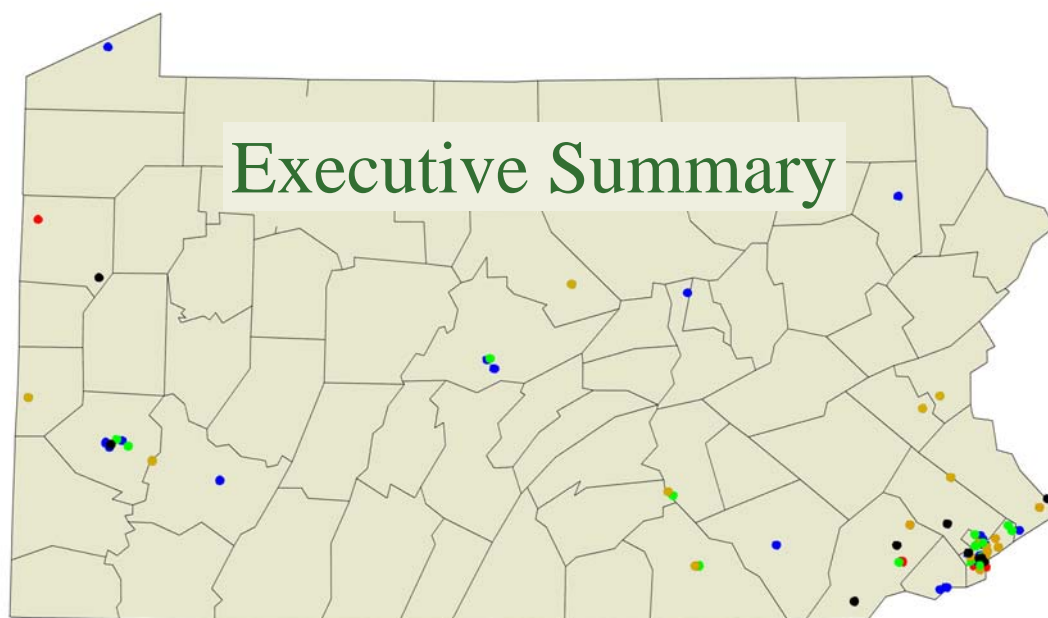


# Strengthening Pennsylvania's Charter School Reform:

Findings From the Statewide Evaluation  
and Discussion of Relevant Policy Issues



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The complete technical report can be  
downloaded at <[www.wmich.edu/evalctr](http://www.wmich.edu/evalctr)>

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# Strengthening Pennsylvania’s Charter School Reform: Findings From the Statewide Evaluation and Discussion of Relevant Policy Issues

## Executive Summary

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The Evaluation Center has conducted this evaluation of the charter school reform pursuant to a contract with the Pennsylvania Department of Education (PDE). In doing so it fulfills a mandate in Act 22, the Commonwealth’s charter school law, which requires that the reform be evaluated after 5 years.

Charter schools are public schools that operate under a contract with a chartering entity, which frees them from many traditional public school regulations. In exchange for this enhanced autonomy, charter schools face greater accountability for outcomes. Indeed, charter schools may be closed by their authorizing entities (usually school districts) if they fail to achieve their goals. This autonomy-accountability “bargain” is designed to provide enhanced choices and educational outcomes. In particular, the stated goals of Act 22 are as follows:

- ❑ improve pupil learning
- ❑ increase learning opportunities for all pupils
- ❑ encourage the use of different and innovative teaching methods
- ❑ create new professional opportunities for teachers
- ❑ provide parents and pupils with expanded choices in the types of educational opportunities that are available within the public school system
- ❑ hold charter schools accountable for meeting measurable academic standards, and provide the school with a method to establish accountability systems

Charter schools are freed from many traditional public school regulations in exchange for greater accountability for outcomes.

The charter school law was designed to improve pupil learning and opportunities, choice, and accountability.

This evaluation report assesses the Pennsylvania charter school initiative’s success in meeting these and related policy goals.

Findings in this report are based on data collected by the evaluation team from charter schools and key stakeholder groups in 1999, 2000, 2001, and 2002. The study also builds on longitudinal data provided by the Pennsylvania Department of Education. The report’s findings are mixed, with some areas of strength and other areas of weakness evident in the reform. Readers are encouraged to

“Filtered” PSSA scores allowed us to examine changes in charter school achievement levels after removing the effect of changes in student composition.

use the report to make judgments and to raise pertinent policy issues related to the Commonwealth’s charter school initiative.

## Student Achievement

Achievement is one of the most widely discussed impacts of charter schools. Before summarizing key findings, it is important to note that the typical practice of assessing school quality using unadjusted PSSA scores is insufficient for assessing charter school effectiveness. It is well known that scores on student achievement tests are highly correlated with background factors such as family income. Thus,

examination of unadjusted PSSA scores tells us more about the types of students choosing to attend charter schools than about the schools’ effectiveness in leveraging achievement gains. To estimate the charter school effect, we developed a set of statistical “filters” that subtract most of the changes in student background in the charter schools (Nelson & Applegate, 2002). Thus, they provide a reasonable (though not foolproof) estimate of charter schools’ impact on student achievement (see Appendix F in the technical report for further details).

### Key Findings

Student achievement appears to be a source of modest strength for the Commonwealth’s charter school initiative (see Chapter 12 of the technical report). Charter school students usually score considerably lower than the typical Pennsylvania public school and just slightly lower than demographically and geographically similar public schools. However, focusing on the filtered scores described above suggests that PSSA scores in the typical Pennsylvania charter school have gained ground against demographically and geographically similar noncharter public schools. The magnitude of these annual gains is small—typically 15 points per year. However, even this small rate of growth —if it persists—implies that most charter schools that currently score lower than demographically similar schools will catch up within approximately 3 years. Of course, these predictions are limited by the fact that most of the Commonwealth’s charter schools have been in operation for just a few years. Moreover, the nature of the data leaves us unable to say with complete certainty that the gains were caused by charter status. Nonetheless, these findings are reason for cautious optimism.

