

The logo consists of two yellow suns, one above and one below the text. Each sun has a central circle and several radiating lines of varying lengths.

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CENTER FOR EDUCATION REFORM

THE STATE OF CHARTER SCHOOLS

What We Know—and What We Do Not—
About Performance and Accountability

December 2011



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INTRODUCTION

Reports abound about charter schools, and, to no one's surprise, opponents use negative media coverage to bolster their positions, as if no other public school has ever had challenges or found itself failing, and to suggest that the very concept of chartering is flawed.

When a charter in Pennsylvania is revealed to be potentially mismanaged in this November article in *The Morning Call*—"Watchdog Report: A charter school's troubles emerge; Vitalistic Therapeutic billed state for 'services not rendered'. Records offer no proof of services to students,"¹ the opponents send it around to legislators. Proponents get defensive and rather than address what might be the causes for this particular school's failure, make generalized statements about charter school failures that must be addressed.

Meanwhile, great success stories of small, independent charters are rarely circulated:

A charter school in Chula Vista was performing so poorly on state assessments that it made the federal watch list for three years. Now it has staged a dramatic turnaround that is attracting international attention.

Today, the 822-student school has test scores among the highest in the Chula Vista Elementary School District and has been recognized as a California Distinguished School. The school has raised its Academic Performance Index scores from 680 in 2005 to 880 in 2011, exceeding the state goal of 800.

Students at the school take half their courses in English and half in Spanish each day, and also get weekly instruction in Mandarin, a third language added two years ago. About 95 percent of students at the K–8 school are Latino, with about 53 percent English-language learners and about half come from families poor enough they qualify for free or reduced lunch. Teachers at the school work closely together, analyze test data to see where gaps exist and alter teaching plans to shore up weak areas. Parent involvement is a high priority, with parents required to volunteer 30 hours a year.²

“THERE ARE TOO MANY LOUSY CHARTER SCHOOLS OUT THERE.”

Todd Ziebarth, National Alliance for Public Charter Schools, as quoted in *The Wall Street Journal*, April 23, 2009

“CHARTERS WERE SUPPOSED TO BE DIFFERENT, EASIER TO CLOSE WHEN SLOW PROGRESS WAS HURTING KIDS....”

Jay Mathews, *The Washington Post*, December 13, 2009

Five-hundred word articles that attempt to sum up in one fell swoop whether or not charter schools work are the norm, not the exception, and there is not much more we can expect as long as the majority of traditional and non-traditional media are limited by time, space and interest. So it's up to policy experts, analysts and advocates to set the record straight.

Or is it?

It turns out that the hue and cry about failing charter schools seems to be most prevalent among people and organizations set up to advance, support and nurture the charter school movement itself. We hear it all the time—that quality comes first, as if to suggest that the vast majority of charters are not of good quality. Often this comment seems intended to suggest that only a handful of networks actually know how to produce quality and that, indeed, somehow quality and quantity are mutually exclusive. This raging battle, taking place quietly but vigorously in states and communities, is actually finding favor with those who most want charters to fail—the defenders of the status quo and business as usual.

Whether and how charter schools succeed is dependent on an extensive array of factors that are unique to this reform. From the way a law is written, to which regulations are or are not required, to the structure of the authorizing, to the financing, to the actual integrity of the data reported by local and state institutions which are often not comparable, the quality state of charter schools in the US is not as cut and dry as the popular sound bite—“there are too many lousy charter schools”—might sound.

What’s the reality? Are poorly performing or problematic charter schools being closed? When in a failing charter’s existence is this occurring? Where is this happening? For what reasons? These questions are essential to determining if charter schools are working. Knowing what happens to charter schools that fail is as critical as getting a clean look at gold-standard data that compares similar, live children in nearly identical circumstances.

Of the dozens of state and national entities that collect data about charters, only a handful actually document achievement from year to year, and only one — the publisher of this report — formally and annually collects, analyzes, and assesses the schools that are approved, opened and closed from year to year.

That general data shows that, not only do charters schools deliver on student achievement, but a substantial percentage of charter schools are closed from year to year for reasons that any school should be closed. Far from a condemnation, these data points suggest a movement that has been amenable to course correction and closure since its inception.

Closing a charter school requires, first, that some government entity has enough data and authority to make an assessment. Second, once revealed, the assessment data must be available to the public and the media, so that pressure can be brought to bear to intervene and account for whatever failures are discovered. Regular, ongoing news reports must reveal the processes that are at play even when no one sees them. The fact that such reports often do result in positive change should make every charter advocate not only proud, but interested to know the facts.

That those facts seem often to escape some charter leaders, who prefer generalizations to clear, unambiguous achievement data (which sadly, is often lacking or unusable) is the reason for this report, which reveals not only that charters are successful, but also that accountability for results is alive and well in a way that is unique to these public schools.

“WE NEED TO OVERHAUL OUR ACCOUNTABILITY SYSTEMS TO MAKE IT TOUGHER FOR BAD SCHOOLS TO CONTINUE.”

Chester E. Finn, Jr., *Fordham Institute Press*
Release, December 14, 2010

THE CLOSURES

In 2009, Antelope Valley Desert Montessori in Lancaster, California, was closed three years after it opened for mismanagement. It appears there was inadequate record keeping, enough to cause the school board—its authorizer—to take action.

Shonto Preparatory Academy in Shonto, Arizona, was closed in 2010, fully ten years after it opened, because of poor academic performance.

The Menasha, Wisconsin School on the Lake was approved by the local school board to open in 2000. Just 6 years later it was closed for failing to make adequate progress in the middle school grades.

Between 1998 and 2011, The Texas Education Agency closed down 52 charter schools for reasons ranging from lack of operational competency, to money woes, to mismanagement, to academic deficiencies.

A complete analysis of all closed charter schools is available in Appendix D and on www.edreform.com.³

“BAD CHARTER SCHOOLS TAINT ALL OF YOUR REPUTATIONS AND ALLOW YOUR OPPONENTS, YOUR OPPOSITION, TO USE THOSE EXAMPLES.”

Secretary of Education Arne Duncan, National Alliance of Public Charter Schools Annual Conference, July 1, 2010

Ohio's charter schools were restricted until 2011 to operating in only the “Big Eight” school districts (unless the school district was considered “challenged”) that have been plagued by bad education since the 1960s. Ninety-nine charters were closed in Ohio between 1997 and 2011 for failing to meet their obligations. And yet, the conventional wisdom one often hears—from within the charter movement itself—is that charters in Ohio are not held accountable for performance, and are rarely closed.

