
Building Excellence in Charter School Authorizing

Critical Design Issues, Illustrations and **Case Studies**



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Dear Colleague,

Charter schools serve an increasingly vital role in enhancing the education opportunities of students and raising the performance expectations of public education as a whole. Lately, there has been growing recognition that the quality of charter schools across the country is greatly influenced by the capacities and effectiveness of their authorizers.

The *Building Excellence in Charter School Authorizing* project has served as a platform for the National Association of Charter School Authorizers (NACSA) to develop practical resources to strengthen the capacities of a diverse array of authorizers to charter high quality schools.

Supported by an initial two-year grant from the U.S. Department of Education, the *Building Excellence* project has enabled NACSA to develop a comprehensive Online Library of Charter School Authorizer Resources, conduct critical design research into core authorizer responsibilities and issues of transparency in authorizer practices, and launch a series of Intensive Seminars addressing these core responsibilities in a practice-based workshop environment.

The ***Critical Design Issues for Charter School Authorizers*** has provided a guiding framework for all of NACSA's *Building Excellence* work. Through a series of planning questions, *Critical Design Issues* identifies a core set of activities and practical choices associated with a comprehensive charter school authorizing program. The accompanying illustrations, case studies and authorizer resources augment the value of the guiding questions by describing approaches used by experienced authorizers.

Earlier drafts of the *Critical Design Issues* have provided grist for several state and regional efforts to identify effective authorizing practices and served as the underpinnings of research into charter school authorizing published by the Thomas B. Fordham Institute in Spring 2003. We are now pleased to publish this work in final form.

We wish to acknowledge the project guidance received from the NACSA Board of Directors and the *Building Excellence* Advisory Committee. We offer our special thanks to project director Margaret Lin, principal investigator Bryan Hassel, and a team of our colleagues from Public Impact, New American Schools, the Center on Reinventing Public Education at the University of Washington and NACSA's associate director, William Haft.

Over the next three years, we will be adding substantially to this body of work thanks to renewed support from the federal Charter School Program. The core concepts and practices discussed in this publication will inform our future work and lead to more resources that support the development of high-quality charter schools in greater numbers across the country.

We commend this resource to you with our thanks for your continued interest.

Sincerely,



Greg Richmond
President



Mark Cannon
Executive Director

Acknowledgments

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Introduction

With funding from the U.S. Department of Education, NACSA has completed its initial two-year program of research and technical assistance focused on *Building Excellence in Charter School Authorizing* (BECSA). Recognizing the role of charter authorizers at the foundation of the charter school infrastructure, the BECSA project aims to strengthen the quality and success of charter schools nationwide by enhancing the knowledge base, capacities and practices of all types of authorizers.

Since the fall of 2001, the project has built a comprehensive [Online Library of Charter School Authorizer Resources](#). This library provides instant access to a vast collection of resources, policies, protocols and tools developed and used by authorizers and related state agencies across the country in all areas and phases of chartering practice. Available at www.charterauthorizers.org/pubnacsalibrary/, NACSA updates and expands the Resource Library regularly.

Through the contributions of the NACSA Board of Directors and project advisors, the project has developed a series of critical design issues and illustrations to help authorizers examine options and possibilities in key areas of authorizing responsibilities.

Critical Design Issues for Charter School Authorizers presents a core set of questions that authorizers should address in developing a comprehensive approach to charter school authorizing. These critical design issues prompt authorizers to examine their authorizing goals and to evaluate the best ways to meet those goals. NACSA believes that variations in state law, authorizer goals, and authorizer resources make it philosophically unwise and practically impossible to propose one “right” approach to charter school authorizing. However, *every* authorizer can and should develop a coherent, considered approach to chartering and oversight that is clear and comprehensible to charter applicants, operators, and the interested public. This resource guides authorizers in developing such customized approaches.

The Critical Design Issues publication also includes six in-depth [case studies](#) that profile a diverse set of authorizers around the nation, highlight how they have addressed key authorizer challenges and responsibilities, and include *practical resources* these authorizers have developed and use in their practice.

Comments or questions about this publication should be directed to info@charterauthorizers.org.

Charter Authorizer Case Studies

NACSA's *Building Excellence in Charter School Authorizing* project is designed to provide authorizers with a framework and tools for developing a comprehensive approach to charter school authorizing. The following are six authorizer case studies designed to provide a closer look at the practices of experienced authorizing agencies across the country. The purpose of these case studies is to provide authorizers and others interested in chartering practices with a sense of how some experienced authorizers have addressed the task of developing a comprehensive approach to charter school authorizing. In addition, within the context of their overall approaches to authorizing, we have highlighted areas in which each authorizer has developed a particularly noteworthy approach to an important area of practice.

The critical design issues and illustrations that precede these case studies guide authorizers in how to design a thoughtful approach to each critical area of practice and provide examples of how twelve experienced authorizers across the country address these issues. The case studies complement the critical design issues by offering a closer look at six of these authorizers and including practical tools from their practices.

The case studies focus on the following authorizers, representing different types of agencies operating in diverse states and chartering environments: the Arizona State Board for Charter Schools, Central Michigan University, Chicago Public Schools, Los Angeles Unified School District, Massachusetts Board of Education, and North Carolina Board of Education.

We have structured these case studies to include the following:

- Background on each authorizer's history and chartering environment (including current data, financing, etc.);
- Overviews of the authorizer's chartering process, from reviewing applications through renewal decisionmaking;
- Focus on an area(s) of particular interest in the authorizer's practice; and
- Practical authorizer tool(s) related to the focus area.

For example, the Chicago Public Schools (CPS) case study emphasizes 1) how Chicago's authorizer has developed effective internal and external relationships to build the capacities of a small chartering office within one of the nation's largest school districts; and 2) CPS' performance contracting approach, which is noteworthy for its transparency as well as the balance it strikes between uniform objective accountability measures and other measures tailored to each school.

Researchers gathered the information and data contained in these case studies through interviews, site visits, and by reference to publicly available information and documents related to the authorizer's practices. Each chartering entity has reviewed and confirmed the accuracy of the factual content of these case studies. Research was conducted by consultants from the Center on Reinventing Public Education, New American Schools, and Public Impact.

Strategically Balancing Oversight with Advocacy

Introduction

The Arizona State Board for Charter Schools (ASBCS) has chartered more schools than any other authorizer in the country. Established with the passage of Arizona's charter school law in 1994, this independent, Governor-appointed board, one of the nation's pioneer authorizing agencies, has amassed abundant experience in its decade of chartering that can be enlightening for all types of authorizers in other states.

The early proliferation of Arizona charter schools and their relative freedom from oversight and political pressure initially earned the state a reputation as the "Wild West" of the charter movement. The state's primary authorizers were part of this perception, characterized in one national study as "eager approvers, inattentive overseers."¹ However, as in other states that have chartered many schools over the past decade, Arizona's charter movement and authorizing practices have progressed considerably over the years, overcoming those early perceptions and demonstrating current strategies that are instructive for other charter authorizers and advocates.

Many charter authorizers are the very same (or divisions of) agencies responsible for operating and overseeing traditional public schools.

In contrast, ASBCS was established as an independent state agency specifically to authorize and oversee charter schools—currently one of only two such special-purpose chartering boards in the country. ASBCS reports annually to the governor and state legislature.

The Arizona State Board for Charter Schools provides an excellent illustration of progress and leadership within Arizona's charter movement. The Board's mission is "to foster accountability in charter schools which will improve student achievement through market choice." Its independent status and focused mission appear to give ASBCS more freedom than many other chartering agencies to be innovative in its oversight practices and to carry out simultaneously its oversight and advocacy roles for charter schools. ASBCS' purposeful approach to authorizing and strong sense of mission demonstrate that the agency is forging a visionary path on the frontier of education reform.

This case study will provide particular attention to how ASBCS balances its authorizing responsibilities with an explicit role as an advocate for charter schools, and how it manages to oversee a large number of schools and campuses with lean staffing.

Chartering Environment and History

Initiated and backed by strong political leadership, Arizona’s charter school law, enacted in 1994, is generally regarded as the “strongest” and most liberal in the nation in terms of the encouragement and relative freedom it gives to charter schools.² Arizona’s law empowers three types of entities to authorize charters: the State Board of Education, the Arizona State Board for Charter Schools, and local school districts. Unlike some other charter laws, Arizona’s does not limit the number of charter schools that can be created. In addition, compared to most other states, Arizona has historically offered a supportive policy environment that views charter schools as a critical element of a strong, market-oriented public school supply.³ In Arizona, a “charter holder” may be a public or private organization or a private individual.

The Arizona State Board for Charter Schools is, by far, the most active chartering agency in the state. Local school districts oversee only a small percentage of the state’s charter schools, while the Arizona State Board of Education has chartered 62 schools operating 90 sites. ASBCS has granted 279 charters for the operation of 366 school sites. Legislation enacted in 2003 has placed a moratorium on chartering by the State Board of Education—transferring charter school-related services and oversight formerly performed by ASBE to the Arizona State Board for Charter Schools for one year. Therefore, as of the summer of 2003, in addition to the schools it has directly chartered, ASBCS oversees under contract with the Arizona State Board of Education all the schools originally chartered by that agency.

In the fall of 2003, schools holding charters with the State Board of Education will be able to transfer those contracts formally to the State Board for Charter Schools. Those that choose this option will continue under ASBCS oversight in the years to come. ASBCS already oversees 35 schools by “transfer,” which may occur either by transferring oversight from another chartering authority in the state, or by disaggregating a multiple-site charter into different charters.

Summary Information for the Arizona State Board for Charter Schools

- Number of charter schools permitted:** Unlimited
- Year charter law passed:** 1994
- Number of schools & sites operating in 2003-04:** 279 charter holders operating 366 sites directly chartered by ASBCS. Under contract with the Arizona State Board of Education (ASBE), ASBCS also oversees an additional 62 charter holders operating 90 sites that were originally chartered by ASBE.*
- Number of charter applications received since 1994:** 667
- Number of charters approved since 1994:** 565 approved by direct application; 35 approved by transfer**
- Number of charters approved but not yet open:** 20
- Number of charter renewals:** 0 (initial term is 15 years)
- Number of charter revocations:** 2
- Number of charters relinquished after opening:** 14
- Number of charters relinquished before opening:** 26
- Charter office budget:** \$683,100 in FY2003
- Charter office staff:** 6 FTEs, 1 contractor (a CPA providing fiscal services); 2 FTEs projected to be added in 2003-04
- *As of August 2003. In Fall 2003, some ASBE-chartered schools will be able to transfer their contracts from ASBE to ASBCS.
- ** Transfers may occur in two ways: (1) from another AZ chartering authority (ASBE or a school district) or (2) by disaggregating a multiple-site charter into different charters.

Demographics and Academic Performance

The charter school population in Arizona reflects the racial demographics of public schools statewide. Table 1 contains a summary of enrollment percentages by race in charter and district-managed schools in 2001.⁴

As for academic performance, one statewide study conducted by the Goldwater Institute identified a “value added” for students enrolled in Arizona charter schools: “Our main results for reading are that students enrolled in charter schools for two and three consecutive years have an advantage over students staying in TPSs (Traditional Public Schools) for the same periods of time. Students who enrolled in charter schools for two consecutive years show a 2.35-2.44 extra point advantage over students who stayed in TPSs for two consecutive years. Similarly, students in charter schools for three consecutive years show an additional 1.31 extra point advantage over students in TPSs for three consecutive years.”⁵

Balancing Advocacy and Oversight

In the words of Executive Director Kristen Jordison, ASBCS’ role is “to sponsor and oversee successful charter schools.” She describes the Board as having a dual identity, serving as both a regulatory agency and a proactive advocate of charter schools. The inherently friendly starting point of an independent agency entirely dedicated to

charter schools may make it easier for ASBCS to maintain constructive dialogue with the schools it oversees. When interacting with their authorizer, ASBCS charter schools don’t have to question whether the authorizer understands legislation specific to charter schools or supports the concept of charters. They don’t have to wonder if investigative or punitive action is politically motivated as an attempt to weaken the charter movement or stems from the authorizer’s perception of the charter school

In the words of Executive Director Kristen Jordison, ASBCS’ role is “to sponsor and oversee successful charter schools.”

as a competitive threat. Formats for reporting information are more likely to be designed with charter schools in mind rather than extrapolated from forms used with non-charter schools.

Staff also work heavily with the finance and other divisions within the state Department of Education, facilitating data reporting and advocating minimal administrative burden on charter schools. “Our ultimate goal is to ensure that the schools don’t become burdened,” notes Ms. Jordison. In a climate of increased reporting requirements for schools in most states, including new requirements associated with the No Child Left Behind Act, ASBCS contests any reporting that does not have a clear function related to student achievement. Other charter advocates in Arizona and elsewhere may have similar intentions, but ASBCS’ status as an independent state agency likely strengthens its effectiveness in this arena. While authorizers

Table 1

	White	Black	Hispanic	American Indian	Asian/Pacific Islander
Percent Enrollment in Charter Schools Statewide	55	7	29	7	2
Percent Enrollment in District Schools Statewide	56	4	30	7	2

working in other contexts may not be able to reinvent themselves as independent agencies, they may nonetheless consider some of the advocacy practices that help ASBCS sustain positive rapport with charter schools and contribute to an infrastructure that they need.

Agency Structure, Staffing and Capacity

The ASBCS staff consists of an Executive Director, a Director of Government Affairs, a Business Affairs Specialist, an Education Program Specialist, a Charter School Specialist, and an Administrative Assistant. The Board also contracts with a certified public accountant to provide fiscal services and expects to add two more FTE positions in 2003-04 to accommodate new demands. At that level, in Ms. Jordison's view, the agency will be adequately staffed to carry out oversight for its substantially expanded portfolio of schools. The Board may need to add more staff in 2005 as it adds more schools to its portfolio or must respond to new statutory responsibilities.

ASBCS is funded solely by a state appropriation and in recent years has undergone substantial budget cuts. As a result, the Board is developing a study committee to explore the possibility of self-funding through oversight fees assessed to schools.

ASBCS has implemented specific strategies to augment the capacity of its leanly staffed office. First, each ASBCS staff member is cross-trained to be able to fill another's duties should the point person be away when a need arises. Second, the office makes thoughtful use of consultants, primarily in the areas of fiscal

responsibility and special education. For example, the agency contracts with a financial consulting firm to conduct a bulk review of the annual independent audits required of all charter schools. Similarly, the Arizona Department of Education assigns every Arizona charter school a special education consultant, each of whom works with approximately thirty schools. Thus, instead of having to conduct their own compliance monitoring in this area, ASBCS staff coordinate with their consultants and follow up with charter schools that have compliance problems.

ASBCS staff maintain relationships with a wide range of municipal, county and state entities—such as zoning boards, the fire marshal, health and public safety departments, state retirement system, administrative hearing office, Attorney General's office, and Auditor General's office—to assist the Board in its oversight duties. Information from these agencies helps the Board ensure that schools are complying with applicable regulations and provides documentation for disciplinary action if necessary.

ASBCS' charter application review process, refined over the years, illustrates another way in which this authorizer has increased its capacity and efficiency. The current process more clearly defines and limits the technical assistance available from Board staff and provides applicants with the rigorous rubric on which their proposals will be scored, so they understand the Board's expectations. Staff provide technical assistance to clarify requirements and expectations but will not review draft applications for general quality. Instead, applicants may seek guidance on particular sections of their application from a technical review team. The refined process heightens

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transparency for applicants and encourages stronger proposals by clarifying the Board's expectations.

In addition, Board staff no longer evaluate and score charter applications. Instead, that responsibility is delegated to a review committee made up of successful operators of charter schools similar to those being proposed and individuals with financial and business expertise. ASBCS staff train this committee, which may review and score one or several charter proposals depending on the timing of submission. Each application is scored independently by two reviewers on the committee. If the scores differ, a third reviewer also scores the application. ASBCS staff view the committee structure as an improvement because it frees them to work more with existing schools, while also reducing potential conflicts arising from having to score an application for which they may have provided guidance in development.

The following section explains how ASBCS conducts visits to check on and enrich its understanding of the schools it oversees.

Despite its small staff and the large number of charters and campuses ASBCS oversees, school operators praise the accessibility and helpfulness of Board staff and can expect an evaluative site visit every two or three years, if not more often.

Site Visits

Unannounced site visits are one ASBCS practice that seems to foster both rigorous compliance monitoring and positive relationships with charter schools. These visits usually occur for general “checking-in” purposes, but are sometimes prompted by irregularities in a school's reporting or perhaps parent complaints. Typically, ASBCS staff drop in at schools individually or in pairs. ASBCS staff visit *all* schools at least once during their first year and sometimes more frequently.

Although one might expect the authorizer to have a hard time reaching many schools given its small staff and the size of the state, Ms. Jordison notes that staff manage to visit schools

somewhere every week, resulting in visits to about half of the Board's chartered schools each year. Following their first year, schools receive visits every two or three years when there are no “red flags,” and more frequently if there are concerns. Site visits typically last an average of 1.5 hours, though some may take more than three hours.

Many ASBCS-chartered schools have multiple campuses, and Ms. Jordison notes that some multi-site schools are more uniform and consistent across sites, whereas others may have greater differentiation across campuses. In cases where campuses appear to be more consistent, ASBCS may conduct a site visit on only the main campus, whereas sites that are more diverse may each draw a visit from staff.

At a minimum, each visit includes reviewing board meeting minutes, resumes of teachers, and fingerprint checks; touring the facility; counting students; reviewing teacher rosters; and asking about systems for attendance reporting.⁶ ASBCS staff review the school's charter prior to a visit so they can assess specific

In contrast to periodic scheduled site visits for which schools can prepare a “dog-and-pony” show that may not accurately portray the school, drop-in visits are more likely to reveal each school “as is.”

charter compliance in the day-to-day life of the school, and they study other school information to customize the focus and content of each site visit. In contrast to periodic scheduled site visits for which schools can prepare a “dog-and-pony” show that may not accurately portray the school, drop-in visits are more likely to reveal each school “as is.” Such visits also vastly extend the daily impact of a very small team of visitors. ASBCS staff can reach only a handful of schools in a given week, but every school is encouraged to operate on any given day as though it might have a site visit.

Board staff affirm the dual benefits of the drop-in approach. In addition to encouraging consistent school preparedness, the strategy allows maximum flexibility for the small ASBCS staff to time their site visits. Instead of scheduling visits in advance and then having to cancel due to unpredictable events such as a flood of applications or a compliance problem, drop-ins allow ASBCS staff to visit schools when the staff schedule allows. ASBCS' strategic plan projects a target number of site visits for each year; for the 2002-2003 school year, the target was 140 site visits.

Beyond their monitoring purpose, the drop-in visits give schools a chance to ask questions about compliance issues. Moreover, instead of being intimidated by unannounced visits, most schools seem to enjoy the chance to show off, says Ms. Jordison. Some are nervous about the visits, but there are no surprises because they know what is required of them, and there is little need to be defensive because they know that ASBCS both understands and supports the charter idea.

In keeping with ASBCS' goal of minimizing nonessential paperwork, no reports are prepared after site visits unless there is a compliance matter requiring follow-up. ASBCS staff explain that part of the reason for this is to protect charter schools from unsavory media coverage should politically unfriendly reporters peruse a school's public file and choose to blow suggestions for improvement out of proportion. Instead, Board staff convey such suggestions verbally at the time of the site visit and maintain a log briefly describing all visits.

This concern about external misrepresentation of school compliance issues does not preclude ASBCS from intervening as needed to address concerns. If a problem warranting correction arises, ASBCS follows a multi-step process to address the issue. Compliance concerns raised during a site visit, downward trends in test results, special education compliance matters, or parent complaints initiate extra scrutiny in the form of a phone call or follow-up site visit. This may lead to requiring the school to develop a corrective action plan.

Obvious compliance violations such as missed audits or failure to administer required tests result in immediate action by the Board. Some type of compliance issue comes up at almost every monthly Board meeting, according to Ms. Jordison. By statute, the Board may take one of two actions. First, if the Board determines that a school is out of compliance, it withholds up to 10% of the school's monthly state appropriation. The school then submits a corrective action plan, and the authorizer releases the withheld funds when the problem is corrected. This probationary withholding began in 2001, and 30 schools had funds withheld that year for failure to submit the required annual audit. The following year, only 16 schools failed to submit, and six of these submitted their audits before the Board took any action.

For more serious or protracted violations, the Board may issue a notice of intent to revoke the charter, triggering a 90-day due process period in which the school may correct the violation(s). At the conclusion of the 90-day period, the Board conducts a hearing to determine whether to revoke the charter or stipulate compliance conditions. As of the summer of 2003, ASBCS has revoked two charters. Many more charters have been voluntarily "surrendered under duress" by schools with serious problems, either before or after opening. A former charter school operator and current charter resource center director who had to appear before the Board for a compliance matter described the proceedings as fair and well-organized.

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Five-Year Review

Arizona charters have a term of fifteen years, so the first renewal decisions are still several years away. As an intermediate step during the long charter term, ASBCS conducts a five-year review that Ms. Jordison describes as “an invitation for charters to reflect and make some adjustments

As an intermediate step during the long charter term, ASBCS conducts a five-year review that Ms. Jordison describes as “an invitation for charters to reflect and make some adjustments after the start-up years.”

after the start-up years.” She stresses that the purpose of the review is not compliance monitoring, because compliance issues are flagged in earlier reporting and site visits and addressed as they arise.

The reviews may take place at any time after the beginning of the school year in a school’s fifth year of operation. Most occur between January and April. To begin the review process, the schools receive a “collection document” with questions based on the information in their original contract. Schools have about a month to complete and return it to ASBCS. (The collection document template is included in the Appendix to this case study.)

