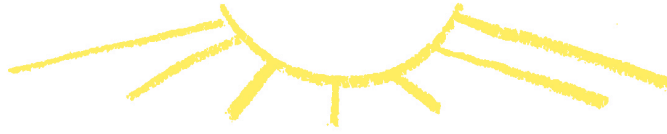


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Why Charter Schools Should Be Their Own Independent LEA *February 2008*

Introduction

With the growth of charter schools over recent years, questions regarding autonomy have come up. Should charter schools become their own Local Education Agency (LEA)? The answer is yes. Charter schools that are their own LEA, meaning they receive federal funds directly from the state agency and do their own reporting, have more overall autonomy and receive more funding than charter schools that are not. Charters as LEAs also allow independent authorizers to focus on ensuring that high-quality charters are created, and not on filing their paperwork.

Over the past few years, many states have passed legislation to foster charter school growth and strengthen their charter law by creating multiple authorizers to sponsor charter schools. These laws have created independent authorizers as an alternative to local school boards to approve and monitor charter schools. Currently, 17 states have multiple or independent authorizers ranging from independent boards to universities to nonprofit organizations to mayors.

As states work to create legislation, a question that comes up is whether to designate this independent authorizer a Local Education Agency (LEA). The idea might sound promising, but in practice it is a very bad idea. This paper gives an overview on what an LEA is, what responsibilities come with this designation, and why CER believes charters should be their own LEAs.

What is an LEA?

If an authorizer or school were designated as a Local Education Agency (LEA), it would be responsible for administering all federal programs to the schools, including federal education dollars, which are received directly by that entity. It also means that the LEA is responsible for overseeing all the activities funded by these dollars, and to ensure compliance and accountability with all federal laws and regulations.



With the initial passage of the Elementary and Secondary Education Act in the mid-1960's, states were required to identify two types of legal entities within their educational structure: the State Education Agency (SEA) and the Local Education Agency (LEA).

The SEA is responsible for passing the federal education funding to the LEA's. Designation of local school districts is not mandated by federal law, which provides flexibility to the state in making that designation. Typically, state law assigns local school districts the LEA designation, giving them control of federal funds.

An LEA is designated with a set of specific accountabilities:

1. Receive federal education funds.
2. Assure delivery of acceptable services.
3. Assure inclusion of all qualified students in funded programs.
4. Provide training in compliance with federal laws and regulations.
5. Conduct audits of federally funded programs.
6. Report and respond to State and Federal Education Units.

How does money flow from the federal government through an LEA to a school?

For example, take special education funding through the federal IDEA (Individuals with Disabilities Education Act). The SEA would receive the federal IDEA dollars and pass them on to the LEA. If the school district or independent authorizer were the LEA, then they would send the money to the public school. If the charter school were deemed an LEA, then they would receive the funds for their special education students directly from the SEA, eliminating the middlemen.

Why would a charter school want to be its own LEA?

If a charter school is an LEA, they are responsible for their own direct compliance with federal law. Currently, there are 25 states where charter schools themselves may constitute individual LEA's, so they are allowed to receive federal funds directly. They are also responsible for collecting and reporting their own school data to the SEA. Charter schools that are independent LEA's are more autonomous and receive more money than charters in states where they are not.

If a charter school is not an LEA, the money flows from the federal government to the state to the LEA, and finally to the charter school. In states where charters are not LEAs, the local district may keep a portion of the funding to cover administrative costs, and therefore, the charter school will receive less money. If a charter school is its own LEA, the funding path eliminates the district, ensuring the charter school receives its fair share of funds.

How can a charter school be an LEA?

Charter schools can be a full-fledged LEA and assume all responsibility for complying with federal guidelines for funding. Charters can also arrange with conventional LEAs to

be supported by them in some capacity, so some of the administrative burden falls to the larger entity. In addition, university based authorizers provide uniform services for all their schools. States may also give charter schools limited LEA status to allow them to apply for certain federal funds. In New York, charter schools are not true LEA's but are given LEA status in regards to federal funding only.

Why is it bad for a state authorizer to also be an LEA?

The idea behind an independent authorizer (non-district) is to be an advocate and the point of accountability for the charter schools they sponsor. Existing offices and personnel in school districts and at the state level function to administer federal and state laws to ensure compliance. By making an authorizer a regulator, policymakers would needlessly duplicate functions already performed by government agencies, adding another layer to the already bloated education bureaucracy.

In the early stages of charter school growth, the idea to make an independent authorizer an LEA may appear to be the easiest option. However, as the number of schools grows and programs expand, the demand and responsibility for accountability will overwhelm the agency's staffing and resources.

Disadvantages include:

1. Existing staff is limited. This restricts the ability to share duties and responsibilities across a large agency.
2. Staff possesses limited expertise in federal funding requirements.
3. Budget constraints limit ability to provide support service to schools.
4. Potential conflict as authorizer potentially restricts approval of new schools in an attempt to limit its exposure and liability.
5. Increased liability to the charter school authority.

Are there examples of effective alternative authorizers?

Yes, states with alternative authorizers that are not LEA's have been very successful in managing their sponsored charter schools. These states also have some of the strongest charter school laws, a larger number of schools, and higher achievement.

1. The mayor of Indianapolis, the only mayor in the country with sponsorship authority, has had great success with his statutory sponsorship authority. The mayor's office is not a designated LEA.
2. Central Michigan University, the nation's largest university authorizer with 69 schools received top marks for effective oversight. CMU is not designated as an LEA. The Michigan Department of Education has referred to CMU's sponsorship role as "the gold standard".
3. The District of Columbia's Public Charter School Board recently took over sponsorship of all the Board of Education's charter schools, now managing 75

charters in our nation's capitol. This independence allows the board to devote all its time to ensuring academic quality at its schools.

Should charter schools be an LEA?

Yes! Research has shown that charter schools that are their own LEA receive funding that more closely resembles what conventional public schools receive. These charters also have more autonomy because they are responsible for complying with the federal law and submitting their school records directly to the state department of education. Charter schools were created to operate outside the educational bureaucracy that too often stifles innovation in traditional public schools. The notion was that schools with less overhead and bureaucracy would be able to devote more time to instruction, thus having a greater impact on student achievement. That premise has been demonstrated to be true over and over again.

If a state authorizer takes on LEA status, such regulatory responsibility requires government staff and resources to support it - functions that are already performed by other state agencies. Successful charter states allow for entities independent from state agencies to authorize charter schools, without federal regulatory responsibility.

Note: This paper is one in a series, which will discuss several technical issues related to charter schools, authorizers, funding and other important topics to the education reform community. For more information, please visit www.edreform.com