



INDIANA STATE BOARD OF EDUCATION

To: Indiana State Board of Education Members
Date: May 10, 2017
RE: Ball State—Charter School Authorizer Hearing

Summary: The State Board of Education (“Board”) has been tasked with the responsibility to monitor authorizers to ensure that they renew charters of schools that meet the statutory minimum standards for charter schools. If authorizers renew charter schools that do not meet the statutory minimum standards, the Board may request that the authorizers attend a hearing before the Board to explain why the authorizer has not closed the school. After conducting a hearing on the matter, the Board may take action against the authorizer pursuant to IC 20-24-2.2-3(b).

I. Board Options.

After Ball State has had an opportunity to make its presentation and addressed questions from the Board, a determination will need to be made as to whether action should be taken.

- **Option 1: Close Hoosier Academy**

If the Board determines that Hoosier Academy should be closed at the end of the school year, then a member must move to make a motion for the closure of Hoosier Academy Virtual Charter School at the end of the 2016-2017 school year.

- **Option 2: Reduce Ball State’s Administrative Fee and Limit Enrollment**

If the Board determines that Hoosier Academy should remain open, then the Board could vote to reduce the administrative fee that Ball State receives as the authorizer, ensuring that more funds (approximately \$450,000 per year) are directed to educating the students attending Hoosier Academy. Further, rather than close the school, the Board could prohibit Hoosier Academy from accepting new students for the remainder of the school’s existing charter.

If the Board determines to implement Option 2, a member must move to make a motion to reduce the administrative fees received by Ball State to 0%, and Hoosier Academy is prohibited from accepting new students during the remainder of its charter.

- **Option 3: Transfer Hoosier Academy to a different Authorizer**

The Board could create and post a Request for Information (“RFI”), seeking an authorizer that would accept the Hoosier Academy charter. If the Board pursues this option, a member must move to make a motion for the creation and posting of an RFI, as well as designate a date for the Board to review responses to the RFI and determine what would be the appropriate action at that time.

II. Overview of the Applicable Laws.

Authorizers grant charters to organizers to operate charter schools. The following entities may serve as authorizers in Indiana: (1) a governing body, (2) a state educational institution that offers a four-year baccalaureate degree, (3) the Indianapolis Mayor, (4) the Indiana Charter School Board, and (5) a nonprofit college or university that provides a four-year baccalaureate degree. Authorizers enter into charters with organizers, which are nonprofit corporations that operate charter schools through independent boards. IC 20-24-1-7.

Once an authorizer and an organizer decide to enter into a charter, the parties must draft the charter to comport with the applicable Indiana laws. For example, IC 20-24-2.2-2 sets the minimum school performance standards that must be included in a charter agreement for renewal and to avoid revocation of the school's charter. Specifically, charter agreements must contain a requirement that the charter school will not remain in the lowest category or designation of school improvement for four (4) consecutive years. Additionally, charters must incorporate the requirements set forth in IC 20-24-4-1.5. This section includes requirements governing the length of time a charter may run (3 to 7 years), performance expectations, charter renewal procedures, etc. Charter schools then report this data, along with other information required under IC 20-24-9-5 (attendance records, student performance data, financial information, etc.), to authorizers. Authorizers evaluate this data to ensure the charter schools are in compliance with the charter and all other applicable Indiana laws. IC 20-24-9-3. Further, authorizers use this data as part of the charter renewal process. IC 20-24-4-3.

III. The Board's Role in Monitoring Authorizers—Authorizer Renewal of a Charter School that Fails to Satisfy the Minimum School Performance Standards.

If an authorizer renews a charter of, or fails to close a charter school that remains in the lowest category or designation of school improvement for four (4) consecutive years, the Board may require the authorizer to appear at a hearing before the Board. IC 20-24-2.2-3. Unless the Board finds sufficient evidence of the charter school's performance to delay taking any action, the Board may implement one or more of the following three (3) options:

- Transfer the charter school to a different authorizer.
- Order the charter school to close at the end of the school year.
- Order the reduction of administrative fees collected by the authorizer.

In determining whether to impose consequences under IC 20-24-2.2-3(b) the Board must consider the following:

- The enrollment of students with special challenges, such as alcohol addiction; prior withdrawal from school; prior incarceration; or other special circumstances.
- High mobility of the student population resulting from the specific purpose of the charter school.
- Annual improvement in the performance of the students enrolled in the charter school compared to the performance in the preceding year.¹

¹ IC 20-24-2.2-3(c).

IV. Hoosier Academy Virtual Charter School.

Ball State University (“Ball State”) is the authorizer for Hoosier Academy Virtual Charter School (#5290) (“Hoosier Academy”), serving grades K-12, which has received six (6) consecutive “F” grades. The law allowed Hoosier Academy’s authorizer, Ball State, to charge 3% of Hoosier Academy’s annual state tuition support—equal to \$457,680.52—in administrative fees during the 2015-2016 school year.

Pursuant to IC 20-24-2.2-3, the Board conducted hearings on March 12, 2015 and September 7, 2016, during which Ball State provided a presentation containing information regarding Hoosier Academy’s performance and steps that Ball State was taking to address the school’s performance. Ball State requested that the Board permit Ball State to continue reviewing and monitoring Hoosier Academy in order to provide the Hoosier Academy time to implement the programs highlighted in Ball State’s presentation. The Board agreed to Ball State’s proposal, and subsequently requested that a representative of Ball State attend the January 2017 Board meeting to discuss the status of Hoosier Academy.

