

# Chapter Four

## The Role and Impact of Management Companies in Michigan's Charter School Initiative

### 4.1 Introduction

The third main question that we are addressing in this report deals with the role and impact of management companies on the charter school initiative in Michigan.

Topics/issues covered in this section include the following:

- " Description of the EMOs in the Michigan charter school initiative, including their role, rate of growth, and impact on the initiative as a whole
- " Six descriptive cases of some of the largest management companies operating in Michigan (i.e., National Heritage Academies, Leona Group, Beacon Education Management, Advantage Schools Inc., Charter Schools Administrative Services, and Helicon.
- " Description of key components of charter schools operated by for-profit EMOs and discussion about whether they are public or private in nature

In the concluding chapter of the report, we will outline and discuss possible safeguards to limit the expansion or negative effects of EMOs in the charter school sector.

### 4.2 The Growth and Nature of EMOs

A number of analysts/researchers suggest that the involvement of for-profit EMOs is limited to about 10 percent of the charter schools across the nation. While some states have few or no for-profit management companies, the Michigan initiative stands out with 72 percent of all the charter schools contracting out part or all their services to for-profit EMOs. The extensive involvement of EMOs in the

Michigan initiative came as a surprise to policymakers in Michigan. The RFP for that evaluation, while listing all key stakeholder groups to be examined, did not mention management companies.

### Growth of EMOs in Michigan's Charter School Initiative

As depicted in Figure 4:1, the number of EMOs has risen rapidly to 35 in the state. The actual number may be larger, since there is an indication that a few more schools have established a company whose sole purpose is to provide payroll and benefits so the teachers can become private employees and avoid the restrictions of the state retirement system. Of the 35 known EMOs, 2 are actually nonprofit organizations that manage 3 very small schools.

It appears that a larger proportion of new charter schools already have agreements with management companies. For the authorizers, it is clearly advantageous to have schools that work with management companies. These schools will have access to capital and will have fewer budgetary problems. During the last two years, the state universities have granted only a few charters to schools without an EMO. Some of the university authorizers have stated that they will not consider applications for new charter schools unless they have a management company working with them. The ISDs and LEAs, however, have granted no charters to schools with large EMOs, but a few of the schools that they chartered have started their own EMO, or have an EMO which is linked to the community and operates only 1 or 2 charter schools.

The growth of educational management organizations in Michigan occurred very quickly

Figure 4:1 Total Number of Management Companies by Year

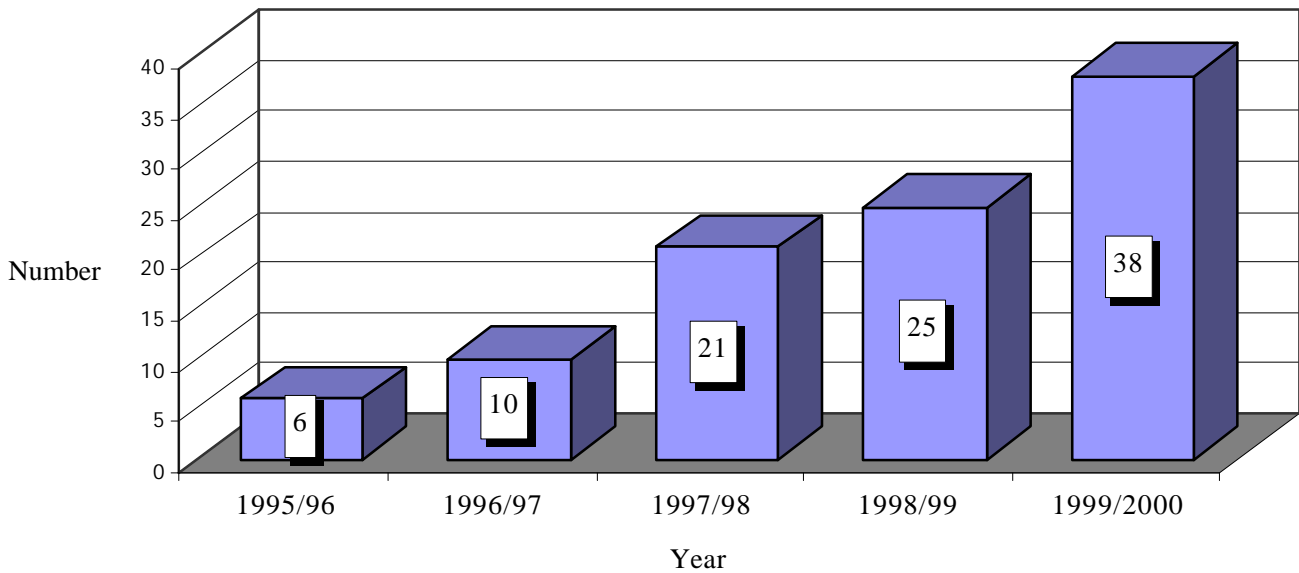


Figure 4:2 Percent of Michigan Charter Schools Operated by Management Companies by Year

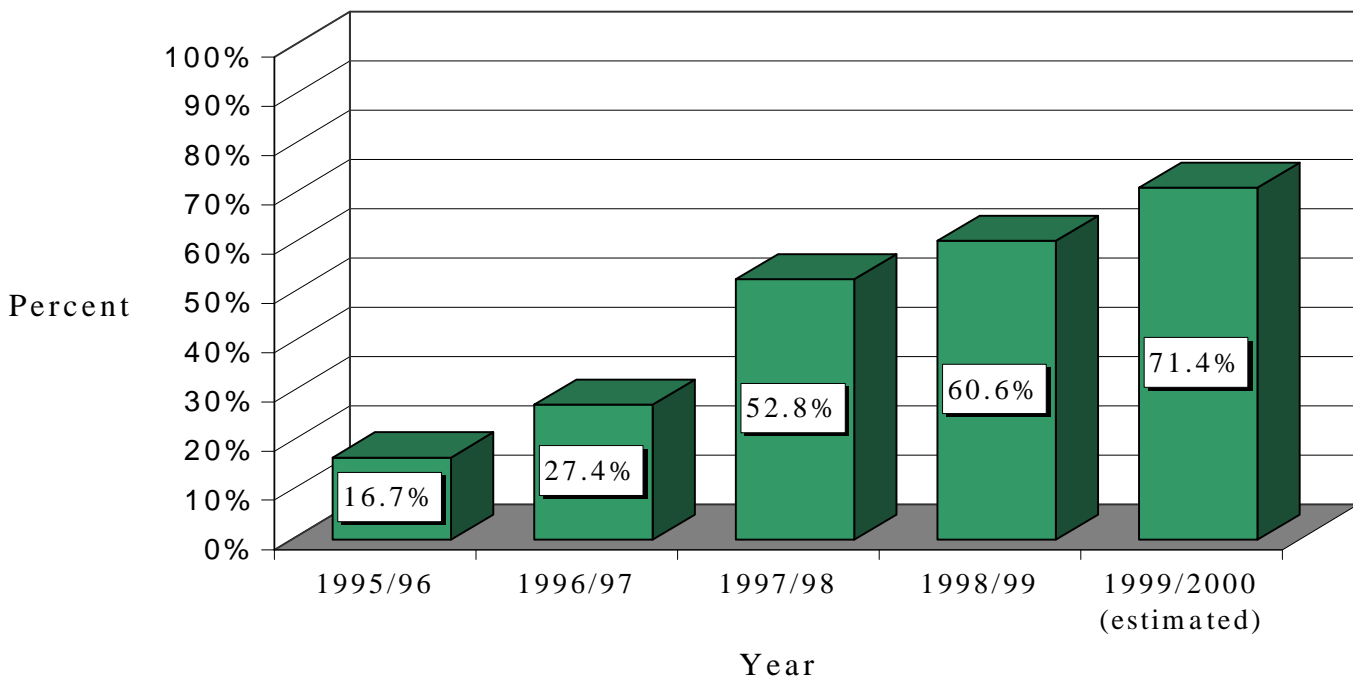
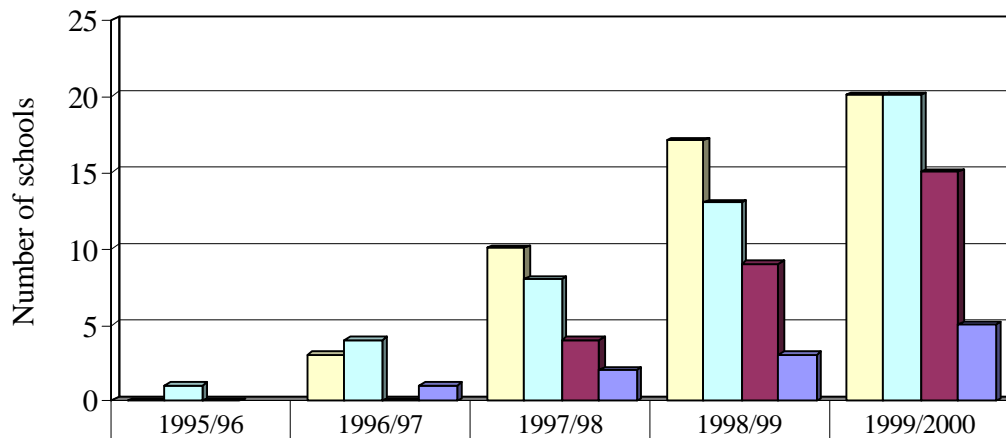


Figure 4:3 Growth of Major EMOs in Michigan



Leona Group L.L.C.	0	3	10	17	20
National Heritage Academies	1	4	8	13	20
Beacon Ed. (JCR & Assoc.)	0	0	4	9	15
Edison Schools Inc.	0	1	2	3	5

after the first few years of the charter school reform. During the 1995/96 school year, 16.7 percent of the schools had contracts with EMOs. Two years later, just under 50 percent of the schools were contracting out services to EMOs; and in the current year, 72.4 percent of the schools have contracts with EMOs. Figure 4:2 illustrates the growth in the proportion of schools that have

management companies. It is important to note that since the EMOs tend to work with large schools, they probably account for more than 80 percent of charter school enrollments, but only 71.3 percent of the charter schools.

Figure 4:3 illustrates the growth rate of four of the larger full service EMOs in Michigan. These were

Table 4:1 EMOs and Number of Charter Schools They Operate in Michigan (1999/2000)

EMO	# sch'ls	EMO	# sch'ls	EMO	# sch'ls
Advanced Employment	1	EightCap Inc.	1	Matrix Human Services	1
Advantage Schools	1	Family Inst. Early Childhood	1	Midland Charter Initiative	1
Alpha-Omega Education Management	1	Foundation for Behavioral Resources	2	Mosaica Education Management Inc.	5
American Institutional Management Services Inc.	3	Global Educational Enterprises, L.L.C.	1	National Heritage Academies	20
Beacon Education Management Inc.	15	Global Learning Associates	1	Northern Educational & Computer Services	1
Black Starr Education Management	1	Hamadeh Educational Services Inc.	2	PEAK Performance Educational Management Co.	1
Charter School Admin.Services	6	Helicon Associates Inc.	6	Petra Learning Systems	1
Chatfield Manage. Foundation	1	HSEMCO	1	SABIS	1
Childcare Connections	1	Innovative Education Programs	1	Schoolhouse Services and Services	4
Choice Schools	1	Innovative Teach. Solutions	1	Smart Schools	1
Design Administr. Resources	1	Leona Group	20	Solid Rock	1
Edison Schools	5	Malone Management	1	Synergy Training Solutions	2
Educare	7	Matrix Human Services	1		
Educational Resources of MI.	1			TOTAL for 1999/00	122

national companies from the beginning, have gone national or, in the case of JCR & Associates, they have merged with the national EMO, Beacon Education Management Inc. Table 4:1 contains a list of EMOs and the number of schools they operated in Michigan during the 1999/00 school year.

### General Trends for EMOs

- " Single school operators move to multiple school operators
- " EMOs with limited or multiple service options move toward full service operators
- " Private conversions and some charter school founders now starting their own company to retain/gain financial control/interest in the school

General observations about EMOs in the U.S. and around the world:

- " EMOs promote both efficiency and privatization in the school sector.
- " The number of EMOs and their portion of the education market is increasing rapidly in the nation, both in the charter school sector, in the contract sector (Edison), and in the provision of other services such as tutoring, after school care, vocational programs, juvenile services, etc.
- " This growth appears to be matched or outmatched by investments in the education industry.
- " Some of the large national EMOs aim to manage a large portion of the schools in America within the next decade.
- " EMOs are increasingly being heard about in other countries.

### Types of EMOs

Relative to other states, Michigan's constitution is among the most restrictive in terms of use of public funds for only nonprofit and public entities. While the state has tax credits for higher education, this is not allowed for K-12 education.

The nature and purpose of the management companies vary extensively. We can group the management companies according to a number of characteristics. Below is a matrix that delineates a number of the differences among them (see Figure

4:4). In Type 1, we find only 2.5 percent of the EMOs that are nonprofits companies that operate only one school. Type 2 also accounts for 2.5 percent of the EMOs. In other states, particularly in Pennsylvania, we have also seen extensive involvement of nonprofit community foundations/ organizations that are establishing charter schools as an extension of their community services.

There are about a dozen companies in Type 3. There is a tendency for these EMOs to eventually expand and establish additional schools. In many of the cases, Type 3 EMOs are contracted only for employing and supervising the personnel. In such cases, the EMO has limited involvement in the school and is typically established for the sole purpose of providing a private entity to employ the existing teachers.

The fourth category includes the largest number of EMOs, which are for-profit management companies that operate more than one school. Sixty percent of the EMOs fall into this category. Some of them manage schools around the country and even abroad, while others are limited to managing schools in Michigan. Most, if not all of the companies in this category that operate only in Michigan have expressed their desire to expand operations to other states that have permissive charter school legislation.

These EMOs typically have substantial financial resources to help schools locate, renovate, or build a school facility. In this group we find such EMOs as National Heritage Academies, The Leona Group, Edison Schools Inc., Advantage Schools, Mosaica, Beacon Education Management, etc.

The large EMOS in Type 4 differ widely in their

Figure 4:4 Typology of EMOs Operating in Mich.

	Single School	Multiple Schools
Nonprofit	<b>1</b> (2.5%)	<b>2</b> (2.5%)
For Profit	<b>3</b> (34%)	<b>4</b> (61%)

Note: Approximate percentage of companies in each category designated in parentheses

approach to providing services. Some have an “à la carte” approach where schools can pick and pay for only those services they wish, while others require full service agreements. The EMOs in the latter group have extensive—if not total—control over curriculum and school design, resulting in schools with little autonomy and almost identical curriculum, instructional practices, and school organizations. The EMOs in this type also vary depending on whether they will take over management of an existing charter school or whether they only involve themselves with schools they start from the beginning

In an earlier evaluation of Michigan charter schools, Horn & Miron (1999) found that a number of schools expressed concern with the management companies, primarily due to the issue of control over the curriculum and focus of the school. At a few of the schools, the principals were very dissatisfied that their management companies had assumed a tight control over the school. At one school, the principal mentioned that the decision not to use a management company was due to the fact that parents were able to volunteer at the school and even help in such areas as bookkeeping and managing of accounts. At another school the principal noted that the management company had a very strong presence and that the top decision maker at the school was the president of the management company.

For some schools, their small size and limited budgets and the limited scope of such tasks as payroll and benefits prohibit the use of a management company. Likewise, a number of management companies are not interested in small schools since they are not as efficient to manage. Several of the schools that do not have a management company employ a business manager who shares the administrative tasks with the school principal.

The management companies have authority over hiring and firing in the schools. In a few cases, the management company provides a job description for the principal that states that the principal is responsible for the hiring and firing at that particular site for the management company. In practice, the

school principal/director and the school board have influence in hiring and firing since they make recommendations to the management company, but teachers are employees of the contracted company and not the school.

Several management companies are involved in the selection process of board members. While the final decision for board appointments is made by the authorizing agency, the recruitment and recommendations for board members have also come from the management companies. This is often the case with Type 4 EMOs.

Across the nation, an emerging group of businesses cater specifically to charter schools. They provide a range of services. Some are limited to specific services, while others provide a wide variety of services. Among the services provided are those listed below:

- " busing
- " lunch and food
- " special education
- " loans
- " financial and legal advice
- " accounting, payroll, and benefits
- " personnel recruitment

Among the major problems that charter school administrators face are (i) being overwhelmed with paperwork, (ii) financial issues and bookkeeping, and (iii) lack of resources. These are the three areas in which the management companies provide assistance. Clearly, a symbiotic relationship exists between many of the charter schools and their management companies.

A number of rather serious issues have arisen due to the presence of the management companies. While one of the reasons behind the charter school initiative was to promote parent and teacher influence in the schools, some EMOs start and run the schools according to their own visions and motives. While the logical development of the relationship between a charter school and a management company develops when the school searches for a management company to provide for its particular needs, we are now becoming aware of the increasing phenomenon where management

companies go in search of “communities” to host its schools. In fact, at several schools we were informed that the impetus behind the school was not a local group of parents or educators; rather, it was the management company.

Private involvement in public schools is not new. What is new is that the private involvement is moving into instruction and operation of the school. Other trends regarding the role of EMOs in charter schools include the following: private EMOS are increasingly starting their own schools, and “mom and pop” operations are increasingly inviting EMOs to take over some or all operations components of the school. Another critical trend taking place concerns governance of charter schools. While charter schools are intended to have their own boards with decisions made locally the growing involvement of EMOs has had an impact on the level of local control. Edison advertises itself as the first national school system. National Heritage Academies, Beacon Education Management, Advantage, and others are also establishing national networks/systems of charter schools. This movement results in local governance being replaced by decisions made halfway across the country. This is clearly not what was intended when charter schools were legislated in Michigan or in other states.

### 4.3 Private Aspects of Public Charter Schools in Michigan

While many key components of Michigan charter schools that are operated by for-profit management companies are private in nature, the label given to state’s charter schools, “public school academies,” certainly has a public ring to it. To illustrate how the charter schools managed by for-profit EMOs in Michigan are operating more and more like private schools, a number of the key components of charter schools are described below in terms of whether they are public or private in nature.

**Building.** Many of the large EMOs own the building or work with another company that actually owns the building. In some of the private school conversions, compensation is paid to the

individual/family/group that owned the private school and this same individual/group is operating the school. Edison is usually not involved with facilities, which is potentially a great area for accumulating capital.

**Equipment and supplies.** Most of the equipment and supplies belong to the company. Ownership of equipment becomes a gray area when considering equipment bought with federal start-up money.

**Student body.** While the students are clearly from the public domain, the selection processes and the mechanisms in place to structure learning communities can often resemble practices in private schools. The drop in the proportion of minorities in the charter school enrollment also suggests that the new schools being established are moving to the suburbs. The last map in Appendix A illustrates how National Heritage Academies (NHA) has strategically located their schools in the suburbs surrounding Grand Rapids. NHA profiles their schools as traditional, back-to-basics schools that are of no cost to parents. Their advertising and the manner in which they advertise make their schools very attractive to parents who are paying for private/parochial schools. Parent and student surveys we conducted in 1997/98 indicate that a higher proportion of the students enrolling in charter schools operated by National Heritage Academies previously attended private/parochial schools. Earlier newspaper articles suggested that the Christian schools in Grand Rapids were becoming vocal in their concerns that they were losing so many students to NHA.

Many of the more efficient EMOs seem to be keenly aware of the characteristics of the students, parents, staff, and board members they wish to involve/include in the school. The ability level of students and their readiness to learn will affect both overall costs as well as overall performance of the school on standardized tests. The level of involvement of the students’ parents and the resources these parents can bring to the school are also important and can affect the school’s resources negatively or positively.

**Teachers and staff.** More than 80 percent of the charter school teachers in Michigan are actually private employees, since they are employed by the management company and not directly by the charter school. The teachers receive benefits and a retirement plan, but this is outside the state retirement system. Teachers' salaries in Michigan charter schools vary extensively. Typically, the teachers start at salaries 10-25 percent lower than district teachers with similar training and experience. Since most of the teachers are young, the average salary is significantly lower in Michigan charter schools (for more details on salaries and benefits, see Horn & Miron, 1999). The teachers and board members are critical to the operation of the school. Teachers' salaries occupy the largest budget item, so having a group of younger/novice teachers who are at the bottom of the pay scale positively impacts the overall budget.

**School board.** School boards are appointed by the authorizing agencies in Michigan. In nearly all cases, suggestions for board members come from school staff or from the management company that is starting the school. The appointed charter school boards represent legal school districts in Michigan. The boards are legally responsible for the schools. Although they are not elected like their counterparts in traditional school districts, the charter school boards are considered to be public entities. While the composition of the school boards varies from school to school, as does the involvement of the EMOs in recommending community persons as board members, one can obviously question whether they represent the public or even the school, for that matter, as opposed to the EMO that invited and recommended them.

**Finance.** Financing for operating charter schools is public. Charter schools receive both state per-pupil allowances plus federal flow-through monies, all of which are public. On the other hand, much of the capital for start-up also comes from private sources, particularly when the EMO purchases a building for the school.

**Mechanisms to structure the school community.** There are a number of mechanisms that charter schools can use to "structure" or "shape" their school community. Some represent savings by themselves, while others represent savings as well as a strategy to discourage the enrollment of students who might be deemed more costly to educate.

- F Do not provide transportation.
- F Provide only elementary grades.
- F Require parents' participation, backed by parent contracts.
- F Require reapplication interviews.
- F Do not provide a hot lunch program.
- F Use information selectively (in terms of distribution and language of information).

**Business opportunities related to the operation of charter school(s).** During our site visits to Michigan charter schools and in conducting interviews with charter school staff and community representatives, we became aware of a number of questionable practices in the financial management of some of the schools or groups of schools. While the examples mentioned below should be considered anecdotal, they are based on actual cases and represent some of the many opportunities available for profit making by individual school operators or by EMOs.

- F Sale or resale of land to the school, or leasing property to the school at above market rates
- F Using operational costs to pay for private facilities/property
- F Fees for school founders/leaders for special services (legal, consulting, etc.)
- F Self-employment and employment of family and friends (nepotism)
- F Making purchases for the private company through the school board to take advantage of tax-exempt status

Some school founders have been able to maintain control of the business side of the school through the involvement of their spouse on the board and, in the case of the EMOs, by selecting candidates to be interviewed by the authorizing agency for board members. EMOs that have contracts that extend beyond the length of the actual charter are also able to maintain tight control of the business side as well as other aspects of the school.

# Chapter Five

## Charter School Accountability and Performance

At the heart of the charter school concept lies a “bargain”: schools will receive more autonomy in operations in exchange for being held more accountable than traditional public schools for student outcomes. Thus, an important question in any charter school evaluation pertains to charter schools’ impact on student achievement. In this chapter we take up the last of the evaluation questions covered in this report: “What is the impact of charter schools on student achievement, and what would be an effective procedure/methodology for determining future progress in comparison with traditional public schools?”

The first section of the chapter discusses the data and methods we use to assess charter schools’ impacts on student achievement. The second section presents the findings. The third section of the chapter discusses the range of student outcome measures employed by charter schools in Michigan. The final chapter presents recommendations for improving the system of achievement assessment and accountability.

### 5.1 Data and Methods

Evaluations of charter schools’ impact on student achievement requires evaluators to address two important sets of questions. First, how should we measure student achievement? Second, once we have measured the achievement levels of charter school students, how can we know to what extent observed achievement levels are the result of charter school inputs? This section presents the methods we used to address these and other issues.

#### Measuring Student Achievement

Charter schools employ a wide variety of achievement assessments. Indeed, many observers

think that one of the most important innovations that could come out of the charter movement is the development of innovative assessments, especially those that are more closely related to particular school missions, curricula, and teacher strategies. We discuss the range of assessments used by Michigan charter schools in Section 5.3 (e.g., portfolios, national standardized testing packages, etc.). For the purposes of an impact evaluation, however, we need a measure that is, as much as possible, comparable across schools (both charter and noncharter) and over time.

To our knowledge, the Michigan Educational Assessment Program (MEAP), though not perfect, best meets these criteria.<sup>7</sup> The MEAP is the only test that all Michigan schools—charter and noncharter—are required to administer. The MEAP is a criterion-referenced testing program based on specific Michigan criteria set by Michigan educators. Criteria for each test are based on what students should have learned up to the grade that the test is administered. Because the same versions of the test are administered to all students, it is comparable across schools in any given year. We are more cautious about using MEAP scores to make comparisons over time given that many tests are changed over time in an effort to refine and improve them. The *MEAP Handbook* (MEAP, 1999), for its part, encourages the use of MEAP scores to make comparisons over time within a given grade level but cautions against making comparisons across grade levels.