In states on the Atlantic, the Pacific and nearly everywhere in between, a close and ongoing look at the data on closed charter schools since 1993 reveals a story that begs to be told.

Indeed, while there is never an excuse for opening or maintaining any kind of bad school—from traditional public to charter to private—the reality is that since their inception, charter schools historically have experienced a 15 percent closure rate. These closures are concentrated in the first five years of a charter school's existence—just long enough to know whether a school is failing to meet its goals with enough time for observation, review, corrections and oversight from any authorizing body.

Performance-based accountability is the cornerstone of charter schools. Unlike conventional public schools that remain open year after year despite poor academic achievement or their inability to maintain strong operations, charter schools are intended to, and do, close if they fail to perform according to their charter. And while opponents and charter school supporters alike continue to claim that charters are not being held accountable, our data proves otherwise—especially in states with strong and clear charter laws and independent authorizers.

From state to state, however, a chorus of “quality first” is erupting from within the ranks of many charter school leaders, who seem convinced that there are “too many lousy charter schools out there.” Rarely said is that lousy charter schools do indeed go out of business—and for the right reasons.

Of the approximately 6,700 charter schools that have ever opened across the United States, 1,036 have closed since 1992. That means that 15 percent of charters have closed for cause. (See Appendix for definition of terms) There are nearly 500 additional charter schools NOT part of that number that were opened at one time, by districts mainly, but either were consolidated back into the school district or that received their charter but were unable to or chose not to open for a variety of reasons.

An additional 131 schools (that are publicly known) are currently under review or “on watch” by various authorizers or agencies for current signs of academic, financial or oversight challenges that may result in their closure within the next 24 months if those issues are not rectified. Such a process reinforces the accountability that is required of these public schools.

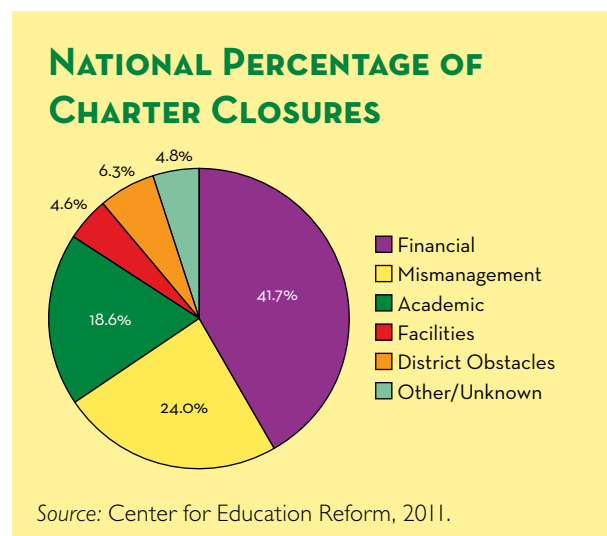
WHY DO CHARTER SCHOOLS CLOSE?

There are five primary causes of charter school closures:

(1) FINANCIAL

The research demonstrates that the primary reason charter schools close is related to financial deficiencies, mainly driven by low student enrollment or inequitable funding. Fully 41.7 percent of charter school closures fit into this category, which results when enterprises are not financially sound and should be closed. Consider the typical, traditional public school that stays open regardless of enrollment or financial difficulties. In those cases, the district continues to pay for contracted employees and enrollment doesn't influence the longevity of the school.

With charter schools, failure to attract enough families, who carry public funds with them, can be the first sign that a charter is not strong enough to succeed. A school where the leader is not strong or the program itself is not solid enough to pull people from schools where they are not well-served is a school destined for closing. The lack of quality at the outset will deter parents from enrolling their children. As a result, financial problems rear their ugly heads before academic problems even surface.



In addition to enrollment challenges, the other cause of financial distress is the paucity of funds that many charter schools are expected to stretch to cover both their operations and their facilities costs. Nationwide, charter schools are funded at only 68 percent of their conventional school counterparts, according to the *2010 Annual Survey of America's Charter Schools*.⁴ When charters begin their operations at a deficit because they don't receive facilities assistance and are receiving less money than other public schools, those deficits can prove to be insurmountable. The main reason that charter schools start at such a disadvantage is due to state charter school laws that do not ensure equitable funding or facilities help. Charters are forced to close, or to give up their charter, because weak funding laws force their hand.

This is often not the case for networks that are generously funded by philanthropy or philanthropy-backed funds. Few people question the progress and achievement of, for example, Achievement First. This network began following the opening of its first school in New Haven, Connecticut in 1999, and today has 20 schools in Connecticut and New York. Its board is a "who's who" of financial and business leaders. In the past eight years since Achievement First began expanding, it has grown its budget to over \$8.5 million. This funding supports centralized oversight of the schools and accountability, training and management, as well as additional programs, facilities and further fundraising. Without such backing, it's not clear that even a great program such as the one that founder Dacia Toll created would have survived on the 70 percent of funds Connecticut gives its charter schools to say nothing of the bureaucratic interference its law imposes. That is

not to take anything away from Achievement First's success. Rather, it simply points out that if operations and finances do not put a strain on the founder, or on the hiring and management of the school, that school, and these networks, will have a much greater opportunity to succeed.

Indeed, 90 percent of charters that fail because of financial reasons are independent, grassroots start-ups. These start-ups lack connections to the money and power that often and generously are a factor in the more successful networks, whether from taxpaying companies or 501(c)(3) organizations.

(2) MISMANAGEMENT

It is said that a few bad apples shouldn't spoil the bunch. But indeed the fact that nearly a quarter of all closed charter schools closed because of ethical violations, makes a big impression on advocates and opponents alike. Fully 24 percent of all charter schools that are closed do so for reasons related to administrator or sponsor misbehavior. Sponsors of these schools may deliberately misspend, misrepresent, or refuse to hold the charter school accountable to its contract. These problems tend to be overrepresented in states where authorization is not sound—either because the state's law restricts authorizing to school districts or, as was the case in Ohio before recent reforms, (please see *A State with Many Lessons*), the state failed to do its job in oversight and was all too willing to open a floodgate for unqualified sponsors.

