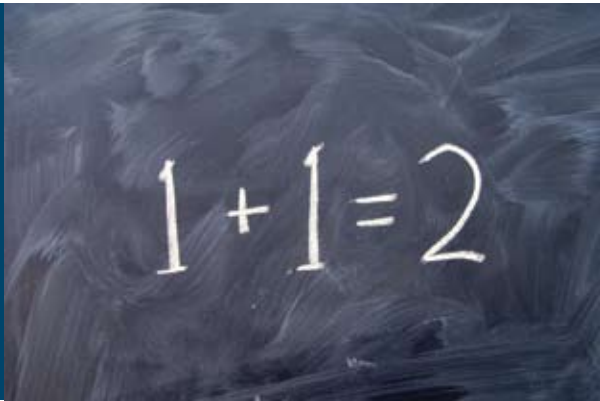


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## EDUCATION**SECTOR** REPORTS

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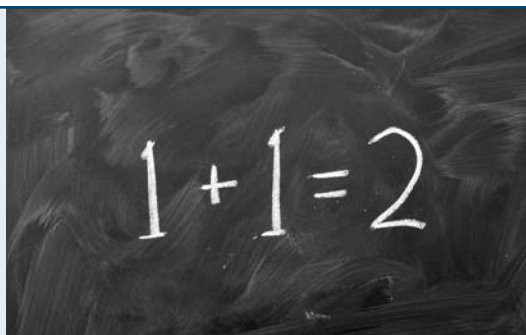
### A SUM GREATER THAN THE PARTS: What States Can Teach Each Other About Charter Schooling

By Sara Mead and Andrew J. Rotherham



EDUCATION**SECTOR**  
Independent Analysis, Innovative Ideas

September 2007



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## ABOUT THE AUTHORS

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## ABOUT EDUCATION SECTOR

Education Sector is an independent education policy think tank devoted to developing innovative solutions to the nation's most pressing educational problems. We are nonprofit and nonpartisan, both a dependable source of sound thinking on policy and an honest broker of evidence in key education debates throughout the United States.

Fifteen years after the first public charter school opened in St. Paul, Minn., charter schools remain a powerful educational innovation. Charter schooling expands choices for students within the public system and provides more customized teaching and learning opportunities for teachers and students by allowing for greater variation in the kinds of schools that are available. At the same time, charter schools maintain core public education ideals, such as providing universal access for students and public oversight and accountability.

As independently operated public schools, charter schools offer educators increased freedom to design their own educational programs in return for heightened accountability for student performance. Unlike traditional public schools, charters that persistently fail to educate students can, and should, be shut down. As such, they provide a “third way” approach to public education—positioned between the status quo of limited choice and barriers to entry for new educational providers and free-market-oriented reforms, like vouchers, that increase competition but at the expense of public oversight or accountability.

Today, there are more than 4,000 charter schools serving more than 1 million students in 40 states and the District of Columbia.<sup>1</sup> That’s barely 2 percent of all students enrolled in public elementary and secondary schools. But this figure understates the impact of charter schools, which have become a significant part of the educational landscape in several states and cities. The National Alliance for Public Charter Schools reports that in six cities charter schools serve more than 20 percent of the students, and in 19 cities more than 10 percent of students are in charters.

Charter schools also have created space for innovative and successful educational models. Examples such as the Knowledge Is Power Program, a national network of schools that prepare disadvantaged youngsters to succeed in college, and the Achievement First network of high-performing schools in Connecticut and New York, challenge assumptions about what public education is and what urban schools can be expected to do.

But not all charter schools are successful. Too many fail to live up to the terms of their charter contracts or improve

student achievement. And too often, poor-quality charters are allowed to remain open, although charter authorizers have closed down some popular but low-performing schools, such as the John A. Reisenbach Charter School in New York and SouthEast Academy in Washington, D.C.

Charter school success or failure is not simply a matter of chance. Both the existence and aggregate quality of charter schools in a state depend on the provisions of state charter school laws. These laws address a wide range of issues and vary from state to state. But the experiences of states with significant charter sectors, as well as those with innovative charter policies, provide important lessons for the charter school movement as a whole. In too many instances, charter schooling has been hobbled by the twin demons of poor performance and political opposition. The presence of too many low-quality charter schools casts a negative light on the entire movement, buttressing the case of the powerful interests that oppose charter schools and making it hard to enact legislative and regulatory changes that would expand opportunities for charter school growth or help improve quality. Yet, these laws are the key policy lever for improving both the quality and supply of charter schools.

Based on a series of state and city case studies published by the Progressive Policy Institute and Education Sector, this report summarizes states’ experiences with charter schooling, particularly the role of state charter school laws in shaping a state’s charter sector. We identify and examine the areas of the law that have the greatest impact on the characteristics and quality of a state’s charter sector and propose what we have found to be the necessary legislative and regulatory changes to promote a

charter sector’s quality and growth. We also look beyond state charter school laws to how a state’s regulatory, political, and educational climate also shapes its charter sector.

## Learning From State Laws

Several recent and ongoing research studies have focused on state charter school laws, including analyses of the factors that drive variation in state charter law provisions and the effects of that variation on charter school performance.<sup>2</sup> Yet there is not consensus about what makes a “good” or “strong” state charter school law.

In its widely cited annual ranking of state charter laws, the Center for Education Reform, an advocacy group that supports charter schooling, considers a law “strong” if it allows an unlimited number of charter schools, makes it relatively easy to open a charter school, and gives charters significant autonomy and regulatory freedom.<sup>3</sup> In contrast, researcher Gary Miron argues that “strong charter school laws should be judged by their positive outcomes and not by the amount of autonomy they grant” or the ability to create large numbers of charter schools.<sup>4</sup> And for charter school opponents, the best charter laws are ones in states like Virginia or Iowa, which essentially curtail charter schooling altogether.

We believe that good charter school laws should simultaneously provide space for the creation of a significant charter sector—one that encompasses diverse schools—and ensure aggregate quality. Our research indicates that charter school laws that support both quality and scale include certain core features:

- High-quality “professional” authorizers that are committed to charter school quality, have authorizing as a core mission, have sufficient resources to carry out that mission, and oversee a significant number of schools.
- Reliance on effective authorizing rather than regulation to ensure charter school quality.
- Public oversight and accountability for both charter schools and authorizers.
- High-quality student performance data for both charter and traditional public schools, including longitudinal student-linked measures and multiple measures of school performance.

- No absolute caps on the numbers of charter schools that can open; any limits on the number of charter schools that can open should be quality-sensitive, exempting established charters with a record of performance from the caps, and should allow for automatic annual increases in the number of charters.
- Equitable funding for charter schools, including start-up and facilities funding.
- Incentives to help proven charter school models scale rapidly in currently underserved communities.

Our analysis draws on a series of 12 reports that analyze charter schooling in eight states and four cities. We published the reports over the last five years with the help of the Progressive Policy Institute and Education Sector. (See sidebar on published reports, Pg. 4.)

These reports use a combination of statutory analysis, qualitative research, reporting, and analysis of quantitative data to understand what is happening in a state’s charter sector.<sup>5</sup> Each describes the history of, rationale for, and politics of charter schooling in a state or city; the characteristics of the state or city’s charter sector, including quality and student performance; the obstacles and challenges facing charter schools; and the impact of key provisions of state law on charter school performance and growth. Each report also provides recommendations for state and local policy and practice changes to improve charter school performance, build the supply of quality charter schools, and ensure charter schools fulfill their public missions.

These 12 states and cities are not a representative sample; each was deliberately selected. Some were chosen because they have a relatively large number of charter schools and students and others because they have innovative charter-related policies or practices, such as mayoral authorizing in Indianapolis or Chicago’s emphasis on new school creation. The goal was not to conduct an experiment but rather to learn from leading-edge states and initiatives in order to inform policymaking in those places and elsewhere. We did not include every state with a significant charter sector or interesting charter-related activities. And we did not examine any of the states with the most restrictive charter caps. Still, on key provisions of state charter school laws, there is significant variation across the different states in our sample.

The states whose charter laws we studied—including states where our analysis focused primarily on a city within the state, because the same charter school law applies statewide—account for approximately 75 percent of charter schools and charter students in the United States. Collectively, these 12 states illustrate the range of aggregate charter school performance and quality, and most of the major charter policy and practical issues in states with significant charter populations.<sup>6</sup>

In analyzing the impacts of state charter laws, we evaluate the characteristics of a state charter sector comprehensively, beyond just student test scores. Student performance is a vital characteristic, but the success of a state’s charter sector cannot be measured solely by student test scores: Questions like whether or not schools equitably serve disadvantaged students or whether their operations are transparent and publicly accountable are also critical. Thus, we identify six subject areas that are particularly important in determining the characteristics and quality of a state’s charter sector:<sup>7</sup>

- Charter school authorizing practices
- Accountability for performance and operations

- School-level autonomy/freedom
- Policies affecting teachers
- Caps on the number of charter schools and other formal limits on charter school growth
- Funding

Within these areas, a variety of state policies—including school finance systems, teacher certification, accountability systems, and laws governing nonprofit corporations—further delineate the policy landscape in which charters operate and affect growth and quality.<sup>8</sup>

## Authorizing

Entities that have the legal authority to grant school charters are called authorizers. They also are responsible for overseeing the charter schools they authorize. To date, authorizers include school districts, state boards of education, public colleges and universities, a mayor’s office, nonprofit organizations, and new public entities created specifically to authorize charters.

As the charter school movement has grown and matured, it has become increasingly clear that both the quality and number of a state’s charter schools depend heavily on who is allowed to authorize charter schools and how well they do their job. This is perhaps the most significant lesson of the charter school movement to date.