The Board then schedules site visits to focus on matters discussed in the collection document. These site visits are more structured than the Board’s random “drop-in” visits; typically include a presentation by the school and interviews with parents, students, and board members; and generally last about one-half day.

The report resulting from the review includes the school’s completed collection document and a follow-up report from the visitor(s). ASBCS compiles and maintains these reports for its own review or use. The Board typically reviews them only to check on the status of each school, and the review is intended to be reflective rather than a core part of compliance monitoring. The five-year review has frequently revealed what many others authorizers have discovered as well—namely, that the people and organizational attributes conducive to start-up are not always the same as those needed for sustaining success. Accordingly, the five-year review encourages schools to make adjustments to their charter with the Board in response to changing needs.

Some authorizers describe their renewal process as intended, at least in part, to encourage reflection on the previous term and thoughtful goal-setting for the next. Often, however, the high-stakes nature of renewal decisionmaking and its occurrence at the very end of the charter term cause such noble intentions to be overshadowed by compliance-oriented stress and fear of non-renewal. ASBCS’ five-year review not only seems to strengthen the charter schools as they transition from start-up to sustaining operations, but also contributes to the schools’ sense of collaboration with their authorizer toward shared goals of increased student achievement. When asked whether the five-year review encourages schools to lower their expectations, ASBCS staff respond that the Board would have to approve—and would discourage—such changes. A more typical change would be to *add* steps needed to meet targeted outcomes with an unexpectedly challenging student population.

Conclusion

Overseeing many charter schools with a small authorizer staff requires special measures and resourcefulness. As the primary authorizer in a leading charter school state, the Arizona State Board for Charter Schools cultivates extensive partnerships with various divisions of the Arizona Department of Education and other entities, and engages consultants for targeted needs. Site visit scheduling is flexible, and all staff perform visits. Still, there are trade-offs. Site visits are brief and infrequent for individual schools; the limited oversight sometimes leads to emphasis on compliance rather than being centered on student performance, and there is less opportunity for Board staff to interact with the full range of charter operators they oversee.

Despite the challenges, ASBCS’ authorizing priorities appear to align well with the focus of Arizona’s legislation on expanding choice with a diverse array of independently operated schools. Larger state bureaucracies handle heavy work such as achievement testing, and ASBCS acts as a nimble advocate and go-between to ensure that charter schools follow the rules and that those rules don’t grow to hinder school autonomy. In such ways, the Arizona State Board for Charter Schools is refining a model for large-scale chartering that promotes and protects schools’ independence while providing streamlined oversight. ASBCS seeks to serve not merely as an overseer but also as an active partner in the creation and sustenance of a robust supply of new public schools in Arizona.

Endnotes

1. Hill, P., R. Lake & M. Celio with C. Campbell, P. Herdman & K. Bulkley, *A Study of Charter School Accountability*. Final Report, Office of Educational Research and Improvement, U.S. Department of Education (2001).
2. See, e.g., the Center for Education Reform’s state-by-state ranking and profiles of charter school laws, at http://www.edreform.com/charter_schools/.
3. See, e.g., Palmer, L. B. and R. Gau, *Charter School Authorizing: Are States Making the Grade?*, Thomas B. Fordham Institute (2003), pp. 27-28.
4. October 1, 2001 enrollment figures from the *Superintendent’s Annual Report (2001-2002)*, Arizona Department of Education.
5. Solmon, L., K. Paark, and D. Garcia, *Does Charter School Attendance Improve Test Scores? The Arizona Results*, Goldwater Institute (2001). This study did not sort results for schools by their authorizing agency.
6. Schools may choose from a list of approved vendors offering a range of services from bare-bones to bells-and-whistles attendance tracking and reporting.

ARIZONA STATE BOARD FOR CHARTER SCHOOLS CASE STUDY APPENDIX: AUTHORIZER RESOURCE

Following is the collection document template that the Arizona State Board for Charter Schools uses to gather information in preparation for the five-year review that all of its chartered schools must undergo.

Collection Document for Five-Year Review

(Page concerning charter school and site contact information omitted)

Arizona State Board for Charter Schools Five-Year Review

Charter School Name: _____

Charter Holder Name:: _____

Mission Statement

Does the "Charter Contract Mission Statement" listed below still reflect the philosophy of your school? If not, please write the revised mission statement in the "Revised Mission Statement" space below. This will be included as a revision to your charter contract.

Charter Contract Mission Statement:

Revised Mission Statement:

Calendar/Grades Served

Your charter contract currently specifies the following information; please revise if this is not current.

of days in school year: 176

Grades served: K-8

For school year 2000-2001 did you have a waiting list? Yes

Charter Name: _____

Personnel

of Certified Instructional Staff: _____

of non-certified Instructional Staff: _____

Do you have all non-certified staff fingerprints on file? _____

Do you have all Governing Body members fingerprints on file? _____

How is teacher performance assessed?

Do you have a staff development plan? If so, please describe.

List, with bullet points, your staff’s accomplishments that you would like to share.

Charter Name: _____

Curriculum

Please review the following general academic goals that were pulled from your charter contract. Are these goals still valid? If not, please list the current academic goals below.

Revised academic goals (if applicable).

Please discuss your progress toward achieving these goals.

Charter Name: _____

Other

Please review the following non-academic goals that were pulled from your charter contract. Are these goals still valid? If not please list the current academic goals below.

Revised non-academic goals (if applicable):

Please discuss your progress toward achieving these goals:

Driving Reform Through Innovative School Support

Introduction

Central Michigan University (CMU) has established an energetic and distinctive approach to charter authorizing, balancing hands-on support with intensive oversight. Due to Michigan's regulatory charter school law, charter schools have essentially no freedom from the rules and regulations that govern all Michigan public schools. As a result, charter schools face a much more regulated environment in Michigan than they do in many other states. In addition, Michigan authorizers have many more responsibilities for compliance oversight. CMU, the country's largest, and possibly the most well-resourced university authorizer, has committed itself to becoming an exemplary authorizer by building non-regulatory solutions for the schools it charters.

There are two main considerations for authorizers at the end of the day: *"Are students learning, and has the money been taken care of?"*

— Jim Goenner

As a charter authorizer, CMU balances several priorities, including providing practical, day-to-day support to its charter schools and streamlining their compliance burdens; carrying out comprehensive but not stifling oversight; and broadly working to strengthen the charter school movement, both in Michigan and nationally, as a leading large-scale authorizer. In order to meet such goals, the University has had to develop its own capacity as a chartering agency. According to Jim Goenner, Executive Director of CMU's Charter Schools Office, there are two main considerations for authorizers at the end of the day: *"Are students learning, and has the money been taken care of?"*

This case study will highlight some innovative strategies, management systems and technologies CMU has developed or adopted to support the schools it charters and streamline its own work, enabling the University to achieve its goals as an authorizer in a highly complex and regulatory environment.

Chartering Environment and History

In 1994 Central Michigan University became the first Michigan university to authorize charter schools—known as "public school academies" in Michigan. CMU's Charter Schools Office manages daily charter school oversight and is a

Summary Information for Central Michigan University

Number of charter schools permitted as university authorizer: 75

Year charter law passed: Originally passed in 1993 and then repealed; revised law passed in 1995

Number of charter schools operating in 2002-03: 56

Number of charter applications since 1993: Approximately 800

Number of charters approved since 1993: 86 (includes 1 approved to open in 2003)

Number of charter renewals: 54

Number of charter revocations or non-renewals: 11

Number of charters relinquished or never opened: 19

Charter office budget for 2002-03: Approximately \$5 million

Charter office staff in 2002-03: 37 full-time permanent staff; 16 temporary staff

leader in the campaign to advance the capabilities and effectiveness of the charter school movement in Michigan. The Charter Schools Office is governed by the University's Board of Trustees, the body ultimately responsible for approval of all charter school contracts, renewals, closures and other legal actions. Jim Goenner, Executive Director of CMU's Charter Schools Office, explains that for the University, becoming an authorizer "expanded a tradition of leadership that began in the 1800's when CMU educated its first public school teachers." CMU's dedication to leadership in teaching, along with what Mr. Goenner terms "a shared vision of education reform with [then-] Governor Engler," served as the catalyst for CMU's decision to begin authorizing charter schools. A representative of the Michigan Association of Public School Academies agrees, noting that CMU's governor-appointed Board of Trustees was eager to join Governor Engler's campaign to urge universities to the front lines in spearheading a new and promising education reform effort.

University authorizers have indeed led Michigan's charter school movement. Michigan's charter law allows school districts, intermediate school districts, community colleges and public universities to issue charters. As of the 2002-2003 school year, 148 of Michigan's 187 charter schools were university-authorized. CMU is the largest authorizer in Michigan and the largest university authorizer in the nation. Since 1994,

CMU has authorized a total of 87 schools, some of which never opened or finalized a charter contract with the University. Currently, CMU oversees 56 operating charter schools, with ten of these charters operating multi-site campuses.

Demographics and Academic Performance

During the 2002-2003 school year, schools chartered by CMU served a student population of 25,000 children—36% of all students enrolled in Michigan charter schools.

Table 1 shows demographic data collected by Standard & Poor's School Evaluation Services for the 2001-02 school year. Percentages reflect student totals from schools chartered by CMU as compared with district-operated schools in Michigan. One of CMU's stated goals for its charter schools is the support and revitalization of communities in urban areas. Therefore, a majority of CMU's charter schools are located in urban settings in central and southern Michigan.

District Schools

Standard & Poor's School Evaluation Services, the firm employed by both CMU and the state of Michigan to conduct evaluations on school performance, uses one method to aggregate test performance across all Michigan schools and a somewhat different method to assess schools

Table 1. Student Demographics for Schools Chartered by CMU and Michigan

Demographic type	Percentage of CMU charter school students	Percentage of MI district school students
Eligible for free and reduced-priced lunch	44.1	* 46.5
Limited in English Proficiency	2.2	7.3
Special Needs	7.9	13.0
Ethnic Minority	54.5	12.2

**Percentage based on Michigan district school students receiving free and reduced-price lunch. Data was not available for students eligible for free and reduced-price lunch.*

chartered by CMU. Still, the figures provide roughly comparable measures of the percentage of students passing the state's tests. For the 2001-02 school year, the Michigan Educational Assessment Program (MEAP) Passing Rate for the state of Michigan was 42.0%.¹ The CMU average MEAP Composite Passing Rate for Similar Grades Tested was 34.6%.²

Agency Staffing and Capacity

CMU began authorizing charter schools with an office staff of three. Today the Charter Schools Office employs 37 full-time, permanent staff and 24 temporary staff with a budget of nearly \$5,000,000, with expertise in special education, assessment, and outreach. The Office is structured into units that focus on the three major components of the charter contract: Education, Finance, and Governance, with an additional team assigned to Facilities.

CMU's Board of Trustees concluded,
"If we're going to be involved with
monitoring and supporting charter
schools, we're going to do it right."

The Charter Schools Office is considered an administrative arm of the University Board of Trustees and is part of CMU's College of Education and Human Services. However, the Charter Schools Office is self-funded with a budget separate from the university's general operating funds. The Charter Schools Office generates its operating budget to fulfill its state-mandated responsibilities through a 3% oversight fee charged to its schools. This fee, derived from the per-pupil revenues of each charter school, is explicitly permitted by Michigan's charter law and collected by all Michigan authorizers.

After a state audit returned a critical evaluation of CMU's charter school oversight in 1997, the CMU Board of Trustees and the Charter Schools Office went to work on building the necessary capacity to implement effective oversight practices while maintaining strong school support services. Emphasizing that this is not an easy set of tasks to balance, Mr. Goenner encourages other authorizers to pay attention to the lessons learned from pioneers in the field, noting, "We paid a high price for some mistakes." Mr. Goenner notes that after the first critical state audit, CMU's Board of Trustees concluded, "If we're going to be involved with monitoring and supporting charter schools, we're going to do it right."

Since that first audit, CMU has developed substantial capacity and has become, as Mr. Goenner puts it, a "premier authorizer," receiving a clean state audit last year as well as the honor of being named the Michigan Department of Education's model of a "gold standard" authorizer.

Along with CMU's efforts to build agency capacity to meet its regulatory obligations, CMU has been equally committed to strengthening the capacity of the schools it charters and having an impact on public education more broadly. Mr. Goenner is quick to point out that CMU's vast resources and staff are not dedicated to oversight alone. CMU's early commitment to ensuring the sustainability of the charter school movement as a whole compelled the Charter Schools Office to try to blaze a path for other authorizers to follow, partly by initiating new technologies to enhance school capacities and effectiveness. The Office has developed cohorts of staff who concentrate on charter school advocacy, research and design of accountability initiatives, and systems development. The last of these efforts has largely focused on building technological capacity in the schools CMU oversees.

Using Technology to Build Authorizer and School Effectiveness

Automating Compliance and Streamlining Reporting Requirements

Michigan's compliance and reporting requirements for charter schools are nearly identical to those of their district-run counterparts. These requirements, coupled with increasing pressure on authorizers to tighten oversight, have led to a heavy administrative burden for charter school leaders in order to comply with the law. To ensure schools' abilities to focus on academics while fulfilling state mandates, CMU has streamlined reporting processes while maintaining a commitment to fulfilling its oversight responsibilities.

Several leaders of CMU-authorized charter schools agree that the administrative burden they bear is growing larger, but they recognize that CMU is taking proactive steps to make the load manageable. Mr. Goenner explains that the technology is available to relieve the burdens on schools through automation. The larger problem is that authorizers in the state do not have complete jurisdiction over how reporting is conducted, due to state-required forms and procedures for submission. A goal of CMU's has been to create an oversight system that allows schools to spend maximum working hours with students, not completing paperwork. To that end, the Charter Schools Office has partnered with other Michigan-based agencies and firms to create technologies that ease the completion of requirements and are accessible to both authorizers and schools.

In 2001, the CMU Charter Schools Office collaborated with six state departments and 24 agencies to collect all State of Michigan forms, transfer them to electronic format, and post them to the Charter Schools Office website. Mr. Goenner cites this "State Forms Project" as an example of CMU's efforts to develop solutions for charter schools that have a spillover effect into the wider community. This project is also

linked with the State of Michigan's website, providing easy access to state forms for all schools. Over 250 state forms are available for viewing and downloading at www.cmucso.org/members/forms/index.asp.

Uploading all the necessary forms to one site was one battle, but organizing the day-to-day collection of forms, generating notifications of required paperwork, and synchronizing calendars was another. In a joint effort with Corporate Computer, Inc. of Grand Rapids, CMU developed the Authorizers Oversight Information System (AOIS), a sophisticated data-warehousing software program that is flexible, portable and allows for expansion. This program allows authorizer and school personnel access to online compliance recordkeeping, provides a daily account of a school's compliance status and helps track school performance and academic achievement. For example, when a school or authorizer needs to access annual education reports or financial compliance records, they access AOIS for the electronic records. The system allows information to be shared easily and provides authorizers and schools with a coordinated, computerized filing system. Once paperwork is scanned in and sent, it is uniformly coded, reviewed and electronically stored based on an automated set of instructions.

Other authorizers have now adopted AOIS to support their accountability systems. Both Ball State University in Indiana and Ferris State University in Michigan are using AOIS for their charter school programs. In addition, CMU officials note that organizations outside the charter school arena are exploring AOIS as a program that is expandable into other types of information management.

Real-Time, Computerized Student Assessment

CMU is also harnessing technology to enhance school efficiency and effectiveness in assessing student learning. Since 2002, CMU has made available to its chartered schools a web-based, real-time assessment system called the Scantron Performance Series. This online testing system allows educators to assess student performance

multiple times throughout the year, receiving immediate feedback to help drive instruction. The system also permits evaluation of teaching strategies and tools in addition to student performance, and offers all stakeholders a continually updated picture of student and school achievement. CMU receives the performance reports/test scores and can use this information to track school achievement and progress over time.

Schools chartered by CMU are not required to use the Scantron Performance Series, but CMU strongly encourages schools not already using this tool to adopt it at the time of charter renewal. The cost of this testing system is \$12.50 per student, and CMU covers the fees for participating schools under its oversight. CMU has minimized the costs of instituting the testing system by 1) purchasing a license to use Scantron's self-assessment program and the data it produces; 2) having a CMU staff member conduct trainings; and 3) hosting training sessions at CMU-chartered schools. Schools receive three initial trainings focusing on site set-up, teacher training, and post-assessment data interpretation. CMU coordinates workshops around the state to help schools stay up-to-date on system enhancements and best practices. CMU staff also provide schools with additional trainings at no cost, and the schools have access to daily technical support from Scantron via a toll-free phone number.

Currently, schools chartered by CMU use the Scantron online system for testing in reading and math. Several academies are piloting science and language-arts testing with the system for the 2003-2004 school year.

Ongoing Oversight

“A Sleek Operating Machine”

In addition to tackling the broader technical questions of creating and maintaining a user-friendly compliance oversight system, CMU has developed staff capacity that is responsive and consistent in creating and maintaining support for its schools. Developing a large staff with expertise in the various areas of school

School leaders noted that they are in contact with consultants several times per week, and all felt this relationship was crucial to the effective management of their schools.

operation has been key to the organization's ability to expand its oversight to a large number of schools while also maintaining its priority on providing hands-on support.

CMU conducts all oversight responsibilities through its own staff and contractors. The Charter Schools Office manages some oversight procedures through teams composed of staff with expertise in specific areas, such as teams that conduct yearly site visits to review school facilities and teacher certification. Each of CMU's eight contract analysts is assigned to monitor the daily compliance of approximately seven charter schools. The contract analysts are responsible for overall monitoring of academy operations. For specialized questions on matters such as finance or facilities, for example, schools contact the appropriate staff in those units.

One school leader commented that CMU has become such “a sleek operating machine” in conducting oversight that he could predict when his school would be receiving a “past due” notice for a late form. School leaders noted that they are in contact with consultants several times per week, and all felt this relationship was crucial to the effective management of their schools.

CMU staff do not conduct general evaluative site visits yearly, but they do conduct annual Site and Facilities Reviews and Teacher Certification Site Visits. The Site and Facilities Review ensures that each public school academy is operating in an environment that is “conducive to student learning,” while the Teacher Certification Visit verifies that teachers have proper certification for their respective assignments.

Mr. Goenner and school leaders reported that CMU staff members make frequent informal visits throughout the year. For example, CMU staff are often invited to attend charter school events, and often make informal “friendly” visits. There are also occasions where schools invite staff for visits to help solve problems on-site, or CMU may initiate visits to investigate and gather information on school-level issues. CMU staff also stay in close contact with schools by attending monthly board meetings. Mr. Goenner stated that considering the quality of the University’s oversight, rigid evaluative site visits are unnecessary unless there are specific concerns to be addressed.

CMU systematically screens charter applications via a rigorous two-phase application process. Charter Schools Office staff believe that the stringent application process—refined over the years—has reduced problems with school operations. An important element in CMU’s application process is the Office’s review and approval of each school’s proposed Board of Directors, one of the University’s independently adopted policies, as required by state law. The Charter Schools Office conducts background checks, interviews all potential board members, and, based on the outcome of the application process, ultimately decides whether to approve each candidate. While the Office approves the vast majority of school-nominated board members, this comprehensive process conveys to school founders the serious responsibility of holding a public office as an academy trustee and perhaps helps to produce stronger candidates. The Office then offers schools opportunities to strengthen their boards by underwriting the costs of governance training with the National Charter Schools Institute, a non-profit resource organization for charter schools.

The National Charter Schools Institute provides services to charter schools in developing board policies and administrative guidelines. Schools that choose to use these services are able to adopt a comprehensive, legally researched and practically tested policy manual, tailored to their needs, that allows them to address issues proactively before they arise. In addition, schools can take advantage of the National Institute’s Administrative Guidelines and

Associated Forms program for implementing board policies in daily school operations.

Helping Schools Navigate “No Child Left Behind”

CMU believes that schools must be prepared for an ever-changing regulatory environment in order to operate successfully, and thus works proactively to ensure that its chartered schools have the necessary knowledge and preparation to institute newly mandated changes smoothly. An example is the University’s initiative to help academies understand and meet the important new requirements of the federal No Child Left Behind Act (NCLB). To start, the Charter Schools Office assembled and distributed a guide to all administrators and board presidents of CMU-chartered schools called “No Child Left Behind: The Charter School Leaders’ Guide.” This guide explains the statutory framework of NCLB, details information that is pertinent to implementing the Act for charter schools, and provides “up-to-date federal guidance, easy-to-understand diagrams and model letters, and questions for Public School Academies to think about as they implement this new law.” (See the Appendix to this case study for an excerpt from the Guide).

In addition to developing this resource, CMU has hosted training sessions on NCLB issues such as teacher and paraprofessional qualification requirements and Adequate Yearly Progress (AYP). CMU staff review the state-produced AYP report of each school chartered by the University and provide assistance in understanding the reports, appealing AYP determinations if miscalculations are found, and carrying out mandated responsibilities regarding parent notifications and providing supplemental services. CMU is also working to ensure that schools’ educational goals are aligned with federal AYP requirements.

The Charter Schools Office continues to host workshops and update its NCLB guide as new federal guidance is released. Thus, through the guidebook, training sessions, personal assistance, and monthly newsletter updates, the University is providing an array of tools to help charter schools understand, navigate and manage the challenges of this new federal law.