The MEAP system tests students in math, reading, science and writing. Math and reading tests are administered in grades 4, 7, and 11. Science and writing tests are administered in grades 5, 8, and 11.

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<sup>7</sup> The Michigan Educational Assessment Program (MEAP) originated in 1969. From 1969 to 1973 the program used commercially produced norm-referenced tests to measure student achievement at the 4th and 8th grade levels. In 1973, the MEAP began using criterion-referenced tests, developed by teachers and curriculum specialists, in the areas of reading and mathematics for grades 4 and 7; grade 10 was added in 1979.

Using data provided by the Michigan Department of Education (MDE), we constructed a database of MEAP scores that spans from the 1995-1996 academic year to the 1998-1999 academic year. While MDE data sets report the number and percentage of students failing in each of several performance categories, for simplicity in exposition we restricted most of our analyses to the percentage of students earning a passing grade on these tests.

## Assessing Charter School Impacts

Simply knowing the percentage of charter school students who passed various MEAP tests, however, does not by itself allow us to assess charter schools' *impact* on student achievement. Assessing impacts requires us to try to estimate, in addition, what student outcomes might have been like in the absence of charter schools. Where possible, evaluators do this by using randomized experiments—the “gold standard” of impact evaluations. In such experiments, evaluators create two groups that are alike in all relevant respects, except that one group gets the educational “treatment” (in this case, charter schools) while the other group—the “control” group—does not. Evaluators then examine student performance of both groups both before and after the treatment. Comparing pre- and post-treatment measures controls for any prior differences between the groups. Random assignment to those groups, moreover, assures that the groups will be, in the aggregate, alike in all relevant respects. The control group, in short, simulates what student outcomes might have been like without the treatment.

Having taken these steps, evaluators can confidently infer that any observed differences in change scores between the treatment and control groups are the result of the educational treatment. Such causal inferences are very important in public policy, since they identify “policy levers” that policymakers can “pull” to induce certain outcomes.

Unfortunately, randomized experiments are very rare in education and other areas of social policy.<sup>8</sup> As with most other education policies, it is simply not

possible (ethically, logistically, or politically) to assign students randomly to charter and noncharter schools. Hence, we must search for groups of comparable students that exist “naturally.” For this evaluation, the best available “natural” comparison group is students in charter schools' host districts. Thus, we must rely on what evaluators call a “quasi experiment.” Quasi-experiments are like randomized experiments in that they compare the performance of a treatment group with a group that did not receive the treatment. Unfortunately, quasi-experiments are subject to a number of important limitations that significantly limit our ability to assess the true causal impact of charter schools on student achievement.

First, the inability to randomly assign students to charter and host district schools means that we cannot be certain that the two groups are equivalent in educationally important respects. One of the most commonly cited and intensively studied “educationally important” differences is family socioeconomic status (SES). Evaluators often “control” for such differences statistically (if not through random assignment) by obtaining data for each student and/or school on such measures as free- and reduced-price lunch status. Unfortunately, surprisingly few charter schools participate in the free- and reduced-priced lunch program. Hence, we have no complete, reliable, and readily available information on student demographic characteristics and cannot employ statistical controls. We have, however, developed a blunt and imperfect technique for controlling for student background. Up until the most recent year, there has been a trend for the new charter schools to increasingly locate in suburban areas. Therefore, we have broken the data out according to cohorts by first year of operation. In short, we take first year of operation as an imperfect proxy for student demographic background. Another reason to examine schools by first-year-of-operation cohort is that we should expect that younger schools will be more likely than older schools to experience various start-up problems. Hence, the cohort analysis will allow us to take this into account when interpreting the data.

A second, and related limitation is that unlike the gold standard randomized experiment, the data available to us do not allow for clean student-level pre-post comparisons with the treatment and comparison groups. This is because in any given year the MEAP is given to only a handful of grade levels. Thus, we cannot, for instance, know whether a given cohort of charter school students made larger (smaller) gains from the 4<sup>th</sup> to the 5<sup>th</sup> grade than students in host districts. Instead of following cohorts of *students*, we can, at best, follow cohorts of *schools*. That is, we observe the performance of 4<sup>th</sup>, 5<sup>th</sup>, 7<sup>th</sup>, 8<sup>th</sup>, and 11<sup>th</sup> graders in those schools from one year to the next. For instance, we compare 5<sup>th</sup> graders in 1998 in a given set of schools with 5<sup>th</sup> graders in 1999. The absence of pre-post comparisons, therefore, brings us back to the first limitation inasmuch as today's 5<sup>th</sup> graders may be different in educationally significant, but unmeasured, ways from tomorrow's 4<sup>th</sup> graders. This is both because they are different individuals and because the number of charter school students has grown rapidly during the four years for which we have data.

One consequence of the fact that we can follow only cohorts of schools is that, other things being equal, we should expect students tested in later years to score better than students tested in earlier years. As an example, a 5<sup>th</sup> grader tested in 1996 would have had no more than approximately one year of charter school experience. By contrast, a 5<sup>th</sup> grader tested in 1999 might have had as many as four years of charter school experience, depending upon the age of the school and upon how long the student had been enrolled in the school.

## Overview of the Analysis

With these limitations in mind, we provide two types of data analysis. First, we provide aggregate analyses of charter schools as a group in comparison with host districts as a group. Specifically, readers will find a series of graphs that show the aggregate percentage of students passing various portions of the MEAP from the 1995-1996 school year through the 1998-1999 school year and, where possible, the 1999-2000 school year. We also include graphs that

provide the same figures for host districts as a group. For the reasons discussed above, we also break the charter school time series out according to first year of operation (we shall refer to this as the "first-year-of-operation cohort analysis"). From these graphs we can learn (a) whether charter schools have performed better (worse) in absolute terms than host district schools and (b) whether scores in both groups have, in the aggregate, improved, declined, or remained stable over time. Indeed, we might find that while host districts outperformed charter schools in terms of raw pass rates, observation of rates over time reveal that charters are either improving at a similar or faster rate than host districts. The cohort analyses can provide some imperfect insight into whether older, more heavily urban, charter schools that started earlier are doing better or worse (both in absolute terms and over time) than the newer, more suburban schools.

Such aggregate analyses, however, can often mask important variations among charter schools. Hence, we also include school-by-school analyses that compare the 1-, 2-, 3- and (where possible) 4-year changes in charter school MEAP passing rates with those of their host districts. By comparing each charter school's change score with that of its own host district, we provide more precise and sensitive estimates of charter school impact. These analyses resemble the "value-added" assessments increasingly employed in educational evaluation. This analysis also allows us to identify precisely how many and which schools are doing better (worse) than others. Policy makers need consider the possibility that different subgroups of charter schools and students might require different types of policy inputs. While it is beyond the scope of this report to seek to *explain* such school-by-school variations, we hope that others will do so. Readers are encouraged to examine each school's absolute and change scores in Appendix C.

Before presenting our findings, we emphasize that the following analyses are far from perfect and should be interpreted with caution. Nonetheless, we believe that these analyses improve substantially upon existing ones.

## 5.2 Analysis of MEAP Results

### Grade 4, Math and Reading

Figures 5:1 through 5:6 provide aggregate data on the 4<sup>th</sup> grade math and reading examinations. Beginning with the math scores, figure 5:1 shows that when we examine absolute pass rates host district outperformed charters. Charter students' average pass rate over the four year period was 45 percent and ranged from 35 to 5 percent.<sup>9</sup> Host district students' pass rates, by contrast, averaged 63.9 percent over the four year period and ranged from 49 to 68 percent.

Examining pass rates over time we find that in the aggregate charter students' pass rates declined from 1995-1996 to 1996-1997, increased in 1997-1998 and declined again through 1999-2000. Overall, there was little net change in charter students' pass rate. Host district students' pass rates, by contrast, rose from 49.4 percent in 1995-1996 to 68 percent in 1999-2000, with only a slight decrease in 1998-1999 interrupting the positive growth trend. In the aggregate, then, host districts outperformed charter schools both in terms over overall pass rates and temporal trends.

Figure 5:2 shows the first-year-of-operation cohort analysis. While we initially expected to find that later cohorts, which are generally more suburban, would start at higher pass rates. However, the trend in starting pass rates is mixed, with a decline from 1995-1996 to 1996-1997, a sharp increase from 1996-1997 to 1997-1998, and decline thereafter. Moreover, there is no evidence that newer schools as group showed higher rates of improvement over time. On the whole, therefore, the cohort analysis does very little to change our interpretation of the aggregate trends presented in figure 5:1.

Aggregate trends, however, can mask important variations among schools. To capture this variation, we compared the 1-, 2-, 3- and (in some cases 4-year) gains and losses in pass rates for charter schools and host districts. We did this by simply subtracting for each school the host district's gain (loss) in pass rate from the charter school's gain

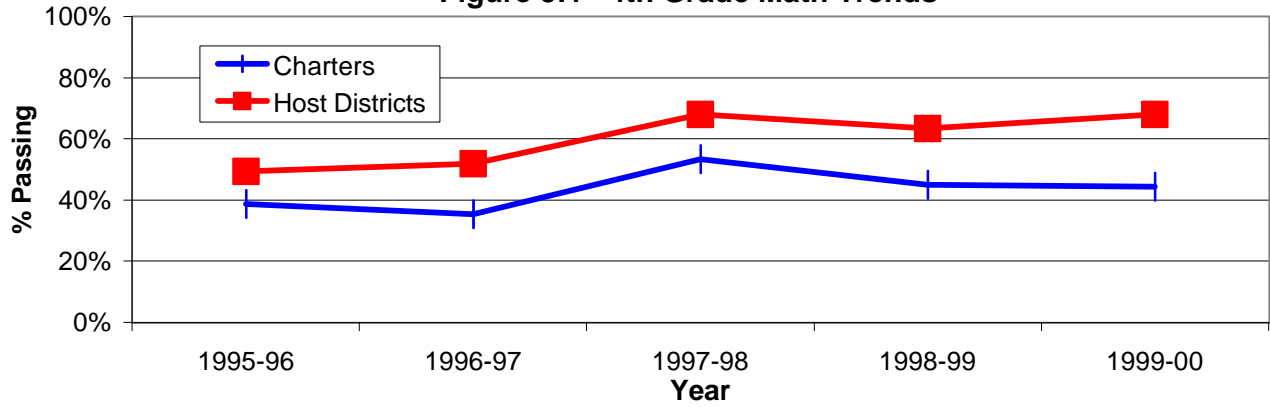
(loss) in pass rate. Hence, a positive value means that the charter's gain (loss) in pass rate was greater (less) than the host district's gain (loss).

Figure 5:5 presents graphically the 1-, 2-, and 3-year gains for the 4<sup>th</sup> grade science portion of the MEAP. Bars to the right of the zero point represent charter schools whose gains (losses) were larger (smaller) than those of their host districts; bars to the left of the zero point represent charters schools whose gains (losses) were smaller (larger) than those of their host districts. The graph provides a mixed picture of charter school gains. The 1- and 3-year comparisons show that more charter schools outgained their host districts than vice versa. However, the 2- and 4-year comparisons show that more host districts outgained their charter schools than vice versa. Finally, the reader will notice that the magnitude of some of the differences is extremely high – some exceeding 70 percentage points. We interpret these data points with caution, since it is likely that at least some of these values are due to errors in the data. The charter-host district change score comparisons are summarized in Table 5:1.

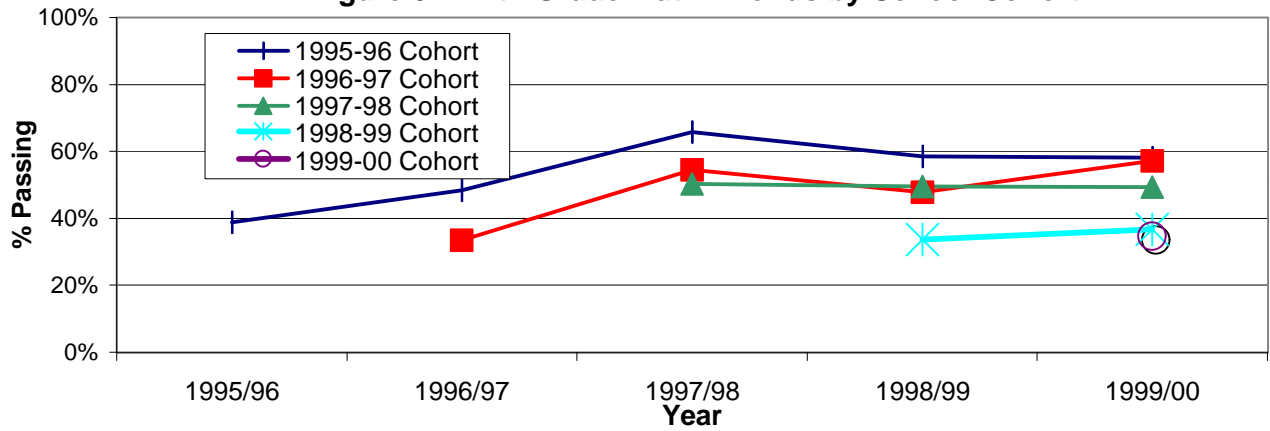
Moving to the 4<sup>th</sup> grade reading portion the MEAP, figure 5:3 presents aggregate trends for charter schools and host districts. As with the 4<sup>th</sup> grade math data, we find that host districts outperformed charter schools when we look at raw pass rates. The 4-year average pass rate for charter school students was 35.8 percent and ranged from 32.5 to 38 percent. Host district students' average pass rate, by contrast, was 51.7 percent and ranged from 38 to 55 percent.

Examining the pass rates over time, we find that once again, the charter school trend suffers in comparison to the host district trend. Indeed, whereas the charter school trend is largely stable (though with a perceptible decline in the most recent year), the host district trend is most positive, with a net gain of approximately 15 percent. Once again, then, in the aggregate host districts outperformed charter schools both in terms of raw pass rates and in terms of temporal trends.

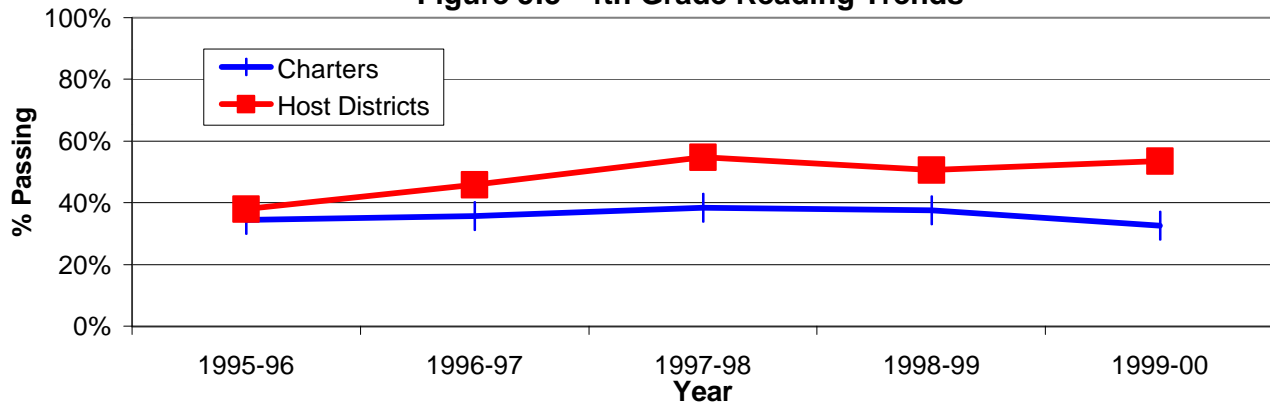
**Figure 5:1 4th Grade Math Trends**



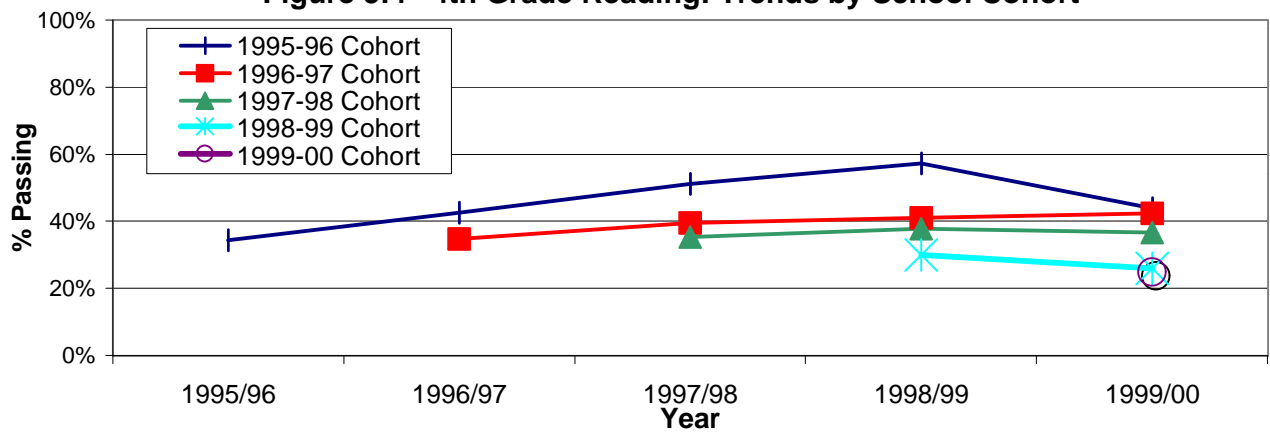
**Figure 5:2 4th Grade Math: Trends by School Cohort**



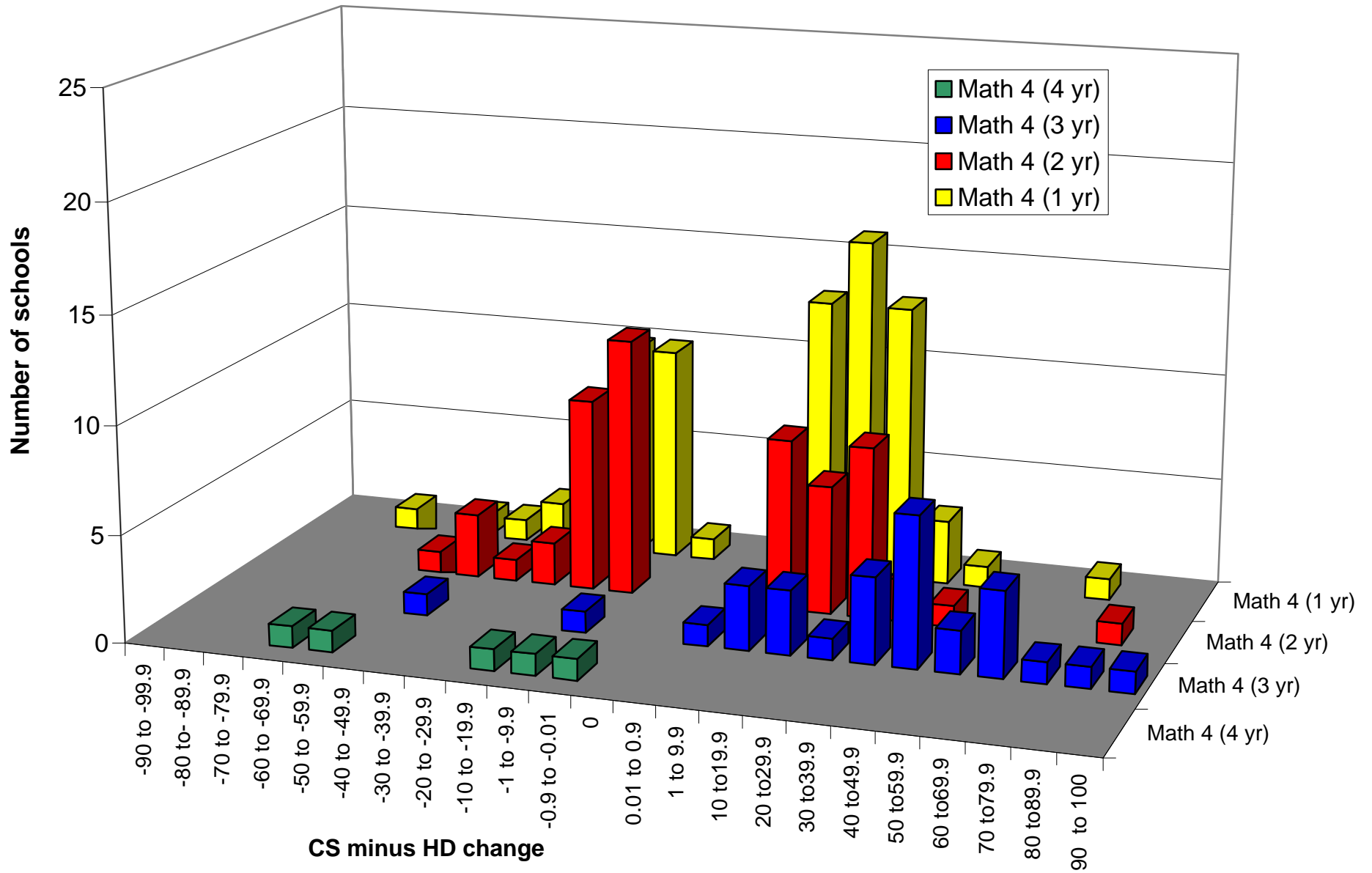
**Figure 5:3 4th Grade Reading Trends**



**Figure 5:4 4th Grade Reading: Trends by School Cohort**



**Figure 5:5 Comparison of Changes Over Time Between Charter School and Host District, Grade 4 Math**



**Figure 5:6 Comparison of Changes Over Time Between Charter School and Host District, Grade 4 Reading**

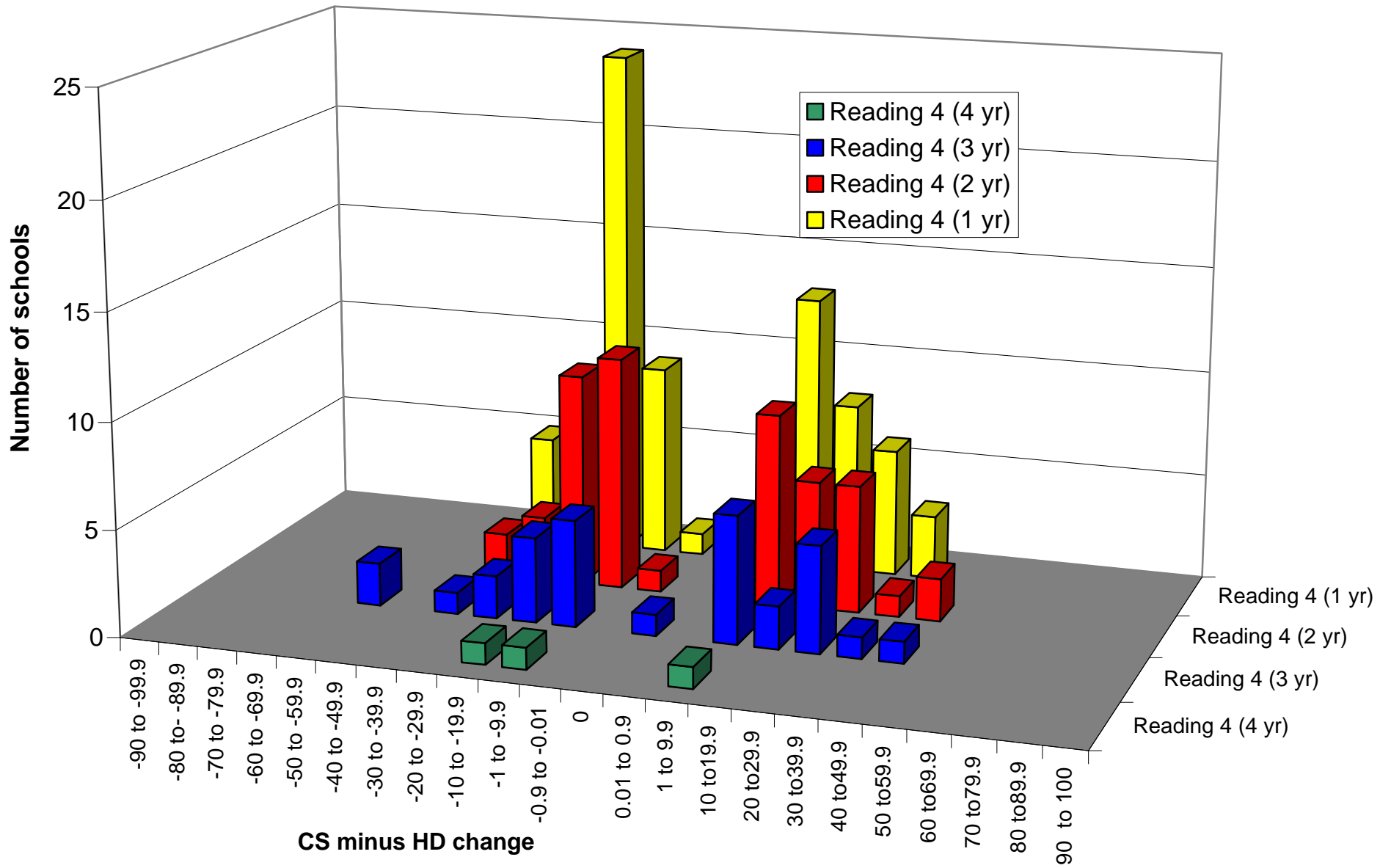


Table 5:1 Comparison of Charter School and Host District Changes in 4<sup>th</sup> Grade Math

	4-year comparison	3-year comparison	2-year comparison	1-year comparison
<b>(A) # Host districts outgaining charters</b>	5	2	28	29
<b>(B) # Ties</b>	0	0	0	0
<b>(C) # Charters outgaining host districts</b>	0	28	26	50
<b>(D) Total # comparisons</b>	5	30	54	79
<b>Ratio of (C) to (A)</b>	0	14	0.93	1.72

Figure 5:4 presents the first-year-of-operation cohort analysis. Once again, we find little evidence that newer schools open with higher pass rates than older schools. If anything, the newer schools open with lower pass rates. Moreover, the newer schools do not do better in terms of the direction and rate of growth.

