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MINNESOTA DEPARTMENT OF

*Children,  
Families &  
Learning*

**Residential  
Academy  
Program  
Report**

**Report to the  
Legislature**

**As required by  
1998 Minn. Laws  
Chapter 398  
Article 5  
Sec. 46 Subd. 5**

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1998 Minn. Laws Chap. 398  
Art. 5 Sec. 46 Subd. 5

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**COMMISSIONER:  
CHRISTINE JAX, Ph.D.**

**Residential  
Academy  
Program  
Report**

**FOR MORE INFORMATION CONTACT:**

Tammy L. Pust, Assistant Commissioner  
Minnesota Department of Children, Families & Learning

**T: (651) 582-8482**

**FAX: (651) 582-8814**

**E-MAIL: [tammy.pust@state.mn.us](mailto:tammy.pust@state.mn.us)**

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**1500 Highway 36 West  
Roseville, MN 55113-4266  
TTY: (800) 627-3529 OR (651) 582-8201**

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## **ESTIMATED COST OF PREPARING THIS REPORT**

This report provides information which is maintained and published as a part of its normal business functions. Therefore, the cost information reported below does not include the cost of gathering the data but rather is limited to the estimated cost of actually analyzing the data, determining recommendations and preparing this report document.

Special funding was not appropriated for the costs of preparing this report.

The estimated cost incurred by the Minnesota Department of Children, Families & Learning in preparing this report is \$200.00.

## Introduction

In satisfaction of the statutory requirement, the Commissioner of the Department of Children, Families and Learning submits this report to the education committees of the Minnesota Legislature concerning the status of the residential academy program enacted into law in 1998 Minnesota Laws, Chapter 398, Article 5, Section 46.

## The Residential Academy Legislation

In his 1998 budget submissions to the Minnesota Legislature, Governor Arnie Carlson requested \$12 million in capital funds to support the construction of residential education academies. The legislation's supporters sought to build on the success of residential education programs operated in several other states.<sup>1</sup> Proponents testified that the envisioned residential academies would serve the education needs of students with unstable family situations who were at-risk of school failure. Opponents voiced concerns about "warehousing" troubled youth and characterized the facilities as a resurrection of the concept of "orphanages." The Governor's proposal gained sufficient legislative support from members of both the Independent Republican party and the Democratic Farmer/Labor party to assure its passage into law in the 1998 Legislative Session.

As enacted, the statutory charge reads in its entirety as follows:

### Sec. 46. RESIDENTIAL ACADEMIES PROGRAM.

Subdivision 1. GRANT RECIPIENT. The commissioner of children, families, and learning may award grants to public organizations or a collaborative of public and private organizations for capital and start-up costs for residential academies for students in grades 4 through 12 who desire to attend a residential academy, demonstrate an interest in learning and a potential for academic achievement, and who may:

- (1) perform or are at risk of performing below the academic performance level for students of the same age or ability; or
- (2) have experienced homelessness or an unstable home environment.

Subd. 2. ENROLLMENT. Enrollment is voluntary. A parent or guardian, the student's county of residence, the student's school, a health

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<sup>1</sup> During the legislative consideration of the original proposal, the following residential education programs were noted as successful examples of the residential academy concept: Boys and Girls Country Home (Houston, Texas); Piney Woods Country Life School (Jackson, Mississippi); SOS Children's Villages (Fort Lauderdale, Florida and Lockport, Illinois); Boston University Residential Charter School (Amherst, Massachusetts); Scotland School for Veterans' Children (Scotland, Pennsylvania); Milton Hershey School (Pennsylvania).

care provider, or the judicial system may recommend a student for admission to an academy.

Subd. 3. EDUCATIONAL PROGRAMMING. The education program of a residential academy must be designed to:

- (1) increase students' academic achievement;
- (2) increase students' school attendance;
- (3) enable secondary students to meet the requirements of the state graduation rule; and
- (4) improve secondary students' transition to post-secondary education or the transition from school to work.

Subd. 4. FUNDING. (a) Education and social services funding shall follow each student from the student's school district or county of residence to the academy as provided by law.