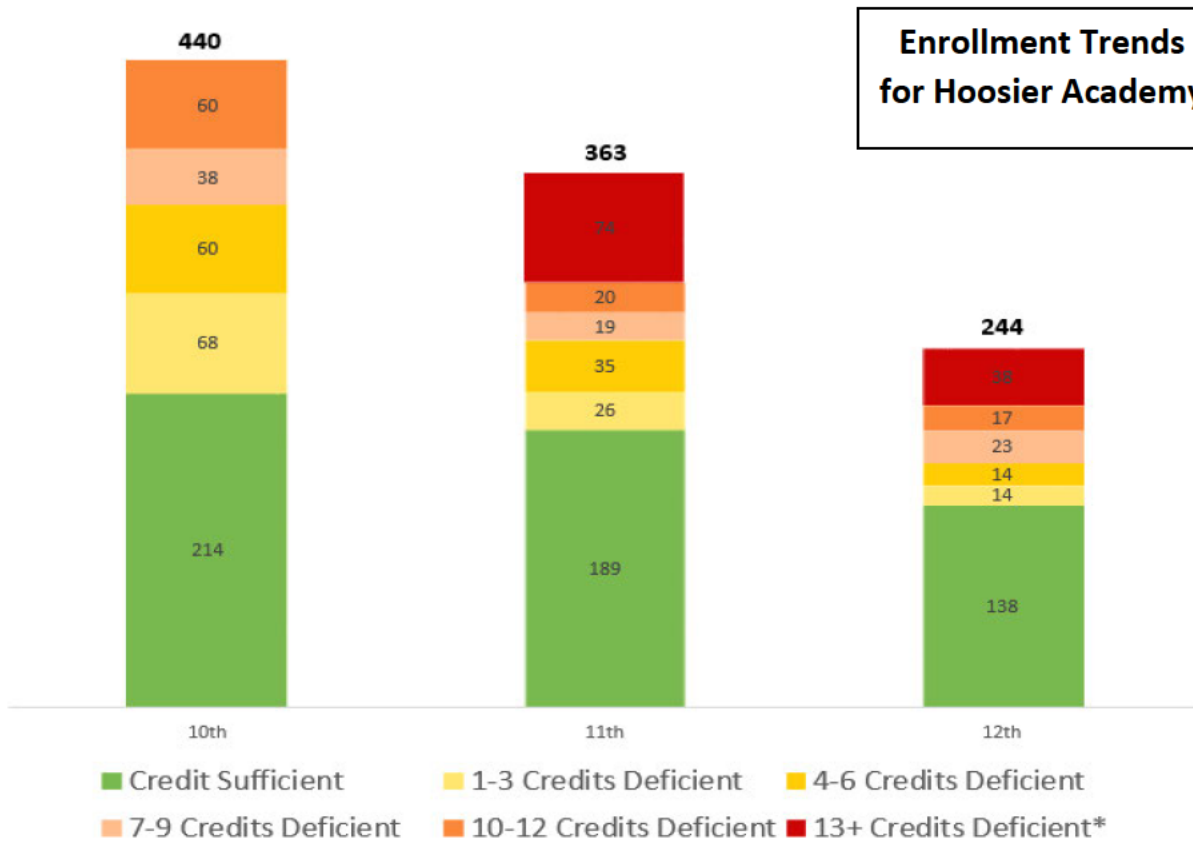
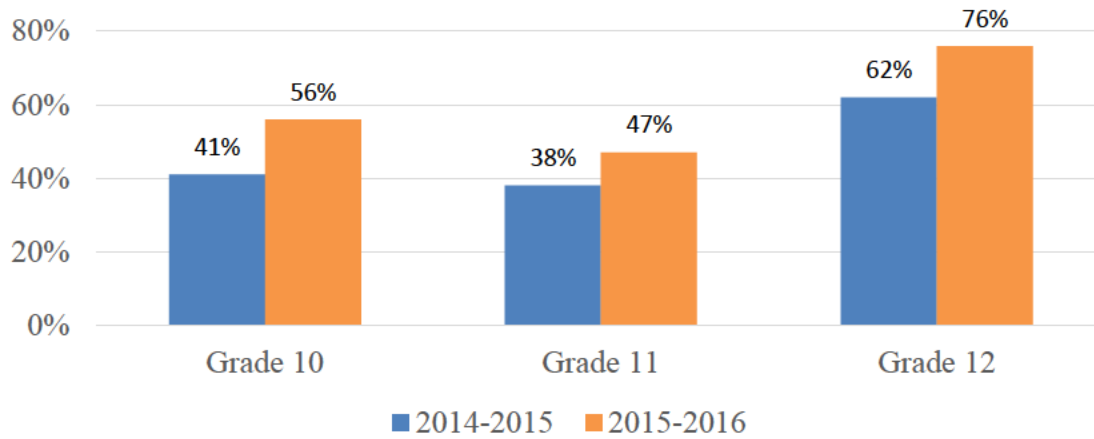
During Ball State’s 2016 and 2017 presentations to the Board, Dr. Robert Mara, Executive Director of the Office of Charter Schools, provided a list of external plans, “guiding principles,” and evaluations that Ball State and Hoosier Academy have worked together to create and implement since April of 2015. Dr. Mara also addressed Hoosier Academy’s student credit deficiencies. He explained that Hoosier Academy enrolls students at all grade levels that are often skill and/or credit deficient and have come to Hoosier Academy performing significantly below State grade level expectations. Dr. Mara then discussed the credit recovery plan used for these students; however, credit recovery is not always the best option. For example, Hoosier Academy will sometimes assign a credit deficient student a few classes with a block schedule so that student can focus on specific areas. Dr. Mara’s presentations also included a number of metrics regarding Hoosier Academy’s performance, some of which are discussed in subsequent sections of this memo.

A. Factors for Board Consideration—Student Population.

The first factor that must be considered by the Board, per IC 20-24-2.2-3(c)(1), is whether Hoosier Academy serves students with special challenges such as drug or alcohol addiction, prior withdrawal from school, prior incarceration, or other special circumstances.

According to Ball State, Hoosier Academy aims to be a short-term solution for many students who face unique and challenging circumstances, like bullying, health concerns, students that have fallen behind, or a student pursuing an unusual endeavor requiring more flexibility. Ball State noted that a large number of the new students who enroll in Hoosier Academy are already credit deficient. For example, in the Fall 2016, 48% (506 out of 1047) of enrolled students in grades 10-12 were credit deficient. Further, the majority of seniors enrolling are behind expected graduation timelines.