There is, however, one bright spot for charter schools in this graph. The 1995-1996 cohort of charter schools performed about as well as the host districts. Indeed, the trend maximum for the 1995-1996 cohort (57.2 percent) exceeded the trend maximum for the host districts (54.8 percent). By the 1999-2000 school year, however, the 1995-1996 cohort's trend line had return nearly to its starting level while the host district trend line maintained its gains.

Analysis of Figure 5:4 reminds us that aggregate estimates can mask important variation among schools. Hence, figure 5:6 graphically presents the

1-, 2-, and 3-year gains for the 4<sup>th</sup> grade reading portion of the MEAP. This time the school-by-school analysis presents a somewhat bleaker picture of charter schools than the same analysis for 4<sup>th</sup> grade math. Only the 3-year comparison shows more charter schools outgaining their host districts than vice versa. The numbers are even for the 2-year comparison, while more host districts outgained their charter schools than vice versa in the 1- and 4-year comparisons. These comparisons are summarized in Table 5:2.

#### *Grade 5, Science and Writing*

Figures 5:7 through 5:10 provide aggregate data on the 5<sup>th</sup> grade science and writing examinations. Once again, the data tell a mixed story about charter schools' impact on student achievement. Figure 5:7 shows that on the science examination, host district students clearly outperformed charter students when we examine absolute pass rates. The 4-year average pass rate for charter students was 19.7

Table 5:2 Comparison of Charter School and Host District Changes in 4<sup>th</sup> Grade Reading

	4-year comparison	3-year comparison	2-year comparison	1-year comparison
<b>(A) # Host districts outgaining charters</b>	2	14	27	47
<b>(B) # Ties</b>	0	1	0	0
<b>(C) # Charters outgaining host districts</b>	1	15	27	31
<b>(D) Total # comparisons</b>	3	30	54	78
<b>Ratio of (C) to (A)</b>	0.5	1.07	1	0.66

percent and ranged from 14 percent to 22 percent. For host districts, the weighted average was 30, with annual averages ranging from 19 percent to 37 percent.

The picture changes somewhat, however, when we look at trends over time. Figure 5:7 shows that the aggregate pass rate for charter students increased slightly from 1996 to 1997 and then remained stable through 1999. Viewed in isolation, the trend is quite unremarkable. However, where charter schools remained more or less stable, host districts in the aggregate improved and then declined. By 1999 the two trend lines had converged at approximately 20 percent. Hence, if we make the somewhat questionable assumption that host districts are generally equivalent to charter schools in all respects except charter status, it appears that charter schools have succeeded in not suffering the same decline as host districts.

Figure 5:8 shows the results of the first-year-of-operation cohort analysis. Contrary to expectation, newer, generally more suburban, schools started with lower initial pass rates than older schools. The graph also shows that the trend for the 1997-1998 cohort of schools was somewhat different from the others. While that cohort started out low in comparison to the others, it showed substantial growth from its first to its second year of operation. Thus, it is clear that at least some charter schools showed discernible improvement in 5<sup>th</sup> grade science pass rates.

Moving to the 5<sup>th</sup> grade writing section of the MEAP, Figure 5:9 shows that, once again, host districts as a group outperformed charter schools as a group in terms of absolute pass rates. The 4-year average pass rate for charter schools was 43% and ranged from 36 percent to 57 percent. For host districts, the 4-year average was 56 percent, with annual averages ranging from 49 percent to 69 percent.

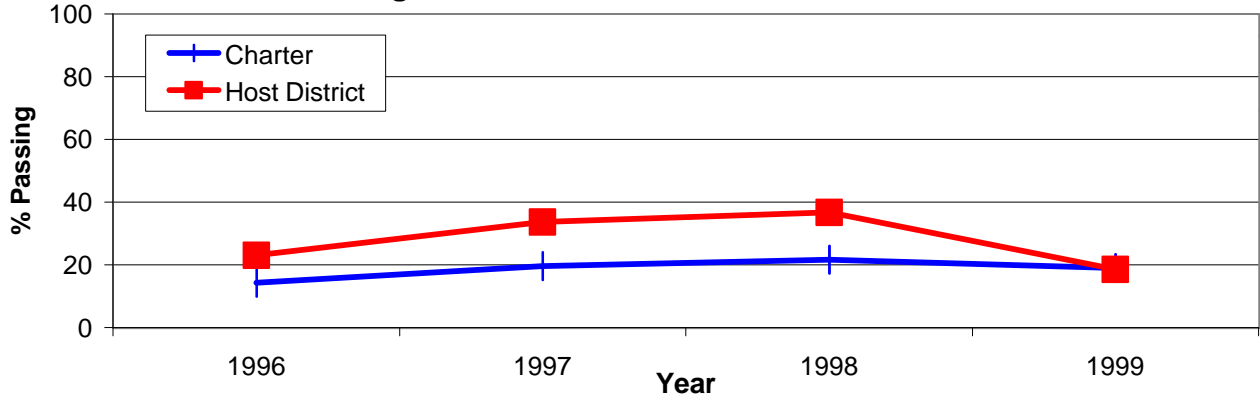
Figure 5:9 also provides temporal trends in pass rates for the 5<sup>th</sup> grade writing examination. The aggregate pass rate for charter students increased slightly from 1996 to 1997 and then declined steadily through 1999. Viewed in isolation, the trend is

appears quite negative. However, the graph also shows that host district students evidenced the very same pattern of improvement and decline. Thus, if we take host district students' scores as a baseline, it appears that charter school students have held their own over the four years for which we have data.

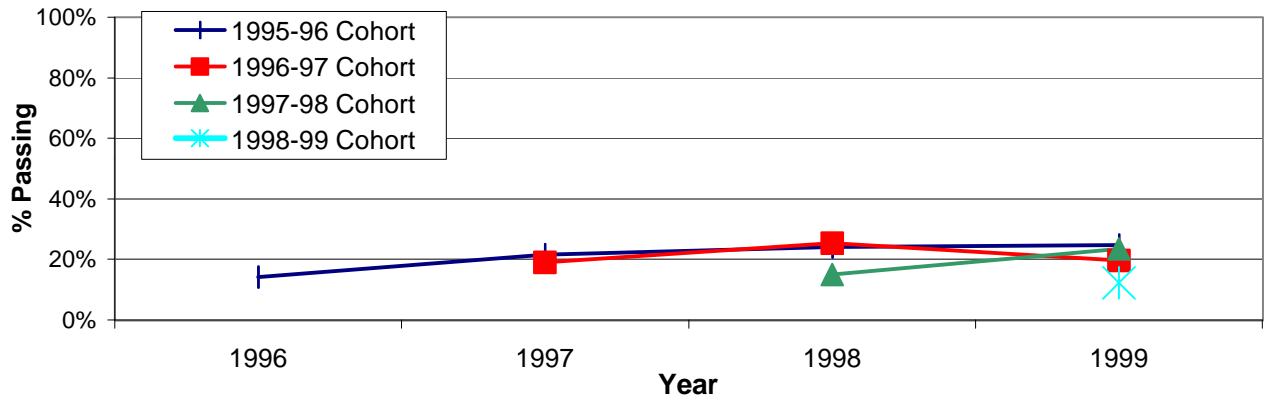
Figure 5:10 shows the first-year-of-operation cohort analysis. From the graph it is apparent that, contrary to expectation, newer schools start out with lower pass rates than older schools. Moreover, there is no evidence that these newer schools enjoy higher rates of improvement than other schools. In general, the cohort analysis does little to change the description of the aggregate trend provided above.

Once again, we also examined change scores on a school-by-school basis. Like the aggregate trend analysis, the school-level change analysis shows charters in a somewhat positive light. Figure 5:11 graphically presents the 1-, 2-, and 3-year gains for the 5<sup>th</sup> grade science portion of the MEAP. Bars to the right of the zero point represent charter schools whose gains (losses) were larger (smaller) than those of their host districts; bars to the left of the zero point represent charter schools whose gains (losses) were smaller (larger) than those of their host districts. The graph shows that more charter schools outgained their host districts than vice versa. Beginning with the 3-year change scores, 11 charter schools out-gained their host districts, while only 3 charter schools were outgained by their host districts. Moving to the 2-year change scores, 30 charter schools outgained their host districts, 15 were outgained by their host districts, and 2 performed the same. As for 1-year change scores, 43 charter schools outgained their host districts, 22 were outgained by their host district, and there were 5 ties. Finally, the reader will notice that the magnitude of some of the differences is extremely high—some exceeding 70 percentage points. We interpret these with caution, since it is likely that at least some of these values are due to errors in the data. Nonetheless, the general pattern remains: most charter schools when looked at individually outgained their host districts. These comparisons are summarized in Table 5:3.

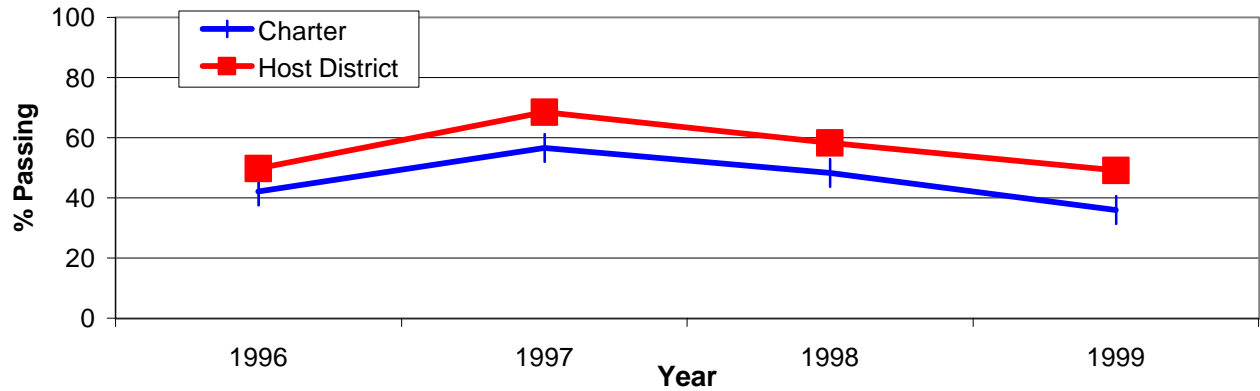
**Figure 5:7 5th Grade Science Trends**



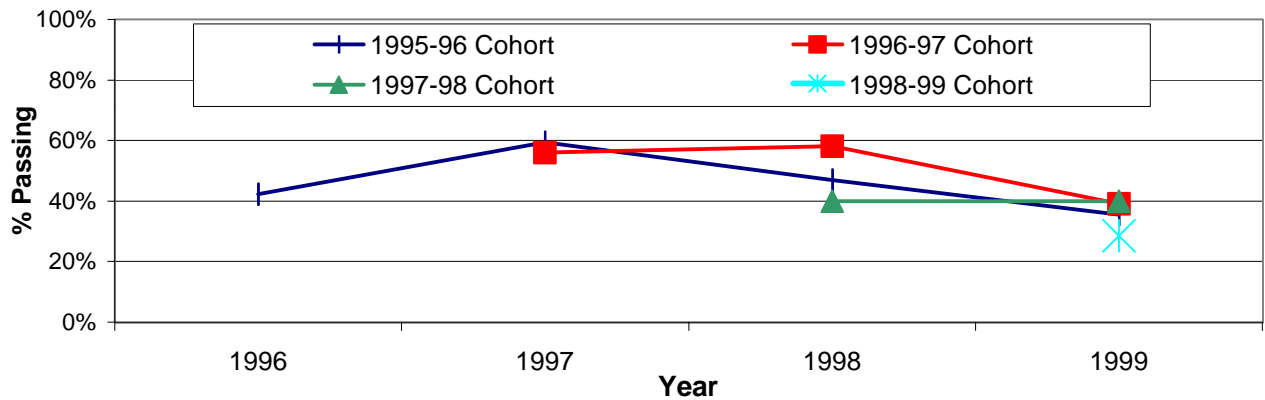
**Figure 5:8 5th Grade Science: Trends by School Cohort**



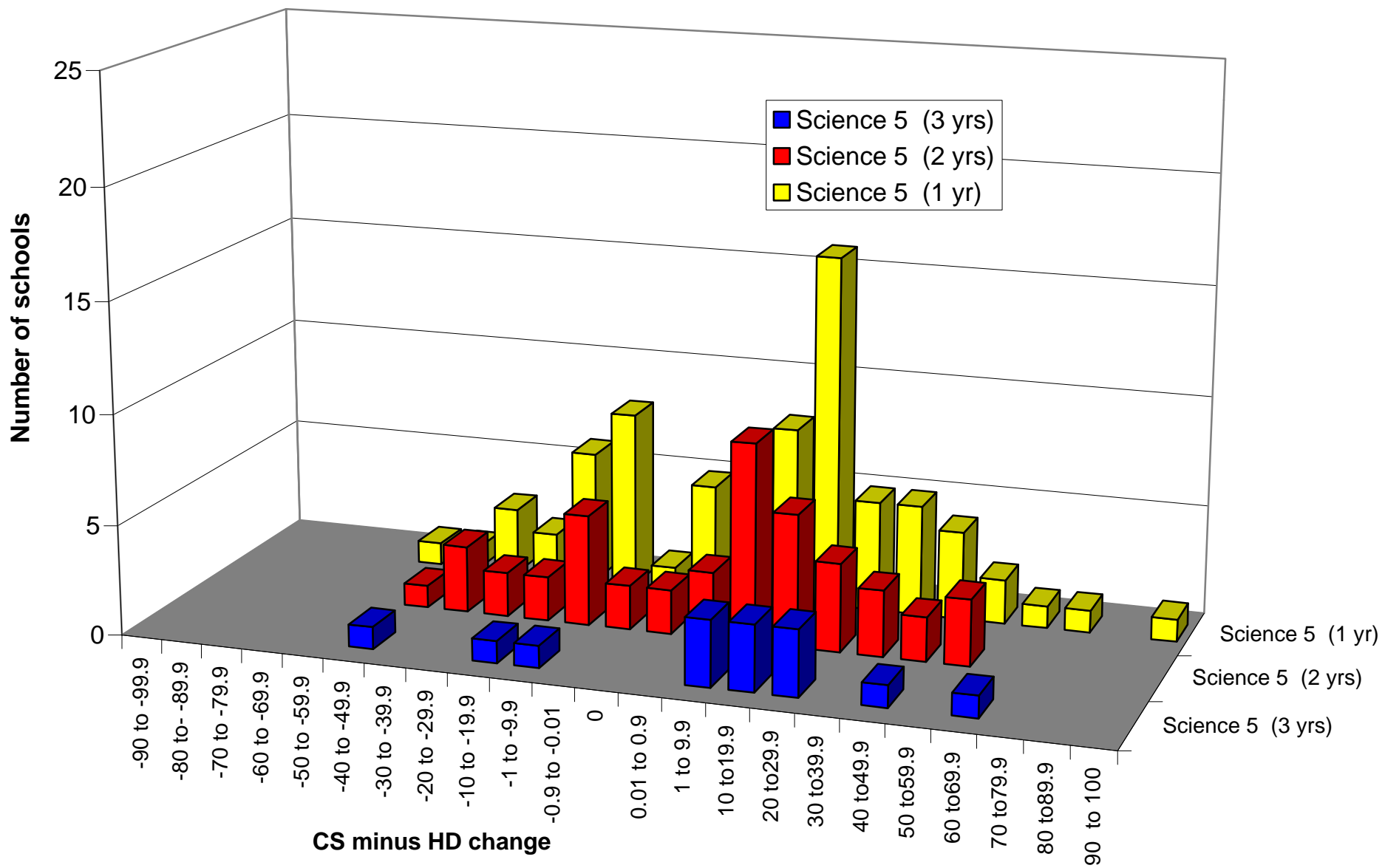
**Figure 5:9 5th Grade Writing Trends**



**Figure 5:10 5th Grade Writing: Trends by School Cohort**



**Figure 5:11 Comparison of Changes Over Time Between Charter School and Host District, Grade 5 Science**



**Figure 5:12 Comparison of Changes Over Time Between Charter School and Host District, Grade 5 Writing**

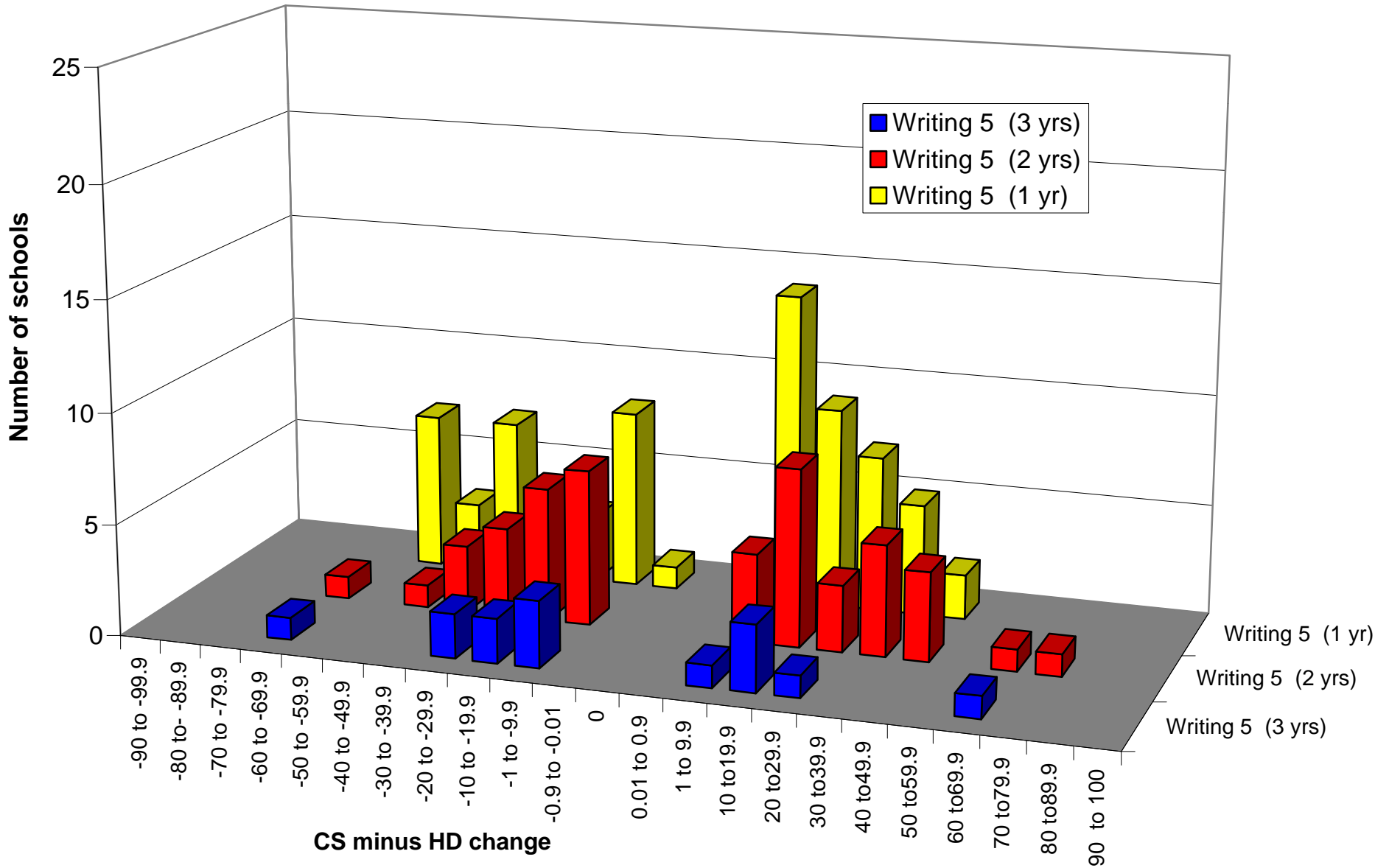


Table 5:3 Comparison of Charter School and Host District Changes in 5<sup>th</sup> Grade Science

	3-year comparison	2-year comparison	1-year comparison
(A) # Host districts outgaining charters	3	15	22
(B) # Ties	0	2	5
(C) # Charters outgaining host districts	11	30	43
(D) Total # comparisons	14	47	70
Ratio of (C) to (A)	3.67	2	1.95

Figure 5:12 graphically presents the 1-, 2-, and 3-year gains for the 5<sup>th</sup> grade writing portion of the MEAP. Once again, examining change scores on a school-by-school basis presents a more positive picture of student achievement in charter schools. Looking at both the 1- and 2-year change scores, we find that more charter schools outgained their host districts than vice versa. However, fewer charters outgained their host districts in the writing test than the science test. Moreover, the magnitude of the differences was, in general, smaller than for the science portion of the MEAP. This is evidenced by the fact that more of the bars in Figure 5:11 are closer to the zero point than in Figure 5:12. These comparisons for 5<sup>th</sup> grade writing are presented in Table 5:4.

**Grade 7, Math and Reading.**

Figures 5:13 through 5:16 provide aggregate data on 7<sup>th</sup> grade math and reading examinations. Figure 5:13 shows that on the science examination, host district students clearly outperformed charter

students when we examine absolute pass rates. Charter students' annual pass rates ranged from 26 percent to 36 percent. Overall, the 4-year average pass rate was 33.8 percent. For host districts, the weighted average was 47.3, with annual averages ranging from 32 percent to 51 percent.

As before, however, we measure impact not only in absolute terms but in terms of schools' ability to produce improvements in pass rates over time. Figure 5:13 shows that the aggregate pass rates improved in both charter and host district schools. However, the change is both greater and more consistent in host districts than in charter schools. Indeed, the charter school pass rate reached its peak in the 1997-1998 school year and then declined a small amount in the remaining years. In host district schools, the rate of increased slowed considerable, but did not stop. Hence, even when we compare rates of change, host districts appear to have outperformed charter schools.

Table 5:4 Comparison of Charter School and Host District Changes in 5<sup>th</sup> Grade Writing

	3-year comparison	2-year comparison	1-year comparison
(A) # Host districts outgaining charters	8	22	32
(B) # Ties	0	0	0
(C) # Charters outgaining host districts	6	26	38
(D) Total # comparisons	14	48	70

Table 5:5 Comparison of Charter School and Host District Changes in 7<sup>th</sup> Grade Math

	4-year comparison	3-year comparison	2-year comparison	1-year comparison
(A) # Host districts outgaining charters	1	9	18	21
(B) # Ties	0	0	0	0
(C) # Charters outgaining host districts	2	10	15	26
(D) Total # comparisons	3	19	33	47
Ratio of (C) to (A)	2	1.1	0.83	1.24

Figure 5:14 shows the results of the first-year-of-operation cohort analysis. Unlike many of the other MEAP subject tests, we find that newer schools started at higher pass rates than other schools. However, there is no significant difference between the cohorts on the direction of the growth trends. Indeed, each of the cohorts shows the stable, if mixed, trend discussed above. Thus, the cohort analysis does little to affect the aggregate trend discussed above.

