Chapter One
Introduction

This is the final report of the 17-month initial study of Pennsylvania charter schools. The Evaluation Center has conducted this evaluation pursuant to a contract with the Pennsylvania Department of Education (PDE). The initial study is a key research component of the Commonwealth's overall accountability plan for charter schools. Section 1728-A of Pennsylvania's charter school law (hereafter known as Act 22) requires an evaluation of the charter school program after 5 years. While the 5-year report is to be largely summative in nature (providing recommendations on the advisability of continuing or amending the program), the initial study is designed to be largely formative and to provide feedback to schools and policymakers regarding changes that can be made to help these schools function more effectively and achieve their anticipated goals. At the same time, this initial study is an important component of the Commonwealth's overall accountability plan for charter schools and it provides a foundation for the 5-year legislatively-mandated evaluation.

Charter schools are intended to provide alternative and diverse educational programs; with the goal of improving academic achievement. The intent behind this new form of public schooling is that by providing further autonomy to schools, they can pursue innovative teaching practices and create a diversity of school options from which parents can choose.

Charter schools operate under a contractual arrangement with a chartering entity, in the case of Pennsylvania this includes the local school districts. The chartering contract frees schools from most of the rules and regulations that apply to traditional public school system in exchange for increased accountability–ultimately, high student academic achievement. Charter schools can be formed by a variety of individuals or groups, including educators, parents, community members, for-profit and nonprofit organizations, and institutions of higher education. A charter is signed by its founding members and a chartering agency and details what the school expects to accomplish with respect to student achievement and other outcomes. Unlike traditional public schools, charter schools may be closed by their chartering entity if they fail to meet the standards set forth in the charter.

Some states have pushed to open a large number of charter schools within a short period of time while providing little oversight or support, but this has not been the case in Pennsylvania. While there is a clear desire to expand the charter school reform in the Commonwealth, the Office of Educational Initiatives at the Pennsylvania Department of Education has maintained high expectations for the schools in terms of accountability and at the same time has provided technical assistance to help the new schools operate effectively and in compliance with applicable regulations.

This report also expands upon the first annual report of the initial study, released in Spring 2000. The first year report was largely descriptive in nature and relied on preliminary site visits and the results of student, parent, and teacher surveys administered in the charter schools during Spring 1999. This report builds upon that analysis, but includes additional data from student achievement tests, secondary analysis of relevant data sets provided by PDE, additional site visits, and documentary evidence gathered by members of the evaluation team.

This report focuses primarily on the 31 charter schools open during the 1998/99 academic year. One school that opened during the fall of that year closed just before the end of the academic year.[1] In addition, we have included data on the schools that began operations during the 1999/2000 school year. Due to the limitations in the scope of the study, most data on the 17 charter schools that opened for the 1999-00 school year came from secondary sources.

1.1 What Are Charter Schools?

Charter schools are public schools that operate under a contractual arrangement with a chartering entity such as a state, local board of education, or an independent chartering authority. The chartering contract frees schools from most traditional public school system rules and regulations in exchange for increased accountability–ultimately, high student academic achievement. Charter schools can be formed by a variety of individuals or groups, including educators, parents, community members, for-profit and nonprofit organizations, and institutions of higher education. A charter is signed by its founding members and a chartering agency and details what the school expects to accomplish with respect to student achievement and other outcomes. Unlike traditional public schools, a charter school may be closed by its chartering entity if they fail to meet the standards set forth in the charter.

Nationally, the charter school movement began in 1991 with the passage of Minnesota's charter school law. California followed suit in 1992 with the passage of its own law. Since then, each year has seen the addition of several new charter school laws. At last count, 36 states and the District of Columbia had enacted charter school laws. Pennsylvania's Act 22 was passed in 1997, the year when similar legislation was passed in Mississippi, Nevada, and Ohio (RPP, 2000). Six charter schools were approved to operate in 1997, and the total number grew to 31 during the 1998/99 school year, 47 during the 1999/2000 school year, and 66 during the 2000/01. Chapter 3 provides a more detailed overview of the growth of the charter school movement in Pennsylvania.

