



Perpich Center for Arts Education

**2017
EVALUATION REPORT**

Program Evaluation Division

OFFICE OF THE LEGISLATIVE AUDITOR

STATE OF MINNESOTA

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OFFICE OF THE LEGISLATIVE AUDITOR

STATE OF MINNESOTA • James Nobles, Legislative Auditor

January 2017

Members of the Legislative Audit Commission:

The Legislature established the Perpich Center for Arts Education as a state agency in 1985. Its mission is to foster the talents and creativity of Minnesota students.

Since it was established, the Perpich Center has operated a residential high school in Golden Valley and supported arts education throughout the state. In 2014, the Legislature made the Center responsible for managing Crosswinds, a school in Woodbury that serves students in grades 6 to 10.

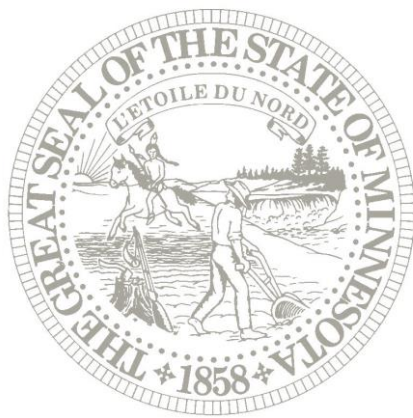
We found significant problems with the governance and management of the Perpich Center. If unresolved, we question the viability of the Center's schools and programs.

Our evaluation was conducted by Joel Alter (project manager) and Jodi Munson Rodriguez.

Sincerely,

James Nobles
Legislative Auditor

Judy Randall
Deputy Legislative Auditor



Summary

Key Facts and Findings:

- The 1985 Legislature created a state agency—the Perpich Center for Arts Education—to (1) operate a residential arts high school and (2) support arts education opportunities for K-12 students and teachers throughout the state. (p. 4)
- The agency’s governing board has not established goals or strategic direction for the agency. (p. 19)
- The board has not adequately overseen the Perpich Center, including its executive director and its schools’ operations. (pp. 20, 21)
- The board has infrequently solicited public input, and it has not ensured that the public could readily monitor board actions. (pp. 22, 26)
- Employees throughout the Perpich Center have had concerns about the agency’s administrative leadership, and this has contributed to low morale. (p. 31)
- The Arts High School’s enrollment decreased significantly in recent years. Despite its intent to serve students from across the state, a large majority of the school’s students are from the Twin Cities area. (p. 47)
- In 2013, the Perpich Center started managing a second school (in Woodbury), but that school’s low enrollment, weak test scores, and high staff turnover have threatened its viability. (pp. 55, 57, 60)
- Unlike other public schools, state law does not specify minimum qualifications for the Perpich Center’s school leaders. Its schools do not have a superintendent, and one principal is not licensed. (p. 43)

- The Perpich Center is not complying with several statutory requirements for providing arts education assistance to students and educators statewide. (p. 70)
- Although some of the Perpich Center’s outreach programs have shown positive results, the programs reach a small portion of the state’s teachers in school districts. (pp. 73, 75)

Key Recommendations:

- The Perpich Center Board should provide meaningful, transparent oversight of the agency. For example, the board should adopt strategic goals, annually assess the executive director, and approve school policies. It should also invite greater public input. (pp. 38-40)
- At least annually, the Perpich Center Board should review and evaluate trends in its schools’ enrollment and standardized test scores. (pp. 49, 52)
- The Legislature should consider changes in the Perpich Center Board’s role, size, and composition. (p. 36)
- The Legislature should amend state law to include minimum requirements for Perpich Center school administrators. (p. 44)
- The Perpich Center should comply with outreach requirements specified in state law and, where appropriate, work with the Legislature to update these statutes. (p. 80)
- The Legislature should consider whether to change the scope of the agency’s duties—overseeing two schools and providing statewide arts education outreach. (p. 83)

The Perpich Center’s governing board and management have provided insufficient direction, oversight, and transparency.

The Perpich Center Board has not held the agency accountable for performance.

Report Summary

In 1985, the Legislature created a state agency that is now called the Perpich Center for Arts Education. Since 1989, the agency has operated a state arts high school for grades 11 and 12 in Golden Valley. Since 2013, it has also operated Crosswinds School in Woodbury, which serves students in grades 6 to 10. From its inception, the Perpich Center has provided arts education assistance to schools around the state.

The agency's revenues in Fiscal Year 2016 exceeded \$10 million, and about two-thirds of the revenues were from state General Fund appropriations. These appropriations have remained mostly flat since Fiscal Year 2000, resulting in a considerable loss of spending power to inflation.

Under state law, the Perpich Center is governed by a 15-member board appointed by the governor. The Perpich Center Board is larger than most other state boards, and state law has no specifications regarding the knowledge or experience of persons who may serve on the Perpich Center Board.

The Perpich Center's governing board has not provided sufficient direction and agency oversight.

The board has not adopted an agency-wide strategic plan or annual goals for nine years. This has limited the board's ability to influence the agency's direction and hold the agency accountable for its performance.

Board policies require the board to review the agency's executive director annually and the board's performance every two years. But the most recent executive director was reviewed only twice during her seven-year tenure, and the board has not completed a self-review since 2010.

The board's oversight of agency activities has been weak in other respects as well. The board's review of the agency's Fiscal Year 2017 budget was superficial. The board has not regularly reviewed and approved the policies of the agency's two schools. Board committees met infrequently during the past two years. The agency has not recently recommended to the Legislature any revisions to the agency's statutes, despite the views of agency leaders that some of the statutes are outdated. Even when the Legislature amended state law to convey Crosswinds School to the Perpich Center in 2014, the board did not take formal action to support the legislation.

The board has not done enough to solicit public input or ensure that the public can monitor its actions.

As a board that oversees the operation of two schools, it is important to have opportunities for input by parents and other stakeholders. During 20 Perpich Center Board business meetings that were held between January 2014 and September 2016, only 3 provided an opportunity for public input. In addition, public notice for some meetings of the Perpich Center Board have, in our view, been insufficient.

Minutes of Perpich Center Board meetings were not posted on the agency's website until well into 2016. There is no statutory requirement for meeting minutes to be posted online, but such postings increase transparency by making the minutes accessible to a wide audience. Furthermore, we found that the board's committees have not always kept minutes of their meetings, contrary to board policy.

Our report recommends that the Perpich Center Board take various actions to improve its governance of the agency. The Legislature should also consider statutory changes, and the scope of these changes should depend on its confidence

in the board's ability to correct past problems. Those changes could include eliminating the board, making it advisory only, reducing the size of the board, or specifying minimum qualifications of board members.

Perpich Center employees have had widespread concerns about the agency's administrative leadership.

The agency's top administrative leader is the executive director, who oversees day-to-day operations (including its two schools). The most recent executive director served from 2010 until her retirement in January 2017.

While Perpich Center employees express commitment to the agency's mission, they have had many concerns about the agency's administrative leadership. This includes concerns about: lack of strategic direction for the agency; a poor work environment; inadequate internal communication; lack of easy employee access to agency administrative policies; and the use of opaque hiring processes to fill certain positions. We found the staff concerns to be widespread, suggesting a serious morale problem within the agency.

Unlike requirements for other schools, state law does not require the Perpich Center to have a licensed superintendent or licensed principals, nor does the law specify professional development requirements for the executive director or school administrators. Some of the Perpich Center's school leaders have not had education or experience comparable to that required of other school leaders in the state.

The Perpich Center's schools have experienced enrollment declines, and this is a particularly important issue for Crosswinds School.

State law caps the Arts High School's enrollment at 310 students. The

school's first-day enrollment went from 306 in 2011 to 187 in 2016. But, because the school is funded mainly from the agency's General Fund appropriation (and not on a per-pupil basis), this has not adversely affected the school's operating revenues.

State law requires the Perpich Center Board to plan for enrollment of students at the Arts High School on an equal basis from each congressional district. But students from outside the seven-county Twin Cities area today account for just 22 percent of the school's enrollment.

In contrast to the Arts High School, Crosswinds School is funded largely through per-pupil state aid. Crosswinds' enrollment had declined in the years before the Perpich Center began managing the school (in 2013), and agency leaders vowed to take actions to increase enrollment. But enrollment at the beginning of October 2016 was only 129 students—a decrease from previous years under Perpich Center management, and well under the lowest enrollment (349 students) when the East Metropolitan Integration District ran the school. This loss of students has meant a decrease in state funding.

Crosswinds School also faces other challenges. The performance of its students on standardized reading, math, and science tests has decreased since the Perpich Center took over the school. In addition, there was extensive turnover among teachers, administrators, and other staff at Crosswinds during the school's first three years under Perpich Center leadership. The school implemented changes in staff training and student curriculum for the 2016-2017 school year, but it remains to be seen whether these changes will improve school enrollment or student academic performance.

Crosswinds School has struggled during its first three years under Perpich Center management.

The Legislature should consider whether to maintain the scope of the agency's current statutory responsibilities.

The Perpich Center is not complying with several statutory requirements related to arts education outreach.

When the Legislature created the Perpich Center, it specified in law certain outreach responsibilities. In addition to running the Arts High School, the agency was directed to support arts education for students throughout Minnesota.

The Perpich Center has performed outreach activities throughout its history, but it is not fulfilling all of what state law requires. For example, statutes require the agency to provide intensive, one- or two-week arts seminars for pupils in grades 9 through 12, plus summer arts institutes for pupils in those grades. The agency has not provided these opportunities for many years.

In addition, the Perpich Center does not offer a “magnet arts program” at one or more school districts in each congressional district, contrary to what the law requires. Also, the law requires the Perpich Center to designate sites to participate in a statewide arts planning program and provide the sites with materials and training; however, the agency stopped administering that program several years ago.

Perpich Center administrators have not provided the governing board with a clear picture of the agency's expenditures for outreach. For instance, the salaries of some Crosswinds staff (including the principal) have been reported as outreach expenditures. This was not apparent in the budget documents provided to the board, and the duties of these staff should not be considered outreach. Also, many Arts High School teachers are assumed, for financial reporting purposes, to devote 5 to 50 percent of their time to outreach, although there is no documentation to support that this actually occurs.

Evaluations of Perpich Center outreach programs show positive impacts, but the reach of the programs has been limited.

The Perpich Center provides outreach through several programs. External evaluations suggest that some of the programs have had positive impacts on participating students—in areas such as student “engagement” and “thoughtfulness.” The agency also contends that arts education helps improve student performance on standardized tests. But academic research on this topic is far from clear, due partly to the limited number of rigorous studies.

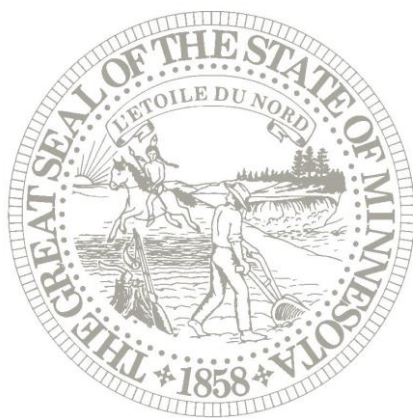
In recent years, the Perpich Center focused more of its outreach resources on programs that reached a limited number of educators, especially arts educators. We estimated that, in Fiscal Year 2016, the Perpich Center's outreach programs served about 2 percent of Minnesota's K-12 public school teachers and 21 percent of independent school districts.

Some stakeholders have expressed concern about the agency's limited outreach. For example, there are more music educators in Minnesota than other types of arts teachers, but the Perpich Center has not had a music education outreach specialist for several years.

Given the Perpich Center's weak performance in several areas, the Legislature should consider whether to revise the scope of the agency's current statutory duties (responsibility for two schools and statewide arts education outreach). The Legislature should give particular attention to the question of whether Crosswinds School should remain part of the Perpich Center.

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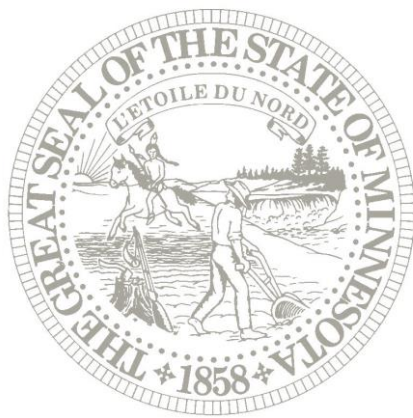
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Introduction

In 1985, the Minnesota Legislature created a state agency that is now called the Perpich Center for Arts Education. The center was established to operate a state arts high school and to support arts education in K-12 schools throughout Minnesota. Today, the Perpich Center still has these duties, and the 2014 Legislature gave it an additional responsibility: operating a second school. Crosswinds School, serving students in grades six through ten, was previously operated by a joint powers board in the eastern Twin Cities region.

In recent years, some Perpich Center stakeholders have voiced concern about aspects of the agency's governance and management. In response, legislators in 2016 proposed several statutory changes to the Perpich Center's governance structure and operations. The Legislature made only one change (requiring members of the Perpich Center's governing board to participate in training related to school finance issues). But, in March 2016, the Legislative Audit Commission directed the Office of the Legislative Auditor to evaluate the Perpich Center's governance and certain aspects of operations. In our evaluation, we addressed the following questions:

- **To what extent has the Perpich Center been properly governed and managed, and has its leadership provided sufficient direction to the agency?**
- **How well has the Perpich Center managed its schools, including the transition of Crosswinds School to state control?**
- **To what extent has the Perpich Center fulfilled statutory requirements related to statewide outreach in arts education, and is the agency adequately supporting arts education throughout the state?**

During our evaluation, we obtained input through interviews and e-mails from dozens of current and former Perpich Center administrators and staff. We sent e-mails to all current employees of the Perpich Center in May 2016, asking them to volunteer their observations on the topics we were examining. Apart from responses we received to that solicitation, we also initiated interviews with many Perpich Center staff, particularly those with key administrative or programmatic responsibilities. Altogether, we interviewed or corresponded by e-mail with 64 current or former employees representing all parts of the agency, and we interacted with some additional employees to obtain data or get answers to specific questions.¹

We solicited input from all persons who served on the Perpich Center Board of Directors during the time we conducted our evaluation, as well as a number of former board members.² We observed public meetings of the Perpich Center Board, and we reviewed board-related meeting minutes and documents from the past nine years.

¹ The Perpich Center has about 100 employees, and a large majority of our contacts were with individuals who were current employees. We obtained much of our input from employees with assurances that we would not disclose the identity of the sources, and this limits our ability to provide some details in this report.

² Two individuals who left the board in the first half of 2016 did not respond to our requests for information. However, we collected background information from 16 persons who served on the board sometime during 2016. We also interviewed 13 members who served on the board during 2016, and we interviewed or e-mailed 9 members who served on the board in prior years.

We also obtained input from Perpich Center stakeholders. This included representatives of arts and education organizations, employee unions, the Minnesota Department of Education, and the East Metropolitan Integration District (which ran Crosswinds School before the Legislature transferred this authority to the Perpich Center). We talked with some parents, although neither of the schools has parent-teacher associations.

We reviewed the Perpich Center's authorizing statutes, giving particular attention to activities that the center is required by law to perform. Many of these statutes direct the Perpich Center to support arts education among the state's school districts, teachers, and students. We collected documents and data related to the arts education outreach programs managed by the Perpich Center, and we reviewed national research about the impact of arts education activities.

To review financial and staffing trends for the Perpich Center, we analyzed data covering a period of several years.³ We also examined data on the Perpich Center's two schools related to enrollment, student achievement, and attendance.

Due to time and resource limitations, there were a number of topics we did not examine. At the Perpich Center's schools, we did not evaluate curriculum, instructional methods, student services, teacher appraisal, student discipline, or admission decisions. We did not conduct surveys of the schools' students or alumni. We obtained information on a limited number of Perpich Center hiring decisions, and we did not evaluate instances in which individuals were terminated or disciplined. We did not assess the adequacy of the Perpich Center's facilities and technology. Also, we did not evaluate staff compensation levels or work schedules.

³ Our office conducted a financial audit while we were conducting this evaluation. See Office of the Legislative Auditor, Financial Audit Division, *Perpich Center for Arts Education: Internal Controls and Compliance Audit, July 2013 through March 2016* (St. Paul, January 2017).

Chapter 1: Background

The Perpich Center for Arts Education is a state arts education agency. The agency operates the Perpich Arts High School in Golden Valley and Crosswinds Arts and Science School in Woodbury. It also supports arts education for K-12 teachers and students throughout the state. This chapter provides a brief history of the agency, and an overview of its organization and funding.

KEY FINDINGS IN THIS CHAPTER

- **The Legislature created the Perpich Center in 1985 to operate a state arts high school and to provide support in arts education to K-12 schools throughout the state.**
 - **The Perpich Center operates two schools in the Twin Cities area, and the characteristics of their student populations are quite different from each other.**
 - **State General Fund appropriations to the Perpich Center have decreased slightly since 2000, and the agency has lost considerable purchasing power to inflation during that time.**
-

History and Mission

The idea of a Minnesota arts high school was first discussed in the 1970s.¹ Among the first to pursue this notion was the director of the Greater Twin Cities Youth Symphonies (William L. Jones), who saw that some talented high school musicians were leaving the state before high school graduation to enroll in specialized arts schools. Mr. Jones sought and received a grant from the Northwest Area Foundation in 1978 to investigate the feasibility of establishing an arts high school in Minnesota. With support from this grant, a group of people representing mostly arts and education organizations met and explored various models for such a school.

Several years later, Governor Rudy Perpich embraced the idea of an arts high school. Governor Perpich grew up on the Iron Range and served on the Hibbing School Board, and he wanted more opportunities for artistic students from sparsely populated parts of Minnesota. Also, during several years that he lived and worked in Europe, he came to believe that the arts could have a strong, positive impact on society.

In 1984, Governor Perpich formed the Minnesota Arts Education Task Force. The next year, the task force's report cited evidence from a statewide survey showing that Minnesota

¹ This overview of the history of the Perpich Center is based considerably on James Hainlen, *The Process of Politics: A Study of the Political Process Leading to the Establishment of the Minnesota Center for Arts Education: A Dissertation Submitted to the Faculty of the Graduate School of the University of Minnesota*, September 2009.

students wanted more opportunities in areas such as theater, dance, visual arts, and creative writing. The report said that a state arts high school and resource center would be “an efficient way to improve arts education on a statewide basis.”² Another 1985 report—from the Minnesota Department of Education—said that an arts high school would provide gifted students with two unique opportunities: (1) total immersion in their areas of artistic interest and (2) reinforcement from peers who are equally interested and gifted.³

In response to these reports, the 1985 Legislature created a state agency called the Minnesota School of the Arts and Resource Center.⁴ The 1996 Legislature changed the agency’s name to the Lola and Rudy Perpich Minnesota Center for Arts Education, and the 1999 Legislature shortened the name to the Perpich Center for Arts Education.⁵

From the beginning, the Perpich Center has had a dual purpose of (1) operating a public arts high school and (2) providing support for arts education in schools throughout Minnesota.

Based on historical accounts and testimonial evidence, it is doubtful that the Legislature would have had the political support to authorize a state-run arts high school without also developing a resource center to support arts education statewide. When the Legislature first discussed the idea of an arts high school, there was concern that it might take the best arts students from their home school districts. But the idea that this new state agency would provide arts education support to school districts around the state helped to create broader public support. As one account of the Perpich Center’s history said:

This unique compromise (literally, the only one of its kind [in the nation]) of a Resource Center combined with the proposed Arts School connected the policy option in an integral way to each school system in the state, to each fine arts teacher in the state, and most importantly, to each legislative district and the individual representatives and senators. From a seemingly elitist arts school, the policy was transformed by this compromise agreement to a school and resource center, with a much broader policy vision and program component.⁶

In fact, the resource center began operating well before the arts high school. In 1986, the resource center sponsored summer arts programs at 30 locations throughout the state, serving more than 2,000 students, teachers, and others. The Arts High School opened its doors to enrolling students in 1989.

The agency’s authorizing legislation did not—and still does not—specify an overarching mission for the Perpich Center. The original 1985 statute said that the resource center “shall offer programs that are directed at improving arts education in elementary and

² Minnesota Arts Education Task Force, *Report to the Legislature* (St. Paul, January 1985), 7.

³ Minnesota Department of Education, *Arts Education Needs Assessment and Recommendations: Report to the Legislature* (St. Paul, February 1985), 5.

⁴ *Laws of Minnesota* 1985, First Special Session, chapter 12, art. 5, sec. 6.

⁵ *Laws of Minnesota* 1996, chapter 412, art. 9, sec. 19; and *Laws of Minnesota* 1999, chapter 241, art. 10, sec. 8.

⁶ Hainlen, *The Process of Politics*, 246-247.

secondary schools throughout the state.”⁷ The statute did not have statements regarding the purpose of the Arts High School or the agency as a whole. Rather, the Perpich Center defined its own overall mission, which is stated on the agency’s website as follows:

Our mission is to provide all Minnesota students the opportunity to develop and integrate their artistic and academic abilities to their highest potential. We do this by teaching in and through the arts.⁸

Organization

From its beginning, the Perpich Center has been governed by a 15-member board, appointed by the governor. The board, rather than the governor, appoints the agency’s executive director. The director is the lead administrative official of the agency. The box at the right shows the five people who have served as executive director during the agency’s history. Chapter 2 discusses the governance and management of the Perpich Center in more detail.

Perpich Center Executive Directors

James Undercofler	1986 – 1995
David O’Fallon	1995 – 2002
David Flannery (interim)	2002 – 2005
Nathan Davis	2005 – 2009
Sue Mackert	2010 – 2017

The Perpich Center fulfills three primary functions.⁹ First, the agency operates two public schools. Second, the agency provides outreach, professional development, and support to teachers and administrators throughout the state. Third, the agency operates a state arts education lending library, which is available to students at the Perpich Center schools and also supports the agency’s statewide outreach efforts.

Schools

The Perpich Center operates two schools: the Arts High School in Golden Valley, for students in grades 11 and 12, and Crosswinds Arts and Science School in Woodbury, for students in grades 6 through 10.

The Arts High School is different from other public schools in Minnesota in at least two important ways. First, the Perpich Center selects which students will be admitted to the school through an application process. State law says that the Perpich Center “may identify pupils who have artistic talent, either demonstrated or potential, in dance, literary arts, media arts, music, theater, and visual arts, or in more than one art form.”¹⁰ The agency’s executive director (or the director’s designee) evaluates prospective students based on their skills and proficiency, creativity and imagination, and attitude. Applicants are interviewed to assess their likelihood for success in both artistic and academic areas.

⁷ *Laws of Minnesota* 1985, First Special Session, chapter 12, art. 5, sec. 6.

⁸ Perpich Center for Arts Education, http://www.mcae.k12.mn.us/index.php?section=about_overview, accessed October 27, 2016.

⁹ Perpich Center for Arts Education, *[Fiscal Years] 2016-2017 Governor’s Biennial Budget*, <http://www.mn.gov/mmb-stat/documents/budget/2015-gov-rec/e25.pdf>, accessed August 18, 2016.

¹⁰ *Minnesota Statutes* 2016, 129C.10, subd. 3(e).

A second way in which the Arts High School is different from other public schools is that it has a residential option.¹¹ A student who lives at least 16 miles from the campus is automatically eligible to live in the school's dormitory. Other students may apply to live in the dorm if they meet specific requirements.¹²

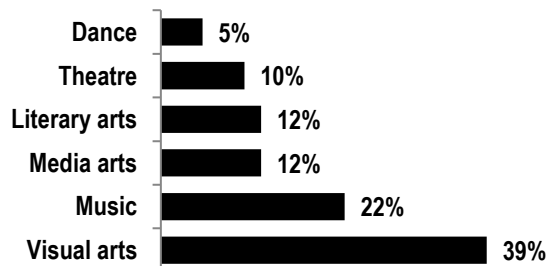
Students at the Arts High School typically attend academic classes in the morning and arts classes in the afternoon. As of Fall 2016, the largest share of Arts High School students (39 percent) were studying the visual arts. The box on this page shows other arts areas in which Arts High School students studied.

More than two decades after the Perpich Center opened the Arts High School, it started managing Crosswinds School. In the late 1990s, a joint powers district that later became the East Metropolitan Integration District, or

EMID, founded Crosswinds as an "integration magnet" school focused on arts and science.¹³ The Legislature authorized more than \$20 million in bonds to plan and build the school, which is located on a 37-acre plot that contains trails, woodlands, and gardens. However, in 2012 EMID decided to stop operating schools and instead focus on providing professional development and student programs to member school districts. The Perpich Center managed Crosswinds in the 2013-2014 school year under a contract agreement with EMID and then, pursuant to state law, took over the school in 2014.¹⁴

In Fall 2016, Crosswinds served students from 13 metropolitan school districts. The majority of students (55 percent) came from the St. Paul School District. The home school districts that accounted for the next highest percentages of Crosswinds students were South Washington County (14 percent) and North St. Paul-Maplewood (12 percent).¹⁵

Specialties of Arts High School Students, Fall 2016



SOURCE: Office of the Legislative Auditor, analysis of Perpich Center data.

¹¹ The Minnesota State Academies for blind and deaf students is the only other residential public school in Minnesota serving elementary or secondary students.

¹² Students who live within 16 miles are eligible to live in the dorm if they (1) are not on academic probation, (2) are on schedule to graduate on time, (3) have lived with a parent or guardian at least six consecutive months before applying to live in the dorm, and (4) have no history of violating campus policies.

¹³ State law does not define the term "integration magnet." However, the 1994 Legislature created a metropolitan magnet school grant program "for the purpose of promoting integrated education." The grants were meant to "improve the educational opportunities and academic achievement of disadvantaged children and the facilities that are available" to them (*Laws of Minnesota* 1994, chapter 643, sec. 62), and this language provides a notion of the type of integration Crosswinds was intended to address.

¹⁴ At the time of Crosswinds' conveyance to the Perpich Center, ten independent school districts comprised EMID: Forest Lake, Inver Grove Heights, Roseville, St. Paul, South St. Paul, South Washington County, Spring Lake Park, Stillwater, West St. Paul-Mendota Heights-Eagan, and White Bear Lake. EMID has since changed its name to Equity Alliance Minnesota; two school districts have left the collaborative, and the Perpich Center has joined the collaborative.

¹⁵ As of November 2016, the other school districts with at least one student enrolled at Crosswinds were Burnsville, Hastings, Inver Grove Heights, Minneapolis, Roseville, South St. Paul, Spring Lake Park, Stillwater, West St. Paul-Mendota Heights-Eagan, and White Bear Lake.

The demographic characteristics of students in the Arts High School and Crosswinds School have differed from each other—and, in some respects, they have differed from those of students statewide.

Exhibit 1.1 shows selected characteristics of students at the two Perpich Center schools, based on Fall 2015 data. Compared with students at the Arts High School, students at Crosswinds School were more likely to be part of a racial or ethnic minority group, receive free or reduced-price lunches, receive special education services, or have limited English proficiency.

Exhibit 1.1: Selected Characteristics of Students at Perpich Center Schools Compared with Students Statewide, Fall 2015

Percentage of 2015-2016 students who:	Arts High School (Grades 11-12)	Statewide (Grades 11-12)	Crosswinds School (Grades 6-10)	Statewide (Grades 6-10)
Were female	79%	49%	55%	49%
Were racial or ethnic minorities	20	27	61	29
Received free or reduced-price lunches	8	32	36	37
Received special education	5	15	25	14
Had limited English proficiency	0	4	6	6

NOTE: Percentages represent unduplicated counts of students enrolled in the Perpich Center schools or all public schools statewide as of October 1, 2015.

SOURCE: Office of the Legislative Auditor, analysis of Minnesota Department of Education data.

On the measures shown in Exhibit 1.1, the Arts High School population was less diverse than the population of 11th and 12th graders statewide. Seventy-nine percent of the Arts High School's student population was female, compared with 49 percent statewide. Arts High School students were also less likely than students statewide to be minorities, receive free or reduced-price lunches, or receive special education. The student population at Crosswinds was more likely than other 6th through 10th graders in the state to be racial or ethnic minorities or receive special education.

Although both Crosswinds School and the Arts High School have an arts focus, a relatively small number of Crosswinds students have subsequently enrolled in and remained at the Arts High School. Students in 10th grade at Crosswinds are eligible to apply for admission to the Arts High School for their final two years of high school. In the first two years after the Perpich Center received statutory responsibility for Crosswinds School, the Arts High School enrolled as high school juniors a total of five Crosswinds alumni; four of them subsequently withdrew from the school.¹⁶ Perpich Center officials told us that Crosswinds School was not intended to be a “feeder school” that would provide substantial numbers of enrollees at the Arts High School.