- (b) The cost of residential care for a student may be covered under a sliding fee program based on student need.
- (c) An academy may receive any gift, grant, bequest, or devise.

Subd. 5. AWARDING GRANTS. The commissioner of children, families, and learning shall prescribe the form and manner of applications. In awarding grants, the commissioner shall consider the quality of the education program, the academy's location, the composition of the academy's governance structure and board, the extent of the collaborative effort among various organizations, the extent of family and community involvement, and whether social services, after-school enrichment, and instruction throughout the entire year are provided. The commissioner shall evaluate the components of the residential academy program described in this section and report to the education committees of the legislature by February 15, 2001.

The 1998 Legislature appropriated \$12 million for the residential academy program. The funds were included in the Omnibus K-12 Education bill [1998 Minnesota Laws, Chapter 398, Article 5, Section 54, Subdivision 3]. While there was some legislative consideration of appropriating funds earmarked for social services programs, the final appropriation included only education funds and none from the health and human services legislative targets.

## **Grants Awarded**

In accordance with the legislation, the agency commenced a Request for Proposal (RFP) process in early Summer, 1998. Sixteen entities submitted proposals. Following a thorough evaluation process, Governor Carlson announced the following awards in October and December, 1998:

Eveleth-Gilbert Public School District #2154	\$3.5 million
Catholic Charities	\$5.6 million
Synergy Residential Academy <sup>2</sup>	\$3.9 million

Throughout late 1998 and into early 1999, the agency provided technical assistance as requested by the three grantees. Each grantee took preliminary steps in furtherance of their awarded proposals.

During the 1999 Legislative Session, various legislators proposed legislation seeking to redirect residential academy funding to entities other than those awarded grants through the RFP process. This legislation was not enacted. Instead, the Legislature included the following directive in the 1999 Omnibus K-12 bill:

Sec. 26. [RESIDENTIAL ACADEMIES.] (a) If a recipient has been awarded a grant under Laws 1998, chapter 398, article 5, section 46, and fails to meet the requirements under the application process for implementing the program after June 30, 1999, any grant money awarded but not paid shall not cancel but is appropriated to the commissioner for additional capital grants to new or existing grantees. The commissioner may reopen the application process with any funds made available.

(b) All projects awarded grants must submit updated capital and operating budget plans to the department of children, families, and learning by June 11, 1999. The commissioner shall approve all educationally and economically advisable plans by June 15, 1999. Only projects with approved updated plans shall be eligible to receive funds. If any project is found ineligible to receive funds, the commissioner may reallocate the funds formerly allocated to that project to the remaining eligible projects.

[1999 Minn. Laws, Chapter 241, Article 4, Section 26.]

In compliance with the statutory directive, the agency notified the existing grantees of the requirement that they resubmit their proposals for a determination of financial viability. On June 10, 1999, the school board of the Eveleth-Gilbert Public School District # 2154 voted to reject its award and discontinue any efforts to establish a residential academy.

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<sup>2</sup> The actual award was made to the "Urban Consortium" made up of the Seed Academy/Harvest Preparatory Charter School and two non-profit agencies (Turning Point and Save Our Sons) together with a group of citizens interested in a Fort Snelling location for an academy. The award to the Urban Consortium was for a specifically identified two-phase project. Phase I was identified as the Synergy Residential Academy to be located at the site of the Harvest Preparatory Charter School in Northeast Minneapolis. Phase II was identified as the Minnesota Valley Academy to be located at Fort Snelling. The grant award specified that Phase II would only be funded if the Urban Consortium was successful in obtaining an additional capital appropriation from the Minnesota Legislature.

The agency received updated financial information and refined proposals from Synergy Residential Academy, Catholic Charities and the Minnesota Valley Academy. The Minnesota Valley Academy submissions acknowledged that no further appropriation had been obtained from the Minnesota Legislature. On June 18, 1999, after a diligent review of the submissions, the agency reallocated the original \$12 million appropriation as follows:

Synergy Residential Academy	\$6,159,190
Catholic Charities	\$5,840,810

To date, no further changes have been made to these final grant awards.