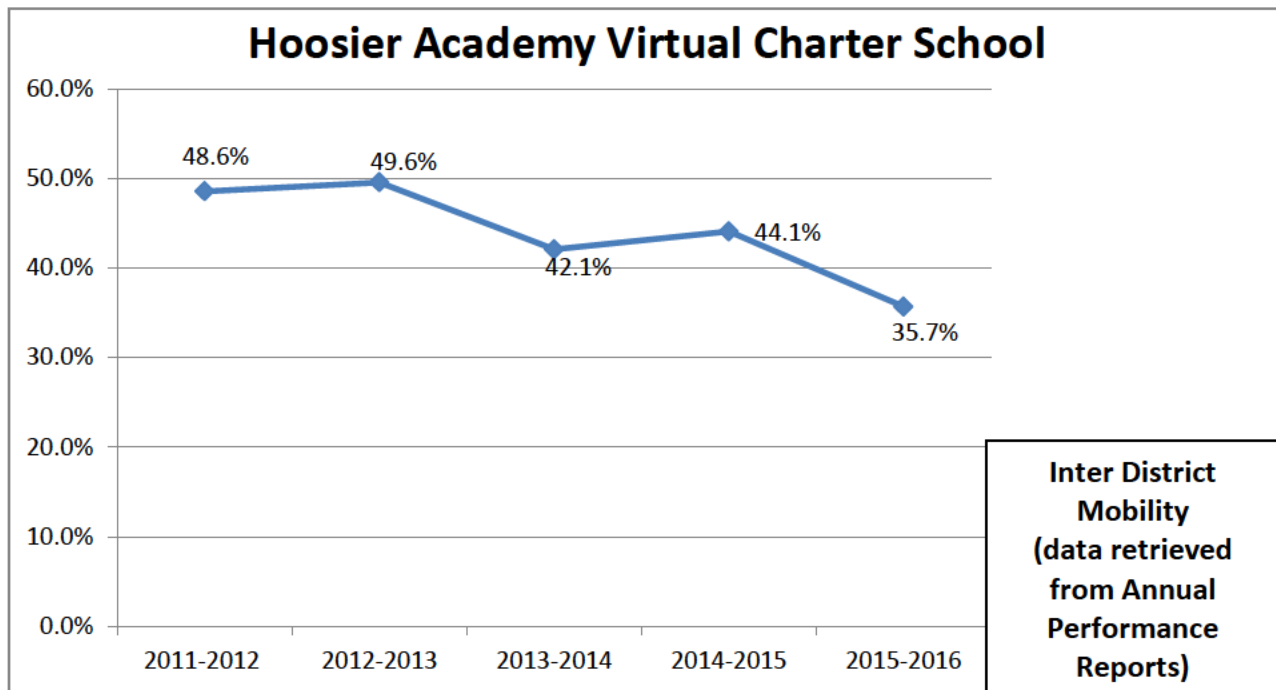
Percent of Newly-Enrolled Students that are Credit Deficient



*Includes students that do not yet have records from prior schools

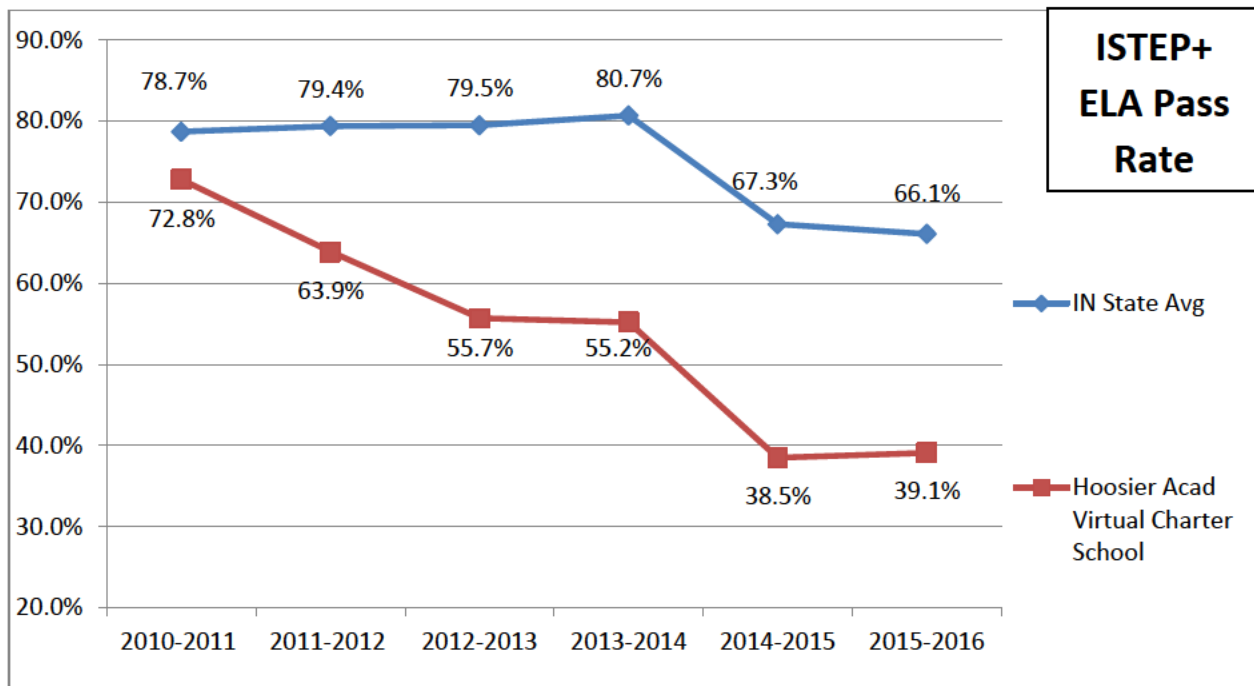
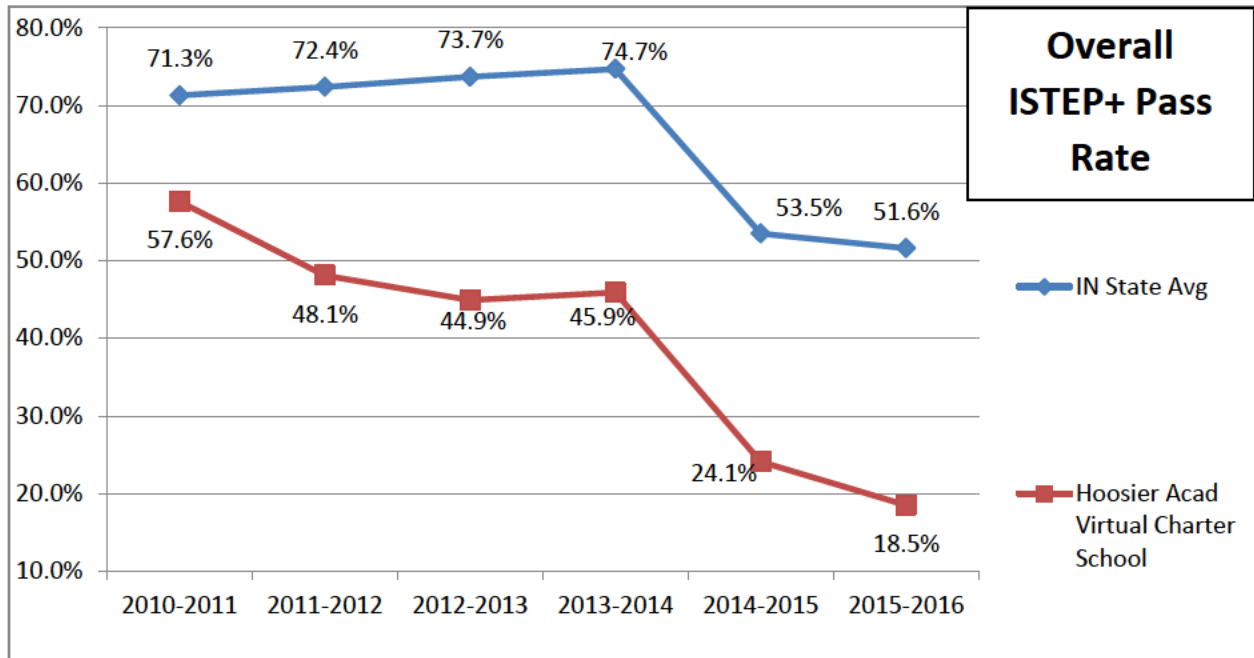
B. Factors for Board Consideration—Mobility Rates.