Moving to the pass rates for the 7<sup>th</sup> grade reading section of the MEAP, Figure 5:15 shows that host districts outperformed charter schools in terms of raw pass rates. Indeed, the 4-year average pass rate for charter school students was 30.5 percent and ranged from 19 percent to 34 percent. The 4-year average pass rate for host districts, by contrast, was 37.9 percent and ranged from 33 percent to 44 percent.

Examining pass rates over time we find that the charter school trend largely mirrors the host district trend, with increases through the 1997-1998 and 1998-1999 school years and decreases thereafter. The rate of decline for charter schools, however, is considerably steeper than for host districts. This, viewed over time, charter school students have at best held their ground against host district students and, more recently, appear to have lost ground.

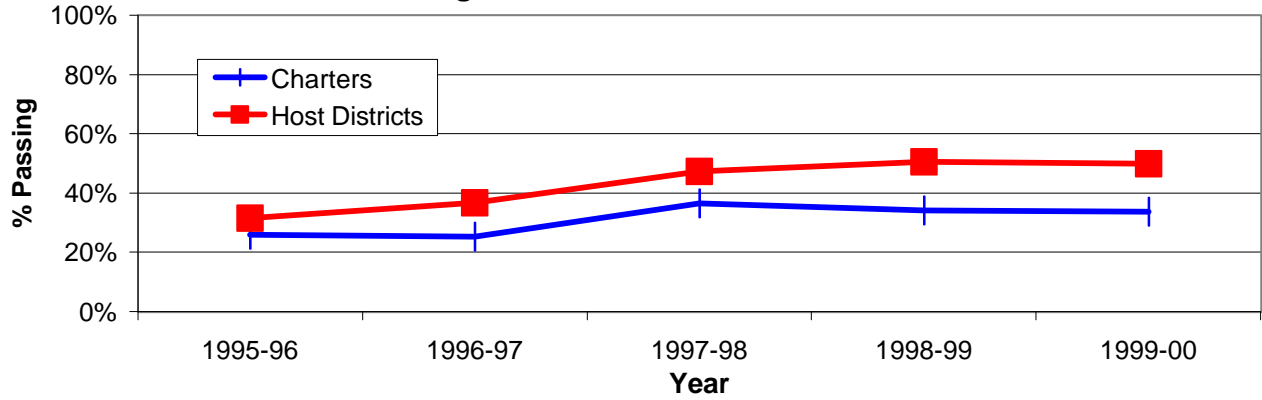
Figure 5:16 provides the first-year-of-operation cohort analysis. From the graph it appears that, as initially predicted, the newer, more suburban schools begin with higher pass rates than the older schools.

However, the growth rates of the new and old schools are quite similar. Thus, the cohort analysis does little change our view of the aggregate trend for charter school pass rates.

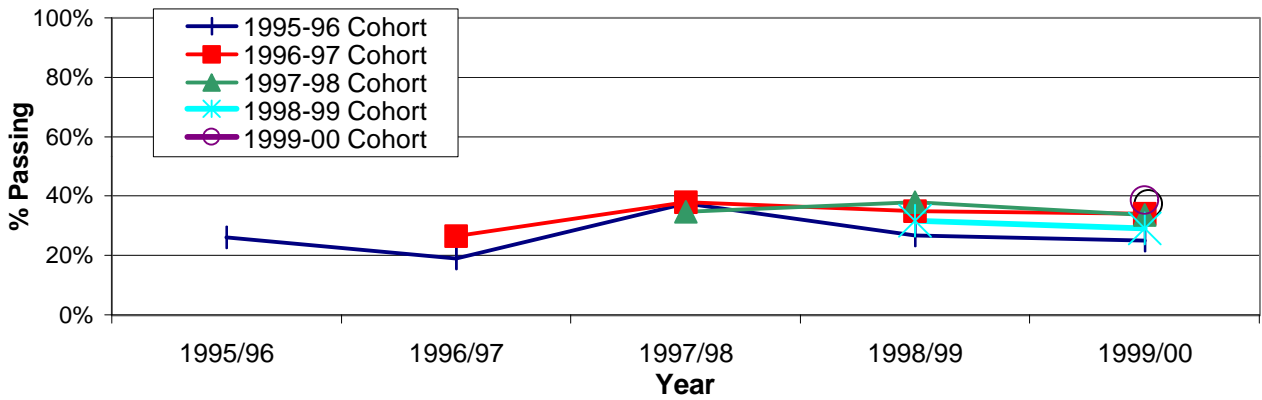
Once again, we also examined change scores on a school-by-school basis. Figure 5:17 presents the 1-, 2-, 3-, and 4-year gains for the 7<sup>th</sup> grade math portion of the MEAP. Bars to the right of the zero point represent charter schools whose gains (losses) were larger (smaller) than those of their host districts; bars to the left of the zero point represent charters schools whose gains (losses) were smaller (larger) than those of their host districts. The graph shows that, with the exception of the 2-year change scores, more charter schools outgained their host districts than vice versa. These comparisons are summarized in Table 5:5.

Figure 5:18 presents the 1-, 2-, and 3-year gains for the 7<sup>th</sup> grade reading portion of the MEAP. The graph presents a mixed picture of charter school gains. For the 4-year change, more charter schools outgained their host districts than vice versa. For the 1- and 2-year changes, however, more host districts outgained their charter schools than vice versa. The numbers were even for the 3-year change. The reader will notice that the magnitude of some of the differences is extremely high—some exceeding 70 percentage points. We interpret these with caution, since it is likely that at least some of these values are due to errors in the data. These comparisons are summarized in Table 5:6.

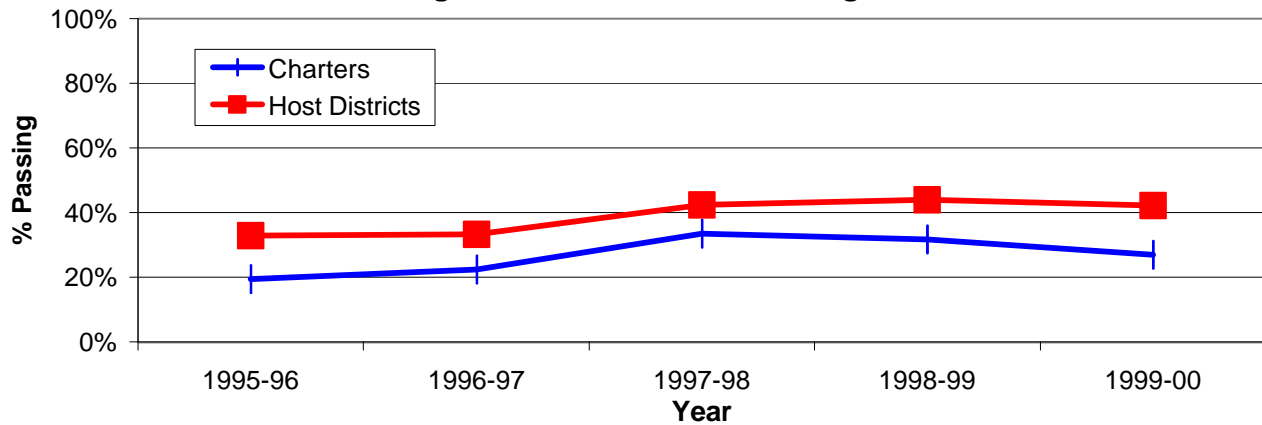
**Figure 5:13 7th Grade Math Trends**



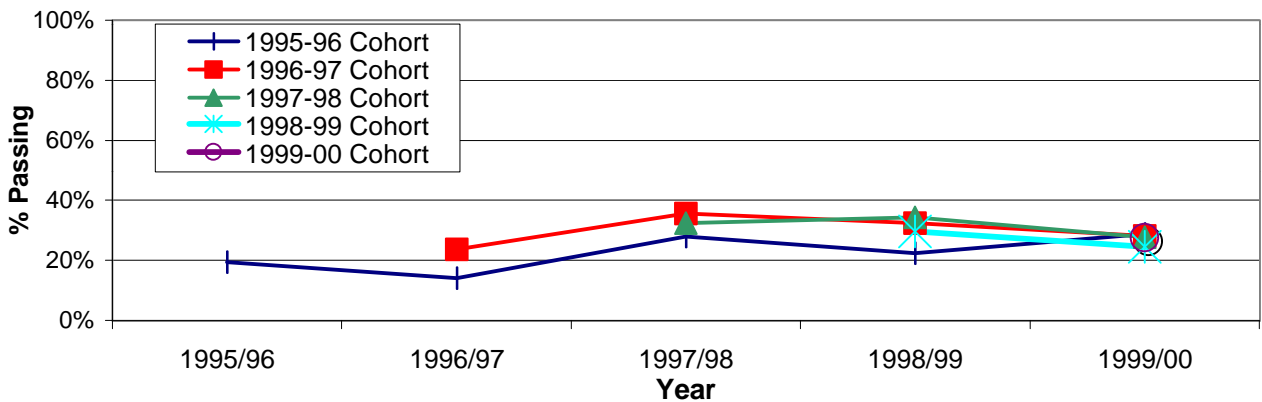
**Figure 5:14 7th Grade Math: Trends by School Cohort**



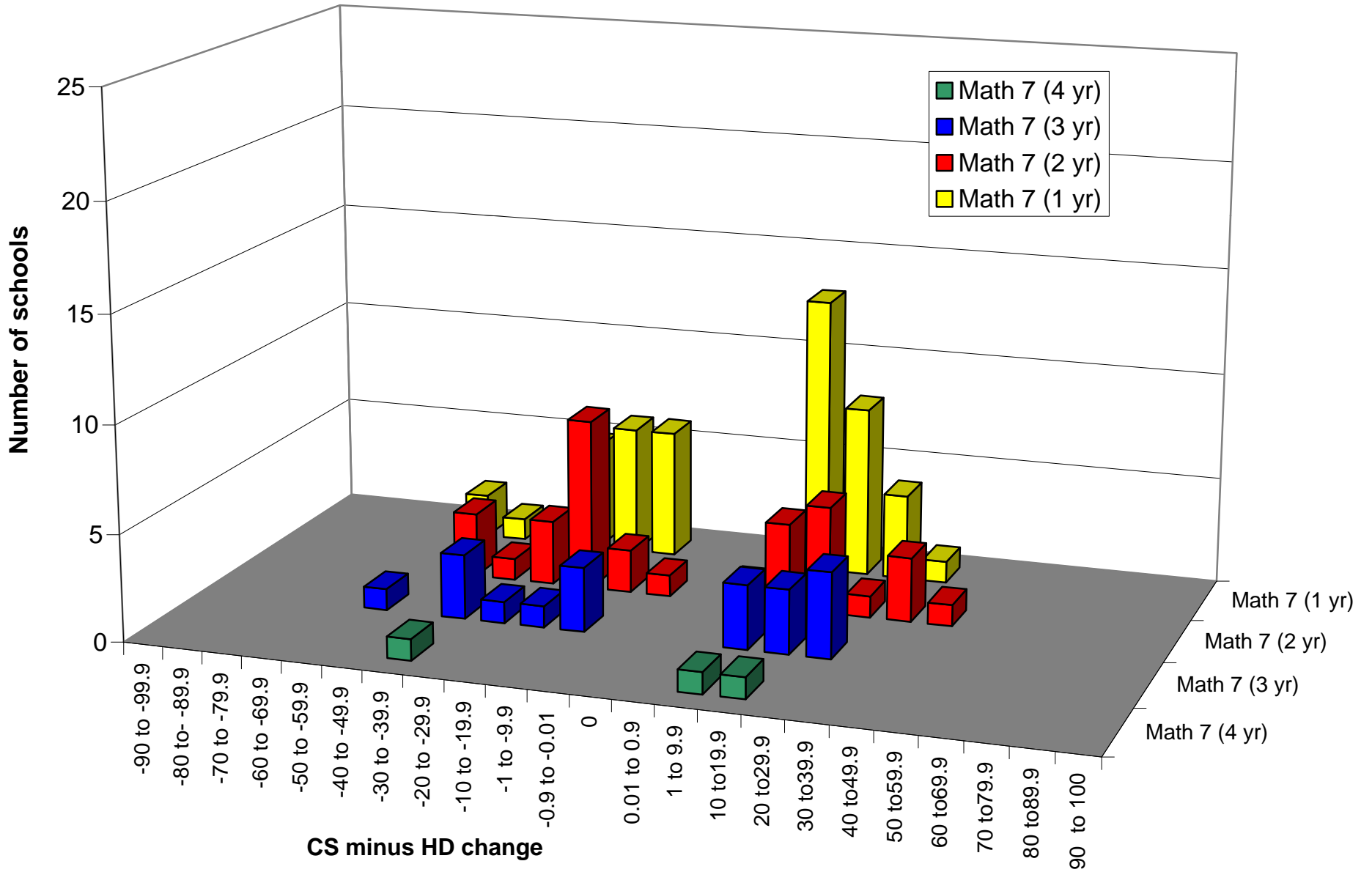
**Figure 5:15 7th Grade Reading Trends**



**Figure 5:16 7th Grade Reading: Trends by School Cohort**



**Figure 5:17 Comparison of Changes Over Time Between Charter School and Host District, Grade 7 Math**



**Figure 5:18 Comparison of Changes Over Time Between Charter School and Host District, Grade 7 Reading**

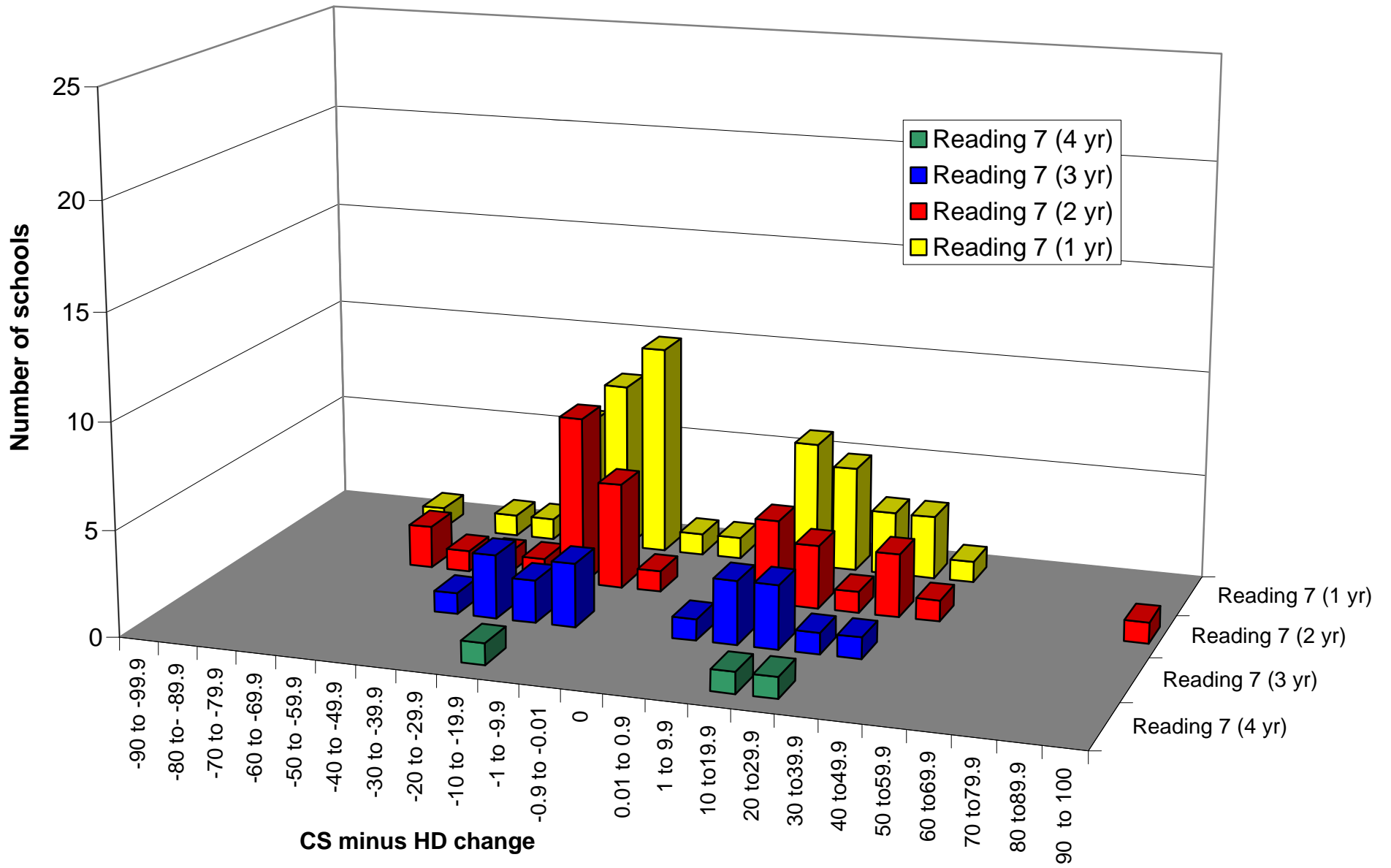


Table 5:6: Comparison of Charter School and Host District Changes in 7<sup>th</sup> Grade Reading

	4-year comparison	3-year comparison	2-year comparison	1-year comparison
(A) # Host districts outgaining charters	1	9	19	28
(B) # Ties	0	0	0	1
(C) # Charters outgaining host districts	2	9	13	18
(D) Total # comparisons	3	18	32	47
Ratio of (C) to (A)	2	1	0.68	0.64

### *Grade 8, Science and Writing.*

Figures 5:19 through 5:22 provide aggregate data on 8<sup>th</sup> grade science and writing portions of the MEAP. Figure 5:19 shows that host districts outperformed charter schools on the science examination. Charter students' annual pass rates ranged from 8.6 to 9.4 percent, with a 4-year average of 8.9 percent. For host districts, the four-year average pass rate was 17.8 percent, with annual rates ranging from 14.9 to 19.5 percent.

Once again, the picture changes somewhat when we judge schools in terms of trends over time. For the most part, the trend in charter schools' pass rates mirrored those of host districts. For science, the charter pass rate was more or less flat, with a small peak in 1998. The host district trend was also flat for the most part, with a slight decrease between 1996 and 1997 and then small increases through 1999. Overall, if we assume that host district students are more or less comparable to charter school students, it appears that charter schools have held their ground vis-a-vis host districts when viewed over time.

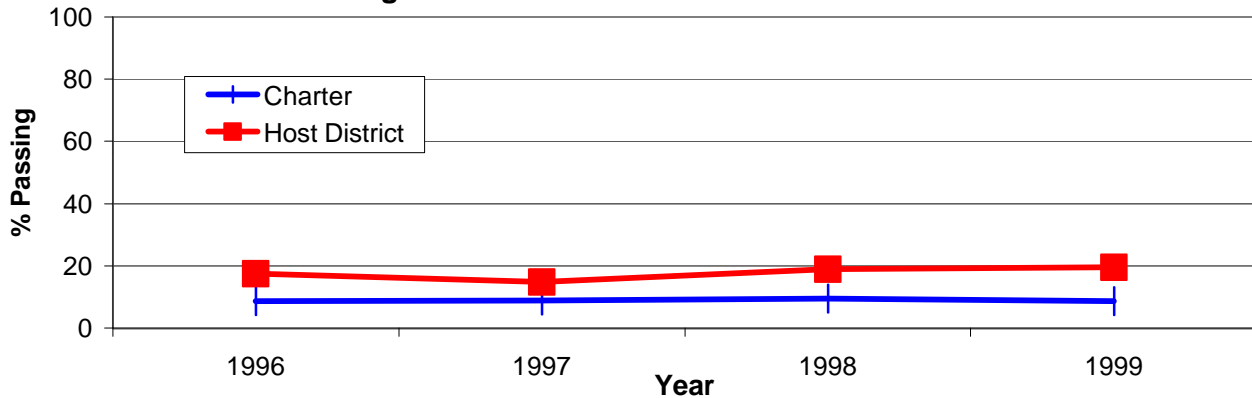
Figure 5:20 shows the results of the first-year-of-operation cohort analysis. Contrary to expectation, the newer, more heavily suburban schools began at lower pass rates than the older schools. Within all cohorts, however, there is little evidence of significant growth over time. The cohort analysis, in sum, does little to modify the inference that, in the aggregate, charter school pass rates remained quite stable over the four years for which we have data.

We turn next to 8<sup>th</sup> grade writing pass rates. Figure 5:21 shows that, as with most of the subject area tests, host district students outperformed charter school students in absolute terms. Charter schools' pass rates ranged from 37 to 62 percent, with a 4-year weighted average of 46%. Host district schools, by contrast, ranged from pass rates of 50 and 72 percent, with a 4-year weighted average of 59 percent.

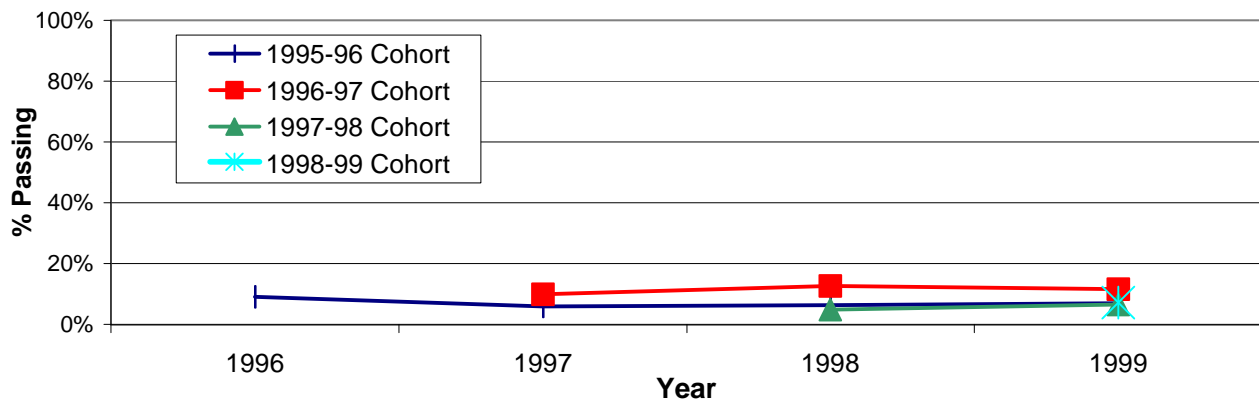
Figure 5:22 presents the first-year-of-operation cohort analysis for the 8<sup>th</sup> grade writing examination. The graph reveals that with the exception of the 1997 cohort, all cohorts started with a similar pass rate. In spite of its strong beginning, however, the 1997 cohort's pass rate fell substantially during each subsequent year. Once again, the cohort analysis supports the conclusion that there was little, if any, improvement in charter schools' pass rates over the four years for which we have data.