While the research shows that ineffective schools first demonstrate their inability to remain viable within the first couple of years, far before signs of academic trouble, the bad apples often stay around longer than that. This is because state actors often cannot determine the cause of the failure. The data can be ambiguous at best, and regulators may be unwilling, or unable on some level, to do their job. But when truly independent, sound authorizers have the authority and accountability to properly monitor their portfolio of schools, charters that show any sign of potential "mismanagement" are caught early and addressed in periodic reviews.

The word "OHIO" is written in large, bold, green capital letters. The letters are set against a light orange background that is shaped like the outline of the state of Ohio.

A State with Many Lessons

It's common practice to call Ohio the "Wild West" of charter authorizing and to demonize the Buckeye State for what happened when the state amended its law in 1999. When the original law was passed in 1997, it gave the state board authority to authorize and monitor charter schools in the "Big Eight" school districts (those that were failing and at risk), permitted districts to open charters, and permitted one additional regional authority and a university to do so as well—the Lucas County Education Service Center and the University of Toledo in Toledo. The state board began to complain of little support in authorizing and felt it was not well-equipped to monitor the schools it first approved. With advice from many local and national think tank representatives, the legislature moved to transfer authority from the state board to an unlimited number of non-profit agencies that required no review or oversight from the state to take contractual management of the charter schools.

This is where the chaos began and what led to the characterizations of the state as "unchecked" and "unaccountable." These issues were partially addressed in recent changes to Ohio's charter law which imposed caps, set standards, and slashed funding in some cases. These reforms coupled with new laws that prohibit authorizers from sponsoring more schools if their current roster is failing are beginning to turn around a faulty theory of authorizing that is unique to Ohio and was the cause of dozens of very public "bad apple" stories of schools stealing money, acting as diploma mills, and failing to make achievement gains year after year. Few charter advocates seem to recall the history of this change in law.

Despite many attempts to restore integrity to the chartering process there, Ohio charters continue to have a black eye because some bad schools were created by a few bad authorizers and the legislature had to intervene.

When those reviews don't result in action, strong sponsors move to throw out the bad apples.

Consider Survivors Charter School, which opened in West Palm Beach, Florida, in 2001 and opened a second campus in Boynton Beach in 2003. Questionable audits in 2005 showing suspect credit card charges, withdrawals from school bank accounts and school funds being spent on football tickets and luxury vehicles prompted the district to take action. First, the district immediately took over the school so that it could finish the school year without disrupting students' lives. Then in June 2006, the district closed down the school. The district fought lawsuits from the school through 2009.

Southeast Academy Charter School in Washington, DC, had serious leadership issues, evidence of mismanagement and, subsequently, academic decline. The facilities were lacking, and the school culture listless. Enter the DC Public Charter School Board, which, recognizing a need in the community and an interested board and parent body, transferred authority to the successful Friendship Public Charter School network, which transformed Southeast Academy—in both structure and substance—within the next year, so much so that it outshines all comparable public schools in the area.

(3) ACADEMIC PERFORMANCE

Nearly 20 percent of all closures occur because a school failed to meet acceptable student performance levels (18.6 percent). Many assert that charter laws are only working when schools are closed for failing in their mission to educate kids. But the reality is that operational and financial deficiencies are apparent far before any academic assessments can be meaningful. ***Failing to produce audits, pay vendors, or conduct basic, required, oversight processes is a sure sign that whoever is in charge is not capable of leading a strong organization, or that perhaps a board is not focused on its duties and responsibilities.***

To determine whether students are learning, however, does take nearly the full charter contract term and the ability to gauge data by individual, by classroom, by school, and in comparison to comparable demographics. While great charters do ongoing and frequent, multiple types of assessments in classrooms and school-wide, the nationally accepted school-wide tests are only given to certain grades in certain years. A five-year charter provides for only a few verifiable assessment periods in which meaningful comparisons can be made. Thus, closing a school for academic reasons—while important—is less likely because the operational deficiencies show up first.

Should more charter schools close for failing to meet standards of academic proficiency? The movement behind the Common Core recognizes the wide variation in standards from state to state, as well as the unevenly applied Adequate Yearly Progress (AYP) labels that are derived from state test scores, all which have varying cut-off scores and proficiency goals. To determine student achievement in any school requires a baseline, a goal, a clear understanding of what growth means and how the school in question is doing compared to other options.

Such questions rarely get raised individually by district, and, indeed, many battles are being waged over the school rankings of even the most exceptional charter schools that fail to meet AYP in a given year or whose scores look less impressive on paper but whose growth exceeds that of similar schools or grade levels.

THE CREDO FACTOR

Unfortunately, many point to flawed but conventionally accepted data sets now available from the Center for Research on Education Outcomes (CREDO) based at Stanford University. The results of a 2009, 16-state data set that compared students in traditional public schools to virtual twins in charter schools, found that the majority of charter schools in the US are either doing as well or worse than conventional public schools, and, therefore, that they are not doing their job of exceeding conventional public school performance. Charter opponents have used the report consistently since its release, and it has been similarly accepted by advocates as evidence that quality must get better, and that without further government oversight, charters will not live up to the promise of delivering better, and not just more, choices for students.

Within hours of the study's release, however, several leading researchers analyzed the CREDO report methodology and found that the conditions under which the results were derived failed to meet the “gold standard” for education research. Dr. Caroline Hoxby of the Stanford University economics department argued that “the CREDO study does not have data on charter schools’ admissions lotteries, so it does not use a randomization-based method of evaluation” and that the report “contains a statistical mistake that causes a biased estimate of how charter schools affect achievement.” Because the achievement of charter students has more error than the achievement of the controls, and because their scores are taken as an average the charter score estimates are negatively biased. She and others agreed that the CREDO report uses uncorrelated variables, contradictory demographics and virtual methodology that is untested.

In addition, there are five other major problems with the report’s methodology:

- The CREDO report did not study the individual year-by-year comparisons of students who are engaged in the object of their attention— in this case, charter schools—over time, year-by-year.
- By virtually replicating the demographic profile of a charter school student—ethnicity, age, socio-economic status—and matching that same profile with a conventional public school student, the researchers ignored something every parent and teacher knows, namely, that no two students are exactly alike.
- The analysis only looked at three years of a student’s education. The study’s failure to look at students over a longer period of time led to unrealistic outcomes and a flawed picture of charter schools’ impact.
- The results overall are positive for elementary and middle schools, but quite negative for high schools, dragging the overall scores down. Because most charters aren’t high schools, it’s misleading at best to summarize K–12 results as one value, which is precisely what news reports and even supporters have done.