Proactive Oversight on Compliance Matters

According to Mr. Goenner, the key to developing effective responses to compliance violations is a thorough system of due process that treats all charter schools equally. When problems related to compliance arise, the Charter Schools Office addresses them via “Non-Compliance Procedures.” The flow of this policy allows for what Mr. Goenner describes as “progressive discipline.” The non-compliance policy is summarized below:

1. Charter schools that fail to make required submissions according to the Master Calendar of Reporting Requirements will first receive a documented personal phone call giving the school a reminder.
2. CMU sends a “Request for Required Information” letter 10 and 15 business days after the required information is past due.
3. After 20 business days the Academy Board President receives a “Notice of Non-Compliance” and is given 10 business days from the date of notification to bring the school into compliance.
4. If a school remains out of compliance, CMU staff members meet with school officials to develop a “plan of corrective action.”

When asked about the formalities of CMU’s oversight design, school leaders say that it was necessary to implement a system that holds schools accountable—a “necessary evil,” as one school leader put it. Another respondent believes that CMU’s professionalism in authorizing has kept closures to a minimum. CMU staff echo this sentiment, saying schools recognize that their monitoring system supports and encourages success and longevity for its schools. They add that CMU’s personal, hands-on relationship allows schools to address potential problems directly with staff, thereby avoiding non-compliance policy steps.

Under the Microscope

Unafraid of public scrutiny, CMU has chosen to embrace the public nature of charter schools and use it to the schools’ advantage. Mr. Goenner argues that as schools and authorizers begin to offer greater transparency in achievement data, expectations will continue to rise, and the behavior and practices of schools will change accordingly.

To ensure transparency of its authorizing practices and an objective analysis in reporting the progress of schools it has chartered, CMU entered into a three-year contract with Standard & Poor’s School Evaluation Services in 2001. For each academic school year in the three-year project, Standard & Poor’s prepares an extensive written report on each of the schools chartered by CMU. These reports are based on an analytical framework developed to “define an evaluation of effectiveness in increasing student results, progress in meeting contracted goals, financial health and viability and comparative return on resources.” Standard & Poor’s analyzes each school’s academic and financial performance and makes performance comparisons with the following key benchmarks: (1) the CMU average, (2) the local school district and state averages, and (3) the school itself over time. Standard & Poor’s evaluations also measure “each school’s progress towards its chartered goals.” This last measurement is particularly important to CMU when considering charter contract renewals. (Completed school reports are available at www.ses.standardandpoors.com and www.cmucso.org.)

According to Mr. Goenner, Standard & Poor’s evaluation reports have also helped charter schools obtain long-term financial assistance. He notes that lending institutions are more comfortable making loans to schools chartered by CMU specifically because of the University’s oversight program and the use of highly regarded evaluations such as those conducted by Standard & Poor’s. These evaluations have given CMU-authorized schools substantial visibility and have created a new level of public accountability that is consistent with the University’s original intentions as an authorizer.

Conclusion

CMU’s unusually large size as a charter school authorizer and its obligation to enforce a wide range of state requirements require continual balancing of hands-on support, school autonomy, and systems development. The Charter Schools Office has met this challenge head-on with proactive efforts to build capacity both internally and in the schools it oversees. For the quality of oversight and accountability measures authorizers seek to produce, Mr. Goenner believes some form of systems development and management is necessary and inevitable. CMU’s ultimate goal is for its charter schools to become so familiar and comfortable with maintaining accountability standards that it becomes second nature.

Some authorizers may wonder how relevant CMU’s experience is to their work. After all, CMU is quite different from most other authorizers around the country due to its high level of human and financial resources. In addition, state law requires CMU to engage in much more regulatory monitoring than most charter authorizers may need to undertake. CMU has also chosen a very visible, active role as an authorizer, one that may not match the capabilities of smaller authorizers.

Nevertheless, whatever an authorizer’s level of resources, CMU’s experience points to some important lessons:

- the value of streamlining schools’ compliance obligations,
- the richness of information that authorizers can gather through regular communication with schools,
- the credibility that comes from hiring well-respected external evaluators, and
- the benefits of making schools and authorizers “transparent” to the public.

The CMU model also suggests possible trade-offs stemming from “systems development,” such as some loss of school autonomy and flexibility. Moreover, for authorizers engaging in this level of hands-on support, the frequency of contact may make it difficult for authorizing staff to make objective determinations or initiate negative consequences if necessary. CMU believes it has sidestepped these pitfalls by working with outside evaluators such as Standard & Poor’s to provide objective analyses of school performance. For authorizers with more limited resources, Mr. Goenner emphasizes the importance of making compliance manageable for charter schools.

Endnotes

1. The MEAP Passing Rate for the state of Michigan is the average for all districts in the state, a figure that includes charter school performance.
2. The MEAP Composite Passing Rate reflects the overall MEAP performance of a school.

CENTRAL MICHIGAN UNIVERSITY CASE STUDY APPENDIX

AUTHORIZER RESOURCE

Excerpt from *No Child Left Behind: The Charter School Leaders' Guide*

Following is an excerpt from *No Child Left Behind: The Charter School Leaders' Guide*, a handbook produced by Central Michigan University for the schools it has chartered.

NCLB Overview

On January 8, 2002, President Bush signed into law the No Child Left Behind Act (NCLB). The Act emphasizes accountability, choice, and improved academic achievement especially for students from disadvantaged backgrounds. NCLB will require sweeping transformations at the State, district, and school level over the next twelve years. Highlights of the law's requirements include:

- A single statewide accountability system based on federal specifications;
- Annual assessments in reading and mathematics in grades 3-8 and once in high school by 2005/2006;
- Specific Adequate Yearly Progress (AYP) targets for all local school districts and schools to ensure all students reach 100% proficiency in reading and math within 12 years;
- New penalties for districts and schools that fail to meet AYP targets;
- Ensuring all teachers and paraprofessionals are "highly qualified";
- Annual Report Cards and increased choice for parents;
- Use of instructional methods, curriculum, and professional development that is based in scientific research; and
- New flexibility in the use of local funds.

NCLB Applicability to Charter Schools

NCLB clearly asserts that each State is responsible for developing a single statewide accountability system, challenging academic standards, and a method for measuring the Annual Yearly Progress (AYP) of schools which sets the same high academic standards for all public elementary school and secondary school students in the State. The Revised School Code (RSC) clearly states that a public school academy (PSA) is both a public school and a school district as defined by the state constitution. Therefore, PSAs are subject to the provisions found in NCLB that pertain to both schools and local educational agencies (LEAs). The federal NCLB Act further states, **"the accountability provisions under this Act shall be overseen for charter schools in accordance with State charter school law (Section 1111(b)(2)(K))."**

Since the RSC states, that "an authorizing body has the responsibility to oversee a public school academy's compliance with the contract and all applicable law" it is the responsibility of the Central Michigan University Charter Schools Office to ensure that the PSAs it authorizes clearly understand and implement the provisions found in NCLB. The language in the box to the right comes from a Congressional Report written during the drafting of NCLB which clearly articulates the roles of charter schools and authorizers under NCLB.

Congressional Report Language

"Charter schools are public schools and therefore subject to the same accountability requirements of this Act as they apply to other public schools, including Sections 1111 and 1116, as developed in each state. However, there is no intent to replace or duplicate the role of authorized chartering agencies, as established under each state's charter school law, in overseeing the Act's accountability requirements for the charter schools that they authorize. Authorized chartering agencies should be held accountable for carrying out their oversight responsibilities as determined by each state through its charter school law and other applicable state laws. This should be done in ways that do not inhibit or discourage the approval of oversight of innovative, high quality charter schools."



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Adequate Yearly Progress

(Title I, Part A, Sec. 1111, Subsection (b))

Under NCLB, each State is responsible for demonstrating its students are making sufficient progress towards reaching proficiency in core academic subjects—specifically reading/language arts and mathematics. NCLB includes the following requirements for defining and measuring Adequate Yearly Progress (AYP):

The State must define AYP in a manner that applies the same high standards of academic achievement to all public elementary school and secondary school students in the State, results in continuous and substantial academic improvement for all students, and primarily uses academic assessments to measure the progress of public elementary schools, secondary schools, LEAs and the State.

Michigan's AYP Definition

In November 2002, the Michigan State Board of Education voted to define a school as having made AYP if its achievement levels are above the target goal for a given year, or if its populations below the target goal demonstrate progress through the "safe harbor" provision. The "safe harbor" provision requires that the percent of students who are not proficient be decreased by 10% each year.

Each state must establish a timeline for AYP that ensures no later than 12 years after the end of the 2001/2002 school year all students will meet or exceed the state's definition of proficient on the State's academic assessments in reading/language arts and mathematics. The details of Michigan's plan to implement the provisions of AYP have to be approved by the US Department of Education (USDE). The following chart provides the timeline the Michigan Department of Education (MDE)

will ask the USDE to approve to reach proficiency in reading and math within 12 years. Proficiency in Michigan will be defined as receiving a score of either meets or exceeds standards on the Michigan Educational Assessment Program (MEAP).

Year	Reading/English/Language Arts % Proficient			Mathematics % Proficient		
	Elementary	Middle School	High School	Elementary	Middle School	High School
2002/2003	38%	31%	42%	47%	31%	33%
2003/2004	38%	31%	42%	47%	31%	33%
2004/2005	48%	43%	52%	56%	43%	44%
2005/2006	48%	43%	52%	56%	43%	44%
2006/2007	48%	43%	52%	56%	43%	44%
2007/2008	59%	54%	61%	65%	54%	55%
2008/2009	59%	54%	61%	65%	54%	55%
2009/2010	59%	54%	61%	65%	54%	55%
2010/2011	69%	66%	71%	74%	66%	67%
2011/2012	79%	77%	81%	82%	77%	78%
2012/2013	90%	89%	90%	91%	89%	89%
2013/2014	100%	100%	100%	100%	100%	100%



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Using data for the 2001/2002 school year, each State must establish a starting point for measuring the percentage of students meeting or exceeding the State's proficient level of academic achievement on the State assessments. The starting point at a minimum must be based on the higher of the percentage of students at the proficient level who are in the State's lowest achieving group of students or the school at the twentieth (20) percentile in the State, based on enrollment, among all schools ranked by the percentage of students at the proficient level. Baselines must be set separately for reading and math and can be set separately for each grade span of elementary, middle, and high school.

Proficiency Baselines for Michigan <i>(Requires Federal Approval)</i>		
Grade Level	Reading/English/Language Arts	Math
Elementary	38%	47%
Middle School	31%	31%
High School	42%	33%

AYP must be based primarily on student achievement; however, states must use an additional indicator at the elementary/middle school level and the high school level. At the high school level they must use graduation rates and at the elementary level the state may choose the additional indicator referenced in the box below.

Michigan's Additional Academic Indicators
<i>Elementary: Attendance Rates (Requires Federal Approval)</i>
<i>Middle School: Attendance Rates (Requires Federal Approval)</i>
<i>High School: Graduation Rates</i>

A school must test 95% of its students, including subgroups, to be considered to have met AYP.

- AYP goals must be met, achievement data collected and disaggregated, and progress tracked for students in the following subgroups:
 - Economically disadvantaged students;
 - Students from major racial and ethnic groups;
 - Students with disabilities and;
 - Students with limited English proficiency.

Under NCLB, the disaggregation of student data is not required if the number of students in a category is insufficient to yield statistically reliable information or if the results would reveal personally identifiable information about an individual student. See Michigan Department of Education standards in the box to the right.

Minimum # of Students for Calculating AYP

Thirty (30) was the number recently approved by the Michigan State Board of Education as the number of students necessary to yield statistically reliable data and to ensure student confidentiality. AYP will not be calculated for subgroups of less than 30 students.



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Michigan's Status

The MDOE released guidance on January 16, 2003, which provides the annual AYP targets for reading/language arts and mathematics by grade level and detailed information on the formula the State will use to determine if a school has made AYP. The MDOE plans to issue AYP reports for 2001/2002 based on the new formula in late March or early April. The reports will identify the schools that must implement the new Title I requirements for school choice and supplemental educational services.

Adequate Yearly Progress Questions to Consider...

How do the scores of your PSA in math and reading compare to Michigan's baseline for measuring AYP?

What are the identifiable subgroups in your school that have a population greater than thirty?

Do the math and reading scores of your school's subgroups fall within the parameters of AYP?

How will you ensure that all of your students are improving their scores in the areas of reading and math?



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Safe Harbor Provision

Under the “safe-harbor” provision, if a school or one of its subgroups does not meet AYP the school will still be considered to have met AYP if the percentage of students who are not proficient is decreased by 10%, including each of the school’s subgroups, and they make sufficient progress on the other academic indicator. In January 16, 2003, guidance from the MDE, the following formula was provided for calculating “safe harbor.”

Michigan’s Safe Harbor Formula

Sample MEAP 4th Grade Results:

	2002	2003
Level 1	8.2%	11.5%
Level 2	29.1%	32.4%
Level 3	41.2%	37.1%
Level 4	21.5%	19.0%

Step 1. Using the previous year’s MEAP results, add the percentages of students scoring in Levels 3 and 4.

Example: $41.2\% + 21.5\% = 62.7\%$

Step 2. Multiply the results of Step 1 by 10% (.10). This gives the required amount of improvement for the next year.

Example: $62.7\% (.627) \times 10\% (.10) = 6.3\% (.063)$

Step 3. Using the current year’s MEAP results, add the percentages of students scoring in Levels 3 and 4.

Example: $37.1\% + 19.0\% = 56.1\%$

Step 4. Subtract the results of Step 3 from the result of Step 1 to determine the amount of improvement.

Example: $62.7\% - 56.1\% = 6.6\%$

Step 5. Compare the result of Step 4 to the required amount of improvement from Step 2. If the total amount of improvement is greater than or equal to the required improvement, at least 95 percent of the students participated in state assessments, and the attendance or graduation rate is acceptable, the school has made AYP for this subject area or student group.

Example: $6.6\% \geq 6.3\%$

Answer: YES, school has made AYP for this subject area or student group.



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Effectiveness and Transparency Within a Large Agency

Introduction

Chicago's charter authorizer has carved out a distinct role within the nation's third largest school district. In 2003, with a small staff of four, the Charter Schools Office (CSO) of the Chicago Public Schools (CPS) oversees 17 charter schools in the city.

This case study will highlight a few particular features of Chicago's chartering office.

First, although it is part of a large district central office, CSO has not become buried within the bureaucracy but instead has established uncommonly effective working relationships with other departments in the system. Second, the office has been resourceful in working with external organizations to augment its capacity and develop an environment that is supportive for charter schools. Lastly, CPS' performance-contracting model is noteworthy for both its transparency and the range of factors considered in evaluating schools.

Summary Information for the Chicago Public Schools Charter Schools Office

Year charter law passed: 1996

Number of charter schools permitted: 30

Number of charter schools operating in 2003-04: 17
charters, 46 sites (Chicago was under a legislative cap of 15 charters until 2003)

Number of charter applications since 1996:
Approximately 100

Number of charters approved since 1996: 21

Number of charter renewals: 10

Number of charter revocations or non-renewals: 2

Number of charters relinquished before opening: 4

Charter office budget: \$304,000 in FY 2003

Charter office staff: 4 FTE in 2003

Chartering Environment and History

In 1996, Illinois enacted a charter school law permitting the creation of forty-five charters across the state, 15 in each of three specified regions. Chicago was designated as one region. In 2003, after several years of advocacy by charter proponents to lift the regional cap, the law was amended to permit another 15 charters to be issued in Chicago, bringing that region's total allowable charters to 30.

Local school boards are the primary authorizers in the state, though the Illinois State Board of Education may charter schools on appeal. Most of Illinois' charter schools are in Chicago. The Chicago Public Schools is the authorizer of Chicago's charter schools, which operate independently from the school district as stand-alone, non-profit entities.

Greg Richmond, Director of the Charter Schools Office, views the role of his office as "providing an environment and infrastructure for successful charter schools." To that end, CSO's activities focus on (1) approving quality school concepts and plans in the application process; (2) being appropriately supportive of operating schools; (3) fulfilling the oversight responsibility of the district; and (4) faithfully executing the charter renewal decision-making process.

In contrast to many school districts across the nation, the Chicago Public Schools has welcomed charter schools since the state's charter legislation was passed, considering them an important element of the district's school improvement efforts. Shortly after the law's passage, CPS—assisted by Leadership for Quality Education (LQE), a local education reform group backed by Chicago's senior business community—broadly issued a Request for Proposals and co-sponsored two citywide

conferences to provide information about the charter opportunity and guidance to charter applicants. CPS saw chartering as an opportunity to address specific district needs like better high schools. Therefore, the district explicitly encouraged charter school founders to create new high schools.

By 2001, CPS had awarded all 15 charters initially available for Chicago. Most of the schools have been founded by veteran public school educators or community-based organizations, and one multi-site school contracts with two education management organizations to manage its sites. The district leadership recognizes the high demand for new educational options in the city, the success of many existing charter schools, and the capacity of more education leaders and community organizations, given the charter opportunity, to help meet the high demand for new schools. Accordingly, for several consecutive years, CPS worked with other school reform advocates in Illinois to lobby the state legislature to lift Chicago's statutory charter cap.

CPS' legislative efforts were unsuccessful for several years, primarily due to organized opposition from the teachers union. In 2003, charter advocates worked with the union to forge a compromise bill that both sides could accept, if not embrace. The amended charter law brings some new regulation with the 15 new charters for the city. For the first time, 50% of the teaching staff of new charter schools must hold Illinois teaching certification, and operating charters must reach certification of 75% of their staffs within three years. Previously, all teachers had needed to be certified or have other qualifications, but there had been no minimum certification percentage required. The law also now prohibits the establishment of new multiple-campus charter schools and places a two-year moratorium on for-profit management of new schools.

Funding and Facilities Aid

By law, Illinois' charter schools receive funding equivalent to that of their local district schools, excluding facilities funding. Chicago's charter schools currently receive an annual per-pupil funding allotment of \$5,325.37 and roughly \$700 per student eligible for free and reduced-price lunch. For many services ranging from special education to food programs, charter schools may contract with the Chicago Public Schools at no expense or may choose to contract with other providers. Schools receive up to \$50,000 reimbursement per special education professional, each of whom CPS must approve.

CPS has been notably proactive in helping charter schools with capital costs, working to bridge the gap in the state's per-pupil revenue formula for charters. In its first year of chartering schools (before any charters opened), CPS provided \$2 million in district funds to capitalize a revolving loan fund specifically to help charter schools with start-up and capital needs. Since its inception, the fund has been externally managed by the Illinois Facilities Fund, a nonprofit community development financial institution. Almost all of Chicago's charter schools have received critical assistance from this loan fund.

Several other CPS efforts have helped charter schools clear the substantial financial hurdles to charter school facility access. CPS and Leadership for Quality Education advocated for the creation of a state-sponsored Charter School Revolving Loan Program to further aid school start-up and capital costs. The legislature approved this program in 1999, and it now permits charter schools to borrow up to \$250 per student at a low interest rate for a variety of start-up and capital needs. Additionally, in 2003, CPS provided a multi-million dollar guarantee to cover debt service payments for a charter school's new school construction bonds in the event of default. The district may offer this type of aid to more charter schools in the future.

Demographics and Performance

Demographics

The statutory cap on Chicago's charter schools has not masked their growing popularity. During the 2002-03 school year, the total enrollment in Chicago's charter schools was 9,000. Although this represents less than 2% of Chicago's 435,000 public school students, the annual average enrollment increase from 1997 to 2002 was 1,508 students. Two-thirds of all

Chicago's first 15 charter schools have increased enrollment by more than the other 585 non-charter CPS public schools combined.

public school enrollment growth in Chicago has occurred in charter schools, and Chicago's first 15 charter schools have increased enrollment by more than the other 585 non-charter CPS public schools combined. In addition, demand for charters is notably high, with over 5,000 students reported on waiting lists during the 2001-02 school year.

The students in Chicago's charter schools generally reflect the demographics of the city. Ninety-eight percent of Chicago charter school students represent ethnic minorities (Black or Latino); 81% are eligible for free or reduced-price lunch; and nine percent are eligible for special education.

Accountability and Academic Performance

CPS reviews charter school performance primarily on the basis of quantifiable student outcomes, such as results on the same standardized assessments that other Chicago public schools must administer (the Iowa Test of Basic Skills and the Illinois Standards Achievement Test), attendance rates, and graduation rates. However, CPS' Charter Schools Office has devoted much time and attention to developing

a multidimensional Accountability Agreement and evaluation plan for its highly differentiated portfolio of charter schools.

Two aspects of CPS' evaluation of charter school performance are especially noteworthy. First, CPS considers students' academic growth, measured by "value-added" assessment. Second, schools may (but are not required to) develop "Unique Standards and Assessments"—their own valid, reliable measures for important aspects of their missions that are not readily quantifiable or captured by standardized tests. Charter schools in Chicago have taken this opportunity to develop measures to show achievement in areas such as social and character development, narrative writing, and public speaking. Schools wishing to develop such measures have worked closely with CSO to ensure the clarity of their standards and the validity and reliability of their corresponding assessments.¹ These kinds of performance measures augment information provided by students' absolute performance on standardized tests.

Performance in Chicago's charter schools is positive and promising overall. CPS applies a High, Middle, and Low rating system to a wide range of charter school performance measures, including those noted above. In 2001-02 (the most recent year for which data are available), charter schools received a "High" or "Middle" rating on 87% of those measures.² (An excerpt from CPS' Charter School Accountability Agreement, which sets forth the full list of measures considered, is included in the Appendix to this case study.)

CPS also compares charter school performance on these measures to the weighted average of the performance of the neighborhood schools

In 2001-02, charter schools achieved higher performance levels than their CPS comparison school averages on 71% of those measures.

that the charter students would otherwise have attended by assignment. Because many charter schools draw students from throughout the city, a “comparison school average” may include dozens of schools. In 2001-02, charter schools achieved higher performance levels than their CPS comparison school averages on 71% of those measures. Eleven of the 13 charter schools examined in the report performed better than their comparison school average on more than half of the indicators.³

Agency Structure, Staffing and Capacity

Within the Chicago Public Schools central office, the Charter Schools Office reports to one of several Deputy Chiefs of Education. Charged with day-to-day oversight and management of the charter school program, CSO is the agent of the Chicago Board of Education, which makes the ultimate decisions on charter approval and renewal.