Once again, we also examined change scores on a school-by-school basis. Figure 5:23 presents graphically the 1-, 2-, and 3-year gains for the 8<sup>th</sup> grade science portion of the MEAP. Bars to the right of the zero point represent charter schools whose gains (losses) were larger (smaller) than those of their host districts; bars to the left of the zero point represent charter schools whose gains (losses) were smaller (larger) than those of their host districts. The graph shows that with the exception of the 2-year change scores, more charter schools outgained their host districts than vice versa. Most of the charter school-host district

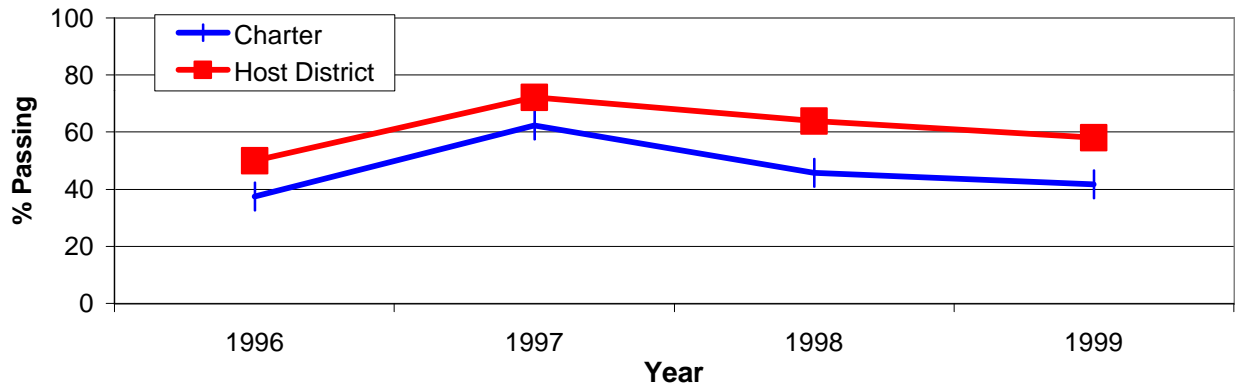
**Figure 5:19 8th Grade Science Trends**



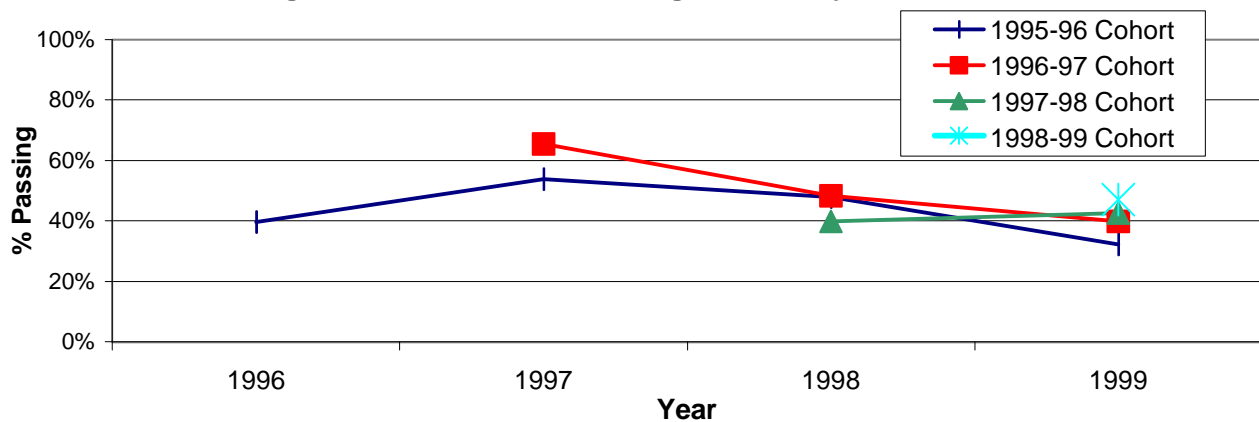
**Figure 5:20 8th Grade Science: Trends by School Cohort**



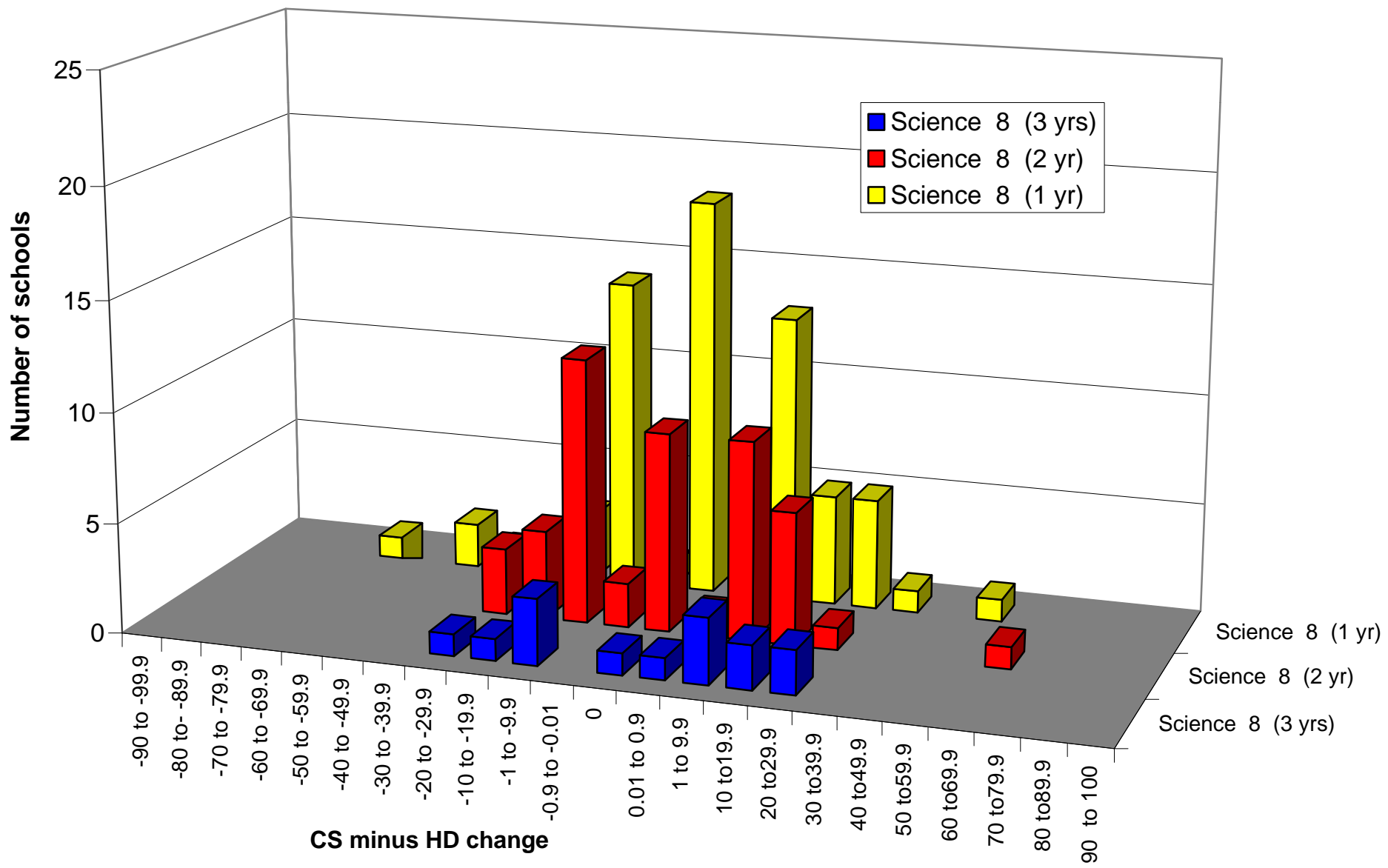
**Figure 5:21 8th Grade Writing Trends**



**Figure 5:22 8th Grade Writing: Trends by School Cohort**



**Figure 5:23 Comparison of Changes Over Time Between Charter School and Host District, Grade 8 Science**



**Figure 5:24 Comparison of Changes Over Time Between Charter School and Host District, Grade 8 Writing**

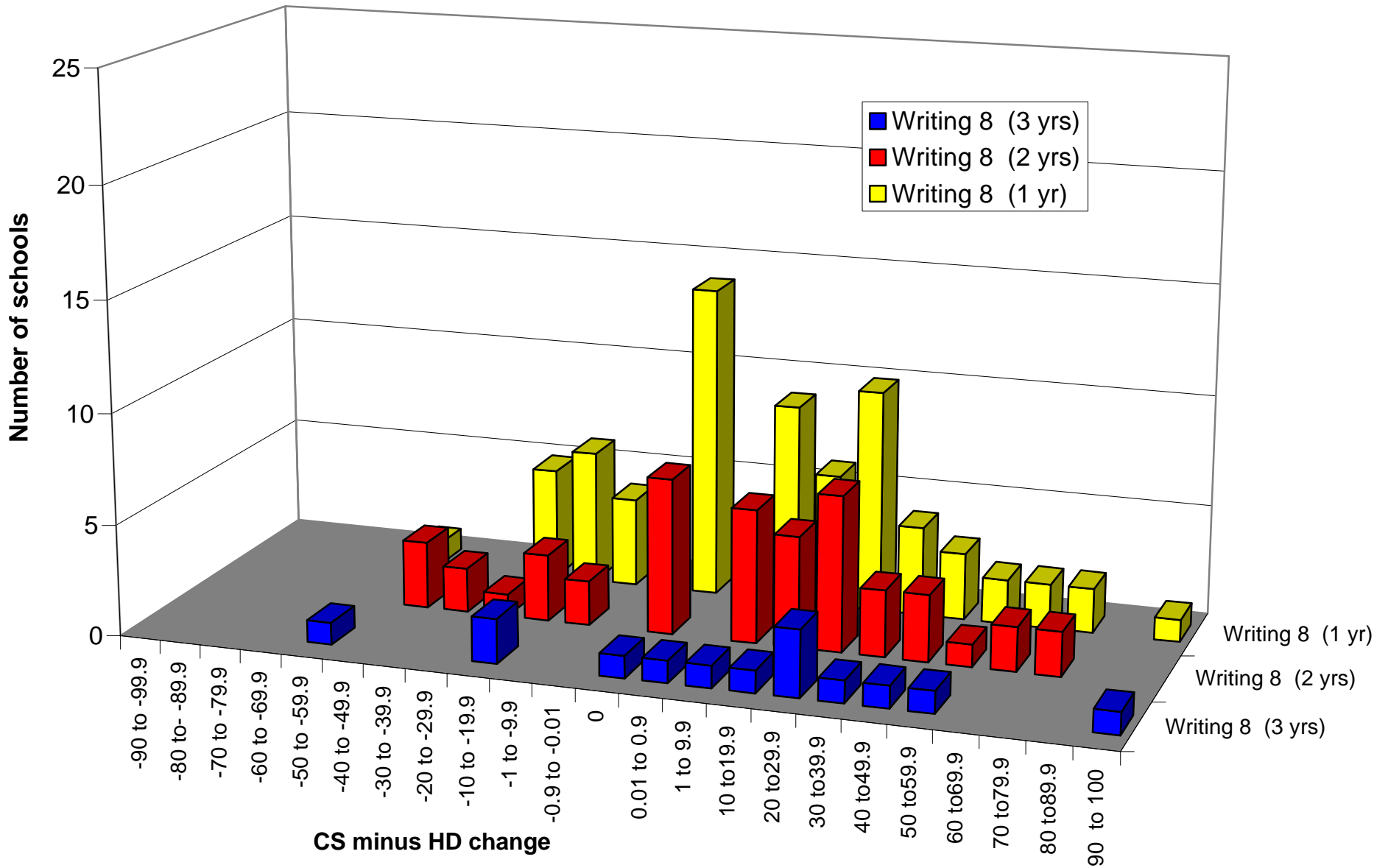


Table 5:7 Comparison of Charter School and Host District Changes in 8<sup>th</sup> Grade Science

	3-year comparison	2-year comparison	1-year comparison
(A) # Host districts outgaining charters	5	21	24
(B) # Ties	1	9	18
(C) # Charters outgaining host districts	8	18	27
(D) Total # comparisons	14	48	69
Ratio of (C) to (A)	1.6	0.86	1.13

differences, moreover, were 20 percentage points or less. Table 5:7 summarizes some of the main points from the graph.

Figure 5:24 presents graphically the 1-, 2-, and 3-year gains for the 8<sup>th</sup> grade writing portion of the MEAP. Once again, examining change scores on a school-by-school basis presents a more positive picture of student achievement in charter schools. More charter schools outgained their host districts than vice versa in the 1-, 2-, and 3-year comparisons. The magnitude of these gains, moreover, is quite high compared to the other portions of the MEAP. The reader will notice that the magnitude of some of the differences is extremely high—some exceeding 70 percentage points. We interpret these with caution, since it is likely that at least some of these values are due to errors in the data. Nonetheless, the general pattern remains: most charter schools outgained their host districts when looked at individually. Table 5:8 summarizes the main points from the graph.

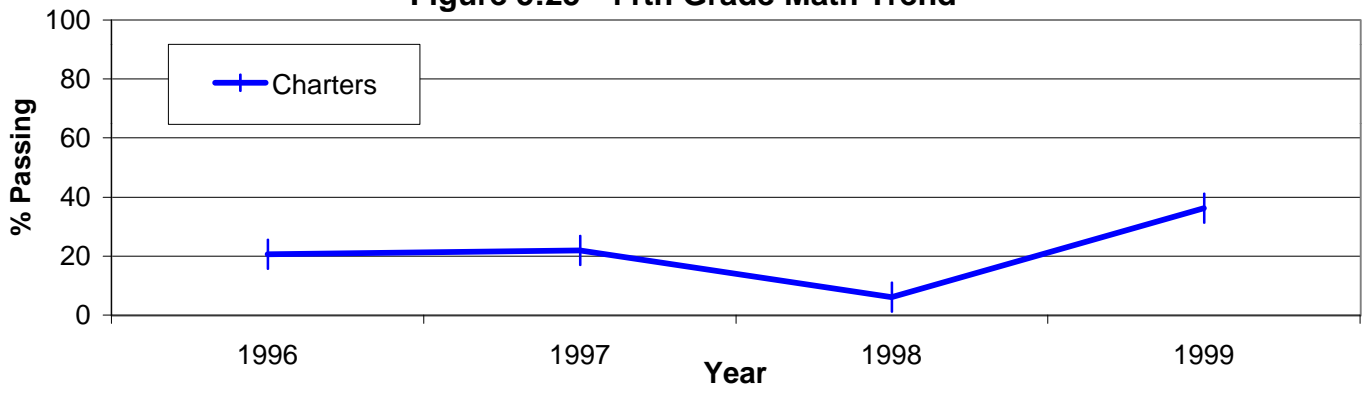
### ***Grade 11, Math, Reading, Science, and Writing***

Analysis of the 11<sup>th</sup> grade MEAP scores presents some unique issues. A large number of the schools providing instruction exclusively at the high school level are alternative schools. We hesitate to draw inferences based on comparisons with host district students given that these schools are most assuredly quite different, on the whole, from their host districts. Without the host district comparisons, we are left with little basis on which to evaluate the 11<sup>th</sup> grade scores. As we have discussed, changes in instrumentation and student composition leave us reluctant to read much meaning into temporal trends. Moreover, the relatively small number of charter schools with 11<sup>th</sup> graders makes summary statistics about these schools highly sensitive to outliers. Nevertheless, we believe that these data, if interpreted cautiously, provide at least some insight into 11<sup>th</sup> grade performance in charter schools.

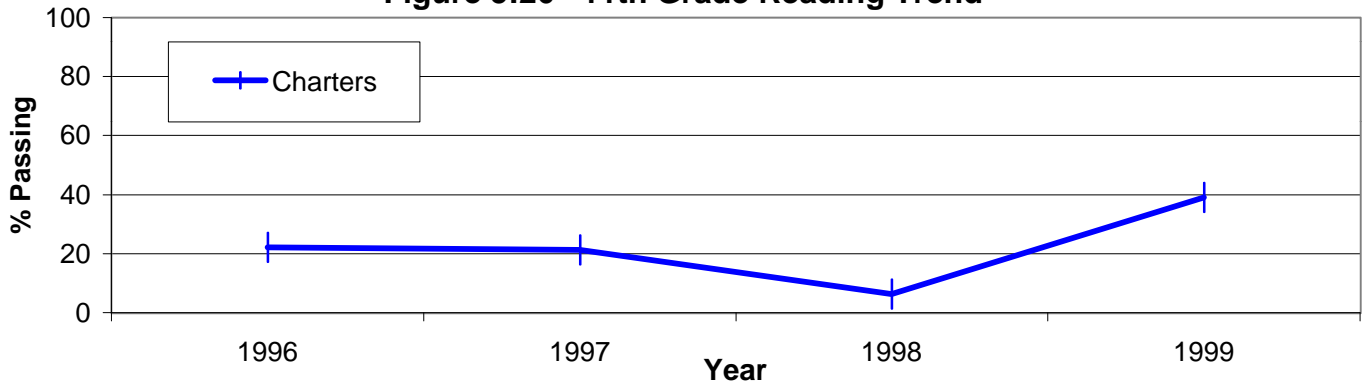
Table 5:8: Comparison of Charter School and Host District Changes in 8<sup>th</sup> Grade Writing

	3-year comparison	2-year comparison	1-year comparison
(A) # Host districts outgaining charters	3	11	16
(B) # Ties	1	7	14
(C) # Charters outgaining host districts	10	29	40
(D) Total # comparisons	14	47	70
Ratio of (C) to (A)	3.33	2.64	2.5

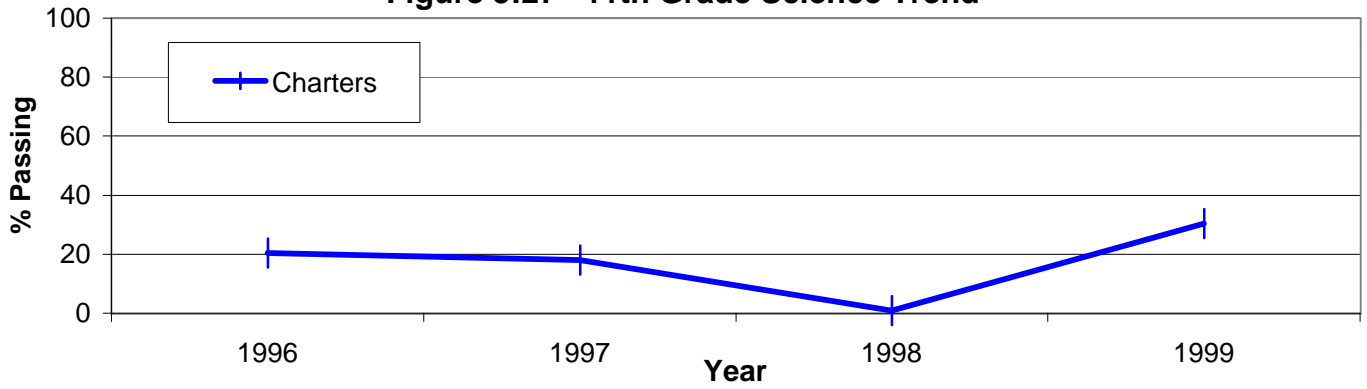
**Figure 5:25 11th Grade Math Trend**



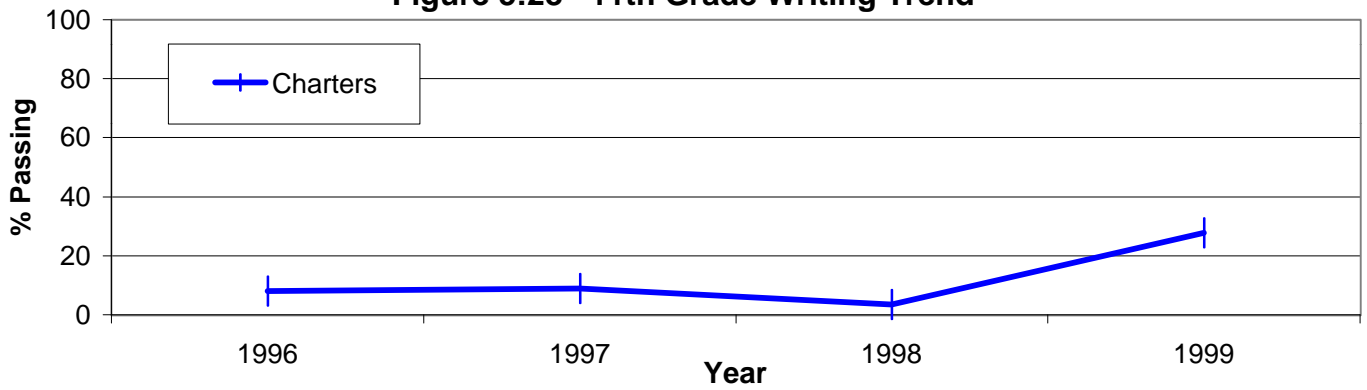
**Figure 5:26 11th Grade Reading Trend**



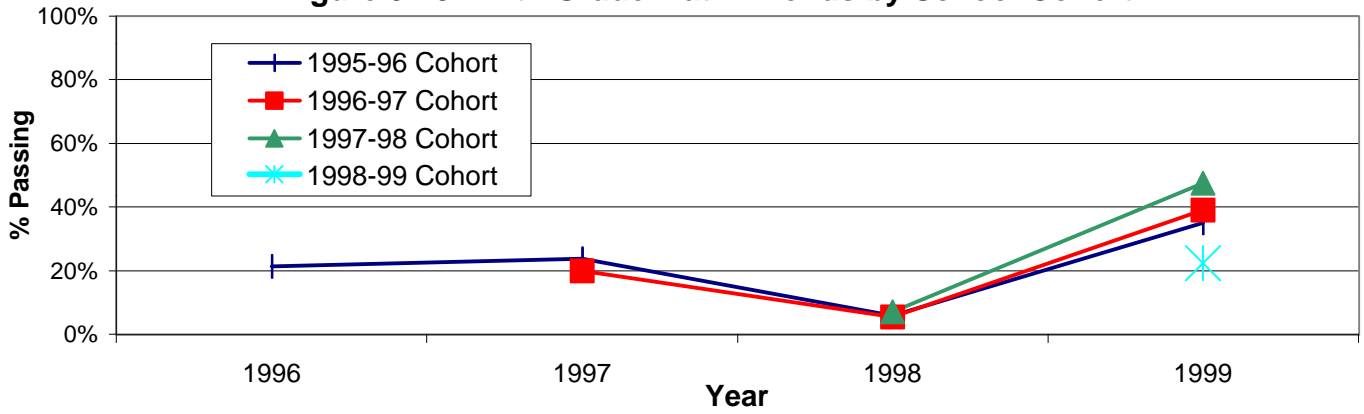
**Figure 5:27 11th Grade Science Trend**



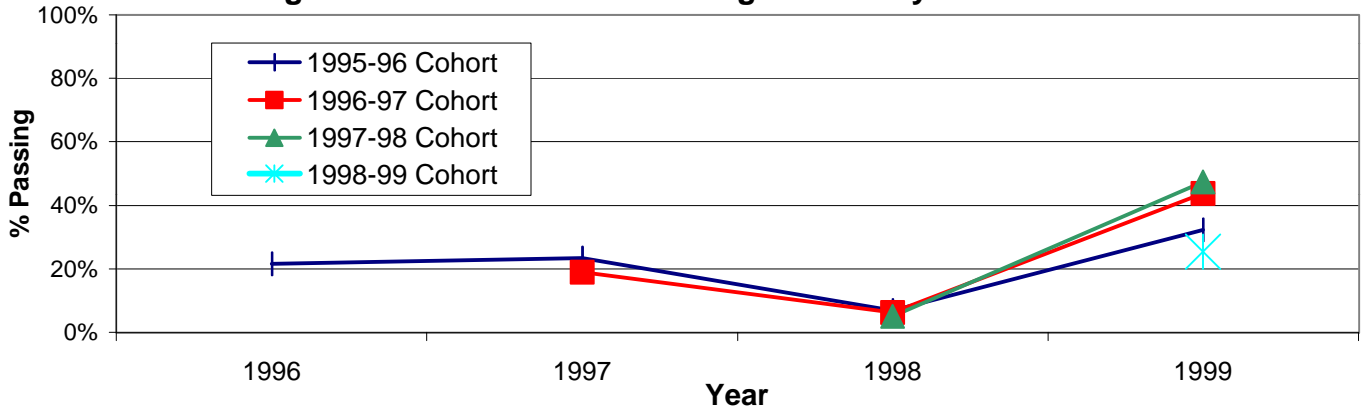
**Figure 5:28 11th Grade Writing Trend**



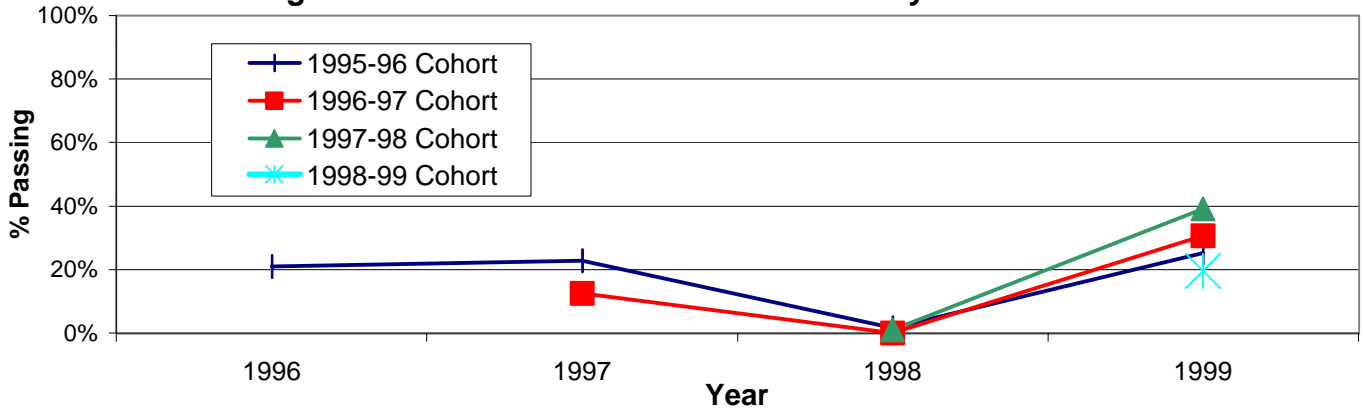
**Figure 5:29 11th Grade Math: Trends by School Cohort**



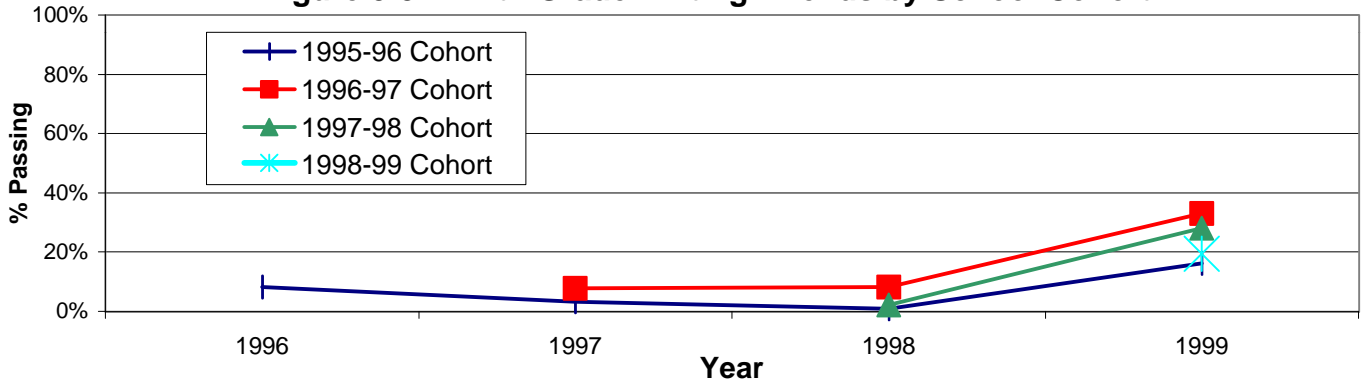
**Figure 5:30 11th Grade Reading: Trends by School Cohort**



**Figure 5:31 11th Grade Science: Trends by School Cohort**



**Figure 5:32 11th Grade Writing: Trends by School Cohort**



Figures 5:25 through 5:28 provide aggregate data on charter schools with 11<sup>th</sup> graders. In the aggregate, charter school students did best on the reading portion of the MEAP, followed by math, science, and writing. The reading pass rate ranged from 6 to 39 percent, with a 4-year average of 26 percent. The math pass rate ranged from 6 to 36 percent, with a 4-year average of 34 percent. The science pass rate ranged from 1 to 30 percent, with a 4-year average of 20 percent. Finally, the writing pass rate ranged from 4 to 28 percent, with a 4-year average of 15 percent.