- The study suggests unique state data has been used to evaluate achievement but is heavily reliant on point-in-time sample data from 2007 NAEP scores, which do not provide relevant achievement data for meaningful charter comparisons.

Dr. Hoxby's report on New York City charter achievement uses the gold standard of research methods—"comparing lotteried-in students to their lotteried-out counterparts." Results from the study found that a student who remains in a charter school through eighth grade will score 30 points higher in math than a student in a conventional New York City public school.⁵ Those results are astounding and are happening in many other places throughout the country, but are hidden in CREDO's weak national research study.

In addition to these and other objections, the CREDO analysis of charters ignores variations in charter school laws that may compromise comparisons. See CER's paper, *Fact-Checking Charter School Achievement* for more information.⁶ A school that is managed by a school district and required to give preference to district and at-risk students is not comparable to a school authorized by an independent entity in a state whose law permits open enrollment and no preferences. Laws also influence whether schools will be adequately funded or will face additional political challenges in carrying out their mission. The study misses the impact of key variables in charter school law through its selection of states based on student population and not the overall strength of their charter system. In order for charter laws to be most effective at creating strong charter schools, they must include strong, independent authorizers, operational autonomy and fiscal equity. The CREDO study does not take these variations in state charter laws into account.

There is no question that academic performance is the most important factor in whether a charter school succeeds or fails. But how that performance is determined and by whom—and whether the performance of every child can influence whether a parent retains a critical choice of a school that is working for their child—is often ignored in today's quality debate. A charter school that is likely to fail on its merits will have displayed enrollment troubles, management deficiencies, and potentially operational failures before the academic problems are apparent.

Strong state charter laws and strong authorizers give schools a better chance at success because they hold them accountable and can offer them services and management tools to succeed. They require annual reports on finance, achievement and operations, but they don't overburden schools with reporting so they can concentrate on educating children. That's the real story that should be told.

(4) FACILITIES AND (5) DISTRICT OBSTACLES

The last two categories, facilities and district obstacles, make up a smaller piece of the closure pie, only 4.6 and 6.3 percent respectively. Charter schools rarely receive facilities funding to cover the cost of securing and maintaining facilities, and they are responsible for finding their own suitable buildings. That is why many charter schools are located in former stores, office buildings, church basements or portable trailers.

Because they have to find their own buildings and often are at the mercy of landlords, many charter schools lose their facility or have difficulty finding one at all. The school could also experience the intransigence of a zoning board like the one that confronted the first Basis Charter School of Tucson when it first opened. (This school survived the zoning hostility to become among the highest-performing public schools in the nation). Or it could be like the Princeton International Academy Charter School, which despite approval to open has been thwarted by the school district in its attempt to lease a building, delaying for more than a year and potentially two its opening.

These are not idle stories, and, in most cases, schools without the backing of influential people or finances simply give up. Some will settle for a very inadequate facility and lose enrollment—and money—over it, ending up closing after failing to secure the building they most needed to be able to deliver the education they intended. Whatever the case, and there are dozens of such examples of often-deliberate attempts to cause disruption of the charter's facilities, this is an issue that represents the biggest inequity in charter schooling. It is often linked to operational and financial failures and thus needs serious reform in state law.

The last category, district obstacles, includes instances where local school boards or state entities have intentionally created problems with the charter school and compromised its ability to remain operational. This category represents simple outward hostility towards the charter school from the public school district in which it operates, and includes burdening charters with unnecessary paperwork, alleging irregularities in reporting, lodging consistent challenges to the charter's authority, and more.

Central Michigan University (CMU) is the state's largest and one of the nation's model independent authorizers, sponsoring 56 charters in Michigan serving nearly 29,000 students. The Center for Charter Schools within CMU was created to monitor their sponsored schools and make sure they're compliant academically, fiscally and operationally. To start, the charter contract is performance-based and clearly outlines specific requirements that must be met. They created an automated web-based tool to help streamline oversight and monitoring so that the important information is reported without burdening the charter schools or the authorizer's staff. This tool is so effective that other authorizers are using it across the country.

CMU also has 14 different intervention strategies they implement to keep their charters on the right track. There's peer review, assistance with financials or contracts, and in worse case scenarios, schools are restructured or their charter is revoked. In order to communicate with charter school boards and leadership, CMU has developed an annual "Performance Suite" made up of four distinct reports: the Academic Performance Report, the Operational Performance Report and the Fiscal Performance Report, and a capstone report - the Annual Scorecard of School Performance. These reports cover each of the primary content areas and are intended to provide a greater understanding of the individual Academy's holistic performance for a complete academic year.

On the academic front, CMU requires schools to go well beyond the state-mandated paper and pencil proficiency test and implement nationally-recognized computer adaptive testing in Fall and Spring in order to provide immediate and individualized student growth data that impacts teaching and learning in the classroom. Another innovation from CMU is "My Goal," which uses leading-edge research and technology in the field of student assessment to show whether students—as early as 2ndGrade—are on track to achieve the ACT score that will position them to achieve their dreams. Student growth is measured not against peers or neighboring districts, but against nationally-recognized standards of college and career readiness. This hands-on work has gotten results, even though CMU-authorized schools serving a much larger at-risk student population (68% FRL vs. 46% statewide; 61% minority vs. 30% statewide). Continuously enrolled students in CMU charter schools actually meet or exceed the statewide proficiency level of all Michigan's students in Reading and Math.

THE 15 PERCENT CLOSURE RATE

There is no question that it would be better if no school was so unacceptable on any level that it had to close. A closure rate of 15 percent is nothing to boast about. Yet it is still lower than the small business failure rate and dramatically higher than the percentage of conventional or traditional public schools ever closed. The alternative is that no charter school is ever opened and therefore no charter is ever closed, a policy that no one but the most vociferous opponents would support.

Recognizing that accountability is critical no matter how big or small the problem, many states have begun to repair the laws that caused the largest problems in the first place. Ohio lawmakers have enacted laws that force charter schools to close if they have been rated as being in "academic emergency" two of the last three years and have not shown expected value-added growth. Ohio is one of several states that are also monitoring schools month by month to determine if they should remain open in the early part of their tenure. There, three schools have already been told they will close at the end of the year and 15 schools are being warned to improve in one year or face repercussions. Florida has also established a similar requirement for charter schools based on an A-F letter grade that every public school in the state receives. If a charter school receives two F's in a row, it must close.