Figure 1 illustrates, in simple terms, how the filtered scores are calculated. In a nutshell, the filtered scores are

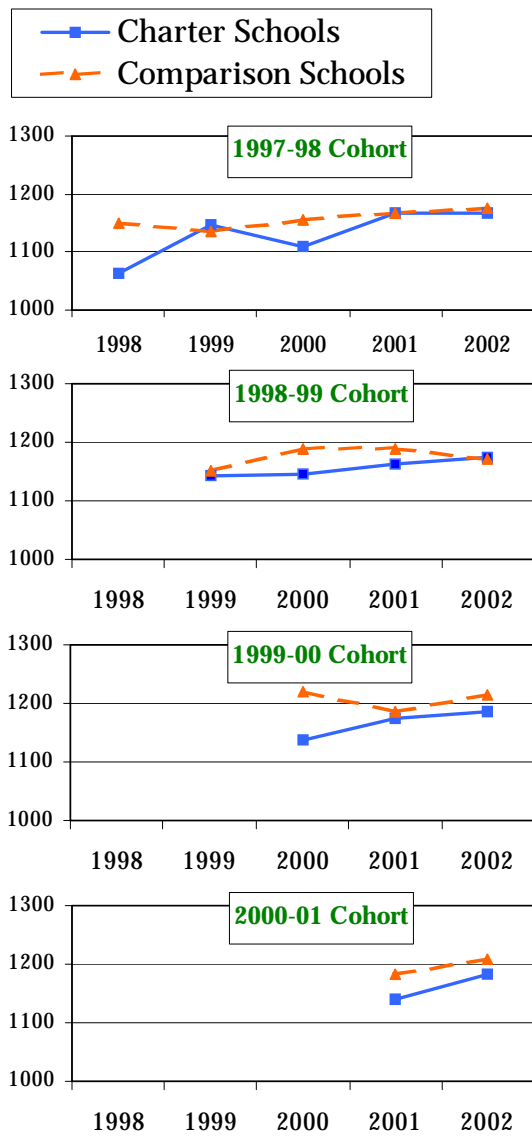


Figure 1. Gains on PSSA Scaled Score for Charter Schools and Comparison Groups by Cohort

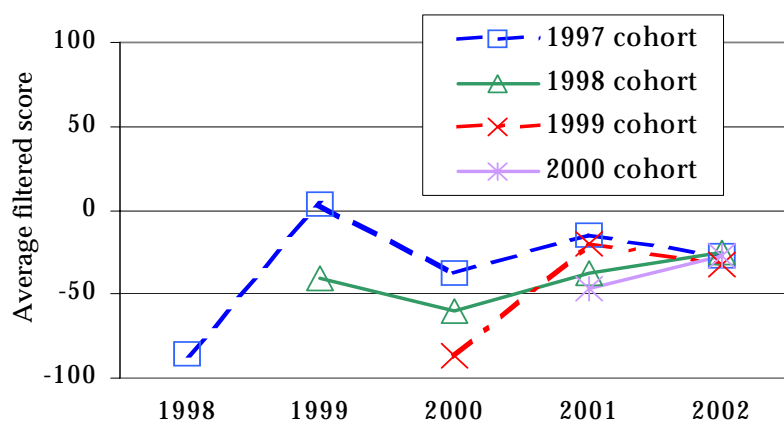


Figure 2. Trends in Filtered Scores, by First Year of Operation

*Note:* A filtered score of zero indicates that the average charter school student scored exactly on a par with the average student in demographically and geographically similar noncharter public schools. Positive (negative) filtered scores indicate that the average charter school student scored above (below) the average student in the comparison schools.

Based on the filtered PSSA scores, the typical Pennsylvania charter school has gained ground against demographically similar noncharter public schools. However, there was considerable variation across charter schools in rates of achievement gain/loss.

Policymakers and stakeholders should consider ways to build upon and expand the gains of the more effective charter schools while improving the less effective ones.

the difference between charter school PSSA scores (the solid blue line) and those of demographically and geographically similar noncharter public schools (the dashed red line). As Figure 1 suggests, charter schools are, on the whole, closing in on their comparison schools. Figure 2 presents the same information as Figure 1, but focuses in on charter-noncharter differences. Here, a filtered score of zero means that charter school scores matched those of demographically and geographically similar schools. The upward slope of the lines toward zero illustrates the finding that charter schools are closing the gap with comparable noncharter public schools.

Unfortunately, the achievement findings are not uniformly positive in the Commonwealth's charter schools. While some schools posted very strong gains, others reported steep losses. Thus, whether the Commonwealth's charter schools are effective in leveraging achievement gains depends very much on the particular charter school in question. This inconsistency in performance, while certainly echoed in the Commonwealth's noncharter public schools, is a source of concern about the reform.

### *Policy Issues and Options*

Given the variability in charter school academic performance, policymakers and stakeholders should consider ways to build upon and expand the gains of the more effective charter schools while improving the less effective ones. One method for developing a road map for charter school improvement would be to examine correlates of success in the Commonwealth's charter schools. By identifying any common features of academically effective (and ineffective) schools, such an exercise could identify potential levers for improvement. Should it turn out that charter schools using certain types of educational and administrative approaches systematically outperform others, the Commonwealth might find ways to diffuse these best practices to a greater share of the schools and otherwise make policy "investments" in charter school models that are more likely to succeed. Another set of options for addressing inconsistent academic performance revolves around charter school accountability (this is discussed in chapter 11 in the technical report and is also highlighted later in the executive summary).

## Choice and Innovation

The charter concept relies in part on market competition and market accountability to generate desired educational outcomes.

The charter concept relies in part on market competition and market accountability to generate desired educational outcomes. At the very least, market competition requires a variety of options to satisfy customers' "tastes" in education. Accordingly, one goal of Pennsylvania's charter school initiative is to facilitate choice within the public school system. Choice may be viewed in terms of (a) the number and location of charter school options and (b) the types of educational programs offered by the schools in these locations.

### Key Findings

Unlike some charter school laws, Act 22 places no restrictions on the total number of charter schools in the Commonwealth. Instead, the number is determined by (a) founders' willingness to propose new charters, (b) districts' willingness to approve charters and, in some cases, (c) the Charter Appeals Board's willingness to overturn districts' denials of charter applications.

There has been considerable growth in the number of charter schools across Pennsylvania. However, many portions of the Commonwealth remain untouched by the reform. Currently, 90 charter schools are in operation.