## Authorizing and Growth

The type of entities allowed to authorize charters can have a tremendous impact on the rate of charter school growth. Local school boards, which are the majority of authorizers nationwide, are often hostile to charter schools, which compete with them for students, funds, and prestige. As a result, state charter laws that allow only local school boards to authorize charters can result in very few charter schools in that state.

But some states in our sample, including California, Colorado, and Florida, have built significant charter sectors while relying on local school boards as their only or primary authorizer. These states have done so in part by forcing local school boards to authorize schools to which they are hostile. Florida, for instance, has a binding appeals process. Charter schools whose applications have been denied can appeal to the State Board of

**Table 1. Key Characteristics of Twelve States**

State	Year Law Passed	Number of Schools (2006–07)	Number of Students (2006–07)	Percentage of Students in Charter Schools*
Arizona	1994	469	93,210	8%
California	1992	621	220,000	3%
Colorado	1993	133	52,352	6%
Florida	1996	355	98,755	4%
Illinois	1996	54	17,000	0.8%
Indiana	2001	37	9,028	0.7%
Michigan	1993	230	100,000	5%
Minnesota	1991	131	23,478	2%
New York	1998	94	28,524	0.8%
Ohio	1997	310	76,569	4%
Texas	1995	431	89,260	2%
Washington, D.C.	1996	71	19,924	25%†

\*Percentages based on 2005 data.

†Percentage for Washington, D.C., is based on 2006 data.

Source: National Alliance for Public Charter Schools, 2007; Schoolmatters.com.

## The 12 Published Reports: Charter Schooling State by State

The following reports were published by the Progressive Policy Institute and Education Sector over the last five years:

“Catching the Wave: Lessons from California’s Charter Schools” by Nelson Smith (Progressive Policy Institute, June 2003)

“Ripples of Innovation: Charter Schooling in Minnesota, the Nation’s First Charter School State” by Jon Schroeder (Progressive Policy Institute, April 2004)

“The Rugged Frontier: A Decade of Public Charter Schools in Arizona” by Bryan C. Hassel and Michelle Godard Terrell (Progressive Policy Institute, June 2004)

“Seeds of Change in the Big Apple: Charter Schooling in New York City” by Robin J. Lake (Progressive Policy Institute, September 2004)

“Fast Break in Indianapolis: A New Approach to Charter Schooling” by Bryan C. Hassel (Progressive Policy Institute, September 2004)

“A Tough Nut to Crack in Ohio: Charter Schooling in the Buckeye State” by Alexander Russo (Progressive Policy Institute, February 2005)

“Texas Roundup: Charter Schooling in the Lone Star State” by Nelson Smith (Progressive Policy Institute, February 2005)

“Chasing the Blues Away: Charter Schools Scale Up in Chicago” by Robin J. Lake and Lydia Rainey (Progressive Policy Institute, June 2005)

“Capital Campaign: Early Returns on District of Columbia Charter Schools” by Sara Mead (Progressive Policy Institute, October 2005)

“Peaks & Valleys: Colorado’s Charter School Landscape” by Todd Ziebarth (Progressive Policy Institute, December 2005)

“Florida Charter Schools: Hot and Humid with Passing Storms” by Bryan C. Hassel, Michelle Godard Terrell and Julie Kowal (Education Sector, May 2006)

“Maintenance Required: Charter Schooling in Michigan” by Sara Mead (Education Sector, October 2006)

The Annie E. Casey Foundation, the Bill & Melinda Gates Foundation, and the Pisces Foundation provided financial support for these reports. Research and conclusions expressed within the reports are those of the authors alone and do not necessarily reflect the views of the foundations.

Education. If the state board approves the school, the local board must allow it. Yet, in recent years, all three of these states have moved to add additional authorizers: Colorado, by creating the Colorado Charter Schools Institute as an alternative authorizer in 2002; California, by expanding the role of the State Board of Education to authorize charters on appeal or those that will have “statewide educational benefit”; and Florida, by creating the Florida Commission on Schools of Excellence as an alternative authorizer in 2006.

Most states in our sample allow a variety of entities—including state boards of education (Texas), independent charter authorities (Arizona and the District of Columbia), colleges and universities (Indiana, Michigan, Minnesota, and Ohio), nonprofits (Minnesota and Ohio), and the mayor of Indianapolis—to authorize charter schools. This variety has been critical to charter growth in these states.

Although most authorizers are local school boards, statewide authorizers such as statewide institutes or state boards of education fuel the growth of charter schools. In 2001–02, local school boards constituted 91 percent of all charter school authorizers but authorized just 45 percent of all charter schools. At the same time, state level authorizers represented just 3 percent of all authorizers but authorized 41 percent of all charters.<sup>9</sup>

### Authorizing and Quality

Good authorizers ensure quality charter schools by screening applicants and holding schools they have approved accountable for performance. But early on in the charter school movement, many authorizers took a hands-off approach. Some lacked the skills and expertise to rigorously evaluate charter school applications; others trusted that market forces would weed out poorly performing schools as parents made other choices. And too many authorizers approved poor-quality schools that would later run into trouble.

In the late 1990s, for example, the District of Columbia Board of Education approved several charter schools that ended up with serious academic, financial, and management problems and eventually had to be closed. Also, the hands-off approach of Arizona’s State Board for Charter Schools in its first several years led to several scandals involving corruption and financial mismanagement by charter operators.

Part of the problem was that authorizing was a brand new role, and those involved in the early charter school movement hadn’t fully thought out the responsibilities of that role. State statutes did not clearly define authorizer roles and responsibilities, and so authorizers, who had



little guidance about what they should be doing, were left to make things up as they went along.

In time, authorizers have gained experience, the charter school community has learned important lessons about what good authorizing entails, and states have clarified authorizer roles and responsibilities in their laws and banned authorizing practices that led to quality problems. Both California and Arizona, for instance, now prohibit school districts from authorizing charters outside their own boundaries, because districts that engage in this practice have little incentive to ensure the quality of schools they charter and are often too far away to provide meaningful oversight, leading to quality problems.<sup>10</sup>

Some authorizers that initially had problems with ensuring quality have improved markedly with experience. Central Michigan University and the Arizona State Board for Charter Schools both improved in response to state audits that found serious deficiencies in their practices, demonstrating that public accountability is an effective catalyst for quality authorizing. Other authorizers—the Arizona State Board of Education, the Ohio Department of Education, and the District of Columbia Board of Education—have stopped authorizing altogether. And states have created new authorizers that are more able or willing to be quality sponsors, such as nonprofit organizations in Ohio and independent statewide authorizing agencies in Colorado and Florida.

Still, lack of resources or commitment to authorizing remains a problem for many authorizers. The Arizona State Board for Charter Schools and the Texas Education Agency have improved their practices but still have too little funding or staff. These authorizers would benefit from a steadier funding stream. Michigan, for instance, allows university authorizers to retain a percentage of charter per-pupil revenue to fund their operations. At the same time, many smaller district authorizers simply don't have the capacity or desire to do a good job overseeing the one or two charters they authorize.

## Who Are Good Authorizers?

Examples of quality authorizing include local school districts (for example, the Miami-Dade County School District and the Chicago Board of Education), the mayor of Indianapolis, independent charter agencies (the District of Columbia Public Charter School Board), nonprofit

organizations (the Thomas B. Fordham Foundation), and universities (such as Central Michigan University).

But, all else equal, larger volume authorizers and non-school district authorizers seem to be both higher quality authorizers and more supportive of charter growth. Authorizers tend to do a better job when they view authorizing as an important part of their mission, have adequate resources to support their operations, and authorize more than one or two schools.

Both our state reports and a 2006 study of authorizers by the Thomas B. Fordham Foundation suggest a trend moving away from reliance on small school district authorizers and toward more professional authorizing led by organizations that operate across an entire state or region, view chartering as a core part of their mission, and oversee significant numbers of schools. In states like Minnesota and Ohio, the number and diversity of entities allowed to authorize charters has expanded over time, and Florida and Colorado recently created new independent statewide authorizers as alternatives to local districts. Research suggests this is a positive trend.<sup>11</sup>

## Accountability

Charter schooling offers educators increased freedom in exchange for greater accountability. But are charter schools really being held more accountable than traditional public schools?

Sometimes.

Charter advocates often point to parental choice as the ultimate form of accountability: If schools are not delivering results, the argument goes, parents will go elsewhere. Yet experience has shown that parents choose schools for a variety of reasons, and often, even low-performing charter schools are popular with parents. But effective public accountability is essential as well. Charter schools, which are funded from the public purse, must be accountable to taxpayers as well as parents.

## Test-Based Accountability Systems

As public schools, charter schools are subject to both their state accountability system and the accountability requirements of the federal No Child Left Behind Act (NCLB). All states require charter school students to take

the same state tests and participate in the same statewide accountability system as other public schools—at least on paper.

But in some states a significant percentage of charter schools—more than traditional schools—do not receive accountability ratings because they have too few students to report valid data, serve students only in grades that are not tested, or are in their first or second year of operation. State accountability systems that seek to limit the number of schools that fail to make “adequate yearly progress” under NCLB—for example, by requiring that schools have a relatively high number of students in a given subgroup, such as low-income students, before data on that subgroup can be publicly reported for accountability purposes—exacerbate this situation.<sup>12</sup> In addition, some states—such as Texas—have offered separate “alternative” accountability systems that hold schools serving “at-risk” populations to a different standard.