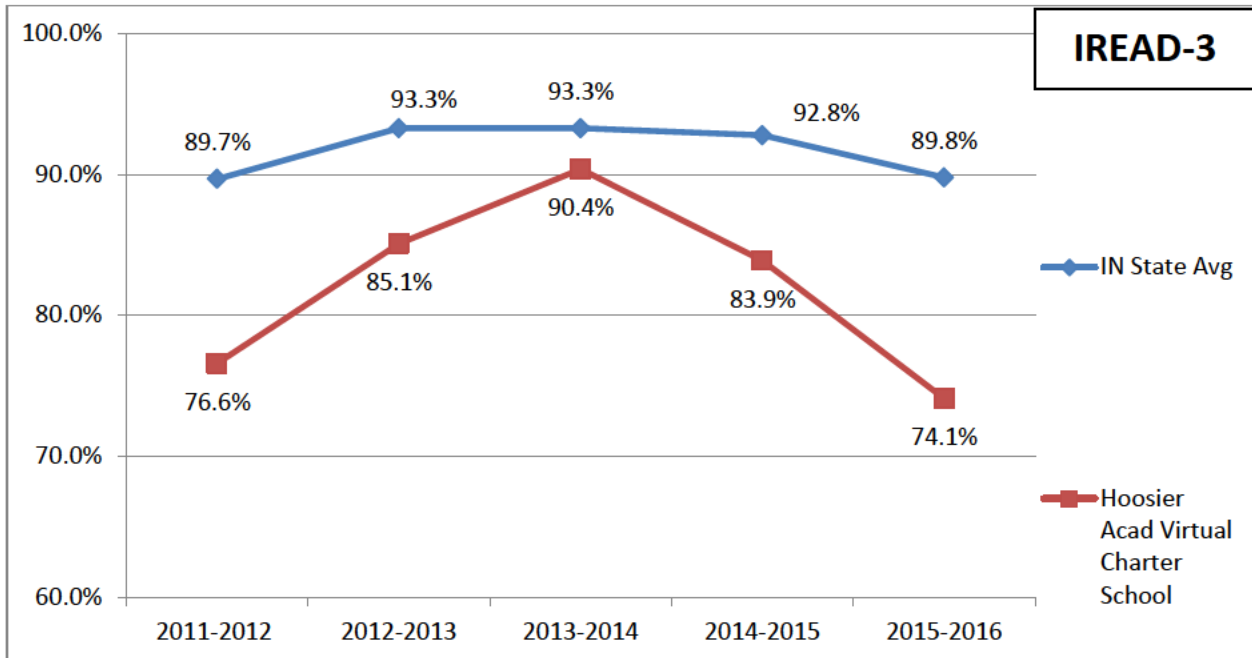
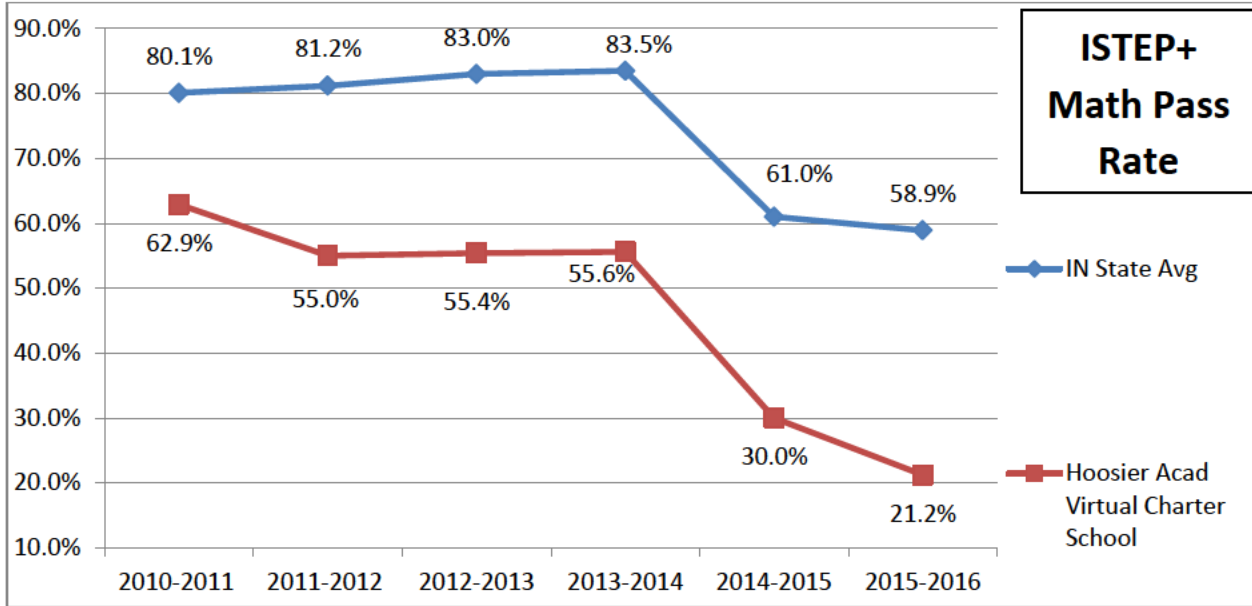
The second factor that must be considered by the Board, per IC 20-24-2.2-3(c)(2), is whether Hoosier Academy serves a student population with a high mobility of the student population *resulting from the specific purpose of the charter school*. Hoosier Academy does not purport the specific purpose of serving a highly mobile population, though the school has maintained a high mobility rate over the last 5 years.