As documented in Chapter 3, there has been considerable growth in the number of charter schools across the Commonwealth. As of the 2002-03 academic year, 90 charter schools have been created under Pennsylvania's charter school law. This is up from the 77 charter schools that started the 2001-02 year and up considerably from the 6 that were started in 1997-98, the law's first full year of implementation. Charter school enrollment during the 2001-02 academic year was 28,576, up from just under 20,000 the previous year and from 1,143 in 1997-98. (The last page in the executive summary contains a map and graph that depict the location of charter schools and their growth over time.)

In spite of this growth, many portions of the Commonwealth remain untouched by the charter school initiative. Only 18 of the Commonwealth's 67 counties (27 percent) have charter schools.

Charter school enrollment in 10 of these 18 counties is less than 1 percent of the total public school enrollment. As in the past, the largest concentration of charter schools is in Philadelphia County, with charter school students comprising 7.9 percent of all public school enrollment. In short, while charter schools have offered educational choice to an increasing number of Pennsylvania residents, their impact on the total number of educational options remains limited.

According to the Charter Appeals Board, an educational innovation consists of services and opportunities not available in the charter school's host district.

Assessments of the types of educational opportunities provided by charter schools are more difficult. Perhaps the most commonly used criterion for assessing the qualitative aspects of charter school choice is in terms of whether the schools are "innovative." According to the Charter Appeals Board (CAB), an educational innovation consists of services and opportunities in a charter school that are not available in the school's host district. While the scope of the evaluation did not permit extensive and systematic charter-host comparisons of educational approaches, we were able to provide at least some assessment of this issue.

One often-mentioned innovation involves unique educational missions and philosophies, which include service to at-risk students, college preparation, character education, and the education of adjudicated youth. Other charter schools in the Commonwealth focus on vocational/career programs or science and technology. Some charter schools have unique cultural or bilingual programs that are reflected in the whole school program. Finally, many Pennsylvania charter schools are innovative in that they use nontraditional grade groupings (e.g., mixing elementary and middle grades) or multiage classrooms.

Cyber schools provide an innovative new form of public schooling that differs in the manner in which the curriculum is delivered.

Generally, charter school parents, students, and teachers appear to be quite satisfied with the curriculum and instruction in their schools.

Charter schools often differ from their host district in terms of size and organization. As of the 2001-02 academic year, the median charter school enrolled 280 students, compared with approximately 540 for noncharter public schools. Charter schools may also vary from district schools in the number and timing of hours per day and/or days per year. For example, some charter schools include all-day kindergartens, after school programs, or year-round schedules. Cyber schools—which provide home-based instruction using computer based technologies—provide a unique and new form of public schooling that differs in the manner in which the curriculum is delivered.

Generally, charter school parents, students, and teachers appear to be quite satisfied with the curriculum and instruction in their schools. Nearly three-fourths of parents surveyed indicated that their child’s academic performance was improving as a result of charter school attendance. Similarly, most parents and teachers reported that their school’s mission was being adequately fulfilled. By contrast, one-half of parents indicated that they were satisfied with their school’s financial resources and facilities. On all

satisfaction indicators there was considerable school-to-school variation, with some schools reporting high levels of satisfaction and others low levels. The evaluators also considered self-reported charter school waiting lists as an indication of the extent to which families are “voting with their feet” for charter schools. While there was considerable variation among schools, the median charter school’s waiting list comprised 28 percent of current enrollment during the 2001-02 academic year.

The satisfaction data, however, are subject to three important limitations. First, comparing charter schools’ customer satisfaction with that of noncharter public schools was beyond the scope and budget of the study. Thus, we have no way of knowing whether satisfaction levels in charter schools are higher or lower than satisfaction levels in other schools. Second, there may be a tendency for respondents who chose charter schools to give positive ratings to their schools in large part because they chose the school (i.e., “it must be good if I chose it”). Finally, our finding that there is no apparent statistical relationship between student achievement and levels of satisfaction with curriculum and instruction suggests that customer satisfaction is not a suitable proxy for academic quality.

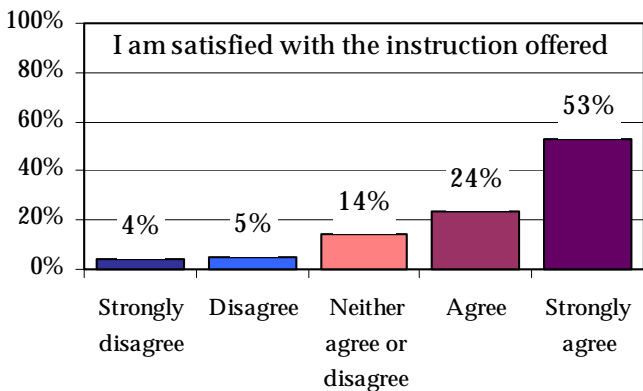


Figure 3. Parent Satisfaction with Instruction

### *Policy Issues and Options*

There is fervent disagreement over the desirability of school choice. Thus, stakeholders and policymakers are likely to disagree about whether the finding that charter-related school choice remains limited should count as a strength or a weakness of the Commonwealth's charter school initiative. While the evaluation team takes no position on this issue, the remainder of this section assumes provisionally that greater choice is a good thing and considers options for enhancing the range of choices provided by charter schools.

As for increasing the sheer number of charter school choices, one of the most commonly cited factors in determining the number of charter schools is the range of potential charter sponsors. Compared with many other states, Act 22 is relatively restrictive in limiting the granting of charters to LEAs and, in some cases, to the Charter Appeals Board (see chapter 3 of the technical report). Thus, one option for increasing the volume of charter schools is to allow universities, PDE, and other actors to grant charters. Of course, volume does not necessarily imply quality. Indeed, an evaluation of Michigan's charter school program (Miron & Nelson, 2002) suggested that the rapid growth in the number of schools in that state may have outstripped the ability of many authorizers to hold the schools to high standards. Clearly, policymakers must be aware of a possible trade-off between the number and quality of charter schools.

Policymakers must be aware of a possible trade-off between the number and quality of charter schools.