Policymakers and the public are eager to know how well charter schools are educating students. Several—but not all—of the states in our sample produce regular reports comparing the performance of charter and district schools on state assessments. The results of these comparisons vary, with charters outperforming district peers in some states and lagging in others. Test-score comparisons often play an important role in state-level political debates over charters. In Michigan and Ohio, for example, charter critics have seized on the poor relative test scores of charter schools in those states to make the case for limiting future growth.

But overall test-score comparisons are a blunt instrument that fails to account for the significant variation between individual charter schools or differences in the student populations served by charters and districts. A few states—and several researchers—have tried to account for these issues in evaluating charter performance, but most states currently do not have longitudinal student-performance data needed to truly do these types of analyses. Overall, where data are available, charter schools compare favorably with other public schools on these measures.<sup>13</sup>

## Accountability to Authorizers, Contracts

State and federal accountability systems are not the only accountability measures charters face. Charters also are

accountable to their authorizers for student performance and other goals specified in the charter contract. But charter school authorizers vary greatly in how well they hold schools accountable for goals in their charter contracts: Both our state reports and national authorizing studies find that many charter contracts include vague goals that cannot be objectively assessed.

According to a 2005 report from the National Alliance for Public Charter Schools, 9 percent of all charter schools ever opened had been closed.<sup>14</sup> Closing a school can be a difficult decision for an authorizer, particularly when the school serves students who have few other good educational options.<sup>15</sup> Parent protests of the closures of D.C.’s Village Learning Center and New York’s John A. Reisenbach charter school illustrate this dynamic. Few argued that these schools were educating children sufficiently, but parents did argue that they were better and safer than other available public options.

When a charter school reaches the end of its charter contract, the authorizer must review the school’s performance and decide whether or not to renew its charter. (Terms of contracts are defined by the authorizer and state law and can be anywhere from one to 15 years, although three- and five-year contracts are the most common.) Preliminary research by the Thomas B. Fordham Foundation suggests that when charter school authorizers refuse to renew a school’s contract at the end of the charter term, it is most often because of poor educational performance.<sup>16</sup>

But charter authorizers do not always wait until the end of the contract to revoke a school’s charter. In fact, most charter school closures to date are from charter revocations before the end of the charter—usually because of serious financial, management, or operational problems that demand immediate action to protect taxpayer resources or children’s welfare. Authorizers typically do not revoke school charters for academic reasons prior to the end of the contract. Some charter school laws, such as the District of Columbia’s, do not allow authorizers to close schools for student-performance reasons until the end of the contract term. Because revocation requires a higher bar than non-renewal, authorizers often rely on the most compelling evidence at hand, which often stems from financial problems, to justify revoking a school’s charter.<sup>17</sup>

Charter closures have revealed deficiencies in state laws, such as failure to specify the obligations of schools, authorizers, and others when a school closes, how the assets and student records of closed charter schools should be disposed of, or to address other issues including placement of students in other educational settings. The Michigan Department of Education, for example, has requested changes to Michigan's charter school law that would better address these issues.

## Autonomy/Freedom

In exchange for the increased accountability that comes with facing closure for low-performance and with having to compete for students, charter schools are supposed to be freed from many regulations, allowing them to pursue a particular educational vision and experiment with innovative curricula, pedagogical approaches, and organizational structure. The states and cities in our sample provide ample evidence of charter innovation. (See sidebar on innovation, Pg. 8.) But it is also clear that the autonomy/freedom side of the charter school bargain is not being realized in many states. States in our sample tend to give charters greater freedom than states with less developed charter sectors, but they limit the autonomy and flexibility of charter schools in several ways.

## Limits on Charter Autonomy

Charter schools are often described as independent public schools operating separately from school district control. In many cases, this is an accurate characterization. Several state laws treat charter schools as their own local educational agency, or LEA, giving them the same status as traditional school districts.

But in many states charter schools have limited autonomy and are, in fact, fiscally and legally dependent arms of the local school district. Colorado, for instance, requires district-authorized charter schools to be a dependent arm of the school district. And in California, school boards, which are the primary authorizers, have used their control over authorizing to force charter schools into contracts that make them dependent on the school district for a variety of services.<sup>18</sup>

While some states provide state per-pupil funds directly to charter schools, others require funds to go through the local educational agency before reaching charters.

In these cases, some charter schools have had difficulty getting hostile LEAs to transfer them the funds in a timely fashion, causing financial and cash-flow difficulties.

State policies and charter contracts that force charter schools to be dependent on school districts limit the amount of innovation and flexibility in the state's charter sector. Limits on fiscal autonomy can also make it difficult for charter schools to finance facilities or major capital investments.

## Limits on Regulatory Freedom

The original proponents of charter schools argued that freeing charter schools from regulation would allow them to innovate and improve student achievement, but many states still subject charters to state regulations on teacher credentialing, curriculum, and other routine operational issues. A number of states, including Arizona and Minnesota, give charters an automatic waiver from most state and local education regulations. Others, such as Colorado, automatically waive a narrower set of regulations for charters, or allow charter schools to negotiate regulatory waivers in the charter contract.

But several states we studied, including Michigan, require charters to follow the same regulations as traditional public schools. Charter schools in many states must also file all the same state and federal reports as school districts, and in some states, such as Texas, they are subject to even more reporting requirements than traditional public schools and districts. As a result, charters have far less flexibility than the originators of the charter school concept envisioned.

## Limits on Types of Charter Schools

State laws also limit who may open a charter school and what kinds of schools can be created. Like most states with charter schools, all of the states in our sample allow the creation of brand new schools ("start-ups") as well as the conversion of existing district schools to charter status ("conversions"). Most states require existing public schools to demonstrate support from parents, teachers, or students before converting to a charter. Among states with a significant number of charter schools, the highest concentration of conversion schools is in California, where nearly one in four charter schools converted from an existing public school. But this percentage is declining as more start-up charters open.

In addition to start-up and conversion charters, some states allow existing private schools to become charters. Several of Michigan's top-performing charter schools started as private schools but became charters after the state passed a charter law. But other states, including Colorado and California, do not allow private schools to become charters.

State laws also determine whether for-profit companies, known as education management companies, or "EMOs," can play a significant role in a state's charter school sector. Three states in our sample—Arizona, California, and Colorado—allow authorizers to grant charters directly to an EMO, and these states have a number of for-profit charter schools. But most states, including most of those

## Innovations in Chartering: A Sampling of Charter Schools With Unique Missions

Successful chartering both requires and promotes innovation, and there is ample evidence of this throughout states with significant charter sectors. Some of the most innovative schools specifically target at-risk students, have rigorous college-prep curriculums, value teachers as leaders of the school, or partner with community organizations to educate students.

### Serving Diverse Populations:

Michigan's **Nataki Talibah Schoolhouse of Detroit** and **Star International Academy** cater to diverse student populations. Nataki Talibah is a K–8 school that uses a social studies immersion program to integrate civics, economics, geography, history, and world culture into the core curriculum. The student body is 100 percent African-American and the school's curriculum and activities allow students to learn about African-American history and cultural heritage.

Originally founded as an alternative to Dearborn-area Islamic Schools, **Star International Academy** serves students from diverse ethnic and cultural backgrounds. The K–12 school offers a multicultural curriculum, incorporating international cultures, ethnic traditions, and values. Students study Arabic in grades K–8, and high school students can choose between Arabic, French, and Spanish.

### Taking "Extended Day" to a New Level:

The District of Columbia's **SEED (Schools for Educational Evolution and Development) Public Charter School** is the nation's only public urban boarding school. The school, which opened its doors in 1998, serves approximately 320 students in grades 7–12. Virtually all of the students are African-American and come from low-income families.

Co-founders Eric Adler and Rajiv Vinnakota started SEED because they felt many disadvantaged, urban children would benefit from an intensive college-preparatory boarding school—an experience that would provide academic and cultural opportunities while also removing students from environmental factors working against their success. The support offered by the 24-hour boarding environment, coupled with a focus on academic and personal excellence for every student and a "gap year" for struggling students to master basic skills are key components to fulfilling this school's mission.

### Involving the Community and Parents:

In order for its students to achieve academic excellence, the **King Center Charter School** in Buffalo, N.Y., offers a holistic approach to early childhood development and depends on

community partnerships. The K–4 school, which is housed in a renovated church building and serves primarily low-income students, has developed unique community partnerships with area universities such as the State Universities at Buffalo and Fredonia. Here, the King Center's state-of-the-art multimedia center becomes a virtual learning lab for early childhood research and teacher education. The school also runs after-school, weekend, and summer programs for children in East Buffalo.

Parental involvement is the cornerstone of the **Flanner House Elementary School** in Indianapolis, with families playing an integral part in their children's education. Parents must commit to 20 hours of volunteer time per semester, often tutoring students one-on-one, reading along with students in the classroom, and organizing field trips and other activities. Parents also are invited to come to the school for conferences, where teachers personally deliver student report cards.

### Valuing Teachers as Professionals:

One of the oldest teacher-run charter schools is **Minnesota New Country School**, which was created in 1994 and is located in rural Henderson, Minn. As the "prototype" school for the professional educator cooperative called EdVisions, MNCS serves approximately 112 students in grades 6–12 in a modernized "one-room schoolhouse." The teachers—who are called "advisors"—work with small groups of students across all grade levels under a curriculum that is largely project-based. As "owners" of the school, advisors share administrative and support functions needed to keep the school running. More importantly, the school's professional practice arrangement allows advisors to cut through the red tape found in many traditional public schools because decisions are made at the source. This also allows advisors to continually strengthen their knowledge about how to make sound management decisions and increase accountability.