CSO is small and relies heavily on creative use of both internal (other CPS) and external resources to expand its capacity. The office has grown to four full-time staff: a Director, a Director of Accountability, a Business Manager, and an Administrative Assistant. CSO created the position of Director of Accountability in 2002 to maintain closer contact with schools, partly in anticipation of the new accountability demands placed on charter schools by the passage of the federal No Child Left Behind Act. The Director of Accountability helps to ensure that schools are meeting their academic performance expectations and complying with local, state and federal requirements. To this end, she is responsible for coordinating biannual site visits and monitoring each school’s overall academic performance.

CSO contracts for external assistance with various aspects of its work, particularly the evaluation of charter proposals. In addition, schools pay for independent fiscal audits, and CSO provides guidance as to what the audits must address. CSO also leverages resources within CPS to develop an infrastructure for charter schools and their oversight, collaborating with other CPS departments on everything

from legal services to the provision of professional development. CSO Director Greg Richmond explains:

I have free, constant access to the entire spectrum of professional skills and knowledge needed to run urban schools: food service, transportation, law, student discipline, homeless assistance, special education, accountability, etc. If I were an independent authorizer, I would need to retain and pay for this expertise myself. While overall this is a great asset, I have to work with [other CPS departments] to help them understand how to relate to charter schools. Sometimes this is easy; sometimes this is very difficult.

Finally, the office augments its capacity by regular communication and collaboration with external organizations—particularly Leadership for Quality Education and its Charter School Resource Center—and, by extension, key members of Chicago’s business and civic community. Thus, Mr. Richmond feels the office has enough staff to oversee the current number of charters in Chicago.

Creating Agency Autonomy Within a District

Working within a large city bureaucracy like CPS can be a double-edged sword. The agency has a deep well of established resources from which to draw. Yet these resources are accompanied by an established—sometimes rigid and entrenched—structure not suited for overseeing performance contracts with independently operated schools. Without change and the development of new systems, the regulatory command-and-control reflexes of a school district—particularly one as large as Chicago—would stifle the innovations in governance and instruction intended by the charter concept. In some cases, chartering schools within a district or state agency can be a hollow exercise, characterized by scarce human and fiscal resources and little latitude to be creative. However, Chicago’s Charter Schools Office has largely avoided or neutralized these potential problems.

The effectiveness of the CSO can be attributed to a combination of factors. Foremost among these are (1) the district leadership's support of the charter initiative and for the Charter Schools Office; (2) sufficient resources and freedom for the CSO to chart, develop and carry out its work effectively; and (3) appointment of a director for the office who is a strong advocate and defender of charter-school principles, has strong vision for the role of the chartering office, and is resourceful in planning and executing new public education roles.

The office director's resourcefulness includes skillful navigation of the district bureaucracy on behalf of charter schools, as well as liberal and strategic use of external partners to augment the office's limited capacity.

The office director's resourcefulness includes skillful navigation of the district bureaucracy on behalf of charter schools, as well as liberal and strategic use of external partners to augment the office's limited capacity. Several observers noted that "Greg [Richmond] does a lot of work behind the scenes" to advocate effectively within CPS for charter school needs and an appropriate, results-focused role for CPS as their oversight agency. The CSO director's ability to negotiate and manage the district bureaucracy has been instrumental in ensuring adequate resources for Chicago's charter schools, as well as in protecting them from unnecessary requirements and regulation. This combination of vision and political savvy has enabled this small office to be successful in a large bureaucracy.

Balancing the autonomy granted to charter schools with the requirements of public accountability is a constant challenge for most authorizers, including Chicago's charter office. Mr. Richmond confirms that he has worked to protect charter school freedoms and minimize reporting requirements from his office. One charter school leader expressed appreciation

for Mr. Richmond's approach to oversight, noting, "He has the right idea about charters and has tried to have [us] do only what is absolutely necessary."

The Chartering Process

The Charter Application Review

Chicago's chartering process begins with a thorough review of charter applications. To guide applicants in developing proposals that meet CPS' high standards for charters, the Charter Schools Office has created a detailed Application Format based on the requirements of Illinois' charter law. CSO uses its experience as well as ideas and lessons from other authorizers to refine its review process each year.

CPS has a tight timeline for reviewing charter applications, driven by the state's requirement that authorizers either grant or deny a charter within 75 days of a proposal's submission. In any year when CPS has charters available, it has an October deadline for submitting proposals, so that the Board of Education can issue decisions by the end of December and still allow schools at least eight months to prepare for opening.

The Charter Schools Office convenes a "Comprehensive Evaluation Team" of four to six individuals from the district and broader community to review each proposal. The review includes an expert evaluation of each applicant group's governance and management plans and capacity (including both financial and facilities planning) conducted by the Illinois Facilities Fund, a community development financial institution that provides financing to nonprofit agencies and administers a loan fund for charter schools. Interviews with each applicant group and public hearings take place in November and December. The Evaluation Team makes recommendations to the Board of Education which makes its decisions in late December. Schools granted a charter may open the following fall or take an additional year for preparations, if they wish. Given the tight, state-directed timeline for decisionmaking, CSO resists the "back and forth" of conditional

charter approvals. As a result, one charter school leader likened the application process to “survival of the fittest.”

The Performance Contract

After receiving a charter, the school’s founders enter into a performance contract with the Chicago Public Schools. This 37-page contract is uniform for every charter school, stating general roles and responsibilities of the school and authorizer and including an Accountability Agreement that sets forth specific performance, financial, and compliance indicators or “categories” on which each school will be judged. (An excerpt of Chicago’s Charter School Accountability Agreement is included at the end of this case study.)

Each school has discretion to incorporate approved “**Unique Standards and Assessments**” into its Accountability Agreement. These are in addition to the standard contract provisions and must be valid, reliable measures of achievement tied to aspects of the school’s mission not captured by traditional standardized tests. Schools may develop unique standards and assessments either before or after opening.

School improvement plans for any number of charter or non-charter public schools contain such indicators. What distinguishes the Chicago charter school accountability system is that **it clarifies specific expectations by indicator, year, and associated consequences**. The authorizer sets performance standards for each performance category and reports against those standards in annual Charter School Performance Reports. The reports rate schools’ performance on each indicator as “High” (clearly satisfactory); “Middle” (neither clearly satisfactory nor clearly unsatisfactory); or “Low” (clearly unsatisfactory). Chicago establishes clear definitions of success and holds schools accountable to those expectations.

Renewal Decisionmaking

Charter renewal materials published by Chicago’s CSO make it clear that “charter schools must earn the privilege to educate (their students)...and only schools that meet the needs of students will be renewed.” CSO director Richmond describes renewal decision-making as a three-step process: Steps A and B involve review of the school’s performance in all the areas set forth in its Accountability Agreement and as described in the school’s written application for renewal. Step C considers performance measures and factors unique to

Charter schools must earn the privilege to educate (their students) ... and only schools that meet the needs of students will be renewed.

each school and allows schools to “tell their (own) story.” Outcomes are paramount; if the school is not able to provide strong evidence that students are learning, then the burden of proof is on the school to make the case as to why its charter should be renewed.

The process takes a few months, beginning in December of each school’s fifth year of operation, when the school submits to CSO a written application for renewal. In January, the office reviews renewal applications and other relevant data, visits each school, interviews school leaders, and holds a public hearing to allow community comment on pending renewal decisions. In February, CSO recommends renewal or non-renewal for each school to the Board of Education, and the Board makes its decisions shortly thereafter.

Closures and Conditional Renewals

Of the seven schools originally chartered in 1997, five remain open. Of the two that closed, one closed voluntarily at the end of its second year of operation. The second closure was based on a non-renewal decision. The school underwent its fifth-year review in 2002 and was not renewed because it did not meet CPS’

standards for educational performance and improvement. In that same year, another school, the Academy of Communications and Technology (ACT), received a conditional renewal for two years, requiring improvements within two years in order to earn a full five-year renewal.

An authorizer's interest in objectivity can sometimes clash with a school's interest in personal attention. Although feedback on the renewal process from schools interviewed for this case study (all of which had been renewed) was generally positive, some complained that CSO did not have a strong presence inside the schools. They reported that CSO was readily available by phone and generally very helpful, but that much of the evaluation was based on "paper reviews." By contrast, the authorizer thought CSO representatives had a strong presence in the schools.

This difference in perceptions illustrates an important tension present in CSO's evaluation strategy. CSO focuses on collecting and analyzing objective data, which may lessen the need for extensive in-school reviews and may reduce reliance on school characteristics that are less easily measured, generally making for judicious and publicly defensible school evaluations. However, it may also limit a broader understanding of a school's circumstances that can inform the authorizer's judgment. Such broader understanding may be particularly useful in borderline cases like the ACT Charter School renewal decision.

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ACT: A School on the Bubble

The Academy of Communications and Technology was, as described by Mr. Richmond, "on the bubble" when the time came for its renewal decision. In the school's first three years, its performance did not meet the expectations set forth in its Accountability Agreement. For example, ACT's percentage of students performing at or above the national norm on the Iowa Test of Basic Skills reading assessment had declined over three years, from 23.8% in 1998 to 16.8% in 2000.

However, ACT demonstrated improvement in reading in its fourth year and was able to explain persuasively why that improvement could be expected to continue. In 2001 the school improved its percentage of students reading at national norms from 16.8% to 21.2% and explained that this was due to the school's shift in 2000 toward dedicated reading classes grouped by ability. Providing the school the opportunity to tell its own story convinced the authorizer to grant ACT a two-year renewal to determine whether the improvement would continue during that time.

In 2003, the school is in the middle of its conditional renewal. ACT's case illustrates at least two points:

1. Authorizers should view their accountability contracts as binding, but they should also acknowledge that a degree of subjective judgment—considering important factors that the contract itself may not reflect—may appropriately play some role in high-stakes decisionmaking; and
2. Schools should be proactive about collecting and analyzing their data so that they are prepared to tell their own story and provide useful perspective for judging their performance.

Conclusion

Chicago provides an example of an authorizer that has found a way to garner the political and professional support it needs to carry out chartering responsibilities effectively, even within the nation's third largest school district. The one big "curve ball" now, notes Mr. Richmond, comes with the changes to the district and federal accountability landscape as a result of the No Child Left Behind Act (NCLB). He believes that Chicago's charter accountability system, being focused on defined, objective measures of student performance, fits the philosophy of NCLB very well. At the same time, he recognizes the tensions between the federally mandated requirements and performance contracting with highly diverse schools. Although it is too early to know how NCLB will ultimately affect charter schools in Chicago, Mr. Richmond is hopeful that it will enable the district to hold the schools accountable under the terms of their charters without becoming overly prescriptive.

Endnotes

1. A publication, *Measuring Up: How Chicago's Charter School Make Their Missions Count*, by Margaret Lin, explains how several charter schools developed these unique standards and assessments, creating valid and reliable quantitative measures for qualitative learning goals. The publication can be ordered from Leadership for Quality Education at <http://www.lqe.org>.
2. Chicago Public Schools 2001-02 Charter Schools Performance Report (February 2003). This report covers the performance of 13 charter schools operating 17 campuses during the 2001-2002 school year. The two schools not included in the report are (1) a school that was closed at the end of 2002 when its charter was not renewed, and (2) a school that serves only former dropouts and is monitored separately by the Charter Schools Office.
3. *Ibid.*

CHICAGO PUBLIC SCHOOLS CASE STUDY APPENDIX

AUTHORIZER RESOURCE

Excerpt from the Chicago Charter School Accountability Agreement

The Charter Schools Office annually reviews charter schools in three primary areas:

1. **Absolute Student Performance** (including annual gains on standardized assessments and performance on approved school-developed assessments);
2. **Relative Student Performance** (comparing charter school performance to that of district-run schools that each charter school's students would otherwise be assigned to attend); and
3. **Operational Performance** (Financial Management and Compliance).

Below are the indicators reviewed for each of these areas, as set forth in the Chicago Public Schools' Accountability Agreement with each charter school.

I. Student Performance

Absolute Performance

Indicator	High	Middle	Low
ITBS and TAP: Reading Percent at or above national norms	More than 50%	25% - 50%	Less than 25%
ITBS and TAP: Math: Percent at or above national norms	More than 50%	25% - 50%	Less than 25%
ITBS and TAP: Reading Average growth above prior year	1.0 years or more	0.9 years	0.8 or fewer years
ITBS and TAP: Math: Average growth above prior year	1.0 years or more	0.9 years	0.8 or fewer years
ISAT: Percent Meet and Exceed State Standards	Top 25% of city's public schools	Middle 50% of city's public schools	Lowest 25% of city's public schools
ISAT: Percent Meet and Exceed State Standards – change from prior year	At least 2.0% increase	+/- 1.99%	At least 2.0% decrease
Prairie State Achievement Exam: (11th grade students only): Percent of students with a satisfactory composite score	Top 25% of city's public schools	Middle 50% of city's public schools	Lowest 25% of city's public schools
Attendance Rate: (evaluated by type of school—elementary or high school)	Top 25% of city's public schools	Middle 50% of city's public schools	Lowest 25% of city's public schools
Graduation Rate: (high schools only)	Top 25% of city's public schools	Middle 50% of city's public schools	Lowest 50% of city's public schools
Transfer Out Rate (evaluated by type of school—elementary or high school)	Top 25% of city's public schools	Middle 50% of city's public schools	Lowest 25% of city's public schools
Unique Standards and Assessments:* Percent of students who meet standard at levels to be determined by the Charter School and Board	To be determined for each Indicator	To be determined for each Indicator	To be determined for each Indicator

*Optional, developed by schools that wish to be formally evaluated on the attainment of goals not captured in standardized assessments. With CPS' support and assistance, schools have used this option to develop measures for aspects of learning such as character and social development, narrative writing, and public speaking. Schools must demonstrate the validity and reliability of these measures in order to have them approved for incorporation in a school's Accountability Agreement.

Relative Performance

The relative performance of the Charter School shall be determined by comparing the Charter School's performance relative to a weighted, aggregate average of the performance of the schools within whose attendance boundaries the Charter School students reside, referred to as the "comparison schools score" or "comparison schools performance."

Indicator	High	Middle	Low
ITBS and TAP: Reading Percent at or above national norms relative to comparison schools score	At least 3.0% higher	+/- 2.99%	At least 3.0% lower
ITBS and TAP: Math: Percent at or above national norms relative to comparison schools score	At least 3.0% higher	+/- 2.99%	At least 3.0% lower
ITBS and TAP: Reading Average growth above prior year relative to comparison schools score	+0.1 years or higher	No difference	-0.1 years or lower
ITBS and TAP: Math: Average growth above prior year relative to comparison schools score	+ 0.1 years or higher	No difference	-0.1 years or lower
ISAT: Percent Meet and Exceed State Standards relative to comparison schools score	At least 3.0% higher	+/- 2.99%	At least 3.0% lower
Prairie State Achievement Exam Percent of students with a satisfactory composite score (only for schools with and 11th grade) relative to comparison schools score	At least 3.0% higher	+/- 2.99%	At least 3.0% lower
Attendance Rate relative to comparison schools performance	At least 2.0% higher	+/- 1.99%	At least 2.0% lower
Graduation Rate relative to comparison schools performance	At least 5.0% higher	+/- 4.99%	At least 5.0% lower

While Attendance Rate data will be collected, classified and reported annually, Low performance on this indicator alone and no others shall not be grounds for non-renewal or revocation. However, the Board may use Low performance on this measure as the basis for further inquiries about any Charter School practices which may be the cause of the Low performance. The Charter School shall cooperate with all reasonable inquiries by the Board in this regard.

II. Operational Performance (Financial Management and Compliance)

The following Financial Management and Compliance Indicators will be included and evaluated in each Performance Report:

Indicator	High	Middle	Low
Balanced Budget: 1) Prior-year balanced budget successfully implemented, 2) Realistic current-year balanced budget plan	Both budgets balanced	Current-year budget balanced. Prior-year budget not balanced.	Current-year budget not balanced
Financial Practices: financial statements audit, internal controls, pension payments, payroll taxes, insurance coverage, loan payments and terms	All in good standing and no findings	Any Minor finding or non-payment with realistic plan to make payment; non-compliance with loan terms.	Any repeated finding; any Major finding; any Non-payment without realistic plan to make payment: non-compliance with loan terms.
Health and Safety	No findings	Any Minor finding(s)	Any repeated finding; any Major finding
Contractual Compliance	No findings	Any Minor finding(s)	Any repeated finding; any Major finding

The Board shall use budget and cash flow statements submitted pursuant to Section 6.b of the Agreement, along with any other relevant information, to determine if the Charter School has a realistic current year balanced budget plan. The Board shall use the financial statements presented in the Charter School's annual financial audit, required under Section 6.l of the Agreement, along with any other relevant information, to determine if the Charter School maintained a balanced budget during the prior-year.

The following items, required by Sec. 6.l. of the Agreement, shall be evaluated and presented as part of the Financial Practices Indicator:

- a) The Charter School's audit report opinion on the school's financial statements; and
- b) The Charter School's audit report on compliance and internal control over financial reporting based on an audit of the financial statements performed in accordance with Government Auditing Standards; and
- c) The status of the Charter School's payments for pensions, payroll taxes, insurance coverage, and debt service payments.

The following items shall be tested and reported upon annually by the Charter School's independent auditor and evaluated and presented as part of the Health and Safety Indicator:

- d) Criminal background investigations (05 ILCS 5/34-18.5)
- e) Administration of Medication (105 ILCS 5/10-22.21b),
- f) Hazardous materials training (105 ILCS 5/10-20.17a)
- g) Fire Drill Act (105 ILCS 120),
- h) Tornado Protection Program (105 ILCS 5/10-20.23),
- i) Abused and Neglected Child Reporting Act (325 ILCS 5/1 et. seq.),
- j) Eye Protection Act (105 ILCS 115/1),

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- k) Toxic Art Supplies in Schools Act (105 ILCS 135/5)
 - l) Infectious Disease Policies and Rules (105 ILCS 5/10-21.11)

The following items shall be tested and reported upon annually by the Charter School's independent auditor and evaluated and presented as part of the Contractual Obligations Indicator:

- a) Open Meetings Act (5 ILCS 120/1.01 et. seq.),
- b) Student Records Act (105 ILCS 10),
- c) Conformance with the following sections of the Charter School Agreement:
 - i) Section 4i, the school's governance structure,
 - ii) Section 6k, ongoing presence of management and financial controls,
 - iii) Section 4c, an open enrollment process and lottery,
 - iv) Section 5c, maintenance of Corporate Status and Good Standing.

When determining how to classify a Financial Management and Compliance Indicator, the Board may consider information from various sources, including, but not limited to, audits, site visits, and information provided by parents or employees. An audit finding shall be considered Minor unless the Board determines a finding is Major. If the Board believes an audit finding may be Major, it shall obtain an opinion from a qualified, third-party professional regarding the importance of the finding. The Board shall also ask the Charter School to respond to the finding.

In general, a finding will be considered Major if it indicates a deliberate act of wrongdoing, reckless conduct or causes a loss of confidence in the abilities or integrity of the school or seriously jeopardizes the continued operation of the school. Classification of a finding as Major shall be the sole discretion of the Board.

Bringing Charter Schools into the “District Family”

Introduction

The road for charter schools in California has historically been bumpy. The vast majority of the state’s authorizers, local school districts, have traditionally shown weak or ambivalent acceptance of charters. The path of least resistance is often the familiar, reflexively regulatory one, which does not produce oversight systems well-suited to the charter school model or concept. However, the Los Angeles Unified School District (LAUSD) is one of several school district authorizers that have made a concerted effort to develop constructive approaches to chartering in support of the district’s educational needs. LAUSD is developing new practices suited to overseeing charters and addressing their unique circumstances.

LAUSD’s approach to authorizing underwent a marked shift in 2002, when the school board adopted a Charter Schools Policy articulating a purposeful place for charter schools in the district’s education improvement efforts. This Policy makes providing technical assistance to charter school applicants and operators, helping to build school leadership capacities, and fostering an environment conducive to charter success explicit goals of LAUSD’s Charter School Development Office. This case study focuses on the philosophy and vision that LAUSD is pursuing through its Charter Schools Policy and highlights the district’s implementation of this Policy in major aspects of its authorizing practices.

Chartering Environment and History

The State Landscape

California’s charter school law was enacted in 1993 and has been revised numerous times since then. Local school boards are the primary authorizers in the state, but county boards of education and the State Board of Education may authorize schools on appeal or under other special circumstances.¹ As of 2003, no more than 750 charter schools may operate in California, a limit that increases by 100 charters statewide each year.