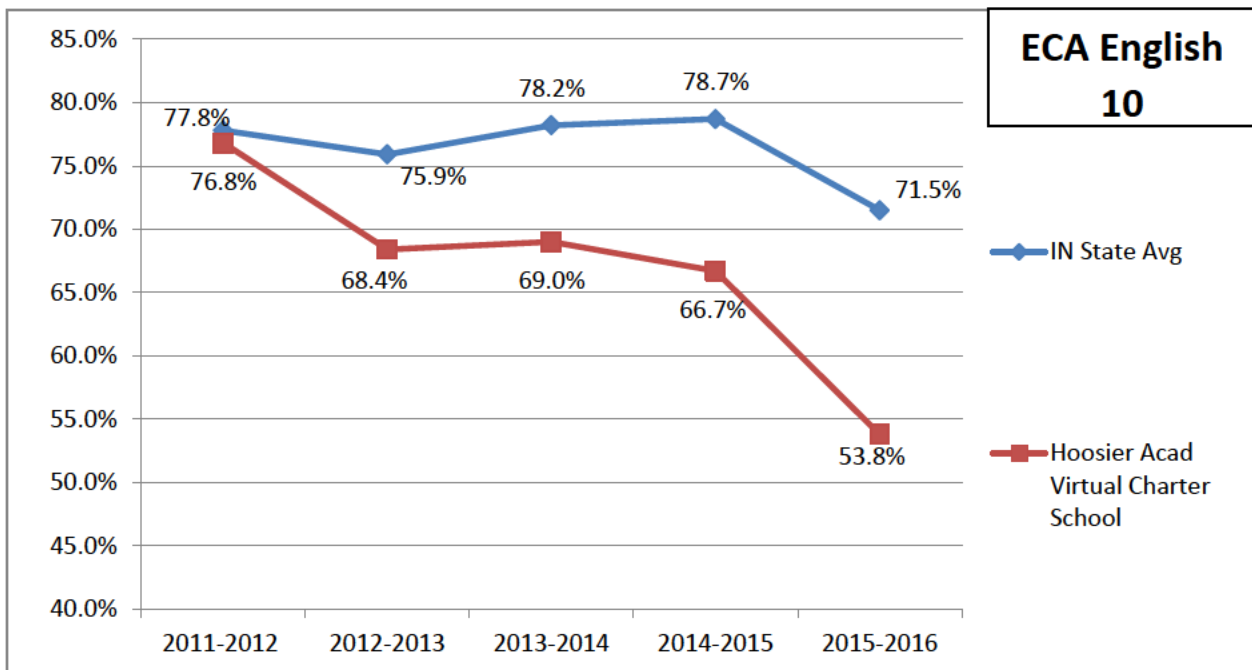
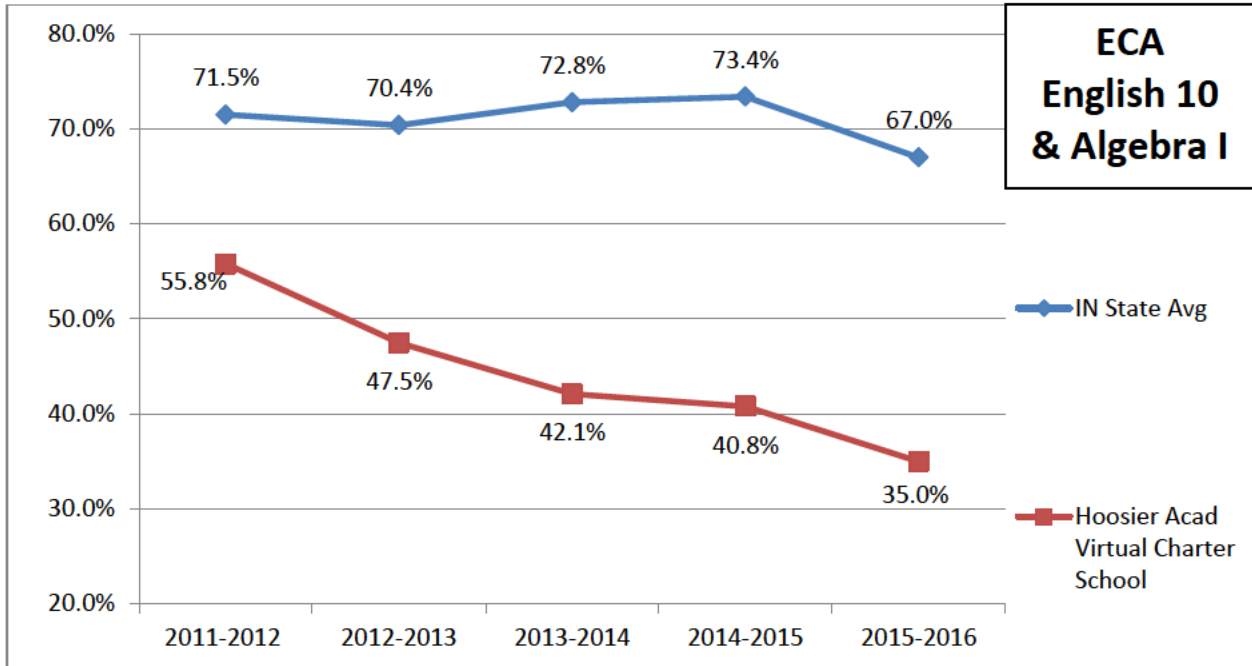


