



PACER

RESEARCH for *ACTION*

ISSUE BRIEF

CHARTER SCHOOL AUTHORIZATION AND ACCOUNTABILITY: AN OVERVIEW FOR STATE POLICYMAKERS

December 2011

Pennsylvania Clearinghouse for Education Research (PACER)



Pennsylvania Clearinghouse for Education Research (PACER)

This PACER Issue Brief – the second in a series – examines the national research on charter school authorization, and highlights what other states are doing in this area of school reform.

ISSUE BRIEF
CHARTER SCHOOL AUTHORIZATION AND ACCOUNTABILITY:
AN OVERVIEW FOR STATE POLICYMAKERS

December 2011

SETTING THE STAGE

In the 20 years since Minnesota enacted the nation's first charter school law, charters have taken on a central role in school reform debates. Today, charter laws are in place in 40 states and the District of Columbia, with nearly 5,000 charter schools open nationwide. Across Pennsylvania, 154 charter schools educate more than 90,000 of the state's 1.78 million public school students, playing a particularly visible role in urban districts with persistent achievement challenges.¹

By definition, charter schools enjoy significantly more autonomy than traditional public schools. But because charters are funded with public dollars, states must ensure these institutions are authorized and monitored appropriately. Charter school authorizers are the mechanism states use to provide this oversight and accountability.

Authorizers have a number of key roles and responsibilities:

- Determining whether a charter school will open based on its application;
- Enacting a contract, or "charter," that establishes requirements for governance, performance goals, fiscal and reporting, and exemptions from traditional school mandates;
- Monitoring each school's performance and determining if, and when, to offer assistance; and
- Determining whether a school is reauthorized when the charter is due for renewal.²

Charter school authorizers are the bridge between policymakers and charter providers, and the gatekeepers charged with ensuring the quality of the charter schools in their jurisdiction.

THE PENNSYLVANIA CONTEXT

As of August 2011

PENNSYLVANIA CHARTER SCHOOLS: BY THE NUMBERS

154

Number of Charter Schools

13

Number of Cyber Charter Schools

90,600

Approximate number of
students enrolled

SOURCE: Pennsylvania Department of Education (2011)

Since Act 22 of 1997, Pennsylvania has authorized and monitored charter schools via local school boards. Last month, Governor Corbett called for an expansion of authorizing systems through the establishment of a statewide authorizing entity to approve, license and monitor charter schools. Similar proposals are pending in the legislature: both Senate Bill 904 and House Bill 1348 would create independent administrative commissions on charter and cyber charter schools. More recently, on October 26, 2011, the State Senate adopted Senate Bill 1, with amendatory language that would continue to situate charter school authorization with local school boards - while expanding the composition of the state panel that adjudicates appeals of a district's denial of a charter bid.

A note about sources: This brief summarizes existing research on charter school authorization, focusing primarily on how other states have approached charter school authorization. As is the case with all PACER briefs, information is drawn from rigorous scholarship and independent, non-partisan organizations such as the National Charter School Research Project (NCSRP) and the Education Commission of the States (ECS). Data on the models of charter school authorization is largely drawn from the National Association of Charter School Authorizers (NACSA); while NACSA has policy objectives around charter schools, the organization holds the most current and accurate record of authorizers - data that has been recognized by the U.S. Department of Education (USDOE) and NCSRP.

CHARTER SCHOOL AUTHORIZATION: FREQUENTLY ASKED QUESTIONS

Q

How are charter schools in Pennsylvania currently authorized?

A

Most charter schools receive their charters from local, usually elected, school boards. However, the state's Charter Appeals Board (CAB) may also authorize charter schools on appeal. Importantly, the Pennsylvania Department of Education is the authorizing agent for cyber charter schools.³ A charter may be granted for no more than five years.⁴

Q

Does Pennsylvania cap the number of charter schools that can be authorized?

A

No. Approximately half of the 41 states with charter school laws have caps in place; Pennsylvania does not.⁵

Q

How do recent charter school authorization proposals differ?