¹⁶ These data represent Crosswinds alumni who began at the Arts High School in Fall 2014 and Fall 2015 (and any withdrawals that occurred prior to their senior year). On the first day of classes in 2016, there were five new Arts High School students who had previously been Crosswinds students; as of December 2016, all were still attending the Arts High School.

In Chapter 3, we discuss these schools in more detail—particularly, their trends in enrollment and student achievement.

Outreach

The Perpich Center provides arts education outreach through several programs, including three regional centers.

The goal of the Perpich Center’s Statewide Outreach Division is to “increase student achievement, strengthen local school district support, enhance teacher performance, and promote standards-based learning.”¹⁷ The agency works toward this goal through a combination of programs that we describe more fully in Chapter 4. For two of the agency’s programs—Turnaround Arts and the Perpich Arts Integration Project—Perpich Center officials have selected participating schools through an application process, and Perpich Center staff have worked with groups of teachers and administrators in those schools over the course of one or more school years.¹⁸ The Turnaround Arts Program uses the arts as a tool to help struggling schools make school-wide changes—to encourage parent involvement, student engagement, and academic achievement. The Arts Integration Project has a more narrowly focused aim, combining the arts with at least one other subject area in a unit of study at a school.

In addition to these programs, the Perpich Center administers outreach activities that are tailored to the needs of individual schools, school districts, or regions. For example, teachers and administrators may request assistance from the Perpich Center’s education specialists—ranging from a one-time workshop on using technology in arts classrooms to ongoing support creating district-wide arts curricula. The Perpich Center also supports “regional centers” in three parts of the state that provide workshops and other activities to serve needs identified by teachers in those regions. These centers are currently based in the Albert Lea, Elk River, and Duluth school districts and operate with joint powers agreements between the home school district and the Perpich Center. Each regional center has one or more coordinators, who are school district employees.

Perpich Arts Library

The Perpich Arts Library supports the agency’s outreach function and the Arts High School by providing arts education resources and materials to teachers, students, and members of the general public. The library is part of the Perpich Center campus in Golden Valley, but it loans materials to patrons throughout Minnesota.

We provide more information about the Statewide Outreach Division and the Perpich Arts Library in Chapter 4.

¹⁷ Perpich Center for Arts Education, *[Fiscal Years] 2016-2017 Governor’s Biennial Budget*, <http://www.mn.gov/mmb-stat/documents/budget/2015-gov-rec/e25.pdf>, accessed November 30, 2016.

¹⁸ The Perpich Center invites schools that have been designated by the Minnesota Department of Education as “priority schools” (meaning they are among the lowest performing 5 percent of schools in Minnesota) to apply for the Turnaround Arts program.

Finances and Staffing

The Perpich Center receives funds from a variety of sources. Its primary source of funding is appropriations from the state General Fund. However, the agency also receives per-pupil aid (from the Minnesota Department of Education), appropriations from the Minnesota Arts and Cultural Heritage Fund, student fee revenues, and miscellaneous other revenues.

In Fiscal Year 2016, the Perpich Center's revenues totaled more than \$10 million.

As shown in Exhibit 1.2, General Fund appropriations have comprised the largest portion of the Perpich Center's revenues—nearly \$6.9 million, or 67 percent of all revenues, in Fiscal Year 2016. Federal and state education aids for Crosswinds School totaled about \$2.1 million (21 percent of agency revenues) in Fiscal Year 2016. Other sources of revenue—including Arts and Cultural Heritage Fund appropriations, education aid for the Arts High School, student fines and fees, grants, donations, and other miscellaneous income—totaled about \$1.3 million (12 percent of total revenues).

Exhibit 1.2: Perpich Center Revenue Sources, Fiscal Years 2012-2016

	2012	2013	2014	2015	2016
General Fund Appropriations	\$6,733,000	\$6,733,000	\$ 6,733,000	\$ 6,733,000	\$ 6,872,000
State and Federal Education					
Aid: Crosswinds	–	–	2,027,728	2,291,745	2,144,644
Arts and Cultural Heritage Fund					
Appropriations	850,000	850,000	795,000	750,000	600,000
Student Fees and Fines ^a	614,468	455,058	440,676	503,266	446,659
State and Federal Education					
Aid: Arts High School	33,915	21,157	74,260	100,615	1,814
Grants	1,331	5,264	27,282	15,095	41,234
Gifts and Donations	0	1,778	5,088	5,400	6,780
Other Income ^b	15,439	72,801	25,381	162,785	182,650
Totals	\$8,248,153	\$8,139,057	\$10,168,415	\$10,601,907	\$10,295,781

^a These include student activity, school lunch, and dormitory fees, student library fines, and other fees and fines.

^b Other income includes facility lease income, workshop and publication fees, and other miscellaneous income.

SOURCES: Office of the Legislative Auditor, analysis of Minnesota Laws and Department of Management and Budget financial data.

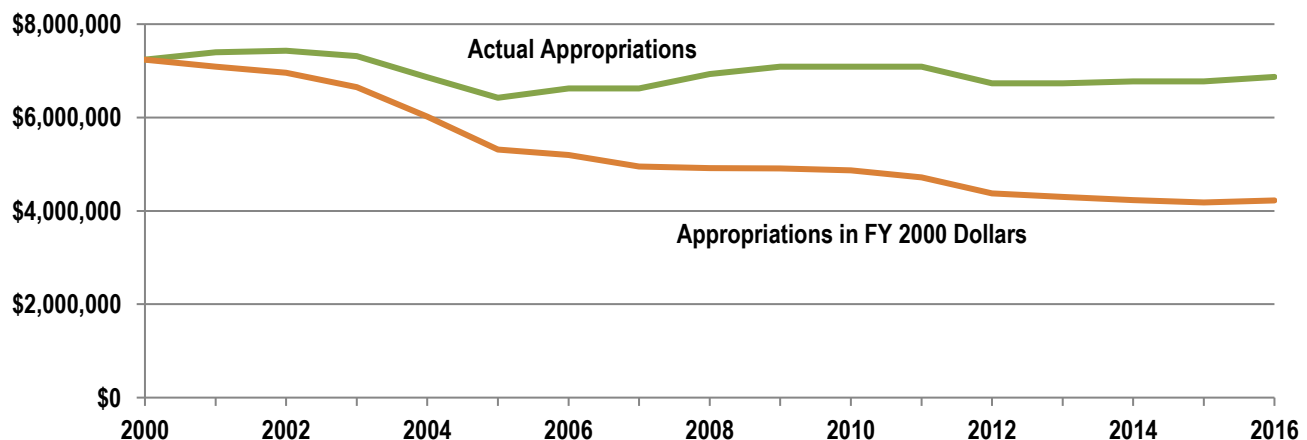
The Perpich Center does not have authority to levy property taxes, so neither the Arts High School nor Crosswinds School has access to this funding source that is available to independent school districts. Rather, the agency's two schools are funded in other ways. The Arts High School has received some state and federal aid for specific services, such as school lunch, but it is funded largely out of the agency's General Fund appropriation. Unlike most other public schools in the state, it does not receive per-pupil general state aid. In contrast, Crosswinds School received per-pupil state aid when EMID managed the school and during the period since Fiscal Year 2014 when the Perpich Center has operated the

school. Crosswinds has also received other state and federal education revenues, such as compensatory revenue, integration revenue, and Title I and II funds.¹⁹

The Perpich Center's appropriations from the state General Fund have not kept pace with inflation.

Exhibit 1.3 shows the history of state General Fund appropriations to the Perpich Center since Fiscal Year 2000. Unadjusted for inflation, the Perpich Center received a smaller General Fund appropriation in Fiscal Year 2016 (\$6.87 million) than it received in Fiscal Year 2000 (\$7.24 million). When taking inflation into account, Exhibit 1.3 shows that the Perpich Center's purchasing power from its General Fund appropriations has decreased significantly. In constant (Fiscal Year 2000) dollars, the agency's General Fund appropriations have declined—from \$7.24 million in Fiscal Year 2000 to \$4.23 million in Fiscal Year 2016. During a period when employee wages and other educational costs grew, the Perpich Center's General Fund appropriations did not.

Exhibit 1.3: General Fund Appropriations to the Perpich Center for Arts Education, Fiscal Years 2000-2016, in Nominal and Constant Dollars



NOTES: The lower line shows the appropriation amounts converted to Fiscal Year 2000 dollars. To conduct this analysis, we used the implicit price deflator for state and local government consumption expenditures and investment (U.S. Department of Commerce).

SOURCES: Office of the Legislative Auditor, analysis of fiscal year appropriations specified in *Laws of Minnesota*, 2000 through 2016.

The Perpich Center now receives some state revenues that it did not receive several years ago, but these have not offset the impact of the agency's stagnant General Fund appropriations. First, the per-pupil state aid that the Perpich Center has received since Fiscal Year 2014 helps to pay for a function (operating Crosswinds School) that the agency did not have previously. As we discuss later in this report, the Crosswinds School's various

¹⁹ "Compensatory revenue" is used to address the educational needs of students whose progress toward meeting state or local standards is below the level appropriate for students of their age. "Integration revenue" is used to pursue racial and economic integration; create equitable educational opportunities; and reduce academic disparities based on racial, ethnic, and economic backgrounds. "Title I and II funds" are provided under federal law to serve disadvantaged students and improve teacher quality.

aid payments have not fully covered that school's costs. Second, since 2010, the Perpich Center has received grants from the Minnesota Arts and Cultural Heritage Fund. However, since Fiscal Year 2014, these grants have been available only for specific programs. For example, the Legislature specified that Arts and Cultural Heritage funds appropriated to the Perpich Center for Fiscal Year 2016 could be used only for the Turnaround Arts program.²⁰ Furthermore, the Minnesota Constitution specifies that money provided through the Arts and Cultural Heritage Fund must supplement and not substitute for traditional sources of funding.²¹ This restriction is open to interpretation, and it is unclear whether grants from the Arts and Cultural Heritage Fund could pay for activities that the Perpich Center used to pay for with its General Fund appropriations.

We also looked at the Perpich Center's expenditures reported in the state's accounting system, as shown in Exhibit 1.4. It is important to note that, during the period shown in this exhibit, the Perpich Center assumed responsibility for Crosswinds School.

Excluding expenditures for Crosswinds School, the Perpich Center's total spending decreased by 3 percent between fiscal years 2012 and 2016.

The Perpich Center's non-Crosswinds spending peaked in Fiscal Year 2014, at about \$8.6 million. Since that time, the agency's non-Crosswinds spending has declined by 14 percent.

Exhibit 1.4: Perpich Center Expenditures, Fiscal Years 2012-2016

Division	Expenditures				
	2012	2013	2014	2015	2016
Arts High School	\$3,857,758	\$3,996,151	\$ 4,263,244	\$ 4,444,939	\$ 4,455,132
Crosswinds School	–	–	2,072,517	2,220,294	3,405,958
General Administration	1,698,956	1,852,740	1,374,870	739,699	738,029
Perpich Arts Library	152,365	139,535	167,850	137,158	156,058
Statewide Outreach	1,989,598	2,520,078	2,810,990	3,164,001	2,091,038
Total	\$7,698,678	\$8,508,505	\$10,689,471	\$10,706,061	\$10,846,214
Total without Crosswinds	\$7,698,678	\$8,508,505	\$ 8,616,953	\$ 8,485,767	\$ 7,440,257

SOURCE: Office of the Legislative Auditor, analysis of Department of Management and Budget financial data.

When reviewing Exhibit 1.4, it is important to consider that changes in the way the Perpich Center allocates its general administration expenditures have affected the spending trends shown in the agency's divisions. For example, the exhibit shows a 57 percent decline in general administration spending between fiscal years 2012 and 2016. This reflected, at least in part, the Perpich Center's decision to assign more administrative expenditures to the agency's school and outreach divisions.²² Due to this change, in 2014 through 2016, statewide outreach and Arts High School expenditures included indirect costs that were reported in other accounts in previous years.

²⁰ *Laws of Minnesota* 2015, chapter 2, art. 4, sec. 2, subd. 9.

²¹ *Minnesota Constitution*, article XI, sec. 15.

²² In 2014, the Perpich Center began allocating building maintenance and security costs to the various programs they supported, and in 2015, the agency did the same with administrative and management costs.

We used the Perpich Center's reported Fiscal Year 2016 expenditures (as shown in Exhibit 1.4) and Minnesota Department of Education data on school enrollment to compute the cost per student for the agency's two schools. For the 2015-2016 school year, the Arts High School spent \$21,316 per student, and Crosswinds School spent \$18,214 per student.²³

The number of persons employed by the Perpich Center has increased in recent years, due to the center's new responsibilities running Crosswinds School.

In Fall 2016, the Perpich Center's total number of full- and part-time employees was 105. As shown in the box on this page, this was an increase of 25 percent (21 positions) since Fall 2010. The biggest change in the six-year period was the addition of Crosswinds School employees, who numbered 36 in 2016, or about 34 percent of all staff at the agency. Excluding Crosswinds employees from the analysis, the total number of Perpich Center employees has declined over the past six years—from 84

Perpich Center Staffing			
Agency Division	Fall 2010	Fall 2016	Percent Change
Arts High School	39	28	-28%
Crosswinds School	NA	36	NA
Other Staff	45	41	-9
Total	84	105	25%

NOTE: "NA" (Not Applicable) reflects the fact that Crosswinds School was not part of the Perpich Center in 2010.

SOURCE: Office of the Legislative Auditor, analysis of Department of Management and Budget data.

employees in Fall 2010 to 69 employees in Fall 2016. Among the parts of the agency that decreased in their number of employees were the Arts High School (from 39 to 28), the Arts High School dormitory (from 10 to 6), and outreach staff (from 11 to 9).

²³ As reported here, cost per student includes all operating costs, including food service costs.

Chapter 2: Governance and Management

In recent years, some Perpich Center stakeholders have expressed concern about the agency's governance and leadership. There have been questions about the size, training, and composition of the Perpich Center's Board of Directors; how the board conducts its business; and the internal management of the agency. This chapter takes a close look at the board and certain agency-wide management issues. We concluded that there is a need for substantial changes in the agency's governance and leadership, and we offer recommendations at the end of the chapter.

KEY FINDINGS IN THIS CHAPTER

- **The Perpich Center Board of Directors has not established goals or strategic direction for the agency.**
 - **The board has not exercised sufficient oversight of the Perpich Center—for example, through review of its own policies, school policies, or the executive director.**
 - **The board has rarely invited public input and, until recently, it has not made its meeting minutes easily accessible to the public.**
 - **Staff throughout the Perpich Center have had concerns about the agency's administrative leadership, contributing to low morale.**
 - **The agency has not always complied with good financial management practices, and the agency's budget has not been sufficiently informative.**
-

Background

As described in Chapter 1, the Perpich Center for Arts Education is a state agency that provides outreach to support arts education throughout the state. It also operates an arts high school for students from throughout the state, and a school that serves students in grades six through ten from the eastern part of the Twin Cities region.

The Perpich Center is governed by a board of directors, one of few key agencies in Minnesota state government with this arrangement.

State law gives complete authority over the Perpich Center to a 15-member board appointed by the governor.¹ Board appointments are subject to approval by the Minnesota Senate.

¹ *Minnesota Statutes* 2016, 129C.10, subds. 1 and 3.

The only legal requirement for board appointment is that at least one member of the board must be appointed from each of Minnesota's eight congressional districts.²

The law requires the board to hire a director, up to six teachers to be “department chairs,” an executive secretary, and a coordinator of resource programs.”³ The law does not specify the duties of staff, nor does it vest any specific authority in staff.

Many of Minnesota's larger executive branch agencies do not have governing boards.⁴ Rather, they are headed by a commissioner who is appointed by the governor. Agencies headed by a single commissioner have a direct line of accountability to the governor, and the commissioner can act on all matters without waiting for the approval of a governing board. Only 3 of the state's 24 cabinet-level agencies (the Metropolitan Council, Minnesota Housing Finance Agency, and Iron Range Resources and Rehabilitation Board) have governing boards.⁵ One other high-profile executive branch agency (MNsure, the state's health insurance exchange) has a governing board. The Minnesota State Academies—which, like the Perpich Center, operates two schools—also has a governing board.⁶

Board Size and Composition

The Legislature considered possible changes to the governance structure of the Perpich Center during the 2016 legislative session, although it made no changes to the Perpich Center Board's size and composition. Because of this interest, we compared the Perpich Center's governance structure with other statutorily created boards.⁷

Compared with other state boards, the Perpich Center Board is large, and it has minimal specifications regarding who may serve on the board.

The 15-member Perpich Center Board is among the larger boards created by state statute. We determined that the median size of state boards is 8.5 members, and 78 percent of state boards have fewer than 15 members. Some governing boards—such as the MNsure Board, State Board of Public Defense, and Gambling Control Board, each with seven members—have significant statewide authority but are much smaller than the Perpich Center Board. Some other state boards with important statutory authority are the same size as or larger than the Perpich Center Board. Examples include the Minnesota Zoological Board (30 members), Minnesota State Colleges and Universities Board of Trustees (15 members), and Environmental Quality Board (15 members).

² *Minnesota Statutes* 2016, 129C.10, subd. 1.

³ *Minnesota Statutes* 2016, 129C.10, subd. 4. The law also authorizes the board to hire “other necessary employees” at the recommendation of the executive director.

⁴ There are many smaller executive agencies—particularly those that license or certify individuals in certain professions—that largely fulfill regulatory functions, and these often have governing boards.

⁵ The Perpich Center is not a cabinet-level agency; its executive director is not a member of the Governor's cabinet.

⁶ The Minnesota State Academies is a state agency that oversees a state school for deaf students and a state school for blind students. Like the Perpich Center, the Minnesota State Academies is not a cabinet-level agency.

⁷ To identify state boards, we used Office of the Minnesota Secretary of State, *Legislative Manual, 2015-16* (St. Paul, 2015), 320-344. We reviewed only organizations that were identified in this document as having boards; our analysis did not include councils, task forces, committees, and commissions. The boards we examined included some boards that have statutory authority to govern agencies, and others that are advisory only.

The governing boards of independent school districts and charter schools provide an additional point of comparison for board size. There are more than 320 public independent school districts in Minnesota, each governed by a school board. By law, independent school boards have six or seven elected members, so they are less than half the size of the Perpich Center Board.⁸ In addition, we found that the median size of the boards of Minnesota charter schools is seven members.⁹

State law has no requirements regarding the skills or backgrounds of persons appointed to the Perpich Center Board. As noted earlier, the only requirement in law is for the board to have representation from each congressional district. For most state boards, there are statutory requirements regarding member characteristics, aside from where they live. For example, four of the seven members of the State Board of Public Defense must be attorneys “well acquainted with the defense of persons accused of crime.”¹⁰ Likewise, the MNSure Board must have a member with expertise in “small group and individual markets” for health insurance.¹¹ The requirements for the Minnesota State Academies—which, like the Perpich Center, operates two schools—are shown in the box on this page.

**Statutory Requirements for Board Composition:
Minnesota State Academies**

The board must be composed of:

- One present or former independent school district superintendent
- One present or former special education director
- Commissioner of Education (or designee)
- One member of the blind community
- One member of the deaf community
- Two members of the general public with business, administrative, or financial expertise
- Two nonvoting ex officio members (one appointed by the State Academy for the Deaf's site council, and one appointed by the State Academy for the Blind's site council)

SOURCE: *Minnesota Statutes* 2016, 125A.62, subd. 1.

We examined the backgrounds of 16 individuals who, at the time of our evaluation, were members of the Perpich Center Board.¹² Exhibit 2.1 provides a summary. A majority of these individuals had experience—professional or amateur—as an artist.¹³ Few of the board members have had prior experience in K-12 education, whether as a teacher, administrator, or school board member.¹⁴

⁸ *Minnesota Statutes* 2016, 123B.09, subd. 1.

⁹ We limited our analysis to charter schools that serve students in secondary grades. We did not count ex officio members in our analysis.

¹⁰ *Minnesota Statutes* 2016, 611.215, subd. 1(a)(1).

¹¹ *Minnesota Statutes* 2016, 62V.04, subd. 2(a)(2).

¹² We initially requested information in June 2016 from all 14 individuals who were on the board at that time (one seat was vacant). We received responses from 13 members; we did not hear from a member whose term ended in June 2016 and who chose not to seek reappointment. When three new board members were appointed in September 2016, we obtained information from each of them.

¹³ As of late 2016, two members of the board were full-time professional artists.

¹⁴ Only one current Perpich Center Board member has experience as a K-12 arts educator.

Exhibit 2.1: Areas of Experience, Education, and Expertise of Persons Who Served on the Perpich Center Board in 2016

Area of Experience, Education, or Expertise	Number of 16 Responding Board Members Who Had This Experience
Parent of a student who attended a Perpich Center school	2
Alumni of a Perpich Center school	2
Teaching experience in U.S. K-12 schools	1 ^a
K-12 administrative experience	0
School board experience	4
Arts degree in college	5
Experience as an artist (amateur or professional)	11

NOTES: We requested information from 14 individuals who were serving on the Perpich Center Board in June 2016; 13 responded. We also requested information from three persons who were newly appointed to the board in July 2016; all responded.

^a Does not include (1) a Perpich Center Board member who taught English overseas in the early 1970s and (2) a member who taught independent living skills to students ages 16 to 24 from 1999 to 2001 at Summit Academy Opportunities Industrialization Center in Minneapolis.

SOURCE: Office of the Legislative Auditor.

At the end of this chapter, we discuss the merits of possible statutory changes to the Perpich Center Board, including changes in the board's size and composition. Although the Perpich Center Board is larger than most state boards and has no requirements regarding member skills and experience, we discuss rationales for keeping a board with these characteristics, as well as reasons for making changes.

Board Member Orientation and Training

When members are appointed to a board, it is important for them to receive information that helps them understand the board's role and legal obligations, as well as the organization the board is overseeing. In our interviews with Perpich Center Board members, we asked about the information and any in-person briefings they received following their appointments to the board.

Orientation information provided to new Perpich Center Board members has been limited and inconsistent.

Board members have received differing orientation materials, as indicated in the box on the next page.¹⁵ For example, most members said they received copies of agency-related statutes and the board's bylaws when they joined the board, but not copies of the policy handbook for the Arts High School. Some board members told us they had in-person orientation sessions with Perpich Center staff or board members following their appointment, while others said they did not. One member told us he was "thrown into the

¹⁵ We did not obtain information from members appointed in July 2016 or later regarding the orientation materials they received.

fray” with little preparation when he joined the board, and he said he did not receive copies of board bylaws or board policies during his first two years as a board member.¹⁶

Some board members said they remained confused about aspects of the Perpich Center well after joining the board. One board member told us he was on the board for a year before he realized that the Perpich Center operated Crosswinds School. Another board member was unaware at the time we talked with him that the Perpich Center was a state agency.

Perpich Center Board Orientation Practices for New Members

Most board members received	Some members received, while some did not	Most members did not receive
<ul style="list-style-type: none">• Agency-related statutes• Board bylaws	<ul style="list-style-type: none">• Board-adopted policies• In-person orientation sessions	<ul style="list-style-type: none">• Arts High School handbook• Materials related to board meeting procedures• Lists of agency’s administrative policies

NOTE: The board has adopted a set of bylaws and a separate set of board policies. Both sets of documents are important to members because they address the role of the board and how it should operate.

SOURCE: Office of the Legislative Auditor, based on interviews with board members.

The board has arranged little formal training for its members in recent years, but the board held a training session in September 2016 to discuss issues related to board governance. Among the topics covered were the Perpich Center’s enabling statute, the obligations of individual board members, and statutory provisions regarding open meetings and data practices.

We also examined whether statutes require training for Perpich Center Board members. The schools operated by the Perpich Center are not charter schools, nor are they part of independent school districts. Until recently, members of the Perpich Center Board have not been subject to state laws that address training for the board members of charter schools or school districts.

In 2016, Perpich Center Board members became subject to the same training requirements as board members in independent school districts.

Exhibit 2.2 shows the statutory training requirements that apply to board members in independent school districts, charter schools, and the Perpich Center. Legislation passed in 2016 created training requirements for Perpich Center Board members.¹⁷ These requirements are consistent with those required for boards of independent school districts. As of late 2016, the board was working to schedule training to comply with the new requirements.

¹⁶ We did not ask board members whether they received a copy of the agency budget when they joined the board, but the most recent budget was not part of the notebook of orientation materials provided to us by Perpich Center staff.

¹⁷ *Laws of Minnesota* 2016, chapter 189, art. 25, sec. 40.

Exhibit 2.2: Statutory Training Requirements for Board Members of Independent School Districts, Charter Schools, and the Perpich Center

Independent School Districts

A board member shall receive training in school finance and management developed in consultation with the Minnesota School Boards Association and addressing the following areas:

- The state's Uniform Financial and Reporting System manual
- Accounting and financial operations
- Long-term financial planning
- Expenditure and revenue budgeting
- Capital budget planning
- A model reporting system for school sites for resource use and outcome achievement

The Minnesota School Boards Association must make available to each newly elected school board member training consistent with the above areas within 180 days of that member taking office. The training shall be developed in consultation with the Minnesota Department of Education and representatives of higher education.

Charter Schools

- **Initial training:** Each new board member shall attend training on the board's role and responsibilities, employment policies and practices, and financial management. A new board member who does not begin the required initial training within 6 months after being seated and complete that training within 12 months after being seated is automatically ineligible to continue to serve as a board member. The school shall annually report the training each board member attended during the previous year.
- **Ongoing training:** Each charter school board member shall attend annual training throughout the member's term.

Perpich Center (effective June 2016)

All board members must complete board training requirements consistent with the bulleted items listed above for independent school districts.

SOURCES: *Minnesota Statutes* 2016, 123B.09, subd. 2; 124E.07, subd. 7; 127A.19; and 129C.10, subd. 1(b).

Oversight

Policies adopted by the Perpich Center Board outline the role of the board, particularly in directing and overseeing the agency's performance. For example, board policies state:

The job of the Board is to lead [the Perpich Center] toward the attainment of its established vision, mission, and goals.¹⁸

The Board, not the staff, is responsible for Board performance.¹⁹

The Executive Director is accountable for all organizational performance.²⁰

¹⁸ Perpich Center for Arts Education Board Policies, Governance Process Policy #2.

¹⁹ Perpich Center for Arts Education Board Policies, Governance Process Policy #1.

²⁰ Perpich Center for Arts Education Board Policies, Board-Executive Director Relationship Policy #2.

Monitoring the performance of the Executive Director is synonymous with monitoring organizational performance.²¹

The Perpich Center Board of Directors has not provided the agency with sufficient direction and oversight.

Below, we discuss various weaknesses in the board's oversight of the agency. In particular, the board has not: (1) adopted strategic goals for the agency and monitored progress toward them; (2) conducted adequate assessment of its own performance and that of the executive director; (3) taken sufficient actions regarding the schools it oversees; and (4) provided a level of engagement befitting a board that has governing responsibilities for a state agency.

Strategic Planning

Board policy states: "The Board will govern with a style that emphasizes strategic leadership more than administrative detail, a vision of the future more than past/present circumstances, and a proactive approach more than a reactive stance."²² Board policies reference the board's strategic plan, which indicates that this plan will be a document the board adopts. In addition, board policies reference the board's development of annual goals or "ends statements."²³ The board could play a direct role in drafting agency goals, or the board could approve, modify, or reject goals proposed by its administrative staff.

The board has not adopted an agency-wide strategic plan or annual goals for nine years, limiting its ability to influence the agency's direction and hold the agency accountable for performance.

In recent years, the board has discussed developing a strategic plan for the Perpich Center but has made little progress toward completing one. In the board's 2011 evaluation of the executive director, the board said that strategic planning is a large task, and that the director was "moving forward" in this area. In the board's 2014 evaluation of the executive director, the board set a goal for the director of undertaking a comprehensive strategic planning process in Fiscal Year 2015. In Fall 2015, the board chair and the agency's management team met with a consultant to discuss the process of developing a strategic plan.

But the board has not undertaken agency-wide strategic planning since 2007-2008, and the board has not adopted annual goals for the agency since 2008. Without board-approved plans or goals, the agency has lacked agreed-upon targets against which the board can measure the Perpich Center's performance.²⁴ Also, without a plan, the board cannot ensure that management is setting strategic priorities that are consistent with its own.

²¹ Perpich Center for Arts Education Board Policies, Board-Executive Director Relationship Policy #3.

²² Perpich Center for Arts Education Board Policies, Governance Process Policy #1.

²³ Perpich Center for Arts Education Board Policies, Ends Statements Policy.

²⁴ The former executive director told us that general agreement on goals has occurred informally—for example, through her reports to the board at each board meeting. But many board members told us the agency operates without a strategic plan or clear goals, and our observation is that there was relatively little board discussion during the former executive director's reports to the board.