Conventional public schools are not held to the same standards. Public school districts should take a page out of the charter school playbook and begin to hold all conventional schools accountable for their successes and failures. This is the only way to improve public education—having viable educational options for parents that are held accountable for their results.

STRONG LAWS HAVE STRONG ACCOUNTABILITY WITH INDEPENDENT, MULTIPLE AUTHORIZERS

The correlation between effective charter schools and the law of the state in which they operate is often overlooked by policymakers and advocates. The details of a particular charter law are overlooked as well by the press in its coverage of charter accountability. But the reality is that strong state charter school laws help to create the highest-quality charter schools. In states with multiple and independent authorizers, stronger, more objective oversight is used to ensure that successful charter schools remain open and those that fail to perform are closed. In fact, states with multiple authorizers were home to nearly 80 percent of the nation's 5,400 charter schools in 2010–11.

According to the *2011 Charter School Laws Across the States*,⁷ the most successful states are those with independent authorizers. Independent authorizers are better able to hold charter schools accountable because they have full control over how they evaluate charter schools, and they have their own staff, management team, and funding streams. A strong charter authorizer must be vigilant in monitoring its charter school portfolio, without becoming an over-bureaucratic policing agent.

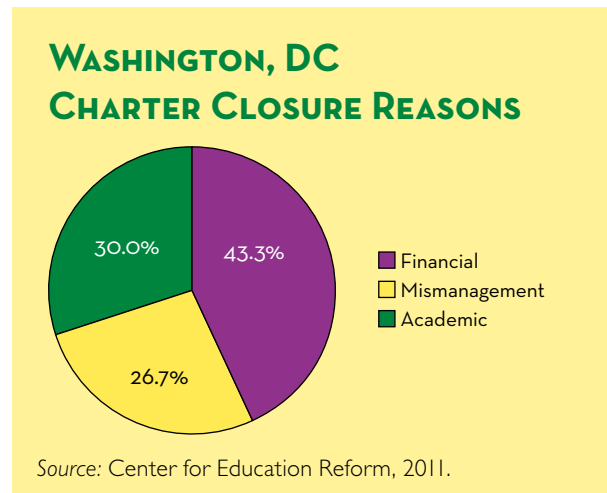
The inherent problem with school districts or state departments of education serving as charter school authorizers is that being an authorizer is not their main job. They are already many times overburdened with their standard responsibilities of monitoring public education, and shouldn't be expected to also monitor a charter school's success or failure. Expecting them to do this well more than likely results in poor performing or poorly managed charters being left open longer than they should. Instead, they should continue to focus their efforts on creating high-quality public education for all the children in their state, and not expend unnecessary efforts on trying to manage and control the charter school environment.

States that have independent authorizers are models for statewide accountability and work on improvements regularly.

Examples of how some states are pursuing strong accountability policies for their charter schools are as follows:

WASHINGTON, DC

Washington, DC, earned the number one spot in the 2011 charter law rankings, largely because of its model independent board and charter school autonomy. The DC Public Charter School Board (DCPCSB) has closed 30 charter schools since the law was passed in 1996. Many of these schools were originally under the purview of the DC Board of Education, which has since transferred all of its charters to the DCPCSB. Twelve schools were closed for financial reasons, nine for poor academics, eight for mismanagement and one for facilities problems. The DCPCSB has created the gold standard in charter school accountability. They have clear performance measures that look at academics, management, and finances, and if a school doesn't meet all of their goals, it can be put on probation and, in the worst cases, shut down immediately. All charter schools understand that they will be held to the highest standard or risk closure.



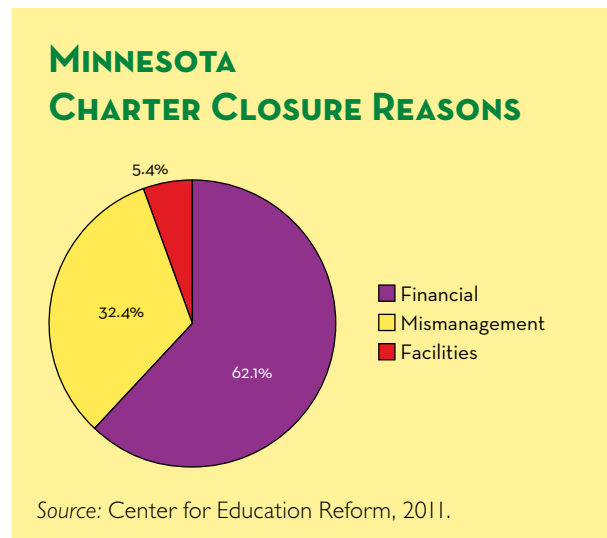
DC Charter Board Unveils More Accountability Measures

Washington, DC has a charter law that other states should model—independent authorizer, equitable funding, operations autonomy, and strong performance-based management and accountability. The DC Public Charter School Board has closed 30 schools for a variety of reasons, as indicated in this report on charter school accountability. Now the Charter Board is taking school accountability even further, by implementing a new performance evaluation system. This evaluation ranks schools on a 100-point scale and separates the charters into three tiers of overall quality, based on academic performance. Tier I schools are high-achieving and are exempt from continuous monitoring because they are already succeeding. Tier III schools will get additional scrutiny to raise their test scores, including probation and the possibility of closure. “The idea here is that we really do want to shine a light on what’s going on in our charter schools,” said Brian Jones, chairman of the DC Public Charter School Board. A school’s financials and governance, the largest reason why charters close in the District, are not yet included in this ranking model, but are monitored in other ways through annual reports and other tools. DC continues to show why it’s at the forefront of the charter school movement—not afraid to hold schools up to the highest standard and close those that aren’t performing. This is yet another example of how individual authorizers are freely and aggressively pursuing quality and growth of charter schools. Other states should take note.

Such accountability seems ignored by both local and national observers and even funders. Many suggest that DC's board is responsible for maintaining many failing charter schools, and fail to review the data that demonstrate superior gains from year to year in charters, regardless of which grade levels they serve or when the students begin. Similarly idle claims about authorizers not closing enough schools ignore the challenging environment in which a majority of DC students live which extends from their community into 80 percent of the entire district. No excuse, to be sure, for failure, but for progress being made where none previously existed the quality debate must recognize and applaud the steady advances and not succumb to unproven generalities.