A

In October 2011, Governor Corbett proposed the creation of a statewide authorization system to approve, license, and oversee charter schools; there are similar proposals pending in the State House and Senate as of the issue date of this brief. In addition, Senate Bill 1, recently amended and approved by the State Senate, would expand the membership of the Charter Appeals Board by two members, and double the charter school renewal terms from five to 10 years.⁶

Key elements of each proposal are outlined in Table 1.

TABLE 1

**A COMPARISON of
CURRENT & PROPOSED PENNSYLVANIA CHARTER SCHOOL
AUTHORIZATION POLICY**

November 2011

	Administrative Function		
	Authorizing Entity	Appeal Process	Term of Charter
CURRENT LAW	<ul style="list-style-type: none"> Local school board 	<ul style="list-style-type: none"> 7-member Charter Appeal Board 	<ul style="list-style-type: none"> Initial: 3-5 years Renewal: 5 years
Senate Bill 1	<ul style="list-style-type: none"> Local school board 	<ul style="list-style-type: none"> 9-member Charter Appeal Board 	<ul style="list-style-type: none"> Initial: 5 years Renewal: 10 years
Senate Bill 904 House Bill 1348	<ul style="list-style-type: none"> Independent State Commission Local school board IHE governing board 	<ul style="list-style-type: none"> Independent State Commission Commonwealth Court 	<ul style="list-style-type: none"> Initial: 5 years Renewal: 10 years

Q

Nationwide, what types of charter authorizers are in place?

A

Research for Action identified six types of authorizers through policy and research scans:

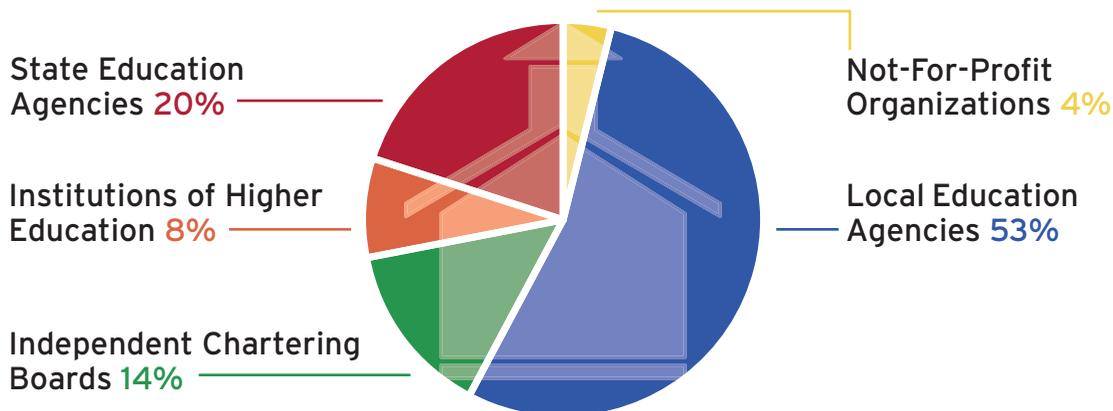
- 1) School Districts or Local Education Agencies (LEAs);
- 2) State Education Agencies (SEAs);
- 3) Independent Chartering Boards (ICBs);
- 4) Institutions of Higher Education (IHEs), including colleges or schools of education;
- 5) Not-For-Profit organizations (NFP); and
- 6) Mayors/Municipalities (MUN).

Ninety percent of charter school authorizers are LEAs or school districts - an increase of 37 percent from 2007-08 to 2010-11. The number of state agency authorizers decreased from 23 to 19 during the same period,⁷ with a few states shifting responsibility to Independent Chartering Boards. Eight ICBs were in place during 2010-11.⁸

Therefore, while the overwhelming majority of charter school authorizers are LEAs, as Figure 1 shows, nearly 50 percent of charter schools in the U.S. are authorized by other entities, including State Education Agencies, Institutions of Higher Education, and non-profits. Note that municipalities are not represented as they authorize fewer than one percent of charter schools nationwide.