### **Current Status of the Residential Academies**

#### Synergy Residential Academy

From the time it submitted its original proposal, the Synergy Residential Academy has proceeded in accordance with its original plans. It has established a residential academy for students grades four through eight. The education program for the residential academy is provided by Seed Academy/Harvest Preparatory Charter School, a charter school operated by the developers of the residential academy. The developers envisioned the residential academy as a necessary and valuable extension of the charter school, which serves primarily African American students in Northeast Minneapolis.

Synergy broke ground on the planned residential academy in January, 2000 and celebrated a dedication of the facility in early 2001. By April, 1, 2001, Synergy Residential Academy was serving 24 students. The academy expects to reach its total capacity of 64 students in grades four, five and six by Fall, 2001. Most of Synergy's students are placed at the academy by the Hennepin County Department of Children and Family Services and are children in the county foster care system. The foster care funds assigned to these children are paid by Hennepin County to the residential academy, which helps offset the ongoing operating expenses of the facility.

Synergy was awarded \$6,159,190. It has spent \$5,918,443 to date. The remaining \$240,747 will be spent on punch-list items from the construction contractor.

#### Catholic Charities

Catholic Charities has experienced difficulty bringing its residential academy proposal to fruition. Originally, the proposal identified property located in Waconia, Minnesota as the site of the project. Upon resubmission of its proposal in June, 1999, the Catholic Charities proposal involved property located in St. Lawrence Township in the vicinity of Jordan, Minnesota. For various reasons, Catholic Charities discontinued its efforts to establish a residential academy at either of those locations.

Throughout the Spring and Summer of 2000, both the agency and Catholic Charities kept legislative leadership aware of the grantee's continuing efforts to establish a successful residential academy. By late Summer, 2000, Catholic Charities had commenced negotiations with the owners of the Wilson Learning Center in Faribault, Minnesota, for the purpose of locating a residential academy at that site. In early 2001, Catholic Charities executed the necessary conveyance documents to purchase the Wilson Learning Center property. They are currently in the process of establishing a charter school, sponsored by the College of St. Catherine, to provide the educational program at the residential academy.

Of its \$5,840,810 grant, Catholic Charities spent \$5,514,169.21 to acquire the Wilson Learning Center site in Faribault. The balance of \$327,640.79 was spent on start-up and development costs attributable to the project.

Catholic Charities anticipates receiving their first students immediately upon approval of their charter school application and meeting necessary licensure requirements. They hope to serve at least 12 students in grades eight, nine and ten upon commencement of their program. Their development plans anticipate serving 30 students by September, 2001, 64 students in 2002 and 80 students in grades 7-12 by 2003 when they reach total capacity.

Like Synergy Residential Academy, the Catholic Charities residential academy expects a majority of their students to be referred through Hennepin County Department of Children and Family Services. They are also attempting to establish a private endowment to provide funding for students referred through other sources.

## **Evaluation**

While the statutory mandate requires the Commissioner to provide the Legislature with an evaluation of "the components of the residential academy program," it is too early in the development of the program to comply with this directive. One of the residential academies has been in full operation for only a few months, and the other will not be in operation for at least several more weeks. While it cannot provide any thorough analysis or recommendations for improvement at this point in time, the agency can identify two issues that may require future legislative consideration, as follows:

1. Grantees have experienced difficulty in identifying operational funding sources. The residential academy legislation provided funding only for "capital and start-up costs," not for ongoing operating expenses. The county human service system appears to be the major identified source of operating funds for the residential portion of the academies.
2. A "not in my neighborhood" sentiment exists in some local communities. Catholic Charities encountered significant local opposition to its plans to locate a residential academy in Waconia or St. Lawrence Township, Minnesota.



If the Minnesota Legislature chooses to expand the residential academy program in the future, it may wish to pursue more public dialogue about these and other relevant issues.

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1500 HIGHWAY 36 WEST  
ROSEVILLE, MN 55113-4266

T: (651) 582-8200  
TTY: (651) 582-8201  
<http://cfl.state.mn.us>