### Giving At-Risk Students a Second Chance:

To help keep Arizona's students from dropping out of high school, the **Rose Academies** (Canyon Rose, Desert Rose, and Mountain Rose) in Tucson offer flexible scheduling and night school sessions to Tucson students and teenage parents. Each school offers individualized education plans, computer-based learning, and one-on-one help in the classroom to keep students on track. Teachers have found night school students to be more dedicated and disciplined than their day school peers.

in our sample, do not allow authorizers to grant a charter to an EMO directly. Instead, many of these states allow a charter school's board of directors to contract with a for-profit company to run the school or some of its operations. Illinois, however, along with a few other states not included in our sample, does not even allow charter boards to contract with EMOs to run a school, although this restriction is limited to Chicago.

Beyond allowing or prohibiting EMOs, state laws determine an EMO's market share within a state's charter sector. Nationally, about 10 percent of charter schools are run by EMOs.<sup>19</sup> But two states in our sample, Michigan and Ohio, have much higher percentages of EMO-run charters—75 percent and half of charters, respectively—because of state policies that are more favorable to EMOs than most states and less favorable to stand-alone charter schools. Neither Michigan nor Ohio provide state start-up or facilities funding for charter schools, making it harder for “mom-and-pops” or community groups to launch a school without an EMO's financial backing. Michigan's teacher pension policies also encourage charters to work with EMOs, because schools that hire their teachers through an EMO don't have to pay into the expensive state retirement system. And authorizers in both states have been particularly favorable to EMOs; one Ohio authorizer and some Michigan university authorizers work only with schools run by EMOs.

The experience of these states suggests that there are both pros—increased capital, scalability, and quality control across multiple sites—and cons—less innovation, reduced community control, potential for conflicts of interest and other scandals—to having a largely EMO-run charter sector. But many of the potential problems can be addressed by quality authorizing, as well as state laws that ensure charter board independence and community representation. Prevalence of EMOs is not inherently a problem, but it may signal problematic state policies that make it difficult for non-EMO operators to open charters.

Some of the most controversial charter schools are virtual charter schools—also called cyberschools or non-classroom-based charter schools in some states. These schools offer online instruction to students in their homes, rather than a traditional classroom setting. Several states, including Michigan and Texas, prohibit such schools.

Virtual schools can be innovative and engage students who might otherwise not be in school at all, but they also

create new policy challenges, especially in the areas of funding, teacher quality, and accountability. And financial and enrollment scandals involving virtual charter schools in states such as Florida, Ohio, and Pennsylvania, have exacerbated policymakers and the public's pre-existing suspicions about such unconventional schools.<sup>20</sup>

In Ohio, for instance, more than a quarter of charter students are in virtual schools, largely as a result of state policies that make virtual schools the only charter option for students in many parts of the state: Ohio allows charter schools only in urban or low-performing school districts, but virtual charters headquartered in these districts may enroll students from anywhere in the state. Ohio's virtual charter schools have had accountability and other problems, leading the state to place a moratorium on new virtual schools. But many of these problems are due to issues with individual virtual charter operators, poor authorizing, and lack of oversight more than innate problems with the virtual school concept.

The promise of increased autonomy and freedom for charter operators has not been realized in many states. Most of the states in our sample provide charters with a fair amount of freedom, but still make charters dependent on local school districts, subject them to regulatory burdens, or restrict the types of charter schools that can be opened and who can open them. Many of these policies were intended as quality measures, but the evidence from our sample does not suggest that states that place many regulations and limits on charter schools have better outcomes than those that do not. In fact, some of the limits that states place on charter schools may actually have perverse consequences. Quality authorizing, oversight, and accountability are a more effective way to ensure charter quality.

## Teachers

Personnel issues are one of the most highly regulated aspects of public education, and in many states these regulations extend to charter, as well as district-run, public schools.

## Certification

Teacher certification requirements are the most obvious way states regulate charter school personnel. Most of the states in our sample (California, Colorado, Florida,

Indiana, Michigan, Minnesota, New York, and Ohio) require charter teachers to be certified, but also offer a variety of waivers, exemptions, and alternative routes to certification that make it possible for people to teach in charter schools without completing a traditional teacher preparation program. State certification policies are not always a good indicator of whether charter teachers are actually certified. In states, like California, where there is a shortage of qualified teachers in urban areas, both charter and traditional schools employ teachers who are not fully certified. In contrast, several District of Columbia charter schools hire only certified teachers even though the law does not require them to do so—because they believe that parents value teacher certification.

## Compensation and Retirement

Laws regarding teacher compensation, particularly retirement, also affect the shape of a state's charter sector. Most states have statewide teacher retirement systems that provide fairly generous pensions. Whether or not charter school teachers are included in these systems influences the sector in a variety of ways.

In states that require charter schools to participate in the pension system—Arizona, Colorado, Illinois, Ohio, and Texas among those we studied—charter schools have less freedom to innovate in teacher compensation, because they must devote a significant portion of their budgets to the pension fund. But states that do not allow charter schools to participate in the pension system—for example, the District of Columbia—preclude charters from hiring experienced teachers, who risk losing their pensions if they leave their school district for a charter. A few states, such as Florida and Minnesota, address this problem by allowing teachers to take a leave of absence from their school district to work in a charter school.

Retirement policies can have unintended effects. Michigan, for instance, requires teachers employed directly by charter schools to participate in the state retirement system, but prohibits those employed by EMOs from doing so. As a result, three-quarters of the state's charter schools turn to EMOs as a cost-saving measure. Because there are pros and cons to the state pension system for charter schools, policies like California's, which allows but does not require charter schools to choose to participate in the state retirement system, may be the most desirable.

## Collective Bargaining

Teachers unions have advocated state policies that require all charter school teachers to be certified through existing preparation and credentialing routes. They also have an interest in how teachers are compensated.<sup>21</sup> But they have the strongest interest in whether or not charter school employees are unionized. In New York, for example, legislative allies of teachers unions demanded that some charter schools be required to unionize in exchange for an increase in the number of charter schools allowed in the state.<sup>22</sup>

Most states do not require charter school teachers to be unionized. The majority of those in our sample offer three options: Charter teachers may be part of the school district bargaining unit, may form a separate bargaining unit, or may work without union representation. In practice, most choose the third option. Charter teachers have chosen to unionize in relatively few instances. Most unionized charter schools are conversion charter schools, which were part of a school district bargaining unit prior to conversion. Several states, including Ohio and Texas, require conversion charter schools to remain in the bargaining unit. Michigan also requires charter schools authorized by a school district, whether start-ups or conversions, to remain in the district bargaining unit.

As the number of charter schools has grown, charter teachers have become an increasingly attractive new market for teachers unions. And teachers unions have launched efforts in California, Michigan, and other states to organize more charter school teachers. But because of their small size, charter schools are less cost-effective to organize than entire districts, and some charter school operators have resisted union representation.<sup>23</sup> Larger charter networks, called charter management organizations or CMOs, as well as EMOs, may be a more promising market for unionization. One CMO organization, Green Dot Public Schools in Los Angeles, is avowedly unionized, and its teachers work under a modified or “thin” version of the Los Angeles Unified School District contract.

Meanwhile, some charter schools are experimenting with alternatives to unions to give teachers power and voice in how schools are run. Several Minnesota charter schools, for example, are run by teacher professional practice organizations—modeled after medical practice

groups—that replace the management-employee dynamic with a model in which each teacher owns a stake in the school and decisions are made by the teaching staff collectively.<sup>24</sup>

## Caps and Other Limits on Growth

Many factors—hostile authorizers, lack of human capital, funding or facilities—can limit the growth and scale of a state’s charter sector. But several statutes also place a cap on the number of charters that can be opened. According to the National Alliance for Public Charter Schools, a majority of charter school states, including eight states in our sample, have some kind of statutory cap on charter growth. (See sidebar on charter caps.) Not all of these caps are meaningful constraints on charter growth. Within our sample, the charter school caps in California, the District of Columbia, and Indiana all allow a reasonable amount of annual growth. But in 10 states, four of which are in our sample—Michigan, Ohio, New York, and Illinois—charter caps are a significant constraint on growth and have become a dominant issue in state political debates over charter schools.<sup>25</sup>

Most caps and other limits on charter growth result from political compromises that charter-friendly legislators have had to make to pass charter school laws. In some states, policymakers wanted to limit the number of charter schools until they could see how the charter experiment worked in practice. These states, including Colorado and Minnesota, initially placed fairly low caps on the number of charter schools, but later lifted the caps as the movement matured.

In other states, including Michigan and Ohio, charter school opponents have cited quality problems or scandals to justify maintaining or instituting charter caps. But there is little evidence that restrictive charter caps improve charter quality. The experience of states in our sample does not suggest this is the case. In some states, such as Michigan, where the most effective authorizers, based on their track records, are capped but other authorizers are not, these caps may actually hurt quality.

States have had a tendency over time to raise or eliminate charter caps.<sup>26</sup> Most recently, New York passed legislation raising the charter cap there from 100 to 200 schools. But in several states where charter caps constrain growth, strong political opposition to charter schools makes

## Charter School Caps

Twenty-five states and the District of Columbia cap the growth of charter schools in some fashion. Laws in the states we studied range from restrictions on individual authorizers to limiting the number of schools in the state.

**California:** The law limits the number of overall charters to 1,050. The cap rises by 100 schools every year. There are currently over 800 charters, well below this cap.

**Washington, D.C.:** The Public Charter School Board may authorize up to 10 schools annually. (From 1996 through 2006, the District of Columbia had a second authorizer, the D.C. Board of Education, which could also authorize up to 10 schools a year).