In early 2016, the executive director informed the board of “success indicators” she had developed for the agency.²⁵ However, the director did not present these measures for board approval. It is appropriate for management to draft and propose strategic plans, goals, and performance measures for the board’s consideration. But, in our view, a governing board’s proper role is to set direction for an agency, adopt measures of success, and require regular reporting on results, rather than to simply listen to descriptions of management’s performance indicators.

Internal Assessments

Board bylaws and policies specify ways in which the Perpich Center Board should monitor the agency’s performance, and most board members told us that holding the agency accountable should be a key board responsibility.

The Perpich Center Board did not adequately monitor the performance of the agency’s most recent executive director or of the board itself.

One internal assessment required by the board bylaws is an annual evaluation of the executive director.²⁶ Board policy states that the purpose of such monitoring is “to determine the degree to which the Board’s [strategic] plan, policies, and goals are being implemented and achieved.”²⁷ As noted above, the board has not recently adopted a strategic plan or annual goals. Furthermore, the board conducted only two evaluations of the most recent executive director in the seven years she held that position. Specifically, the board’s Personnel Committee completed evaluations of the director in December 2011 and January 2014.²⁸

In addition, board bylaws require the board’s Personnel Committee to “establish procedures for and conduct a bi-annual Board self-assessment.”²⁹ However, the board last conducted such a self-assessment in 2010. In that assessment, the board identified areas in which it should improve its performance, based on a survey of board members.

²⁵ Some of the measures presented to the board had important weaknesses. For example, for one of the indicators (“All Minnesota schools meet arts standards set forth by the state legislature”), the state collects no data for assessing the achievement of this goal. Also, another indicator (“The number of Minnesota schools with at-risk students and low graduation rates will show progressive improvement”) proposed to measure something outside the Perpich Center’s realm of influence.

²⁶ Perpich Center for Arts Education Board Bylaws, Section 3.3(d)(2).

²⁷ Perpich Center for Arts Education Board Policies, Board-Executive Director Relationship Policy #3.

²⁸ The board bylaws state that the Personnel Committee shall “recommend any salary/compensation adjustments” based on its review of the executive director. The most recent director received two performance-related pay increases during her tenure; we were told by a Perpich Center official that such increases are authorized by the board chair. In June 2013, the director received a pay increase retroactive to January 2013. In June 2016, she received a pay increase retroactive to July 2015. There were time lags between the two evaluations of the director’s performance that occurred in the past seven years and the two pay increases she received, so it is unclear whether these increases were related to the evaluations. Also, it is unclear whether the full board knew about the increases; board minutes do not indicate action on the increases. In 2011, the Personnel Committee gave the director a favorable evaluation while noting that no salary increase was permitted in the director’s position grade and classification at that time. In 2014, the Personnel Committee said the director’s performance exceeded goals, and it supported “all avenues of salary increases that may be available to her.”

²⁹ Perpich Center for Arts Education Board Bylaws, Section 3.3(d)(3).

Overall, the board's bylaws require the implementation of two important accountability mechanisms to ensure the adequate performance of both the executive director and the board; neither have been done in a manner consistent with the board's own policies. Because of this, the board has missed opportunities to identify areas that may need improvement within the agency.

School Oversight

The Perpich Center Board is different from other school boards in several ways. First, the Perpich Center is not subject to many sections of state law that govern charter schools or independent school districts. Second, the Perpich Center has a broader mission than operating two schools; the center also supports arts education in schools throughout Minnesota. Third, Perpich Center Board members are appointed by the governor, while independent school board members are elected by the general public, and charter school board members are elected by the schools' staff, parents (or legal guardians), and board members.

Because of these differences, some members of the Perpich Center Board have insisted that their board is not a school board. However, the Perpich Center Board is the body designated in state law with governance responsibilities for the Perpich Center's two schools.

The Perpich Center Board has not provided oversight comparable to a school board, despite the fact that it is accountable for two schools.

Perpich Center staff have provided the board with information at meetings about school operations and activities. But relatively few of the Perpich Center Board's actions have pertained to the schools the agency oversees. In addition, the board has not played a sufficiently active role in some important school-related decisions. For example:

- Policies specified in the student/parent handbooks used by the Arts High School and Crosswinds School have not been adopted by the board in recent years and, to our knowledge, have not been a topic of recent board discussion.³⁰ In contrast, the Minnesota School Boards Association and Minnesota Association of School Administrators recommend that school boards annually review and approve their districts' student handbooks.
- The Perpich Center Board annually approves an agency budget, including the budgets of the two schools. However, we observed that the board's review of the most recent budget was superficial. At a June 2016 meeting, the board took less than ten minutes to discuss and approve the entire agency budget, including budgets for the agency's schools. This occurred despite the fact that Crosswinds School struggled financially due to low enrollment in the 2015-2016 school year, and the proposed budget for the 2016-2017 school year assumed a sizable enrollment increase for Crosswinds.
- As we discuss in Chapter 3, enrollment at both the Arts High School and Crosswinds School has declined. The board has, in recent months, started asking questions about

³⁰ As we discuss in Chapter 3, the Crosswinds School's parent handbook was not updated during the first three years that the Perpich Center ran the school. Perpich Center leaders recently told us that review of school handbooks is an important board function and has been assigned to the Board Development Committee.

these declines. But we have not seen evidence that the board has looked in detail at enrollment (for example, the parts of the state where Arts High School students are coming from) or possible strategies for increasing enrollment.

The Perpich Center Board has not taken sufficient steps to solicit or welcome input from parents, the general public, or other stakeholders.

A Perpich Center Board policy says that a key board responsibility shall be “to provide the link between [the agency] and its stakeholders.”³¹ However, this policy sounds different from the view articulated by the person who served as chair of the board from February 2013 to September 2016:

[The Perpich Center Board’s] major function is to manage and oversee the policy structure of the agency and its implementation. It is not to have principals and superintendents report to us.... We are not elected and we do not have an electoral constituency. For us to act like a school board and try to manage the input from the public and various other stakeholders is an enlargement and expansion of our statutory duties.³²

In our view, it is reasonable to expect a state agency governing board—especially one that oversees schools—to solicit public input when making decisions, even if this responsibility is not explicitly stated in law. On at least one occasion—a June 2016 open forum—the Perpich Center Board has provided a venue at which the general public could directly interact with board members about issues related to the Perpich Center. But, in a variety of ways, the board has discouraged or limited public input:

- Perpich Center Board meetings have generally started at 3:00 p.m., making it difficult for many parents and teachers to attend. Staff of the Minnesota School Board Association told us most school board meetings start between 5:30 p.m. and 7:30 p.m.
- In recent years, Perpich Center Board meetings have provided little opportunity for public comment. We reviewed the agendas and meeting minutes of board meetings that occurred between January 2014 and September 2016; the board provided an opportunity for public comment at only 3 of 20 board meetings during that period. This contrasts with the standard practices of school boards. A model policy recommended for Minnesota school boards suggests that a school board “shall normally provide a specified period of time when citizens may address the school board on any topic,” although the board may exempt certain meetings such as board retreats and work sessions.³³ Some Perpich Center Board members expressed concern to us that the board has not done enough to solicit public or stakeholder input.

³¹ Perpich Center for Arts Education Board Policies, Governance Process Policy #2.

³² Pierce McNally, Perpich Center Board Chair, e-mail message to board member Susan Mau Larson, “Meeting with Auditor,” August 8, 2016.

³³ Minnesota School Boards Association and Minnesota Association of School Administrators, *Model Policy 206: Public Participation in School Board Meetings/Complaints About Persons at School Board Meetings and Data Privacy Considerations*, revised 2014. Minnesota School Boards Association staff estimated to us that at least 80 percent of school boards have public comment periods at meetings at least once monthly.

- Until recently, the Perpich Center website did not provide information that would allow the general public to contact individual board members.³⁴ Rather, for persons wishing to contact the board, the website linked to the e-mail address of a Perpich Center staff person (the board secretary). Without direct access to individual board members, people may be reluctant to express concerns they do not want to share with administrative staff, or they may wonder whether their e-mails have been conveyed to the board. In November 2016, at the urging of some board members, the e-mail addresses of individual Perpich Center Board members were added to the agency's website.

Neither the Arts High School nor Crosswinds School has a parent-teacher association, which heightens the need for other venues in which parents can provide input. While parents can contact school administrators or staff regarding their concerns, they might also wish to convey their comments to decision makers who oversee the school and have some independence from the school's day-to-day operations.

Level of Board Activity

We also looked at the Perpich Center Board's overall level of activity: the extent to which the board has met, and the scope of the board's actions. Our analysis focused on fiscal years 2009 through 2016.

The Perpich Center Board has been relatively inactive in recent years, holding fewer meetings than in previous years, doing little review of board policies or agency statutes, and taking few actions of real consequence.

The board sets its own schedule of meetings, but the frequency of meetings by the full board has declined steadily over time. The number of board meetings decreased from 12 in Fiscal Year 2009 to 6 in Fiscal Year 2016.³⁵

In addition, the board's committees have been fairly inactive. Each member of the board is typically assigned to at least one board committee.³⁶ As shown in Exhibit 2.3, several of the committees are required by board bylaws to meet at least three times per year. However, none of those committees met that frequently during either of the past two fiscal years.

³⁴ State boards are not required to publicize the contact information of individual members, but some do so. The Perpich Center schools are not charter schools, but it is worth noting that *Minnesota Statutes* 2016, 124E.07, subd. 8, requires charter schools to post "directory information" for their board members on the schools' webpages.

³⁵ The Fiscal Year 2016 total does not count a June 2016 open forum at which the board solicited public input but undertook no official business. This forum was held on the same day as a regular board meeting.

³⁶ Board bylaws require the members of each committee to select a committee chair. Committee chairs schedule committee meetings and help to define the committee agendas.

Exhibit 2.3: Frequency of Meetings by Perpich Center Board Committees in Fiscal Years 2015 and 2016

Committee	Minimum Number of Meetings Required	2015	2016
	Annually		
Board Development	3	2	0
Budget and Finance	3	2	2
Government Relations	3	0	1
Personnel	3	0	1
Nominating	NA	1	1
Executive	NA	0	2

NOTES: Perpich Center Board bylaws specify the minimum times per year that committees must meet, except for the committees for which "NA" (Not Applicable) is indicated. There was a joint meeting of the Government Relations Committee and Budget and Finance Committee in November 2015. We counted this joint meeting as a meeting for each of these two committees.

SOURCE: Office of the Legislative Auditor, review of Perpich Center Board bylaws and committee minutes.

A recent Perpich Center Board chair told us that it has been difficult to get members to devote time to committee meetings or even achieve a quorum at board meetings, given the busy schedules of members. This can be a challenge faced by boards with volunteer members. But it is important to recognize that the Perpich Center Board is a governing board, not an advisory board. Individuals who apply to serve on the board must be prepared to devote time for in-depth review of agency activities.

The scope of the Perpich Center Board's activities has also been quite limited. Earlier, we noted that the board has not adopted a strategic plan or annual goals since 2008; the board's most recent budget review was superficial; the board has not approved the policies in the handbooks of the Perpich Center's schools; and the board did not conduct reviews of the most recent executive director with the frequency required by board policy.³⁷ In addition, the board has made no substantive changes to its own bylaws since at least 2011, and it has not amended board policies since 2007.³⁸ Some board policies need revisions, if only to address references to state agencies that no longer exist.³⁹ The most common actions by the board have been to approve grants, contracts, and agreements. These are important, but they represent a small fraction of the agency's activities and spending. By playing a relatively inactive role, the board has not provided the agency with sufficient direction, nor has it monitored agency progress.

Board bylaws require the board to approve all budget, capital facility, and statutory proposals sent to the Legislature.⁴⁰ We reviewed meeting minutes and other board materials related to these topics since 2013. We concluded that the board has not fully complied with

³⁷ As we discuss later in this chapter, the board used to review and approve changes to the agency's administrative policies, but it no longer does so.

³⁸ Board meeting materials provided no specific documentation of the 2011 amendments to the bylaws.

³⁹ The board policies still refer to the Minnesota Department of Employee Relations (which no longer exists) and Department of Finance (now called the Department of Management and Budget). In our review of board committee meeting minutes, it appeared that board bylaws were most recently reviewed in detail by a board committee in 2011 (plus a small amendment in 2013), and we saw no recent discussions of board policies.

⁴⁰ Perpich Center for Arts Education Board Bylaws, Section 2.2(g).

its bylaws in this regard, and it has sometimes been difficult to determine what exactly the board has approved:

- In 2013, the board did not vote on whether to approve the agency’s capital bonding proposals. At that time, the executive director twice discussed possible bonding projects at board meetings, but these discussions were “for information” and not “for action.”
- The board passed resolutions in 2015 (in support of the agency’s capital budget proposals) and in 2014 (in support of the agency’s operating budget proposals), but neither the resolutions nor supporting board documents indicated the details of what the board voted to support. The board passed its resolutions on the basis of verbal presentations by staff to the board.
- The board did not take a formal action to support the Legislature’s conveyance of Crosswinds School to the Perpich Center in 2014. In July 2013, the board approved the terms of an agreement under which the Perpich Center would manage the school for one year, but the board did not formally take a position on the statutory changes required to permanently transfer the school to the center’s authority.

Although agency leaders have commented about the need to update the agency’s statutes, we did not find evidence that the board has, in recent years, proposed any changes in state law to the Legislature. Starting in 2013, the Board Development Committee undertook a review of the agency’s enabling statutes to determine any areas needing updates or amendments, but this review stalled and no statutory amendments have been proposed. In Chapter 4, we recommend that the Perpich Center Board propose any necessary changes in the agency’s current statutes.

The Perpich Center Board’s review of the agency’s biennial budget proposals occurs after the agency has submitted these proposals to the Governor for consideration.

As noted above, board bylaws require review of all budget proposals before they are submitted to the Legislature. However, there are important steps in the budget process prior to the submission of a budget to the Legislature, and the Perpich Center Board has not played a role in these early stages. For example, state agencies were required to submit their budget proposals for the upcoming biennium to the Department of Management and Budget by October 17, 2016, for possible inclusion in the Governor’s budget proposal to the Legislature. At the time of that deadline, the board had not yet seen the proposals the agency submitted. In our view, a governing board is not performing its duties properly if its only input into the agency budget occurs after proposals have been submitted to the Governor and state executive branch budget officials.

Transparency

It is important for public governing bodies to conduct their business in ways that are open and allow for public accountability. State law requires that state agency board meetings, with limited exceptions, be open to the public.⁴¹ Many people—parents of students, Perpich

⁴¹ *Minnesota Statutes* 2016, 13D.01.

Center employees, arts educators around the state, and others—take an interest in the actions of the Perpich Center Board.

The Perpich Center Board has not operated in a sufficiently open and accessible manner.

We arrived at this conclusion after considering a variety of evidence. We reviewed several years of meeting minutes from the board and its committees. We monitored the way that information about Perpich Center Board meetings is conveyed to the public. We attended board meetings throughout our evaluation, and we talked with current and former board members.

Meeting Minutes

State law does not require the Perpich Center to keep or publish minutes of its meetings.⁴² However, it is common practice for public boards to maintain and approve meeting minutes, and the Perpich Center Board has done so since its creation in 1985. In fact, the board's bylaws require that minutes of each meeting be placed on file in the executive director's office, as well as any other locations designated by the board, executive director, regulations, or statute.⁴³

Until recently, Perpich Center Board minutes have not been made available online in a timely way.

To make meeting minutes publicly available, public boards often post minutes on their websites. For example, large state agencies with governing boards—the Metropolitan Council, MNsure, the Minnesota Housing Finance Agency, and the Iron Range Resources and Rehabilitation Board—all post their meeting minutes online. The governing board of the Minnesota State Academies (which oversees two schools) also has its meeting minutes online.⁴⁴ An official for the Minnesota School Boards Association estimated for us that more than 70 percent of Minnesota school boards post their meeting minutes online.⁴⁵ Charter schools are required by state law to post meeting minutes on their websites.⁴⁶

When we began our evaluation of the Perpich Center in Spring 2016, none of the Perpich Center Board's meeting minutes were posted on the agency's website. In fact, the agency's absence of posted meeting minutes led to a bill in the 2016 Minnesota House of Representatives that would have required the board to post its minutes and supplemental

⁴² *Minnesota Statutes* 2016, 13D.01, subds. 4 and 5, require state boards to keep a record of the board's votes, and this record must be available for public inspection.

⁴³ Perpich Center for Arts Education Board Bylaws, Section 4.4. The board bylaws are not posted on the Perpich Center website, so it may not be clear exactly where to find the minutes.

⁴⁴ As of October 2016, the most recent minutes posted on the website for the Minnesota State Academies were from January 2015. The site was subsequently updated with the more recent minutes.

⁴⁵ In addition, *Minnesota Statutes* 2016, 123B.09, subd. 10, requires boards of independent school districts to publish "official proceedings" (or summaries of those proceedings) in a newspaper within 30 days of the meetings at which those proceedings occurred.

⁴⁶ *Minnesota Statutes* 2016, 124E.07, subd. 8(b).

meeting materials online.⁴⁷ In mid-2016, some board meeting minutes from 2014 were posted on the Perpich Center website. Starting in September 2016, the website contained the most recently approved board minutes.⁴⁸

Contrary to board policy, committees of the Perpich Center Board have not always kept minutes of their meetings.

The board's bylaws establish several standing committees of the board.⁴⁹ The bylaws state: "Each committee must keep minutes of its meetings."⁵⁰ We reviewed all records the Perpich Center had of board committee meetings that occurred between July 2009 and June 2016. We determined that 30 percent of the committee meetings during that period had incomplete or no meeting minutes. (We considered meeting minutes to be "complete" only if they indicated who attended the meeting and described the topics discussed or actions taken.) For example, the board's Personnel Committee met in December 2009 and January 2010 immediately before the board selected a person to serve as the agency's most recent executive director, but the agency has no records of what occurred at either meeting.

Even when minutes of the Perpich Center Board's meetings are available, they are not always very informative. The board's bylaws state that board meetings shall be governed by *Roberts Rules of Order*, and this guidebook says that meeting minutes should include all motions (except those that are withdrawn) and their outcomes. However, we saw several instances in which the board's minutes had little detail on board motions or resolutions. For example, the meeting minutes from a 2011 change in the board's bylaws provided no record of the specific changes the board adopted. As noted previously, some of the board's resolutions supporting the agency's budget requests to the Legislature have not specified the amounts of these requests or the projects that would be undertaken. There are no audio or video recordings of the board's regular meetings, so the meeting minutes are the only way for people who did not attend the meetings to know what happened.⁵¹

Public Notice of Meetings

Minnesota's Open Meeting Law says that meetings of a state board must be open to the public, except in certain instances specified in statute.⁵² Regardless of whether a meeting covered by this law is open or closed to the public, the board must provide public notice that the meeting will occur.

⁴⁷ H.F. 3627, 2016 Leg., 89th Sess. (MN). The requirement to post meeting minutes did not pass.

⁴⁸ The website does not have links to materials that were distributed to board members at the meetings.

⁴⁹ These are the Appeals, Board Development, Budget and Finance, Personnel, Nominating, Governmental Relations, and Executive committees.

⁵⁰ Perpich Center for Arts Education Board Bylaws, Section 3.2(c)(2).

⁵¹ The Minnesota School Boards Association advises that meeting minutes should record what was done at a meeting, not what was said. Thus, there is an argument for limiting the minutes to a record of actions taken. However, a significant part of recent Perpich Center Board meetings have been the oral reports by the former executive director to the board, and the minutes (and supporting board materials) have sometimes provided no indication of the topics discussed during this part of the board meetings. Perpich Center Board meeting minutes decreased from an average of five pages per meeting in Fiscal Year 2009 to about two pages in fiscal years 2015 and 2016.

⁵² *Minnesota Statutes* 2016, 13D.01, subds. 1 and 2.

The Open Meeting Law does not define what a “meeting” is, and this complicates the task of determining whether a state board is complying with the law. In a 1983 case, the Minnesota Supreme Court defined meetings subject to the Open Meeting Law as gatherings of a quorum of a body’s members that “discuss, decide, or receive information as a group on issues relating to the official business of that governing body.”⁵³ However, deciding whether a meeting relates to a board’s official business is a judgment call.

Public notice for some meetings of the Perpich Center Board has been insufficient.

During our evaluation, we observed the Perpich Center’s practices for publicizing upcoming board meetings. In our view, several meetings did not have adequate public notice, even if they technically complied with the Open Meeting Law:

- Four committees of the Perpich Center Board met in November 2016 with little or no advance notice to the public. One committee met November 9, 2016, but there was no notice on the agency website of the meeting. Three committees met November 10, 2016, and there was no notice of these meetings on the agency’s website until we brought this to the agency’s attention on the day of the meetings. A Perpich Center staff person told us that a hack of the agency’s website in October 2016 caused problems with the online calendar that contributed to posting difficulties.
- The board held a “community forum” on June 9, 2016, about an hour after the conclusion of a regular board meeting. The purpose of the forum was for the board to hear public comments about the Perpich Center, including its schools. This was an unusual event; we are unaware of the board holding any similar “listening session” in recent years. However, even on the day of the event, there was no mention of the forum on either the Perpich Center or Crosswinds School online events calendars. Although attendees provided the board with useful input, we think the public notification of this meeting should have been better.
- In September 2016, the Perpich Center Board had a training session on the topic of board governance. The board chair determined that the meeting would not be open to the general public, and the agency website provided no advance notice of the meeting.⁵⁴ We reviewed case law and consulted with legal experts about the Perpich Center’s obligations under the Open Meeting Law, and we concluded that there is no definitive answer about whether this meeting should have been subject

⁵³ *Moberg v. Independent School District No. 281*, 336 N.W.2d 510, 518 (Minn. 1983). A quorum is the minimum number of members who must be present for a body to conduct business; in the case of the Perpich Center Board, a majority of the appointed members constitutes a quorum.

⁵⁴ Before the board chair made this decision, he talked with the Minnesota Office of the Attorney General about how the Open Meeting Law might apply to this meeting. The chair was aware that the Attorney General had issued an opinion in 1975 that said that a training session involving a municipality’s city council members need not be considered a meeting under the Open Meeting Law if the council did not discuss matters within its official duties or powers. (Warren Spannaus, Attorney General, and Thomas Mattson, Assistant Attorney General, letter to Peter Etzell, North Mankato City Attorney, February 5, 1975.)

to the provisions of that law.⁵⁵ Most of the board's members attended the meeting. The board did not take action on any official business at this meeting, but the board's discussions regarding agency statutes and the obligations of board members could have informed later actions by the board.

We have no reason to believe that Perpich Center officials intended to violate the letter or spirit of the Open Meeting Law in these cases. But, in light of the board's recent history of not inviting public input at meetings and not posting meeting minutes online, these instances raise further questions about the board's efforts to ensure openness.

Noncompliance with Officer Term Limits

Under Perpich Center Board bylaws, a board chair and vice-chair must be elected by the board annually to one-year terms. The chair presides at board meetings, and the vice-chair presides in the chair's absence. These two officers—along with four committee chairs—comprise the board's Executive Committee, which meets at the discretion of the chair and has authority to act on matters in between meetings of the full board.

In 2015, the board did not follow its own limitations on board officers' terms.

The board's bylaws limit the chair and vice-chair to "no more than two consecutive one-year terms."⁵⁶ In January 2015, the board approved a third consecutive term for the board's chair (Pierce McNally) and vice-chair (Martha Weaver West). The meeting minutes indicate no discussion of the fact that this violated the officer term limits stated in board bylaws. In February 2016, the board elected Mr. McNally and Ms. Weaver West to their fourth consecutive terms as chair and vice-chair.⁵⁷ However, at that meeting, the board's election of officers was preceded by a board vote to temporarily suspend the term limits of board officers, for up to one year.

It is possible to question the board's judgment in electing the same two individuals to the same officer positions for four consecutive terms, but the board's process in 2016 at least acknowledged that this action required a suspension of the bylaws. In 2015, the board acted in violation of its bylaws—either because members were not aware of the term limits in board policies or chose not to abide by them.

Management Issues

So far, this chapter has focused on issues related to the Perpich Center Board, which is legally responsible for the Perpich Center's governance. This section of the chapter discusses several issues related to the agency's administrative management.

⁵⁵ Minnesota Supreme Court cases that are pertinent include *Moberg v. Independent School District No. 281*, 336 N.W.2d (Minn. 1983); *St. Cloud Newspapers, Inc. v. District 742 Community Schools*, 332 N.W.2d 1 (Minn. 1983); and *Star Tribune v. Univ. of Minn. Bd. Of Regents*, 683 N.W.2d (Minn. 2004).

⁵⁶ Perpich Center for Arts Education Bylaws, Section 3.1(a) and (b).

⁵⁷ Neither Mr. McNally nor Ms. West served an entire fourth year as an officer. Ms. West was not reappointed by the Governor when her term ended in June 2016, and Mr. McNally resigned from the board in September 2016.

State law directs the Perpich Center Board to hire an executive director, who manages day-to-day operations for the Perpich Center. A board policy states: “The job of the Board is generally confined to establishing broad policies, leaving implementation and development of internal management policy to the Executive Director.”⁵⁸ The executive director is authorized to hire all staff, take actions that are consistent with the board’s policies, and establish policies beyond those adopted by the board.

Employee Concerns About Agency Management

The Perpich Center’s most recent executive director (Sue Mackert) retired from the agency in January 2017. She told us that the agency was “in great disarray” in 2010 when she was hired, and some board members we spoke with concurred. A 2008 financial audit of the center had identified significant problems (see discussion in the next section). In 2009, Governor Tim Pawlenty proposed to convert the Perpich Center’s Arts High School to a charter school and eliminate the agency’s state funding; this did not happen. The former executive director said she worked to change aspects of the work culture at the Perpich Center, for the purpose of ensuring accountability and the agency’s survival.

Early in our evaluation, we sent an e-mail to all Perpich Center employees to solicit any “observations, compliments, complaints, and suggestions” regarding the center.⁵⁹ We received many responses to this solicitation, and we assured employees that their identities would not be disclosed. Employees expressed fear that they could lose their jobs, or have their duties or hours diminished, if their comments became public. To fully appreciate why Perpich Center employees have these fears, it is important to note—as described in the box on this page—how employees at the center have less job security than most employees in state government.

The Perpich Center’s Large Number of “Unclassified” State Employees

Under state law, a majority of the Perpich Center’s staff are “unclassified” state employees, meaning that their positions are not assigned a specific job classification in the state’s civil service system.¹ Unclassified employees do not have the layoff protections that classified employees have. While it is typical for top officials in state agencies to have unclassified positions, it is unusual for permanent agency staff to be unclassified. For example, in the only other state agency that operates schools (the Minnesota State Academies), the only unclassified employees are the superintendent and two school principals.

Some people told us that the statutory language regarding the Perpich Center’s unclassified employees reflected an intent in the 1980s (when the Perpich Center was created) to staff the Arts High School with teachers “on loan” from school districts; after one or two years the teachers would return to their home districts to apply what they learned. However, we are not aware that this staffing arrangement was ever implemented to any significant degree.

¹ *Minnesota Statutes* 2016, 43A.08, subd. 1(9), says that the Perpich Center’s teachers, as well as its managers and professionals in academic and academic support programs, shall be unclassified employees, but its custodial, clerical, maintenance, and business administration employees shall be classified.

⁵⁸ Perpich Center for Arts Education Board Policies, Board-Executive Director Relationship Policy #1.

⁵⁹ We e-mailed employees of Crosswinds School on May 24, 2016, and we e-mailed all other Perpich employees on May 10, 2016. During our evaluation, we interviewed or corresponded by e-mail with 64 current or former employees representing all parts of the agency, and we interacted with some additional employees to obtain data or get answers to specific questions. A large majority of the people we interviewed were current employees.

Staff throughout the Perpich Center have had significant concerns about the agency's administrative leadership, contributing to low morale.

An overwhelming share of Perpich Center employees who contacted our office in response to our solicitation expressed concerns about agency management or the work environment. Below, we highlight the predominant concerns we heard from current and former employees about the Perpich Center's top management:

- Employees expressed concern about agency leadership's lack of clear direction for the agency, or for various parts of the agency. They said there has been little or no strategic planning or goal-setting, and the agency has been reactive rather than what one employee called "planful." Employees said that organizational units within the agency have operated in isolation from each other, with little agency-wide cohesion.
- Staff said the former executive director contributed to a negative work environment at the agency. They used terms such as "fear," "intimidation," and "walking on eggshells" when discussing the work culture at the agency. Some former employees told us that the work environment created by the former executive director was a key factor in their decisions to leave the agency.
- Many employees said that the former executive director made key decisions—in the schools and in other parts of the agency—that went beyond her expertise.⁶⁰ They said that, at times, she undermined the duties of school principals, the Arts High School admission committees, persons responsible for hiring decisions, and others.
- Staff said that communication by the former executive director was weak. Many said that she did not communicate in a way that was sufficiently open, clear, honest, or explanatory. They said she talked at length when she attended meetings with other agency staff, but that she did not truly consult with staff or solicit their input before making decisions.⁶¹
- Employees with direct knowledge of hiring decisions said that, on some occasions, the agency did not follow open hiring processes. They described instances in which the former executive director identified individuals she wanted to see hired, and then she (or others) proceeded without a competitive process. Some people thought this resulted in hiring (or offering positions to) unqualified candidates, while others thought this raised questions of nepotism that should have been addressed with greater care.