MINNESOTA

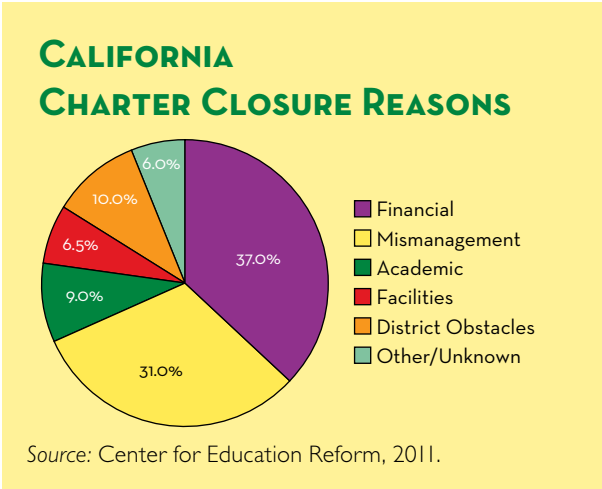
Thirty-seven charter schools have closed in the Gopher State since its law was passed—the first in the United States in 1992. The majority of these schools closed because of financial reasons—23 schools, or 62 percent. No schools have closed for academic deficiencies, and in most cases that has meant that strong authorizers identify operational problems and intervene to either help the school or make the difficult decision to close it. Minnesota, however, followed a similar path as Ohio in authorizing a bevy of non-profits when it revised its law in 2000 and several of those organizations admittedly do not have the focus or resources to monitor quality adequately. Thus the state adopted changes in 2009 to strengthen and hold to a higher standard any authorizer, and permitting only select, rigorous nonprofits with quality track records to serve as authorizers, eliminating those that failed to measure and monitor achievement adequately.



CALIFORNIA

California has had the highest number of charter school closures with 187, but as the nation's largest state has also given life to the highest number of charters in any state, totaling 941 in the 2010-2011 school year. Nearly 1,100 charter schools have been approved in the state, and 17 percent of those have closed. Our numbers do not reflect the nearly 70 charter schools that were started by school districts (normally to access new monies or demonstrate a willingness to reform) but which were later consolidated back into the sponsoring school district. Some of these schools were part of a pilot program in the Los Angeles Unified School District, and, after their five-year contract, were consolidated back into the district as either magnet schools or specific programs.

Similar to other state and national trends, 37 percent of Golden State charter schools closed for financial reasons, 31 percent for mismanagement, ten percent due to hostile districts, nine percent for poor academic records, six and a half percent for problems with facilities, and six percent for either unknown or different reasons. (It is difficult to get specific data from smaller school districts that closed charters as many as ten years ago and no longer operate any.) This data shows that charter schools are being held accountable, but lack of financial equity, and particularly the struggle to find suitable facilities, continue to plague charter schools throughout the state.



California, Arizona and Florida all were early entries into the charter school movement, and, in the beginning, it was not always a smooth ride. Because these states allow for local board approval (and nothing else in Florida), charters were and still are often plagued by hostile local school districts, financial imbalances and some mismanagement. However, over the years, there has been a deliberate focus on creating and sustaining high-quality charter schools through strong accountability policies that has helped transform the charter school movement in these states.

CONCLUSION

“Lousy” charter schools do indeed close. Nearly 1,100 charter schools have been closed nationwide for not performing up to high standards—either academic, fiscal, or operational. A comparable few were closed due to conflicts with local school boards, but most that have closed have simply not been up to par as a result of their own doing, their authorizer’s lack of oversight, the condition of the state’s laws, provisions for solvency, or a combination of the above.

Recognizing that a charter school is accountable to its authorizer for meeting state and federal standards, the real quality debate must begin to lay the blame where it most rightly belongs—on authorizers which have often not set high enough barriers to entry or established consistent expectations. School boards are the worst culprits in the lower bar set—no surprise given their opposition to charter laws or approving charters. The incongruous nature of their traditional role as regulator of a district full of identical public schools makes it difficult for them to fairly and adequately assess new and promising educational delivery models and structures.

A charter school that does not follow a pre-existing model and does not have a parent company or network that sustains its infrastructure and finances is often only as good as its authorizer. Authorizers in turn are only as good as the law that creates them. States with multiple authorizers create the environment for competitive creation of schools and foster a healthier charter climate. Independent authorizers are better at creating high-quality charter schools in such environments, and laws that provide maximum autonomy for the authorizers create incentives for good authorizing.

The issue is not whether enough charter schools close every year to ensure that political forces continue to back them. They clearly do close. The issue is whether the state has a law that ensures the integrity of the chartering process without being susceptible to regulatory creep to force quality—a concept that is inherently fraught with conflict. Additionally, advocates have an obligation to understand the laws, to understand the data and how to use it, and not to passively accept media allegations that that evidence does not support.

Many advocates believe they are being honest and forthright when they pronounce on public TV or in open forums that too many charters fail. Unfortunately, these comments create the impression that charters are an idea that is not on solid ground and that they lack both strong accountability—even if spotty in some states—and proven successes. The reality is that the advocates themselves often do not know the extent to which individual schools, authorizers or states are moving to close schools. That’s not a defense of a movement that is still having growing pains, but it is an urgent plea that one must know and understand the data and what it means before making unsubstantiated pronouncements that make opponents giddy, and policymakers nervous.

The real issue is advocate integrity and addressing the conditions that cause charter schools to fail—inequitable funding, hostile school districts, lack of suitable facilities, and ineffective authorizers. While accountability comes first, it cannot be won without accurate data, credible reports, and clear debate in state halls and in policy forums.

FINAL THOUGHTS ABOUT ACCOUNTABILITY AND PARENTAL CHOICE

Jeanne Allen, President, The Center for Education Reform

Performance-based accountability is the hallmark of the charter school concept. Thus a demand for being not just good but better has been a central theme of this reform's advocates since its inception. But along with better performance is an equally important and valid goal—that of giving parents the choice to decide what is better for their child. That simple ability to make a choice is something that generations of parents without the money to move or pay for private schools were denied until charter schools and other school choice programs began to be developed across the country.

Indeed, since the nation's first charter law was passed in 1992, more than 19 million parents have had public school choices they would otherwise never have had. Those charter choices have spread to other sectors, such that millions of parents now can take advantage of extended school choices over private, virtual and even other public systems adopted in response to the rise of charter schools and states' increased focus on providing alternatives to conventional schools.

Such increased choices, while laudatory, are not enough for a nation that still yields fewer than 35 percent proficiency rates in its students in reading, math, history, civics and even geography. There is no question better is needed, but more and better are both critical to the survival of a nation which understands that education is the key to progress, but which continues to deny it to all but a minority of wealthier and often whiter students.