Critics and skeptics have charged that the charter school concept is an "empty vessel." Whether true or not, the charge stems from two features of the charter school concept.[2] First, the concept has attracted followers from both the political left and the political right–from the ranks of teacher unions to ardent advocates of privatization. Wells et al. (1999), for instance, interviewed key policy makers in six states and found that while some charter proponents simply seek to reform the public school system without turning to vouchers, others see charter schools as a stepping stone on the way to a full-blown voucher system. Hence, the charter concept has proved to be quite flexible politically. Second, when compared with other education reform packages, the charter concept is quite agnostic on many core issues, including curriculum, instruction, assessment, and others. Indeed, by design, the concept counsels policy makers to delegate most such decisions to individual schools and their stakeholders and thus stands in the tradition of "site-based decision making." The charter concept, in short, gives enhanced autonomy to schools in the belief that doing so will unleash previously unrealized potential that already exists in schools, ultimately leading to improvements in student achievement. Hence, like current reforms from across the public policy spectrum, the charter concept seeks to replace "one-size-fits-all" solutions with an "opportunity space" that charter schools can fill with their own experience and innovation (RPP, 1998).

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[1] The closure of this school provides an indication that schools are being held accountable to their charter and those that do not operate in compliance with applicable regulations will be closed.

[2] We use the term "charter school concept" to denote the generic set of ideas that characterize most or all charter school laws. We distinguish the charter concept from its operationalization in particular state charter laws, such as Act 22

Charter school autonomy, however, does not come as a blank check. Instead, charter schools purchase their autonomy in exchange for greater accountability. Charter proponents, however, have in mind a particular kind of accountability, one they believe is more compatible with school autonomy than older versions. According to proponents of the charter concept, traditional school policies hold schools accountable for *inputs* and *processes* (e.g., "number of hours" requirements) in the belief that if schools adhere to these rules they will, as a matter of course, produce desired student outcomes. Such accountability designs assume that central policymakers have enough knowledge about educational processes to prescribe the right inputs and processes for a given set of outcomes. The newer "performance accountability" design, by contrast, turns this relationship on its head. Advocates are typically skeptical of central policy makers' knowledge of and wisdom about education. Thus, instead of prescribing means in the belief that doing so would generate the right ends, performance accountability designs prescribe policy goals in the belief that teachers, administrators and other officials "on the ground" are best able to design effective and efficient means toward those goals. In short, performance accountability refocuses accountability and monitoring from inputs and processes to outputs and outcomes. Accordingly, school officials (and other public administrators) receive more autonomy in deciding *how* to pursue policy goals and perhaps less autonomy over *what* those goals ought to be. Thus, where critics see an empty vessel in the charter concept, charter proponents see flexibility, innovation and, ultimately, improved student outcomes. In many respects, the purpose of this evaluation is to determine whether this autonomy-accountability trade-off leads, as promised, to improved student outcomes.

1.2 Objectives of the Evaluation

If charter school autonomy creates an opportunity space in which the schools operate, then there are two key questions:

❍ How are charter schools using their autonomy?

- ❍ Are these uses of charter school autonomy leading to the positive student outcomes for which charters are held accountable?

The central evaluation question stated in the request for proposal (RFP) for this study is, "Does increased flexibility in exchange for increased accountability result in improved pupil results? Moreover, the RFP asked a number of more specific questions about uses of charter school autonomy and their impact on various educational outcomes.

- ❍ What effect does budget have on student results, nonacademic services, and school facilities?
- ❍ Are opportunities offered to charter school teachers, parents, and students to influence classroom and school policy significantly different from those offered at traditional public schools?
- ❍ Are the opportunities (i.e., professional growth, salaries, benefits, employee rights) for teachers and other employees significantly different at a charter school than at a traditional public school?
- ❍ What is the impact of charter schools as related to district reform efforts?
- ❍ Is there evidence that, over the term of the charter, student learning has significantly improved?
- ❍ What are promising practices in charter schools that could be included in district systemic reform?

A complete list of evaluation questions is included in Appendix A.