In addition, the relationship of Perpich Center management with the labor unions that represent Perpich Center employees was strained. In response to a request from three unions, Perpich Center management participated in a labor-management committee, starting in 2012. However, union participants said management was unresponsive to their concerns, and the committee dissolved after several meetings. In general, union representatives told us their relationships with Perpich management have been difficult in recent years.

⁶⁰ The former executive director did not have training or credentials in educational administration or the arts, and many employees said this made it difficult for her to effectively lead an arts education agency.

⁶¹ We also heard concerns about communication by the former executive director and other agency administrative officials from a number of the agency's stakeholders.

The former executive director told us that she brought necessary management expertise to the Perpich Center and implemented courageous actions to get the agency “back on track.” She said she held employees accountable who broke the law or did not perform up to expectations, and this sometimes involved disciplinary actions or terminations.⁶² She said her actions “created a solid core of dissidents whose drive [was] to get rid of me.”

We concluded that the staff concerns raised about the work climate at the Perpich Center were widespread, not just from a group of “dissidents” or people who had been terminated or disciplined. When we solicited employee comments—positive or negative—about agency management and the work environment, the responses we received were overwhelmingly unfavorable. In our view, there was clear evidence of a morale problem within the Perpich Center, despite the fact that employees strongly supported the mission of the agency. As noted earlier in this chapter, the board bears responsibility for not having conducted appraisals of the former executive director’s performance in a timely manner; such appraisals might have alerted the board to problems with agency morale or management.⁶³

Although the executive director left her position in January 2017, the concerns we heard about agency management are still relevant as the agency moves forward. The Perpich Center’s leadership—including the board and the agency’s administrative leaders—will need to ensure that improvement occurs in areas that have been the subject of employee concerns: strategic planning, the work environment, agency communication, hiring processes, and transparency in administrative actions.

Financial Management

The Office of the Legislative Auditor has conducted a financial audit of the Perpich Center about once every four years. These audits have examined the agency’s internal financial controls and compliance with finance-related legal requirements.

In many areas, the Perpich Center has not complied with good financial management practices.

In 2008, our office issued a financial audit of the Perpich Center, based on a review of practices during fiscal years 2004 through 2007. That audit concluded:

The Perpich Center for Arts Education’s internal controls were not adequate to ensure that it safeguarded its assets, accurately paid employees and vendors in accordance with management’s authorization, produced

⁶² Our evaluation did not examine the appropriateness of any instances in which employees were terminated or disciplined. The former executive director told us that she never took retaliatory actions against employees.

⁶³ We heard mixed opinions about agency leadership from past and present board members. For example, one board member praised the former executive director’s “Herculean efforts” to help the agency take over Crosswinds School. Another said the Perpich Center was “as well run an organization as any with which I have been affiliated.” On the other hand, some board members questioned the former executive director’s qualifications, and some said she was not responsive to certain requests by board members. In the most recent review of the former executive director’s performance (in January 2014), the board’s Personnel Committee said she “exceeds performance goals required of her job responsibilities.”

reliable financial information, and complied with finance-related legal requirements.⁶⁴

This conclusion, along with 17 audit findings that supported it, conveyed our office's serious concerns about the Perpich Center's financial management. A former Perpich Center Board member told us that the agency's weak response to this audit was a factor in the board's 2009 decision to replace the agency's executive director.

Our office conducted another financial audit in 2012, covering fiscal years 2010 and 2011. This audit cited the Perpich Center for six findings, but there were also signs of improvement. The audit concluded that the center's internal controls were "generally adequate" and that the center "generally complied" with finance-related legal requirements. The audit determined that the Perpich Center had resolved 13 of 17 issues for which our office had made audit findings in 2008.

In January 2017, our office issued its most recent financial audit of the Perpich Center, based on fiscal years 2014, 2015 and most of 2016. This audit made 12 findings and again found significant problems. It concluded: "The Perpich Center for Arts Education did not have adequate internal controls over its financial management and did not always comply with the legal requirements we tested."⁶⁵ For example, the audit found instances in which the agency did not adequately review payroll and human resources transactions, resulting in payment errors and unexplained deviations from laws and policies.

The Perpich Center's most recent executive director stated her commitment to strong internal controls and compliance with state requirements. But the findings of the January 2017 audit indicate that the agency's management has not done enough. In fact, the findings suggest that the agency's practices have regressed since the previous audit was issued in 2012.

Budgeting

For Fiscal Year 2017, the Perpich Center Board approved a budget that projected more than \$12 million in expenditures. Budget approval is a key board action that provides strategic direction to the agency.

The annual budgets presented by Perpich Center management to the board for adoption have not been sufficiently informative, and many agency staff report that they have not been given clear budgets.

We have several specific concerns. First, the board receives budget summaries that do not clearly define all of the budget categories. For example, the budget has categories with names such as "AHS admn," "gen ed outreach," and "part," all without explanation.⁶⁶ As we describe in Chapter 4, the outreach category includes some items—such as salaries for

⁶⁴ Office of the Legislative Auditor, Financial Audit Division, *Perpich Center for Arts Education: Internal Control and Compliance Audit, July 1, 2003, through June 30, 2007* (St. Paul, October 9, 2008), 1.

⁶⁵ Office of the Legislative Auditor, Financial Audit Division, *Perpich Center for Arts Education: Internal Controls and Compliance Audit, July 2013 through March 2016* (St. Paul, January 2017), 8.

⁶⁶ The "AHS admn" category—contrary to its name—has included more than just administrative expenditures for the Arts High School; in Fiscal Year 2016, it also included most of that school's teacher salaries. "Part" stands for "partner schools," an outdated name for the agency's regional centers (discussed in Chapter 4).

certain Crosswinds school employees—that do not fit the usual notion of the Perpich Center’s statewide outreach activities. Without clearly defined budget categories, it would be hard for the Perpich Center Board to make well-informed budget decisions.

Second, the annual budget document has not helped the board understand the budget implications if the Perpich Center’s schools do not meet their assumed enrollment levels. This is particularly important for Crosswinds School, which receives most of its revenue from the state based on the number of students that are enrolled. For example, in the 2016-2017 school year, the Minnesota Department of Education provided Crosswinds and other schools with \$6,067 in basic education revenue per “pupil unit,” and it also provided certain other revenues based on the number of students.⁶⁷ The Perpich Center Board adopted a Fiscal Year 2017 budget for Crosswinds that assumed enrollment of 225; this was well above Crosswinds’ enrollment in any of the years the agency managed the school. Perpich administrative officials did not present an alternative scenario that showed what budget adjustments would occur if enrollment was lower than expected. In fact, actual enrollment at Crosswinds as of October 1, 2016, was only 129 students. With 96 fewer students than it budgeted for, the school’s actual revenues from state general education aid would be more than \$580,000 less than anticipated.

Third, the budget approved by the board has not shown in sufficient detail the amounts that would be allocated to various parts of the agency. We recognize that it might be reasonable for the Perpich Center Board to approve an overall budget with limited detail, and then administrators could allocate budgets to specific parts of the agency within the board’s overall constraints. However, many Perpich Center staff expressed concern to us that they have not been given a budget for their division or department. They have entered a budget year—and sometimes have gone through the year—without being given a clear idea of what was available to spend. In some cases, agency administrators reportedly have instructed staff to submit purchase orders if they want to spend money, but—without a clear budget—staff have then wondered whether these requests will be approved. Some staff also expressed concern about instances in which they said unit budgets were changed by administrators without informing the persons who managed those budgets, or where staff were not allowed to make expenditures that had been budgeted or authorized.

Clarity about the size of budgets is also important because there have been concerns about the adequacy of these budgets. For example, many Crosswinds staff reported having minimal resources for school-related supplies and purchases during the first three years the school operated under Perpich management. A former Crosswinds official told us that the school’s budget did not cover the cost of basic office supplies. The music teachers at Crosswinds have had an annual budget of \$1,000 in recent years; a former teacher told us this does not come close to covering the cost of instrument upkeep and repair. Teachers and other Perpich Center staff have sometimes funded items out-of-pocket because budgets are small or unspecified.⁶⁸

⁶⁷ Students in grades 1 through 6 count as 1.0 pupil unit, and students in grades 7 through 12 count as 1.2 pupil units.

⁶⁸ One teacher who did not wish to be identified told us that his/her out-of-pocket costs at a Perpich Center school have far exceeded those incurred in the person’s previous teaching positions.

Administrative Policies

Aside from the bylaws and policies that the board has adopted, the Perpich Center executive director is authorized “to establish all [Perpich Center] policies.”⁶⁹ One of the policies established by the executive director addresses the ongoing coordination and review of the agency’s administrative policies.⁷⁰ It says that an agency-wide policy coordinator is required to maintain a complete set of agency policies and ensure that they are internally reviewed each year. New and revised policies are approved by the executive director.

The Perpich Center Board plays no role in reviewing administrative policies, contrary to an agency requirement.

Based on our review of board minutes, the last time the board reviewed and approved any of the agency’s administrative policies was in December 2008. The most recent executive director told us that, around that time, the Minnesota Department of Administration advised that board approvals were unnecessary. However, an administrative policy approved by the Perpich Center executive director in March 2011 says that the agency’s policy coordinator will ensure that new and revised policies are approved by the board.⁷¹ Since that time, five administrative policies have been adopted or revised, none with board approval.⁷² Thus, Perpich Center management is not complying with one of its own policies by not submitting new or revised policies to the board for approval.

We asked Perpich Center administrative staff to provide us with a complete set of the agency’s administrative policies. We received 30 policies, which primarily addressed financial, human resources, and physical plant issues. Of the 26 policies that were in place when the most recent executive director was hired in January 2010, only 5 have subsequently been updated. The agency’s administrative management director told us that the agency’s finance-related policies need to be updated, partly to reflect changes that have occurred in Department of Management and Budget policies. In addition, agency staff told us that various policies related to human resources and the Arts High School’s dorm are in need of updates.⁷³

Employees have not had adequate access to internal Perpich Center policies.

A Perpich Center policy says that the agency’s administrative policies are to be “accessible to all agency employees and the public.”⁷⁴ However, the agency’s policy coordinator told us that most employees probably do not know where to obtain or review the agency’s policies. The administrative policies are not posted on the agency’s website, and the agency does not have an intranet.

⁶⁹ Perpich Center for Arts Education Board Policies, Board-Executive Director Relationship Policy #1.

⁷⁰ Perpich Center for Arts Education, Administrative Policy 100.11. This policy prescribes procedures for annually reviewing and revising the agency’s administrative policies.

⁷¹ *Ibid.*

⁷² This does not include three policies that were administratively revised on March 11, 2015.

⁷³ The agency’s policy coordinator told us that policies related to the dorm are not among the policies he oversees.

⁷⁴ Perpich Center for Arts Education, Administrative Policy 100.11.

While employee access to policies may seem like a minor issue, it was a focal point of discussion in a Perpich Center labor-management committee formed in 2012. Employees wanted an employee handbook or some easy way to access agency policies. For example, we heard concerns from employees who did not know how to complete a purchase order or request authorization for travel. The labor-management committee eventually dissolved with no resolution of how to make policies accessible to employees.⁷⁵

Recommendations

In 2016, the Minnesota House of Representatives considered possible changes to the size and composition of the Perpich Center Board. One bill, as amended, would have changed the size of the board from 15 to 13 members.⁷⁶ It also would have established new requirements for board appointees—specifically that (1) at least one member has served as a school administrator or elected school board member, (2) at least one member is a locally or regionally recognized professional artist, and (3) at least one member is a secondary or postsecondary arts educator. The Perpich Center Board chair urged legislators to wait until OLA completed this evaluation of the Perpich Center before adopting statutory changes, and these provisions of the bill did not pass.

RECOMMENDATION

The Legislature should consider the merits of possible changes in state law regarding the Perpich Center Board's role, size, composition, and appointment process.

Exhibit 2.4 shows several options for statutory changes that we think the Legislature should consider, and it briefly assesses the merits of each. However, we also urge caution about placing too much faith in statutory changes as a way to cure an agency's governance problems. State agency boards come in a variety of types, sizes, and compositions, and no single approach to structuring a governing board is foolproof. In our view, board characteristics such as the strength of board leadership and the level of engagement of board members may have as much impact on a board's effectiveness as those things (such as board size and membership requirements) that can be controlled by state law.

Of the options outlined in Exhibit 2.4, we think the least attractive option is a nominating committee to help select potential board candidates. Relatively few state agencies have nominating committees for their governing or advisory boards, and this option seems overly bureaucratic for a small agency like the Perpich Center.

Selecting the proper option(s) in Exhibit 2.4 may depend on the Legislature's confidence in the Perpich Center Board's current direction. The board had the same chair from 2013 to 2016; that chair resigned from the board in September 2016. The scope of the board's actions was limited in recent years, and there was little dissent among members. In fact, board minutes indicate no dissenting votes on any Perpich Center Board action taken between February 2010 and August 2016. In July 2016, the Governor appointed three new members to the board, and the board elected a new chair in October 2016. Also, a board

⁷⁵ Union representatives told us that the committee ended because management did not participate fully in the committee, and employees feared possible retaliation for participating on the committee.

⁷⁶ H.F. 3627, 2016 Leg., 89th Sess. (MN).

Exhibit 2.4: Options for Statutory Changes to Perpich Center Board of Directors

Option for Statutory Change	Possible Advantages	Possible Disadvantages
Eliminate the governing board	One individual (the executive director) would run the agency and serve at the pleasure of the governor. Agency leadership's accountability to the governor would be more direct and less diffuse than it is with a 15-member board.	Without board meetings, there may be limited options for public input. This seems especially important for an agency that operates two schools. Also, without board members appointed to represent certain interests or parts of the state, stakeholders may have limited voice in agency decisions.
Replace the governing board with an advisory board	Removing the board's authority to govern would be consistent with the model used for many state agencies. An advisory board would provide a mechanism for public input.	It may be harder to attract good candidates to serve on a board that has no formal authority. Also, there is no assurance that the board's advice would be heeded by agency administrators.
Change board composition (For example, require that certain types of experience—such as arts education—are represented on the board)	Specifying in statute the prerequisites for some or all board members might help to ensure that the board has members with knowledge or expertise in key areas.	By adding provisions to state law regarding board member qualifications, it may become harder for the governor to find candidates who meet the requirements.
Establish a nominating committee to recommend board appointees	If there is concern about the quality of board members, a committee that nominates potential members to the governor might help to improve the quality of the appointees.	For a small agency, a committee to help improve appointments to the board may be unnecessary. Also, getting a committee's input might lengthen the appointment process.
Reduce board size	Large boards can be unwieldy or impersonal. A board with fewer than 15 members would be more consistent with the size of school boards and most state boards.	A board should be large enough to represent diverse viewpoints or constituencies. Reducing a board's size may increase the workload on the members who remain.
Make no statutory changes, but strive to ensure that the board makes improvements in its operations	Statutory changes in board type, size, or composition do not guarantee better agency oversight.	Leaving the board "as is" might suggest incorrectly that the board is functioning properly.

SOURCE: Office of the Legislative Auditor.

task force created in mid-2016 looked critically at several concerns expressed about the Perpich Center management and its governing board. If the board's recent activities show an inclination by the board to exercise stronger oversight and follow its own policies, it may be unnecessary to consider the more drastic options in Exhibit 2.4, such as eliminating the governing board.

When considering the options in Exhibit 2.4, it is important to keep in mind the Perpich Center's responsibility for running two schools. Given that all independent school districts and charter schools in Minnesota have school boards, it would be hard to justify eliminating the Perpich Center's governing board. Unlike school boards, the Perpich Center Board consists of appointed rather than elected officials, but the board still provides a potentially important mechanism for public input and discussion.

RECOMMENDATION

The Perpich Center Board should take steps to ensure that its actions are timely, transparent, and consistent with state law, board bylaws, and board policies.

Assuming that the Legislature retains the board as a governing body, we make this recommendation to address a wide range of issues addressed earlier in this chapter. In general, the board should play a more active oversight role, and interested observers should be readily able to monitor the board's activities. We do not recommend that the board be subject to all laws pertaining to independent school boards or charter school boards, but it should be closely engaged in oversight of the agency's two schools (see Chapter 3 for more details). In our view, the board should:

- Regularly review its bylaws and policies for possible revisions, and post these documents on the agency website.
- Review and approve the agency's proposals related to its biennial budget and possible changes in statutory language before the agency submits them to the governor, state executive branch budget officials, or legislators.
- Ensure that board meeting minutes have sufficient detail, including the wording of any resolutions passed.
- Continue posting meeting minutes on the Perpich Center website in a timely manner, and begin posting other materials related to board meetings on the website.⁷⁷
- Ensure that committee meeting minutes are properly recorded.
- Ensure that committees meet regularly, in accordance with board policies.
- Invite public input regularly at public meetings, and provide sufficient public notice for all regular and special board meetings.
- Identify a standard set of documents that individuals should receive following their appointment to the board, and consider whether there should be other, in-person efforts to orient new board members.⁷⁸
- Conduct board self-assessments as often as required by board policy.

⁷⁷ "Other materials related to board meetings" may include meeting agendas and items that were distributed at the board meeting. If the board approves reports or minutes of its committees, these should also be posted. If the board chair and executive director make verbal reports to the board (as has been the case in the past), summaries of their comments should be posted to the website.

⁷⁸ Documents the board should consider for inclusion in the orientation notebook include the Perpich Center's enabling statutes, the open meeting law, board bylaws, board policies, handbooks for the Arts High School and Crosswinds School, the agency budget, a list of the agency's administrative policies, the strategic plan (when one is developed), and a document highlighting parts of *Robert's Rules of Order* that board members should know.

RECOMMENDATION

The Perpich Center Board should adopt a strategic plan and annual goals for the agency, and it should monitor progress toward these goals.

The Perpich Center Board is a governing board, not an advisory board. It needs to provide direction to the agency, and it should oversee the agency's performance. The board should expect agency managers to develop a proposed strategic plan and annual goals that the board can discuss and act upon.

RECOMMENDATION

The Perpich Center Board should assess the executive director's performance annually. This assessment should include efforts to solicit the perspectives of agency staff and stakeholders.

This recommendation is consistent with existing board policy, although the board has not followed it. Earlier in this chapter, we discussed key aspects of the former executive director's performance. For example, we said that employee concerns about the former director's leadership were widespread within the agency, and they have contributed to low morale and staff turnover. We noted that the most recent financial audit of the agency revealed significant financial management issues that require the attention of leadership. It is the job of the Perpich Center Board to hire and then monitor the performance of the executive director. The board should work with the executive director to make improvements in the agency's work environment and performance.

RECOMMENDATION

Perpich Center management should annually provide the board with an agency budget proposal that clearly explains budget categories, discusses alternative scenarios (where appropriate), and shows allocations to each administrative unit.

The board's approval of an annual budget is an important action to establish agency priorities. Agency administrators should ensure that the board receives sufficient detail and explanation in the proposed budget so that members can ask informed questions and anticipate potential risks. Providing the board with information on allocations to each administrative unit (such as each school department or outreach program) will enable the board to consider the adequacy of funding throughout the agency. For example, it is important for the board to know the proposed salary and nonsalary budgets of the Crosswinds art, science, and music departments so the board can judge for itself whether these allocations are adequate. In addition, board approval of a more detailed budget will help to ensure that staff throughout the agency know their budgets as they begin the fiscal year.

RECOMMENDATION

The Perpich Center Board should periodically review and approve its schools' policies (which are specified in school handbooks).

The Minnesota School Boards Association urges school boards around the state to review student/parent handbooks and, more generally, to adopt school-related policies. Perpich Center Board policies do not specifically address the board's role in reviewing policies for the Arts High School and Crosswinds School, but the board has often delegated this oversight to agency administrators. We think it would be appropriate for a policy-focused board to establish a schedule for periodic review and approval of school policies. Such reviews may be routine and noncontroversial in many cases, but we think it is appropriate to have opportunities for board and parent input.

RECOMMENDATION

The Perpich Center should:

- **Ensure that employees have ready access to the agency's administrative policies.**
 - **Provide new or revised administrative policies to the Perpich Center Board for approval.**
-

It is important for agency employees to know the policies they are expected to follow. Particularly for policies that are agency-specific (as opposed to those that apply to all state employees or are in statewide bargaining agreements), the Perpich Center should find ways to make these policies accessible to employees. For example, the agency should post its policies online, develop an employee handbook, or clarify to employees which agency official will maintain a collection of current policies.

The board used to approve revisions to the agency's administrative policies, but it has not done so for several years. However, a Perpich Center administrative policy currently requires board approval of revisions to these policies. The board should consider whether it wishes to review and approve administrative policies, for the purpose of ensuring that these policies are appropriate and up-to-date. If the board does not wish to approve these policies, agency administrators should amend the agency policy that now requires board approval. If the board wishes to approve revisions to administrative policies, agency leadership should ensure that this occurs.

Chapter 3: Schools

A significant portion of the Perpich Center’s operations are dedicated to operating two schools: the Arts High School in Golden Valley for students in grades 11 and 12, and Crosswinds Arts and Science School in Woodbury for students in grades 6 through 10. Combined, the Perpich Center spent \$7.9 million on its schools in Fiscal Year 2016, which represented 72 percent of the agency’s total spending. The schools also employed the majority of the agency’s staff in 2016. Aside from the Minnesota State Academies for the Blind and Deaf, the Perpich Center’s schools are Minnesota’s only state-run schools.¹

We did not exhaustively evaluate the Perpich Center’s schools. But, because they comprise a large portion of the agency’s operations, we looked at several issues of potential interest to the Legislature and the Perpich Center Board of Directors.

KEY FINDINGS IN THIS CHAPTER

- **In contrast to other schools in Minnesota, there are no statutory requirements regarding who may lead the Perpich Center’s two schools.**
 - **Enrollment for both the Arts High School and Crosswinds School has declined in recent years, and Crosswinds’ low enrollment threatens the school’s financial viability.**
 - **The academic performance of Perpich Center students on standardized tests has been weak, especially at Crosswinds School.**
 - **Crosswinds has experienced significant staff turnover since the Perpich Center took over management of the school.**
-

History

From its inception, the Perpich Center held the dual purpose of providing arts education outreach to schools throughout the state and operating an arts high school. The Legislature directed the Perpich Center to pilot an “interdisciplinary academic and arts program for pupils in the 11th and 12th grades,” beginning with 11th grade students in 1989 and expanding to 12th grade in 1990.² The agency has operated the Arts High School since that time.

The agency only recently took over management of Crosswinds School. In 1998, Crosswinds began operating as a voluntary integration magnet school under the authority of

¹ Education services are provided in some state-run correctional and residential treatment facilities, but we did not count these as “schools.” Also, we did not count Minnesota’s public postsecondary institutions.

² *Laws of Minnesota* 1987, chapter 398, art. 10, sec. 8.

a joint powers board that became the East Metropolitan Integration District (EMID).³ In 2001, Crosswinds moved from St. Paul to its current location in Woodbury, a building financed with more than \$23 million in state bonds. Over time, EMID's member school districts experienced demographic changes, and there was less commitment by the districts to using their state integration revenues to operate the school.⁴ EMID's member districts voted to decrease their financial contributions to EMID, which had a negative impact on the resources available for Crosswinds' operations.

By 2011, enrollment at Crosswinds had declined substantially, and EMID began discussing the possibility of closing the school. In Fall 2012, EMID solicited proposals from member districts who might be interested in managing the school. South Washington County School District submitted a proposal; it did not commit to maintaining the school's focus on cultural integration and instruction in arts and science, so EMID solicited other proposals. In 2013, EMID voted to close Crosswinds and seek permission from the Legislature to transfer authority for Crosswinds to the Perpich Center, the only entity that proposed to operate Crosswinds with its existing focus. The bill to convey Crosswinds to the Perpich Center did not pass in the 2013 legislative session, so EMID entered into an agreement with the Perpich Center to manage Crosswinds during the 2013-2014 school year. In 2014, the Legislature statutorily conveyed Crosswinds to the Perpich Center.⁵

Statutory Issues

Before we discuss issues specific to each of the two schools the Perpich Center operates, it is important to consider two issues about statutory provisions that apply to both schools. First, we discuss how state requirements for the Perpich Center's school administrative leaders compare with requirements that apply to other public schools. Schools' administrative leaders—that is, their superintendents or principals—can play an important role in school success. Second, we discuss a provision of state law that allows for appeals of Perpich Center Board actions.

School Administrative Leadership

The Arts High School and Crosswinds School are unique in that they are not subject to many of the requirements that apply to other public schools in Minnesota. We looked at statutory requirements regarding school leadership positions, and we compared the

³ While state law at the time of the school's creation did not explicitly define an "integration magnet school," it suggested that the purpose of such a school was to promote integrated education as a way to improve educational opportunities and academic achievement among disadvantaged children (*Minnesota Statutes* 1998, 124D.88, subd. 1).

⁴ The composition of EMID's membership has changed throughout its existence. At the time of Crosswinds' conveyance to the Perpich Center, ten independent school districts comprised EMID: Forest Lake, Inver Grove Heights, Roseville, St. Paul, South St. Paul, South Washington County, Spring Lake Park, Stillwater, West St. Paul-Mendota Heights-Eagan, and White Bear Lake. EMID also operated an integration magnet elementary school, Harambee Community Cultures/Environmental Science Elementary School, which the integration district voted to close at the same time as Crosswinds. Harambee was managed by the Roseville School District during the 2013-2014 school year and was statutorily conveyed to the Roseville district in 2014 (*Laws of Minnesota* 2014, chapter 294, art. 2, sec. 20).

⁵ *Laws of Minnesota* 2014, chapter 294, art. 2, sec. 20.

requirements for the Perpich Center with those pertaining to independent school districts, charter schools, and the Minnesota State Academies for the Blind and Deaf.⁶

There are no statutory requirements that address the qualifications of the Perpich Center schools' administrative leaders; in contrast, the leaders of other public schools in Minnesota must meet minimum state requirements.

First, we examined statutory provisions for school superintendents. State law requires that independent school districts with secondary schools have a superintendent.⁷ There are no statutory requirements for charter schools or the Minnesota State Academies to have a superintendent. However, some charter schools are affiliated with independent school districts that have a superintendent, and the Minnesota State Academies has employed a licensed superintendent for at least the past 36 years.

Superintendents must meet a number of criteria for licensure. State rules require superintendents to complete a specialist or doctoral program or a program consisting of 60 semester credits beyond a bachelor's degree.⁸ The rules require a superintendent to demonstrate competency in a variety of areas, such as organizational management, curriculum planning and development, and human resource management.⁹

The statute governing the Perpich Center does not require the agency to employ a superintendent for its schools, and it does not have one. The Perpich Center has two employees with a superintendent's license, but neither of these individuals function as a superintendent for the Perpich Center's schools.¹⁰ Instead, the agency's executive director supervises the principals of the schools. The agency's most recent executive director did not have a college degree or licensure in education administration.¹¹

Second, we examined statutory provisions for school principals. State law does not require public schools in independent school districts to have principals, but staff for the Minnesota Board of School Administrators told us that few schools do not have principals.¹² Principals employed by independent school districts are required by state law to hold a principal's license, and the licensure requirements for principals in state rules are similar to

⁶ The Minnesota State Academies is a state-run agency that, like the Perpich Center, operates two schools (both residential).

⁷ *Minnesota Statutes* 2016, 123B.143, subd. 1.

⁸ *Minnesota Rules*, 3512.0200, subp. 3, posted October 23, 2008. The program must be approved by the Minnesota Board of School Administrators and be offered at a regionally accredited Minnesota graduate school.

⁹ *Minnesota Rules*, 3512.0510, posted October 23, 2008. The rules also require applicants for superintendent licenses to have completed a specified amount of field experience assisting a licensed, practicing superintendent.

¹⁰ One of them provides educational policy advice for Perpich Center programs and reports to the executive director. The other is an assistant principal at Crosswinds School and reports to the principal of that school.

¹¹ Perpich Center officials told us that state agency heads are not required by law to have any specific credentials. Our point, however, is that there are no statutory provisions governing the credentials or expertise of the persons overseeing the Perpich Center's schools, in contrast to statutory provisions that pertain to the leadership of other schools in Minnesota.