The vast majority of California’s charter schools have been authorized by local school boards. In the fall of 2002, 396 of 427 charter schools operating in the state had been granted charters by 182 local districts. Of the remaining 31

Summary Information for the Los Angeles Unified School District

Number of charter schools permitted: 750 statewide in 2003-04, increasing by 100 statewide per year

Year charter law passed: 1993

Number of charter schools operating in 2003-04: 49

Number of charter applications since 1993: 121

Number of charters approved since 1993: 81

Number of charter renewals: 16

Number of charter revocations and nonrenewals: 1

Number of charters relinquished after opening: 17

Number of charters relinquished before opening: 1

Charter office budget: \$849,917

Charter office staff: 4.5 FTE, not including untracked time that other LAUSD departments spend working with charters

schools, 26 were chartered by 18 county education offices, and five charters were granted by the State Board of Education.² California’s charter school sector continues to expand rapidly; over one-third of the state’s charter schools have opened within the last two years.³

Amendments to California’s charter law passed in 2002 brought some new restrictions to authorizing. For example, previously a local school board could charter a school anywhere in the state, and some boards did. With a few exceptions, the revised law now prohibits local boards from authorizing charters outside the district’s boundaries. Any school chartered before this legislative change that had not been approved by an authorizer in its district or county of operation must obtain a charter from an appropriate entity by July 2005.⁴

With more than 200 entities engaged in granting charters, chartering policies and procedures in California are predictably varied. Some authorizers are “extremely supportive and effective,” despite having few resources to devote to charter oversight, while others are “extremely inept and hostile to charter schools,” according to statewide respondents in one recent study.⁵ The Los Angeles Unified School District is developing and demonstrating leadership in the former category.

“Independent” versus “Affiliated” Charter Schools

An important characteristic of California’s charter school landscape is the distinction between schools that operate as a non profit public benefit corporation—called “independent” charters in LAUSD parlance—and ones that, similar to traditional public schools, are governed by the district board—called “affiliated” charters by LAUSD. A school developer must elect either independent or affiliated status when applying for a charter from LAUSD.

Independent charters receive the fullest autonomy and flexibility permitted by the law but less organizational support from the district. This package includes employment that is not subject to local collective bargaining units, but very limited facilities or other infrastructure support from the district. Independent charters may choose to receive their funding either through the district or directly from the state.

By contrast, affiliated charters are “semi-autonomous conversion charter schools that are funded and function similarly to traditional district schools.”⁶ In LAUSD, affiliated charters adhere to district policy except for specific areas described in their charters, such as philosophy, curriculum, pedagogy, personnel, or governance. Affiliated charters purchase services from the district, hire LAUSD teachers, and

Table 1. “Independent” vs. “Affiliated” Charter Schools in Los Angeles Unified School District

Independent	Affiliated
Fullest autonomy and flexibility permitted by law	Limited autonomy and flexibility
Free of local teachers union	Bound by local teachers union collective bargaining agreement
May choose to receive funding through district or from state	Funded through district
No free district facilities	Free district facilities
Governed by independent board of directors	Governed by LAUSD school board (school governance councils permitted)

participate in program and professional development offered by the district. Teachers and staff in affiliated charters continue to be employees of the district and members of its collective bargaining units. Affiliated charters do have more site-based freedom over budgeting and educational programming than non-charter schools in LAUSD. They receive free district facilities and are funded through the district. Table 1, above, summarizes some of the key differences between independent and affiliated charter schools in Los Angeles.

Of the 49 charter schools operating in LAUSD in the 2003-04 school year, 41 have elected independent status, while eight have chosen to be affiliated. A significant number of charter schools in the district are conversions from schools previously operated by LAUSD. In 2003, 15 charter schools—eight affiliated and seven independent—were conversions, while 34 charters, all independent, were “new-starts.” As of fall 2003, LAUSD has granted 13 new charters—11 independent and two affiliated—to open in the fall of 2004.

Academic Performance

A recent study conducted by LAUSD’s Program Evaluation and Research Branch compared the performance of Los Angeles charter schools to that of district-operated schools, on the basis of SAT-9 (Stanford Achievement Test, 9th Edition)

data on matched student NCE (Normal Curve Equivalent) gains and the percentage of schools meeting the state’s Academic Performance Index (API) growth targets. This study found that district-wide, 87% of elementary schools met the Academic Performance Index (API) growth targets set by the state, compared to 79% of charter schools and 90% of demographically similar schools operated by the district.

The same study further divided Los Angeles charter schools into two comparison groups: “continuing” charters (those maintaining their charter status) and “non-continuing” charters (conversion charters voluntarily returning to their former district-school status). This comparison showed marked differences in charter school performance. For example, 92% of continuing charter schools met their API targets compared to 64% of non-continuing charters. Continuing charter schools also outperformed demographically similar district schools with 92% meeting API targets as compared with 84% for similar non-charter schools. Non-continuing charter schools lagged behind comparison district schools considerably. Only 64% met API targets as compared with 96% of comparison schools.⁷

Table 2, below, illustrates comparative gains and losses for Los Angeles elementary schools on the SAT-9.⁸ The cohort of schools “continuing” their status as charters made the greatest gains in each subject.

Table 2. Comparisons of LAUSD Elementary Charter and Similar Schools, Based on SAT-9 Matched Student NCE Gains and API Growth (2001-2002)

Subject	Performance of all comparison schools ⁹	Performance of all charter schools	Performance of “continuing” charter schools	Performance of “non-continuing” charter schools
Reading	0.5	-0.7	+0.3	-1.8
Math	+2.6	+1.3	+2.8	-0.4
Language	+1.8	+0.8	+2.5	-1.1

"Part of the District Family"

Vision and Mission

In 2002, the LAUSD school board adopted a Charter Schools Policy articulating a vision of the positive role it expects charter schools to play in the district. The policy emphasizes one of the stated purposes of California's charter law—to stimulate improvement in all public schools. This policy was developed by LAUSD's charter office staff in collaboration with Los Angeles' veteran charter school operators. Notably, the director of the charter office at the time, who spearheaded the creation of the Policy, had herself previously been a founding principal of a charter school.

LAUSD's Charter Schools Policy is crafted around the vision and mission at right.

Building a "Community of Practice"

A noteworthy goal of LAUSD's Charter Schools Policy is to support the development of a "Community of Practice Network" of charter school operators, that would serve as a vehicle for activities such as the following:

- sharing information and resources, and mentoring new charter developers
- informing district policy toward charter schools
- developing partnerships between and among schools in the network as well as with external organizations, such as universities
- joint fundraising
- developing new formal assessments useful for charter schools, as well as a peer-based accountability system

- inviting more research on school campuses
- sharing successful practices with the larger education community.¹¹

Accordingly, LAUSD's Charter School Development Office (CSDO) works to foster collaboration between new schools and experienced ones that will build capacities and encourage replication of effective practices.

In addition to promoting networking and collaboration among charter schools, LAUSD is cultivating communications between charter schools and the broader education community.

Policy for Charter Schools in the Los Angeles Unified School District

(excerpt)

Vision

Charter schools represent the opportunity to examine practices and develop structures that can help solve the many challenges facing schools in the Los Angeles Unified School District and the greater educational community.

Mission

The Los Angeles Unified School District views charter schools as part of the District's family and as an asset from which we can learn. Therefore, the Los Angeles Unified School District will encourage and nurture the development and continuation of charter schools that are accountable for improved student learning and that can:

- Provide possible solutions to urban school challenges through practices that help:
 - Ease the shortage of school facilities and seat space
 - Narrow the achievement gap among students of various backgrounds
 - Increase responsible parent and student involvement in learning
 - Improve teacher quality and performance evaluation systems
- Provide data to help identify and evaluate issues that affect quality educational programs and student learning and achievement
- Serve as laboratories to test, demonstrate and disseminate ideas that can promote better educational practices
- Provide an additional educational option for parents

The Los Angeles Unified School District is interested in fostering a collaborative relationship among charter and non-charter schools to promote learning through active participation and meaningful articulation of ideas.¹⁰

LAUSD believes that public dissemination of both accomplishments and failures are critical for school accountability. Thus, the district is interested in encouraging dissemination of lessons from charter schooling as both a vehicle for accountability and a way to improve education throughout the district.

To promote collaboration and learning between charter and non-charter public schools, LAUSD's Charter School Development Office envisions sponsoring regular conferences, symposia and site visits bringing together both types of schools to share and replicate effective practices in areas of common interest such as curriculum, instruction, accountability, smaller learning communities, school redesign, and budgeting. The first such symposium took place in 2003, and CSDO hopes to organize similar gatherings twice a year going forward. These events will recognize and publicize successful charter school programs and innovations.

Opportunities for collaboration between charter and non-charter public schools should increase as the "charter branch" of the LAUSD family grows—and growth of this branch is an explicit district goal. LAUSD hopes to grant 15-20 charters per year in order to help serve expected district population growth of 20,000 to 40,000 students between 2002 and 2007.¹² In particular, the district views new charter schools as one vehicle for accommodating projected growth in high school enrollment.

Opportunities for collaboration between charter and non-charter public schools should increase as the "charter branch" of the LAUSD family grows—and growth of this branch is an explicit district goal.

Agency Structure, Staffing and Capacity

The LAUSD office with primary responsibility for charter school oversight was, until recently, called the Charter Schools Unit and was part of the district's Instructional Services division. In 2003, this office was restructured and renamed the Charter School Development Office (CSDO) and is now under the direct oversight of an Assistant Superintendent. This reorganization recognizes the Office's increasing responsibilities as the number of charter schools in the district grows.

The CSDO will require major new resources in order to keep pace with the district's expectations for charter school growth. As of fall 2003, LAUSD's Charter School Development Office is staffed by two coordinators, a senior financial analyst, an administrative secretary, and a half-time office clerk. The office director position will be filled in the fall of 2003. In the future, CSDO's staff could expand to 13 positions, including the director, four coordinators, four content specialists, one fiscal manager, one financial analyst, a senior secretary, and an office assistant.

In addition to the Charter School Development Office, several other divisions and departments of LAUSD have charter school-related responsibilities. The Superintendent's Charter Schools Advisory Committee is composed of 15 staff from different district departments, such as Instructional Services, Government Relations, Business Services, Human Resources, Special Education, Title I, and Law. Members of this committee review near-final charter petition drafts, identify potential problems, and make recommendations to applicants to ensure that proposals meet legal requirements. The Charter Review Committee, a subgroup of the Charter Schools Advisory Committee, consists of representatives of LAUSD's Budget, Special Education, Integration, and Legal departments, along with CSDO staff. The Charter Review Committee makes final recommendations to the Board for approval or denial of charters.

The Policy in Practice

In executing its Charter Schools Policy, LAUSD has worked to create an oversight system tailored to the purposes and needs of charter schools. The district's new approach to charter oversight began to take effect in 2002 and focuses on proactively developing school leadership capacity and creating a hospitable environment for charter operation. These goals inform the district's entire authorizing process from pre-application through renewal. This section describes how LAUSD implements its Charter Schools Policy for major authorizing responsibilities, from pre-application and school start-up to the renewal decision stage.

Pre-Application and Start-Up

LAUSD's Charter School Development Office recognizes the crucial importance of the pre-application through start-up phases for charter schools. For new school developers, CSDO sponsors monthly orientation meetings to provide up-front guidance on the district's expectations for quality proposals and to facilitate early collaboration among charter school founders—discussing vision, developing their school-founding teams, and designing their instructional programs. In addition, CSDO encourages developers to seek help from charter school technical assistance providers in California. This early collective attention to purpose, planning and content contrasts notably with the rule- and compliance-based focus that commonly characterizes relationships between charter schools and authorizers.

The district intends to provide active support to charter developers during the application-drafting stage. The Charter Schools Policy articulates this intent:

Charter Office and District staff members are available for consultation with charter petitioners throughout the development process. The staff in the Charter Office is committed to providing as much ongoing support and information to developers as possible, in order to maximize the likelihood to succeed and the sustainability of the charter school over the years.¹³

CSDO staff meet with all applicant groups and provide them with practical resources including the rubric that will be used to evaluate and score proposals, as well as samples of successful charter petitions. CSDO staff also provide feedback on successive charter petition drafts, allowing applicants to address deficiencies.

Once a developer has a near-final charter draft, CSDO staff circulate it to the Superintendent's Charter Schools Advisory Committee composed of LAUSD staff from several departments. This committee provides the developers with additional pre-submission feedback. The Charter Schools Policy describes this group as "advisory and not intended to limit in any way the innovations charter petitioners may propose." However, a subgroup of this committee, the Charter Review Committee, makes final recommendations to the Board for approval or denial of charters. Thus, applicants have the opportunity to receive guidance from CSDO and the Charter Schools Advisory Committee at numerous points before submitting a final proposal.

In the 2002-03 school year, 26 of 44 charter petitions were granted by LAUSD's Board of Education, following the recommendations of the Charter Schools Advisory Committee.

A development team that takes full advantage of this guidance and counsel from the district has a high likelihood of being granted a charter on formal application to the Board. In the 2002-03 school year, 26 of 44 charter petitions were granted by LAUSD's Board of Education, following the recommendations of the Charter Schools Advisory Committee.

LAUSD's assistance to charter developers continues beyond the initial application stage. Recognizing that many charter founders have strong pedagogical backgrounds but lack experience in finance, facilities, and other

aspects of running an organization as complex as a public school, LAUSD cultivates partnerships with external agencies and community supports to help build the capacities of school developers in these areas. For example, as a result of the district's facilitation, staff from Los Angeles County's Budget Services Office help

Representatives from the City's Department of Building and Safety attend the monthly orientation meetings for charter developers and have created for this audience a step-by-step guide to facilities procurement and regulations.

charter schools establish accounting systems. Representatives from the City's Department of Building and Safety attend the monthly orientation meetings for charter developers and have created for this audience a step-by-step guide to facilities procurement and regulations. Similarly, the Mayor's Office has appointed two staff to assist with facilities issues for charter schools, and they too participate in the charter developers' orientation meetings.

Ongoing Oversight

LAUSD has recognized a need to strengthen its contact with and understanding of the schools it oversees once they are in operation. Therefore, the Charter Schools Development Office is developing a system for reviewing schools comprehensively through annual site visits. In the past, schools received only occasional informal visits from district staff and comprehensive reviews only at renewal decision time. The new "visitation system" contemplated would assess annually each school's fulfillment of each element of California's charter law, as well as its legal compliance, faithfulness to its charter, and a range of student data. These visits would be conducted by a "friendly evaluation team" consisting of CSDO staff and representatives from other LAUSD divisions.

This evaluation team would visit each school annually for up to three days, provide immediate feedback, and offer recommendations to help schools in need of improvement. This oversight system would be more likely to identify potential problems early, and offer the district a richer understanding of each school's accomplishments and progress from year to year. LAUSD still needs to identify the resources required for CSDO to implement this plan.

Another example of LAUSD's attempt to create a supportive environment for charter schools is its effort to minimize administrative burdens where possible. In California, as in many states, these burdens are heavy and potentially crushing for individual charter schools. LAUSD has worked to reduce state reporting burdens by, for example, simplifying the charter school financial reporting format and reducing the reporting frequency from quarterly to annual. Thus, LAUSD is making a proactive effort to improve its oversight practices while minimizing the regulatory burdens on charter schools.

Renewal Decisionmaking

LAUSD's capacity-building approach to charter school oversight extends as well to its renewal decisionmaking process. Instead of staging a high-stakes school assessment at the end of each school's five-year charter term, the district sponsors an extensive review by an independent evaluator during the spring of the *fourth* year of each school's operation. The timing of this review is designed to enable schools to receive the results early enough to address them in their fifth year renewal petitions.

Formerly, LAUSD hired an external consulting firm to carry out the evaluations, but beginning in the 2002-2003 school year, the evaluations have been conducted by LAUSD's Program Evaluation and Research Branch (PERB), an independent analysis unit of the district. CSDO staff may suggest criteria for this high-stakes evaluation but do not participate in conducting the review.

For the review, PERB staff spend 10-15 days visiting each school and carrying out interviews, observations, surveys, and in-depth analysis of student achievement data. Findings from this

review are reported in the fall of each school's fifth year, providing schools with information to use or address in their renewal petitions due at the end of January. The evaluation report may vary from 30 to 100 pages in length.

Development of the renewal proposal parallels development of an initial petition to receive a charter. Proposals include the independent analysis of each school, a one-page summary of the school's accomplishments, and supporting documents such as the school's charter. As in the initial application review process, the Charter School Development Office reviews and provides initial feedback on draft renewal applications. After receiving CSDO feedback, schools may revise the proposal and submit it for further comment from the Superintendent's Charter Schools Advisory Committee. Thus, schools receive input from both CSDO and the Advisory Committee before submitting their final renewal proposals.

The Advisory Committee reviews final petitions and makes recommendations to the Board, which makes renewal decisions by the end of March. The renewal review considers factors such as achievement of target growth percentages on state assessments for all subgroups of the school, audits for prior years, "marketplace" indicators such as stability of student enrollment and length or existence of waiting lists, and

each school's overall record of performance and progress. In the areas of governance, fiscal policy and practice, and educational programming, CSDO and the Charter Schools Advisory Committee use the same four-point rubric they use in judging initial charter applications. (A copy of this rubric is included in the Appendix to this case.)

Conclusion

The Los Angeles Unified School District is developing a model for chartering and school oversight that supports the charter concept and facilitates a constructive, collaborative place for charter schools to operate in the larger education system. LAUSD views charters as an opportunity to identify, showcase and learn from effective educational practices. Accordingly, the Charter School Development Office is committed to working with the schools it oversees to promote learning and sharing among charter schools and the broader education community. As Los Angeles' charter school community continues to grow and mature, CSDO staff hope that the vision of the district's Charter Schools Policy will come fully to life, building and sustaining a supportive infrastructure for charters and productive collaborations among all schools in the district.

Endnotes

1. A charter applicant may seek approval from a county board of education if (1) the students to be served would normally receive direct education and related services from the county office of education, (2) the petition has been previously denied by a local school board in the county, or (3) the charter would provide county-wide services that cannot be provided by a district-approved charter school. Similarly, petitioners may apply to the State Board of Education for a charter if the petition has been denied by a local school board and a county board of education, or if the charter school would provide services of a statewide benefit that cannot be met through a district-approved or county-approved charter. California Education Code §47605(a)(6), (b) and (j); §46705.6; and §47605.8.
2. Palmer, L.B. and Gau, R., *Charter School Authorizing: Are States Making the Grade?*, Thomas B. Fordham Institute (2003), Palmer, p. 30.
3. Smith, N., *Catching the Wave: Lessons from California's Charter Schools*, Progressive Policy Institute (2003), p. 1.
4. Palmer & Gau, p. 30.
5. *Ibid.*, p. 30.
6. *Policy for Charter Schools in the Los Angeles Unified School District (June 25, 2002)*, p. 3, available at <http://www.lausd.k12.ca.us/lausd/offices/charter/>.
7. White, J. and Cantrell, S., "Comparison of Charter and Similar Schools Using Matched NCE Gains and API Growth from 2001 to 2002," Los Angeles Unified School District: Planning, Assessment, and Research Division Publication No. 15 (January 2003).
8. The comparisons considered only elementary schools, due to an insufficient number of secondary charters for drawing comparisons.
9. The study selected comparison schools by applying the 2001 School Characteristics Index (SCI), a composite measure of a school's background characteristics. Comparison schools were chosen by selecting the five schools ranked above and below an individual charter school on this index (White & Cantrell, 2003).
10. *Ibid.*, p. 2.
11. *Ibid.*, p. 20.
12. *Ibid.*, p. 13.
13. *LAUSD Policy for Charter Schools*, p. 11.

LOS ANGELES UNIFIED SCHOOL DISTRICT CASE STUDY APPENDIX

Authorizer Resource: Charter Evaluation Rubrics

The Los Angeles Unified School District Charter School Development Office developed and uses the following rubrics to evaluate the soundness of each charter school's educational program governance, and financial system. The district's Charter Review Committee uses these rubrics in evaluating initial charter petitions as well as renewal proposals. Charter developers also receive these rubrics for use in guiding and refining their proposals. In addition to these rubrics, the district uses and recommends to school developers a more extensive rubric created by California's Charter Schools Development Center that tracks a proposal's alignment with all the elements of the state charter law.

1. Educational Soundness

The Los Angeles Unified School District uses the following rubric as a tool in determining the overall soundness of the educational program described in a charter petition or renewal application:

4	3	2	1
The vision, mission and goals of the educational program are clearly articulated, well-aligned, coherent and cohesive; the petition elaborates in depth on all the requirements and integrates research and philosophical concepts with curriculum design and pedagogy, embedding grade-level State or National Standards, and assessment methods. The educational program represents an innovative pedagogy or solution to a stated problem.	The educational program is clearly articulated, coherent and cohesive with the stated vision and mission of the school. It comprehensively addresses all the required elements. It is consistent with students' special needs and encompasses State or National Standards, as well as appropriate and required assessment methods.	The educational program is partially articulated; it addresses most elements, and contains most, but not all requirements. The explanation it provides is shallow and not sufficiently comprehensive.	The educational program is unclear and minimally described. It does not address all the required elements and it is not consistent with the vision and mission of the school. The petition contains numerous grammatical and editorial errors.

2. Governance and Finance

Charter developers that are likely to succeed demonstrate the commitment, enthusiasm and the capacity to carry out the goals and procedures they describe in their charter, either through their personal qualifications and experiences or those of the people they select to implement their charter. In addition, they demonstrate capacity in the description of the following elements in their proposal: 1) a strong governance structure and internal accountability system, and 2) a sound financial plan.

The Los Angeles Unified School District designed the following rubric as a tool that can be used by both school developers and Charter Review Committee members in assessing the soundness of a school's governance and financial systems:

4	3	2	1
The school has an internal accountability structure that is self-sustainable. The roles and responsibilities for the governance of the school support and enhance student learning and achievement. The proposal has a first- year start-up, and a 3-year financial and cash-flow plan, which clearly demonstrate the financial sustainability of the school over the years.	The governance structure clearly defines the decision-making process and describes roles and responsibilities for the governance of the school. The proposal has a first-year start-up, and a 3-year financial and cash-flow plan, according to generally accepted accounting principles.	The decision-making structure is not clearly described and roles and responsibilities are only partially defined. The financial plan is only partially developed according to generally accepted accounting principles. Cash flow and revenue and expenses do not reflect the ability to financially sustain the school.	No governance structure is described. The financial plan is not developed according to generally accepted accounting principles and does not reflect the ability to financially sustain the school.

