary: The auditor, Larson Allen, issued a “clean” audit report, noting one material weakness (involving a lack of segregation of duties, a common finding for a small organization).

Sponsor: Inver Hills Community College
School: Jennings Experiential High School (formerly MN Technology High School)
Location: St. Paul, MN

Sponsor: Metropolitan State University
School: Four Directions Charter School
Location: Minneapolis, MN
Status of Sponsorship: Continuing
Sponsor Comments: “Four Directions continues to grow in size and accomplishments. One...noteworthy achievement was the award of a Federal Education Dissemination Grant for Best Practices for their Media Arts Program which was given to only two charter schools in the state.”

School Mission and Programs: The Four Directions Charter School was established in 1999 to address the educational programming needs of American Indian students. Utilizing a cultural-based educational curriculum which includes American Indian history, language, culture, basic skills, computer skills and experiential learning through media arts, Four Directions’ goals are to improve the attendance, test scores, special education assessment, and graduation rates of its students.

Enrollment: Enrollment has grown from 60 students in 1999 to 76 students at the end of the 2002-2003 academic year. Last year, 100% of the schools’ 17 seniors graduated.

Staff: Six licensed teachers and a school social worker.

Board of Directors: Seven members, including two licensed teachers in the school, a nonacademic instructor at the school, the school social worker, a parent, and two community members.

Academic Progress: During the 2002-2003 school year, student test scores on pre- and post-tests in reading and math increased on average by 1.5 grade levels. On the Minnesota Basic Skills Tests, 100% of seniors passed both the math and reading tests; among juniors, 13% passed the math BST and 17% passed the reading BST; among sophomores, 10% passed the math BST and 40% passed the reading BST; and among freshmen, 8% passed the math BST and 64% passed the reading BST.

Audit Summary: The audit, prepared by Chuck Rinkey, Ltd., CPA, identified no reportable conditions and expressed the opinion that the general purpose financial statements present fairly, in all material respects, the financial position of the school and its operations.

Sponsor: Rochester Community and Technical College
School: Rochester Off Campus (ROC) Charter School
Location: Rochester, MN  
Status of Sponsorship: Renewed  

Sponsor Comments: “Rochester Off Campus enjoyed an exciting 2003. The school was active in planning its new site (they moved in during the middle of December). The superintendent, Jay Martini, received the Rochester Mayor’s Award for Education. The enrollment and prestige of the school continued to grow. Rochester Community and Technical College is pleased to sponsors Rochester Off Campus. I believe the college will continue to enjoy this relationship for some time.”  

School Mission and Programs: Rochester Off Campus was established “to assist young people in developing the life, work, and academic skills necessary for transition to adulthood and the workplace.” It seeks to provide a safe and healthy learning community that nurtures educational rigor and engages students, parents, and the community in a partnership to that end. Intended to serve as a transition to larger, more traditional schools, ROC has instead found that students wish to stay and that the school can better help students meet their goals with a more stable, less transient student population.  

Enrollment: The school currently serves 105 students in grades 9 through 12. Forty percent of the school’s population receives special education services.  
Staff: Eight licensed teachers and two administrators.  

Board of Directors: The school has an 11-member board, made up of four teachers, one staff member, one parent, one student, one postsecondary representative, and three community members. There is also one ex officio member, representing RCTC.  

Academic Progress: ROC focuses on three primary academic benchmarks – the Adult Basic Learning Examination, the Minnesota Basic Skills Tests, and attendance. During the 2002-2003 school year, Adult Basic Learning Examination results showed improved grade equivalency scores in both number operations (from 3.2 in Fall 2002 to 5.0 in Spring 2003) and reading comprehension (from 3.8 in Fall 2002 to 5.6 in Spring 2003). On the Minnesota Basic Skills Tests (BSTs), improvement was seen in math (with a pass rate in 2002 of 26% increasing to 48% in 2003) and reading (with a pass rate in 2002 of 40% increasing to 49% in 2003, while writing scores declined (from a pass rate of 83% in 2002 to 69% in 2003). In the area of attendance, ROC compared the attendance rate of students in the year prior to attending ROC against the student’s first year at ROC. The average number of dates missed per student in the year prior to enrollment at ROC was 21 days, while the per student average at ROC was 8 days.  