¹² *Minnesota Statutes* 2016, 123B.147, subd. 1, says that school buildings in independent school districts "may be under the supervision of a principal."

those listed above for superintendents.¹³ Likewise, state law says that the Minnesota State Academies' school principals must also have state licenses.¹⁴ Charter school principals are not required to have state licenses as principals.¹⁵ However, state law requires a charter school's board to establish qualifications for administrators that address various areas specified in statute.¹⁶ State law also requires an unlicensed administrator of a charter school to develop, with the school's board, a professional development plan and report annually on its implementation.¹⁷

State law does not specify any requirements for the principals of the Perpich Center's schools. In recent years, the Perpich Center has usually employed state-licensed principals at its schools.¹⁸ However, the person selected to head Crosswinds School since Summer 2016 does not have a principal's license or a degree in education. She was the communications director for the Perpich Center from 2012 through 2015, and in 2016 she was selected to head the Perpich Center's teacher training institute. She is now the leader of both Crosswinds School and the training institute.

The Perpich Center hired an assistant principal for Crosswinds School in 2016 who has a state license in school administration; thus, Crosswinds School has a licensed administrator on staff. However, the director of the Minnesota Board of School Administrators told us she could not recall another situation in which a licensed administrator at a school is supervised by an unlicensed administrator.

RECOMMENDATION

The Legislature should establish statutory minimum requirements for Perpich Center educational administrators.

State law addresses the qualifications of individuals serving as administrators of all public schools in Minnesota except for the two schools operated by the Perpich Center. The Legislature should address several issues. It should first consider whether it wishes to require the Perpich Center's school principals to have state administrative licenses, which the law requires for principals in independent school districts and the Minnesota State Academies but does not require for charter schools. If the Legislature continues to allow unlicensed individuals to serve as principals for Perpich Center schools, it should, at a minimum, require them to have expertise in specified topics and professional development plans that are regularly monitored by the governing board. This would make the Perpich Center's requirements comparable to those imposed on charter schools.

¹³ *Minnesota Statutes* 2016, 123B.147, subd. 2; and *Minnesota Rules*, 3512.0200, subps. 3 and 4, posted October 23, 2008.

¹⁴ *Minnesota Statutes* 2016, 125A.67, subd. 2. The statute says that administrators of the Minnesota State Academies are subject to state licensure requirements; presumably, this means that the agency's principals must hold licenses as principals.

¹⁵ *Minnesota Statutes* 2016, 124E.12, subd. 2(a). However, a representative from the Minnesota Association of Charter Schools told us that about half of Minnesota's charter school principals have a state principal's license.

¹⁶ *Minnesota Statutes* 2016, 124E.12, subd. 2(a). The areas of expertise specified in statute are: instruction and assessment; human resource and personnel management; financial management; legal and compliance management; effective communication; and board, authorizer, and community relationships.

¹⁷ *Minnesota Statutes* 2016, 124E.12, subd. 2(b).

¹⁸ The person hired in 2016 to be principal of the Arts High School has a state license as a principal.

In addition, the Legislature should consider whether the Perpich Center—which operates a high school—should be required to have a licensed superintendent with administrative oversight of that school, or whether the executive director (who supervises the principals of the agency’s schools) should be required to meet certain training requirements. State law requires independent school districts that operate a high school to have a superintendent, but it does not require charter schools or the Minnesota State Academies to hire superintendents.

Appeals Process

Under state law, parents of students at the Perpich Center’s schools can appeal certain decisions by the Perpich Center Board. The law says: “A parent who disagrees with a board action that adversely affects the academic program of an enrolled pupil may appeal the board’s action to the commissioner of education within 30 days of the board’s action. The decision of the commissioner shall be binding on the board.”¹⁹

Parents of Perpich Center students have not recently appealed board actions. This could reflect satisfaction with the board’s actions but is more likely related to the short time frame for appeals and the board’s limited number of school-related actions.

Staff at the Minnesota Department of Education (MDE) told us that they have received no Perpich Center-related appeals in recent years. It is worth noting that, aside from the Perpich Center schools, there is no comparable statutory process authorizing appeals of school board decisions to MDE. This option is not available for the state schools for blind and deaf students, charter schools, or schools in independent school districts.

The absence of appeals of Perpich Center Board actions does not necessarily indicate that parents are satisfied with the board’s oversight. First, the statute requires that appeals be filed within 30 days of the board’s action, but the minutes of Perpich Center Board meetings are not necessarily finalized (through approval at a subsequent board meeting) and made public within 30 days. Thus, unless a parent attended a meeting or learned about a board action in some other way, an appeal could not be filed within the required time frame. Second, the Perpich Center Board takes few actions directly related to the schools the Perpich Center operates—thus, there are few actions that could be appealed. For example, the board approves the agency budget (including the budgets of the schools); approves student fees charged at the Arts High School; and has, on rare occasions, acted on discipline issues involving individual students. Most school-related decisions are made by administrators rather than the board.

RECOMMENDATION

To provide recourse to parents of Perpich Center students, (1) the Legislature should amend the statutory appeals process to have more reasonable timelines and (2) the Perpich Center Board should provide more opportunities for parent input.

¹⁹ *Minnesota Statutes* 2016, 129C.10, subd. 3b.

If it wishes, the Legislature could eliminate the appeals process from statute entirely. As we noted, there is no comparable statutory provision for other schools. But if the Legislature decides to keep in statute an appeal option for Perpich Center parents, the provisions for filing an appeal should be changed. Since recent meetings of the Perpich Center Board have occurred, on average, every two months, it would be better to have a 75-day deadline for filing an appeal. We considered whether an entity other than MDE should receive these appeals; we are not convinced there is a better option.²⁰

In our view, however, a Perpich Center Board that welcomes parent input would be an important step. In Chapter 2, we recommended having more opportunities at board meetings for public comment, and we noted that contact information for individual board members was recently placed on the Perpich Center website. We suggested that the Perpich Center Board play a more active role in overseeing the Perpich Center's schools by reviewing school policies. There still may be times when parents disagree with a decision of the board (and might wish to appeal), but a more open process for making school-related decisions would be a desirable first step.

Arts High School Issues

The statutory issues discussed above—related to school leadership requirements and a process for appealing board decisions—apply to both of the Perpich Center's schools. In this section, we discuss issues that pertain specifically to the Perpich Center's Arts High School.

Arts High School Enrollment

Minnesota provides students and parents with many K-12 enrollment options. For example, students may enroll in: school districts other than their own; charter schools; online learning; courses that qualify for both college and high school credit; and alternative learning centers. With these choices, a school's enrollment level is important partly because it indicates the school's appeal to students and parents.

For most schools, enrollment also strongly affects the amount of state aid the school receives from MDE.²¹ But the Arts High School is primarily funded through the Perpich Center's General Fund appropriation, not per-pupil aid—thus, while enrollment is an important measure of the Arts High School's appeal, the school's financial health has not relied directly on its enrollment.

Minnesota law places a limit (310) on the number of students who may enroll at the Arts High School.²² As shown in Exhibit 3.1, enrollment on the first day of school fluctuated somewhat between 1996 and 2012, but it was never less than 273 during that period.

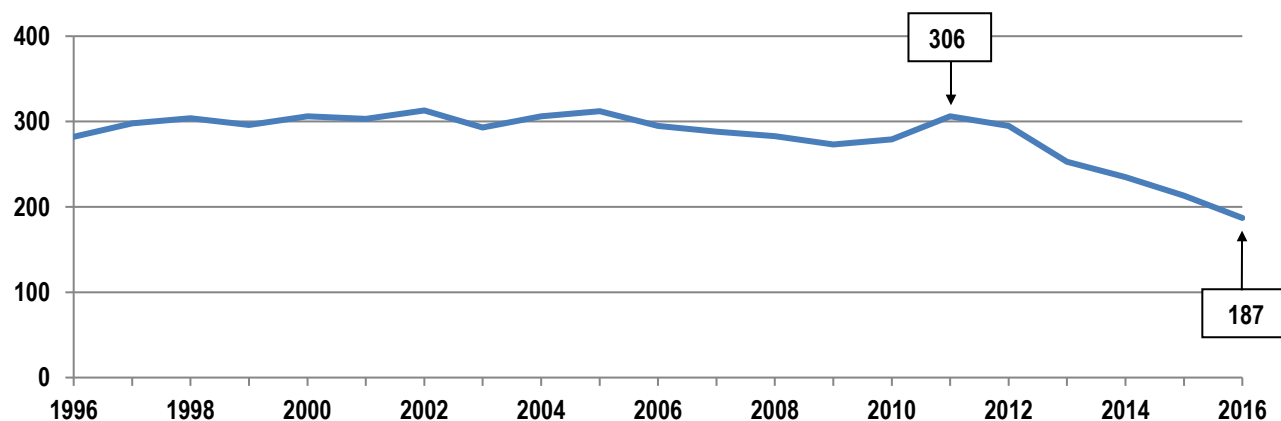
²⁰ For example, it might be possible for appeals to go to the Office of Administrative Hearings instead of to MDE. Administrative law judges from that office hear contested cases on a wide variety of topics, such as utility rates, professional licenses, environmental permitting, and others. However, it is unclear that a judicial process would be preferable to consideration of parent appeals by state education officials.

²¹ Minnesota House of Representatives Research Department, *Minnesota School Finance: A Guide for Legislators* (St. Paul, December 2015), 17-36, provides an overview of state general education revenues for schools, including per-pupil aid.

²² *Minnesota Statutes* 2016, 129C.10, subd. 3(f)(1).

Exhibit 3.1: Perpich Arts High School, First-Day Enrollment, 1996-2016

Students



SOURCE: Office of the Legislative Auditor, analysis of Perpich Center for Arts Education first day of school enrollment data.

The Arts High School's enrollment declined significantly during the past several years.

As recently as 2011, the Arts High School had 306 students on the first day of school, just below the statutory enrollment cap. But, by the first day of school in 2016, there were only 187 students at the Arts High School, a 39 percent drop from five years earlier. The Perpich Center's most recent executive director told us this decline in enrollment was expected because it mirrors declines in high school enrollments statewide.²³ However, we examined official enrollment data from MDE and found that the Arts High School's enrollment decline has been more dramatic than statewide enrollment reductions. For example, statewide enrollment in grades 11 and 12 declined 7 percent over the past ten school years, while the Arts High School's enrollment declined 23 percent during that period.²⁴

The Arts High School was unique in Minnesota when it opened in 1989, but today there are other high schools in the Twin Cities area that focus on the arts. Some are part of independent school districts; some are charter schools.²⁵ The box on the next page shows arts high schools in the Twin Cities area and their enrollment in grades 11 and 12 during the most recent school year. Each of these schools has had steady or growing enrollment in these grades during the past five years, the period when the Arts High School's enrollment was declining.

²³ The former executive director also said that the Perpich Center's success in strengthening arts programs in high schools around the state has made it less necessary for students to leave their home school districts to attend the Arts High School. As we noted in Chapter 2, the most recent executive director was hired in 2010 and held the position until she retired in January 2017.

²⁴ The difference is even larger when analyzed over the past five years. Using official MDE school enrollment data (which are different than the first-day-of-school enrollment data shown in Exhibit 3.1), we found that (1) statewide enrollment in grades 11-12 decreased by 2 percent over the past five years and (2) Arts High School enrollment decreased by 29 percent over this period.

²⁵ The Legislature passed legislation authorizing charter schools in 1991, two years after the Arts High School opened.

One reason for the Arts High School's reduction in enrollment is that it has been receiving fewer applications for admission. The Arts High School is the only public high school in Minnesota with a selective admissions process for all of its students. Students from across the state may submit applications to the

school, and the school goes through a process to determine which students it will admit. The Arts High School's number of applications decreased from a high of 391 in 2002 to 175 in 2016. Over time, the percentage of applicants admitted to the school has increased. For example, during the past five years, the Arts High School admitted 70 percent of applicants; during a comparable period 15 years earlier, the school admitted 55 percent of applicants.

Other Arts High Schools in the Twin Cities Area

School	2015-2016 Enrollment	Enrollment Change in Grades 11 and 12 Since 2011-2012
Creative Arts Secondary School (St. Paul)	85	NA ^a
Main Street School of Performing Arts (Hopkins)	136	-1%
Fine Arts Interdisciplinary Resource (FAIR) School Downtown (Minneapolis)	146	+106%
St. Paul Conservatory for Performing Arts (St. Paul)	289	+28%

^a Did not exist in 2011-2012 school year

SOURCE: Minnesota Department of Education.

It is possible that the Perpich Center's lack of a permanent admissions director in recent years affected student recruitment. Among other tasks, an admissions director visits schools and education events around the state in an effort to make students, teachers, and school guidance counselors more aware of the Arts High School. The Perpich Center did not have a permanent employee in its Arts High School admissions director position for most of the period between November 2010 and October 2015.²⁶ While the exact impact of this decision on student recruitment is unclear, some Perpich Center staff told us they believe that the absence of an admissions director was a factor in enrollment declines.

The Arts High School draws students disproportionately from the Twin Cities metropolitan area.

Minnesota law says that the Perpich Center Board "must plan for the enrollment of pupils on an equal basis from each congressional district."²⁷ The intent of this language is not clear. On the one hand, the language might suggest that the Perpich Center should aim to enroll equal numbers of students from each of the state's eight congressional districts (which have similar-sized populations of high-school age residents).²⁸ On the other hand,

²⁶ The high school's admissions director passed away in November 2010. The Perpich Center hired a permanent employee who served as the admissions director for about five months during 2011 before leaving the agency. Two years later, agency officials assigned certain admissions and recruitment duties to a temporary employee who worked at the agency as an information officer from 2013 to 2015. The agency hired a permanent employee as admissions director in late 2015.

²⁷ *Minnesota Statutes* 2016, 129C.10, subd. 3(h).

²⁸ Census data indicate modest differences among Minnesota's eight congressional districts in their populations of 15- to 19-year-olds. In 2015, the district populations in this age group ranged from 40,906 (in the district containing Minneapolis) to 49,001 (in the district containing northern and some western Twin Cities suburbs and parts of outstate Minnesota northwest of the Twin Cities).

perhaps the language suggests that the Perpich Center should be equally able to accommodate students from all parts of the state. To that end, the Perpich Center is unique among public high schools in Minnesota in that it has a dormitory to house students on campus.

Over time, Arts High School students have increasingly come from the Twin Cities area. We looked at detailed enrollment data for the Perpich Center since 1996. At the start of the school year in 1996, a Twin Cities area congressional district (District 5) accounted for a larger share of Arts High School students (18 percent) than any other congressional district; a mostly rural congressional district (District 2) had the smallest share, accounting for 7 percent of that year's students.²⁹ By 2016, 39 percent of Arts High School students came from a single congressional district (District 5), which includes Minneapolis and surrounding suburbs; in contrast, there were no students from Congressional District 7, which covers most of western Minnesota. As of late 2016, 78 percent of Arts High School students came to the school from the seven-county Twin Cities area.

RECOMMENDATION

Perpich Center administrators should at least annually provide the Perpich Center Board with information on enrollment trends at the agency's two schools.

To make good decisions, the Perpich Center Board must have basic information about past and present school enrollment levels, with enough detail to understand trends and their effects on the schools. Although this section focuses on Arts High School enrollment, this recommendation encompasses our later discussion about Crosswinds School's enrollment challenges. We saw limited discussion of Arts High School and Crosswinds School enrollment by the Perpich Center Board in recent months. Although the board has representatives from each of the state's congressional districts, it was unclear to us whether the board had any interest in the Arts High School's enrollment by region. If overall enrollment at the schools is not where the board thinks it should be, or if enrollments from certain parts of the state are lagging, the board and administration should discuss student recruitment strategies. If either school were to be successful in increasing student enrollment, the board should consider the potential impact on the workloads of teachers and student services staff, as well as physical plant impacts.

Arts High School Academic Performance

It is important—but challenging—for the Perpich Center Board of Directors to assess the adequacy of education provided to students at the agency's schools. A school like the Arts High School is trying, among other things, to cultivate artistic excellence. While the state has standardized tests for subjects like math, it does not have standardized tests for assessing arts outcomes in individual students or schools. In Chapter 2, we observed that the Perpich Center does not have an agency-wide strategic plan, board-approved annual goals, or board-approved performance measures.

²⁹ District 5 consisted of Minneapolis and many of its suburbs (including Golden Valley, where the Arts High School is located). District 2 consisted of the southwestern part of Minnesota, mostly outside of the Twin Cities metropolitan area. Congressional district boundaries are amended every ten years based on updated census data.

Various individuals have offered testimonials about the value of the Arts High School. Perpich Center leaders and alumni have commented on the ability of these schools to change students' lives for the better. Some people have said that the school provides a niche for students whose skills have not been nurtured in previous schools.

As the Arts High School educates students, it has some unique factors that potentially work in its favor and to its disadvantage. To its advantage, the Arts High School—unlike other public high schools in Minnesota—is entirely able to select which students it will admit.³⁰ Applicants are interviewed not only to assess their artistic skills and creativity, but also to assess their ability to succeed academically. Perpich officials consider applicants' prior absences, grades, and attitudes toward school as a part of the admissions process. Also, based on a student's performance at the Arts High School in 11th grade, the school can decide whether to invite the student back for 12th grade.

On the other hand, the Arts High School has students for only two years. The state does not have standardized reading tests in the 11th or 12th grades, and the state's standardized math tests are administered in the latter part of a student's 11th grade year. Thus, the Arts High School has limited time to influence the performance of students on standardized measures.

Many Arts High School students excel in their artistic endeavors, but the school's overall performance on state-prescribed accountability measures has been subpar.

Many Arts High School students have done well in state arts competitions, and many have received college scholarships. For example, in the 2016 Minnesota Scholastic Art Awards, 18 Arts High School students received "Gold Key" awards (the highest honor) in areas that included painting, photography, sculpture, film, and others.³¹ At least 70 percent of 2016 Arts High School graduates were accepted into college and planned to attend college in the current year. About half of the Arts High School's 2016 college-bound graduates received scholarships, some exceeding \$50,000 over four years.

It is important for the Arts High School to provide opportunities for its students to develop their artistic and creative skills, but the school must also help its students meet state academic standards. Exhibit 3.2 shows the history of the Arts High School students' performance on the state's 11th grade math tests. Only 18 percent of tested Arts High School students were deemed "proficient" in 2016, compared with 47 percent of students statewide. The number of Arts High School students taking the 11th grade standardized math tests in recent years has plummeted.³²

³⁰ Public schools must admit students of statutorily specified ages living within the boundaries of the school district. Students may enroll in schools outside their home districts, although state law allows districts to cap enrollment of such students and does not require districts to enroll nonresidents currently expelled from another district. The law allows charter schools to limit admissions in certain ways, but not based on intellectual ability, athletic ability, or measures of achievement or aptitude.

³¹ Several Arts High School students received more than one Gold Key award.

³² Data reported by the Perpich Center to MDE shed no light on the reasons that many Arts High School students did not take the test in 2016. State data show that an increasing number of students in Twin Cities school districts have not taken the Minnesota Comprehensive Assessment tests in recent years because they have been absent or their parents have refused to have their children take the tests.

Exhibit 3.2: Perpich Arts High School Students' Proficiency on State Eleventh-Grade Math Tests, 2012-2016

Year	Arts High School Students Tested	Arts High School Students Deemed Proficient	Percentage of Arts High School Students Deemed Proficient	Statewide Percentage of 11 th Grade Students Deemed Proficient
2012	135	65	48.1%	42.5%
2013	121	50	41.3	52.4
2014	<i>[No tests were administered by the Perpich Center]^a</i>			50.6
2015	81	34	42.0	48.7
2016	28	5	17.9	47.1

NOTES: The tests reflected in this exhibit are the Minnesota Comprehensive Assessments (MCAs). "Students deemed proficient" includes students who met or exceeded the state's proficiency standards.

^a The Perpich Center's most recent executive director told us that the center chose not to offer the MCAs to Arts High School students in 2014, preferring to focus instead on the ACT college readiness examination.

SOURCES: Office of the Legislative Auditor, based on Minnesota Department of Education data and information obtained from a Perpich Center official.

The Arts High School did not administer the state-required standardized math test to 11th grade students in 2014.

When we reviewed MDE data on the Arts High School's test results, we noticed that there were no results for Spring 2014 testing. We asked the Perpich Center's former executive director why the Arts High School did not administer the Minnesota Comprehensive Assessment math test in 2014. She said that this state test is not necessarily a good benchmark for Arts High School students, and that school staff decided—in collaboration with MDE—to have students take the ACT college readiness test instead. However, the director of MDE's statewide testing division told us that (1) her division was not consulted about the Perpich Center's decision not to administer the Minnesota Comprehensive Assessment and (2) schools do not have an option to give the 11th grade math test; it is mandatory.

We also looked at the Arts High School's performance on MDE's "Multiple Measurement Rating" (MMR). This rating combines measures related to: (1) student proficiency on standardized tests, (2) growth in student achievement test scores over time, (3) reductions in the "achievement gaps" of certain student subgroups, and (4) high school graduation rates.³³ Among the more than 400 Minnesota high schools that were rated in this way, the Arts High School had a lower rating than 86 percent of schools in 2015, and 91 percent of schools in 2016. The Arts High School has had a very high graduation rate, but the school's performance on the other measures has been much weaker.

³³ To assess reductions in "achievement gaps," the department compares a school's growth in test scores for traditionally disadvantaged groups (such as non-white students) to statewide growth in the scores of more advantaged groups (such as white students).

The Arts High School has a high graduation rate, but this partly reflects the school's unique ability to choose which students to admit and retain.

Perpich Center leadership has voiced a goal of having a 100 percent graduation rate at the Arts High School, and the school has reached or come close to achieving this annually. A graduation rate—as defined by MDE—indicates the extent to which students who ended their high school enrollment at the Arts High School completed their high school career within four years of starting ninth grade. Students who enroll at the Arts High School in 11th grade but who return to their home districts prior to graduation—for example, due to poor academic performance—do not count as non-graduates in the Arts High School's graduation rates.³⁴ As we noted earlier in this chapter, the Arts High School can selectively admit students and may ask students not to return to the school for 12th grade if they have not performed well at the school in 11th grade. These options increase the likelihood of higher graduation rates for the Arts High School, and they are not available to other public schools.

Some Arts High School staff have expressed concern that the goal of a 100 percent graduation rate places undue pressure on teachers to pass students, even in cases where the students' performance is subpar. One teacher—who wished to remain anonymous—told us that he/she no longer gives failing grades to students, due to the Perpich Center administration's expectation of a 100 percent graduation rate.³⁵ The Perpich Center's former executive director told us that a 100 percent graduation rate is only a goal, not a mandate. She said this goal is intended to get staff at the Arts High School to intervene early with students, ensuring that they receive the support they need to graduate.

RECOMMENDATION**Perpich Center staff should annually provide the governing board with written summaries of students' standardized test scores.**

This recommendation applies to the Arts High School, but also to Crosswinds School (which, as we discuss later, administers more standardized tests than the Arts High School and has had weak performance on these tests). It is important for the Perpich Center Board of Directors to monitor the performance of students at the schools. In our observation of board meetings during this evaluation, we did not see any written materials presented to board members on this topic. Also, our review of board minutes did not indicate any recent board discussions of this topic. Board staff told us that such information has been conveyed verbally to members at board meetings or in e-mails.

In our view, Perpich Center staff should provide some points of comparison to help the board make sense of these data. For example, it would be useful to compare the most recent year's performance to prior years, to the state's overall performance for comparable grade levels, and to any other targets that have been set by the Perpich Center.

³⁴ Over the past five years, an average of 19 students annually have withdrawn from the Arts High School during the school year. This does not include students who were not invited back to the school for their senior year or those who withdrew their enrollment at the school during the summer before their senior year.

³⁵ On the other hand, one teacher told us that he/she was asked by a former Arts High School principal to give a failing grade to an 11th grade student who passed a course, which would have given administrators a stronger case for not inviting the student back for 12th grade. The teacher did not comply with the request.

RECOMMENDATION

Besides standardized test scores, Perpich Center staff should periodically provide the governing board with documents showing other indicators of student performance.

There are other measures of student accomplishment that the board should review, particularly for Arts High School students. The board has received oral reports on some of these measures, but we think the board should periodically receive written documents—for example, showing the percentage of graduates who enrolled in college, the percentage who received merit-based scholarships, how students performed in arts competitions or on Advanced Placement tests, and other indicators. The board can use the information it receives from staff to adopt goals for student performance on standardized tests or other measures. The board may also wish to consider tracking the percentage of students admitted to the Arts High School who remain in school and graduate from that school.

Arts High School Student Attendance

The Arts High School student and parent handbook emphasizes the importance of school attendance:

Students are expected to attend every scheduled class and field trip on time. The right to attend school can be exercised at schools other than Perpich Arts High School for students that cannot adhere to Perpich Arts High School attendance policy.³⁶

The handbook says that students with a single unexcused absence will be given a written notice, and parents or guardians will be mailed a notification. After a second unexcused absence, similar notifications to parents and students are supposed to occur, plus parents are to receive a copy of an “attendance agreement” developed by the student and teacher. The handbook says that students may lose credit if they have a third unexcused absence, depending on the outcome of an appeal meeting scheduled by the principal.

Arts High School attendance policies were not enforced in recent years.

Arts High School staff told us that the written notices and attendance agreements referenced above were not sent during the 2014-2015 and 2015-2016 school years, contrary to what school policy requires.³⁷ Some school staff told us that non-enforcement of attendance policies dated back even further. Staff attributed the non-enforcement of attendance policies largely to top Perpich Center and Arts High School administrators. Some people also said the school has not had a sufficient number of staff to follow up on attendance issues.

³⁶ Perpich Center for Arts Education, *Perpich Arts High School Student and Parent Handbook, 2016-2017* (Golden Valley, 2016), 37.

³⁷ Staff told us that written notices of unexcused absences are being sent out during the current school year, but that teachers have been inconsistent about meeting with students in cases where there have been two or more unexcused absences.

We reviewed Arts High School student attendance records for the 2015-2016 school year, and we observed that unexcused absences were widespread.³⁸ Among students who graduated from the Arts High School in 2016, we determined that the median number of unexcused absences during their senior year was ten. We identified six students who had more than 40 unexcused absences in their senior year who still graduated in 2016.

Teachers and other staff expressed concern to us about the non-enforcement of attendance policies. They said it affects the rigor and culture of the school. They said that students need to be held accountable for meeting school expectations. One teacher told us that “I would love my job” if the school enforced its attendance policy.

RECOMMENDATION

Perpich Center leadership should ensure that the agency’s school attendance policies are enforced. If necessary, agency leaders should revise the policies to reflect their current attendance expectations.

Adherence to school attendance policies is important. A school should not tell students and parents that it will notify them of unexcused absences (and consider withholding credit if students fail to attend class) if it is not going to enforce these policies. If the Arts High School does not have the staff to enforce its stated policies, or if Perpich Center officials believe that the current policies are inappropriate, the agency’s governing board should discuss possible solutions with agency administrators.

Crosswinds School Issues

In this section, we discuss issues that pertain specifically to Crosswinds School. In our previous discussion of issues pertaining to the Arts High School, we made some recommendations that, where noted, apply equally to Crosswinds. In general, we think that the issues facing Crosswinds are more serious than the issues facing the Arts High School, and they potentially threaten the school’s continued viability.

Crosswinds School Enrollment and Related Impacts

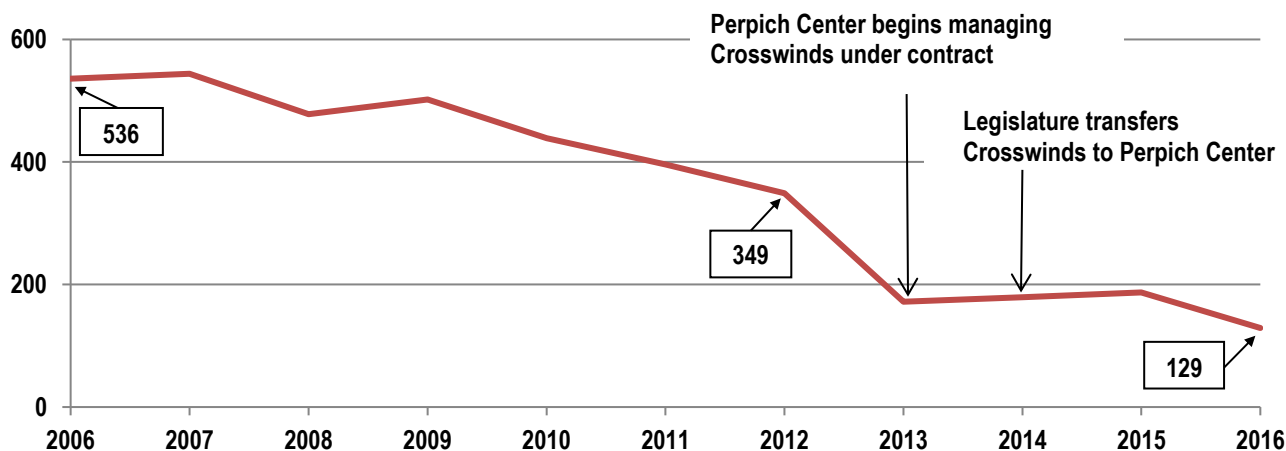
Exhibit 3.3 shows the history of enrollment at Crosswinds School. The exhibit indicates that the school’s enrollment started decreasing well before the Perpich Center began managing the school in 2013, with enrollment at 349 students during the school’s last year under EMID’s management.