Nor did the temporal trends vary much across subject area. For all subject areas, pass rates remained quite stable between 1996 and 1997, declined from 1997 to 1998, and rose significantly from 1998 to 1999. However, the magnitude of the 1997-1998 decline was smaller for the writing examination than the others.

Figures 5:29 through 5:32 present the result of the first-year-of-operation cohort analysis. For the math, reading, and science examination, the cohort analysis does almost nothing to change our view of the trend in charter school pass rates. Schools opening in the 1996-1997 school year show the same decline from 1996-1997 to 1997-1998 and increase from 1997-1998 to 1998-1999 as the aggregate trend. Moreover, schools opening in the 1997-1998 school year opened at the low rate evidenced in the aggregate trend and evidenced the same substantial increase from 1997-1998 to 1998-1999. Finally, schools opening in 1998-1999 started at high rates, similar to the strong finish evidenced in the aggregate trend line. The writing cohort analysis shows a somewhat similar pattern. However, the 1996-1997 cohort did not experience the 1996-1997 to 1997-1998 decline. Moreover, this cohort experienced sharper 1997-1998 to 1998-1999 increases than what is evident in the aggregate trend line. Similarly, the 1997-1998 cohort, while beginning at the same low level evidenced in the aggregate trend line, showed a steeper ascent than the aggregate line. This pattern of increases in cohort starting pass rates and in increasing rates of improvement seems consistent with the observation that new charter schools are more likely to have

been opened in suburban areas than were older charter schools.

## Analysis of MEAP Results for EMOs

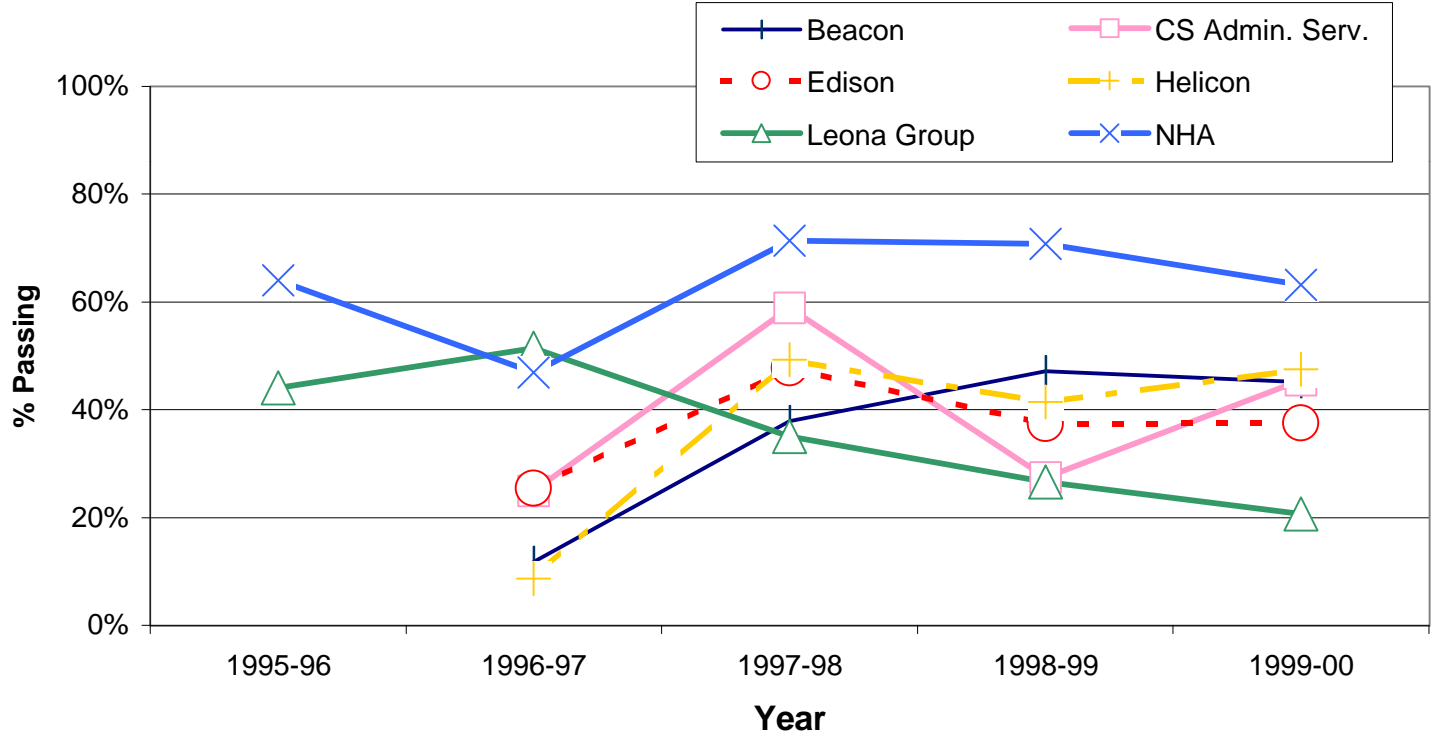
In this section we examine the performance of charter schools operated by EMOs as measured by MEAP tests. Once again, we analyzed data at two levels of aggregation. First, we compared aggregate trends for all EMO schools with aggregate trends for all non-EMO schools. Here we need to emphasize that the “non-EMO” group excludes EMO schools; it is not an overall charter school aggregate, as in the earlier analyses. To keep our exposition manageable, we will summarize these findings only briefly. Second, we analyzed trends for schools in each of the largest EMOs in Michigan. This analysis is presented in somewhat greater detail.

Readers should bear in mind that all of the caveats issued about the earlier data analyses apply to the EMO analysis (nonequivalence of groups, lack consecutive grade testing, and so on). Unlike the earlier analysis, however, we do not break the time series out according to first-year-of-operation. Hence, readers should remember that each year the trend lines represent additional schools. Finally, the these analyses are often based on a small number of schools and students. With small sample sizes, small changes in the underlying student population can result in large fluctuations in the time series. Hence, at least some of the observed variation in the trends is likely due to random fluctuations.

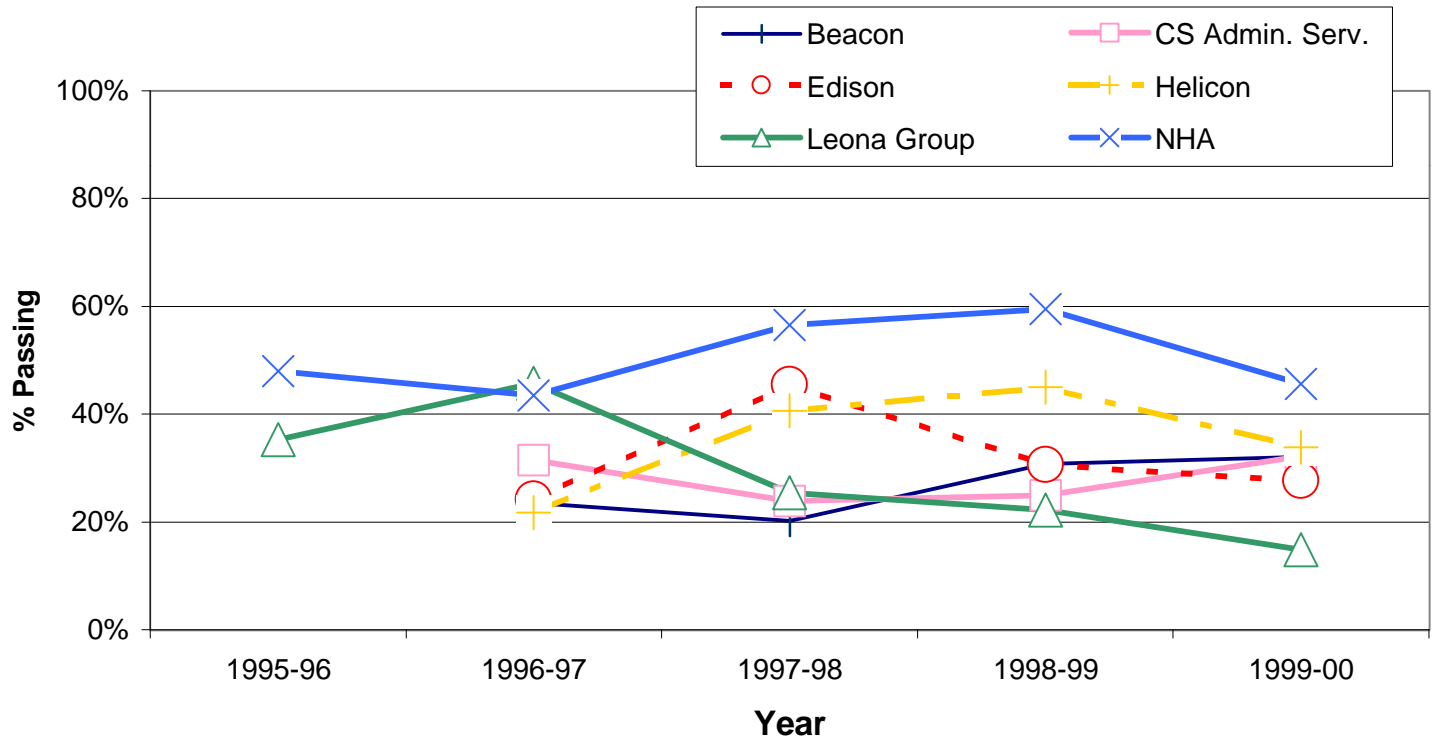
We turn first to a comparison of aggregate trends for EMO and non-EMO schools. Overall, the results are mixed. EMO and non-EMO charter schools had similar 4-year pass rates across MEAP subject areas. The 5th grade writing examination was one exception, where EMO schools narrowly outperformed non-EMO schools. In most subject areas, moreover, neither EMO nor non-EMO schools showed much improvement or decline (although there was substantial annual variation in many subject areas).

As before, however, we assess charter schools’ performance not only in terms of absolute pass rates

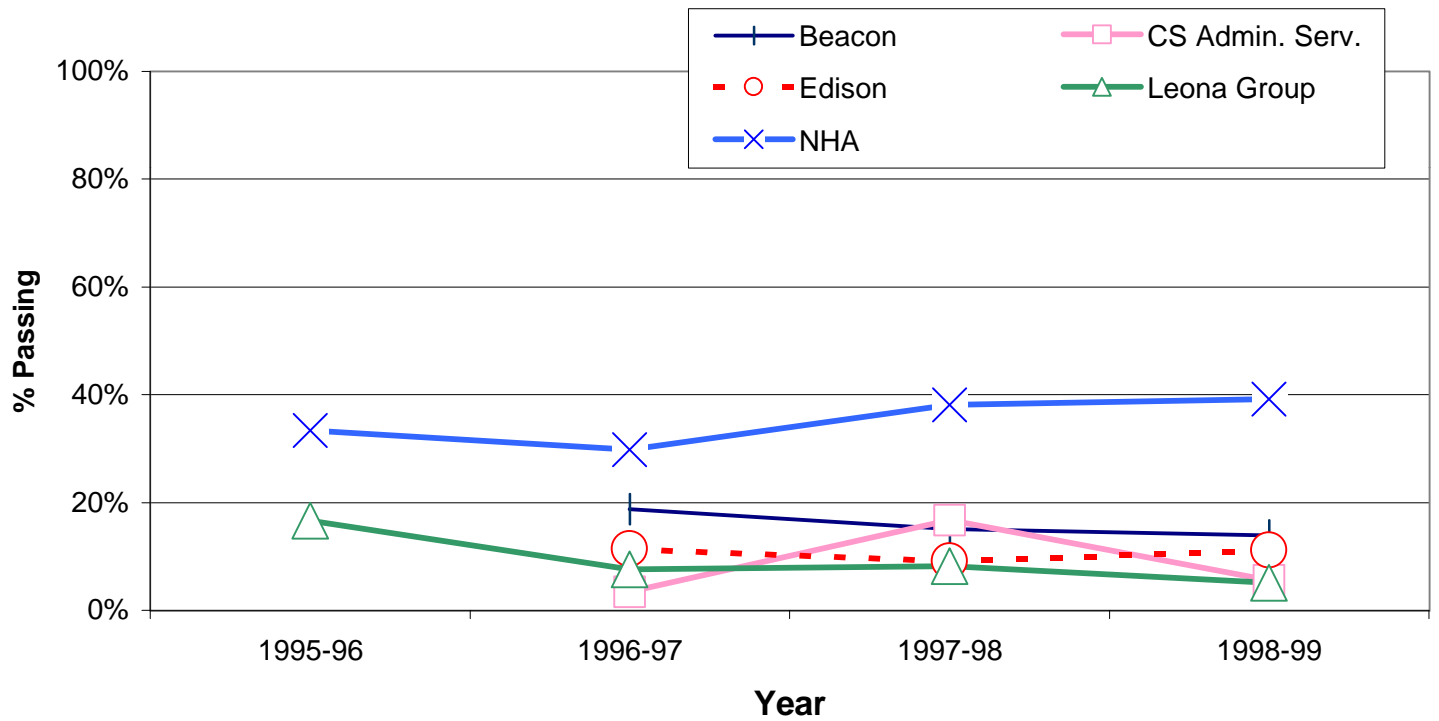
**Figure 5:33 Grade 4 Math Trends for Select EMOs**



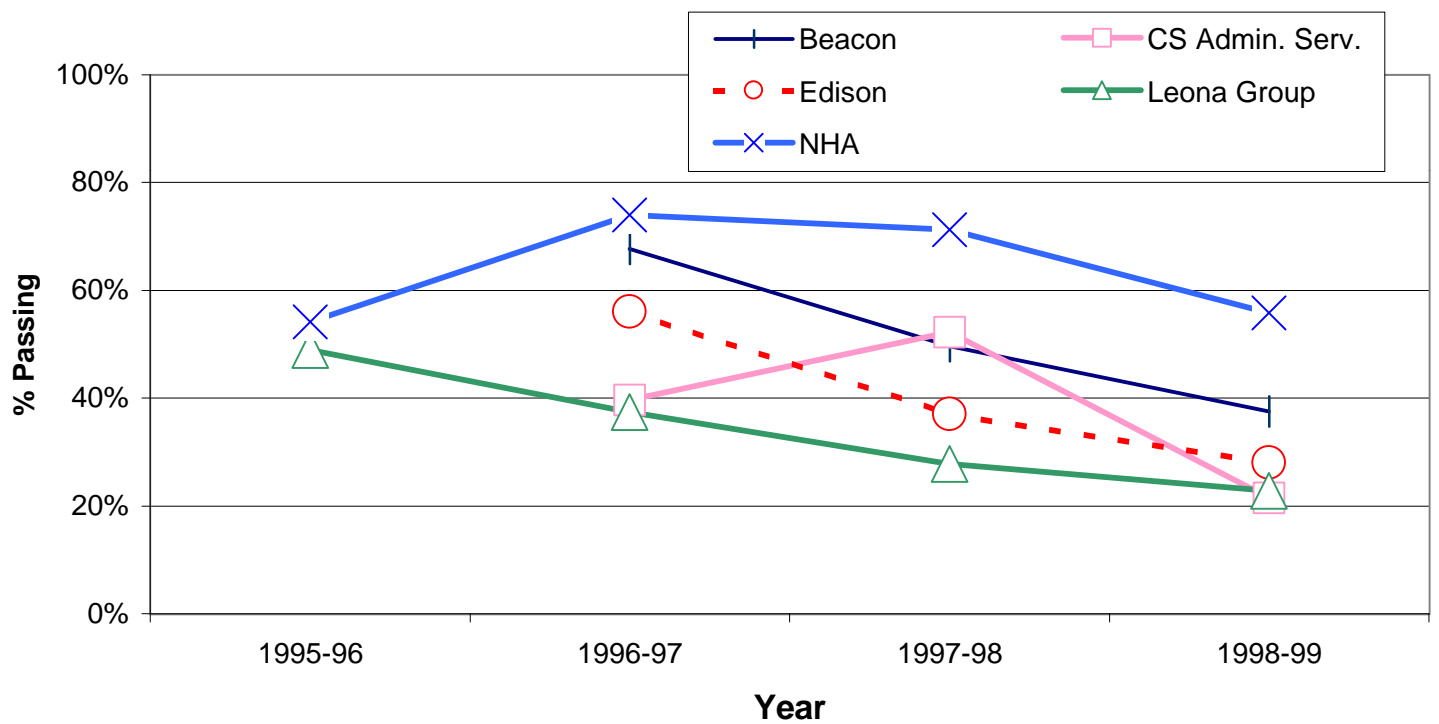
**Figure 5:34 Grade 4 Reading Trends for Select EMOs**



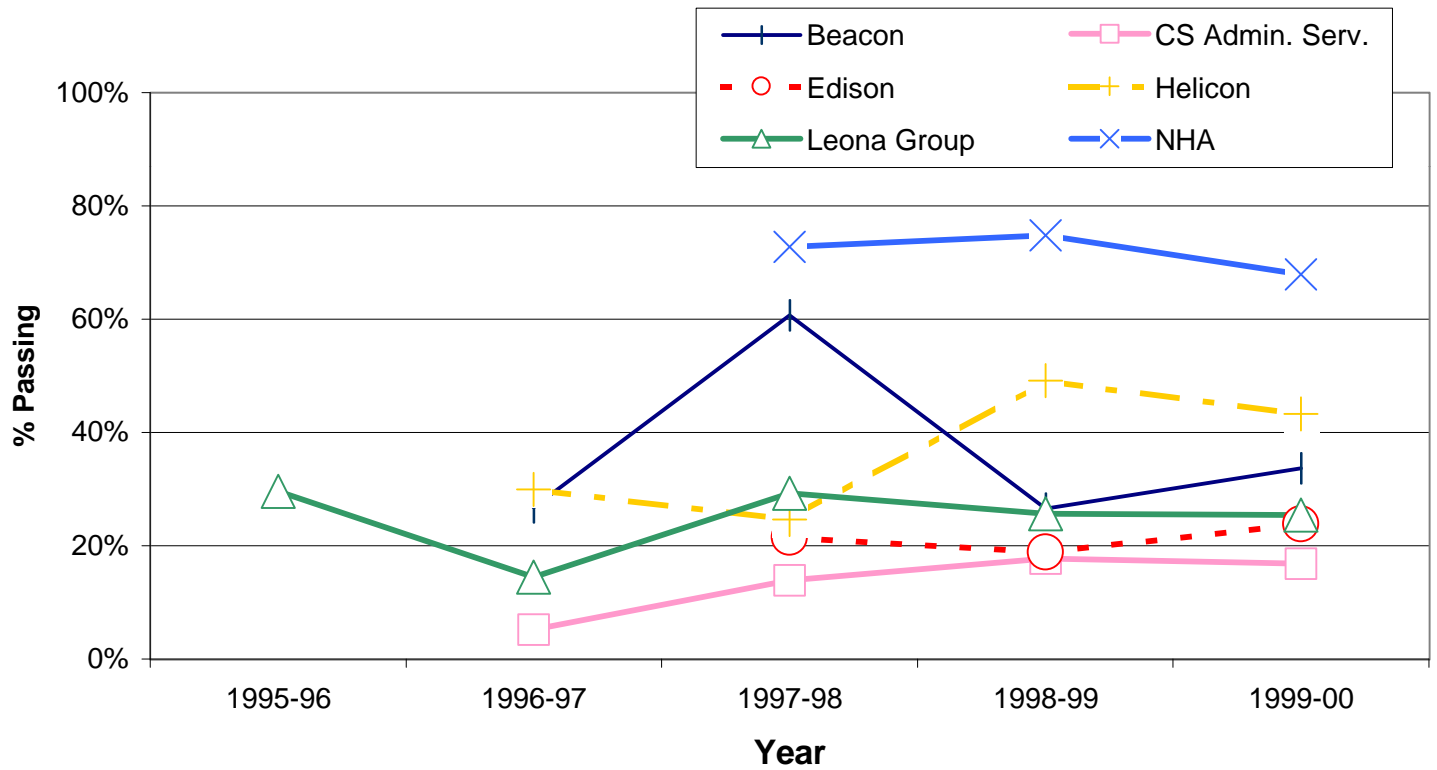
**Figure 5:35 Grade 5 Science Trends for Select EMOs**



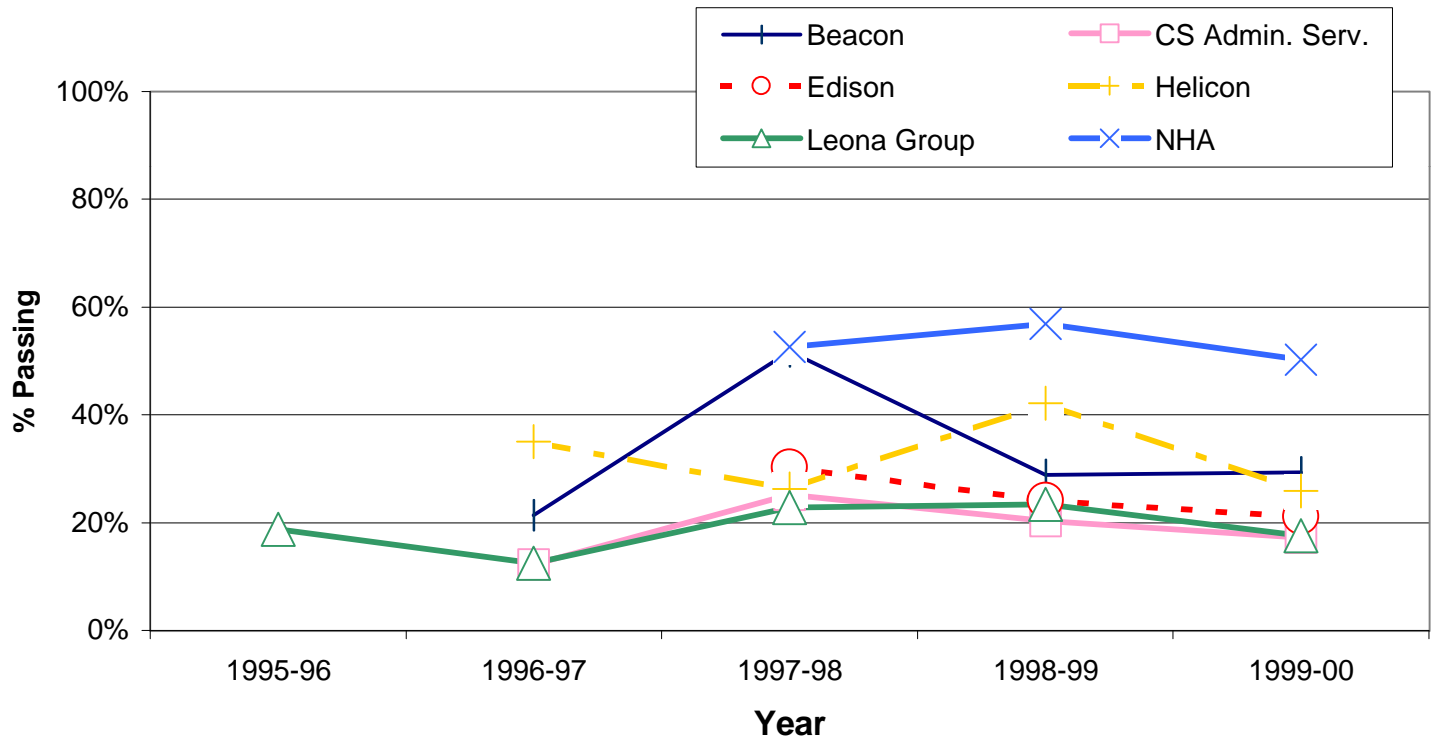
**Figure 5:36 Grade 5 Writing Trends for Select EMOs**