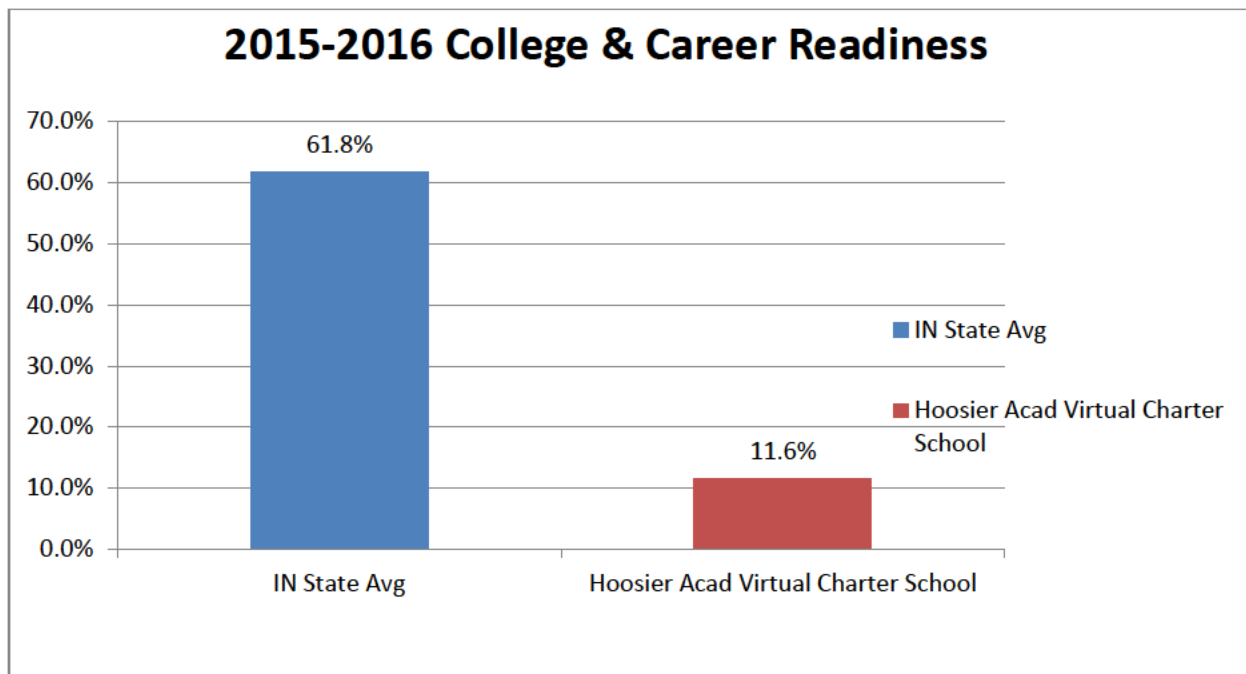
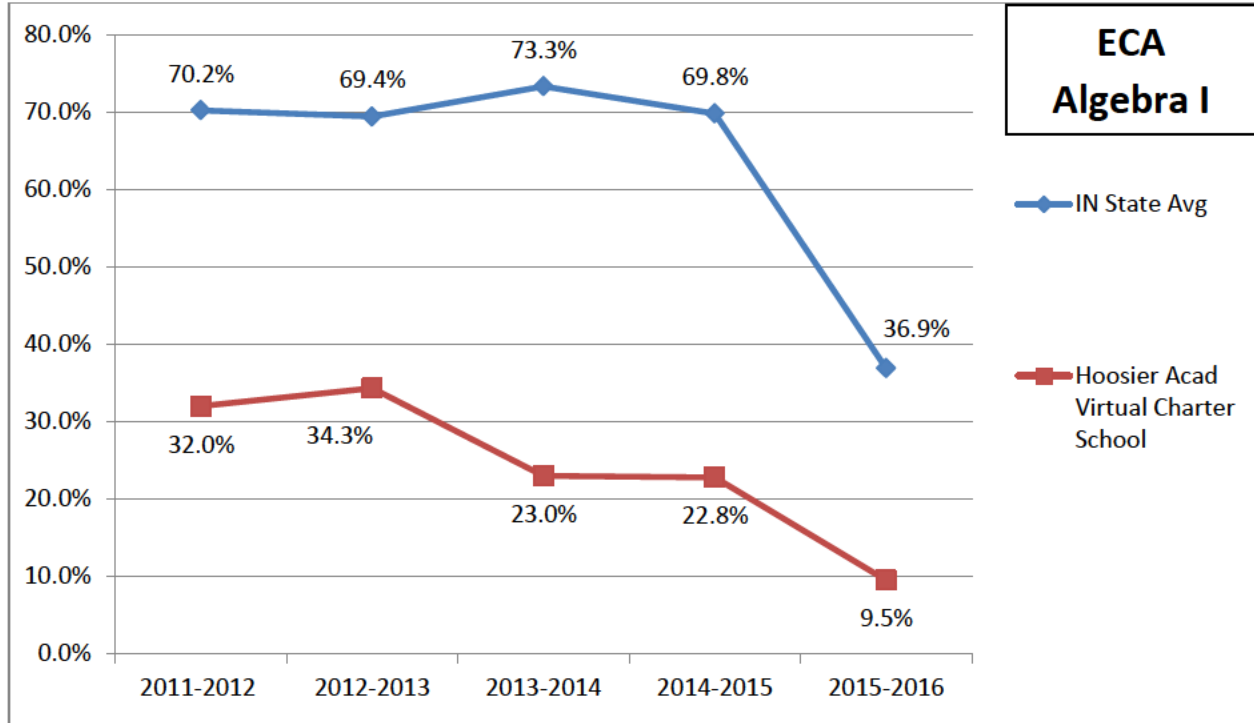
C. Factors for Board Consideration—Student Performance.

The third factor that must be considered by the Board, per IC 20-24-2.2-3(c)(3), is whether Hoosier Academy’s student population has demonstrated Annual improvement in the performance of students enrolled in the charter school, as measured by IC 20-31-8-1, compared with the performance of students enrolled in the school in the immediately preceding school year. The following charts provide a summary of several key academic indicators.