Options for expanding the range of educational programs offered by charter schools are less straightforward. In an earlier evaluation of Pennsylvania charter schools (Miron & Nelson, 2000), we noted that some charter school operators were concerned that the CAB's definition of *innovation* as practices not already used by the host district might place founders seeking to open charter schools in large urban areas at a disadvantage. Indeed, the larger the host district, the more likely it is that a practice proposed by charter founders is already used somewhere in the district. The fact that the Commonwealth's largest urban district (Philadelphia) sponsors a relatively large number of charter schools might suggest that this is not a problem. However, there are likely other reasons that Philadelphia has a high concentration of charter schools (see chapter 4 of the technical report).

Another possible hindrance to innovations in charter schools lies in the newness of the schools and the relative inexperience of the staff. From one point of view, a new school with young staff might be more likely to innovate, given that they are likely less beholden to existing educational practices. Yet, literature on innovation in a variety of contexts (Rogers, 1995) indicates that innovations are most often introduced by larger organizations with a considerable amount of slack resources. Thus, it is possible that the relative youth and inexperience of charter school teachers and staff, along with the difficulties of working in a start-up organization, make it difficult to find the time necessary to develop innovative practices—a view expressed by several charter school CAOs during interviews.

As noted above, attempts to assess current charter school customers' satisfaction are limited by the absence of good comparative satisfaction data from noncharter public schools. Thus, should policymakers wish to make high stakes decisions about charter schools (either individually or collectively) on the basis of

customer satisfaction, it would be wise to commission a study of satisfaction that explicitly makes comparisons between charter and noncharter public schools.<sup>1</sup>

On the whole, Pennsylvania charter schools have targeted communities and specific populations of students that need the most attention.

## Equity and Access

### Key Findings

On the whole, Pennsylvania charter schools have targeted communities and specific populations of students that need the most attention. Initially, the charter schools had far more minority students, students from low-income families, and at-risk students relative to their surrounding districts. Over the last four years, however, the students enrolled in charter schools

have become more and more similar to the populations of students in the surrounding districts. In other words, they are more likely to be white, middle class, from two parent families, and more likely to be in lower elementary programs. This shift in populations is due mostly to the addition of new charter schools rather than changes in already existing schools.

For the 2001-02 school year, 37 percent of the students enrolled in the charter schools were white, compared with 46 percent in the host districts (see Figure 4). Fifty-six percent of the charter school students qualified for free and reduced lunch compared with 53 percent in the host districts.

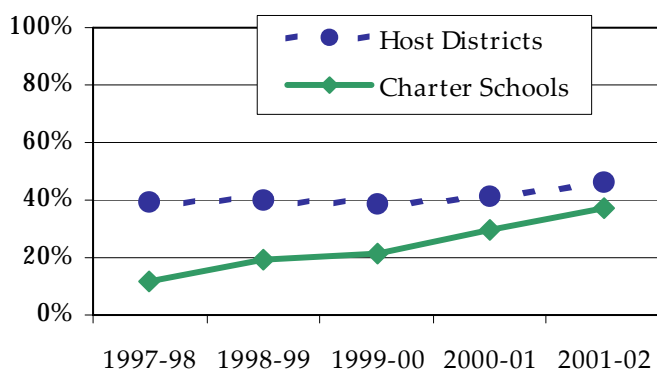


Figure 4. Percent White Students Enrolled in Charter Schools and Host Districts

While the aggregate of all charter schools is somewhat similar to the aggregate of all host districts, when we examined the data school by school, we found that the demographic characteristics of many charter schools differed greatly from the host districts, some with considerably more or only minority students and others with considerably fewer minority students than the host district. Some charter schools had few or no low-income students in districts with a high proportion of low-income families, while other charter schools in the same district enrolled noticeably more low-income students than the host district.

Students with disabilities comprise 8.5 percent of the charter school enrollment compared with the state average of 13 percent.

One area where charter schools continue to differ from host districts—both individually and in the aggregate—is in the proportion of students with disabilities they enroll. This is measured by the proportion of students with individualized education plans (IEPs). During the 2001-02 school year, 8.5 percent of the charter school students had IEPs compared with the state average of 13 percent (these figures exclude gifted students). The students with IEPs who enrolled in charter schools were less likely to have moderate or severe disabilities

than students with IEPs in the host districts. In fact, the proportion of students with IEPs that had severe or moderate disabilities was 3 times higher in host

<sup>1</sup> See Gill, Timpane, Ross, and Brewer (2001) for a review of satisfaction studies with comparison groups completed as part of evaluations of voucher programs.

The differences in students enrolled in charter schools compared with students in district schools are more likely due to parental choice than it is due to conscious steps taken by charter schools to “structure” who applies and remains in their schools.

districts than in the charter schools. As with race and income, there was considerable variability among the charter schools in terms of the percent of students with IEPs that they enroll. Of the 71 schools that reported IEP data, 53 schools enrolled a lower proportion of students with IEPs than the state average. Ten schools had fewer than 3 percent of their students with IEPs. At the other extreme, 18 of the 71 charter schools had a higher proportion of students with disabilities than the state average. The overall aggregate for the charter schools was weighted by the presence of 2 schools with 36 percent and 100 percent of their students with IEPs.

The apparent differences in students enrolled in charter schools and those enrolled in district schools are more likely due to parental choice than to conscious steps taken by charter schools to “structure” who applies and remains in their schools. For example, a charter school with a bilingual program or with an Afrocentric curriculum is likely to attract specific minority groups. The concentration of single ethnic groups in these instances is due to parental choice. Similarly, because of the newness of many charter schools, along with the relative inexperience of their staffs, some parents are understandably wary of sending their child with a disability to charter schools and charter schools similarly are wary of enrolling them.<sup>2</sup> Still, differences between charter schools and local districts may be a sign of trouble and should be further investigated.

### *Policy Issues and Options*

Because individual charter schools differ so greatly from their host districts in terms of demographic characteristics, one possible consequence is that they result in local school districts being more segmented by race, social class, and ability.

Just as in many other states, Pennsylvania charter schools differ greatly from their host districts in terms of demographic characteristics of their students. Because individual charter schools differ so greatly from their host districts in terms of demographic characteristics, one possible consequence is that they result in local school districts being more segmented by race, social class, and ability. To fully understand this issue requires a closer examination of the changes in district enrollments.