But the demand for charters and how charter quality is best defined has created a disconnect not only between the policymakers and the consumers who are their intended customers, but also between charter schools themselves and the guardians who manage the networks, associations and foundations that support them. Lost in translation is the notion that choice in and of itself may cause good schools to open and bad schools to close. Such market talk often offends the academic researchers or the educational elite, which believe that the best education program is not something that even the most well-schooled parent can fully appreciate. They tell stories about parents rallying to save from failure a school that should have been—in their book—closed long ago. Such schools—where test scores are obviously dismal, where students graduate at low levels and rarely matriculate to higher education—are rampant and some parents and community leaders accept them regardless of failure, like a troubled child who you would you would rather have in your life than not.

No one can know definitively whether parents will always fight to save a bad school when closing is threatened. The reality is we simply do not know, as there are only a handful of traditional public schools that have faced a potential closing, and only some of these threatened closings have been the object of protests.

In contrast, among the 15 percent of charter schools closed for failing to meet the needs of parents, relatively few have seen parent protests and in those cases, we have often heard that closure would mean a return to a neighborhood school that they fled due to conditions they found unacceptable. It makes sense that a parent who felt something was better than nothing would protest. We should welcome a parent who protests losing the school they thought might be the only alternative to their child becoming another number, another casualty of academic neglect. Even when that parent's school of choice has data showing that it is not doing what it was set up to do, we must as a culture question our decisions to close a school without providing an alternative.

Successful charter schools tell a different story. In every corner of the nation, charters boast waiting lists that are often two and three times the sizes of the schools' actual enrollment. During the 2009–10 school year alone, an estimated 365,000 parents were on charter school waiting lists.

What do those schools have that the ones that failed to enroll students don't? The parents who put their children on these waiting lists are telling us something. It could be that these thousands of parents have good antennae for quality or recognize how their neighbors are behaving. Perhaps they read the paper, listen to the pitches by the school networks and school leaders seeking to attract them or just pray about it. Whatever it is, these parents understand something about the education their child is receiving, and they far outnumber the parents who sit at the doors of failing schools to prevent them from closing.

How parents make choices, what choices are available, how policymakers and school leaders create new choices, and what their barometer is for quality—beyond ever-changing standards, curricula and assessments that one day are respected and the next day being scrapped, and vary by community to community and state to state—are all subjects that require much more discussion, analysis and thought.

Meanwhile, what we can learn by how charter schools are closed can tell us a lot about the quality of a movement that far too many wrongly accuse of being a “mixed bag.” Besides being armed with data before making assertions, we believe that no one who speaks about charter schools or is in a review or an authorizing position can be good at their job unless they have studied for themselves the real data about charter effectiveness. Relying on hearsay, on flawed studies or a few paragraphs on the front page of *The New York Times* does little other than reinforce conventional wisdom that is more often than not just wrong. After all, generations of conventional wisdom held that US schools were world class and did not need to change.

Publicly declaring war on bad charter schools serves no one, least of all any parent, if the source of the term “bad” is simply hearsay. How many policymakers will continue trying to enable charter schools in their state if all they hear is that charters don't succeed? How many teachers, citizens, networks and companies will keep challenging convention to open new schools if they are led to believe that standards will be applied inconsistently and quality will be low?

It is toward this end—the proliferation of strong, accountable, highly successful schools of choice that provide students who most need a place to learn a lifeline for their future—that this paper has taken on established charter thinking, opponents' efforts to malign the movement, and the real issues of accountability that should be of paramount concern.

Do bad charter schools close? You bet, by a percent larger than any other schooling sector. Are we able to equitably, fairly and consistently—across communities and state lines—measure, evaluate, and compare charter schools? In most cases, the answer is no. Are there definitive well-regarded studies that say otherwise? No, there are no studies that compare real kids in charters with nearly identical kids identical save a few, limited, state-by-state studies.

It remains the case that the single most effective way to evaluate whether a charter school is succeeding is to measure value-added growth over time, including how that growth, retention, and, yes, parent satisfaction compare to the same factors in the schools those students would otherwise be attending. To do so city by city and state by state is an expensive and time-consuming enterprise requiring patience and humility. Unfortunately, the information we know today may not give us all the answers we would like.

Until better studies are available, we believe that two powerful levers for accountability are (1) showing that charter schools in the majority of cases do succeed, and (2) shedding light on not only the rates and causes for which charters are closed but also on the increasing numbers of parents willing to make an emotional and often difficult switch from their zoned conventional school to a charter. This report shows that charter school closure policy is not broken in most states. In fact, the where, when, and why of these policies shows a burgeoning charter school movement that reflects in practice what is supposed to happen—good schools are thriving and bad schools are being closed, with students whose parents have chosen charter schools as a high-quality education delivery mechanism being the beneficiaries.

APPENDIX A: PRIMARY REASONS WHY CHARTER SCHOOLS ARE CLOSED

Charter schools can be closed for a number of reasons, and in this report, closures are broken down into five general categories: Academic, District, Facilities, Financial, and Mismanagement. The following explanations will help you to better understand the reasons behind charter school closures.

Academic: This category applies to schools whose sponsors found them unable to meet the academic goals and performance targets set by the state or written in their charter. In some states, such as Florida, if a charter school receives a state academic grade of 'F' for a few years, it is required to close.

District: This category applies to schools that were closed because its school district sponsor had issues with the independence of the charter and chose to cut it from the budget, or decided to close it as a cost-saving measure. Some of the schools became involved in long, arduous fights with their sponsoring district and, due to additional costs of these lawsuits, were forced to close. Final control of these charter schools' existence ultimately was with the district.

Facilities: This category applies to schools that were unable to contract for a viable facility and either had to close or voluntarily gave up their charter. While it is the charter's obligation to find a facility, the roadblocks created by zoning boards, school districts, funding shortages and even community opposition often make up the bulk of facilities problems that result in a school closing.

Financial: This category applies to charter schools with budgetary problems resulting from involuntary causes, such as a lack of enrollment, insufficient funds, and costs that exceeded projected revenues, among others. In most cases, these schools tried to become financially healthier, but, for a variety of reasons, they could not sustain the institution's financial viability. Many of these charters voluntarily returned their charter when the financial problems became too great.