The Charter Renewal Process: Test Case for a Model Accountability System

Introduction

The Commonwealth of Massachusetts' Charter School Office (CSO) has gained significant attention for its accountability system since its establishment in 1994. Researchers have consistently lauded the approach the Commonwealth has taken to overseeing its charter schools, and its oversight and accountability system for charter schools has served as a model for many authorizers across the country.¹

In 2002, the Massachusetts authorizer faced its first legal challenge after deciding not to renew a charter due largely to the school's poor academic performance. Key aspects of the state's renewal policy were open to scrutiny: What were the material terms of the school's

charter? What did the policies state? What data were collected to make the case?

An administrative judge ultimately upheld the Board of Education's decision, but at a high cost in legal fees and staff time to defend the decision. From this contentious challenge, the authorizer learned many lessons that may be valuable for others. This case explores some of those lessons as well as the history, growth and overall approach of this pioneer chartering agency.

Chartering Environment and History

The Commonwealth of Massachusetts enacted its charter school law in 1993. Initially permitting 25 charters statewide, the law vested chartering authority in the Commonwealth's Secretary of Education, who presided over the opening of fourteen charter schools in August 1995.

In 1996 the law transferred chartering authority from the Secretary of Education to the Massachusetts Board of Education, shifting the responsibilities of the state Charter School Office from the Governor's Executive Office of Education to the Department of Education. Since 1997, the law has provided for two types of charter schools—"Commonwealth" and "Horace Mann" charters (explained further below). In addition, the statewide charter cap has twice been raised, now allowing up to 72 Commonwealth charters and up to 48 Horace Mann charters, for a total of 120 statewide.

Charter schools in Massachusetts have maintained a controlled but steady growth. As of the 2002-03 school year, there are 46 charter schools in Massachusetts, serving approximately 17,000 students. This represents approximately 2% of the public school enrollment statewide, with nearly 13,000 additional students on waiting lists. Of the 46 schools, 39 are

Summary Information for Schools Chartered by the Massachusetts Board of Education

Year charter law passed: 1993

Number of charter schools currently permitted by law: 120 (72 Commonwealth and 48 Horace Mann)

Number of charter schools operating in 2002-03: 46 (39 Commonwealth and 7 Horace Mann)

Number of charter applications since 1993: 269

Number of charters approved since 1993: 57

Number of charter renewals: 24 (as of Nov. 2002)

Number of charter revocations or non-renewals: 2

Number of charters relinquished after opening: 2

Number of charters relinquished before opening: 3

Charter office budget: Approximately \$850,000 to \$900,000 for FY 2003

Charter office staff: 9 FTE in 2003; contract out for fiscal reviews and some site visits

Commonwealth charters and 7 are Horace Mann charters.

While the growth of charter schools in Massachusetts has been steady, much of this growth has occurred within schools' enrollments, not in the number of new charters. Growth has been limited primarily by an insufficient supply of applications that have met the Commonwealth's charter application criteria and standards. In addition, legislated limits on charter school development in individual districts have put the brakes on charters in several communities.²

Both Commonwealth and Horace Mann charters operate under five-year charters with the state Board of Education, but they differ in some key respects. Commonwealth charters require only the approval of the state Board of Education, while a Horace Mann charter must be approved by the local school committee (equivalent to a local school board) of the district where it would be located and the local collective bargaining agent, in addition to the state Board of Education. Once chartered, Horace Mann schools also have less autonomy than their Commonwealth counterparts in areas ranging from personnel to funding, but their closer relationship with host districts is intended to decrease animosity and foster collaboration.

Moving the Charter School Office to the state Department of Education had both symbolic and practical impact. To some, moving the office to the heart of the state education agency rather than a smaller policy office of a Republican governor in a largely Democratic state signaled a shift toward the mainstream. Those within the Charter School Office have generally regarded its location within the Department as positive because it gives them entrée to state-level policy conversations, an opportunity to "remind others [in the Department] of the uniqueness of charter schools," and direct access to additional support within the state agency.

Demographics and Academic Performance³

Consistent with national trends, Massachusetts' charter schools are:

- mostly urban—65% were serving urban communities in 2001
- smaller than non-charter public schools
- serving a substantially higher percentage of low-income and minority students than non-charter public schools—34% of charter students in 2001 were low-income (as defined by eligibility for free and reduced-price lunch) compared to the state average of 25%, and 45% of charter students that year were nonwhite, compared to the state average of 23%
- serving a lower percentage of identified special-education students than the state average—In 2001, approximately 9% of Massachusetts charter students were identified with special education needs, compared with the state average of 17%.

The academic performance of Massachusetts' charter schools has generally been strong. The state's 2002 MCAS scores indicate that many charter school students performed in the top two performance categories—"Proficient" and "Advanced." At least 70 percent of 10th graders scored Advanced or Proficient at seven of the state's 17 charter high schools. In addition, many charter schools from elementary to high school showed substantial gains.⁴ Nevertheless, there are several charter schools that have performed well below their district averages.

Agency Structure, Staffing and Capacity

For 2003, the Massachusetts Charter School Office has nine staff, as illustrated in the chart below. The Director for School Development oversees the charter application process and the first year of each school's operation; the Director of Research and Finance coordinates

funds, the Individuals with Disabilities Education Act, an interagency agreement with another state agency, federal charter school funds, and general administrative funds from the Massachusetts Department of Education.

There has been significant turnover in the office's leadership. The associate commissioner's position has been held by eight different people between 1994 and 2001. Kristin McIntosh has held the position in an acting capacity since the fall of 2001. This turnover at the top has been particularly challenging in light of office staffing that remains lean despite steady growth in the number of charters. Ms. McIntosh notes, however, that while there is always more to do, the office has a highly skilled staff that has delivered consistently effective service through the leadership transitions.

Massachusetts Charter School Office Organizational Chart (2003)

Associate Commissioner for Charter Schools

Director of Charter Schools

CHARTER SCHOOL OFFICE
(4 Directors, 1 Assistant Director,
1 Project Coordinator, 1 Office Manager)

SCHOOL DEVELOPMENT

RESEARCH & FINANCE

ACCOUNTABILITY
(Director and Assistant Dir.)

FEDERAL PROGRAMS

charter school payments and research; the Director of Accountability manages school site visits and renewal decisionmaking; and the Director of Federal Programs helps schools navigate requirements regarding special education, Title I and other federal programs. The Director of Charter Schools holds a supervisory position between the four focus-area directors and the Associate Commissioner for Charter Schools.

The Charter School Office has an overall annual budget of approximately \$850,000-900,000. This funding comes from various sources: Title I and other No Child Left Behind

Seeking Excellence and Continual Improvement

The Massachusetts Charter School Office has articulated a clear mission to ensure that the state's charter schools are exemplary—both academically and organizationally—and to continue to serve as a national model for charter school development and accountability. In pursuit of this mission, the CSO staff consider their primary role and responsibility to be oversight, including providing needed regulatory guidance. Accordingly, they look to other entities outside the agency—such as the Massachusetts Charter School Association and the Massachusetts Charter School Resource Center—to address the schools' technical assistance needs. This is a considered approach driven by agency philosophy—the CSO avoids providing technical assistance to schools out of

The CSO avoids providing technical assistance to schools out of concern that this would compromise a school's independence as well as the agency's own ability to hold the school accountable through objective evaluation.

concern that this would compromise a school's independence as well as the agency's own ability to hold the school accountable through objective evaluation.

Application Refinement. Through its years of experience, the Charter School Office has continually strengthened its authorizing practices in ways that might be instructive for others. For example, the Office has recently revamped its charter application process to increase focus on the schools' founding boards of trustees rather than just on school principals or directors. In earlier years, the application review often paid more attention to the individual founders of schools than to their governing boards. However, experience has taught the CSO that the ongoing success of charter schools often hinges on the strength of their boards, thus leading to the new emphasis on this aspect of a proposal.

The agency has also taken steps to help build a quality supply of charter applicants and founders throughout the state by co-hosting, with the Massachusetts Charter School Resource Center, a conference to encourage community-based organizations to start charter schools.

Oversight & Renewal Refinement. Over time the CSO has refined its site visit process, particularly its multi-day renewal inspections taking place in each school's fourth or fifth year. These highly structured visits, modeled on the British school inspectorate system and conducted by an external evaluation firm, are designed to verify and augment each school's overall record of performance and are more extensive than the one-day site visits carried out by the CSO in earlier years.

The experience of renewal decisionmaking has provided important lessons and insights for the Charter School Office. Massachusetts' third round of charter renewal decisions pushed the CSO to test the tenets of its accountability system, as well as grapple with the process of *not* renewing—and therefore closing—a school. The non-renewal of the Lynn Community Charter School, described below, was particularly illuminating in this regard.

Massachusetts' approach to chartering has from the beginning centered on schools' academic potential and performance, and the state's charter accountability system is based on evidence regarding: (1) the success of the school's academic program, (2) the viability of the school as an organization, and (3) the faithfulness of the school to the terms of its charter.

School accountability begins with a stringent charter application review process and, once schools are operating, encompasses a mix of comparative and individual school data, drawn from school self-studies, customized accountability plans, financial reviews, and regular site visits and inspections. These culminate in a comprehensive renewal decisionmaking process that can begin as early as the third year or as late as the beginning of the fifth year of a school's five-year charter. As part of that process, each school must affirmatively apply for renewal, following a format established by the Charter Schools Office. (A copy of CSO renewal application is attached to this case as Appendix A.)

In their renewal applications, schools must present detailed evidence pertaining to the three core performance issues: academic program effectiveness, organizational viability, and faithfulness to the charter. Schools must also address a forward-looking question:

"If the school's charter is renewed, what are its plans for the five years of the next charter?"

Testing the Principle of Academic Accountability

National experience shows that the principle of academic accountability has proven difficult for authorizers to enforce. Approximately 90% of charter schools nationwide that have closed have done so primarily—or officially—due to financial or compliance problems rather than poor academic performance.⁵ This is because malfeasance or compliance violations are usually more objectively evident and less open to differing interpretations than academic performance.

With two years of renewal decisionmaking under its belt, Massachusetts put its accountability principles to a tough test in February 2002 when the Board of Education, citing organizational and academic flaws, voted 7-2 not to renew the charter of the Lynn Community Charter School (LCCS). This was not the first charter school to face closure in the Commonwealth; three other schools had shut their doors prior to 2002. However, those schools had either lost or relinquished their charters primarily due to financial or other operational problems. In addition, the LCCS case was unique because, unlike the other closures in Massachusetts and the vast majority of charter closures nationally, this non-renewal decision was based largely on the school's academic performance, a factor that is often less clearcut—and thus more vulnerable to dispute—than the determination of whether funds are adequate for continued operation or were previously mismanaged.

The Evidence

At the time of the the renewal decision, LCCS was in its fifth year of operation. To that point, the school had submitted an accountability plan, three financial audits, three annual reports and a lengthy renewal application. Additionally, it had undergone a three-and-a-half day renewal inspection in November of that year, and two full-day site visits in previous years. After reviewing all information related to the state's three core accountability questions, the Charter School Office's evaluation answered each question in the negative:

- ***Is the academic program a success?***

No. Performance on the Massachusetts Comprehensive Assessment System (MCAS) was “disappointing”—it was consistently below state averages at the 4th and 8th grade levels. Uneven, and generally declining, performance patterns were echoed in LCCS' California Achievement Test scores from 1997-2001. There was no valid internal assessment system, and student performance in the Lynn Public Schools generally exceeded that of the Lynn Community Charter School—even after taking demographic factors into account.

- ***Is the organization viable?*** No. The school's tenuous organizational viability underscored and exacerbated its academic weaknesses. Fewer than half of the school's governing board seats were filled, and more than half of the faculty had left in 2002. One LCCS board member noted that LCCS was

One LCCS board member noted that LCCS was “bereft of systems and structures,” which resulted in “collisions around mission and vision.”

“bereft of systems and structures,” which resulted in “collisions around mission and vision.”⁶ The Charter School Office determined that “[t]he school is financially stable, but there have been ongoing issues regarding a lack of common vision and purpose. While significant past problems and tensions among the leadership have been for the most part resolved, there is still a question on whether there is capacity to make the necessary changes needed to accomplish the goals of the school.”⁷

- ***Is the school faithful to the terms of its charter?***

No. The Charter School Office concluded that LCCS “has made some steps toward becoming the school it envisioned. The school, however, has fallen short of many of its goals in its original charter and defined in its accountability plan. Some of the original plans, such as a co-counseling component, were dropped as lessons were learned along the way. Other aspects have been put on hold . . . There is room for adjusting a vision based on experience, but the school has not shown a consistent push toward fulfilling the commitment made in its original charter.”⁸

Nor did the school's professed plans to improve persuade its authorizer to renew its charter. Plans alone could not overcome the failure to earn affirmative answers to all three framing accountability questions.

The LCCS Challenge

LCCS challenged the decision of the Board of Education on several grounds. First, the school contended that it was being treated as a “test case” for “getting tough on charter schools” and that the faculty was generally surprised at how the decisionmaking process unfolded. One respondent that worked with LCCS reported:

We felt like we were a test case—that [the authorizer] was trying to make a political statement by closing us down. To that point, only schools that were in severe financial trouble had been shut down and we knew we weren’t in that category. There are tons of things in legislation that are never acted upon . . . I guess we weren’t sure what would be emphasized. For example, we didn’t realize how much weight the renewal inspection visit would have and we didn’t realize the importance of [the shortcomings of] our board. We knew our board was a problem, but our teachers were working hard to create an exciting learning environment, and we trusted that this would be apparent.

Second, LCCS argued that the criteria for renewal were unclear and not acted upon consistently—that is, that other schools received similar or more severe comments on their site visit reports and yet received renewal. A consultant working with LCCS stated:

We knew there were problems, but the site visit reports leading up to the renewal inspection were fairly balanced . . . They indicated, ‘You’re doing well here; could improve there,’ but there was no signal whatsoever that the problems cited were egregious enough to warrant the [loss] of our charter.

Third, LCCS representatives argued that the school was on the mend—it had made a leadership change, had plans to strengthen its board, and was improving its academic program by contracting with Expeditionary Learning Outward Bound, a well-regarded comprehensive school design organization. School officials

questioned why they did not receive more time to respond or some form of probation, so they could address the concerns raised.

The Massachusetts Board of Education held an adjudicatory hearing for which the Department of Education produced more than 25,000 pages of documents (including a reconstruction of e-mail exchanges), and the independent firm that conducted the renewal inspection produced another 25,000 pages of evidence. It is noteworthy that LCCS did not challenge CSO’s data or its substantive conclusions—only the decision-making process.

The school spent more than \$200,000 on legal fees, while the Department of Education spent approximately \$85,000 on legal fees and \$25,000 on fees for an independent hearing officer. These costs do not measure the countless days of staff time that both the school and the state devoted to the adjudication. After reviewing reams of paper and electronic files, a hearing officer agreed that the school should be closed in June of 2002.

Peyser maintained that the Board could not “set aside the record of the school’s first four years,” and noted that charter renewal “is not about plans and promises; it is about results.”

The Decision

James Peyser, the Chair of the Massachusetts Board of Education, emphasized the ultimate importance of outcomes in his public comments. After acknowledging the Board’s respect for the school’s “courage, persistence, and good faith,” he nevertheless maintained that the Board could not “set aside the record of the school’s first four years,” and noted that charter renewal “is not about plans and promises; it is about results.”⁹

Ultimately, the Board of Education did not have confidence in LCCS’ capacity to turn itself around or believe that such intentions could outweigh the school’s lackluster performance

over the term of its charter. In Chairman Peyser's words:

...[T]here is little evidence that the school has been successful in raising student achievement and its governance structure is in disarray... [LCCS] is a school that is in the midst of dramatic and pervasive change, whose outcome is entirely uncertain. The school's curriculum and academic culture are being overhauled. Turnover levels of staff and students have been persistently high. The professional leadership, which has just recently changed hands, lacks a chief executive and has several vacancies in key positions. The board of trustees, which has been rent by disagreements over core elements of the school's mission and values, has been barely half filled for the past school year and has just lost its chairman¹⁰

Chairman Peyser acknowledged the need to be flexible, but still concluded that LCCS did not present a strong enough case to be considered for probationary status, explaining that:

Even though the criteria are clear, there is flexibility built into the renewal process, to ensure that strong schools that get off to a slow start are not unfairly penalized. Charter schools that demonstrate effective leadership and high-quality academic programs, despite the lack of an established track record of student achievement, can and should be renewed—although such renewals may come with conditions. The case before us, however, does not meet even this more forgiving standard.¹¹

Some Massachusetts charter school leaders argued that this controversial non-renewal shouldn't have happened—that either they or the state should have stepped in before it reached such a head, but many observers believe that not renewing LCCS's charter was ultimately “the right call.” The CSO Director of Accountability emphasized that the school knew from Day One that a charter represented a bargain of increased autonomy for increased accountability. From her perspective, “No one was blindsided here.”

Lessons Learned

The Massachusetts Department of Education's Charter School Office has distilled several lessons from the Lynn case that may be useful to other authorizers in overseeing charter schools:

1. *Establish clear terms from the start.* The Charter School Office emphasized the importance of having had a policy in place from the mid-1990's (when the state began chartering) that laid out guidance on the type of performance information to be collected for charter renewal. The former principal of LCCS reinforced this view, stating that **it would have been helpful to have even clearer criteria as to what defined success relative to the state's three guiding questions.**
2. *Set the application bar high.* Massachusetts' charter application process has become more stringent over time, and CSO staff state that it is possible that some current charter holders would not have made it through the current application process. The LCCS case confirmed the CSO's belief that **it is easier to reject an ill-conceived application than to shut down an under-performing school.**
3. *Provide unflinching feedback early on.* The CSO is intent on being more direct in early site visit reports for newly operating schools, instead of being lenient or softpedaling perceived or potential problems. **“Schools need clearer signals in years two and three,”** one CSO representative said. Accordingly, the Charter School Office now makes a concerted effort to make its comments in the second- and third-year site visits more direct. The four Massachusetts charter school leaders interviewed for this study welcome more scrutiny and more visits from the state, both for the good of their own schools and because they know that quality is imperative for the larger success of charter schools as a reform effort. They also generally asserted that schools deserve to have clear notice and time to respond to problems.

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4. *Recognize that transparency and well-documented evidence are both helpful and necessary.* CSO staff underscored the importance of a well-documented record of evidence to support the charter oversight and evaluation process. They pointed out that **strong evidence minimizes the impact of political pressures on renewal decisions.**

The CSO took pride in the fact that while LCCS supporters challenged the Board's decisionmaking process, they did not dispute the actual data analysis or the answers to the three critical accountability questions. Moreover, in maintaining a clear documentary record, authorizers should be aware that in the event of a legal challenge, all relevant notes and e-mails (including those of consultants engaged to conduct site visits or review applications) may be considered part of the public record subject to scrutiny.

- 5) *Be respectful to all parties and maintain open communications.* **"You have to conduct yourself professionally during the process no matter how ugly it may become,"** emphasized one CSO representative. Given the huge investment of school personnel, parents and community members in charter schools, it is only natural that non-renewal or revocation decisions stir up considerable rancor. The closure or threatened closure of a school produces ripples well beyond the school and the authorizer. Therefore, throughout the dispute over the Lynn school's fate, it was important for the CSO to maintain open communication with the media, the affected school districts, the mayors, and the State Board of Education.

- 6) *Be prepared.* **Authorizers should have a closure procedure or protocol in place well before the first renewal decision they must make.** The plan should provide schools with guidance regarding the proper disposition or

transfer of all student and school records, funds, and property in the event that a school must be closed. Such a protocol should guide schools facing closure in developing an appropriate plan to minimize inevitable disruptions. The Massachusetts Charter School Office has developed a brief "Charter School Closure Protocol" for these purposes. (See Appendix B to this case).

In the Lynn case, the CSO made continued public funding to LCCS contingent upon the submission of a satisfactory closure plan. In addition, based on the potential costs of facing a challenge, the CSO recommends that authorizers be prepared to make a significant investment of time and resources to defend their renewal decisions if necessary.

Conclusion

Developing models of school performance contracts or charters that are focused on academic results and accordingly *enforced* is one of the greatest contributions that charter authorizers can make to public education. At the same time, it is one of the greatest challenges confronting authorizers, as the Massachusetts Board of Education and Charter School Office learned in a non-renewal decision that was bitterly contested.

In nearly a decade of chartering schools, the Massachusetts authorizing agency has had to test its commitment to its principles and, through hard-won experience, has learned lessons valuable for all authorizers. The Massachusetts Charter School Office remains a beacon in nationwide efforts to create exemplary school accountability systems, largely because of its longstanding emphasis on academic performance and outcomes. Equally important to its effectiveness is the agency's willingness to reflect critically on its practices, to share learning and to continue to push for excellence in its own work as well as in the schools it oversees.