FIGURE 1

PERCENTAGE OF CHARTER SCHOOLS NATIONALLY BY TYPE OF AUTHORIZER



SOURCE: The State Of Charter School Authorizing 2010 (NACSA)

Q

What is the mix of authorizers across states?

A

It varies, ranging from one to three. According to NACSA, the majority of states with charter school laws have two authorizers, 13 states have one authorizer, and nine states allow three authorizers.⁹

Q

Why do states empower authorizers other than local education agencies?

A

States use multiple authorization structures for a number of reasons, including accelerating the pace of charter school creation, addressing district capacity limitations, allowing for choice, and experimenting with multiple charter authorization strategies.¹⁰ Table 2 provides examples of how alternative authorizing entities operate in other states.

EXAMPLES of ALTERNATIVE AUTHORIZATION TYPES at the STATE LEVEL



Authorization Type: Independent Chartering Boards (ICBs)

State Example: Colorado

The State Charter School Institute was established as an independent agency in the Department of Education. The Institute's board is responsible for approving charter school applications and revoking, renewing, or refusing to renew charter school contracts. The board consists of nine members, no more than five of whom are members of the same political party. Seven members are appointed by the Governor; two are appointed by the Commissioner of Education. Members appointed to the board must have experience in at least one of a number of areas (e.g., financial or charter school management).

Source: <http://www.csi.state.co.us/board.htm>

Authorization Type: Institutions of Higher Education (IHEs)

State Example: Minnesota

Charters may be authorized by The University of Minnesota, community colleges, state universities or technical colleges governed by the Board of Trustees of the Minnesota State Colleges and Universities, and private two and four-year colleges registered with the Minnesota Office of Higher Education.

Source: <https://www.revisor.leg.state.mn.us/statutes/?id=124D.10>

Authorization Type: State Education Agencies (SEAs)

State Example: New Jersey

A charter school is operated under a charter granted by the state Commissioner of Education. The charter is independent of the local school district's board of education, which is managed by a board of trustees.

Source: <http://www.nj.gov/education/chartsch/fact.htm>

Source: Hassel, Ziebarth, and Steiner (2005)¹¹

Q

What are the advantages and disadvantages of differing types of authorization?

A

A brief issued by the Education Commission of the States¹² outlines potential pros and cons for each type of statewide alternative authorizer (non-profits and municipalities are not included in this section); NACSA identifies considerations as well.¹³ Pros and cons are summarized in Table 3.

Q

Do charter authorizers have the capacity to fulfill their responsibilities?

A

Capacity is an issue across authorization types. The 2010 NACSA survey found that larger authorizers (those that have chartered more than 10 schools) have more adequate staff and budgets to address the authorization process.¹⁴ However, since most of these same entities are responsible for a number of functions outside of charter authorization, budgets and staff focused on this work may be more limited, or even nonexistent.¹⁵

Research suggests that student achievement at charter schools authorized by non-profit organizations may lag behind achievement at charters authorized by LEAs, states, or postsecondary institutions.

TABLE 3

	ADVANTAGE	DISADVANTAGE
Local Education Agency (Districts)	<ul style="list-style-type: none"> + Potential role as a technical assistance partner to the local charter school + Districts more commonly help secure facilities 	<ul style="list-style-type: none"> - Competition for charter and traditional schools for per-pupil funding - Charter schools authorized by districts are often treated as traditional schools - Local political considerations tend to have influence on decisions - Less rigor in application and monitoring processes due to limited focus and capacity
Independent Chartering Boards (ICBs)	<ul style="list-style-type: none"> + Authorizing charters are the core mission + ICBs have the opportunity to build new systems from scratch + Fresh perspective on authorization + Board members can be selected based on expertise in different areas 	<ul style="list-style-type: none"> - No prior community presence - Limited capacity at the outset - Limited accountability to the public
Institutions of Higher Education	<ul style="list-style-type: none"> + Can have a strong mission to improve the community + Receive students from K-12 and prepare teachers, creating important links + Often visible/credible institutions 	<ul style="list-style-type: none"> - Charter authorization not core to mission and may have limited resources - Connections with existing K-12 institutions may cause conflicts - There may be backlash from area districts - May have limited public accountability
State Education Agencies (SEAs)	<ul style="list-style-type: none"> + Provides an opportunity for innovation with schools + State backing provides credibility + Existing capacity in some cases, but not all + Statewide perspective useful for measuring progress 	<ul style="list-style-type: none"> - Often take a traditional compliance focus - Often already overburdened - Potential instability with turnover of policymakers - Potential for conflict between local authorizers and charter schools

Q

How are charter schools held accountable by authorizers?