**Indiana:** Local school boards may authorize an unlimited number of charter schools. The mayor of Indianapolis may authorize no more than five new charters per year.

**Illinois:** The law limits the number of charters in the state to 60. Of that number, up to 30 schools can be in Chicago, 15 in the Chicago suburbs, and 15 in the rest of the state. With 29 charter schools already open in Chicago, this limit is a major constraint on further charter school growth there.

**Michigan:** Public universities may authorize a total of 150 schools statewide, as well as up to 15 charter high schools in Detroit. Universities have already authorized 150 charter schools, so this limit is a major constraint on charter growth. Michigan’s other authorizers—local school boards, intermediate school boards, and community colleges—may authorize an unlimited number of schools within their service areas.

**New York:** In spring 2007, the New York State Legislature amended the charter law to allow up to 200 charter schools statewide, an increase of 100 from the previous cap. The State University of New York and the New York State Board of Regents can each issue half of the total number of charters. There is no cap on conversions, which must be approved by local school boards.

**Ohio:** The law limits authorizers to 30 more charter schools than were in operation as of May 2005. Successful schools or those authorizers with schools meeting targets are exempt. There is no limit on conversions.

**Texas:** The state board of education can approve up to 215 charter schools. There are already 204 charter schools in operation, leaving room for only 11 more schools.

Source: “Peeling the Lid off State-Imposed Charter School Caps,” National Alliance for Public Charter Schools, Issue Brief No. 3, February 2007.

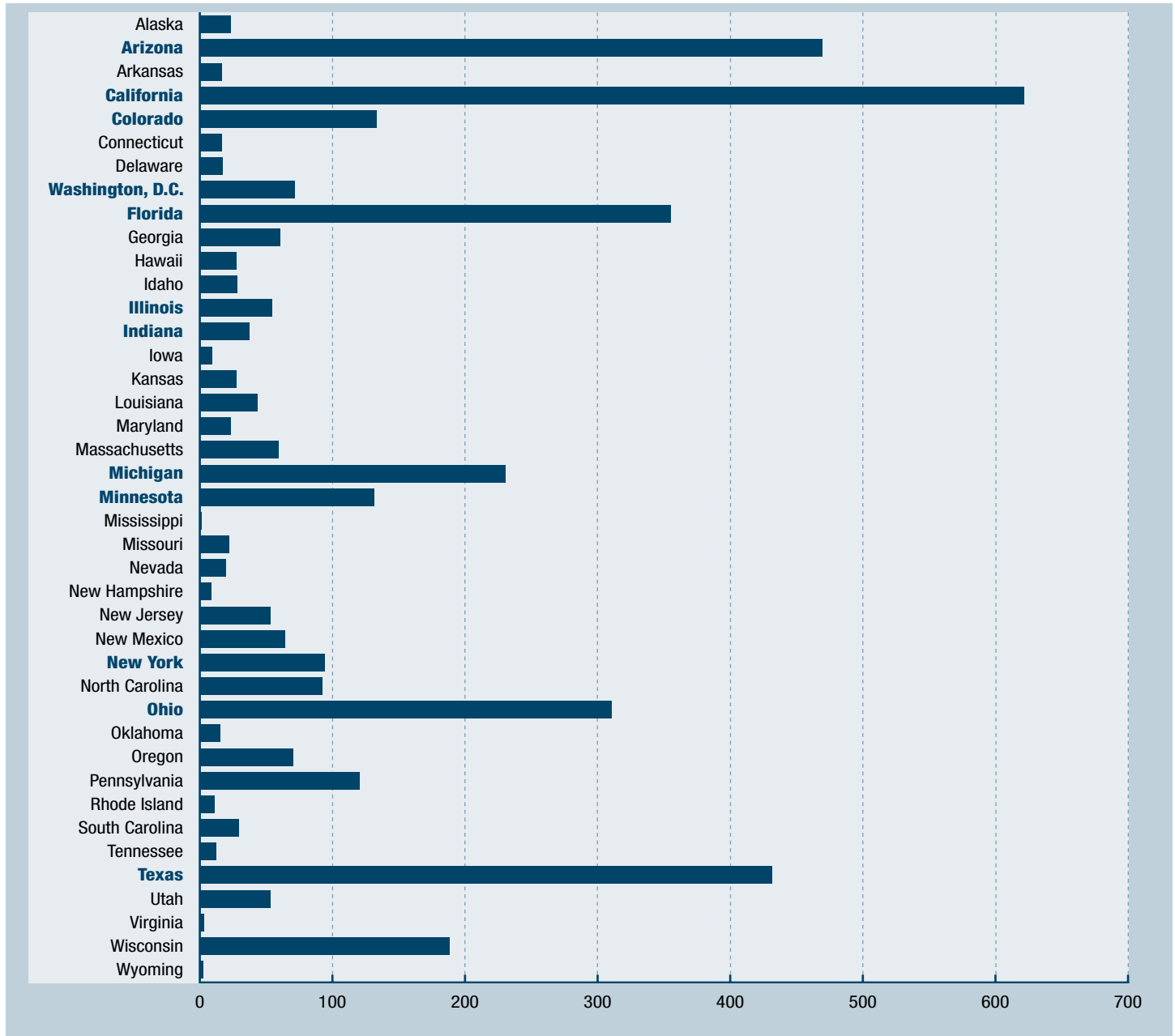
raising or eliminating these caps a daunting prospect. Charter supporters in these states may need to craft compromises that give charter opponents something they want in return for raising the cap (the legislation that raised New York’s charter cap also requires certain charters to unionize), find ways to grow within the cap, or change the underlying political dynamic by improving charter performance and building support for charter schools.<sup>27</sup>

## Funding

The amount of funding charter schools receive affects the scale, quality, and other characteristics of a state's charter school movement. In most states, including those in our sample, charter schools receive less public funding per student than school districts, and they also lack access

to locally generated revenues or funds districts typically receive for facilities, transportation, and other specific functions. Inequitable resources remain a major barrier to quality and scale in the charter school movement and, since charter schools in most states disproportionately serve minority and disadvantaged populations, a civil rights issue.

Figure 1. States' Share of Charter Schools (2006–07 School Year)



Note: Highlighted states are featured in the 12 reports published by the Progressive Policy Institute and Education Sector. The total number of schools is 4,046.

Source: "Number of Charter Schools and Students in the 2006–07 School Year," National Alliance for Public Charter Schools, May 2007.



It is hard to obtain accurate information about school finance due to lack of transparency, but the best comparison of public funding for charter and traditional schools to date comes from a 2005 Thomas B. Fordham Institute report that demonstrates significant financial inequities for charter schools in most states.<sup>28</sup> The report found that among the states in our sample, the per-pupil funding received by charter schools ranged from 69 percent of that received by district schools in Colorado and Ohio to 102 percent in Minnesota.

Even when charter schools receive per-pupil operational funding on par with that of school districts, they often receive less total per-pupil funding because they lack access to local funding streams or various state categorical funding streams. California, for example, provides charters with a “categorical block grant” so that they do not have to separately apply for many state categorical funding streams, but the grant’s value has stagnated over time, and new school funding programs have not been incorporated into it. Charter schools in many states—including Colorado and Florida—cannot access local funds or they have difficulty doing so.

## Facilities Funding

Facilities are an area of particular inequity and a major obstacle to charter school growth. Charter schools typically do not have access to existing public school facilities, which remain under the control of school districts, or to the funding streams and finance mechanisms—such as local property tax levies and bond issues—that school districts often use to pay for facilities.

Several states in our sample help charters with facilities in a variety of ways. Colorado, Minnesota, and the District of Columbia provide charter schools with facilities funding on a per-pupil basis, something NCLB encourages by matching state funds. A recent statewide facilities bond in California included \$400 million set aside specifically for charter schools. State policies can also help charter schools obtain facilities financing: Several states provide credit enhancements or loans for charter schools, or allow charters to seek financing from state development agencies. Some states also allow charter schools to use some of the same facilities funding streams as school districts: Colorado charter schools may place a bond issue on the ballot to raise local tax revenues for a facility, although none have yet done so successfully. And in

Florida, developers, who must pay impact fees to defray the costs of schools and other public infrastructure required to serve the housing they build, can choose to direct those fees to a charter school serving the neighborhood.

The current district monopoly on public school facilities is both inequitable to students attending charter schools and inefficient as a public policy, especially in communities like the District of Columbia with significant charter enrollment and a declining student population. A few states have sought to ensure charters access to existing public school facilities, but with limited success. A 2000 California referendum required school districts to provide charters equitable access to school facilities, but districts have often subverted the law’s intent. Both Congress and the District of Columbia City Council have passed legislation to give charter schools access to millions of square feet in unused public school space held by the District of Columbia Public Schools, but the city’s Board of Education has resisted releasing the space to charter schools.

Equitable methods for distributing existing public school space between districts and charters will become increasingly necessary as the percentage of students in charter schools grows in many states and cities.

## Start-Up Funds

New charter schools need start-up funding to cover the variety of expenses—staff salaries, furniture, insurance, facilities costs—they must incur before they can actually open, serve students, and receive state per-pupil operating funds. A federal charter schools grant program, started in 1994, provides start-up grants to charter schools, and new schools in the states in our sample are eligible for this funding. Some states provide start-up funding above and beyond this: California, for example, established a revolving loan fund to help charters with start-up costs. Availability of start-up funds can impact the shape of a state’s charter sector. Planning resources can help a school get off to a better start and improve quality. Also, lack of access to start-up funding is one reason for the dominance of EMOs, which provide private capital for start-up costs, in Michigan’s and Ohio’s charter sectors.