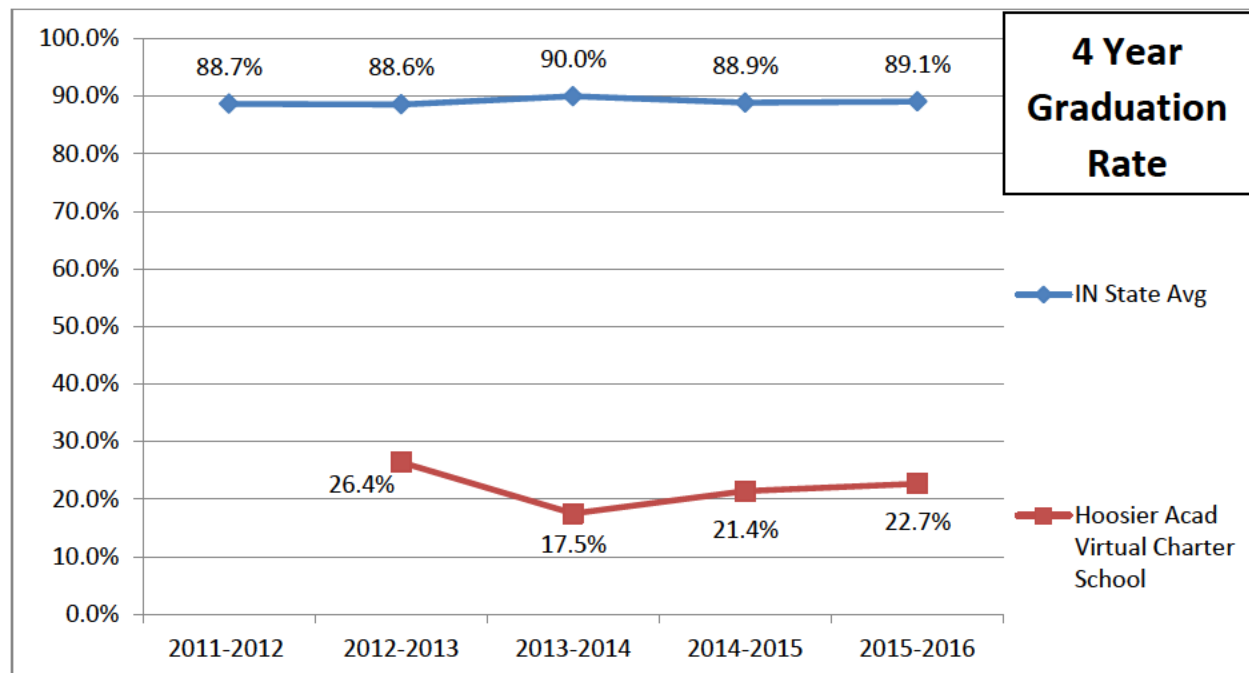




D. Other Factors for Board Consideration.

In addition to the factors that the Board must consider for purposes of Ball State's hearing, there are other indicators that the Board may want to consider as well.

Graduation: Graduation rates at the State level have been essentially flat over the past five (5) years. During the 2015-2016 school year, Hoosier Academy's graduation rate was approximately 66% lower than the State average.



Turnover: According to the 2015 presentation, 66% of Hoosier Academy's students were enrolled for less than a year during the 2013-2014 school year. Of the students enrolled less than a year, 21% of the students were enrolled two months or less and 56% were enrolled for five months or less.

Ball State subsequently provided an update at the September 2016 meeting, explaining that as of the 2015-2016 school year, 61% of the students were enrolled for less than a year. Also, for the 2015-2016 school year, of the students enrolled less than a year, 27% were enrolled for two months or less and 53% were enrolled for five months or less.

Further, during the 2013-14 school year, 29% of Hoosier Academy's students had been enrolled for a year, with 5% of the students being enrolled for two or more years. During the 2015-2016 school year, 19% of Hoosier Academy's students had been enrolled for a year, with 20% of the students being enrolled for two or more years. Additionally, nearly 70% of students who finished with Hoosier Academy in May 2016 have chosen to re-enroll at the school for the 2016-2017 school year.

Hoosier Acad Virtual Charter

2016 Annual Performance Report

Hoosier Acad Virtual Charter, Indianapolis 9865

| Indicator | Corporation Results | | | | State |
|---|---------------------|----------|---------|---------|-----------|
| | '13-'14 | '14-'15 | '15-'16 | '16-'17 | Total |
| Student Enrollment | 4,151 | 3,342 | 3,861 | 3,342 | 1,133,380 |
| College and Career Readiness Rate | 5.13 | 11.63 | 0 | | N/A |
| Number of Certified Teachers | 77 | 96 | 108 | | 59,669 |
| Number of National Board Certified Teachers | 0 | 0 | 0 | | 187 |
| Total Expenditure Per Pupil Three Year Average | \$1,975 | \$4,877 | \$5,884 | | \$11,195 |
| Percent Academic Achievement Expenditures | 68.6 | 80.6 | 68.7 | | 48.9 |
| Percent Instructional Support Expenditures | 5 | 6.6 | 6.8 | | 8.4 |
| Percent Overhead and Operations Expenditures | 18.6 | 5.1 | 17.5 | | 22.9 |
| Percent Non-Operating Expenditures | 7.8 | 7.8 | 7 | | 19.8 |
| Teacher Salary Range - Minimum | \$38,000 | 0 | 0 | | \$24,000 |
| Teacher Salary Range - Maximum | \$40,000 | 0 | 0 | | \$90,000 |
| Number of Students in Special Education | 670 | 446 | 519 | | 162,714 |
| Percent of Students in Special Education | 16.1 | 13.4 | 13.4 | | 15.0 |
| Number of Students in Gifted and Talented Education | 53 | 43 | 46 | | 149,810 |
| Percent of Students in Gifted and Talented Education | 1.3 | 1.3 | 1.2 | | 14.3 |
| Number of Students Receiving Free or Reduced Lunches | 1428 | 569 | 950 | | 526,191 |
| Percent of Students Receiving Free or Reduced Price Lunches | 34.4 | 17.0 | 24.6 | | 48.2 |
| Number of Limited English Proficiency Students | 39 | 27 | 27 | | 53,614 |
| Percent of Limited English Proficiency Students | 0.9 | 0.8 | 0.7 | | 4.8 |
| Total ISTEP+ Remediation Funding | \$26,368 | \$25,238 | N/A | | N/A |
| Intra District Mobilty | 0 | 0 | 0 | | 0 |
| Inter District Mobility | 42.1 | 44.1 | 35.7 | | 0 |
| Graduation Rate | 17.5 | 21.4 | 22.7 | | 88.8 |