A key dilemma is the potential conflict between choice and equity in charter schools. On the one hand, charter schools, as schools of choice, are supposed to develop coherent and focused missions. Market theory suggests that such coherence is often accomplished through a process of market sorting,<sup>3</sup> whereby customers choose schools that best satisfy their educational preferences. Coherence, in turn, is thought to promote a more efficient use of resources and improved academic outcomes.<sup>4</sup> On

<sup>2</sup> Indeed, a single severely disabled student could overwhelm a small charter school’s staff and resources. Yet, the federal IDEA leaves little or no room for states to give charter schools enhanced flexibility over special education issues.

<sup>3</sup> This process is often called Tiebout sorting. See Miron and Nelson (2002, Chapter 1) for a nontechnical discussion of this sorting process.

<sup>4</sup> See Hill, Pierce, and Guthrie (1997) and Miron and Nelson (2002) for discussions of the hypothesized link between coherence and outcomes. See Newmann, Smith, Allensworth, and Bryk (2001) for empirical evidence supporting the hypothesized connection.

Regulations that prohibit schools from selective recruiting or enrollment can undermine a school's ability to develop the kind of mission coherence envisioned by theories of market choice.

the other hand, federal guidelines assert that charter schools that receive federal start-up funds should recruit from all segments of the districts and that they accept all comers (subject to waiting list lotteries and sibling preferences).<sup>5</sup> These guidelines assert that charter schools should not engage in selective recruiting or counseling out students who might not “buy into” or fit the school's mission. Thus, in some cases, compliance with federal expectations concerning equity and access might undermine a school's ability to develop the kind of mission coherence envisioned by theories of market choice. We are not suggesting that the goals of choice and equity are fundamentally incompatible, only that at some point pursuit of one might hinder pursuit of the other. In any event, policymakers should remain mindful of this trade-off when addressing equity issues pertaining to charter schools.

While solutions to the concerns and the dilemma noted above will probably not come easily, it seems clear that local districts must be part of any approach to address them. In providing oversight, the local districts that sponsor the charter schools and the Pennsylvania Department of Education might examine more closely the recruiting and selection procedures used by schools.

### Professional Opportunities for Teachers

Pennsylvania's charter school initiative seeks to create direct benefits for public school teachers through the creation of new and enhanced professional opportunities.

#### Key Findings

Analyses of professional opportunities for teachers are typically divided into assessments of classroom autonomy and opportunities for influence in schoolwide decisions (e.g., Nelson & Miron, 2002). Surveys of Pennsylvania charter school teachers indicate that nearly two-thirds believe that they have autonomy in the classroom, compared with 39 percent who reported they have influence in schoolwide decisions. Similar differences between perceptions of the classroom and the school at large have been found in noncharter public schools (see, e.g., Ingersoll, 1996).

Another frequently discussed aspect of teacher professionalism is the existence of a shared professional culture in the school (see, e.g., Marks & Louis, 1997). Here, we found that 72 percent of teachers surveyed were satisfied with their school's mission and that 60 percent thought that other teachers were committed to the mission. In total, 57 percent of the teachers were satisfied with the school's ability to fulfill the mission. While making charter-noncharter comparisons was beyond the scope of the study, survey results indicate that slightly fewer than half (44 percent) of charter school teachers think professional opportunities in their school are new.

As with many of the findings in this evaluation, there was considerable school-to-school variation in perceived professional

72 percent of teachers surveyed were satisfied with their school's mission, but 57 percent were satisfied with the school's ability to fulfill the mission.

<sup>5</sup> See <[http://www.uscharterschools.org/pub/uscs\\_docs/fr/civil\\_rights.htm](http://www.uscharterschools.org/pub/uscs_docs/fr/civil_rights.htm)>

Teachers are leaving charter schools in far higher numbers than those in other public schools.

opportunities. Also, teachers typically reported fairly large gaps between initial expectations and current reality in their charter schools. While it is unclear whether teachers' initial expectations were reasonable or not, it is clear that teachers are leaving charter schools in far higher numbers than those in other public schools. Indeed, during the 2000-01 academic year, some 24 percent of charter school teachers left their schools (with most remaining in education) compared with 9 percent for district schools. Charter-

noncharter differences in attrition persisted even after we controlled for differences in average teacher experience and community characteristics.

While determining the *reasons* for teacher attrition was beyond the scope of the report, one likely candidate is teacher salaries. As of the 2000-01 academic year, the typical charter school paid its teachers approximately \$12,000 less per year than noncharter public schools with similar teachers. The hypothesized link between teacher salaries and attrition was supported by interviews with teachers and CAOs.

### *Policy Issues and Options*

A certain amount of attrition is probably healthy—especially in a charter school—when it means that teachers who might not agree with a school's mission make room for those who do. Nonetheless, high attrition rates in Pennsylvania charter schools are a source of concern.

Perhaps the most salient policy issue raised by the findings on teachers is the high rate of teacher attrition in charter schools. A certain amount of attrition is probably healthy—especially in a charter school—when it means that teachers who might not agree with a school's mission make room for those who do. Nonetheless, high attrition rates are a source of concern for a number of reasons. First, start-up organizations often require a core group of committed individuals with relevant skills and institutional memory. While the attrition data cited above cannot tell us whether such a core exists in most schools, high attrition rates make it questionable at least. Second, teacher attrition diminishes the effectiveness of investments in charter school teacher capacity made by PDE, foundations, nonprofits, and other funders. Indeed, a high attrition rate diminishes the odds that a teacher receiving such training will be around long enough to put it to good use. Finally, the constant addition of new staff members might make it more difficult for charter schools to get beyond basic functions to develop and implement innovative practices.

Given the potential negative effects of high teacher attrition, the issue deserves closer scrutiny by policymakers. Researchers and evaluators might aid this scrutiny with further investigation into both the causes and consequences of teacher attrition in charter schools. Given the hypothesized link between salary and attrition, it might be useful to investigate further our finding that while charter schools receive nearly as much money per pupil as noncharter public schools, their teacher salaries are considerably less (see chapter 5 of our technical report). An earlier evaluation of Pennsylvania charter schools suggested that some of the funds that might otherwise go to teacher salaries are used for start-up expenses (Miron & Nelson, 2000). This issue deserves further exploration.

## Accountability and Oversight

As previously noted, charter schools receive their autonomy in exchange for enhanced accountability. Such accountability comes in several forms. First and perhaps most importantly is performance accountability. This refers to student academic growth as well as to meeting the specific mission-related goals and objectives specified in the charter contract. Second, since charter schools are schools of choice, they are accountable to consumers in the marketplace (i.e., market accountability). Finally, regulatory accountability refers to compliance with existing federal and state regulations.