A

Charter school authorizers issue **performance contracts**, in which charter schools agree to specified outcomes that must be achieved in order to continue operation.¹⁶

Typically, the three types of accountability imposed by charter school authorizers are:

- **Fiscal Accountability:** proper use of public funds;
- **Compliance Accountability:** whether schools are in compliance with state and federal regulations and their own charters; and
- **Outcome Accountability:** the school's success in increasing student performance.¹⁷

Charter school authorizers are responsible for providing oversight to their schools and may offer technical assistance as needed.¹⁸ Oversight activities generally include site visits, audits and reporting. When issues are found in the operation or performance of a charter school, the schools are often notified of the areas where improvements are needed and required to develop plans for improvement.¹⁹ Research indicates that the level of oversight and assistance varies across authorizers.^{20,21,22}

Q

What is the responsibility of charter school authorizers when charters do not meet the standards of quality included in charter agreements?

A

Charter school authorizers are expected to intervene in instances where schools do not meet education and fiscal management responsibilities. Many states have established specific conditions under which charter school authorizers may intervene. In these cases, authorizers identify specific problems and require schools to take corrective action. If the charter schools cannot correct deficiencies over time, the charter is revoked - or not renewed.²³

Q

What does the research tell us about approval and closure rates across types of charter authorizers?

A

Research has found that approval rates vary by authorizer type (see Table 4). While the approval rates are generally similar between large (those that chartered 10 or more schools) and small (those that authorize fewer than 10 schools) within each category, higher education institutions present the exception. The approval rate among large IHE authorizers is nine percent, while the approval rate among small IHEs is far higher at 53 percent.

Across authorizers, closure rates are low, ranging from two to nine percent. Not-For-Profits have both the highest approval (46%) and closure (9%) rates, and have been found to have less rigorous approval processes.²⁴

TABLE 4

OPENINGS AND CLOSINGS BY AUTHORIZER TYPE

Type of Authorizer:	Aggregate Approval Rate 	Aggregate Closure Rate 
Local Education Agencies	37%	3%
Independent Chartering Boards	32%	2%
Institutions of Higher Education	12%	4%
State Education Agencies	22%	2%
Mayors/Municipalities	31%	*
Not-For-Profit organizations	46%	9%

Source: The State of Charter School Authorization 2010 (NACSA)

*There are only two municipal charter school authorizers: Indianapolis Mayor’s Office and Milwaukee Common Council.

Q

Are there best or promising practices for charter school authorization?

A

Research is thin on this topic. However, at least three organizations have developed standards around quality and best practices for the authorization process (see Table 5). Based on a set of eight case studies, the USDOE Office of Innovation and Improvement identified common traits among authorizers of quality charters. NACSA has also developed “Principals and Standards for Quality Charter School Authorizing.” And, in her report for the NCSRP, Katharine Destler outlined preliminary lessons for charter authorizers based on insights from ongoing analysis.²⁵

Q

Has research found a relationship between the type of charter authorizer and student outcomes?

A

A 2010 report by the NCSRP examined authorizers and their impact on student performance in Ohio, where the number of nonprofit organizations authorizing charter schools has expanded. Using three school years of statewide longitudinal student-level data, the study found statistically significant differences between achievement gains among students in nonprofit-authorized charters compared to other entities: “Ohio charters that were originally authorized by nonprofit organizations are, on average, producing achievement gains (both in math and reading) that lag behind the gains of students in other charter schools.” There were no significant differences found between other authorizers regarding student achievement.²⁶