Corporation Goals for Expenditure Categories in Indiana Code 20-42.5-3-5

*** Suppressed

Hoosier Acad Virtual Charter

2016 Annual Performance Report

Hoosier Acad Virtual Charter Sch, Indianapolis 5290

| Indicator | School Results | | | | State |
|--|----------------|---------|---------|---------|-----------|
| | '13-'14 | '14-'15 | '15-'16 | '16-'17 | Total |
| A-F Accountability Grade | F | F | F | | |
| Student Enrollment | 4,151 | 3,342 | 3,861 | 3,342 | 1,133,380 |
| Non-Waiver Grad Rate | 13.45 | 17.46 | 16.36 | | 81.89 |
| College and Career Readiness Rate | 5.13 | 11.63 | N/A | | N/A |
| Number of Certified Teachers | 77 | 96 | 108 | | 59,669 |
| Percentage of Students Passing IREAD | 70.1 | 74.6 | 72.5 | | 89.3 |
| * Grade 3 Percent Passing ISTEP+ Math Standard | 52.6 | 27.5 | 27.1 | | 60.0 |
| * Grade 3 Percent Passing ISTEP+ Language Arts Standard | 51.9 | 40.9 | 38.7 | | 68.9 |
| * Grade 4 Percent Passing ISTEP+ Math Standard | 56.6 | 39.0 | 27.5 | | 62.3 |
| * Grade 4 Percent Passing ISTEP+ Language Arts Standard | 65.7 | 47.4 | 44.8 | | 68.1 |
| * Grade 4 Percent Passing ISTEP+ Science Standard | 58.4 | 51.4 | 38.5 | | 64.7 |
| * Grade 5 Percent Passing ISTEP+ Math Standard | 57.9 | 31.0 | 18.4 | | 65.5 |
| * Grade 5 Percent Passing ISTEP+ Language Arts Standard | 57.6 | 35.1 | 29.8 | | 63.3 |
| * Grade 5 Percent Passing ISTEP+ Social Science Standard | 48.0 | *** | 31.7 | | 63.7 |
| * Grade 6 Percent Passing ISTEP+ Math Standard | 56.1 | 37.9 | 24.0 | | 59.7 |
| * Grade 6 Percent Passing ISTEP+ Language Arts Standard | 54.9 | 40.6 | 39.3 | | 66.3 |
| * Grade 6 Percent Passing ISTEP+ Science Standard | 39.6 | 39.8 | 32.1 | | 65.0 |
| * Grade 7 Percent Passing ISTEP+ Math Standard | 58.3 | 26.9 | 16.4 | | 52.2 |
| * Grade 7 Percent Passing ISTEP+ Language Arts Standard | 54.1 | 38.8 | 42.7 | | 67.5 |
| * Grade 7 Percent Passing ISTEP+ Social Science Standard | 44.4 | *** | 36.8 | | 67.2 |
| * Grade 8 Percent Passing ISTEP+ Math Standard | 52.7 | 24.5 | 18.6 | | 53.3 |
| * Grade 8 Percent Passing ISTEP+ Language Arts Standard | 52.5 | 34.0 | 37.9 | | 61.8 |
| * Grade 10 Percent Passing ISTEP+ Math Standard | N/A | N/A | 7.7 | | 34.6 |

* In 2014-15 Indiana transitioned to new, more rigorous college-and-career ready standards and a new statewide assessment to measure these standards. Therefore, results are not comparable to previous data.

*** Suppressed

Hoosier Acad Virtual Charter

2016 Annual Performance Report

Hoosier Acad Virtual Charter Sch, Indianapolis 5290

| Indicator | School Results | | | | State |
|---|----------------|---------|---------|---------|--------|
| | '13-'14 | '14-'15 | '15-'16 | '16-'17 | Total |
| * Grade 10 Percent Passing ISTEP+ Language Arts Standard | N/A | N/A | 31.2 | | 58.9 |
| * Grade 10 Percent Passing ISTEP+ Science Standard | N/A | N/A | 35.5 | | 58.8 |
| Percent of 8th Graders in Algebra I | 0 | 5.2 | *** | | 39.1 |
| Percent Passing ECA Math Standard | 23.0 | 23.0 | 9.5 | | 35.7 |
| Percent Passing ECA English Language Arts Standard | 69.0 | 66.7 | 53.8 | | 70.6 |
| Percent Passing Both ECA Standards | 42.1 | 33.1 | 35.0 | | 66.1 |
| Percent of Graduates Who Have Passed Both ECA Standards | 13.45 | 17.46 | 72.1 | | 92.5 |
| Percent of Graduates Granted Waivers for the ECA | 23.1 | 18.6 | 27.9 | | 7.5 |
| Number of International Baccalaureate Diplomas | 0 | 0 | 0 | | 230 |
| SAT Average Score for Graduating Class | 886.5 | 942.8 | 1450 | | 1471 |
| Number of graduates receiving Core 40 Diploma | 29 | 81 | 102 | | 61891 |
| Percent of 12th Graders Taking SAT | 7.1 | 7.5 | 4.4 | | 44.9 |
| Percent Core 40 with Honors Diploma | 5.1 | 4.7 | 7.4 | | 37.9 |
| Percent Core 40 Diploma | 74.4 | 94.2 | 83.6 | | 87.8 |
| Pupil Enrollment to Certified Employee Ratio | 54.5 | 36.7 | 33.3 | | 13.7 |
| Graduation Rate | 17.5 | 21.4 | 22.7 | | 88.8 |
| Attendance Rate | 96.6 | 97.9 | 98.0 | | 95.8 |
| Number of Students with More Than 10 Unexcused Days Absent | 0 | 415 | 289 | | 76,150 |
| Number of Students absent greater than 10% of School Year | 0 | 238 | 169 | | 80423 |
| Number of Students Who Have Dropped Out | 166 | 273 | 325 | | 3,173 |
| Number of Students Expelled | 490 | 109 | 247 | | 2,797 |
| Number of Students Expelled or Suspended involving Drugs, Weapons, or Alcohol | 0 | 0 | 0 | | 5,871 |

* In 2014-15 Indiana transitioned to new, more rigorous college-and-career ready standards and a new statewide assessment to measure these standards. Therefore, results are not comparable to previous data.

*** Suppressed