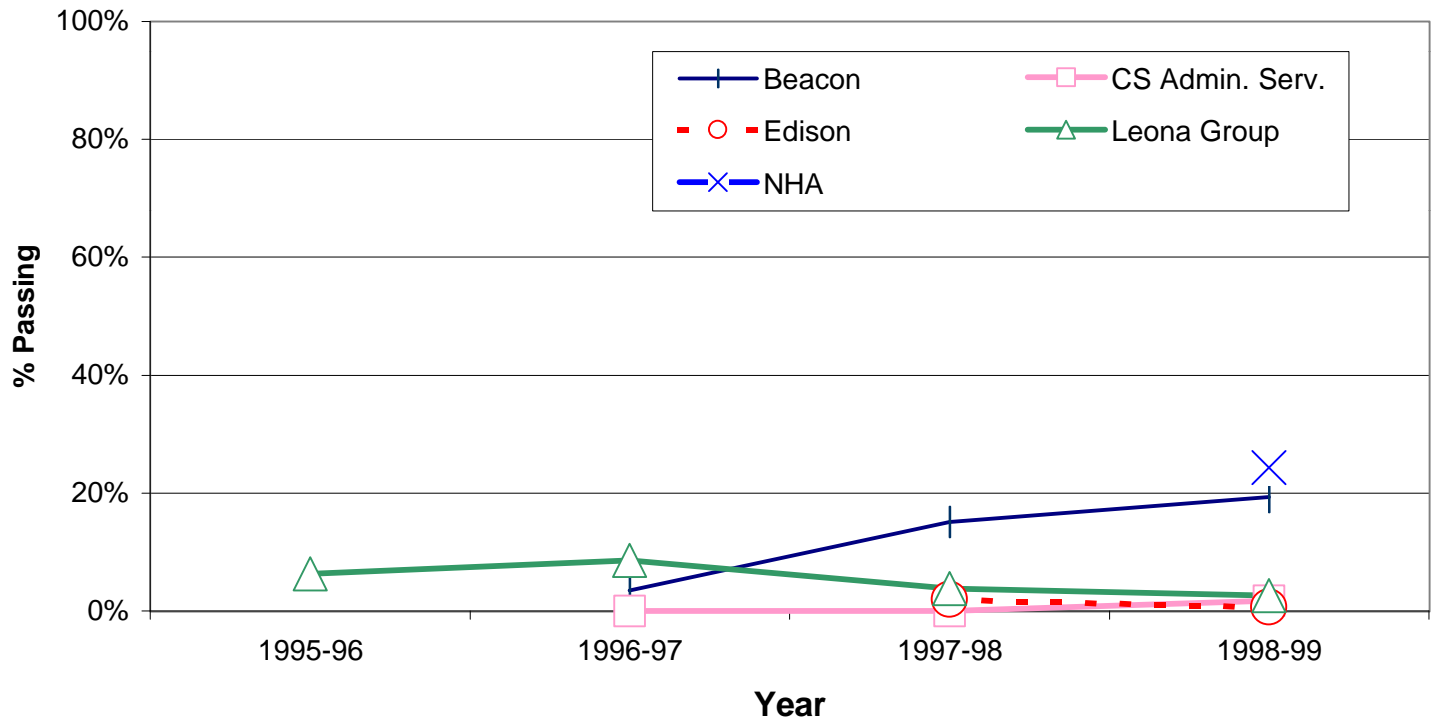
**Figure 5:37 Grade 7 Math Trends for Select EMOs**



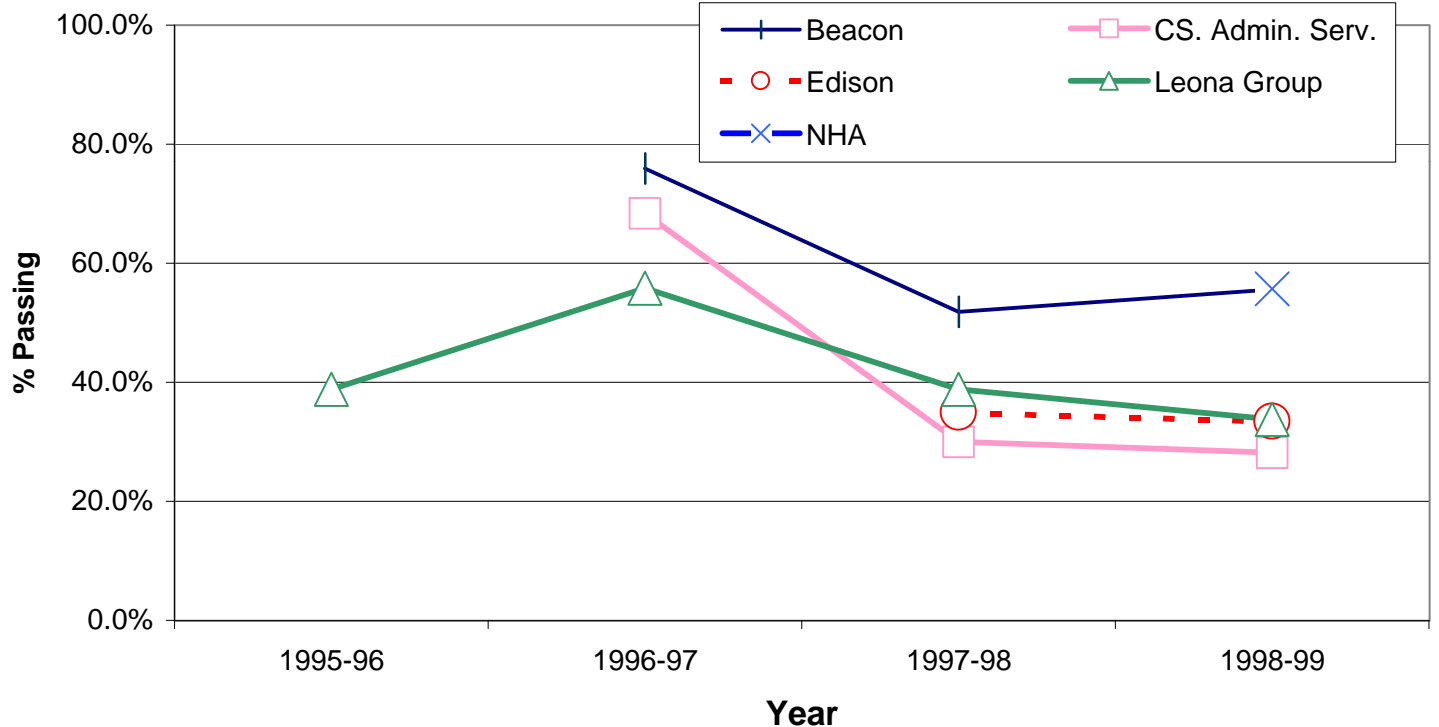
**Figure 5:38 Grade 7 Reading Trends for Select EMOs**



**Figure 5:39 Grade 8 Science Trends for Select EMOs**



**Figure 5:40 Grade 8 Writing Trends for Select EMOs**



and temporal trends therein, but also in comparison to their host districts. Once again, observed differences between host district and charter schools reflect real charter school impact only inasmuch as we assume that the two are roughly comparable. As with the earlier analyses, host districts consistently produced higher absolute pass rates than EMO and non-EMO schools. Finally, comparing host districts' and EMO/non-EMO trend lines yields a mixed picture. In some of the MEAP examinations (e.g., 5th grade science) non-EMO schools gained against their host districts while EMO schools only held their ground. In other examinations (e.g.,) EMO schools held steady against their host districts while non-EMO lost ground against their host districts.

Given these mixed results, we sought to provide a more fine-grained analysis by assessment student achievement on a EMO-by-EMO basis. Figures 5:33 to 5:40 illustrate the passing rates for schools operated by select EMOs. We have focused on the full-service EMOs and limited the analysis to include only the larger companies.

Across the figures, one can see that National Heritage Academies perform exceptionally well. At the same time we can see that the students coming to the NHA schools are already performing well. As we have pointed out earlier, NHA utilizes a number of mechanisms to structure their learning community. These schools also cater to a rather homogenous group of students. The results in these figures provide a mixed picture of performance for the various companies. As we have cautioned earlier, the interpretation of the results should consider the small samples and other limitations. Some of these EMOs are catering to schools in urban areas where the needs are greatest. With more years of data, it will be important to examine the relative gains made by the various EMOs rather than on the absolute scores alone, as we have done here.

## Summary of MEAP Results

This section has summarized findings from analysis of MEAP scores. We emphasize that these findings

are imperfect inasmuch as they (a) must make the questionable assumption that charter school students are similar to host district students in all educationally relevant respects except for the fact that the former is “exposed” to the charter school “treatment”; and (b) that we lack good student-level pre-post data. We have attempted to account for at least some of the demographic differences among charter school students (though not between charter and host district students) by means of the first-year-of-operation cohort analysis. Moreover, we follow cohorts of grade levels within schools as a substitute for following cohorts of students. These “solutions,” however, are far from perfect. Nonetheless, we believe that imperfect data are far better than no data, and that this examination represents an improvement in our knowledge of Michigan charter schools.

With these limitations in mind, table 5:9 summarizes much of the information provided in this section of the report. The first column of the table lists each of the MEAP assessments for which we have data. The second column compares the weighted 4-year average pass rates for charter schools and host districts (the latter in parentheses). The third column summarizes ranges in annual pass rates for charter and host district schools (with the latter, once again, in parentheses). Finally, the fourth column briefly summarizes the aggregate temporal trends in pass rates; once again, values for host districts are in parentheses.

Table 5:9 provides a brief summary of the results of the MEAP analysis.

On the whole, it is clear that host district students outperform charter school students in terms of raw pass rates. Charter school students, moreover, appear to be slightly less consistent, with higher ranges than host districts – however, this difference is quite small. However, in many portions of the MEAP charters appear to be holding their own vis-a-vis host districts. Aggregate charter growth trends are as good as host districts in 5<sup>th</sup> grade writing and in 8<sup>th</sup> grade science and writing. We should emphasize, however, that “holding one’s own” in this case might mean simply that the charter is declining

Table 5:9 Summary of MEAP Results

MEAP Assessment	4-year Weighted Average Pass Rate (host district)	Range of Pass Rates (host district)	Trend in Pass Rates (host district)
4 <sup>th</sup> Grade Math	45.2 (63.9%)	35-53% (49-68%)	mixed/stable (mixed/up)
4 <sup>th</sup> Grade Reading	35.8% (51.7%)	33-38% (38-55%)	stable (mixed/up)
5 <sup>th</sup> Grade Science	20% (30%)	14-22% (19-37%)	stable (down)
5 <sup>th</sup> Grade Writing	43% (56%)	36-57% (49-69%)	mixed/down (mixed/down)
7 <sup>th</sup> Grade Math	33.8% (47.3%)	25-36% (32-51%)	mixed/up (up)
7 <sup>th</sup> Grade Reading	30.5% (37.9%)	19-34% (33-44%)	mixed/up (up)
8 <sup>th</sup> Grade Science	9% (18%)	8.6-9.4% (15-20%)	stable (stable)
8 <sup>th</sup> Grade Writing	46% (59%)	37-62% (50-72%)	mixed/down (mixed/down)
11 <sup>th</sup> Grade Math	24%	6-36%	mixed/up
11 <sup>th</sup> Grade Reading	26%	6-39%	mixed/up

only as much as the host district is declining. But, if we assume that charters and non-charters are roughly comparable, we might conclude that such simultaneous declines are the result of factors that go beyond the charter reform. The aggregate charter growth trend was actually *better* than host districts, moreover, in science 5. Also, we found that the 1995-1996 cohort both outgained and had a higher trend maximum than host districts on the 4<sup>th</sup> grade reading section of the MEAP. Moreover, while we did not employ host district comparisons for 11<sup>th</sup> grade MEAP pass rates, we found that trends for all of the subject area are have shown a net increase, although with ups and downs along the way. Finally, school-by-school comparisons of individual charter schools and their host district reveals that a good many charters significantly outgained their host districts.

### 5.3 Other Evidence of Student Academic Performance

In addition to the MEAP, which is required for all applicable charter schools, there are a number of assessments and indicators that are reported to be used as measures of student achievement/accomplishment. This information has been extracted from individual reviews of annual reports, school improvement plans, and/or other materials submitted to The Evaluation Center for this study. The reviews of these materials were conducted by teams of project staff members and consultants selected because of their knowledge and experience in studying charter schools and school practices. The primary findings from this efforts are listed below.

Table 5:10 Matrix of Students' Assessment Activities in Michigan Charter Schools

		<b>Comparability</b> (Extent to which individual results can be compared with a norm or peer group)	
		<b>High</b>	<b>Low</b>
<b>Standardization</b> (Extent to which the assessment process can be replicated)	<b>High</b>	<p style="color: blue;">Highly Standardized Process and High Reliance on Identifiable Comparison Group for Interpretation of Results</p> <p><i>Examples:</i></p> <ul style="list-style-type: none"> <li>- Iowa Test of Basic Skills (ITBS)</li> <li>- Comprehensive Test of Basic Skills/ TerraNova (CTBS)</li> <li>- Wide Range Achievement Tests (WRAT)</li> <li>- Stanford Achievement Tests (SAT)</li> <li>- College aptitude tests</li> </ul>	<p style="color: blue;">Highly Standardized Process but Low Reliance on Identifiable Comparison Group for Interpretation of Results</p> <p><i>Examples:</i></p> <ul style="list-style-type: none"> <li>- Student surveys</li> <li>- Curriculum checklists</li> <li>- Classroom tests and quizzes</li> <li>- Parent surveys</li> <li>- School-developed graduation/promotion tests</li> </ul>
	<b>Low</b>	<p style="color: blue;">Low Standardization of Process but High Reliance on Identifiable Comparison Group for Interpretation of Results</p> <p><i>Examples:</i></p> <ul style="list-style-type: none"> <li>- Portfolios</li> <li>- Student productions/performances</li> <li>- Student work samples</li> </ul>	<p style="color: blue;">Low Standardization of Process and Low Reliance on Identifiable Comparison Group for Interpretation of Results</p> <p><i>Examples:</i></p> <ul style="list-style-type: none"> <li>- Anecdotal records</li> <li>- Teacher observations</li> <li>- Unsolicited recommendations from teachers or others</li> <li>- Student feedback from small group discussions</li> </ul>

Almost every school reports multiple forms of assessing student achievement, which include such examples as use of well-known standardized tests, curriculum checklists, teacher-made tests and quizzes, portfolios, student work samples, student journals, teachers' observations of student progress, student and parent surveys, anecdotal records maintained by teachers, productions/performances, etc. Since there is such a variety of procedures and approaches, the following matrix, shown in Table 5:10, has been developed to illustrate the comparability and standardization of the approaches with examples gleaned from the materials mentioned above.

As an example of how one might interpret these categories, a teacher might observe a student and communicate to his/her parents and/or others that the student is reading a variety of books and seems to be understanding what he is reading. No conditions or description of the teacher's observation has been made, and there is no indication that the student's performance is being compared with other students. A test found in the upper-left quadrant would have a definite set of administration procedures, and a student's score could be compared with an identifiable norm group. Usually, one would expect that a standardized process with an identifiable basis for comparing the score would be a more reliable and valid assessment.

Other measures suggested as indicators of student achievement were student retention rate, availability/length of waiting lists, graduation rates, number or percentage of students receiving college scholarships or acceptance to colleges/universities, class promotions, etc. However, many of these assessments might be viewed as measures of school success as opposed to indicators of student achievement. There is no clear evidence of consistent plans or practices across the charter schools for assessing student academic achievement beyond the MEAP and normal class/course grades. Although the schools mentioned or named other measures in their annual reports or school improvement plans, seldom did they report any summaries of data on these measures except for selective data from standardized tests. From actions observed and practices described, one can easily conclude that all schools can point to more than one form of assessing student achievement, but it is difficult or impossible to compare schools or compile a common set of indicators to assess the initiative as an entity. These assessment approaches would be expected to have a considerable range of technical validity and reliability. Few assessment measures were tied to the stated missions of the schools, as they tended to be associated more with typical measures of general student achievement.

Twenty-nine different commercial tests were reported being used by the Michigan charter schools that sent materials to The Evaluation Center. These tests are often used in a variety of ways: to measure students' progress, diagnose academic weaknesses and strengths, and/or help place children at the proper levels of learning. Following is a short description of each of the tests.

Standardized, norm-referenced achievement tests were used most often. These include the Metropolitan Achievement Test, TerraNova, Iowa Test of Basic Skills, the Comprehensive Test of Basic Skills, the Stanford Achievement Test, the California Achievement Test, the Wide Range Achievement Test, the Test of Academic Basic Education, Woodcock-Johnson Achievement Test, the Kaufman Test of Educational Achievement, and the Peabody Individual Achievement Test.

#### Observations of the Student Assessment Data from Reporting Michigan Charter Schools

- F A variety of student assessments were reported by the 126 schools that submitted material to The Evaluation Center as part of the Michigan Charter School Evaluation Project.
- F Twenty-nine different commercial tests were reported being used.
- F The most common type of commercial test given to assess students was the standardized, norm-referenced achievement test.
- F Thirty-five schools or 27.8 percent of the schools reported using the Metropolitan Achievement Test (MAT).
- F Twenty-seven schools or 21.4 percent of schools used the TerraNova.
- F Twelve schools or 9.5 percent administered the Iowa Test of Basic Skills (ITBS).
- F Ten schools or 7.9 percent of schools used the Comprehensive Test of Basic Skills (CTBS).
- F Seven schools or 5.6 percent reported using the Stanford Achievement Test (SAT).
- F Five schools or 4.0 percent administered the California Achievement Test (CAT) and five schools, the Wide Range Achievement Test (WRAT).
- F Two schools or 1.6 percent used the American College Testing (ACT).
- F Three schools or 2.4 percent used the Test of Academic Basic Education (TABE).
- F Other tests that were administered by only one school included the Woodcock-Johnson Achievement Test, Kaufman Test of Educational Achievement, Peabody Individual Achievement Test, Harcourt/Brace Standardized Exit Skills Testing, Iowa Performance Assessment for Language Arts

and Math, Cognitive Abilities Test, and the Brigance.

- F The only specific criterion-referenced test reported used was the Michigan Educational Assessment Program (MEAP). One hundred eleven schools or 88.1 percent of the reporting schools used this test.
- F Other commercial tests administered were in the specific subject areas of reading and math and academic work outside the core curriculum such as languages and school-based work experiences.
- F Eight schools reported using specific reading tests to either diagnose reading strengths and weaknesses, correctly place students at the proper reading levels, and/or measure reading progress: the STAR Reading Test (four schools); the Gates-MacGinitie Reading Test (three schools); and the Nelson-Denny Reading Test, the Slosson Oral Reading Test, and the Accelerated Reader Post Tests, which were used by one school each.
- F Three schools reported using a specific assessment test for math: the STAR Math Tests, MAP for math, and the American High School Mathematics Exam.
- F Four schools assessed English or a foreign language. Two schools used the Woodcock-Munoz Language Survey to measure limited English proficiency, and one school used the LAS to measure limited English proficiency. Only one school reported using a commercial test to assess a foreign language, the National Spanish Exam.
- F Two schools assessed academic work outside the core curriculum. Career/work skills were measured by the Comprehensive Adult Student Assessment System (CASA), Michigan Employment Skills System (ESS), ACT WorkKeys (ACT's Employability Skills test), Marketable Skills Certification, and the

Secretary's Commission on Achieving Necessary Skills (SCANS) test.

#### Assessment Tests Utilized by EMOs

- F Of the 11 schools from Beacon Education Management of Michigan who reported, 8 used the TerraNova achievement test.
- F Fifteen schools sent materials from the Leona Group. Ten reported using the TerraNova achievement test.
- F Four of the six schools that are managed by the Charter School Administrative Services report using the Metropolitan Achievement Test.
- F Fourteen schools from National Heritage Academies sent in materials for the evaluation study. Thirteen reported they use the Metropolitan Achievement Test.

# Chapter Six

## Discussion of Key Findings

In this final chapter, we discuss some of the key findings of the evaluation and issues related to the evaluation questions. We included some recommendations related to the evaluation questions addressed in this report as well as recommendations regarding what we think are some of the critical issues regarding the Michigan charter school initiative. The order of the sections in this chapter largely follow the order of the report, first addressing impact, then special education, and the role of the EMOs. Sections 6.4-6.6 deal with accountability, and the general conclusions are included in Section 6.7.

### 6.1 Impact of Charter Schools on Other Schools and Their Communities

Since the inception of the idea of charter schools and throughout the period in which they have been operating in Michigan, considerable concern has been expressed about the impact on local schools. These concerns relate to resources, student selection and admittance, sharing of records, and competition in various forms. Ultimately, it is best to look at district impacts on a case-by-case basis. Nonetheless, we can make some useful generalizations about the impact charter schools have had on traditional school districts:

- F Districts have lost considerable amounts of revenue as students left for charter schools.
- F However, we also found evidence that a considerable number of students transfer back to district schools. Since many such transfers come after the “count day,” in many cases charters receive these students’ per-pupil allotment while the districts provide services to them. The districts’ problem is exacerbated by the fact that many of these returning students require special services. Although in most areas there are roughly equal numbers of students transferring to charters and back to districts, this

nominal equity in number of students underestimates the ultimate financial burden on districts.

- F Another generalization is that small districts or districts that serve intact areas experience the largest financial impact. Their problems are intensified by the fact that most are in low or negative growth areas. Thus, there is little chance that these districts will compensate for these losses with new students.
- F During the last year we have noted a balance of the number of transfers between charter schools and local schools. This may be due to the fact that the state cap of 150 charter schools sponsored by state universities has been reached, thus the addition of new charter schools has tapered off.

We believe a large part of the solution to these problems lies in better communication among charters and districts. In some communities where charter schools have been in existence longer, we have found that communication, or even in some cases, collaboration, is possible among the traditional public schools and charter schools. Dealing effectively with the mobility of students will require better communication. Charter schools are concerned with the untimeliness of receiving student files; in some cases, the charter schools complain about the district referring students with special needs or who have behavioral problems. On the other hand, the districts are concerned about the number of students that are returned after the head count days and the high proportion of these returning students who have special education or disciplinary problems. It is clearly in the interests of both the traditional school district and charter schools to communicate better with one another. With a greater understanding of each others’ concerns and needs, perhaps decisions will be made to accommodate one another. Unfortunately, good

communication is difficult to legislate and will probably require a great deal of consensus building at the school and district levels.

Resource allocation problems are, by contrast, amenable to legislative change. While it may be a complex issue, if appropriate amounts of money could truly follow the students where and when they go, many of these concerns would be addressed. By appropriate amounts we mean amounts that more fairly equate to the costs of educating each child and which are sensitive to the grade level (i.e., elementary, middle, or high school) and to the special needs of students. In Sweden, where a national voucher system was instituted in 1992, the per pupil foundation grant to the independent schools was based on the average municipal costs per pupil at each of the three groupings of grade levels (i.e., elementary, lower secondary, and upper secondary). While some municipal school districts thought that such a funding mechanism would be more complicated, a year after the reform the school districts reported that it was relatively easy to calculate each district's average per pupil costs at each level and easy to distribute funding to the new independent schools based on these three different foundation grant levels (Miron, 1993).