Generally speaking, there are 3 types of accountability: performance accountability, market accountability, and regulatory accountability.

Sources of data and information relevant to charter school accountability include the following: (i) annual reports submitted to PDE and LEAs that address the school's measurable objectives as well as compliance with regulations, (ii) student performance on state achievement tests, (iii) state audits by the Auditor General, (iv) annual financial reports, (v) federal grant-monitoring visits, (vi) school profiles, and (vii) an external evaluation.

### Key Findings

Relative to other states, the Office of Education Initiatives at the Pennsylvania Department of Education has done a remarkable job of providing targeted technical assistance and support for new charter schools. It has used both "carrots" and "sticks" to ensure that new charter schools apply for all available resources (both federal and state). All divisions and units at PDE have been responsive to questions and requests for assistance from charter schools. The technical assistance provided by PDE and the resource centers found at each end of the state have helped make charter schools aware of relevant laws and regulations and better prepared to complete and submit the litany of reports and forms required for all public schools.

The Office of Education Initiatives at PDE has done a remarkable job of providing targeted technical assistance and support for new schools.

Findings pertinent to performance and market accountability were discussed earlier, so we now examine accountability to school-specific goals as well as regulatory accountability. The annual reports that charter schools are required to prepare provide an excellent mechanism for charter schools to demonstrate success to parents, media, and other audiences. These annual reports contain an array of information about each school. Specifically, they provide documentation relevant to compliance with regulations and the school's progress toward fulfilling its mission-specific goals. The overall quality of the mission-specific goals and measurable objectives has improved in recent years in terms of clarity, scope, and measurability. However, as a whole, the schools still did not provide enough information to determine whether or not they were meeting their mission-specific goals. Furthermore, many of the goals and measurable objectives listed by charter schools still focus on processes rather than outcomes.

The quality of charter schools' goals and measurable objectives has improved over time in terms of clarity, scope, and measurability.

Because they issue the charter, local school districts or LEAs are primarily responsible for oversight of charter schools. The LEAs, however, have varied considerably in their understanding of oversight responsibilities. Some LEAs have requested completion of specific forms and reports for the district, while others make no formal requests for information from the charter schools. A few districts have conducted what we might consider a compliance visit, while others only visit for ceremonial purposes. In Philadelphia and in many other parts of the Commonwealth, most charter schools report that they receive no visits at all from representatives of the host school districts.<sup>6</sup> We did find that local districts engaged in oversight activities just before charter contracts came up for renewal.

The quality of oversight by LEAs is highly variable, and meaningful oversight usually comes just before renewal.

PDE has been responsible only for compliance visits related to the federal funds that charter schools receive. These visits have typically involved question and answer periods with the CAOs and no review of documentation and evidence to support responses. In recent years, as the number of schools has increased and as the Office of Education Initiatives at PDE has taken on more responsibilities for other reforms or initiatives, the frequency of site visits has decreased considerably. In addition to the federal compliance visits, the Commonwealth's Auditor General (AG) has conducted very rigorous compliance visits to 21 charter schools thus far.

On the whole, the charter schools had slightly more reported findings of noncompliance than their host districts,<sup>7</sup> but the nature of most of the findings was such that they could easily be addressed by charter schools.

Revocation or nonrenewal of a charter is the strongest action that can be taken by LEAs. Thus far, only two charter schools have been closed.

Revocation or nonrenewal of a charter is the strongest action that can be taken by LEAs. Thus far, only two charter schools have been closed in Pennsylvania, which represents a much lower proportion of closures than found in other states. This would suggest that charter schools are doing an extremely good job, or it could imply that LEAs are lax in providing oversight.

### *Policy Issues and Options*

The findings discussed above suggest a number of possible approaches for consolidating and building upon improvements in Pennsylvania charter school accountability. First, PDE should continue to improve and streamline its annual report form. Ideally, these reports should be posted on the Web so that they would

<sup>6</sup> The School District of Philadelphia—having done little charter school oversight—planned to conduct extensive site visits at schools that were coming up for renewal in 2000. At that time, however, the charter schools and PDE representatives protested, claiming that such visits would be redundant and disruptive. Instead, it was suggested that the district could receive the information obtained from PDE site visits. Even after a formal request, however, this information was never shared with district officials. In September 2002, Philadelphia announced a new plan for “intensive evaluation” of several district schools—including 14 charter schools facing renewal. This will include site visits and examination of academic achievement, school safety, and financial stability.

<sup>7</sup> Host district audits covered school years ranging from 1993-1994 through 2000-2001.

Policymakers should consider undertaking a systematic assessment of LEAs' capacity (both human and fiscal) to provide meaningful, timely, and consistent oversight of the charter schools they sponsor.

be more easily accessible to LEAs, parents, and other interested groups. PDE already has extensive data on schools posted on its Web site.

Second, policymakers should consider undertaking a systematic assessment of LEAs' capacity (both human and fiscal) to provide meaningful, timely, and consistent oversight of the charter schools they sponsor. PDE might then be able to provide technical assistance targeted to areas of greatest need. Similarly, policymakers should consider a review of the current division of labor between PDE and LEA on issues of oversight. This might provide an opportunity to clarify roles and to direct resources to areas of highest need. Act 22 is clear that LEA overseers are an important partner in assuring quality in charter schools and should be an integral part of attempts to improve charter school quality and accountability.

Now that the state has to provide oversight to more schools, one strategy might be to provide differentiated or targeted oversight. Schools that are beyond the start-up phase and have demonstrated regulatory accountability evidenced by their AG audit and by their timely submission of requested forms and reports might receive less oversight and fewer compliance visits. Instead, resources could be focused on supporting and providing oversight to new schools or schools that have not demonstrated accountability.

A particularly important issue regarding LEA oversight is the need to ensure that LEA feedback to charter schools is timely and not concentrated in the period immediately preceding charter renewal. Such just-in-time oversight often fails to provide charter schools with an opportunity to make improvements. Moreover, the uncertainty created by such a just-in-time approach makes planning difficult for both charter and noncharter schools alike.