1.3 Structure of the Report

This report is divided into four major parts. The architecture of the report builds on the familiar input-process-outcome model of policy systems. According to this model, policy outcomes are a function of inputs (both financial and human) that are transformed into outcomes through processes. Each of the 4 parts of the report addresses an important component of the autonomy-accountability trade-off.

The first part provides important background information on Pennsylvania's charter school law and on the evaluation itself. Chapter 2 summarizes the methods used to gather and analyze data. This chapter is quite general, leaving detailed discussions of methods to later chapters. Chapter 3 completes the background part by providing a brief snapshot of Pennsylvania charter schools, including patterns of growth in the number of schools and students, trends in school size, patterns of spatial distribution, and the primary target populations served by charter schools.

The second part of the report considers some of the most important inputs to charter schools. First, the process by which charter applications are proposed and ultimately granted or denied is the first important hurdle would-be school operators must face. The charter application and approval process, therefore, determines the range of charter school opportunities available to students, parents, and teachers. It is also the first important step in the accountability process, as local school districts and other actors to seek to identify important student needs and ensure that charter schools will effectively produce desirable student outcomes. Thus, chapter 4 includes a discussion of the legal and administrative contexts of charter school start-up (including the role of the Charter Appeals Board), the goals and resources of the "founding coalitions" that have received charters, and the key demographic and political characteristics of districts that have chosen to grant charters.

The second part of the report continues with a preliminary analysis of charter school finance. Autonomy requires both discretion (the freedom to develop and implement educational policies at the school level) and resources. Hence, any discussion of charter school autonomy must include an analysis of charter schools' revenue sources, general spending priorities, and capacity to budget and plan effectively. The part of the report dealing with inputs concludes with a pair of chapters examining the key demographic characteristics of charter school students, parents, and teachers. A generation of scholarly research on educational productivity beginning with Coleman (1966) suggests that schools' ability to produce student outcomes is conditioned by students' family and community backgrounds. Thus, these chapters lay the foundation for the chapter (in the fourth part) on student test scores. The chapters on students, parents, and teachers also examine some of the attitudinal characteristics of these actors. Indeed, charter school theorists often argue that participants' commitment to a school's mission and school leaders' ability to form coherent "teams" are crucial to charter school success.

The third part of the report examines some of the educational processes Pennsylvania charter schools have employed to date. Chapter 8 examines teacher professional development and other features of teacher working conditions in charter schools. Chapter 9 examines innovations in Pennsylvania's charter schools and explores charter schools' governance practices as well as curriculum, instructional techniques, and assessment methods. Chapter 10 provides a brief look at special education in Pennsylvania charter schools. Each of these chapters seeks to identify innovative practices that might be adopted by other public schools.

The fourth and final part of the report examines two sets of student outcomes. Chapter 11 provides an in-depth analysis of scores on the Pennsylvania System of School Assessment (PSSA). Unfortunately, the analysis is limited by the small number of charter schools and our inability to get 1999/2000 results in time for inclusion in the report. Nonetheless, the chapter provides a useful early look at patterns of student achievement in Pennsylvania charter schools. There is, however, legitimate debate about the precise student outcomes for which charter schools should be held accountable. The debate is particularly poignant for the significant number of charter schools that serve at-risk populations. Moreover, some have argued that a more appropriate measure of charter school success than test scores is "market accountability"–the extent to which parents and students have "voted with their feet" for charter schools. Thus, chapter 12 supplements the picture of school success provided in chapter 11 with an examination of a number of alternative indicators. These include student and teacher perceptions of school quality, transfers into and out of charter schools, attendance, and various aspects of the schools' educational climates and cultures.

Chapter 13 provides a summary of major findings and then discusses relevant policy issues and highlights areas that deserve/require further research or evaluation.