Crosswinds attracted slightly less than half that number the following school year, and enrollment remained fairly stable during the next two years the Perpich Center ran the school (172 students in 2013, 179 in 2014, and 187 in 2015). During the fourth year under Perpich management, enrollment dipped to 129 students as of October 1, 2016.

³⁸ An unexcused absence occurs when a student misses at least one class during a school day for a reason that is not among those defined in the student-parent handbook as a legitimate excuse. Arts High School classes are almost twice as long as classes in traditional schools, so missing a class means a significant loss of instructional time. Students who are late for a class are considered tardy, and five instances of being tardy without a reasonable excuse are treated as the equivalent as one unexcused absence.

Exhibit 3.3: Crosswinds School Enrollment, 2006-2016

Students



NOTE: Enrollment counts as of October 1 of each year.

SOURCE: Office of the Legislative Auditor, analysis of Minnesota Department of Education 2006-2015 data and Crosswinds School 2016 data.

Enrollment levels at Crosswinds School have not met the Perpich Center's expectations. Low enrollment has adversely affected the school's revenues and its ability to offer specialized programming.

During legislative testimony in early 2014, the Perpich Center executive director said the agency projected growth of 50 students per year and was on track to meet that goal. In June 2016, the Perpich Center adopted a 2016-2017 school year budget for Crosswinds that was based on 225 enrolled students.

Crosswinds' enrollment has failed to meet these projections. Perpich Center administrative officials told us that enrollment growth will take time, and that the school is financially viable even if it does not meet enrollment targets. But low enrollment at Crosswinds translates to low funding for the school. Per-pupil funding constituted more than 60 percent of Crosswinds School's revenue in Fiscal Year 2016.³⁹ In Chapter 4, we note that the Perpich Center has paid for some of Crosswinds' expenses from its General Fund revenues.⁴⁰

Due to tight funding, Perpich Center officials have eliminated some programs at Crosswinds, while others have existed on minimal budgets. For example:

³⁹ Crosswinds also received state compensatory and integration revenue, and state and federal special education and school lunch aid.

⁴⁰ It is unclear how much General Fund money is being used to support Crosswinds, as these expenditures are not reported in Crosswinds' expenditures accounts. For example, we explain in Chapter 4 that the salaries of several Crosswinds staff members, including the principal, have been paid for by General Fund appropriations recorded in the agency's outreach expenditures.

- The Perpich Center eliminated some specialized programs that Crosswinds offered before the agency began managing the school. These included the International Baccalaureate and Advance via Individual Determination programs.⁴¹
- The Crosswinds website emphasizes the school's focus on the arts, but the school's arts faculty consist of only one music teacher and one visual art teacher. In the 2015-2016 school year, the school's theater program was discontinued, and the music program was reduced to one staff member who taught band, orchestra, and guitar to all grade levels, with no time for individual or group lessons.
- The school has promoted its emphasis on science education, but the school has had limited science resources. It has two science teachers for five grades, and its Fiscal Year 2016 expenditures for science supplies and equipment totaled just \$800. Some staff questioned whether Crosswinds' science classes were befitting a school billing itself as specializing in science instruction, and another staff member noted that the school did not offer a science fair last year.
- Crosswinds is, by law, a school that focuses on integration, but several staff told us that, during the Perpich Center's first three years of operating Crosswinds, little was done to promote cultural awareness or integration among students. Some staff expressed more general concerns about the adequacy of the training they received on a variety of topics.

Programmatic changes at Crosswinds left many staff members questioning whether the school was fulfilling its mission during its first three years under Perpich Center management. Prior to the school's transfer to the Perpich Center, Crosswinds parents and students actively lobbied to keep the school open, testifying at public meetings and hearings about the impact the school's programs and culture had on students' lives. EMID officials told us a key reason they chose the Perpich Center to manage the school was because the agency was committed to maintaining the school's existing programming, especially related to the arts and cultural integration. But, with changes that occurred during the Perpich Center's first three years of running Crosswinds, one staff member told us in mid-2016 that there is "nothing special about Crosswinds anymore."

Earlier in this chapter we recommended that the Perpich Center Board regularly discuss enrollment trends at both the Arts High School and Crosswinds School. Such discussions are especially important for Crosswinds School, which relies considerably on the state's per-pupil funding aid. In Chapter 2, we noted that the Perpich Center Board, in the months we conducted this evaluation, did not demonstrate sufficient concern regarding Crosswinds' enrollment and the effect of low enrollment on the school's programming and overall viability. When the board adopted the 2016-2017 budget for Crosswinds, the board did not discuss what would happen if the projected enrollment of 225 students was not met, even though this target was well above enrollment in the three prior years. When the Crosswinds principal made a lengthy presentation to the board about the school in September 2016, she did not mention the school's fall enrollment, and board members did not ask about it. It is unclear whether board members have understood the extent of Crosswinds' financial struggles.

⁴¹ International Baccalaureate is a program that aims to foster students' cognitive, social, emotional, and physical well-being through intercultural understanding and respect. Advance via Individual Determination is a program that focuses on closing gaps in achievement among student subgroups and on preparing students for success in high school, postsecondary education, and careers.

Crosswinds School Academic Performance

We examined the performance of Crosswinds School on the standardized tests used by the state to hold schools accountable for students’ academic performance.

The performance of Crosswinds students on statewide accountability tests has declined in the years since the Perpich Center started managing the school.

Exhibit 3.4 shows the percentage of Crosswinds students who were deemed proficient in math, reading, and science in recent years, based on Minnesota Comprehensive Assessment examinations. Not only has the performance of Crosswinds students generally declined in recent years, but Crosswinds also has a smaller share of students deemed proficient than the state as a whole. This was true in 2016 for each tested subject in each grade, and for the white and black racial subgroups of students within each grade.⁴²

Exhibit 3.4: Percentage of Crosswinds Students Deemed Proficient in Math, Reading, and Science, 2013-2016

Year	Math	Reading	Science
2013 ^a	29.4%	44.6%	31.4%
2014	31.6	53.1	26.6
2015	25.4	37.8	20.8
2016	16.8	32.1	23.7

NOTES: Proficiency rates are based on the Minnesota Comprehensive Assessments, which were administered to students in the spring of the years shown. The percentages represent the share of tested students who met or exceeded the state’s proficiency standards.

^a Crosswinds was operated by the East Metropolitan Integration District (EMID) in the 2012-2013 school year, not by the Perpich Center. The test scores from Spring 2013 are shown here for purposes of comparing the school’s performance during its final year under EMID management with its first three years under Perpich Center management.

SOURCE: Office of the Legislative Auditor, analysis of Minnesota Department of Education data.

Crosswinds School has also not met its own goals for academic performance. We examined how the school performed compared with the goals set in the Perpich Center’s “achievement and integration plan” submitted to MDE. The school’s 2014 plan (and a revision to that plan submitted in 2015) set targets on measures related to student test scores for the 2014-2015 through 2016-2017 school years. The plans also identified the Perpich Center’s strategies and activities for achieving these targets. The plans projected increases in the Crosswinds School’s reading and math proficiency levels in each year, but this improvement has not happened. For example, the Perpich Center set a goal of having 68 percent of all students proficient on reading tests administered in 2016; in fact, about 32 percent of students were proficient.⁴³

⁴² For example, while 17 percent of Crosswinds students were deemed proficient in math in 2016, 57 percent of students in comparable grades statewide were deemed proficient.

⁴³ Likewise, the Perpich Center set a goal of having 56 percent of students proficient on math tests administered in 2016, but about 17 percent of students were proficient.

In addition, Crosswinds has performed poorly on aggregate measures of student performance, compared with other schools. We examined how Crosswinds performed on MDE's "Multiple Measurement Rating" (MMR). For middle schools, this rating combines measures related to: (1) student proficiency on standardized tests, (2) growth in student achievement scores over time, and (3) reductions in the "achievement gaps" of certain student subgroups. Among the more than 200 Minnesota middle schools that were rated in this way, Crosswinds had a lower rating than 85 percent of schools in 2015, and a lower rating than 99 percent of schools in 2016.

Earlier in this chapter, we recommended that the Perpich Center Board annually review information about student performance on standardized tests. For Crosswinds School, information on the current year's test results should be compared with those from previous years at the school, statewide averages, and the school's goals in its achievement and integration plan.

Crosswinds School Student Attendance

As with the Arts High School, we had hoped to examine student attendance at Crosswinds School and whether the school was enforcing its attendance policies.

Because of outdated written policies and administrative staff turnover, we were unable to determine the extent to which Crosswinds School enforced its attendance policies.

For much of the period when we conducted our evaluation, the Crosswinds website did not have up-to-date attendance policies. The parent handbook available on the Crosswinds website until late 2016 was from the 2006-2007 school year. The Perpich Center had not updated the handbook since it took over management of the school in 2013, and much of the information was incorrect.⁴⁴ It is unclear whether the school continued to follow the same attendance policy detailed in that handbook; some teachers expressed concern about lax enforcement or inadequate administrative follow-up.

Turnover in Crosswinds School administrative and support staff also hindered our efforts to analyze attendance. We obtained Crosswinds attendance records for 2015-2016, but it was unclear how to interpret some of those data after key staff resigned in 2016.

Crosswinds recently addressed its lack of a clear attendance policy. The school made a new parent and student handbook available on its website for the 2016-2017 school year. The handbook provides details on its attendance policy.

Staffing Issues

Below, we discuss two issues related to staffing at Crosswinds School: the selection process for hiring the current principal and staff turnover.

⁴⁴ Student handbooks from the 2013-2014 school year (the most recent available) did not contain information about attendance policies.

Selection of the Crosswinds School Principal

Earlier in this chapter, we noted that the current principal of Crosswinds is not a licensed principal. We concluded that while the Perpich Center's decision to hire an unlicensed principal for Crosswinds was within the agency's legal authority, the hiring process was questionable.

Contrary to good personnel practices, the Perpich Center promoted an employee into two high-level positions by merely changing that employee's job title and position description.

Crosswinds' current principal was twice promoted by the Perpich Center's former executive director into positions very different from her previous position (communications director) without publicly advertising openings in these positions. Her job title was changed to "chief innovation officer" in January 2016, and her duties were fundamentally changed to focus on developing a Perpich Center teacher training institute.⁴⁵ She became principal of Crosswinds School in August 2016, while retaining her position as leader of the teacher training institute. The former executive director told us that she filled the Crosswinds principal position in 2016 with someone who was familiar with Crosswinds and who could bring needed professional development to teachers at the school. The decision to fill the open position without advertising it was not illegal; there is no requirement for permanent positions that are not classified in the state civil service system—such as the Crosswinds School principal—to be publicly advertised. However, we talked with personnel experts at the Department of Management and Budget, and they said that, in their judgment, the positions of Crosswinds principal and director of the Perpich Center teacher training institute should have been opened to other applicants.⁴⁶ They said that it can be appropriate to make limited changes to an employee's position description without opening the position to competition; in this case, however, the job titles and responsibilities of this employee's revised positions were fundamentally different from the position she held previously.

In our view, the hiring process for this individual was questionable not only because it did not follow accepted practices for a state agency, but also because Crosswinds has suffered from high administrative turnover since the Perpich Center took over management of the school. Crosswinds now has its fourth principal in as many years. The three previous principals were Arts High School administrators who the Perpich Center's former executive director either moved to Crosswinds or directed to split responsibilities between the schools. Crosswinds needs sound, stable leadership to help rebuild the school, and the selection of another current Perpich Center employee to head the school without considering other applicants seems ill-advised.

⁴⁵ She drafted a plan for a "Minnesota Arts and Equity Teaching Institute." Through this institute, the Perpich Center intends to help close achievement gaps among student subgroups throughout the state by, for example, infusing arts into schools and ensuring that teachers are trained to provide culturally relevant instruction.

⁴⁶ They also expressed concern about a school principal whose job description requires that person to head a teacher training institute. They said that the position of school principal is, by itself, a full-time job, and they discourage agencies from adding large assignments to already-demanding positions.

RECOMMENDATION

The Perpich Center should publicly solicit applicants for openings in high-level administrative positions, including the top leaders of its schools.

Again, the Perpich Center was not required by law to hire a licensed principal to head Crosswinds School, and it was not required to advertise for this position. But the decision to promote an employee who did not have a state license as a principal into a job as principal of a struggling school had significant risks. At a minimum, the Perpich Center should have considered external candidates.

Crosswinds School Staff Turnover

As described throughout this chapter, Crosswinds has suffered from low enrollment, program cuts, and declining performance on standardized tests since the Perpich Center took over management in 2013. In addition, many staff have expressed frustration with the overall work environment at the school.

There has been extensive turnover among teachers, administrators, and other staff at Crosswinds.

We examined employment records for Crosswinds, starting in Fall 2013 (when the Perpich Center began managing the school). During the subsequent three years, the school annually employed an average of 32 staff, including 16 teachers. By Fall 2016, there had been 24 staff resignations, including 13 from teachers. An additional 12 teachers' contracts were not renewed or were terminated. As we noted earlier, the school started the 2016-2017 school year with its fourth principal since the Perpich Center took over management, as well as a new assistant principal. For the 2016-2017 school year, there were nine other staff members new to the school since May 2016, including office staff, teachers, an art therapist, and a nurse.

The high number of resignations during the past three years can be at least partially attributed to a poor working environment. Many of the staff we spoke with in mid-2016 described being overworked or under-supported. For example, they said teachers were regularly asked or told to give up their class preparation time to teach classes without compensation when other teachers were absent. In addition, staff expressed concern over the lack of a schoolwide discipline plan to effectively work with a population of students that they said exhibited problematic behaviors. Several staff said that school leaders blamed them when students misbehaved, rather than providing training and support to work with these students. Staff said many students needed support or services that Crosswinds did not have sufficient resources to provide. Staff also expressed concern about unclear and inadequate department budgets and difficulties they encountered when trying to procure class supplies.

Recent Changes at Crosswinds School

For this evaluation, most of our interactions with staff at Crosswinds School occurred in May through July 2016. We obtained considerable input regarding the school's first three years under Perpich Center management, but more limited input regarding the 2016-2017 school year.

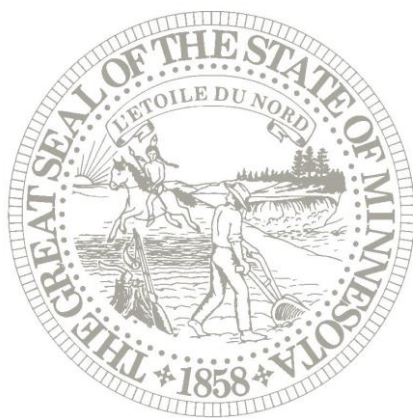
Crosswinds School officials made efforts to improve teacher training, support, and instruction during 2016. The results of these activities remain to be seen.

Before the 2016-2017 school year started, Crosswinds staff received training in a new behavior management and community-building program, which is intended to address problems the school experienced last year with student misbehavior. The new principal said this has helped change the culture of the school and given teachers the feeling that “they’re on the same page.” Teachers also received training to help integrate the arts with other subjects, and the school is offering students additional academic instruction and elective classes in areas such as creative writing, web design, and culinary arts during the school day. We heard favorable comments about some of the new staff and recent professional development efforts at Crosswinds.

In 2016, Crosswinds began to develop a plan for the “Minnesota Arts and Equity Teaching Institute.” The Perpich Center wants to use the strategies it develops to help teachers throughout the state close gaps in standardized test scores, graduation rates, and other education measures between racial/ethnic subgroups and between students from families with differing incomes. During a year-long program, this institute would aim to provide teachers with knowledge and skills related to (1) infusing the arts into many parts of a school; (2) culturally relevant instruction; (3) differentiating teaching strategies to better address students’ individual needs; and (4) addressing inequities in schools through regular review of instructional policies, practices, and attitudes.⁴⁷

It is too soon to know the long-term impact of recent changes at Crosswinds School, and the Minnesota Arts and Equity Teaching Institute is in the early stages of planning. In the meantime, Crosswinds School faces serious challenges. We discuss the Crosswinds School’s future further in Chapter 5.

⁴⁷ Several Crosswinds staff voiced frustration that the agency is devoting resources to a teacher training institute at Crosswinds when the school has so many issues to resolve. Some also questioned whether Crosswinds has appropriate staffing to plan and implement the institute.



Chapter 4: Statewide Outreach

State law requires the Perpich Center to provide arts education outreach to school districts across Minnesota, and the agency has worked toward fulfilling that duty. As we noted in Chapter 1, it is doubtful that the Legislature would have created the Perpich Center in the mid-1980s without a clear expectation that the agency would provide assistance with arts education to school districts throughout the state. The Perpich Center's approach to outreach has changed during its 30 years of existence as resource levels and funding sources changed. In the course of our evaluation, we determined the extent to which the Perpich Center has met its statutory obligations in the past three years and looked at how the agency has prioritized its activities.

KEY FINDINGS IN THIS CHAPTER

- **The Perpich Center's financial reporting on the amount of agency resources dedicated to outreach is not transparent.**
 - **The Perpich Center is not fulfilling a number of its statutory requirements for providing resources and outreach to students and educators statewide.**
 - **Some of the Perpich Center outreach programs have shown positive results, but their impact on student achievement is not as clear as Perpich Center officials suggest.**
-

Outreach Activities

As shown in Exhibit 4.1, state law outlines a number of specific tasks the Perpich Center must carry out related to statewide arts education outreach. In the following sections, we provide an overview of the agency's outreach activities in three broad categories: professional development, advocacy, and the library.

Professional Development

The Perpich Center addresses its outreach duties principally through four programs that provide professional development and information to educators and school administrators. Exhibit 4.2 provides examples of work completed through each of these four programs.

Exhibit 4.1: Perpich Center Outreach Duties in Statute

Statutory Requirements

- Educate pupils with artistic talent by providing:
 - ✓ Intensive arts seminars for one or two weeks for pupils in grades 9 to 12
 - ✓ Summer arts institutes for pupils in grades 9 to 12
 - ✓ Artist mentor and extension programs in regional sites
 - ✓ Teacher education programs for indirect curriculum delivery
- Employ a coordinator of resource programs
- Offer resource and outreach programs and services statewide aimed at the enhancement of arts education opportunities for pupils in elementary and secondary school. The programs and services must include:
 - ✓ Developing and demonstrating exemplary curriculum, instructional practices, and assessment
 - ✓ Disseminating information
 - ✓ Providing programs for pupils and teachers that develop technical and creative skills in art forms that are underrepresented and in geographic regions that are underserved
- Identify at least one school district in each congressional district with the interest and the potential to offer magnet arts programs using curriculum developed by the Perpich Center
- Provide information and technical services to arts teachers, professional arts organizations, school districts, and the Department of Education
- Gather and conduct research in arts education
- Design and promote arts education opportunities for all Minnesota students in elementary and secondary schools
- Serve as liaison for the Department of Education to national organizations for arts education
- Provide materials, training, and assistance to the arts education committees in school districts
- Prescribe the form and manner of application by one or more districts to be designated as a site to participate in the Comprehensive Arts Planning Program

SOURCES: *Minnesota Statutes* 2016, 129C.10, subds. 3(f)(3-6) and 4(a)(2); 129C.15; 129C.20; and 129C.25.

Education Specialists: The Perpich Center employs “education specialists” to provide tailored professional development and technical assistance to Minnesota schools and teachers.¹ Assistance ranges from sending individual teachers resources by e-mail to working on multi-year, district-wide projects. Specialists provide support in arts curriculum development, instructional practices, and implementation of arts standards, among other things.² The Perpich Center used to employ specialists in each area of the arts, but in 2016

¹ We use the term “education specialists” to describe the staff (sometimes called “education coordinators”) who once comprised the agency’s Professional Development and Research group.

² Although specialists once managed a number of programs, they now focus on responding to educators’ and administrators’ requests. One example of a program previously managed by education specialists was Arts Courses for Educators (ACE). It was a two-year program that trained teams of teachers to use dance, media arts, and theater in the classroom. Another was Arts and Schools as Partners, which provided grants, technical assistance, and professional development to create active partnerships between schools and community arts resources.

it employed only one full-time visual and media arts specialist and one part-time theater specialist.³

Perpich Arts Integration Project: The Arts Integration Project provides ongoing professional development and assistance to teams of teachers that apply to be part of the program. Funded by Perpich Center grants, each team creates an instructional lesson that integrates the arts with other school subjects. Teams have three to eight teachers, with at least one arts teacher. The program is available only in certain regions of the state, and teachers can participate for three to four years.⁴ Teams share the arts-integrated lessons they develop on a Perpich Center webpage.

Exhibit 4.2: Examples of Work Done by Perpich Center Professional Development Programs

Education Specialists: The Perpich Center visual arts specialist has helped the Columbia Heights School District create Minnesota's first stand-alone media arts program for elementary students. Columbia Heights was interested in providing students with more arts exposure and new ways to communicate. The specialist helped the district create a new standards-aligned curriculum and determine the district's equipment and space needs.

Perpich Arts Integration Project: Perpich Center staff helped a teacher team at Austin High School plan a three-week arts-integrated unit called "Picturing Consumption." The unit combined visual arts, social studies, and science. Students used photography and writing to analyze and offer their opinions on the social, economic, and ecological impacts of consumption.

Regional Centers: Elk River School District has sponsored a summer arts camp for arts educators in the region for the last several years. In 2016, the three-day event included workshops for educators in each of the arts areas on topics such as: Dance as a Tool for Learning and Assessment, Stop-Action Animation, Watercolor Painting, and Theatre Lighting.

Turnaround Arts: Red Lake Middle School serves students in grades six through eight in northern Minnesota on the Red Lake Nation reservation. Staff at the school have worked to improve peer relationships, family connections, and students' connections to their Ojibwe culture through the arts. Turnaround Arts has given the school the means to work with local cultural artists towards a goal of improving student learning.

SOURCE: Office of the Legislative Auditor, information obtained from Perpich Center outreach staff and Perpich Center website.

Regional Centers: The Perpich Center has provided funding and support to "regional centers" in several parts of the state. At each regional center, a person employed by a host school district coordinates professional development opportunities for teachers in the region.⁵ There are currently regional centers hosted by the Albert Lea, Duluth, and Elk River school districts. A fourth regional center—hosted by the Westbrook-Walnut Grove

³ In Fiscal Year 2014, the educational specialist department had four full-time and several part-time staff. The Perpich Center's music education coordinator left the agency in 2014, and that position was not subsequently filled. In 2015, two other education specialists were laid off, and the support person for the education specialists was moved into a different position in the agency. After the supervisor of the education specialists left in 2015, this position was not filled.

⁴ For the 2016-2017 school year, teachers in school districts in the northeast and southwest regions of Minnesota were eligible to participate in the Arts Integration Project.

⁵ The Perpich Center asks regional centers to serve school districts within a 45- to 60-mile radius of the host district, although some centers reach out much farther.

School District—ended in Summer 2016. Activities vary by region, but centers commonly plan one-time workshops on topics of interest identified by arts educators in their regions.

Turnaround Arts: Turnaround Arts is a national program led by the President’s Committee on the Arts and Humanities that helps low-performing schools use the arts to improve student performance and engagement. The Perpich Center is the implementing partner for Minnesota’s Turnaround Arts program.⁶ The Perpich Center uses education materials developed by the national program to coach schools through a multi-year process of planning and implementing schoolwide, arts-based reforms. The Perpich Center began implementation in four schools in the 2014-2015 school year and expanded to eight total schools in the 2016-2017 school year.

Advocacy

Perpich Center staff have helped develop national and state arts standards and strengthen Minnesota’s policies related to arts education. For instance, four Perpich Center staff collaborated on the development of new national arts standards through the National Coalition for Core Arts Standards in 2014.⁷ As another example, Minnesota was chosen as one of ten states to implement a three-year arts policy pilot program sponsored by Americans for the Arts, and the Perpich Center is leading the state’s collaborative effort with the Minnesota Department of Education, members of professional arts organizations, and others.⁸ This program has worked to develop resources for arts educators and administrators to effectively implement state laws regarding teacher development and evaluation in arts classrooms.⁹

Perpich Arts Library

The Perpich Arts Library, located on the Perpich Center’s Golden Valley campus, serves Arts High School students, teachers around the state, and the general public. It contains a diverse collection of books, DVDs, CDs, and teaching kits related to arts and education. The agency has special collections on a variety of subjects, such as the National Gallery of Art Teacher Resources and a large dance education collection. In addition to lending resources, the library creates customized bibliographies for educators, makes presentations on topics such as curriculum resources, and provides other services.

⁶ Turnaround Arts is funded primarily through the Arts and Cultural Heritage Fund.

⁷ Several arts and education organizations, including the State Education Agency Directors of Arts Education, formed the National Coalition for Core Arts Standards in 2011 to revise K-12 arts standards.

⁸ Americans for the Arts is a national nonprofit organization dedicated to the advancement of the arts and arts education. Through the State Policy Pilot Program, it provided participating states with grants and technical assistance. The program is designed to have a positive influence on policies, programs, and appropriations for the arts.

⁹ *Minnesota Statutes* 2016, 122A.40, subd. 8; and 122A.41, subd. 5. Under these statutes, school boards and a teachers’ representative must develop a local teacher evaluation and peer review process or implement the state teacher evaluation plan. These laws pertain to all teachers, but the Perpich Center performed research on effective processes specifically for arts teachers. In conjunction with its partners, the agency held four workshops to share its research with arts educators and administrators.

Spending

The Perpich Center's spending on outreach services fluctuated in fiscal years 2012 through 2016, with the agency spending an average of \$2.7 million each year over the five-year period.

Outreach expenditures represented about a quarter of the Perpich Center's total expenditures in recent years.

The agency's total annual spending averaged \$9.7 million in fiscal years 2012 through 2016, and 28 percent of this spending was on outreach.¹⁰ Outreach spending was at its highest in Fiscal Year 2015 (\$3.3 million), but it declined by over 30 percent in Fiscal Year 2016. This was due primarily to (1) a reduction in appropriations for outreach services from the Arts and Cultural Heritage Fund, and (2) a decrease in the amount of general funds that the Perpich Center dedicated to outreach.¹¹

Exhibit 4.3 shows the Perpich Center's expenditures on specific outreach programs throughout the last five years. Expenditures on education specialists decreased steadily from fiscal years 2012 to 2015; in Fiscal Year 2016, that program's expenses were

Exhibit 4.3: Perpich Center Outreach Expenditures by Program, Fiscal Years 2012-2016

Program	2012	2013	2014	2015	2016
Education Specialists	\$954,981	\$923,389	\$909,176	\$863,397	Unclear ^a
Perpich Arts Integration	469,175	914,153	966,801	811,862	Unclear ^a
Perpich Arts Library	152,365	139,535	167,850	137,158	\$ 156,058
Regional Centers	156,200	194,049	147,640	144,801	99,710
Turnaround Arts	—	—	—	332,706	429,886
General Arts Education Outreach	407,642	441,729	660,472	918,668	1,296,164 ^a

NOTE: The Perpich Arts Integration Project and Turnaround Arts expenditures reported here were funded through Arts and Cultural Heritage Fund appropriations dedicated to those programs, except for a \$19,000 grant for Turnaround Arts in Fiscal Year 2016. We did not report certain miscellaneous outreach spending in this table, such as expenditures for facilities and technology.

^a The Perpich Center business manager told us that, due to program and funding changes, the majority of expenses for the education specialists and Perpich Arts Integration programs were paid through the General Arts Education Outreach fund in Fiscal Year 2016. Internal budgets for Arts Integration projected costs of \$481,930 in that year. Education specialists did not receive a budget, but the agency's reported costs for their salaries, fringe benefits, and other expenditures were approximately \$169,000.

SOURCE: Office of the Legislative Auditor, analysis of Department of Management and Budget financial data and Perpich Center documentation.

¹⁰ As we noted in Chapter 1, the agency began allocating certain administrative expenses to the outreach accounts in fiscal years 2014 and 2015, which affects trend data. Due to this change in accounting practices, outreach expenditures reported in fiscal years 2014-2016 are higher than they would have been in previous years.

¹¹ Limiting our analysis to activities paid for by the state General Fund, the Perpich Center spent about one-quarter of its General Fund appropriation on outreach in Fiscal Year 2016.

transferred to the “General Arts Education Outreach” category and were not separately tracked.¹² Expenditures on regional centers also decreased during most of this time period. The trends in expenditures were less clear in other outreach programs that existed over the five-year period.