It would be naive to ignore the real conflicts of goals and interests that often characterize charter-LEA relationships (see chapter 9 in the technical report). We suspect that a certain amount of political and economic conflict between the two is inevitable. Yet, we also believe that LEA engagement with charter schools throughout the term of the charter (not just during the renewal process) would provide more opportunities for charter schools and LEAs to find win-win approaches to these conflicts.

### Impacts on Other Public Schools

Act 22 envisions that charter schools will have positive impacts, not only on their own students, but also on students in noncharter schools. Such "spillover" effects might come through two mechanisms. First, charter schools might develop innovations that are shared in a collaborative fashion with educators in noncharter schools. Second, the diffusion of charter school practices can come in response to competition and the loss of students. In response to this, local districts might take steps to improve their services, become more responsive to consumers, and perhaps even implement innovations found in charter schools. This competitive model of improvement does not assume cooperation between charter and noncharter schools.

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Districts complain of negative financial impact resulting from students from public and private schools enrolling in charter schools.

### *Key Findings*

Charter school impacts on noncharter schools can be grouped into four categories: financial, administrative, educational, and demographic. Beginning with financial impacts, representatives from districts with a large number of charter schools complained loudly during interviews that charter schools were siphoning off already limited resources.

Among the difficulties in assessing financial impacts is the problem of estimating *net* impacts. First, when students leave a noncharter public school for a charter school, they take with them most of their per-pupil funding allocation. At the same time, the departure of students reduces the demand for—and thereby the costs of—educational services provided by the district. District officials point out, however, that there is rarely a one-to-one correspondence between student losses and resulting decreases in educational costs. This is because there are often considerable fixed costs that must be covered (e.g., salary for a Spanish teacher teaching 30 students costs as much as for 25 students). Second, net financial impact depends upon the types of students leaving noncharter public schools, since the

Financial losses experienced by district schools might be justified by achievement gains in charter schools.

departure of needier, more costly to educate students might actually improve a district school's financial position. A third policy issue, and more difficult, is whether financial losses experienced by district schools might be justified by achievement gains in charter schools. Indeed, market competition almost always puts some players (presumably the weaker performers) at a financial disadvantage. The true test on this perspective is whether competition leads to a more effective educational system.

As with producers in any market, school districts are faced with the challenge of planning for changes in the size and composition of their customer base.

Turning to administrative impacts, some district representatives reported that the movement of students into and out of charter schools was creating an intolerable level of instability and uncertainty for public school administrators. Problems with completing paperwork and transferring student files has also been complicated by families that double enroll in both a charter school and their host district. As with financial impacts, the final evaluation of administrative impacts might depend on whether competition is improving educational outcomes. Indeed, markets are often characterized by frequent movement of customers from one service provider to another. As with producers in any market, school districts are faced with the challenge of planning for changes in the size and composition of their customer base.

In terms of educational impacts, we saw little evidence of change in traditional public schools in response to the presence of charter schools. While achievement trends were slightly more positive in charter schools than in demographically similar schools, we have no evidence as to whether noncharter public schools in the proximity of charter schools were also improving.<sup>8</sup>

<sup>8</sup> Past attempts at estimating charter school impacts on district student achievement have run into thorny research design issues. See, e.g., Bettinger (1999) and Eberts and Hollenbeck (2001).

In terms of educational impacts, we saw little evidence of change in traditional public schools in response to the presence of charter schools.

The extent of innovation diffusion between charter schools and noncharter schools appears to be related to the nature of the charter-host district relationship. In districts where there is either indifference or overt hostility between the two school systems, sharing of innovations is generally negligible. However, competitive diffusion of innovation can occur even in districts with adversarial relations with their charter schools. In one case we examined, two neighboring school districts, one of which had a very contentious relationship with its charter school, each established its own all-day kindergarten in response to a popular all-day kindergarten at the local charter school.

Other districts enjoyed cooperative relationships with the charter schools, especially where the charter school served a unique population (e.g., at-risk students) and thus are not seen as direct competitors. There were some examples of collaborations between the charter schools and the district schools, but these were rare. In general, relations between the charter schools and the hosts were improving, even in districts where relationships had originally been quite inimical. If negative or apathetic attitudes continue to dissipate and communication continues to improve, charter schools' may have a more positive impact on their respective districts. Similarly, if more districts feel the competition of charter schools, they may be spurred into reforming themselves in order to prevent attrition to the charter schools.

### *Policy Issues and Options*

Given that Act 22 was designed, in part, to have positive educational impacts on charter public schools, the findings above would suggest that this is an area of current weakness in the initiative. Thus, it is appropriate to consider strategies for increasing charter schools' positive spillovers.

As discussed above, educational practices can diffuse from one school to another through two sets of processes: competitive and collegial. If policymakers value competition among schools, one way to leverage diffusion would be to increase the number of charter schools. A study of Michigan found that the greatest impacts were in urban areas of the state that have large concentrations of charter school enrollments (Miron & Nelson, 2002). On the other hand, if one believes that the competitive model is inappropriate, efforts might be made to increase communication among charter and noncharter public schools. Professional development activities, such as those sponsored by Intermediate Units or the state might be organized to include a balance or mix of teachers from charter and noncharter schools. Several charter schools have already partnered with local districts to apply for specific grants, resulting in enhanced communication between the two groups of educators.

Transitional impact aid can reduce negative financial impact on districts. However, this might undercut the effectiveness of competition by easing the pressure on noncharter public schools.

Another approach that might increase cooperative diffusion of innovations would be continuation and expansion of transitional impact aid for districts to offset losses due to charter enrollments. Impact aid, however, might undercut the effectiveness of competition by easing the pressure on noncharter public schools. Thus, policymakers must decide how much they value competition

among schools as part of any decisions about transitional impact aid. As others have noted, discussions about the appropriateness of competition should take into account its effects on students whose parents do not exercise choice (see, e.g., Fuller, Elmore, & Orfield, 1996).

### Future Evaluation Activities

This evaluation raises several areas in need of further study. Some are beyond the scope of this project. Others, however, will be addressed in our 2003 report. First, we plan to conduct an in-depth cost analysis and explore links between costs and school outcomes. Second, we will seek to identify the correlates of charter school success—that is, what are the common practices, structures, and resources of successful charter schools? This information could aid both charter school operators and authorizers. We will also examine district enrollment patterns and how these are affected by the presence of charter schools. Finally, we will further examine innovative practices in the schools with the intent of understanding how these can be shared or applied in other schools. We will also explore a number of policy issues raised in this report. By engaging stakeholders and policymakers in this discussion, we hope to identify specific steps that can be taken to strengthen the charter school reform in Pennsylvania.