A similar study by researchers at the University of Wisconsin examined school-level student achievement data across a 10-year period in Minnesota and concluded that a charter’s authorizing institution had no statistically significant effect on achievement, but noted nonprofit-authorized schools “exhibit much more variance in achievement than schools authorized by local school boards.”²⁷

TABLE 5

STANDARDS OF BEST PRACTICE IN CHARTER AUTHORIZATION

USDOE Office of Innovation and Improvement

- Build a strong organization by recruiting expert staff and enhancing capacity through regular professional development.
- Develop a talented pool of school applicants through recruitment and advertising to attract operators most likely to succeed.
- Select high-quality schools by requiring detailed information on applicants and utilizing multiple evaluation methods.
- Support new school operators by developing clear performance measures, defining how schools will be held accountable, and providing assistance.
- Provide meaningful and transparent oversight and streamline data collection.
- Hold schools accountable for meeting performance goals by making decisions based on evidence and intervening when problems arise.

National Association of Charter School Administrators (NACSA)

Core Principles and Standards for Quality Charter School Authorizing include:

- maintain high standards for schools;
- uphold school autonomy;
- protect student and public interests.

The standards are further delineated in a number of categories:

- 1) agency commitment and capacity;
- 2) application process and decision-making;
- 3) performance contracting;
- 4) ongoing oversight and evaluation; and
- 5) revocation and renewal decision-making.

National Charter School Research Project (NCSRP)

- Quality authorizers invest resources to know their schools well.
- Authorizers should set high standards for applicant schools.
- Authorizers can work closely with schools without becoming beholden to them.
- Authorizers must consider both individual school and system performance when deciding whether to cancel a contract.
- Authorizers must actively recruit a diverse set of providers.

CONCLUSION

As Pennsylvania policymakers grapple with the issue of charter school authorization, several factors might be taken into consideration, including:

- **Accountability.** Are there accountability measures in place to evaluate authorizers, and are authorizers able to hold their charter schools accountable based on performance?
- **Capacity.** During a period of contracting budgets, do charter authorizers have the capacity, in terms of both funding and personnel, to fulfill their responsibilities?
- **Alternatives.** How many authorization entities should the Commonwealth have in place, and what might a more diverse array of authorizers accomplish?

Accountability — for schools, teachers, and students — has been a central tenet of more than a decade of education reform efforts. Charter school authorizers should approach their work with clear standards, a commitment to rigorous evaluation of school performance, and accountability for results.



WORKS CITED

- ¹ Pennsylvania Department of Education. Retrieved from: http://pa.gov/portal/server.pt/community/charter_schools/7356.
- ² Bulkley, K. (2001). Educational performance and charter school authorizers: The Accountability Bind. *Education Policy Analysis Archives*, 9(37). Retrieved from: <http://epaa.asu.edu/epaa/v9n37.html>.
- ³ Pennsylvania Department of Education. Retrieved from: http://www.education.state.pa.us/portal/server.pt/community/appeal_process/7358
- ⁴ Pennsylvania Department of Education. Retrieved from: http://pa.gov/portal/server.pt/community/charter_school_regulations/7359/summary_of_charter_school_legislation/508170.
- ⁵ Education Commission of the States. *Charter school caps*. Retrieved from: <http://mb2.ecs.org/reports/Report.aspx?id=80>.
- ⁶ Amendment A05700 to SB 1, PN 1031