Endnotes

1. See, e.g., Hassel, B. & M. Batdorff, "High Stakes: A National Study of Life-or-Death Decisions by Charter Authorizers," Smith Richardson Foundation (2003), available at publicimpact.com; Palmer, L. B. & R. Gau, *Charter School Authorizing: Are States Making the Grade?*, Thomas B. Fordham Institute (2003); Finn, C. E., Jr., B. Manno & G. Vanourek, *Charter Schools in Action*, Princeton University Press (2000); Hill, P., R. Lake & M. Celio with C. Campbell, P. Herdman & K. Bulkley, *Charter School Accountability: Final Report*, Office of Educational Research and Improvement, U.S. Department of Education (1999).
2. The state charter law dictates the following limits on charter school development:
 - In any one year, the Board of Education may approve no more than one regional Commonwealth charter school application in a district where overall student performance on the MCAS (Massachusetts Comprehensive Assessment System) is in the top 10% in the preceding year.
 - At least three charters approved in any year must be granted for charter schools located in districts where overall student performance on the MCAS is at or below the statewide average in the preceding year.
 - The Board of Education may not approve a Commonwealth charter in any community with a population of less than 30,000 unless it is a regional charter school.
 - No school district's total tuition payments to Commonwealth charter schools may exceed 9 percent of the district's net school spending.
3. Massachusetts data taken from "The Massachusetts Charter School Initiative: A Report of the Massachusetts Department of Education" (2001), available online at www.doe.mass.edu/charter/reports/2001/01init_rpt.pdf. For national data on charter schools, see "Characteristics of Charter Schools: A Study of Charter Schools. Fourth Year Report," U.S. Department of Education (2000). Available at: <http://www.ed.gov/pubs/charter4thyear/b1.html>.
4. "Charter Schools Make Significant Gains on 2002 MCAS," Massachusetts Department of Education press release, October 4, 2002, available at www.doe.mass.edu/news/news.asp?id=1097. See also *2000-2001 Massachusetts Charter School Profiles*, pp. 5-6, Massachusetts Charter School Resource Center at the Pioneer Institute, www.pioneerinstitute.org, for further analysis.
5. DeSchryver, David, "Charter Closures, Part II," Center for Education Reform (2000); see also Bulkley, Katrina, "Educational Performance and Charter School Authorizers: The Accountability Bind," Education Policy Analysis Archives (October 2001).
6. *Lynn Community Charter School Site Visit Report*, Massachusetts Department of Education, p. 22.
7. *2001 Summary of Review: Lynn Community Charter School*, Massachusetts Department of Education, p. 4.
8. *Ibid.*, p. 6.
9. For Chairman Peyser's full statement, see <http://www.doe.mass.edu/boe/chairman/02/0226.html>
10. *Ibid.*
11. *Ibid.*

MASSACHUSETTS BOARD OF EDUCATION CASE STUDY APPENDIX A

AUTHORIZER RESOURCE: RENEWAL APPLICATION PROCESS

Application for Renewal of Charter	<p>School submits application for renewal of charter to the Department of Education.</p> <p>The application for renewal is submitted to the Department of Education. The deadline for receipt of all materials is 5:00 pm on Thursday, August 1, 2003, for all charter schools that will have completed their fourth year by that time. The application will follow the guidelines set forth in the following pages. Please submit five (5) copies of the report, at least four of which are unbound.</p>
Application Review	<p>Department of Education reviews application</p> <p>The application for renewal will be reviewed and evaluated by the Department of Education using criteria described in the charter school regulations, 603 CMR 1.12. Based on a review of the application, the Commissioner will either allow the school to move forward in the renewal process or, time permitting, ask the school to submit an improved application at a later date, when it may have stronger evidence of performance.</p>
Renewal Inspection	<p>Department of Education conducts 3-4 day on-site evaluation of applicant school.</p> <p>The Commissioner of Education will appoint a review team to conduct a 3-4 day on-site evaluation of the applicant school. The goal of the renewal inspection will be to corroborate and augment the written application through interviews, observation, and a review of materials. The visit team will be governed by the <i>Massachusetts Charter School Renewal Site Visit Inspection Protocol</i>.</p>
Invitation for Written Comment	<p>Invitation for written comment.</p> <p>Interested parties, including superintendents in the district in which a charter school is located, will be given the opportunity to submit written comments to the Department of Education regarding the renewal of a school's charter.</p>
Commissioner's Recommendation	<p>Commissioner makes a recommendation to the Board of Education regarding renewal of charter.</p> <p>Based on a review of the school's application for renewal, the findings of the renewal visit team, and other relevant information, the Commissioner will make a recommendation to the Board of Education regarding the renewal of the school's charter.</p>
Board of Education Votes	<p>Board of Education votes on renewal of charter.</p> <p>The Board of Education will vote to renew or not renew a school's charter.</p>

Application for Renewal of a Public School Charter

Introduction

According to Charter School Regulations (603 CMR 1.00), a school may apply for renewal of its charter anytime from March 1 of its third year of operation to August 1 before its fifth and final year of its charter. The application process culminates with a Board of Education vote regarding renewal. Renewal of a public charter school is based on the affirmative answer to the three questions guiding charter school accountability:

- Is the academic program a success?
- Is the school a viable organization?
- Is the school faithful to the terms of its charter?

A fourth question is added which speaks to the school's plans going forward:

- If the school's charter is renewed, what are its plans for the five years of the next charter?

The application for renewal of a charter should be an articulate, affirmative response, based on credible evidence, to the three questions. It must also offer compelling answers to questions about the school's plans for the future. The application should be a sound, well-supported explanation of why the Board of Education should renew a school's charter. The application should be complete and not require further explanation or clarification by the school. A reviewer should not have to guess at the meaning of particular sections or statements, or make any assumptions about why the evidence presented is an appropriate or compelling answer to a question. Applications should identify weaknesses, as well as strengths, and explain why the weaknesses do not outweigh the school's strengths. In addition, actions that have been taken to address major challenges should be clearly outlined.

In short, the renewal application is a narrative response to the three questions about the school's performance and to questions about the school's future.

Content

Please provide the answers to the following questions:

1. Is the academic program a success?

1A. Has the school made reasonable progress in meeting internally established educational goals during the term of its charter?

Reviewers will look for quantitative evidence that the school has made satisfactory progress in meeting the academic performance objectives in its Accountability Plan.

As much as possible, the school's claim about student performance should be supported by evidence from impartial, independent assessments such as standardized tests, juried assessments, or audited portfolios – that is, assessments that credibly employ the impartial judgment of qualified individuals (or testing companies) outside the school's community. If some of the student performance evidence is based on internal staff evaluations of student performance, the application should address the degree to which staff judgment is confirmed by objective assessment data, documented criteria, and consistently applied methods.

In supporting its response to this question, the data presented should provide the reader with a comprehensive picture of how all of the school's students have performed relative to the school's academic performance objectives and should illustrate the range of performance and the variations in performance among those students. If the school has not fully reached the standard called for by a particular academic performance objective, it should explain clearly why it considers the progress that it has made to be reasonable, and, if appropriate, explain any circumstances that may have prevented the school's full attainment of the objective.

1B. Has student performance significantly improved and/or been persistently strong on internal and external academic assessments?

Reviewers will look for evidence of progress that the school's students have made over time while enrolled in the school. The absolute academic performance of students at one point in time (such as at the time of application for renewal) shows only one picture of student achievement; therefore, the school must present evidence of students' longitudinal progress while at the school. This data should make an argument for why that performance is evidence of significant improvement or persistent strength. Ideally, evidence should aggregate individual student progress over time. If such data are not available or are inconsistent, evidence regarding annual grade level performance should be provided. This question should be answered with as much student academic data available – both from all administered standardized tests, as well as internal data. (Again, if drawing on internal data, if not done before, the school should explain the reliability of these measures.)

If all student assessment data, including both absolute performance and longitudinal progress, is included in the response to Question 1A, the school may simply refer to the previous section.

2. Is the school a viable organization?

2A. Is the school financially solvent and stable?

Reviewers will look for a clear, concise narrative statement providing sufficient evidence that the school has competently and effectively managed its finances, including evidence from the school's budgets as well as findings of independent financial audits. The statement should address any negative findings from independent audits and/or budget deficits in a fiscal year, and how the school responded to either. Any lessons learned or changes made to fiscal management should be explained. A school should not include every profit and loss statement nor audit, but rather a summary of these pieces of evidence.

2B. Is enrollment stable and near capacity?

Reviewers will look for a statement about the history of the school's enrollment during the term of its charter. It should comprehensively document demand and turnover, with a clear explanation of any information regarding reasons for turnover. It should call attention to any significant trends in enrollment (such as increases or decreases in demand, increases or decreases in turnover) and provide evidence which supports the explanation of such trends.

2C. Is the school governance sound and are professional staff competent and able to implement the school's mission?

Reviewers will look for discussion regarding the governance of the school, both on the policy and management level. Evidence should be presented that shows governance has been responsible and effective in providing appropriate oversight and that it has handled organizational challenges competently. There should be specific attention spent on the Board of Trustees and how it has functioned over the term of the charter, including evidence of stability and discussion of turnover. Major Board policies should be discussed, strengths and weaknesses addressed, and any Board development explained. The application should also provide evidence that the school's administration and professional staff have performed capably and have met or made significant progress relative to the performance goals in the school's Accountability Plan. This section should include discussion of teacher and staff evaluation, Board evaluation, staff turnover, leadership changes, etc.

3. Is the school faithful to the terms of its charter?

3A. Have the school's program and operation been consistent with the terms of its charter?

Reviewers will look for progress made in meeting each of the school's measurable performance objectives included in their accountability plan. If the application has already explicitly addressed any of these objectives earlier in the document (e.g. student performance), those sections may be cited. The application should also restate the school's major programmatic elements as described in the charter application and accountability plan, and should indicate the extent to which each has been successfully implemented.

3B. Has the school made efforts to disseminate models for replication and best practices to the public?

Reviewers will look for evidence that the school has defined best practices and made efforts to share them with the wider community according to the requirements of MGL Chapter 71 § 89 (II). (This question, while directed by law toward Commonwealth charter schools, should be answered by Horace Mann charter schools as well.)

3C. Is the school within the bounds of applicable statutory and regulatory requirements?

Reviewers will look for a clear explanation of how the school has complied with state and federal regulations, especially with Special Education and limited English proficient students. Include in your reporting any complaint filed in regard to any of these program areas. Listed below are the program areas and documentation which should be included to support your narrative response.

For Special Education, describe how your program has met the needs of disabled students enrolled in your school. Include information regarding special education staffing, numbers of students receiving special education services, the number of special education students that have left the school and their stated reason for leaving. Documentation should include your approved statement of assurances as well as a summary of any Coordinated Program Review audit that has been performed at your school, and/or any complaints which have been filed against the school with the Department of Education and their findings.

For Limited English Proficiency, describe what steps your school has undertaken to provide support to students who are limited English proficient. Documentation should include summaries of home language survey data and English language assessments conducted by the school (i.e. number of students assessed, number found to be limited English proficient).

3D. What changes have been made to your charter during this term?

Reviewers will look for an explanation on how the founding charter (application and accountability plan) has served the school during its first five years. Discussion should include, based on experience of implementing the program, what have been the strengths and weaknesses, and what changes have been made. Applicants should refer to the many programmatic elements and promises outlined in its original charter application. Briefly explain any amendments approved by the Department or Board of Education or Commissioner according to 603 CMR 1.11.

4. If the school's charter is renewed, what are its plans for the five years of the next charter?

4A. Please attach an accountability plan that defines the school's measurable objectives for its next charter term.

This plan should be written focused on the term of the next charter. The submitted plan should be approved by the school's Board of Trustees but will be considered a draft until approved by the Charter School Office.

4B. Based on the school's first four years of operation, please describe what changes to your charter are foreseen for the coming term.

This section should speak to plans for the future including ways in which the school will modify and augment the program set out in the original charter application. While this is related to Questions 3D, this answer should focus on the term of the next charter rather than looking at the past. This section should discuss possible plans and display a school's ability to think strategically into the next five years. It should be noted, however, that changes that need an official amendment from the Commissioner or the Board of Education would still need to go through the amendment process. *[Note: If the school has not yet reached its maximum enrollment as granted in its original charter, please discuss whether it plans to do so in its next charter, and why or why not. If the school has not implemented all grade levels for which it is chartered, please discuss plans for the coming five years, including projected enrollment.]*

4C. Please explain how the school plans to evaluate and disseminate effective elements of the school's structure or program in the next term of its charter.

4D. What facility or facilities do you plan to use during the term of the next charter? Please submit written documentation that the school remains in compliance with all building, health, safety, and insurance requirements, as described in 603 CMR 1.05 (2), and that all related inspections and approvals are current.

Please attach the results of any independent review of the school (studies, surveys, evaluations) that may shed light on the school's performance during the term of its charter. (This does not include any Department issued reports.)

Please attach the signed Public Charter School Certification statement included in the following pages. Horace Mann Charter Schools must include the signed statement showing a vote of approval by both the school committee and local collective bargaining agent.

Format

- The application should not exceed 25 pages, excluding the revised accountability plan.
- Attachments should not exceed 25 pages, excluding the revised accountability plan.
- The application and attachments should use standard margins and be clearly paginated.
- Any attachment should be explicitly referred to in the text of the application and directly relevant to that part of the text.
- Applications must include a signed certification statement to be accepted.
- Horace Mann Charter School renewal applications must include a signed statement of approval by the school committee and local collective bargaining agent to be accepted.
- The application should be free of jargon, undefined terms, and unexplained references.
- Application should be easily read and grammatically correct.
- Tables, graphs, and other data in the application must be clearly presented, clearly explained, and directly relevant to the text.
- Application should not include any photographs, pictures, or newsclips unless they are directly relevant to the text.

General Instructions

The deadline for receipt of all materials is 5:00 PM on August, 1, 2003, for all charter schools that will have completed their fourth year by that time. A charter school may apply for renewal anytime after March 1 of its third school year. Please inform the charter school office at your earliest convenience the date you intend to submit your application for renewal.

Applications should be sent to:

**The Commissioner of Education
Massachusetts Department of Education
350 Main Street
Malden, MA 02148**

MASSACHUSETTS BOARD OF EDUCATION CASE STUDY APPENDIX B

AUTHORIZER RESOURCE: CHARTER SCHOOL CLOSURE PROTOCOL

The Massachusetts Dept. of Education requires any charter school facing closure to provide a plan, for approval by the Charter Schools Office, setting forth a timeline and responsible parties for all of the following tasks:

1. Disposition of students and student records

- a. Immediately following the decision to close a school, the school must submit to the Charter School Office a list of parent addresses and proof that the school has communicated the impending closure of the school to all parents and staff.
- b. Assign staff responsible for transition of student records and to provide assistance to students and parents in transfer from the charter school to the district public or private school chosen by the family. Provide name and contact information of staff responsible for student transfer of records, as well as the projected transition tasks and timelines to the Charter School Office.
- c. Upon completion of student transition, provide a list of students and a brief description of the disposition of their student records to the Charter School Office.

2. Disposition of finances

- a. Identify a trustee who will, through the process of closing the school and for a term of 10 years after, assume responsibility for school and student records. Notify the Charter School Office of the name and contact information of the trustee.
- b. Determine amount of anticipated revenue due to the school as well as anticipated liabilities. Provide a complete asset/liability report to the Charter School Office.
- c. Create a current and projected payroll and payroll benefits commitment
 - i. List each employee, job, and funds necessary to complete the educational calendar balance of the year
 - ii. transition of students and records
 - iii. administrative close down tasks
 - iv. total funds required to complete contracts
- d. Schedule audit and set aside funds to cover cost(s) (\$5,000)
- e. Provide the Charter School Office with a plan for the disposition of all property owned by the charter school.

Large-Scale Chartering with Limited Resources and Support

Introduction

The North Carolina State Board of Education, the state's primary authorizer, has struggled to balance rapid growth of charter schools statewide with limited human and financial resources for the responsibilities of authorizing. The state's charter legislation is considered relatively strong, allowing for swift growth and freedom from many state statutes and regulations. However, the lack of financial resources from the state, few technical assistance providers for charter schools, a statewide cap of 100 charter schools that was reached in 2003, and little legislative support for charters have together resulted in a constrained authorizing environment. In these circumstances, the Board's approach to authorizing has focused on

the essentials—overseeing charter contracts and school compliance with laws and regulations.

At the same time, these challenging conditions have spurred the statewide authorizer to be resourceful and efficient in carrying out its chartering responsibilities, developing low-cost strategies that may be instructive for other authorizers striving to increase efficiency or organizational capacity. These strategies range from clarifying expectations for charter school performance up-front, in order to prevent problems and ease renewal decisionmaking, to making extensive use of a state-level volunteer Charter School Advisory Committee to assist with important chartering functions. This case study will explore these and other ways in which the North Carolina State Board of Education manages oversight of a large number of charter schools in an environment constrained by limited resources and weak legislative support.

Summary Information for the North Carolina State Board of Education

Number of charter schools permitted: 100

Year charter school law passed: 1996

Number of charter applications received since 1996: 271

Number of charter applications approved since 1996: 124

Number schools operating in 2003-04: 94

Number of charters renewed: 67

Number of charters revoked or not renewed: 7 revoked, 1 not renewed

Number of charters relinquished before opening: 11

Number of charters relinquished after opening: 11

Charter office budget (FY 2003): \$575,321*

Charter office staff: 5 FTE*

* Budget and staff figures are for the Office of Charter Schools, Department of Public Instruction. This Office serves the Board of Education.

Chartering Environment and History

North Carolina's Charter Schools Act, passed in 1996, allows three types of entities in the state to grant preliminary approval to charter schools: the Board of Trustees of any campus of the North Carolina university system, a local board of education, or the North Carolina State Board of Education (SBE). Local boards have approved only a small number of charters throughout the state, while universities have so far declined to take on a chartering role.

Regardless of the source of preliminary approval, all charters must receive final approval from the State Board of Education which also must provide

oversight for all charters and issue any renewal or revocation decisions. The law requires the State Board to hold all charter schools throughout the state accountable for academic and financial performance. In addition, the state is committed to providing charters with technical assistance, carried out by the Department of Public Instruction's Office of Charter Schools and funded by the state's administrative portion of federal charter school grants. These state-level responsibilities apply for all charter schools, including those initially approved by entities other than the State Board. Local boards, even those that have initially approved charters, do not play an oversight role. SBE may override local board decisions—either chartering schools that were initially denied by local districts or denying charters to schools that received local approval. SBE has done both. For these reasons, the State Board is, *de facto*, the state's sole, full-fledged authorizing agency.

The vast majority of North Carolina's charter schools have received their charters from direct application to SBE, foregoing local board approval. The State Board of Education has received 271 charter school applications since the state's charter law was passed. The pattern of charter authorization in the state has changed dramatically during that time. Initially, many applications were submitted to local boards of education for preliminary approval. Now, the majority of applications are submitted directly to the State Board. In the inaugural year, 72 percent (47 out of 65) of the charter school proposals were submitted initially to local boards of education, and few of those received local board approval. By 2001, only three percent of all applications were submitted to local boards.

Agency Structure, Staffing and Capacity

SBE uses the existing infrastructure of the state Department of Public Instruction (DPI) to provide support to applicants and operating schools, through DPI's Office of Charter Schools—a section under the School Improvement Division—and other divisions such as those focusing on financial services, accountability, and special education. Most policy recommendations regarding charter schools originate in these units or divisions of DPI.

DPI's Office of Charter Schools provides limited technical assistance to charter schools. The Office of Charter Schools has an executive director, three consultants, and one administrative assistant. The staff run workshops for applicants and operating charters, organize an annual statewide conference, manage the charter application process, provide information to applicants and the general public, and serve as staff to SBE and the Charter School Advisory Committee (described below).

The 2003 state budget for charter school oversight was \$575,321. Managed by DPI's Office of Charter Schools, this budget is comprised of state funds for personnel, office administration and CSAC expenses, and federal funds for administering federal grants for charter schools. After salaries and benefits for the five-member staff, the Office has only a \$50,000 budget to cover travel, develop and run workshops, and perform other tasks related to oversight and assistance.

The charter statute provides for an independent review committee to give SBE recommendations on charter approval, renewal and other decisions. The Charter School Advisory Committee (CSAC)—a nonpartisan, Board-appointed group of private and public school officials, businesspeople, and community members—serves this role. CSAC meets monthly to review issues and provide recommendations to the Board.

Demographics and Academic Performance

Demographics

There were over 20,000 students enrolled in North Carolina's charter schools in the 2002-2003 school year. These students were served in 71 elementary schools, 12 middle schools, and 17 high schools.

Charter school students are more likely than non-charter public school students to be black, male, and participating in free and reduced-price lunch programs.

North Carolina's charter law calls for charter schools to "reasonably reflect" the racial and ethnic composition of their communities. However, because many of the state's charters were approved to serve specific populations such as students at risk or those in inner-city settings, the state's charter school student population has never mirrored the general public school population statewide. Rather, charter school students are more likely than non-charter public school students to be black, male, and participating in free and reduced-price lunch programs.

The table below summarizes the racial makeup of charter school student populations statewide in the 2002-03 school year.¹

Table 1. North Carolina Charter School Enrollment by Race

White	57.5%
Black	37.7%
Latino	2.1%
Native American	1.4%
Asian	.09%

In 2001, in 27 out of 90 charter schools reporting racial data, more than 90 percent of the students were nonwhite. One charter school's

75-member student population was all white, and there were 12 schools serving 100 percent minority students.

Regarding individuals with disabilities, 13.6 percent of the state's charter school students are identified as having special needs, compared to 14.5 percent of non-charter public school students statewide.²

Academic Performance

Although the state charter school law does not mandate specific performance standards, a 1997 SBE policy requires that all eligible charter school students participate in the state assessments known as the "ABCs." These tests are part of the ABCs of Public Education, a 1995 state reform effort designed to emphasize accountability at the school level.

The state tests are administered each spring and results released in the summer. In elementary and middle schools, the tests assess student performance in reading, writing, mathematics, and computer literacy; at the high school level, tests cover several core subjects. The assessment model evaluates schools both on students' absolute performance and their yearly achievement growth. Each school receives a designation based on its performance and growth, ranging from "Low-Performing" to "School of Excellence."