### Conclusion

This evaluation report set out to assess Pennsylvania charter schools against the goals enumerated in Act 22 and related criteria. As is typically the case with relatively new programs, there appear to be areas of strength and areas in need of improvement.

- ❑ *Achievement.* Overall, charter schools are making modest achievement gains against demographically and geographically similar schools. Unfortunately, these gains are not uniform, with some schools experiencing sharp declines and others impressive gains.
- ❑ *Choice and innovation.* Considerable growth in the number of charter schools has increased their availability as a viable educational option. However, large segments of the Commonwealth have no charter schools and not all charter schools offer unique alternatives to the traditional public schools. Charter school customers are generally satisfied with curriculum and instruction, though less so with facilities and resources.
- ❑ *Equity and access.* Charter-host differences in the enrollment of low income, minority, and special education students, while not decisive evidence, identifies equity and access as areas worthy of further attention from policymakers.
- ❑ *Teacher professional opportunities.* Teachers are generally satisfied with their working conditions, but leave charter schools in high numbers. The charter schools have less experienced and less qualified teachers than comparable districts. Pay scales and relative teacher salaries are considerably lower at charter schools than in similar districts.

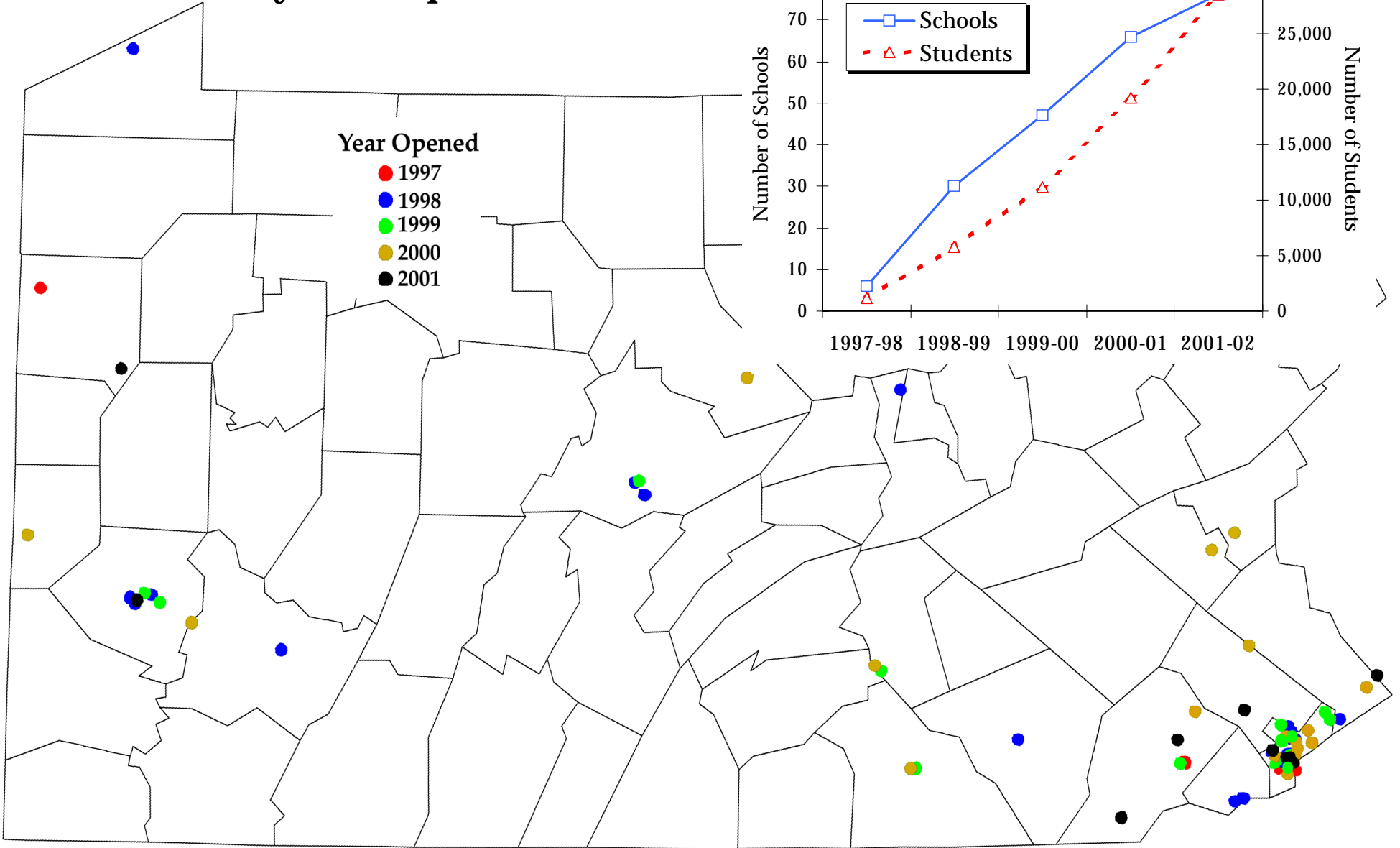
- ❑ *Accountability and oversight.* PDE has done a remarkable job of providing technical assistance to charter schools, making them aware of relevant rules and regulations. The quality of school mission statements and reports has improved over time, but is in need of further improvement. LEA and PDE oversight is in need of additional improvement and coordination. While the Auditor General conducts rigorous compliance visits, thus far, only 21 charter schools have been audited.
- ❑ *Impacts on other public schools.* While charter schools, by design, take money away from noncharter public schools, their *net* financial impact remains unclear. There appears to be minimal diffusion of innovations from charter to noncharter public schools.

The extent to which each of these areas deserves attention depends, of course, on how policymakers weigh each criterion. By providing important data and raising key policy issues, this report has sought to make a sound contribution to the debate over the Commonwealth's charter schools.

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# Pennsylvania Charter Schools by Year Opened



Growth in the Number of Schools and Students