1.4 Challenges Confronting the Evaluation[3]

One of the challenges confronting any evaluation concerns the overall frame of the evaluation. In some cases, evaluators take the existence of the program for granted and seek to find ways to improve it. This is most closely associated with formative evaluation. In other cases, evaluators seek to assess whether the program should continue at all. Usually, such evaluations assess the extent to which the program realizes some preordained social or policy goal. This is most closely associated with summative evaluation. This evaluation of Pennsylvania charter schools combines elements of both formative and summative evaluation. The first three parts of the report address issues that are more formative in nature, seeking to identify strengths and weaknesses in the implementation of the charter school law. The last part–on student outcomes–seeks to assess the extent to which the program is achieving a variety of student outcomes. Thus, the latter chapters provide a preliminary assessment of the program's overall desirability, as measured by its ability to achieve its stated goals.

However, there are a number of limitations to our ability to provide summative feedback at this stage. Ultimately, the decision to revoke, continue, or revise Pennsylvania's experiment with charter schools must include the following considerations. First, how much gain in student outcomes (achievement and otherwise) is enough to justify the program's existence? One way to address this question is to estimate the *cost* of a unit improvement in various outcomes relative to the *value* policymakers place on those improved outcomes. Unfortunately, we were unable to generate reliable cost effectiveness estimates in this study. This is because there are still relatively few charter schools in Pennsylvania–and even fewer on which we could make comparisons for any given student achievement outcomes (e.g., 8th grade math). Thus, we could not provide a satisfactory answer to the evaluation question, "What effect does budget have on student results, nonacademic services, and school facilities?" Clearly, good methods exist for estimating cost effectiveness and benefit-cost ratios for educational programs (see, e.g., Grissmer et al., 2000). At this point, however, the data are insufficient to support reliable estimates. Fortunately, the appearance of more charter schools in Pennsylvania should enable future evaluators to provide better cost estimates. Second, policymakers should consider the opportunity costs of the charter school program. In other words, might the resources expended on charter schools be better spent on other programs designed to pursue the same goals? Estimates of opportunity costs are even trickier than estimates of fiscal costs, since they inevitably involve tough choices about program and value tradeoffs.

Another challenge the evaluation team encountered came in assessing the extent to which various charter school practices are innovative. The challenges were part philosophical and part practical in nature. Philosophically, the concept of innovation is highly contested, with little agreement by scholars and others on its definition. We entertain two competing definitions of innovation at the beginning of chapter 9. Nonetheless, our judgments of innovation are clearly sensitive to choice of definition. More practically, given the scope of the project, we found it difficult to provide systematic assessments of the extent to which any given charter school practice was unique relative to its host district schools. Thus, we relied mostly on less rigorous comparisons between charter school practices and those that are "typical" nationwide.

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[3] Readers should note that Section 2.4 in the next chapter addresses a number of limitations, both methodological and analytical in nature.

Still another challenge derives from the controversial nature of charter school policy and school choice policies more generally. Indeed, the apparent bipartisan consensus on charter schools masks deeper disagreements about how charter policies should be designed. At the heart of this controversy lie legitimate differences of opinion on important value questions, such as the ultimate goals of education and school policy. As we note in the report, charter school stakeholders hold various positions on the relative importance of equity, efficiency, and choice. Thus, it is often difficult to disentangle factual disagreements about the impact of charter schools from value disagreements about the ultimate goals of charter schools. Where possible, we have tried to identify how our findings might affect the pursuit of these various goals (see Chapters 11 and 12).

A final challenge came in interpreting the empirical findings from the evaluation. As is often the case with new programs, the findings in this report are mixed. Some aspects of Pennsylvania's charter school policy appear to be going well, others not so well. Readers should bear in mind, however, that most of the findings in the text of the report represent aggregate generalizations. Hence, to say that some aspect of the charter school experiment is going poorly does not imply that *all* charter schools are doing poorly on that dimension. Similarly, to say that some aspect of the program is going well does not imply that all charter schools are doing well on that dimension. To account for such variations, we have sought, where possible, to include descriptions of school-to-school variation in the text. In addition, we have included detailed school-level tables on a number of variables. Generally, where the data in question are considered public, we have provided the school-level tables. Where the data are considered nonpublic, or particularly unreliable, we have not provided the school-level tables. We encourage readers to pay close attention to the tables and appendices to gain a full appreciation of the range of charter school experiences in Pennsylvania.