***Recommendation: Differentiated foundation grants.*** Michigan should consider reimbursing the charter schools according to the number of students enrolled and the level at which they are enrolled. The size of the foundation grant should be based on average per pupil costs for each of the three school levels (i.e., K-5, 6-8 and 9-12) rather than average costs for grades K-12.

In order to address the concerns of schools that receive students after the head count, it may also be possible to examine the possibility for school districts to request payment from the sending school that corresponds to the proportion of the school year that they provide instruction for students who move after the head count day. Other countries that have experimented with market mechanisms allow such transactions, although distribution of public revenues

occurs locally in these instances and in Michigan the allocation of public funds is done centrally.

## 6.2 Recommendations Regarding Special Education Services

In Chapter 3 we provided evidence that the charter schools have substantially fewer students with disabilities than do the traditional public schools. Also students with disabilities enrolled in charter schools are much more likely to have a mild disabling condition, which is easily accommodated with little or no extra cost. Half of the charter schools have no students with disabilities, while one charter school serves exclusively special education students and a few others have high proportions of students with special educational needs. The differences in special education enrollments between the charter schools and the traditional public schools raise questions about selectivity on the part of charter schools. Our findings from Chapter 2 show that a large portion of students with special education needs returned to traditional public schools from charter schools. This latter finding raises question about the lack of services charter schools provide to students who have special educational needs. Based on these findings, we will list a number of recommendations below.

In order to assure that Michigan's charter schools provide appropriate and comprehensive special education services to all eligible students who wish to attend, the State Department of Education and ISDs need to provide the necessary support. Charter schools may need more assistance from the ISDs to understand the state funding formulas and reimbursement procedures. Appropriate levels of funding are imperative to encourage and support quality special education programs. However, funding must be accompanied by careful compliance monitoring.

Charter schools may also need more guidance in developing service delivery options that meet IDEA requirements. ISDs could provide formative evaluations of special education programs as part of the monitoring process. Many charter school teachers, which predominately have worked few

years in the field, and administrators have little experience with special education programs and may need assistance in understanding the procedures involved in the development and implementation of individual education plans. Many traditional public schools either rely on assistance from support staff from their local ISDs or form consortiums with one director of special education who provides oversight for financial, service delivery, and personnel requirements and concerns for several LEAs. Charter schools should be encouraged to develop similar cooperative relationships with traditional public schools in an effort to coordinate services and to assure equal access to quality special education services for students at all publically funded schools. The establishment of such collaborative relationships between ISDs, traditional public schools, and charter schools should help reduce the migration of students with disabilities and help charter schools develop a better understanding of how to assure appropriate and comprehensive educational programs for students with special needs.

### 6.3 Safeguards to Limit the Negative Impact of EMOs

In Chapter 4 we outlined the growth and expansion of educational management organizations (EMOs) in the charter school initiative. Currently, more than 72 percent of the Michigan charter schools are operated by EMOs. In the rest of the nation, estimates are that about 10 percent of charter schools are operated by EMOs. The extensive involvement of EMOs has raised a number of issues regarding the use of mechanisms to select students that are less costly to educate. Other critical issues are the lack of transparency, lack of accountability, weakening role for school boards, the establishment of national school systems rather than the establishment of site-based management, and the purchasing of materials and buildings with public funds although the ownership of the materials and facilities are private. Listed below are a number of recommendations, in terms of safeguards and contractual arrangements, to limit the negative impact of for-profit educational management

organizations that use charter schools to enter the public school sector:

- " Enforce existing federal requirements to recruit students from all sectors of the district.
- " Restrict maximum enrollment of charter schools to between 250 and 350.
- " Require provision of transportation and other services, or deduct the cost for these from per-pupil grants to charter schools.
- " Require full disclosure of how public funds are used by private companies.
- " Require charter school boards to consider two or more bids from different EMOs.
- " Make efforts to ensure that board members are not personally or professionally connected with the EMO.
- " Limit the length of contracts between charter schools and EMOs to no more than the length of the charter, but preferably less.
- " Provide more, not less money for start-up. Less money always favors EMOs in the competition.
- " Ensure equal access to start-up money based on projected enrollments. Competitive applications for start-up money favor EMOs with experience and qualified personnel for grant writing.
- " Base per-pupil grants on average district costs for educating students at the same level (elementary, middle, and high school) rather than on average costs across all three levels.

Some policymakers and others have gone so far as to suggest that legislation should be passed to limit or prohibit for-profit operators of public schools. Legislation to this effect has been raised in Michigan (i.e., a pending House Bill would prohibit charter schools from contracting with a for-profit business entity for management purposes.)

A resource guide prepared for the Charter Friends National Network (Lin & Hassel, 1999) discusses and outlines a number of considerations for charter school boards to consider and understand before contracting with an EMO. Aside from the broad issues summarized below, this guide contains extensive detailed information on a wide range of specific issues related to contracting with EMOs:

- " It is important to structure the relationship; i.e., the board needs to know the types and levels of services needed before contracting with the EMO so they can carefully and thoroughly negotiate. Both parties need to clearly articulate and understand the expectations and constraints of each side.
- " The board needs to remember that it is responsible for holding the contractor accountable for meeting obligations in the contract. This is the board's duty to the public.
- " The possibility of staffing the board with a professional staff person—perhaps one part-time employee—should be considered. However, the board needs to be aware of and avoid the destructive effects of “micro-managing” the educational contractor.
- " The independence and integrity of the charter school board is essential. It is necessary to maintain independence from companies that seek out or do business with the school. Conflicts of interest impede accountability by preventing impartial evaluation of the contractor's performance and threaten the school board's integrity as a guardian of public trust.
- " Recognizing the authority of the school's charter contract is fundamental in creating a clear and up-front relationship. While it may seem obvious that the school must abide by its agreement with a public authorizer, the agreement between the charter school and the management company may not explicitly recognize this relationship. It is necessary for the EMO to recognize the authority of the charter contract that permits the school's existence.
- " The idea of community versus corporate identity is important because the charter school boards may face an identity problem depending, at least in part, on the name it chooses. Will it have a community-based name, or will the company name be featured prominently in the school name? “Name branding” a school can be good because of the reputation it carries with it; conversely, political problems could arise by having a nonlocal private corporation in the community. When deciding these types of

issues, charter school boards need to weigh the potential advantages and disadvantages of having their school closely linked with a management company versus establishing itself independently and exemplifying community ties.

- " It is important to consider when a school board should hire a management company—before or after applying for a charter. The services that a school needs are necessary for the charter application; therefore, it makes a great deal more sense to contact a management company before applying for the charter. The EMOs may be reluctant to invest in a school that has yet to be approved. In some states hiring before the charter application is illegal and impossible. A fee may be charged by the company if it was hired for a school's program and proposal development.

These recommendations are not in the vein of legislative changes but, rather, caveats for charter school board members. We believe that further technical assistance for charter school board members could better prepare them for working with EMOs. Also, the Michigan Department of Education or authorizing agencies might consider preparing reports that cover these topics for charter schools and their boards.

## 6.4 Accountability and the Role of the Media and Advocacy Groups

It was not within the mandate of this study to examine the role of the media or the key advocacy organizations in the state. However, we would be remiss if no reference is made to these entities or to the impact they have had in disseminating information about the performance and well-being of charter schools.

Following the release of the two charter school evaluation reports prepared by The Evaluation Center and Public Sector Consultants, Inc. in 1999, a number of media sources released misleading and false statements about our findings that highlighted and exaggerated the negative findings alone. Requests for corrections were ignored. Whether these errors were intentional or the result of sloppy

work in an effort to be “first with the news” is not known or even the point of this discussion at this time.

On the other hand, since the release of those evaluations, the CMU charter school office, and MAPSA have disseminated materials that counter this and that present an equally unbalanced perspective. In a very attractive “book of media clips” document entitled *Michigan Miracle—Five Years of Charter School Progress* (undated) produced and disseminated by CMU, the director of the Charter School Office, said, “This book . . . provides a sampling of the many articles that have appeared in newspapers near and far. The stories were selected to give readers a view of the blood, sweat, tears . . . and triumphs that charter schools and their supporters have endured since 1993.” Among the many clippings selected for this book, it is difficult to find an article that is negative toward charter schools or identifies serious problems generally known and documented about specific charter schools or the criticisms related to oversight and accountability of charter schools in Michigan. Is the reader to presume, then, that only “triumphs” exist among Michigan charter schools and that no problems have been encountered? Even the use of words such as “victories” and “triumphs” seem inappropriate in reporting on this new movement in public schooling. Is this a game of competition or an additional educational choice for students and parents?

Following the response to the 1999 evaluations, MAPSA prepared its own summary of the results that selectively extracted only the positive findings from the two evaluations. Subsequent periodic mailings by MAPSA include attachments of “Quarterly Clips” that are almost always reflective of some positive newspaper accounting of an event or issue related to charter schools. In this organization’s newsletter, *Progress*, one can find a similar pattern of positive reports on the charter schools or issues for which this organization would likely lobby for approval by governmental bodies. At its web site (<http://www.charterschools.org>), MAPSA has a link entitled “Charters Surpass Statewide MEAP Averages for 1st Time.” When

one links to that topic, you find a copy of a MAPSA press release dated July 2, 1999. The opening statement in the news release is

Students in Michigan’s public school academies have surpassed statewide averages on the Michigan Educational Assessment Program in science and writing, just four years after the state’s charter schools opened.

An examination of the data presented in this news release reveals that the statewide charter schools’ average MEAP scores are greater than the statewide average for traditional schools in grades 5 and 8 in writing and grade 8 in science, but the charter schools’ average for fifth grade is actually lower than the traditional schools. Where the charter schools’ scores are greater in these two subject areas, the differences range from 2.8 (57.6 vs. 54.8 in fifth grade writing) to 6.9 (70.4 vs. 63.5 in eighth grade writing). At the same time, there is no mention of the fact that the charter school scores are substantially lower than the traditional schools in grades 4 and 7 in both math and reading. In fact, the differences are much greater than those cited above for writing and science, e.g., a difference of 26.8 (44.9 vs. 71.7) in fourth grade math, 29.9 (33.3 vs. 63.2) in seventh grade math, and 21.8 (37.6 vs. 59.4) in fourth grade reading. Based on our analysis of MEAP results in both our first evaluations and in our current report, one can see that the charter schools as a whole are not performing as well as traditional public schools, nor are they making gains that exceed the traditional public schools. While a few charter schools have truly excelled in terms of MEAP results, they do not represent the group of schools. Some of the charter schools “showcased” by MAPSA illustrate tremendous gains that are based on cohorts of 8-12 students, so the successes illustrated are highly unreliable and are likely to show extreme drops in scores when one or two of next year’s students have learning difficulties.

The promise of a public initiative, such as the charter school initiative, is an emotional issue for many and an important direction in public education. It should be judged by full disclosure of results and not from biased perspectives.

## 6.5 Accountability and the Role of Authorizing Agencies and the State

Under Michigan law, authorizers bear primary responsibility for overseeing and monitoring student academic performance in charter schools.<sup>10</sup> Yet, there is evidence that this system is not working well.

First, to the best of our knowledge, many charter schools do not produce the annual reports required under Public Act 25. Indeed, the WMU evaluation team sent out requests for annual reports to all Michigan charter schools and was quite surprised to learn that often the reason we did not receive reports from schools was that they do not produce them. Moreover, reviews of more than 100 such reports by WMU evaluation team members suggest that when schools do produce such reports, they are often inadequate and/or incomplete.

Second, some authorizing agencies appear to provide poor and inconsistent oversight of their charter schools. Moreover, contrary to the spirit of the charter school concept, much of it focuses on regulatory compliance rather than student outcomes.

Third, much information about charter school performance and accountability is provided by organizations, such as MAPSA and various EMOs, that have a clear conflict of interest. We do not argue with MAPSA's role as an advocacy organization. However, the organization has—intentionally or unintentionally—released accountability information that represents less than the full story or misrepresents the results of assessment data. Similarly, regardless of one's opinion about proper role of private management companies in education, it seems clear that EMOs' need to generate profits through marketing a product to consumers stands at odds with their public obligation to provide sound and reliable information on the performance of their students to the charter

school boards, the authorizing agencies, and to the public at large. In examining school-produced promotional materials, members of the WMU evaluation team found that EMOs often used data selectively in ways that accentuated positive and ignored the negative findings.

In short, the perceived lack of accountability is one of the greatest criticisms of charter schools across the country, and Michigan is no exception. Our experience in evaluating charter school laws in other states suggests that Michigan's statewide accountability model lags behind many other states. We are mindful of the fact that many charter school administrators, representatives, and advocates of the initiative would argue that they are more accountable than the traditional public schools. However, we believe that there is still much room for improvement and that an improved charter school accountability model might induce traditional public schools to improve their accountability practices. Both the authorizing agencies and the state of Michigan have an important role to play in facilitating the development of a more coherent plan for accountability.

In terms of accountability, there remains much confusion about exactly what kinds of practices and behaviors accountability requires, and precisely who is responsible for generating and interpreting accountability information. If the purpose of evaluation is to improve rather than to prove, then nothing less than the best and the most credible evaluation should be the goal. The following section provides suggestions for improving Michigan's statewide charter school accountability system.

## 6.6 Designing an Effective Performance Accountability Plan for Michigan's Charter Schools

Designing an effective accountability system is both a technical and a political undertaking. It is a

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<sup>10</sup> A paper entitled "Public School Academy Authorizing Bodies: Chartering Authorities, Oversight Bodies and Fiscal Agents— A Framework for Oversight" by Leonard C. Wolfe, accessible at the MAPSA web site, does not provide much assurance that student performance or the academic productivity of a school is a major component of this process.

political task inasmuch as it requires policymakers to answer two questions: (a) accountability for what and (b) accountability to whom. The “accountability for what” question requires policymakers to specify what they and their constituents hope to get out of charter schools, and education more generally. Perhaps the most common answer to the “accountability for what” question is student achievement. However, most charter school policies include other goals, such as the generation and diffusion of innovation, equity for underprivileged groups through greater choice, and so on. Indeed, there is often much disagreement about the appropriate goals of public education. Hence, policymakers must seek buy-in from stakeholders early in the process of designing effective accountability systems.

The “accountability to whom” question is also a political question inasmuch as it requires policymakers to specify which individuals or groups have the power to provide publicly-sanctioned answers to the aforementioned questions. Answers to this question might include parents, school districts, universities, state administrators, and so on. As professional evaluators, it is not our place to provide answers to these political questions of accountability. However, we would point out that the more technical aspects of accountability system design presuppose answers to these questions.

The technical aspects of accountability system design involve questions of measurement, information system design, reporting, and so on. The remainder of this chapter focuses on these and other issues.

### Clarifying Charter Schools’ Goals

By virtue of their relative autonomy, charter schools have more flexibility than other schools in defining their own specific educational missions and goals. Hence, charter school accountability (and the evaluation thereof) requires that schools make clear and public pronouncements of these goals. This leads to our first recommendation.

***Recommendation: Standardized Annual School Reports.*** We recommend that charter schools—indeed all schools—be required to publicize their missions and specific educational goals through standardized annual reports.

We shall have more to say about these annual reports below.

### Measuring Student Achievement

Most stakeholders would agree that one of the primary goals of public education is to foster student achievement. Indeed, most charter documents include achievement goals and benchmarks. Achievement, however, is not the only goal of charter schools. Even if it were, however, policymakers should bear in mind that it is a multifaceted construct and that each assessment method taps into a different aspect of it. This leads to our second recommendation.

***Recommendation: Using Multiple Assessment Methods.*** Any charter school accountability system should employ multiple assessments, including both standardized and nonstandardized instruments.

Standardized instruments have the advantage of comparability across a wide variety of schools. Indeed, many commercially available tests, such as the Iowa Test of Basic Skills (ITBS), provide national norms against which to compare individual students and schools. However, because these tests are designed for use in a wide variety of school environments, they are usually not keyed to the particular goals, missions, and curriculum of any given charter school. Hence, accountability systems that “triangulate” by employing both standardized and nonstandardized assessments (e.g., classroom tests, student portfolios, teachers observations) are more likely to both provide full representations of student achievement and provide data that are useful both to state-level policymakers and to school decision makers.

As discussed in chapter 5, one of the difficulties in using available MEAP data to assess charter school impact and accountability is that the tests are not administered to all grade levels. Thus, we cannot track the progress of particular students from one year to the next. At best, we can track the pass rates of particular grade levels and particular schools. Inasmuch as this year's 5<sup>th</sup> graders are different from last year's 5<sup>th</sup> graders, however, we cannot determine with any certainty whether any observed improvements or declines in pass rates are the result of the schools or the result of the different student samples.

***Recommendation: Consecutive grade testing.***

Policy makers should consider instituting a consecutive grade testing program, whereby each student is tested each year in some set of subjects.

Such a system would better allow policymakers and researchers to estimate the “value added” by schools, as opposed to the characteristics students bring with them to the school. The concept of “value added” lies at the heart of many innovative accountability systems, such as those employed in Tennessee and in the Chicago Public Schools (see, e.g., Bryk et al., 1998). Such a system is not without costs, however. In addition to the fiscal costs of developing and implementing tests, policymakers should consider the opportunity costs and burdens it would impose on schools. Costs and political considerations aside, however, such information would be invaluable to evaluators and, ultimately, charter school stakeholders.

Finally, policymakers should continue working to ensure that MEAP scores are comparable over time. Doing so will give evaluators greater confidence that increases (decreases) in student pass rates over time reflect real changes in student achievement, not changes in instrumentation.

### Impact Assessment and Comparison Groups

As noted in Section 5.1 of this chapter, education evaluators can rarely use the “gold standard” randomized experiment design to assess education

program impacts. Absent this, evaluators need good, sound data on the attributes of charter and noncharter students. Such information allows evaluators to estimate what proportion of any apparent achievement gap between the two is due to school inputs versus other student attributes. As noted above, surprisingly little good data exist on variables such as student socioeconomic status for Michigan charter schools.

***Recommendation: Student attribute data.***

Policymakers should investigate ways to more reliably and consistently collect socioeconomic data on charter school students.

Officials might look, for instance, to states such as Pennsylvania that require charter schools to submit such data to the Department of Education before they receive state grant monies.

### Level of Data Aggregation

Learning is not a uniform process. Different groups of students respond differently to the same educational inputs. Unfortunately, many educational data come in school or district aggregates. While this is a good way to ensure confidentiality, such aggregation can mask important variation within groups of students and thereby limit our ability to evaluate charter school impacts.

***Recommendation: Student-level data collection.***

Policymakers should consider making student-level data available to schools and evaluators.

In particular, we recommend that each student have a “student assessment profile” that might include standardized tests, nonstandardized assessments, work samples, and so on. Such profiles could be aggregated into school level aggregates for reporting results to state policymakers and other external constituencies. Such information could also be used by counselors, teachers, and other appropriate personnel for educational planning for individual students. It could serve as a basis for communicating with students and parents about students’ progress. Such a system, therefore, would bring accountability

down to the level of the individual student and his or her teachers. It would also help build a “culture of accountability” within school organizations and ensure that evaluation is a part of schools’ central nervous systems, not just a benign growth. Indeed, we suspect that stakeholders view accountability as requiring more than schools “providing an account” of their activities. In addition, schools must have the capacity to make internal policy changes based on accountability information and stakeholders’ feedback in response to this information.

## Ensuring Data Quality

Accountability evaluations are only as good as the data on which they are based. Unfortunately, there is evidence that data quality is a problem in Michigan and many other states. In part, this stems from the fact that budget limitations and the desire not to meddle extensively in schools require that policymakers rely heavily on schools themselves to do much of the data collection. However, even assuming that school officials have no reason to lie about data, it is likely that different school officials interpret the same survey item or report question in different ways. Moreover, school officials—especially charter school officials—are often pressed for time, which can result in sloppy reporting. Hence, we offer two recommendations designed to ensure data quality.

***Recommendation: Incentives for good data report practices.*** Policymakers should consider providing incentives for charter school officials to provide accurate and timely information on their schools.

As mentioned above, Pennsylvania, for instance, requires charter schools to submit data reports before receiving any state funds. While this system is not perfect, in our experience it has resulted in better and more data on charter schools.

***Recommendation: Data auditing.*** Given the importance of good data to accountability and evaluation, policymakers should constitute (or utilize an existing) an independent body to conduct random audits of school data reporting practices.

If truly random, such audits need not cover a large number of schools. Rather, such a system relies on schools’ perceptions that the probability of an audit is sufficiently high and that the consequences of a poor audit are sufficiently dire so that it is in their interest to comply with sound data collection practices. Beyond the carrot-and-stick approach, policymakers should clearly communicate to charter school officials the importance of high quality data and be prepared to address schools’ concerns about confidentiality and the public airing of potentially embarrassing information.

## Communication With Stakeholders

Communication between charter schools and their stakeholders is an essential precondition of accountability. Hence, we recommended above that policymakers consider developing a standard report card. Since a large part of charter school accountability requires making comparisons with noncharter schools, policymakers might consider using the report cards with all schools. In order to provide fair comparisons between charter and noncharter schools, we recommend that the report cards include comparisons with three comparison groups:

- F other charter schools only
- F demographically similar traditional public schools and/or host district
- F a demographically similar mix of charter and traditional public schools

Such report cards should be on file at the Michigan Department of Education and available to the public.<sup>11</sup> Connecticut, for instance, posts the annual reports from charter schools on the web. If charter

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<sup>11</sup> A number of ISDs indicated to us that they are no longer required to keep report cards on file. Moreover, authorizing agencies neither have complete sets of these reports nor do they make these reports readily available to the public or to outside evaluators.

schools are going to serve as a model for accountability, they need to lead the way in terms of demonstrating and documenting their success. The widespread availability of annual reports can also serve as a source of information for parents who are “shopping” for a charter school, and it can serve as a forum for sharing ideas and practices among charter schools and traditional public schools.

As a final point, we believe that any evaluation plan addressing the issues of student achievement should be developed in compliance with *The Program Evaluation Standards* (Joint Committee on Standards for Educational Evaluation, 1994). These standards, categorized within the areas of Utility, Feasibility, Propriety, and Accuracy, are recognized by the American National Standards Institute (ANSI) and provide a sound basis for developing, operating, assessing, and evaluating any educational program.

## 6.8 Conclusions

While charter schools emphasize that they are a new form of public schools, they are increasingly appearing and behaving like private schools. This is particularly the case in Michigan, where most charter school employees are actually private employees, where school boards contract with a company to provide personnel and handle payroll and benefits, and where most facilities and a large proportion of the schools’ equipment and furniture are privately owned. Selection mechanisms in an increasing number of Michigan charter schools, moreover, have led to changes in the composition of students. Particularly in some EMO-run schools, student populations are growing to resemble private schools more closely than public schools as entrepreneurs and management companies that wish to increase the profitability of their charter schools use a number of mechanisms to structure their learning communities. This results in fewer at-risk students and students with special needs enrolling in charter schools. These practices, documented in field research, are also supported by the shifting demographics and characteristics of students enrolled in charter schools.

Policymakers and charter school proponents initially expected that the charter school initiative would lead to new public schools that would be innovative, highly accountable, and efficient. It was also believed that the charter schools would lead to increased diversity within the public school sector, that teachers and parents would be major stakeholders, and that the reform would promote school-based management. After nearly five years of operation in Michigan, we conclude that charter schools are (i) producing few and limited innovations; (ii) that few schools are implementing comprehensive accountability plans; and (iii) that the extensive involvement of the EMOs is creating new “pseudo”school districts in which decisions are made from great distances rather than at the school level.

In terms of accountability, there must be overall support and participation in the process by charter schools and their employees, authorizers, and the Michigan Department of Education. The concept of accountability must be expanded beyond simply looking at achievement test scores to include student achievement in a variety of ways, financial management, school operations and practices, and a continuing assessment of the school’s effort to meet the goals and fulfill the objectives on which the school was chartered. Furthermore, from a state policy standpoint, we believe it is important to determine the extent to which the initiative has fulfilled the purposes of the authorizing legislation and to confirm or appropriately modify the list of purposes for official and public understanding.

When charter schools can demonstrate and document accountability, pressure will be placed on traditional public schools to do the same. Since charter schools in Michigan have not yet done this, they cannot serve as a lever to change and improve accountability in the traditional public schools.

We hope that the issues raised in this report alert state policymakers to the critical situation regarding the state’s charter school initiative. We also hope that the recommendations and comments included in this report can serve as a starting point for adjusting the legislative and regulatory framework of the charter school initiative.