The Perpich Center’s outreach expenditures included significant amounts to support its own schools, rather than schools across the state, and this has not been apparent in the annual budget presented to the board of directors.

State law describes specific tasks the Perpich Center must perform to fulfill its outreach responsibilities to teachers and students throughout the state. However, for financial reporting purposes, the center has defined “outreach” more broadly.

We found several instances in which the Crosswinds School’s operating expenses were paid for by the Perpich Center’s outreach budget. In Fiscal Year 2016, the outreach budget included about \$227,000 in staff compensation at Crosswinds. This included salary and benefit payments for the principal and several other staff members. In addition, Perpich Center staff classified some non-personnel costs at Crosswinds as outreach in Fiscal Year 2016. For example, advertising expenditures for student recruitment purposes of at least \$17,000 were classified as outreach. An additional \$14,000 for educational enrichment programs at Crosswinds were classified as outreach.

Also, Perpich Center administrators have disproportionately attributed portions of Arts High School teachers’ salaries to outreach. The position description for Arts High School teachers calls for each of them to spend 3 percent of their time contributing to the statewide arts education mission of the agency. But, Perpich Center administrators allocated 5 to 50 percent of all but three Arts High School teachers’ salaries and fringe benefits to the agency’s outreach expenditures in Fiscal Year 2016, totaling more than \$246,000. Staff and faculty told us that expectations for outreach work are not clearly communicated or tracked, and that the amount of outreach provided by teachers varies widely.

It is also worth noting that the Perpich Center’s outreach staff have spent some of their time supporting Crosswinds and the Arts High School, rather than schools across the state. For instance, Crosswinds receives grants and professional development as a participant in the Arts Integration Project, although it is not located in one of the designated geographic regions for that project. In addition, one of the remaining education specialists spent about half of her time supporting the Arts High School’s theater program in fiscal years 2015 and 2016.

The Perpich Center’s annual budget documents do not include an explanation of what is included in outreach. There is nothing in these documents that would suggest that a portion of the expenses for Crosswinds and the Arts High School is classified, for financial reporting purposes, as outreach.

¹² Through Fiscal Year 2015, the Perpich Arts Integration Project was funded by Arts and Cultural Heritage Fund appropriations. The Legislature chose not to fund the program in Fiscal Year 2016. At that time, the Perpich Center decided to fund the Arts Integration Project through its General Fund appropriation and reduce the education specialists program. An agency official told us the agency decided to report expenditures for both programs in one account in Fiscal Year 2016 (General Arts Education Outreach).

RECOMMENDATION

Perpich Center leaders should clarify the agency's definition of outreach activities, and the agency should prepare budgets and record expenditures accordingly.

Some of the expenditures recorded as “outreach” do not support the stated purpose of the agency’s outreach division. The Perpich Center’s website states that outreach services “encompass the professional development activities of the agency that support students, educators, schools, teaching artists and arts organizations.”¹³ Paying for the salary of a principal or radio advertisements promoting one school do not, in our opinion, fit within the professional development focus described in statute or in the center’s own materials. While some Arts High School teachers provide professional development to teachers outside the Perpich Center, we have seen no documentation of the actual amount of outreach they perform.

The Perpich Center may spend its general appropriations according to its own priorities, but its financial reporting on outreach activities lacks transparency. This hinders stakeholders’ ability to hold the agency accountable for its spending. The Perpich Center Board should have a clear picture of the amount of money the agency spends to educate students at its two schools. It should also know what percentage of its funds is supporting the agency’s statewide mission to enhance arts opportunities for students and teachers throughout Minnesota.

The Perpich Center’s funding of regional centers has been inconsistent.

Two of the four regional centers (Duluth and Elk River) received roughly twice as much funding as the other two (Albert Lea and Westbrook-Walnut Grove) in Fiscal Year 2016, which resulted in some parts of the state having access to higher levels of resources than others. One reason for this difference was variation in the size of the compensation given to individual school district staff who managed the regional centers’ activities. At Westbrook-Walnut Grove, the director’s compensation (\$2,850) accounted for 26 percent of the center’s expenditures in Fiscal Year 2016; at Elk River, the director’s stipend (\$35,100) accounted for 78 percent of expenditures. The Perpich Center’s regional center coordinator told us that the Perpich Center has not done performance reviews for the directors, nor has it independently evaluated their work.

RECOMMENDATION

The Perpich Center Board should review the basis for funding the agency’s regional centers.

It is important that the Perpich Center have a clear, consistent method for paying the school district staff who coordinate regional center activities. There may be good reason to dedicate a substantial amount of Perpich Center funding to administration. For example, Elk River, the regional center that devoted the highest amount of funding to administration,

¹³ Perpich Center for Arts Education, “Perpich Arts Outreach,” http://www.mcae.k12.mn.us/index.php?section=outreach_overview, accessed November 28, 2016.

also reported the highest level of collaboration with community arts groups. But, the Perpich Center should examine the impact of this funding and apply clear, consistent funding criteria to all regional centers. The Perpich Center regional center coordinator, who was hired in November 2015, is working towards this. She said she is in the process of developing an assessment model that she hopes to finish by the end of the 2016-2017 school year. The coordinator has also worked to provide regional centers with clearer guidance on their proposals for activities. Despite these changes, uneven administrative funding among the regional centers continued into Fiscal Year 2017.

Compliance with Statutes

As we explained previously in this chapter, the Perpich Center engages in a variety of outreach activities. We examined those activities during fiscal years 2014 through 2016 and found that they align with many of the agency's mandated duties. For example, the agency is required to provide "information and technical services" to various groups, including the Minnesota Department of Education.¹⁴ The department does not employ subject matter specialists in the arts—as it does in areas such as math, language arts, and science—to develop arts standards and assist school districts throughout the state with their implementation. Rather, the department relies on a Perpich Center education specialist to respond to school districts' questions about arts standards and provide technical assistance. As another example, the Perpich Center is required by statute to provide programs "in geographic regions that are underserved," and the majority of the Arts Integration Project participants have taught in schools outside of metropolitan areas.¹⁵ The Perpich Center's outreach programs have also addressed, to varying degrees, several other requirements in statute, such as "developing and demonstrating exemplary curriculum, instructional practices, and assessments," and "gather[ing] and conduct[ing] research in arts education."¹⁶

In recent years the Perpich Center has not performed all of its mandated outreach duties.

For example, the Perpich Center has not fulfilled requirements to provide students with arts education opportunities. State law says the Perpich Center must:

- "Design and promote arts education opportunities for all Minnesota pupils in elementary and secondary schools."
- Provide "intensive arts seminars for one or two weeks for pupils in grades 9 to 12."
- Provide "summer arts institutes for pupils in grades 9 to 12."
- Provide programs for pupils that "develop technical and creative skills in art forms that are underrepresented."¹⁷

¹⁴ *Minnesota Statutes* 2016, 129C.15, subd. 3(1).

¹⁵ *Minnesota Statutes* 2016, 129C.15, subd. 1(3).

¹⁶ *Minnesota Statutes* 2016, 129C.15, subds. 1(1) and 3(2).

¹⁷ *Minnesota Statutes* 2016, 129C.10, subds. 3(f)(3) and 3(f)(4); and 129C.15, subds. 3(3) and 1(3).

The Perpich Center's outreach activities focus almost exclusively on teachers and administrators. A Perpich Center official told us that student arts institutes or seminars have probably not been offered at the agency since the late 1990s, when the board of directors chose to focus resources on teacher development programs. Regional centers have offered some arts education opportunities to students through artists-in-residence experiences, field trips, and performances. However, these activities were available to a limited number of students.

In addition, state law directs the Perpich Center to identify at least one school district in each congressional district to offer "magnet arts programs" using curriculum developed by the agency, but it does not meet this requirement.¹⁸ The regional centers may fill this role, but there were regional centers in only four of Minnesota's eight congressional districts in fiscal years 2014-2016, and this decreased to three in Fiscal Year 2017.¹⁹

State law also requires that the Perpich Center designate sites to participate in the Comprehensive Arts Planning Program and provide grants, materials, and training to districts that participate in the program.²⁰ Through this program, school districts have created five-year plans to improve K-12 arts education. These improvements could include a number of activities, such as revising arts curricula to meet arts standards, integrating arts into other subjects, or providing professional development to teachers. However, the Perpich Center stopped administering the Comprehensive Arts Planning Program in 2013. The former executive director told us the program needed to be redesigned. She had planned to re-launch it during the 2016-2017 school year, but this had not yet occurred at the time she retired from the agency in January 2017.

The Perpich Center is required by statute to employ a "coordinator of resource programs," but it does not currently have one.²¹ The former executive director told us one of the agency's managers serves this role, but the only program that person is responsible for coordinating is the regional centers. This individual's position description does not assign her any responsibilities related to education specialists, Arts Integration, or Turnaround Arts. These programs are managed by other individuals in the agency, and several staff told us that there was little communication among the agency's outreach programs.

Financial constraints factor into the Perpich Center's ability to comply with statutory requirements, but decisions made by management also play a role.

We showed in Chapter 1 that the Perpich Center's flat General Fund appropriation has lost purchasing power through inflation in the past 15 years. This necessarily affects the agency's ability to provide services to the large numbers of teachers, students, and school districts in the state. Perpich Center leaders have been forced to make strategic decisions about how the agency should spend its limited resources.

¹⁸ *Minnesota Statutes* 2016, 129C.15, subd. 2.

¹⁹ A former Perpich Center official told us the agency had magnet schools in each district until the early 2000s, but they had limited impact on schools in surrounding districts. He said that some of these magnet schools developed into the regional centers.

²⁰ *Minnesota Statutes* 2016, 129C.20-129C.26. State law directs the Perpich Center to collaborate with the State Arts Board on this program.

²¹ *Minnesota Statutes* 2016, 129C.10, subd. 4(a)(2).

At the same time, it is unclear that the Perpich Center's decisions regarding outreach services have been based on careful consideration of statutory requirements. When the Arts Integration Project lost Arts and Cultural Heritage funding in Fiscal Year 2016, the Perpich Center chose to fund it through general appropriations. The agency dedicated approximately \$353,000 to the program's operation while decreasing funding to statutorily mandated regional centers (magnet programs) by 14 percent and failing to fund other required programs, such as the Comprehensive Arts Planning Program. In addition, the Perpich Center decreased its education specialist staff by more than two-thirds, affecting its ability to provide technical assistance to arts educators in all disciplines and decreasing the overall number of school districts it reaches.

Some of the stakeholders we heard from told us that, in their opinion, the agency has prioritized its own schools over statewide outreach. As we noted earlier in this chapter, the Perpich Center has dedicated about a quarter of its funding to outreach services, and some of the outreach expenditures were used to support its own schools. One stakeholder said that it has always been challenging for the Perpich Center to balance its priorities; the immediacy of the Perpich Center's own students' needs may sometimes require the agency to shift resources from outreach to the schools it operates. Another said parents are a strong lobbying voice for the Perpich Center schools, whereas outreach does not have the same powerful voice behind it.

Many of the Perpich Center's statutory duties were written into the agency's enabling legislation about 30 years ago and may need updating. For example, state law directs the Perpich Center to cooperate and collaborate with the Minnesota Alliance for Arts in Education on some of its duties, but this organization has not been active since 2004. We noted in Chapter 2 that the Perpich Center Board of Directors has not recently proposed to the Legislature any changes in the agency's duties, and a close review of the statutes is probably overdue. But, until the statutory changes are made, the agency cannot simply decide that it will not abide by certain requirements in law. At the end of this chapter, we offer recommendations related to the Perpich Center's compliance with statutes.

Impact of Outreach Activities

In this section, we discuss the impact of the Perpich Center's outreach activities. First, we discuss "coverage" of the Perpich Center's programs—that is, the extent to which these programs have reached teachers and school districts throughout the state. Second, we describe the results of independent evaluations of the Perpich Center's outreach programs and academic research on the impact of arts education on student achievement. Third, we examine school districts' compliance with state arts education requirements that were developed with the assistance of Perpich Center staff. Finally, we describe recent changes that have occurred in the library and the impact those changes had on the library's use.

Coverage of Outreach Activities

We requested information from the Perpich Center to help us determine the coverage of its outreach programs during the past three fiscal years. For each program, we wanted to examine how many school districts, teachers, administrators, and others have participated in outreach activities.

The Perpich Center has not consistently measured the extent to which it meets its mandate to provide outreach and resource programs statewide.

While the agency has put considerable effort into documenting participation in programs that have received Arts and Cultural Heritage funding, the same is not true for other programs. For example, the Perpich Center could not provide us with complete data on the activities of educational specialists for fiscal years 2014 through 2016. Management of the educational specialists changed four times in a recent five-year period, contributing to differences in the way that the work of these staff has been tracked. For some time periods, support staff kept detailed, centralized records of the teachers, districts, and other entities served by all education specialists. For other time periods, the only records kept were by individual specialists. Perpich Center management did not put systems in place to maintain records as management changed and specialist positions were eliminated.

Likewise, the Perpich Center could not provide information about the scope of its regional centers' activities. Just as management of the educational specialists has changed frequently, so has that of the regional centers, resulting in a failure to maintain documentation. More important, the agency placed minimal reporting requirements on regional centers. For example, it has not required the centers to report data on the number of participants or the geographic reach of their activities. When our office requested these data from the Perpich Center, the school district staff who coordinate regional center activities compiled the data because the Perpich Center had not asked them to summarize this information in existing reports.

Despite these difficulties, we obtained participation data for most of the Perpich Center's outreach activities.

The Perpich Center's outreach programs have provided services to a small percentage of Minnesota's school districts and teachers.

We determined that, in Fiscal Year 2016, outreach programs reached 2 percent of Minnesota's more than 52,000 public school teachers, and 21 percent of the state's 328 independent school districts.²² Exhibit 4.4 summarizes participation levels in the Perpich Center's principal outreach programs in Fiscal Year 2016.

Over the most recent three fiscal years:

- Turnaround Arts assisted an average of 160 teachers and administrators annually. The program operated in four school districts.²³
- The Arts Integration Project annually reached an average of 135 teachers and administrators in 20 school districts.
- Regional centers made contacts with an average of 323 educators annually in 49 school districts.

²² These numbers include participants in four workshops held by the State Policy Pilot Program, as well as participants in other outreach programs described earlier. The number of teachers reported here represents full-time-equivalent staff.

²³ Turnaround Arts operated during fiscal years 2015 and 2016.

- There is one remaining full-time education specialist, and this person averaged 507 contacts with educators and administrators through work in 21 school districts each year, and an additional 1,104 contacts at other entities.²⁴

Exhibit 4.4: Coverage of Perpich Center Outreach Programs in Fiscal Year 2016

Program	Number of Participants	Number of Contacts	Number of Districts	Full-Time-Equivalent Staff
Education Specialists	NA	1,676 ^b	28	1.25
Perpich Arts Integration	131	NA	19	2.75
Regional Centers	NA	299	48	NA ^a
Turnaround Arts	160	NA	4	2.95

NOTES: Turnaround Arts and the Arts Integration Project work with the same groups of educators and administrators through workshops, site visits, and other methods over one or more years; in contrast, regional centers and education specialists may work with the same educators at a specific site multiple times throughout a year, but also provide services to entirely different individuals at distinct sites throughout the year. For this reason, we used “participant” counts in the first two programs (and showed “NA,” or “Not Applicable,” for “contacts”), and we used “contacts” in the second two (with “NA” for “participants”). In the “contact” counts, multiple interactions with the same teacher are counted separately.

^a While school district employees who served as regional center coordinators all received compensation for their work, budget documents did not estimate the percentage of time they spent coordinating activities for the Perpich Center.

^b The number of contacts for education specialists includes contacts made at school districts and other entities, such as arts organizations and universities.

SOURCE: Office of the Legislative Auditor, analysis of Perpich Center documentation and data.

While the data we obtained on the Perpich Center’s education specialists was incomplete over the three-year period, the available data showed that this program reached a larger number of teachers and school districts than the agency’s other professional development programs. In just the last six months of Fiscal Year 2014, 5.4 full-time-equivalent education specialists made 1,502 contacts with educators, administrators, and others through their work with 59 school districts, and they made an additional 2,102 contacts by working with 46 other entities.

In recent years the Perpich Center focused more of its outreach resources on serving classroom teachers than arts educators.

Above, we estimated that the Perpich Center served 2 percent of the state’s primary and secondary school teachers in Fiscal Year 2016. Some may question why we based our analysis on all teachers rather than only arts teachers. We did so for two primary reasons. First, one of the Perpich Center’s outreach programs—regional centers—did not

²⁴ The “other entities” included universities and colleges, arts education associations, nonprofit arts organizations, and other organizations. Turnaround Arts and the Arts Integration Project work with the same groups of educators and administrators through workshops, site visits, and other methods over one or more years; in contrast, regional centers and education specialists may work with the same educators at a specific site multiple times throughout a year, but also provide services to entirely different individuals at distinct sites throughout the year. For this reason, we used “participant” counts in the first two programs, and “contacts” in the second two. In the “contact” counts, multiple interactions with the same teacher are counted separately.

consistently track the specialties of teachers who participated in activities.²⁵ Second, many of the Perpich Center's outreach efforts were not focused on serving arts teachers. We looked at available data over the past three fiscal years. During that period, 5 percent of the teachers served through Turnaround Arts and 28 percent of participants in the Arts Integration Project were arts teachers. In contrast, 83 percent of contacts made by the two remaining education specialists (one full-time, one part-time) in school districts were with arts teachers.²⁶

In the course of our evaluation, we solicited input from current and former Perpich Center staff members, leaders of arts and education organizations, arts educators, and other stakeholders. Some stakeholders voiced satisfaction with services the agency provides, but others said the agency provides fewer outreach services than it has in the past.

Stakeholders voiced concern about changes in the Perpich Center's outreach programs that have affected its ability to serve teachers—especially arts teachers—throughout the state.

One area of concern was what some stakeholders perceived as a shift towards supporting programs that reach very limited numbers of educators. Some said that the Turnaround Arts and Arts Integration programs reach teachers in only a few areas of the state and do not provide in-depth professional development for arts teachers. Several stakeholders said the agency was no longer fulfilling its statutory duties.

Another common concern was the Perpich Center's ability to assist educators in all of the arts areas. In particular, many stakeholders were concerned that the Perpich Center has not had a music specialist on staff in several years. Music educators comprise the largest percentage of licensed arts educators in Minnesota, and stakeholders said they need more support than is currently available from the Perpich Center. A former director of the Perpich Center's education specialists program told us that 20 music educators may interpret the state's music standards 20 different ways. He said that, for this reason, it is important to have clarity and consistency in the interpretation of music standards at the state level—and because the Minnesota Department of Education does not have arts specialists on staff, the Perpich Center should provide this guidance. The executive director of the Minnesota Music Educators Association said her organization has few staff and they do not have the expertise to fill this role. She said the Perpich Center's lack of a music specialist has forced some schools to consider hiring content experts, but not all schools have money for this.

Effectiveness of Outreach Programs

The Perpich Center has contracted for independent evaluators to determine the impact of several of its professional development programs, and we examined the results of those studies.

²⁵ In addition, we could not always determine whether participants in regional center activities were teachers, administrators, or others. We decided to include all regional center participants in our calculation. In addition, one educational specialist did not track teachers' specialties in Fiscal Year 2014.

²⁶ We used the number of contacts at school districts for this calculation because it would be difficult to accurately determine the specialties of persons served at some other entities, such as large conference presentations. Also, because the part-time education specialist did not track teachers' specialties in Fiscal Year 2014, we only included data for fiscal years 2015 and 2016 for that specialist.

Independent evaluations of the Perpich Center's outreach programs have shown largely favorable results, although the agency has not evaluated all programs.

The Perpich Center has obtained evaluations of the Perpich Arts Integration Project for several years. In general, those studies have concluded that students and teachers benefit from the program. Through classroom observations, researchers found that students participating in arts-integrated lessons were more engaged and thoughtful than those who received lessons in regular classrooms. Teachers often reported that the Perpich Center staff's ongoing assistance in planning arts-integrated units was extremely valuable. However, researchers questioned the sustainability of arts integration in some schools after the Perpich Center discontinued funding.²⁷ In a survey the Perpich Center administered of teachers who had completed the program, most respondents said they have incorporated the arts into their classrooms on a regular basis.²⁸ But, the survey also showed that the majority of respondents did not re-teach the arts integrated lessons they created through the program, nor did they create new arts-integrated lessons.

For Minnesota's Turnaround Arts program, an evaluation is underway and will be issued in January 2017. The director of the program told us that preliminary data has been positive in terms of increased student test scores, decreased disciplinary actions, and other measures. However, a 2015 evaluation of Turnaround Arts in states that implemented the program two years earlier said: "[I]t is still early to assess the impact of the program on student outcomes. It is also challenging to isolate the effects of the use of the arts...given the many strategies that turnaround schools use to improve performance."²⁹

In 2011, the Perpich Center hired an outside firm to evaluate the work of its education specialists, and the results were largely positive.³⁰ The evaluation included a survey of teachers who had participated in programs run by education specialists. Teachers reported high levels of satisfaction with the programs, with the majority stating that the Perpich Center's programs were more effective than other professional development programs to which they had access. Teachers' most common suggestion for improvement was to increase outreach to more schools. But, there has been no formal evaluation of the educational specialists' work since 2011, and all but one of the individual programs that were reviewed in that evaluation have since been eliminated by the Perpich Center.

²⁷ Dick Corbett, Alison LaGarry, George Noblit, and Bruce Wilson, *The Power of Arts Integration to Increase Teacher Capacity and Student Learning: Final Report, Three Years of Longitudinal Data* (November 3, 2015), 27.

²⁸ The survey was limited to the Lakes Country Region (Becker, Clay, Douglas, Grant, Otter Tail, Pope, Stevens, Traverse, and Wilkin counties), which was the first region to participate in the Perpich Arts Integration Project. The program was open to teachers in that region from the 2010-2011 school year through the 2013-2014 school year. All 64 teachers who participated in the program for at least one year were surveyed in late 2015. Fifty percent of those surveyed completed all questions in the survey.

²⁹ Sara Ray Stoelinga, Yael Silk, Prateek Reddy, and Nadiv Rahman, *Final Evaluation Report, Turnaround Arts Initiative* (Washington, DC: President's Committee on the Arts and the Humanities, January 2015), 45. Only the first cohort of states that implemented Turnaround Arts was included in this evaluation. Because Minnesota was not part of the first cohort, it was not included.

³⁰ Patricia Cirillo and Robert Morrison, *Meeting the Challenge: A Review of the Impact of the Perpich Center for Arts Education's Professional Development and Research Programs* (Warren, NJ: Quadrant Arts Education Research, April 2011).

There has been no external evaluation of the regional centers, nor has the Perpich Center evaluated their activities. The 2011 evaluation of education specialists' work included an earlier version of the regional centers in its scope, but these centers were not evaluated separately from other programs and have not been evaluated since.³¹

In addition to independent, formal evaluations, staff in the outreach programs have made efforts to evaluate their own work. Staff across programs reported using surveys at the end of workshops to determine the extent of participant satisfaction with the information provided and whether future presentations should be changed. Staff in school districts that host regional centers said they survey teachers throughout the region to determine whether regional center activities meet their needs. A Perpich Center educational specialist said he looks at outputs created through his work—such as a school's addition of an arts literacy component to its arts courses—as evidence of impact.

Perpich Center officials and staff deserve credit for evaluating outreach activities, but these evaluations have some limitations. In cases where researchers have examined programs' student impact, such as Arts Integration, some conclusions have been drawn from brief observation periods. Some evaluations have relied considerably on teachers' perceptions of the training, rather than observations of teachers' application of new techniques in the classroom or the impact of these techniques on student learning. Such evaluation approaches can be useful and may be necessary when budgets are tight, but the results should be used with caution.

The Perpich Center has made strong statements about the effectiveness of arts education in improving student achievement, but academic research on this subject shows mixed results.

The study of the arts can be important for its own sake. The arts can be a source of creativity and expression, and individuals can find personal meaning through their own artistic endeavors or by appreciating the art of others. A former Perpich Center executive director told us that dance does not have to be applied to the study of math, nor music applied to the study of geography, for the arts to demonstrate their value.

Perpich Center leaders have described arts education programs as a key to increasing students' academic achievement. For example, the Perpich Center website says: "Our work increases student performance, raises standardized test scores and leads to a better-educated and innovative workforce to support the continued arts and economic vitality of Minnesota."³² But nationally (and even internationally), much of the research on arts education's impact on educational attainment has been weak or inconclusive. One recent review of the research said:

Despite the huge body of work on arts education, little can be concluded about the beneficial effects of arts on children's learning and wider

³¹ The regional centers, formerly called Partner Schools, were previously managed by the Perpich Center's director of the education specialists. These centers are now managed separately.

³² Perpich Center for Arts Education, http://www.mcae.k12.mn.us/index.php?section=about_overview, accessed July 13, 2016.

outcome[s]. This is largely due to weaknesses in the research, lack of replication and inconsistent findings across studies.³³

Another review of arts education research agreed, noting that studies that show correlation between arts education and student achievement “should not be taken as showing that the arts courses cause the higher educational attainment.”³⁴ Regarding other potential benefits of arts education, that review of research said:

Evidence of any impact of arts learning on creativity and critical thinking, or on behavioural and social skills, remains largely inconclusive, partly because of an insufficient volume of experimental research on these matters and also because of the difficulty of adequately measuring these skills.³⁵

Each of these reviews of research identified specific areas in which arts education has demonstrated positive effects or, at a minimum, appears to be promising. Notably, both of the reviews said that evidence has suggested potentially beneficial impacts of music education and integrating drama into the classroom. But both reviews of the research cautioned that arts education may not be a linchpin to improving educational achievement. For example:

Even if one could show that arts training has some effect on reading, writing, and arithmetic..., it should be obvious that improvement in these basic subjects is more likely to come about if they are the direct focus of the curriculum. The primary justification of arts education should remain the intrinsic importance of the arts and the related skills that they develop.³⁶

Similarly, an analysis of past research has urged caution regarding arts integration programs. A 2013 review of research in this area said: “In order for administrators to seriously consider implementing arts integration and recognize it as an evidence-based practice, there must be an increase in both the quantity and quality of the research.”³⁷

Implementation of State Arts Requirements

The Perpich Center has worked to promote arts education programs in Minnesota partly by advocating for strong arts education policies. According to the Education Commission of the States, Minnesota and Oklahoma have more complete sets of arts education policies in statute and rule than any other state in the United States.³⁸ Minnesota statutes specify the number of arts areas that elementary, middle, and high schools must (1) offer and

³³ Beng Huat See and Dimitra Kokotsaki, “Impact of Arts Education on Children’s Learning and Wider Outcomes,” *Review of Education* 4, no. 3 (2016): 234-262, at 251.

³⁴ Ellen Winner, Thalia Goldstein, and Stephan Vincent-Lancrin, *Art for Art’s Sake? The Impact of Arts Education* (Educational Research and Innovation, Organization for Economic Cooperation and Development Publishing, 2013), 252.

³⁵ *Ibid.*, 256.

³⁶ *Ibid.*, 262-263.

³⁷ A. Helene Robinson, “Arts Integration and the Success of Disadvantaged Students: A Research Evaluation,” *Arts Education Policy Review* 114 (2013): 191-204, at 202.

³⁸ Stephanie Aragon, *State of the States 2016, Arts Education State Policy Summary* (Denver, CO: Education Commission of the States, March 2, 2016).

(2) require.³⁹ State rules have broad requirements for students at all levels to make or create art, perform or present in arts areas, and respond to or critique art.⁴⁰

Perpich Center staff have also been active in developing and promoting K-12 arts standards. Minnesota statutes require school districts to comply with state or locally developed arts standards for K-12 education.⁴¹ As previously mentioned, Perpich Center staff participated in developing new national arts standards in 2014 and also helped write state arts standards in 2008.

Although Minnesota has regulations that require standards-based arts education in schools, the extent to which school districts comply with these regulations is unclear.

In 2010, the Perpich Center commissioned a study to determine the extent to which Minnesota schools were complying with arts education regulations. Researchers stated that less than half of Minnesota schools were providing classes in the required number of arts areas, but 87 percent had aligned their curriculum with state arts standards.⁴² In our view, this analysis did not present a clear picture of statewide compliance. The report's conclusion was based on self-reported data from a voluntary survey, and more than half of the state's public schools did not respond. It is reasonable to suspect that school districts that were in compliance with regulations were more inclined to respond than those that were not.

While Minnesota has relatively comprehensive arts education regulations, the state lacks a mechanism for ensuring district compliance. The Perpich Center has no regulatory authority over school districts, and the Minnesota Department of Education does not monitor school districts' compliance with academic or arts requirements. A department official told us she believes schools adhere more closely to academic standards that are subject to standardized testing than to arts standards.