- ⁷ National Association of Charter School Authorizers. (2011). The state of charter school authorizing 2010: Third annual report on NACSA's authorizer survey. Retrieved from: http://www.qualitycharters.org/images/stories/publications/2010_facts_report.pdf.
- ⁸ Ibid.
- ⁹ National Association of Charter School Authorizers. (2010). Principles and standards for quality charter school authorizing. Retrieved from: http://www.qualitycharters.org/images/stories/publications/Principles_and_Standards_2010.pdf.
- ¹⁰ Hassel, B., Ziebarth, T and Steiner, L. (2005). A state policymaker's guide to alternative authorizers of charter schools. *Education Commission of the States*.
- ¹¹ Hassel, Ziebarth, and Steiner list nine states as of 2005 that had higher education authorizers, typically through the state: Indiana, Michigan, Minnesota, Missouri, New York, North Carolina, Ohio and Wisconsin. However, state legislation may have changed since that time.
- ¹² Ibid.
- ¹³ National Association of Charter School Authorizers. (2010). The state of charter school authorizing 2009: Second annual report on NACSA's authorizer survey. Retrieved from: http://www.qualitycharters.org/images/stories/2009_Facts_Report.pdf.
- ¹⁴ National Association of Charter School Authorizers. (2011). *The state of charter school authorizing 2010: Third annual report on NACSA's authorizer survey*.
- ¹⁵ National Association of Charter School Authorizers. (2010). The state of charter school authorizing 2009: Second annual report on NACSA's authorizer survey.
- ¹⁶ Bulkley, K. (2001). Educational performance and charter school authorizers: The Accountability Bind. *Education Policy Analysis Archives*, 9(37). Retrieved from: <http://epaa.asu.edu/epaa/v9n37.html>.
- ¹⁷ Bulkley, K. (1999) Charter school authorizers: A new governance mechanism? *Educational Policy*, 13, 5, 674-697.
- ¹⁸ Pennsylvania Department of Education. Retrieved from: http://pa.gov/portal/server.pt/community/purdon's_statutes/7503/charter_schools/507318.
- ¹⁹ National Association of Charter School Authorizers. (2011). The state of charter school authorizing 2010: Third annual report on NACSA's authorizer survey.
- ²⁰ Ibid.
- ²¹ Ibid.
- ²² National Association of Charter School Authorizers. (2010). The state of charter school authorizing 2009: Second annual report on NACSA's authorizer survey.
- ²³ National Resource Center on Charter School Finance and Governance. (2010). Increasing charter school accountability through interventions and closures: A guide for state policymakers. Los Angeles: University of Southern California. Retrieved from: <http://www.charterresource.org/files/IncreasingAccountability.pdf>.
- ²⁴ National Association of Charter School Authorizers. (2011). The state of charter school authorizing 2010: Third annual report on NACSA's authorizer survey.
- ²⁵ Destler, K. (2006). Charter school authorizing: It's a dirty job, but somebody's got to do it. In R. Lake and P. Hill (Eds.). *Hopes, Fears and Reality: A Balanced Look at American Charter Schools in 2006* (pp. 49-61). National Charter School Research Project. Retrieved from: http://www.crpe.org/cs/crpe/download/csr_files/hfrdec1_web.pdf.
- ²⁶ Zimmer, R., Gill, B., and Obenauf, K. (2010). Charter school authorizers and student achievement (Working Paper No. 2010-2). *National Charter School Research Project*. Retrieved from: http://www.crpe.org/cs/crpe/download/csr_files/wp_crpe_Authorizers_Dec10.pdf.
- ²⁷ Carlson, D., Lavery, L., Witte, J. (2011). Charter school authorizers and student achievement. *Economics of Education Review*. doi:10.1016/j.econedurev.2011.03.008.

**RFA is grateful to the Heinz Endowments
and Team Pennsylvania Foundation
for their generous support of this initiative.**

THE HEINZ ENDOWMENTS
HOWARD HEINZ ENDOWMENT • VIRA I. HEINZ ENDOWMENT

The Heinz Endowments supports efforts to make southwestern Pennsylvania a premier place to live and work, a center for learning and educational excellence, and a region that embraces diversity and inclusion.

TEAM
Pennsylvania
F O U N D A T I O N

Team Pennsylvania Foundation is a dynamic, public/private partnership that initiates and supports innovative programs to improve Pennsylvania's competitiveness and economic prosperity through a focus on educational effectiveness, economic development and government efficiency.





RESEARCH for *ACTION*

For 20 years, Research for Action has provided rigorous research and analysis designed to raise important questions about the quality of education available to disadvantaged students, and the effects of educational reform on students, schools, and communities.

Research for Action
3701 Chestnut Street
Philadelphia, PA 19104
Tel. 215.823.2500
Fax 215.823.2510
info@researchforaction.org
www.researchforaction.org