Charter schools may request state assistance if they are found to be low-performing, and likewise are eligible to receive performance rewards if they meet growth targets set by the state. If a charter school is low-performing for two consecutive years, officials of the school must make a presentation to the Charter School Advisory Committee detailing student performance and a plan of action for improvement. CSAC may choose to recommend revocation of the charter.

Charter schools in North Carolina have consistently ranked among both the highest- and lowest-performing public schools in the state. In 2000-01, the state's top-ranked school was a charter school, but six of the ten lowest-performing schools were also charters. On

average, charter schools have ranked below the average public school in both performance and growth. Table 2 summarizes performance by charter schools and non-charter public schools (excluding alternative schools) on the state reading and mathematics assessments in 2000-01.³

Notably, in 2003 only three charter schools in North Carolina were rated “Low-Performing,” and one of these was closed.

Charter schools have made large gains on state writing test scores, though collectively they are still below the state average. Table 3, below, summarizes the percentages of charter school students meeting or exceeding the grade-level standard on the state writing assessment, compared to the percentage of students meeting or exceeding the standard in non-charter public schools (excluding alternative schools) in North Carolina.⁴

... when the first year of operations—a markedly rough year for most start-up schools—was excluded from analysis of student performance in math and reading, charter school students showed more academic growth than did their counterparts in district-run schools.

Table 2. School Performance on State Reading and Mathematics Assessments, 2000-01

Performance Rating	Percentage of Charter Schools	Percentage of Non-Charter Public Schools*
Exemplary Growth	19 (15 schools)	2
Expected Growth	9 (7 schools)	36
No Recognition	55 (43 schools)	39
Low-Performing	17 (13 schools)	1

*(excluding alternative schools serving at-risk students)

Table 3. Student Performance on State Writing Assessment, 2000-01

Grade Level	Percent Meeting or Exceeding Standard (Charter Schools)	Percent Change from Previous Year (Charter Schools)	Percent Meeting or Exceeding Standard (Non-Charter Public Schools)
Fourth Grade	53.6	+17.4	68.8
Seventh Grade	62.8	+7.6	73.3
Tenth Grade	36.8	+13.4	53.9

*(excluding alternative schools serving at-risk students)

It is possible that analysis of performance based on the annual state assessments tends to overlook the long-term benefit of charter schools in the state. Additional evaluation by the Office of Charter Schools found that when the first year of operations—a markedly rough year for most start-up schools—was excluded from analysis of student performance in math and reading, charter school students showed more academic growth than did their counterparts in non-charter public schools.

Charter Application Process and Policies

Charter School Advisory Committee and Office of Charter Schools

One unique feature of charter school authorizing in North Carolina is the state's Charter School Advisory Committee. Authorized by the state charter law, CSAC was organized by the State Board of Education in 1997 to advise the Board on charter school matters. SBE appoints

variety of duties. The Board relies on CSAC to make recommendations on all of the Board's major charter school responsibilities including charter approvals, renewals and revocations; Board policy-setting; and policy recommendations.

One of the primary tasks of CSAC is to evaluate charter applications and make recommendations to SBE for approval or denial. In this role, CSAC has refined the application process and developed a rating and ranking system that evaluates each application according to the purposes of the charter school law. DPI's Office of Charter Schools plays a complementary and supporting role in the application process—training and guiding applicants, collecting proposals, screening them for completeness, and helping CSAC interpret expectations for their substantive review.

Refining the Application Process

To manage its significant workload as an all-volunteer entity, CSAC has developed a streamlined process for reviewing charter applications. To begin, CSAC has three subcommittees that review applications for completeness and fulfillment of basic expectations in the areas of Education, Business Planning, and Governance. Applications that pass this initial screening proceed for further consideration by the full Charter School Advisory Committee. The subsequent evaluation process includes an interview with each applicant group conducted by the full Committee in a public hearing.

CSAC has developed an interview questionnaire to structure applicant interviews. This questionnaire, combined with the Committee's experience in conducting such interviews over the years, has resulted in a focused, efficient interview format, with most interviews being completed in about 30-35 minutes. (The interview guide is included as Appendix A at the end of this case.)

As it has gained experience as an authorizer, SBE has honed the charter application process in other ways—for example, by working with CSAC and DPI to adjust the timetable and

The Board relies on CSAC to make recommendations on all of the Board's major charter school responsibilities including charter approvals, renewals and revocations; Board policy-setting; and policy recommendations.

members to the Committee, which is comprised of 15 members—three representing charter schools and 12 from various backgrounds in the state community (attorneys, county commissioners, local school board members, business leaders, members of university education departments, etc.). Committee members serve a four-year term with an option to extend by one year. In contrast to many advisory bodies, CSAC has become a significant working committee in North Carolina, meeting monthly to carry out a

deadlines. Until 2002, SBE policy required that charter school proposals be submitted in late summer, one year before the school would be expected to open. SBE announced final approvals late in the following winter, giving charter founders just six months to secure and prepare a facility, recruit and select staff, establish a curriculum, organize the school's operations, and market the school to the community and parents.

The Board listened and responded to schools' concerns about the difficulty of completing these tasks on such a compressed schedule. In 2002, the Board altered the timeline to allow schools to take a "planning year" after receiving a charter, deferring the beginning of the charter term—or the start of the "charter clock"—until the school opens. Applications are now due 18 months before the fall in which schools propose to open. With input from the Office of Charter Schools staff and the Charter School Advisory Committee, SBE approved the following new application stages beginning with application submission. (See box at right.)

Charter applications that are submitted first to local boards also must follow the full review process at the state level after receiving a local board decision.

The Office of Charter Schools offers consultations and a few workshops around the state to guide applicants in meeting the requirements of the charter law.

In the past, the Board has looked for diversity in charter proposals and has not openly favored particular populations or specific school designs. However, because only 47 of the state's 100 counties currently have charter schools, the Board has more recently voiced its eagerness to receive applications proposing schools for counties that do not yet have charters.

While the application process still has its shortcomings—with no clear

criteria for what a "good" application looks like—it has evolved to respond to some of the needs of applicants and to increase the capacity of the Board to make good decisions about which schools to approve. In addition, the development of the Charter School Advisory Committee provides a useful model for authorizers with limited resources. Because of its specialization, CSAC is able to invest much more time in vetting charter applications than the Board, with its myriad responsibilities, would ever be able to devote. CSAC's members have also developed expertise over time in application review, creating important organizational capacity for the state's charter efforts. Moreover, CSAC serves a valuable political function, allowing the Board to receive counsel on highly charged charter school issues from an independent, relatively disinterested source.

North Carolina's Charter School Application Cycle

1. DPI's Office of Charter Schools receives and screens applications for basic completeness (due 18 months before a school's proposed opening). (late February)
2. CSAC's subcommittees review applications for completeness in addressing Education, Business Planning and Governance, and the extent to which each application meets the purposes of the legislation. (March)
3. CSAC then interviews applicants that have met the basic review criteria. (In 2003, seven of 26 applicants moved on to the interview stage.) (mid-May)
4. CSAC members vote, via written ballot, on which applicants should move forward to be considered for recommendation to the State Board of Education. All applications that receive "yes" votes from at least 75% of the committee members receive further consideration by SBE. (In 2003, five of the 26 interviewees moved forward.)
5. Each CSAC member rates and ranks the qualifying school applications in accordance with the purposes of the charter school legislation.
6. Charter candidates receive a score based upon their apparent ability to meet the six purposes of the legislation. CSAC presents the evaluations and formal recommendations to SBE which makes the final decisions. (mid-August)

Oversight and Renewal

Technical Assistance to Improve Performance

One State Board of Education policy requires that the Department of Public Instruction give assistance to low-performing charter schools. In 2002, using federal funds, DPI collaborated with the Principals' Executive Program (PEP), a school leadership program affiliated with the University of North Carolina at Chapel Hill, to provide coaching and a 10-day leadership development program to all charter school directors. PEP coaches visited schools for several days and made recommendations in areas needing improvement in all areas of school operation. According to a post-program survey, the participating directors found the training beneficial. The year-end program report echoed the need for a year of planning prior to the opening of a school and suggested that the state provide start-up funding and technical assistance to charter schools in areas such as budget and financing, roles and responsibilities of boards, and a thorough foundation in applicable rules and regulations.

Over time, the Board has learned that if the conditions constituting a fiscal problem meriting the Board's attention are clearly defined, such problems will be easier to diagnose without the need for expensive site-based fiscal reviews.

Clarification of Standards and Regulations

SBE has found that establishing clear expectations for charter schools can help both the schools and the Board. For example, early in the state's chartering experience, a number of schools had severe fiscal and governance problems. These schools were unaware what level of debt might be problematic at any given time or what the consequences would be if they were a month late with a financial report.

The Board was concerned about these kinds of troubles that were plaguing a number of schools, but it had no clear standards in place to address them. Over time, the Board has learned that if the conditions constituting a fiscal problem meriting the Board's attention are clearly defined, such problems will be easier to diagnose without the need for expensive site-based fiscal reviews. Ultimately, SBE has developed guidelines that specify what actions or inactions could get a school into trouble. (The Board's financial noncompliance policy is summarized in the "Authorizer Tools" as Appendix B at the end of this case.)

Renewal

North Carolina's charter renewal process relies principally on two detailed documents: (1) a self-study—which functions as a renewal application—submitted by each school in the fall of the fourth year of its charter; and (2) the Department of Public Instruction's renewal report, which includes data verifying each school's performance. When North Carolina's first cohort of charter schools approached renewal, the Charter School

Advisory Committee designed a site visit process that envisioned sending teams of visitors to each school to assess programs and progress on site. However, no funding could be secured for training and travel, so the site visit process has not been implemented. As a result, the renewal process relies more heavily on the school self-study/renewal application.

In 2001, SBE adopted a Charter School Renewal Rubric, setting forth requirements for renewal in the areas of academic performance, financial compliance, governance, special education, and enrollment compliance. Developed by CSAC, this rubric is undergoing modification for alignment with No Child Left Behind Act requirements and pending state statutory changes. (The Renewal Rubric is excerpted as Appendix C at the end of this case.)

Each school's self-study/renewal application, initially submitted to the Office of Charter

Schools, contains the school's responses to questions concerning the viability of its academic program, governance structure, and business operations. DPI's report consists of responses from the Office of Charter Schools, Financial Services, Accountability, Exceptional Children, and any other unit of the Department that may have information pertinent to the evaluation of the school. The Office of Charter Schools forwards all renewal applications and reports to the Charter School Advisory Committee for evaluation against the criteria set forth in the Renewal Rubric.

The Renewal Rubric provides the State Board and CSAC with clarity, objective indicators of performance, and ease of administration. Schools must meet the five-year renewal criteria set forth in five areas: (1) academic performance under the statewide accountability system, (2) financial compliance, (3) governance compliance, (4) exceptional children (special education) compliance, and (5) enrollment compliance. Although useful, the Rubric is also formulaic and focuses primarily on the state "ABCs" accountability program and regulatory compliance rather than school-specific goals and measures.

Renewal applications are due in the fall of each school's fourth year. Schools are notified that very fall regarding whether they have earned renewal or not. Those that do not meet the expectations stated in the Renewal Rubric have the opportunity to submit a corrective action plan, which must detail the cited deficiencies, discuss how the school is addressing (or will address) the problems, and explain who will be responsible for implementing each aspect of the plan. The Office of Charter Schools reviews these plans, and schools have until the following fall—their fifth year—to implement and report on the results of their corrective action plan. At that point, each school under such a plan presents information to the Charter School Advisory Committee addressing the corrective actions and the school's progress with regard to the specific criteria not initially met in the renewal application. At the next meeting of the Committee, members discuss the presentations and review any additional material submitted by the schools regarding the application for

renewal. The Committee forwards its recommendations for one of two actions—either five-year renewal or non-renewal—to the State Board of Education.⁵

CSAC may postpone forwarding recommendations until it has evaluated the results of a corrective action plan or it may, on the other hand, recommend at any time that SBE begin revocation proceedings for a charter. Since 1996, the Board has revoked seven charters and declined to renew an eighth. Revocations and nonrenewals have been due primarily to fiscal and governance problems.

Conclusion

With limited resources and nearly 100 charters statewide (the statutory maximum), the North Carolina State Board of Education has undertaken a large volume of charter oversight in a constrained environment. Scarcity of resources has led the Board to develop a range of low-cost approaches to carrying out its authorizing role and building schools' capacity, including:

- Convening the volunteer Charter School Advisory Committee to make recommendations on all of the Board's charter school decisions—including charter application approvals, renewals and revocations; the establishment of Board policies; and legislative actions to request.
- Clarifying expectations and developing guidelines as a problem-preventing measure and oversight tool to spell out specifically what actions or inactions could get a school into trouble.
- Lengthening the start-up timeline to allow schools a planning year to secure facilities, recruit and select staff, establish a curriculum, organize operations, and market the schools to the community and parents.
- Partnering with the Principals' Executive Program (PEP), a statewide school leadership program, to provide coaching and leadership development to charter school directors.

The challenging environment for chartering in North Carolina is shared by many authorizers

around the country. While there are shortcomings in the North Carolina State Board of Education's authorizing system, the Board has over time developed strategies to carry out its responsibilities and respond to important needs

of charter applicants and schools. As such, North Carolina's low-cost approach to high-volume chartering may provide useful experience for authorizers working in a variety of contexts.

Endnotes

1. *North Carolina Public Schools Statistical Profile 2003*, North Carolina State Board of Education and Department of Public Instruction (2003), pp. 326-327.
2. Office of Charter Schools, North Carolina Department of Public Instruction.
3. *Ibid.*
4. *Ibid.*
5. The North Carolina legislature amended the charter law in 2003 to permit charters to be renewed for a term of ten years instead of five. State charter renewal policy will soon reflect this change.

NORTH CAROLINA STATE BOARD OF EDUCATION CASE STUDY APPENDICES: AUTHORIZER RESOURCES

Following are three tools used by the North Carolina State Board of Education for various aspects of charter school oversight: (1) an interview questionnaire used to guide (though not limit) Charter School Advisory Committee interviews with charter applicants; (2) a summary of the Board's policy regarding charter school financial noncompliance; and (3) an excerpt from the Renewal Rubric used in renewal decisionmaking.

APPENDIX A CHARTER SCHOOL APPLICATION INTERVIEW PROTOCOL

Introductions

Please introduce the members of your team and their relationship with the proposed charter school.

Chair: _____ Co-chair: _____

Mission

Excellent Good Poor Notations

Describe the mission of your school and how it reflects the purposes for charter schools as set forth in NC Statute. [Key elements to look for include innovation, choice not currently available, mission's commitment to diversity, etc.]				
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Preliminary Planning Year

Excellent Good Poor Notations

Describe the steps you plan to take during the preliminary planning year. How will you use the funds and what will you accomplish?				
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Education Plan

Excellent Good Poor Notations

<p>Describe the proposed charter school's education plan. Include information as to how your plan relates to your mission.</p> <p>[Probe for:</p> <ul style="list-style-type: none">• educationally sound plan that relies on prior success of model and indication of true understanding of the proposed education model,• whether the plan provides for diverse learners including non-English speaking, minorities, etc.• method for ensuring that ESEA 2001 (No Child Left Behind) requirements for quality teachers for every child are met, and• other issues noted from review of application].				
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Accountability

Excellent Good Poor Notations

<p>How will you demonstrate accountability to the State of NC and to the community you serve?</p> <p>[Probe for information relevant to:</p> <ul style="list-style-type: none">• the grades to be served (i.e., K-2 Assessment, EOGs, EOCs),• accountability to the mission of the school and the community being served,• alignment with the Standard Course of Study, and• compliance with No Child Left Behind].				
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Governance

Excellent Good Poor Notations

<p>Describe the governance structure of the school.</p> <p>[Probe for the following:</p> <ul style="list-style-type: none">• the relationship of private non-profit to the board,• the separation of duties between the board and the administration,• the relationship of any parent advisory group to the board,• the relationship of the board and any management organization involved,• the board's standards for dealing with any conflict of interest,• understanding and intention to comply with <i>The Open Meetings Law (NC Statute 143-318.11)</i>,• the boards determination of its needs for training on effective board operations and procedures].				
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Exceptional Children

Excellent Good Poor Notations

<p>How to you plan to ensure that exceptional children are well served in your school?</p> <p>[Probe for answers that address the applicant's understanding of compliance with the <i>Individuals With Disabilities Act, IDEA</i>].</p>				
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Financial and Business

Excellent Good Poor Notations

<p>Describe how the board will ensure a sound financial basis for the school operation.</p> <p>[Probe for the following items:</p> <ul style="list-style-type: none">• realistic budget projections based reliable sources of revenue such as state and local funding,• realistic facilities plans,• realistic transportation plans,• food service plans,• identified financial service providers as needed,• health and safety plan]				
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Overall Evaluation

Excellent Good Poor Notations

<p>[Use this for additional questions and/or comments regarding the application review checklist or anything unclear in the interview].</p>				
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Signature: _____

Charter School Advisory Committee Member Date

APPENDIX B

FINANCIAL NONCOMPLIANCE POLICY

Summary of Board Policy Regarding Financial Noncompliance

Six actions that will lead a charter school to noncompliance:

1. If the school fails to report required financial data within 30 days of the required or agreed-upon reporting date or submits inaccurate data;
2. If the school fails to respond to a specific financial, personnel, or student information request for information/data;
3. If the school shows signs of financial insolvency or weakness as determined by independent auditors, by the Deputy Superintendent, or the Chief Financial Officer (CFO) of NC DPI;
4. If the Office of State Treasurer receives a “non sufficient funds (NSF)” notification during the course of cash certification processing;
5. If the school receives a material audit finding in their annual independent audit which indicates a violation of State law or State Board of Education Policy, a violation of any of the conditions or procedures set forth in their Charter, or a failure to meet generally accepted accounting practices and principles; and/or
6. If the charter school’s staff fails to attend required financial training.

Levels of noncompliance:

There are three stages of financial noncompliance under which a charter school may be placed: Cautionary, Probationary, and Disciplinary. A charter school may be placed in each stage of noncompliance based on any of the situations above.

Level 1: Financial Cautionary Status

Upon receiving a Financial Warning for any of the above conditions, the charter school will be placed on Financial Cautionary Status. The school remains in cautionary status for 60 calendar days, from the date of notification, and during that time must correct the exception(s) that caused the financial warning(s).

Level 2: Financial Probationary Status

The school will be placed in Financial Probationary Status, if the school fails to correct the exception(s) during the 60-calendar day cautionary period. The school remains in probationary status for 60 calendar days, from the date of notification, and during that time must correct the exceptions that caused all of the financial warnings. When the 60 calendar days have ended and all of the exceptions have been corrected, the financial warnings will be removed and the school will be removed from probationary status.

Level 3: Financial Disciplinary Status

The school will be placed in Financial Disciplinary Status, if the school fails to correct all of the exceptions during the 60-calendar day probationary period. When in Disciplinary Status, the school is expected to immediately address all of the exceptions that caused the financial warnings within ten business days from the date of notification. State funds for the school may be allotted on a monthly basis until the exceptions that caused all of the financial warnings are corrected. Also, any combination of the above violations which accumulate three or more warnings may immediately move the charter school to Financial Disciplinary Status without the benefit of being first held in either the Cautionary or Probationary status. Also, should a charter school have repeat violations of the same or similar non-compliance condition, the charter school may be moved to Financial Disciplinary Status without the benefit of completing either the Cautionary or Probationary status periods.

For more information about the Board financial noncompliance policies, as well as policies regarding governance issues, access <http://sbepolicy.dpi.state.nc.us/policies/EEO-U-006.asp?pri=04&cat=U&pol=006&acr=EEO>.

APPENDIX C

CHARTER SCHOOL RENEWAL RUBRIC

REQUIREMENTS FOR RENEWAL

1. ABC Accountability

Five-Year Renewal	The school has not received more than one designation of Low-Performing (LP) pursuant to State Board of Education (SBE) policy for any year of its current charter, provided however, that such designation, if any, may not have been for the academic year preceding the application for renewal. A K-2 school must demonstrate to the satisfaction of the Charter School Advisory Committee (CSAC) that the school has achieved academic growth during the term of the current charter.
Postpone for Further Information or Action	Any school that does not meet the foregoing five-year renewal criteria shall be subject to the correction of deficiencies provision set forth below.

2. Financial Compliance

Five-Year Renewal	The school has met all financial criteria set forth by G.S.115C.238.29F(f) and in SBE policies, or has previously corrected any deficiencies in meeting those requirements to the satisfaction of the Department of Public Instruction (DPI).
Postpone for Further Information or Action	Any school that does not meet the foregoing five-year renewal criteria shall be subject to the correction of deficiencies provision set forth below.

3. Governance Compliance

Five-Year Renewal	The school has met all governance criteria set forth by G.S.115C.238.29E and in SBE policies, or has previously corrected any deficiencies in meeting those requirements to the satisfaction of the DPI.
Postpone for Further Information or Action	Any school that does not meet the foregoing five-year renewal criteria shall be subject to the correction of deficiencies provision set forth below.

4. Exceptional Children Compliance

Five-Year Renewal	The school has met all Special Education criteria set forth by the federal Individuals with Disabilities Act, the North Carolina statutes covering Special Education, and SBE policies, or previously corrected any deficiencies in meeting those requirements to the satisfaction of the DPI.
Postpone for Further Information or Action	Any school that does not meet the foregoing five-year renewal criteria shall be subject to the correction of deficiencies provision set forth below.

5. Enrollment Compliance

Five-Year Renewal	The school has met the enrollment requirements set forth by G.S.115C-238.29B(b)(12) and SBE policy.
Postpone for Further Information or Action	Any school that does not meet the foregoing five-year renewal criteria shall be subject to the correction of deficiencies provision set forth below.