## State School Finance Systems

Beyond charter-specific funding policies, state charter sectors are also shaped by the characteristics of the

state's general school finance system. States whose school finance systems rely heavily on locally raised revenues tend to be more inequitable for charter schools than states where more school funding comes from the state.<sup>29</sup> The overall adequacy of public education funding provided by state school finance systems also affects the quality and scale of a state's charter sector, because quality charter operators are unwilling to locate or expand in states where public education funding is inadequate to cover the cost of their programs.

## Changes in State Laws Over Time

State charter school laws are not static. All the states in our sample have amended their laws multiple times, some modestly and some substantially. States have added authorizers (Colorado, Florida, Minnesota, Ohio), created appeals processes (California), clarified authorizer responsibilities (California), and restricted or eliminated some authorizers (Arizona, Ohio). They have increased oversight (Ohio, Michigan), added reporting requirements (Texas), and strengthened accountability (Arizona, Texas). They have raised (New York), eliminated (Colorado, Minnesota), or instituted (Michigan) caps on the number of charter schools that can open. They have tweaked charter school funding formulas and created new funding streams for transportation and facilities (Arizona, District of Columbia). And they have enacted a variety of other regulatory and technical changes.

Taken together, these state law changes seem to point in contradictory directions: some states adding restrictions and requirements for charter schools, others creating more openings for charters. But from another perspective, state charter school laws appear to be converging: States, such as Minnesota and Colorado, which started out with fairly narrow laws allowing charter schools as an experiment have opened things up by raising caps and adding new authorizers. States, such as Arizona, where an initially laissez-faire approach to chartering inevitably led to some poor quality charters, have increased oversight of both charter schools and authorizers.

State charter school laws remain incredibly varied. Over time, however, they appear to be opening up opportunities for charters by adding new authorizers and raising charter school caps. At the same time, they seem to be moving toward a greater emphasis on quality, by strengthening oversight and accountability, defining authorizer

responsibilities more clearly, creating new high-quality authorizers, and encouraging better authorizing.

## Influence of the State Climate

State laws define the parameters in which a state's charter sector operates, and the marks of specific state policies are visible in state charter sectors. But state laws aren't the only factor shaping a state's charter sector: The political, educational, and other climate factors in a state also have an impact. State climate factors also help determine the provisions of state charter laws and how easy or difficult it is to change them.

### Political Climate

Not surprisingly, political partisanship does not seem to lead to better-quality charter schools, although which party controls state government may affect their numbers. There is some evidence that the number of Republicans in a state legislature positively influences the number of charter schools by a small but significant measure, and the presence of a Republican governor does so substantially. In general though, partisan disputes complicate efforts to improve charter quality and negatively impact the availability of funding and support for charter schools.<sup>30</sup>

State political climate determines the characteristics of the state charter school law, which in turn affect the quality and scale of the state's charter school sector. But causality also runs in the opposite direction: The quality of a state's charter schools can affect the politics around them. "Blow-ups" and scandals involving low-performing or corrupt charter schools have strengthened the hand of charter school opponents in Michigan and Ohio, making it difficult to improve those states' laws. The strong performance of the District of Columbia's first major class of charter schools in 1998, on the other hand, helped build political support for charters among D.C. leaders who were initially skeptical about the congressionally imposed reform.

### Educational Climate

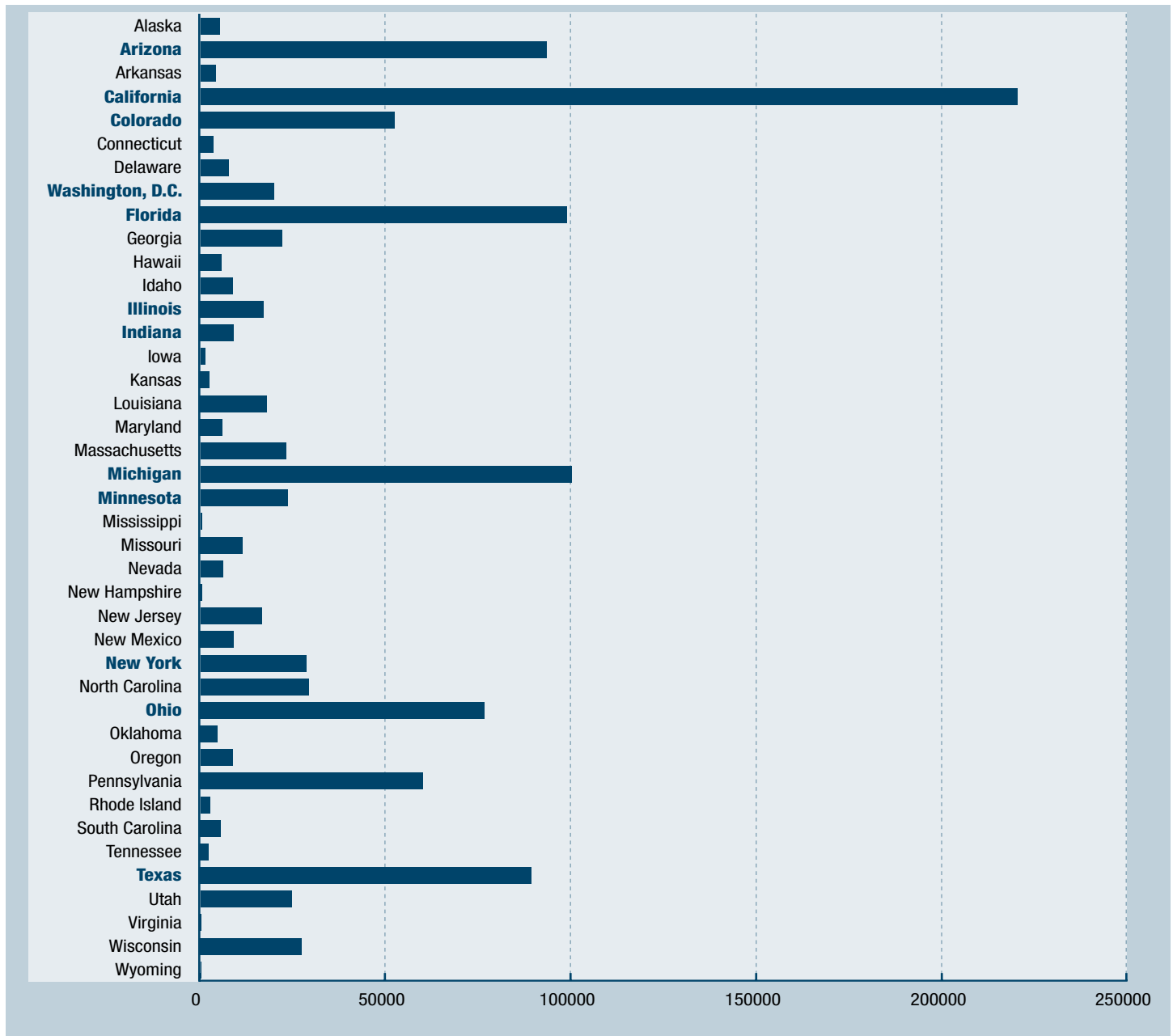
Public school performance seems to be inversely related to the strength of a state's charter law: Most of the states in our sample with significant charter sectors have

average student performance below national averages on the National Assessment of Educational Progress. Frustration with poor-performing schools, particularly troubled urban school districts, has been an important force behind the passage of charter school laws in several states in our sample, including the District of Columbia and Ohio, and an argument for raising caps or creating

additional authorizers in Colorado, Michigan, and New York. Legislators representing urban communities with many poor-performing schools have become key allies for charter schools in several states, including Colorado.

The presence of other forms of school choice in a state also influences the politics around and public perception

**Figure 2. States' Share of Charter School Students (2006–07 School Year)**



Note: Highlighted states are featured in the 12 reports published by the Progressive Policy Institute and Education Sector. The total number of students is 1,144,758.

Source: "Number of Charter Schools and Students in the 2006–07 School Year," National Alliance for Public Charter Schools, May 2007.

of charter schools. In the early days of charter schooling, charters were sometimes seen as a logical compromise to debates over school vouchers, and the threat of vouchers increased the chances for charter school proposals to be enacted.<sup>31</sup> But this dynamic has not been without costs for the charter school community: Ohio’s implementation of charters alongside a controversial voucher program has increased opposition to charter schools among those who see both charters and vouchers as part of a common attempt to dismantle public education. And, the linking of charter schools and vouchers can confuse a public that is largely uninformed about the details of these policy ideas.<sup>32</sup> Other forms of public school choice, by contrast, seem to increase support for charters without these costs. Minnesota, for example, passed its charter school law at the same time it was creating a wide variety of public school choice options—including open enrollment and opportunities for high school students to take college courses—and this context strengthened public and bipartisan support for charter schools.

Cultural differences across states and between communities within states result in differences in the kind of charter schools parents demand and educators want to create. For example, some 40 percent of Colorado charter schools implement a traditional Core Knowledge curriculum, while charters in Minnesota are more associated with “progressive” and student-centered educational approaches. Overall, in the major charter states of Arizona, California, Florida, Michigan, and Texas, charter schools appear to favor “progressive” approaches over traditional educational ones.<sup>33</sup>

## **Charter Support and Advocacy Groups**

Organized charter associations that advocate legislatively on behalf of charter schools are essential to protect charter schools from policies that would harm them and to win improvements in state charter laws. These groups are especially important because powerful education groups with significant sway in state legislatures, such as teachers unions and school boards, often oppose charter schools. Most states have some type of charter school association, but they vary greatly in their effectiveness. The states with the most pro-charter climates, for example Arizona early on, sometimes have the least developed advocacy and support networks for charters because charter-friendly legislatures have limited the need for effective advocacy. Other states, such as Texas, have

fractious charter movements divided between different competing charter advocacy and support groups, reducing the effectiveness of charter advocacy. Over time, and with encouragement from major foundations including the Walton Family Foundation, state charter sectors in some states have combined their separate advocacy and support groups into single organizations for charter schools.