Audit Summary: The audit report prepared by Larson Allen noted one reportable condition: limited segregation of duties. The audit report notes that this is a common problem for small organizations, but that the auditor had a professional responsibility to call it to the attention of the school.

Sponsor: Rochester Community and Technical College  
School: Riverway Learning Community  
Location: Minnesota City, MN  
Status of Sponsorship: Not renewed  

Sponsor Comments: Rochester Community and Technical College noted the school’s “total belief and total commitment to changing the lives of students, their families, and citizens of Minnesota” through its education philosophy and related programs, and also noted that the school had met all but two of its accountability goals for 2001-2002. However, serious concerns about the school’s financial status and declining resources to meet the responsibilities of sponsorship led RCTC to a decision not to renew sponsorship beyond June 30, 2003. The school has found a new sponsor.
**Sponsor:** St. Cloud State University  
**School:** Fraser Academy  
**Location:** Not yet secured (sites are being considered in Minneapolis)  
**Status of Sponsorship:** Continuing; school will open in Fall 2004  
**Sponsor Comments:** Planning for Fraser Academy has been underway for the past year. A strong board of community members, Fraser school staff, and a representative from the sponsoring agency has been meeting regularly. Interviews for a director are in process, with a talented pool of applicants. Committees are actively working in the areas of personnel, curriculum, accountability, financial, facilities, recruitment, parent involvement, and special education. Faculty members from the St. Cloud State University College of Education are a part of the curricula, accountability, and special education planning committees.  
**School Mission and Programs:** Fraser Academy is an inclusive public elementary school that will provide an individualized learning program to meet the unique academic, social, emotional, and physical needs of each student. While maintaining a high standard of academics, Fraser Academy cultivates a sense of respect, responsibility, and community. The program promotes learning through individualized curricula and small, multi-age communities that support students, families, and teachers. Features of Fraser Academy include an inclusive, developmentally appropriate environment in which the individual needs of all children are met in partnership with teacher and family support; increased learning opportunities for children through relatively low pupil-to-teacher ratios, small class size, and a flexible curriculum geared to meet each student’s needs through Individual Learning Plans; and a partnership with St. Cloud State University to help develop and maintain the school’s teaching methodologies, unique resources, knowledge base, and support network.  
**Enrollment:** NA (116 K-2 students are anticipated for the start-up year)  
**Staff:** NA  
**Board of Directors:** Start-up board consists of 11 members, including leaders in education and the community.  
**Academic Progress:** NA  
**Audit Summary:** NA

**Sponsor:** St. Paul College  
**School:** Minnesota Academy of Technology  
**Location:** St. Paul, MN  
**Status of Sponsorship:** Continuing  
**Sponsor Comments:** The planning for a wireless laptop based technology charter high school came to fruition in the spring of 2003 when the decision to open in August of that year was made by the school’s board of directors. Three years of planning had gone into this decision and had it not been so difficult to secure a suitable location the opening could have been made much earlier.  
**School Mission and Programs:** The Minnesota Academy of Technology has as its mission to seamlessly integrate technology into the full high school curriculum. A substantial capital investment was made in late summer 2003 to purchase, install, and configure the complex network infrastructure needed to support a wireless educational environment where instruction is delivered in an interactive environment. Approximately $300,000 was initially invested to support these requirements in order to enable each teacher and student to be assigned a wireless laptop loaded with an appropriate operating system and software. The entire curriculum is designed to fully integrate the use of wireless laptops in the instructional delivery process and
use project-based learning and internships as means to better prepare students for either postsecondary education or employment.

**Enrollment**: There was no enrollment during the period covered by this report since the school was not yet open. The initial goal for Fall 2003 was 100 students.

**Staff**: Seven licensed teachers and a licensed superintendent

**Board of Directors**: The school has a nine-member board made up of parents, teachers, technology industry representatives, and ex-officio members.

**Academic Progress**: NA

**Audit Summary**: NA