Mismanagement: This category applies to closures resulting from deliberate actions on the part of a charter school's organizers or sponsors, such as misspending, failure to provide adequate programs or materials, failure to adhere to the school's charter, or an overall lack of accountability. Extreme cases of mismanagement such as fraud or theft occur as well, but these cases are rare. Schools in this category could also be called "bad-apples." These problems are generally uncovered quickly, and charters facing these issues are generally closed before mismanagement affects student learning.

In addition, a handful of charter schools are grouped into an Other/ Unknown category because they closed for reasons that do not fit into any of the five main categories—for example, schools that closed due to damage from Hurricane Katrina. Other school operators returned the charter with no explanation, and there are no recorded reasons for closure.

Two other categories are not reflected in the data represented in this report:

Consolidations: This category includes schools that are closed as a charter, but still operate as a school or a program within a school. The school district (oftentimes the authorizer) or another party may have felt that the charter program did not provide any significant benefits as a stand-alone school and converted the school back into the larger system. Many times, these charters become alternative or lab schools.

Second, in some states, districts originally created a charter school with a financial benefit in mind (since federal charter funds and some state funds are only available to actual charter schools), but the districts sometimes conclude that such an independent institution are not worth the trouble. Third, consolidation also refers to one charter campus that has merged with another charter campus, due to lack of enrollment, financial or space concerns.

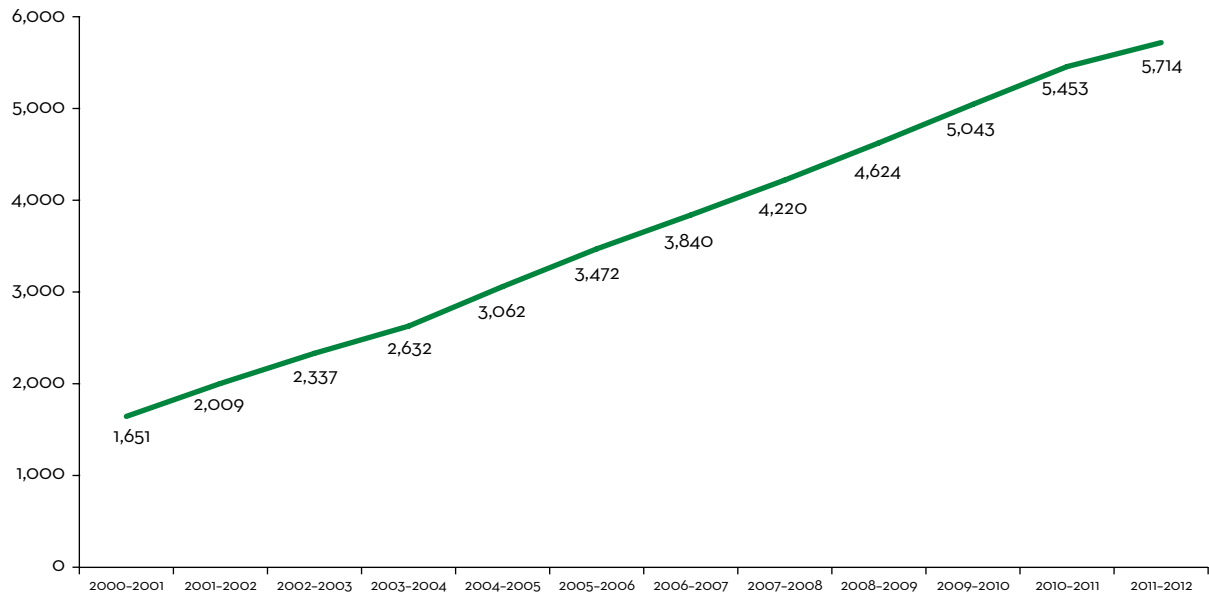
Schools that Never Opened: This category includes charter schools for which an organization received a charter but then the organization was unable to or chose not to open the school, and thus the charter was returned or expired. The reasons schools do not open range from obstacles to personal tragedies, to changes in the circumstances in which the charter was first obtained. A charter school may have to return the charter if a suitable facility or principal cannot be found in time.

APPENDIX B. 2011-12 NATIONAL CHARTER SCHOOL & ENROLLMENT STATISTICS

State	Operating in 2010-2011	Open in 2011-2012	Total Operating	Total Estimated Enrollment
Alaska	28	0	28	5,613
Arizona	506	33	539	135,930
Arkansas	33	4	37	11,605
California	907	101	1,008	410,157
Colorado	171	14	185	79,963
Connecticut	23	0	23	4,810
Delaware	19	3	22	9,816
DC	96	11	107	35,224
Florida	445	72	517	179,254
Georgia	109	16	125	61,821
Hawaii	31	0	31	8,798
Idaho	39	4	43	16,304
Illinois	99	6	105	48,233
Indiana	62	1	63	20,372
Iowa	8	0	8	1,179
Kansas	19	0	19	3,066
Louisiana	97	16	113	38,671
Maryland	40	6	46	11,549
Massachusetts	66	10	76	29,141
Michigan	291	25	316	118,702
Minnesota	156	6	162	32,967
Mississippi	0	0	0	0
Missouri	45	7	52	19,573
Nevada	27	7	34	12,962
New Hampshire	10	1	11	2,431
New Jersey	78	9	87	23,399
New Mexico	82	3	85	15,815
New York	185	16	201	54,681
North Carolina	104	1	105	37,407
Ohio	336	32	368	122,660
Oklahoma	17	2	19	6,576
Oregon	107	9	116	19,255
Pennsylvania	155	15	170	98,108
Rhode Island	16	1	17	3,817
South Carolina	45	3	48	18,171
Tennessee	27	8	35	7,210
Texas	413	31	444	149,348
Utah	80	5	85	38,643
Virginia	4	0	4	354
Wisconsin	217	39	256	47,352
Wyoming	3	1	4	894
TOTAL	5,196	518	5,714	1,941,831

APPENDIX C. CHARTER SCHOOL GROWTH OVER TIME 2000-2011

Charters Grow from 1,651 in 2000 to 5,714 in 2011



Source: Center for Education Reform, 2011.

Methodology: Several sources are used to calculate school numbers and enrollment each year, beginning with an annual survey of all schools (response rate approx 21%), news analysis, personal calls and interviews, state and local support groups, networks and service providers and additional effort. Discrepancies in data amidst other groups is most likely owing to their reliance on state education department data or other methodology differences.

To learn more, visit CER's website, your one-stop online resource for charter school information, research, data and news. <http://www.edreform.com/issues/choice-charter-schools/>

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