In addition to their legislative and public relations roles, some charter associations also play an important role in advocating for and assuring quality within the charter school movement. These groups realize that poor-performing or financially corrupt charter schools are as great a threat to the charter school movement as is external political opposition. Charter associations in Michigan, California, and the District of Columbia provide a variety of supports to help members improve their quality. The California Charter Schools Association has supported authorizers that close low-performing schools and has helped students enrolled in schools that have closed to find spaces in other, better-performing charter schools.<sup>34</sup>

In addition to charter school associations, resource centers, technical assistance providers, and other charter support groups provide a variety of resources to support and enhance charter school quality and help prospective charter school applicants. The amount and quality of such technical assistance varies considerably from state to state. Good technical assistance supports quality in a state charter sector and enhances diversity by helping individual stand-alone schools, which lack the resources of larger EMOs and CMOs, deal with challenges and issues that arise in founding and operating a charter school.

## **Lessons for the Charter Movement**

The experiences of the states in our sample provide several important lessons for the charter school movement as a whole, and efforts to improve state charter school laws and charter quality in particular.

- Quality authorizing is the critical link in the chartering chain. Some degree of failure is inevitable when new educational approaches

and models are being tried, but establishing quality authorizing practices when charters are first proposed can greatly reduce downstream problems. The National Association of Charter School Authorizers has developed professional standards and training for authorizers that provide a roadmap and tools for policymakers.

- Authorizer quality is improving over time as a result of increased public oversight, greater resources, clearer definition of authorizer roles and responsibilities, increased knowledge and capacity of high-volume authorizers, removal of low-quality authorizers, and increased focus on authorizer quality within the charter school movement.
- Although most authorizers still oversee just one school, there is a long-term trend away from “one-off” authorizing and toward independent, statewide, and high-volume authorizers that exclusively focus on authorizing.
- Charter schools are incorporated into state accountability systems, but reconciling charter contracts with state accountability systems and NCLB is tricky, especially for schools specifically seeking to serve at-risk populations.
- When they are necessary, school closures are difficult for authorizers, schools, parents, and children. But they are integral to the success of charter schooling.
- States continue to limit charter school flexibility and autonomy in a variety of ways, but there is no evidence that these restrictions improve quality, and some may have unintended negative consequences.
- State policies regarding charter school teachers vary considerably, but the impact of these variations appears mixed. While there is extensive research on teacher quality issues overall and the value of various credentialing schemes, there is no definitive evidence related to charter schools specifically.<sup>35</sup>

- While many states have lifted caps on the number of charter schools that can be created, caps remain a significant obstacle to charter growth in some states, primarily for political reasons.
- Charters continue to receive inequitable funding in most states.
- The overall adequacy and equity of state school finance systems affect funding for charter schools and the quality and scale of a state’s charter school sector.
- State and federal policies have significantly improved charters’ access to facilities financing, but lack of funding for or access to facilities remains a major obstacle for charter schools.
- Effective state charter school associations and support groups can affect state charter policies and provide support to improve quality and build scale in the charter sector.

Increased choice, customized teaching and learning opportunities, and competition within public education offer the promise of better educational outcomes for youngsters for whom public schools are not working well now. They can also serve to incubate and develop new ideas that could prove transformative for public schooling overall. But policymakers must be diligent as they craft policies concerning public charter schooling.

Through a series of 12 case studies, we examined states and cities that are emblematic of the promise and challenges of public charter schooling today. We found clear evidence of success and better options and outcomes for students as well as obvious problems that should concern policymakers. Most importantly, we found evidence that aggregate charter school performance is not random. Rather, the levers of state policy can exacerbate problems or create incentives for success, and there are clear trends, for instance around authorizing, that directly impact aggregate charter school quality.

## Recommendations

Here, we offer a series of recommendations, based on our analyses, existing research, and the policy experience to date that we believe offer the best chance to maximize success while addressing the problems.

Creating more choice in public education is a question of “how,” not “if.” Thus, utilizing feedback from the experiences to date is essential for policymakers. In the past 15 years, more than 40 states have passed legislation enabling public charter schools, and Florida, Ohio, Utah, Milwaukee, and the District of Columbia have substantial publicly funded private-school choice plans. The experience to date clearly illustrates that choice can benefit students but is not a self-executing reform. It must be tended carefully by policymakers.

### **To improve charter school quality and maximize the benefit of public charter schools for students, we recommend that states:**

- Rely on quality authorizing rather than regulation to ensure charter school quality and be judicious about reporting requirements. The flexibility-for-accountability bargain is a promising one but must be made real in practice. Today, some charters are overly accountable in terms of paperwork and regulatory compliance while others are insufficiently accountable for student results. The general policy framework of intervention in inverse proportion to success is the right framework here. States must carefully examine requirements to ensure they are necessary and aligned with the goal of quality and public oversight.
- Have, in addition to local school districts, one or more “professional” authorizers—such as universities, independent boards, or mayors—that has authorizing as its core mission and oversees a significant number of schools. Multiple authorizers at once provide a more legitimate opportunity for public charter schools to open and can improve the quality of authorizing and charter schooling.
- Ensure authorizers have sufficient resources and capacity to do their jobs effectively. In 2005, 71 percent of authorizers had granted two or fewer charters.<sup>36</sup> This speaks to the lack of

capacity among many authorizers. While school districts should continue to be authorizers, state policymakers should create incentives to foster “critical mass” in charter school authorizing. In states that are geographically larger, policymakers must ensure that authorizers have the ability to effectively oversee and monitor schools in far-flung locations.

- Ensure public oversight and accountability for charter school authorizers and get poor-quality authorizers out of the business. Charter authorizers must be accountable to a public body for their operations. And authorizers with a demonstrably poor record of authorizing over time should lose the ability to charter schools, and schools under their purview should be shifted to new authorizers.
- Improve the quality of student performance data for both charter and traditional public schools, including longitudinal student-linked data and multiple measures about school performance. This data will allow most charter schools to be held accountable for student performance in the same way as traditional public schools and close some of the loopholes that exist now. At the same time, states should ensure that at least one authorizer can specialize in schools with a niche mission or those serving a discrete population, for instance at-risk students or dropouts. Standard accountability metrics may be inappropriate for these populations, but accountability is still vital. In practice, such schools exist in the charter and traditional public school sectors and require alternative, but rigorous, accountability metrics.
- Study the accountability practices of high-quality authorizers and charter school networks to develop “next generation” accountability models. Today’s accountability models focus primarily on test scores. But parents and policymakers actually care about many other educational outcomes as well. Innovative charter schools, charter school networks, and high-quality authorizers have developed more nuanced ways to measure school and student outcomes across a broader range of indicators than simply test scores. Again, these measures are particularly important for charter schools with unique educational missions, small schools, and schools serving especially challenging student populations, because

traditional test-based accountability often doesn't provide useful information about the performance of these schools. The charter movement must lead the way not simply in classroom innovation but also in developing new and more sophisticated measures of accountability that cover more of the issues parents care about.

- Clarify state laws related to charter school closure. Develop policies and practices for closing charter schools in order to protect the public interest and students displaced by school closures.
- Eliminate absolute caps on the number of charter schools that can be opened in a state. Any cap or restriction on charter school growth should be directly related to quality schooling and should not disadvantage “mom-and-pop” or “one-off” schools.
- Provide incentives to help proven models scale rapidly in current underserved communities. Not all charter models are equal. Some have consistently produced achievement gains that outpace schools with similar demographic composition, and state policymakers should help such schools gain access to educational facilities and replicate.
- Improve funding equity for charter schools. From any reasonable perspective it makes little sense to open a new sector of underfinanced schools. State law and regulatory practice should ensure that charter schools receive equitable access to funding, including financing for capital improvements. Charter advocates

should work to build alliances between charter schools and traditional public schools that serve disadvantaged students to advocate for broader changes in state school finance systems in order to improve their equity.

- Break the school district monopoly on existing public school facilities and expand new school facilities finance mechanisms to help both charter and traditional schools with facilities. Transition-aid programs intended to help school districts that are losing a large percentage of students to public charter schools should be tied to greater access to facilities for new charter schools.