The Perpich Arts Library

The Perpich Arts Library is a resource for students at the Arts High School, but it is also intended to be an important resource for arts teachers around the state.

Perpich Center leaders identify the library as one of the agency's primary functions, but recent changes to the library have decreased its use and vitality.

The library formerly had two librarians, but now has only one. This has resulted in limited hours, and there has been a 70 percent decrease in the number of presentations given by library staff. The library's number of loans and contacts with patrons dropped significantly

³⁹ *Minnesota Statutes* 2016, 120B.021, subd. 1(a)(7).

⁴⁰ *Minnesota Rules*, 3501.0800, 3501.0805, 3501.0810, and 3501.0815, posted October 3, 2013.

⁴¹ *Minnesota Statutes* 2016, subd. 1(a)(7).

⁴² Perpich Center for Arts Education, *Building a Legacy: Arts Education for All Minnesota Students* (Golden Valley, MN, 2012).

between fiscal years 2014 and 2016. Lending to patrons from outside the Perpich Center decreased by more than 50 percent between fiscal years 2014 and 2016.

In addition, Perpich Center officials moved the library out of the Arts High School building in mid-2015 because there was water damage to the room. Rather than move the library back to its original space after repairs were made, that space was converted to classroom use. The library's new location is much smaller. It does not have sufficient space to display the library's specialty collections, so the majority of those materials remained boxed up in a separate room more than one year after the library was moved. The new space is also too small to accommodate most Arts High School classes and, being in a separate building, less convenient for students and faculty to use. Several stakeholders told us the library used to be a hub of student activity, but that is no longer true. Library usage data indicate that the librarian made 67 percent fewer loans to students and staff in the 2015-2016 school year than in the previous year.

RECOMMENDATION

The Perpich Center Board should adopt a plan for how the Arts Library can best serve Perpich Center students and staff, as well as patrons around the state.

The library is currently not being used to its fullest potential, and there are no specific plans to move the library to another space. A Perpich Center official told us the Governor rejected an agency request for funding to plan a new building for the library, and there is nowhere else within the agency's buildings to house the library. Perpich Center leaders have suggested digitizing library materials to a greater extent, but this may present challenges. We heard from some staff that access to technology at the Arts High School is limited, and it may be challenging to digitize certain items without better computer servers, more electronic storage capacity, and a budget for purchasing electronic documents. In addition, the librarian told us that many of the materials in the Perpich Center's collection are unique and not available online.

Discussion and Additional Recommendations

During this evaluation, we determined that the Perpich Center's recent outreach efforts have not fully complied with the statutory requirements set forth in its enabling legislation. This should be a topic of discussion for the Perpich Center Board of Directors.

RECOMMENDATION

The Perpich Center Board and administrative leadership should:

- **Carefully consider how to fully comply with the agency's statutory duties and, where appropriate, recommend changes to the Legislature for updating its statutes.**
 - **Develop clear strategic priorities and goals for the outreach division.**
-

The Perpich Center cannot, for example, simply stop administering the Comprehensive Arts Planning Program or decide not to offer intensive arts seminars for high school students from around the state; these duties are mandated in state law. There are also duties beyond

those related to outreach that the Perpich Center is not meeting. For example, state law requires the Arts High School to implement “additional instruction to pupils for a 13th grade,” but it has not done so.⁴³

If Perpich Center leadership believes that these or other provisions of state law should be revised or eliminated, the Perpich Center Board should bring proposals to the Legislature. In the meantime, Perpich Center leaders should comply with existing law.

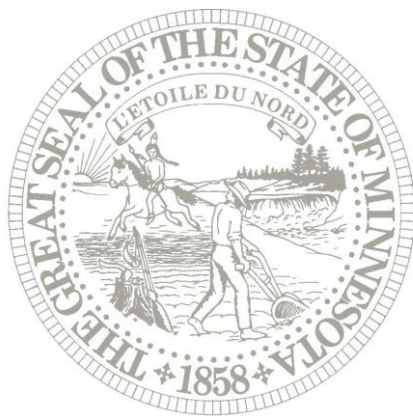
Because of resource limitations, the Perpich Center probably cannot reach all teachers—or even all arts teachers—in the state. But we think the Perpich Center Board should discuss its activities and determine the agency’s outreach priorities. We noted in Chapter 2 that the Perpich Center Board has not adopted a strategic plan or goals for the agency in many years, including for outreach. The Perpich Center Board should set clear goals for outreach work so that staff, agency leaders, and the public can determine how well the agency’s activities are meeting those goals.

RECOMMENDATION

The Legislature should (1) fund the Perpich Center at a level that would allow the agency to fulfill all of its statutory duties or (2) narrow and clarify the Perpich Center’s duties, taking into consideration suggestions from Perpich Center leadership.

We noted in Chapter 1 that legislative appropriations to the Perpich Center have remained flat for many years. As a result, the Perpich Center has scaled back some of its outreach programs. While we think it is necessary for the Perpich Center Board to recommend changes to the agency’s enabling statute that they think is appropriate, the Legislature should also consider which outreach activities are most essential. The Legislature should ensure that the agency’s funding is sufficient to support the agency’s statutory obligations.

⁴³ *Minnesota Statutes* 2016, 129C.10, subd. 3(f)(2).



Chapter 5: Possible Changes in Agency Scope

This report has outlined a number of serious concerns regarding the Perpich Center for Arts Education. Chapter 2 discussed problems with the Perpich Center’s governing board, including a lack of adequate oversight and transparency. In that chapter, we also examined issues related to the management of the Perpich Center. In Chapter 3, we identified concerns regarding the two schools the Perpich Center operates—the Arts High School and Crosswinds School. In Chapter 4, we discussed how the Perpich Center is fulfilling some but not all of its mandate to provide arts education outreach services statewide.

RECOMMENDATION

The Legislature should consider whether to change the scope of the Perpich Center’s statutory responsibilities.

In earlier chapters, we offered recommendations to address specific problems we highlighted. We made these recommendations under the assumption that the Perpich Center will continue to operate with its current range of statutory duties. But the Legislature should also consider the overall scope of the Perpich Center’s duties. This chapter discusses four options—ranging from keeping the scope of the agency’s responsibilities unchanged to eliminating the entire agency. We offer no recommendation on which option the Legislature should select, but our discussion is intended to help the Legislature consider the options’ merits.

Legislative Options

The Perpich Center currently operates two schools and is responsible for statewide arts education outreach. Exhibit 5.1 discusses the rationales for maintaining or removing each of these components of the Perpich Center’s statutory responsibilities.

In the sections below, we present a framework of choices the Legislature should consider. Our evaluation did not look at all aspects of the Perpich Center—for example, the adequacy of its school curricula or instructional methods. We did not conduct surveys of parents, alumni, or other stakeholders regarding the Perpich Center’s activities. However, we think it is appropriate for the Legislature to consider what the scope of the Perpich Center’s duties should be, and our evaluation of various issues related to the Perpich Center’s schools and outreach functions helped to inform the discussion below.

Table 5.1: Merits of Changes to Scope of Perpich Center's Duties

Existing Duty	Maintain Responsibility	Remove Responsibility
Operate the Arts High School	The Arts High School is a residential school, unlike other public high schools. Students from around the state can enroll at the school and foster their artistic and creative talents. Keeping this school under a state agency and funded by a state appropriation will help to ensure its financial stability.	The Arts High School's enrollment has declined, and it is not clear that there is adequate demand for a residential arts high school. Minnesota students today have more options for enhancing their artistic abilities than they did when the Arts High School opened.
Operate Crosswinds School	Crosswinds School could draw on the knowledge of Perpich Center staff to develop innovative teaching strategies for integrating arts into the classroom and helping students of different cultural backgrounds succeed in school. The Perpich Center could then disseminate those strategies through its statewide outreach.	Since the Perpich Center started managing the school, its enrollment has declined, its test scores have dropped, and there has been significant staff turnover. The school serves students from a limited number of school districts, and the law does not define a clear statewide purpose for the school.
Provide statewide arts education outreach	Perpich Center staff can provide teachers throughout Minnesota with professional development and help in implementing state and local arts education standards. They can also provide specialized assistance for incorporating various arts areas into school curricula.	The Minnesota Department of Education has specialists in various subject areas, such as math and science, who help develop and implement statewide standards. The department could fulfill some or all of the outreach responsibilities that the Perpich Center is mandated by statute to provide.

SOURCE: Office of the Legislative Auditor.

Option 1: Maintain the Agency's Current Scope

As one option, the Legislature could maintain each of the Perpich Center's current statutory responsibilities: running the Arts High School and Crosswinds School, and providing statewide arts education outreach.

Option 1 would be the least disruptive option for the agency and its staff. Legislators could favor this option and still support changes we recommended elsewhere in this report regarding how the agency operates, such as actions by the governing board to provide greater oversight and transparency. If the Legislature believes that past problems at the Perpich Center can be corrected with better leadership, then it may not be necessary to consider more drastic options.

Even with the choice of this option, the Legislature and Perpich Center leadership would still face important challenges—specifically, how to:

- Improve enrollment at the agency's schools.
- Improve academic performance at the schools.
- Establish clear expectations for the Perpich Center's arts education outreach responsibilities.
- Ensure that the Perpich Center Board exercises active, transparent oversight of the agency.

Option 1 (Maintain Current Scope): Key Advantages and Disadvantages

Key Advantages	Key Disadvantages
Would be the least disruptive option for staff, students, and stakeholders	May not be sufficient to rely solely on agency leadership (without statutory changes in agency scope) for necessary improvements
The agency would continue to offer students a state-run, residential arts high school and a state-run middle school with an arts and integration focus, and provide statewide support for arts integration	Would not directly address the viability of Perpich Center schools, which have had low enrollment and weak academic performance

SOURCE: Office of the Legislative Auditor.

Option 2: Agency Would No Longer Operate Crosswinds School

The Legislature conveyed Crosswinds School to the Perpich Center in 2014 when that school’s future seemed uncertain, but many questions about the school’s viability remain today. The Perpich Center did not develop a written plan for the school when it took over management from the East Metropolitan Integration District, and Crosswinds has struggled since its transition to Perpich Center management. The school’s enrollment has declined; some programs have been eliminated; there has been significant turnover among administrators, teachers, and support staff; and the school’s state revenues have not covered all of the school’s basic costs. Among the Perpich Center’s current functions, Crosswinds School is the one that should be subject to the greatest legislative scrutiny.

Some might say that it is too early to question Crosswinds’ viability, given that it is in only its fourth year under Perpich Center management. But we think it is appropriate to ask questions about Crosswinds, including the following:

- Should a state agency continue operating a school that has enrolled students from only a small fraction of the state’s school districts? If the rationale is that Crosswinds School will develop into a model school for other schools in the state—for example, in integrating arts education into other subject areas, or in helping students from various cultures succeed in school—how soon will Crosswinds demonstrate that it is a model?
- Can the Perpich Center significantly increase Crosswinds School’s enrollment and, if so, how soon? Until this occurs, can the Perpich Center assure that Crosswinds will be adequately funded, without taking away funding from other Perpich Center responsibilities, such as statewide arts education outreach?
- Should Crosswinds School continue to be funded on a per-pupil basis, similar to the way most other schools in the state are funded? Or should it be funded with a direct appropriation, which is how the Perpich Center pays for the Arts High School?
- Should the Perpich Center continue to develop and implement its proposed teacher training institute at Crosswinds School? Does the Perpich Center have the educational leadership and expertise to develop such an institute? Will the

statewide benefits of the institute outweigh the strain that this expansion of the agency's duties might put on the Perpich Center's other activities?

These are difficult questions, and they are not ones for which we can offer clear answers. But they are questions that should be considered by the Legislature and Perpich Center leadership, in light of the agency's inability to put Crosswinds on solid footing during the past three school years. The Legislature, in reflecting on the questions detailed above, could decide that the Perpich Center should no longer operate Crosswinds.

Option 2 would maintain only the functions of the Perpich Center that were originally established by the Legislature in 1985: operating a residential arts high school and providing arts education training and outreach throughout the state. Under this option, it is unclear whether Crosswinds School would continue under the management of some other entity. If it did not continue, the school's staff would face layoffs, and its students would have to enroll at other schools.

If the Legislature selects this option, it would still need to work with Perpich Center leadership to address the following:

- Determine whether Crosswinds School should become a charter school, part of another school district, an alternative learning center, or something else.
- Determine what to do with the building Crosswinds now occupies.¹
- Make changes at the Arts High School that increase enrollment and improve student achievement.
- Establish clear expectations for the Perpich Center's arts education outreach responsibilities.
- Ensure that the Perpich Center Board exercises active, transparent oversight of the agency.

Option 2 (No Longer Operate Crosswinds): Key Advantages and Disadvantages

Key Advantages	Key Disadvantages
Agency resources would not be dedicated to the operation of a school that has struggled to attract students	Unclear whether a middle school focused on arts, science, and integration would continue if the Perpich Center did not operate it
Agency would focus on the functions (arts high school and outreach) for which it was created	Potentially disruptive to staff and students currently at the school; it is unclear whether the school would continue if not operated by the Perpich Center

SOURCE: Office of the Legislative Auditor.

¹ *Minnesota Statutes* 2016, 16A.695, has provisions related to state bond financed property.

Option 3: Agency Would Continue, But it Would Only Provide Statewide Outreach

Under this option, the Perpich Center would no longer be responsible for operating schools. The agency would be much smaller, and its mission would be focused on providing arts education outreach to students, teachers, and schools throughout Minnesota.

Since the Perpich Center's creation in 1985, the educational choices of Minnesota students have expanded. There are now charter schools, some of which specialize in the arts. Students can enroll in school districts other than their own, in college courses for high school credit, and in online education. With the availability of these choices, it is less clear that a state agency—the Perpich Center—should operate two schools. Still, it is worth noting that many students, parents, and alumni of the Arts High School and Crosswinds School have spoken about the need for schools such as these.

If the Legislature were to consider turning the Arts High School into a charter school, it would have to make some statutory changes. For instance, current state law does not allow charter schools to have selective admission. The law says that, in general, “a charter school may not limit admission to pupils on the basis of intellectual ability, measures of achievement or aptitude, or athletic ability and may not establish any criteria or requirements for admission that are inconsistent with this section.”² In contrast, state law says that the Perpich Center Board may adopt rules for admission of “talented pupils” into its programs, and the Perpich Center has done so for the Arts High School.³ If the Legislature wanted to convert the Arts High School into a charter school, the Arts High School would have to discontinue its selective admission process, or the Legislature would have to enact an exception to allow the Arts High School to continue its application process.

Another issue is that the Arts High School's current spending level appears to exceed the revenues that would be available to other types of schools. The Arts High School has been funded primarily from the Perpich Center's direct state appropriation. For the 2015-2016 school year, the Arts High School spent \$20,442 per student, not counting food service expenditures.⁴ In contrast, Minnesota school districts spent an average of \$11,527 per student in Fiscal Year 2015.⁵ If the Arts High School had to rely entirely on the revenues available to a charter school (basic general education aid plus any other state aids for which

² *Minnesota Statutes* 2016, 124E.11(e).

³ *Minnesota Statutes* 2016, 129C.10, subd. 4a; and *Minnesota Rules* 3600.0010 to 3600.0085, posted February 9, 2000.

⁴ The Arts High School's Fiscal Year 2016 expenditures, not counting food service, totaled \$4,272,305, and the Minnesota Department of Education's official enrollment count for the school was 209. Arts High School expenditures included about \$349,000 for dorm-related costs.

⁵ Minnesota Department of Education, “Expenditure per Average Daily Membership Served Plus Tuitioned Out,” http://w20.education.state.mn.us/approot/fdm2014_reports/fdm_profile5_expperadm_launch.htm, accessed December 28, 2016. This amount includes both operating expenditures (\$10,878 per student) and capital expenditures (\$649 per student). It does not include food service, debt service, and building construction expenditures.

charter schools are eligible) rather than receiving a direct state appropriation, it is doubtful that the school could sustain its current level of services.⁶

If the Legislature chooses this option, the survival of the schools now operated by the Perpich Center would be in question, and this could have significant impacts for the school’s students and staff. Perpich Center leaders told us there are no other schools like Crosswinds or the Arts High School, so closing them would eliminate an important education opportunity. Under Option 2, the Legislature would need to work with Perpich Center leaders to address the following:

- Determine whether the Arts High School and Crosswinds School will continue in some other form—perhaps as charter schools, parts of school districts, or something else.
- Determine what to do with the buildings that the Arts High School and Crosswinds now occupy.
- Establish clear expectations for the Perpich Center’s arts education outreach responsibilities, and focus on ways to increase the number of students, schools, school districts, and others that the Perpich Center reaches.
- Ensure that the Perpich Center Board exercises active, transparent oversight of the agency.

Option 3 (Agency Would Only Provide Outreach): Key Advantages and Disadvantages

Key Advantages	Key Disadvantages
Agency resources would not be dedicated to school operations	Unclear whether the schools would continue under this option—if not, students and school staff could be adversely affected, and the Legislature might face decisions regarding the schools’ buildings
The Perpich Center would focus its attention solely on strengthening arts education outreach throughout the state	Students from around the state might not have the option of enrolling in a residential arts high school

SOURCE: Office of the Legislative Auditor.

Option 4: Eliminate the Perpich Center

This is the most drastic of the options for the Legislature to consider. Similar to Option 3 above, this scenario would close the Perpich Center’s two schools or transfer them to other entities. Perhaps one or both of the schools could become charter schools. Unlike the other options, eliminating the Perpich Center entirely would require the Legislature to consider how best to support arts education in Minnesota schools. The Minnesota Department of Education provided some arts-related technical assistance before the Perpich Center was created, and the Legislature could direct it to do this again if the Perpich Center no longer

⁶ According to Minnesota House of Representatives Research Department, *Minnesota School Finance: A Guide for Legislators* (St. Paul, December 2015), 4-5, the average charter school operating expenditures per pupil were \$11,218 in Fiscal Year 2014, which was \$863 per pupil more than the average for independent school districts.

existed. However, the department’s assistance to schools to develop and implement standards in non-arts areas has been more limited in scope and resources than the Perpich Center’s outreach and technical assistance activities in arts-related areas.

The Legislature should consider this option if it determines that the Perpich Center’s problems are not fixable (even with changes in agency leadership), or if it concludes that the agency’s current functions cannot be sustained financially. However, the Legislature should carefully consider all other options before deciding to eliminate an agency and lay off many of its staff.

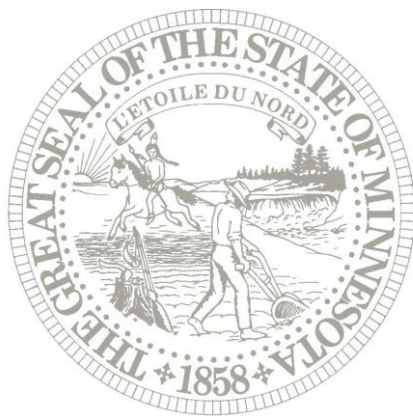
If the Legislature chooses this option, it would need to work with Perpich Center leadership to address the following:

- Determine whether the Arts High School and Crosswinds School will continue in some other form—perhaps as charter schools, parts of school districts, or something else.
- Determine what to do with the buildings that the Perpich Center, Arts High School, and Crosswinds School now occupy.
- Determine how to transition the Perpich Center’s statewide outreach functions to another entity, such as the Minnesota Department of Education.

Option 4 (Eliminate the Perpich Center): Key Advantages and Disadvantages

Key Advantages	Key Disadvantages
Consistent with the idea that local rather than state agencies should operate schools	Would be the most disruptive option for about 100 staff and more than 300 students, especially if the schools did not continue in some form
Would centralize responsibility for education-related outreach (including that related to arts education) in the Minnesota Department of Education	Unclear whether the Minnesota Department of Education would provide arts education outreach and support comparable to what the Perpich Center now provides

SOURCE: Office of the Legislative Auditor.



List of Recommendations

- The Legislature should consider the merits of possible changes in state law regarding the Perpich Center Board's role, size, composition, and appointment process. (p. 36)
- The Perpich Center Board should take steps to ensure that its actions are timely, transparent, and consistent with state law, board bylaws, and board policies. (p. 38)
- The Perpich Center Board should adopt a strategic plan and annual goals for the agency, and it should monitor progress toward these goals. (p. 39)
- The Perpich Center Board should assess the executive director's performance annually. This assessment should include efforts to solicit the perspectives of agency staff and stakeholders. (p. 39)
- Perpich Center management should annually provide the board with an agency budget proposal that clearly explains budget categories, discusses alternative scenarios (where appropriate), and shows allocations to each administrative unit. (p. 39)
- The Perpich Center Board should periodically review and approve its schools' policies (which are specified in school handbooks). (p. 40)
- The Perpich Center should:
 - Ensure that employees have ready access to the agency's administrative policies.
 - Provide new or revised administrative policies to the Perpich Center Board for approval. (p. 40)
- The Legislature should establish statutory minimum requirements for Perpich Center educational administrators. (p. 44)
- To provide recourse to parents of Perpich Center students, (1) the Legislature should amend the statutory appeals process to have more reasonable timelines and (2) the Perpich Center Board should provide more opportunities for parent input. (p. 45)
- Perpich Center administrators should at least annually provide the Perpich Center Board with information on enrollment trends at the agency's two schools. (p. 49)
- Perpich Center staff should annually provide the governing board with written summaries of students' standardized test scores. (p. 52)
- Besides standardized test scores, Perpich Center staff should periodically provide the governing board with documents showing other indicators of student performance. (p. 53)
- Perpich Center leadership should ensure that the agency's school attendance policies are enforced. If necessary, agency leaders should revise the policies to reflect their current attendance expectations. (p. 54)
- The Perpich Center should publicly solicit applicants for openings in high-level administrative positions, including the top leaders of its schools. (p. 60)

- Perpich Center leaders should clarify the agency's definition of outreach activities, and the agency should prepare budgets and record expenditures accordingly. (p. 69)
- The Perpich Center Board should review the basis for funding the agency's regional centers. (p. 69)
- The Perpich Center Board should adopt a plan for how the Arts Library can best serve Perpich Center students and staff, as well as patrons around the state. (p. 80)
- The Perpich Center Board and administrative leadership should:
 - Carefully consider how to fully comply with the agency's statutory duties and, where appropriate, recommend changes to the Legislature for updating its statutes.
 - Develop clear strategic priorities and goals for the outreach division. (p. 80)
- The Legislature should (1) fund the Perpich Center at a level that would allow the agency to fulfill all of its statutory duties or (2) narrow and clarify the Perpich Center's duties, taking into consideration suggestions from Perpich Center leadership. (p. 81)
- The Legislature should consider whether to change the scope of the Perpich Center's statutory responsibilities. (p. 83)



TO: State of Minnesota
Office of the Legislative Auditor
Program Evaluation Division

FROM: Perpich Center for Arts Education
Acting Board Chair, Benjamin Vander Kooi, Jr.
Transition Team: Mike Zabel, Debra Kelley, Ahava Silkey-Jones,
Ekpe Akpan

DATE: January 13, 2017

RE: Response to Evaluation Report for Perpich Center for Arts Education

On behalf of the Perpich Center for Arts Education, this written response is provided to the Office of the Legislative Auditor's Program Evaluation Division regarding your recent evaluation. We note that many of the report recommendations are already being actively addressed while others will take more time and input from stakeholders. We take these recommendations seriously and will work to address these recommendations.

The following are our brief comments on each of the report recommendations:

Key Recommendation 1.

The agency has a strategic direction and the Board has provided oversight, as such. Because of recent Board member turnover, the new Board is committed to provide a strategic plan for the agency.

With respect to formal annual assessments of the executive director, our current Board will make this a priority when a new director is in place and continue this practice on an annual basis. It should be noted that the former executive director sought annual reviews and provided the Board with her annual assessment to assist in their process.

Key Recommendation 2.

With respect to the recommendation regarding Board discussion of trends in enrollment and standardized test scores, we agree a more formal Board review is in order. Generally, these have been discussed within the staff ranks and shared with the Board through the executive director's report.



Key Recommendation 3.

Regarding Board composition, size and role, this decision is up to the wisdom of the Legislature, but our input is as follows: Currently by Statute, the Board must contain at least one member from each of the State's Congressional Districts to ensure statewide representation of a statewide asset; we believe this structure should continue. Regarding non-Congressional District membership, we believe the Board should continue to have an odd number of members (to prevent potential tie votes).

Key Recommendation 4.

With respect to minimum requirements for Perpich school administrators, this is a matter left to the wisdom of the Legislature. It should be noted that currently Perpich and Crosswinds both have licensed school administrators (principals and superintendents) on staff and Perpich has worked to ensure the ongoing licensure of these administrators.

Key Recommendation 5.

Regarding outreach requirements, Perpich is glad to work with the Legislature to update statute to ensure legislative intent is met. It has been many years since this has been reviewed legislatively and we are glad to provide appropriate input to ensure needs are met throughout Minnesota.

Key Recommendation 6.

Regarding agency revisions within statute, we agree revisions to statute are needed. Several aspects of current language are no longer applicable or current (including reference to organizations, which no longer exist). Suffice it to say, we believe the attention to statute language, including a discussion of scope of duties, is needed.

Forthcoming OLA Evaluations

Clean Water Fund Outcomes
Home- and Community-Based Services: Financial Oversight
Minnesota Research Tax Credit
Minnesota State High School League Standardized Student Testing

Recent OLA Evaluations

Agriculture

Agricultural Utilization Research Institute (AURI), May 2016
Agricultural Commodity Councils, March 2014
“Green Acres” and Agricultural Land Preservation Programs, February 2008
Pesticide Regulation, March 2006

Criminal Justice

Mental Health Services in County Jails, March 2016
Health Services in State Correctional Facilities, February 2014
Law Enforcement’s Use of State Databases, February 2013
Public Defender System, February 2010
MINNCOR Industries, February 2009
Substance Abuse Treatment, February 2006

Education, K-12 and Preschool

Perpich Center for Arts Education, January 2017
Minnesota Teacher Licensure, March 2016
Special Education, February 2013
K-12 Online Learning, September 2011
Alternative Education Programs, February 2010
Q Comp: Quality Compensation for Teachers, February 2009
Charter Schools, June 2008

Education, Postsecondary

Preventive Maintenance for University of Minnesota Buildings, June 2012
MnSCU System Office, February 2010
MnSCU Occupational Programs, March 2009

Energy

Renewable Energy Development Fund, October 2010
Biofuel Policies and Programs, April 2009
Energy Conservation Improvement Program, January 2005

Environment and Natural Resources

Department of Natural Resources: Deer Population Management, May 2016
Recycling and Waste Reduction, February 2015
DNR Forest Management, August 2014
Sustainable Forest Incentive Program, November 2013
Conservation Easements, February 2013
Environmental Review and Permitting, March 2011
Natural Resource Land, March 2010
Watershed Management, January 2007

Government Operations

Mineral Taxation, April 2015
Minnesota Board of Nursing: Complaint Resolution Process, March 2015
Councils on Asian-Pacific Minnesotans, Black Minnesotans, Chicano/Latino People, and Indian Affairs, March 2014
Helping Communities Recover from Natural Disasters, March 2012
Fiscal Notes, February 2012
Capitol Complex Security, May 2009

Health

Minnesota Department of Health Oversight of HMO Complaint Resolution, February 2016
Minnesota Health Insurance Exchange (MNSure), February 2015
Financial Management of Health Care Programs, February 2008
Nursing Home Inspections, February 2005

Human Services

Managed Care Organizations’ Administrative Expenses, March 2015
Medical Assistance Payment Rates for Dental Services, March 2013
State-Operated Human Services, February 2013
Child Protection Screening, February 2012
Civil Commitment of Sex Offenders, March 2011
Medical Nonemergency Transportation, February 2011
Personal Care Assistance, January 2009

Housing and Local Government

Consolidation of Local Governments, April 2012

Jobs, Training, and Labor

Iron Range Resources and Rehabilitation Board (IRRRB), March 2016
State Protections for Meatpacking Workers, 2015
State Employee Union Fair Share Fee Calculations, July 2013
Workforce Programs, February 2010
E-Verify, June 2009
Oversight of Workers’ Compensation, February 2009
JOBZ Program, February 2008

Miscellaneous

Minnesota Film and TV Board, April 2015
The Legacy Amendment, November 2011
Public Libraries, March 2010
Economic Impact of Immigrants, May 2006
Liquor Regulation, March 2006

Transportation

MnDOT Highway Project Selection, March 2016
MnDOT Selection of Pavement Surface for Road Preservation, March 2014
MnDOT Noise Barriers, October 2013
Governance of Transit in the Twin Cities Region, January 2011
State Highways and Bridges, February 2008



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