**State charter school associations and other charter advocates must focus on charter quality as much as on advocacy.** High-quality charter schools and the growth of public charter schooling are closely associated. Philanthropic supporters of charter schools must continue to emphasize quality in charter schooling, not merely numbers. Charter advocates should also continue to build an independent identity for public charter schooling to help the public understand how charters are different from both traditional public schools and other choice options, for instance, vouchers. Although policy elites and advocates have hardened views about charter schooling, the public remains largely unaware of the specifics of charter schooling. Public opinion research shows that barely more than one in 10 voters say they have “high knowledge” of public charter schools, a figure that has not changed in the past several years. On charter schooling, the public’s support or opposition is still up for grabs.<sup>37</sup>

## Endnotes

- 1 National Alliance for Public Charter Schools.
- 2 See John Witte, Arnold Shober, and Paul Manna, “Analyzing State Charter School Laws and Their Influence on the Formation of Charter Schools in the United States,” (paper prepared for the American Political Science Association, 2003 Annual Meeting, Philadelphia, PA, August 28-31, 2003); Kenneth K. Wong and Francis X. Shen, “Charter Law and Charter Outcomes,” (paper prepared for the National Conference on Charter School Research, Vanderbilt University, Nashville, TN, September 29, 2006); Gary Miron, “Strong Charter Schools Are Those That Result in Positive Outcomes,” (paper presented at AERA Annual Conference, April 11-15 2005); *Charter Schools Today: Changing the Face of American Education* (Washington, DC: Center for Education Reform, January 2006).
- 3 *Charter Schools Today: Changing the Face of American Education* (Washington, DC: Center for Education Reform, January 2006).
- 4 Gary Miron, “Strong Charter Schools Are Those That Result in Positive Outcomes,” (paper presented at AERA Annual Conference, April 11-15 2005).
- 5 Similar to other studies on state charter school laws, our analysis does not use quantitative methods to try to draw causal conclusions about the impact of state law provisions on charter school and student performance because the data needed to conduct such analysis is not yet available. This is starting to change, however. RAND researchers Brian Gill and Ron Zimmer are currently working on an analysis, scheduled for a 2008 release, that will use longitudinal, student-level data and quasi-experimental “within-student” comparisons to assess the relationship between differences in charter school laws and differences in student outcomes across multiple school districts and states. Gill and Zimmer will examine student achievement in charter schools, demographics and distribution of students across schools, and competitive effects of charter schools on the achievement of students in nearby public schools. They also plan to examine whether operational characteristics of charter schools, as reported in the federal Schools and Staffing Survey, affect achievement outcomes.
- 6 From this point forward we will refer to 12 states (even though three of our reports focused on cities) because the current analysis focuses on state charter school laws, and the state laws that defined the limits and context of charter schooling in the three cities we studied also applied to the entire state. Similarly, because the District of Columbia’s law has the characteristics and function of a state charter school law, we will not distinguish it from the 11 other state laws we discuss here, even though the District of Columbia is not a state.
- 7 Recent studies also identify key subject areas of charter law provisions in their analysis. For instance, Witte, Shober, and Manna analyze charter law provisions in five key areas: authorizing, local oversight, fiscal support, employee issues, and accountability. Wong and Shen, researchers who are creating a national database of state charter school laws, identify four major categories of charter school law provisions: authorizing process, personnel policy flexibility, operation, and accountability standards and expectations. Miron, who argues that “strong charter school laws are those that result in positive outcomes,” takes a different approach and identifies 10 factors he believes contribute to those “positive outcomes”: the rigor of the charter approval process, the rigor of oversight, the provision of technical assistance, a limited role for for-profit education management organizations, financial support for charter schools, a slower rate of charter school growth, bipartisan support, characteristics of state laws, state climate factors, and resulting characteristics of state charter sectors. The Center for Education Reform’s annual ranking of state charter school laws groups charter law provisions into five core areas: approval process, operations, funding, teachers, and students.
- 8 These provisions are quite similar to those identified by Shober, Witte, and Manna and by Wong and Shen as being important, as well as those highlighted in the Center for Education Reform’s analysis.
- 9 Gregg Vanourek, *State of the Charter Movement 2005: Trends, Issues, & Indicators* (Washington, DC: National Alliance for Public Charter Schools, May 2005).
- 10 Andrew J. Rotherham, “The Pros and Cons of Charter School Closures,” in *Hopes, Fears, & Reality: A Balanced Look at American Charter Schools in 2005*, eds. Robin J. Lake and Paul T. Hill (Seattle, WA: National Charter School Research Project, University of Washington, 2005).
- 11 See, for example Rebecca Gau, Chester E. Finn Jr., and Michael Petrilli, *Trends in Charter School Authorizing* (Washington, DC: Thomas B. Fordham Foundation, 2006) and Louann Bierlein Palmer and Rebecca Gau, *Charter School Authorizing: Are States Making the Grade?* (Washington, DC: Thomas B. Fordham Foundation, 2003).
- 12 Kevin Carey, *Hot Air: How States Inflate Their Educational Progress Under NCLB* (Washington, DC: Education Sector, May 2006).
- 13 In a 2006 analysis of 33 charter school studies tracking student gains over time, researcher Bryan Hassel found that sixteen of the studies found that overall gains in charter schools were larger than other public schools; seven found charter schools’ gains higher in certain significant categories of schools, such as elementary schools, high schools, or schools serving at risk students; six found comparable gains in charter and traditional public schools; and four found that charter schools’ overall gains lagged behind other public schools. See Bryan C. Hassel and Michelle Godard Terrell, *Charter School Achievement: What We Know, Third Edition* (Washington, DC: National Alliance for Public Charter Schools, 2006).
- 14 Gregg Vanourek, *State of the Charter Movement 2005* (Washington, DC: National Alliance for Public Charter Schools, 2005).
- 15 See Andrew J. Rotherham, “The Pros and Cons of Charter Closures.”
- 16 Rebecca Gau, Chester E. Finn, Jr., and Michael Petrilli, *Trends in Charter Authorizing*.
- 17 Andrew J. Rotherham, “The Pros and Cons of Charter School Closures.”
- 18 Nelson Smith, *Catching the Wave: Lessons from California’s Charter Schools* (Washington, DC: Progressive Policy Institute, 2003).



- <sup>19</sup> Gregg Vanourek, *State of the Charter Movement 2005: Trends, Issues, & Indicators*.
- <sup>20</sup> For an excellent discussion of virtual schools more generally see, Bill Tucker, *Laboratories of Reform: Virtual High Schools and Innovation in Public Education* (Washington, DC: Education Sector, June 2007).
- <sup>21</sup> Wong and Shen, "Charter Law and Charter Outcomes."
- <sup>22</sup> New York Charter Schools Association Web site, <http://www.nycsa.org/blog/2007/04/cap-is-lifted.html>.
- <sup>23</sup> See, Paul T. Hill, Lydia Rainey, and Andrew J. Rotherham, *The Future of Charter Schools and Teachers Unions: Results of a Symposium* (Seattle, WA: National Charter School Research Project, 2006); Lydia Rainey, Andrew J. Rotherham, and Paul T. Hill, "A One-Day Ceasefire: What Charter School and Teachers Union Leaders Say When They Meet", in *Hopes, Fears, & Realities: A Balanced Look at American Charter Schools in 2006*, eds. Robin J. Lake and Paul T. Hill (Seattle, WA: National Charter School Research Project, 2006).
- <sup>24</sup> Jon Schroeder, *Ripples of Innovation: Charter Schooling in Minnesota, the Nation's First Charter School State* (Washington, DC: Progressive Policy Institute, 2004); Kim Farris-Berg, *Teachers in Professional Practice* (St. Paul, MN: Education Evolving, August 2006).
- <sup>25</sup> In 2007 the New York State Legislature raised the cap on the number of charter schools from 100 to 200, temporarily allowing further charter school growth. But given strong demand for charter schools in New York City and other parts of the state, it is only a matter of time until the state again runs up against this cap.
- <sup>26</sup> John Witte, Arnold Shober, and Paul Manna, "Analyzing State Charter School Laws and Their Influence on the Formation of Charter Schools in the United States."
- <sup>27</sup> For one compromise strategy, see Andrew J. Rotherham, *Smart Charter School Caps* (Washington, DC: Education Sector, forthcoming).
- <sup>28</sup> Chester E. Finn Jr., Bryan C. Hassel, Sheree Speakman, et al., *Charter School Funding: Inequity's Next Frontier* (Washington, DC: Thomas B. Fordham Foundation, 2005).
- <sup>29</sup> Ibid.
- <sup>30</sup> Arnold F. Shober, Paul Manna, and John F. Witte, "Flexibility Meets Accountability: State Charter Laws and Their Influence on the Formation of Charter Schools in the United States," *Policy Studies Journal* 34, no. 4 (2006).
- <sup>31</sup> Bryan C. Hassel, *The Charter School Challenge* (Washington, DC: Brookings Institution Press, 1999). See also, Lance D. Fusarelli, *The Political Dynamics of School Choice* (New York: Palgrave Macmillan, 2003).
- <sup>32</sup> See for instance, *38th Annual Phi Delta Kappa/Gallup Poll of the Public's Attitudes Toward the Public Schools* (Bloomington, IN: Phi Delta Kappa International, 2006); William G. Howell, Martin R. West, and Paul E. Peterson, "What Americans Think about Their Schools, *Education Next*, Summer 2007. For a broader overview, see Steve Farkas, Jean Johnson, and Tony Foleno, *On Thin Ice: How Advocates and Opponents Could Misread the Public's Views on Vouchers and Charter Schools*, (New York: Public Agenda, 1999).
- <sup>33</sup> Dick Carpenter and Chester E. Finn Jr., *Playing to Type: Mapping the Charter School Landscape* (Washington, DC: Thomas B. Fordham Foundation, 2006).
- <sup>34</sup> Andrew J. Rotherham, "The Pros and Cons of Charter School Closures."
- <sup>35</sup> See, for instance, Frederick M. Hess, Andrew J. Rotherham, and Kate Walsh, *A Highly Qualified Teacher in Every Classroom? Appraising Old Answers and New Ideas* (Cambridge, MA: Harvard Education Press, 2004); *Increasing the Odds: How Good Policies Can Yield Better Teachers* (Washington, DC: National Council On Teacher Quality, 2005).
- <sup>36</sup> Gregg Vanourek, *State of the Charter Movement 2005: Trends, Issues, & Indicators*.
- <sup>37</sup> National Alliance for Public Charter Schools, based on annual surveys of national samples of 800 registered voters.



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