Appendices


Appendix B  Descriptions of the Larger Educational Management Organizations Operating in Michigan

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1995 - 1996

1996 - 1997
Location of Charter Schools Operated by National Heritage Academies in the Grand Rapids Area
Appendix B
Descriptions of the Larger Educational Management Organizations Operating in Michigan

The descriptions of the EMOs contained in this section are based on material obtained directly from the companies or indirectly from the schools they manage or from the web sites established by the companies. We cannot confirm that the claims they make about their schools and programs are accurate. After describing each of the six companies we have included a short section on “other issues,” which is largely based on documentation from critiques of the EMOs or from newspaper sources. The purpose of this section is to list or describe controversial issues that have arisen regarding the management companies.

National Heritage Academies

Background and development. National Heritage Academies (NHA), founded and owned by Michigan entrepreneur J.C. Huizenga, opened its first school, Excel Charter Academy, in Grand Rapids in 1995. NHA opened three more schools the following year and now operates 20 schools in Michigan and 2 in North Carolina, with a total enrollment of 8,600 students. Huizenga has invested about $50 million dollars in NHA. In January he raised $35 million from private investors, in addition to negotiating a $50 million bank loan (7 Feb. 2000. Business Week, p.66). The last map in Appendix A illustrates the location of NHA’s charter schools in the suburban areas around Grand Rapids.

National Heritage Academies has had a long running partnership with Grand Valley State University, which has chartered 15 of their 20 schools in Michigan. NHA is responsible for the business administration and operation of each school. These responsibilities include hiring principals, teachers, and staff; setting the educational curriculum; administrating all extracurricular or cocurricular programs; providing educational materials, equipment, and supplies; providing funds for staff training; providing transportation and food service (if any); and managing the physical facilities of each academy. NHA reserves the right to subcontract any of its services except for the management of the teaching and instructional program [unless specifically approved by the board]. NHA is jointly responsible, with the board, for student recruitment and selection. NHA is accountable to the board for student academic performance. NHA provides capital to build the schools, then leases the buildings back to the appointed school boards (3 Sept. 1999, The Grand Rapids Press). Each academy pays rent to NHA. For example, Excel pays NHA one-third of its total budget for rent (19 Oct. 1998. Letter, Bill Knoester to Christy Dykgraaf and Shirley Lewis). Eagle Crest Charter Academy’s rent to NHA doubled last year to $630,000. The company indicates that it is not yet making a profit; rather it is reinvesting money by opening more charter schools.

Educational philosophy. NHA schools share the same basic features and vision. NHA hopes to provide parents with educational choice by creating a safe, orderly school environment where the child is challenged to pursue not only “academic excellence,” but also “sound moral guidance” (NHA web site, www.heritageacademies.com, “Why National Heritage Academies?”). Good citizenship and America’s heritage are also emphasized. The schools’ pedagogical philosophy is a “back-to-basics” approach that stresses fundamentals. NHA stresses parental involvement as the key to a successful school. The structure of the schools’ learning environment is based on Effective Schools Research developed by the late Ronald R. Edmonds. The educational curriculum is aligned with the Hirsch Core Knowledge Sequence from E. D. Hirsch, author of Cultural Literacy. The Hirsch Sequence teaches a standard body of knowledge in a planned progression for each grade level. Fifty
percent of NHA’s curriculum is based on the Core Knowledge Sequence. The core curriculum of history, geography, government, economics, math, science, reading, English, and fine arts integrates a character education/moral focus component across the curriculum. In this way NHA reinforces the “universal values and morals taught at home by parents” (NHA web site, “Academic Program”). Students are rewarded for displaying moral values.

Curriculum. The curriculum is teacher-directed. In the “whole class” approach, all the students are engaged in planned lessons. NHA eschews child-centered learning methods as a “current fad” (NHA web site, “Teaching Methods”). Teachers plan the lessons, present the information, engage the students, monitor the students, and then provide additional learning opportunities. “The teacher carefully leads students through the lessons, responding to them and their curiosity while still directing everything . . .” (NHA website, “Teaching Methods”). According to the web site, students are engaged in hands-on, project-based, active learning.

The back-to-basics curriculum includes an intensive phonics program for K-2. Phonics instruction is reinforced with the phonics-based reading series, Collections for Young Scholars. Children also read classics from children’s literature. The English curriculum emphasizes spelling, grammar, punctuation, vocabulary, penmanship, composition, and writing. NHA uses Saxon Math and Chicago Math to present mathematical concepts in increments with continuous review and repetition. Cultural literacy, rather than social studies, combines history, geography, government, and economics with “heroes” from character education. At NHA there is an emphasis on “American heritage,” and America’s “unique roots.” The science curriculum is divided into life, earth, and physical science sections. Both cultural literacy and science are taught without textbooks and are based on the Hirsch Core Knowledge Sequence. Art, music, and physical education are taught as weekly specials. Moral focus highlights a different value each month. Moral focus values are based on the four Greek cardinal virtues of justice, temperance, fortitude, and prudence with “spin-offs” such as courage, perseverance, respect, friendship, responsibility, gratitude, compassion, self-discipline/diligence, and integrity. (Excel 1999-00 Parent Handbook, 4). Moral focus assemblies reward students who were most diligent in displaying moral values.

Teaching staff. Many of the teachers at NHA schools are young and inexperienced. NHA provides two weeks of training in the summer. According to an August 7, 1999, article in The Grand Rapids Press, seven out of eight new male teachers for the 1999-00 school year were graduates of Cornerstone, a Bible college in Grand Rapids (1 Aug. 1999, Granderson). NHA recruits teachers from Calvin, Cornerstone, Hope, Grand Valley, and Hillsdale Colleges (1 Aug. 1999, Granderson). Teachers’ salaries are slightly lower than those in the traditional public schools. Teacher compensation is merit-based and determined by standardized test results and parent satisfaction surveys given at the end of the school year.

Innovations. NHA says it is being innovative in providing “academic excellence.” It also provides a longer school day–7 hours long with 6 hours of instruction in core subjects. Classroom size is limited to 24 students. Integrated character education/moral focus is also considered innovative. AcademyLink, introduced in the spring of 2000, is an Extranet link that provides access to the school calendar, classroom home pages, parent newsgroups, committee minutes, and documents. NHA is currently in the process of developing gifted and talented programs.

Assessments. Student achievement is assessed by standardized tests such as the MEAP and MAT-7. According to NHA, its students score 35 percent above the national average on standardized tests measuring grade level growth (NHA web site, “Academic Excellence”). Nonstandardized assessment methods include teacher-made tests, mastery skill checklists, criterion-referenced tests, and norm-referenced tests. Quarterly report cards, student exhibitions, participation in state and national competitions, anecdotal records, and parent/teacher
observations are also part of student assessment. Parental satisfaction is gauged by parent surveys and growing enrollments. Teacher compensation is merit-based and determined by standardized test results and end-of-school parent satisfaction surveys.

**Other issues.** There are a number of lawsuits filed by parents currently pending against NHA. The ACLU is representing parents at Vanguard Academy in Grand Rapids who allege NHA knowingly participated in violations of the establishment clause by mandating a staff moral focus retreat which had religious overtones and by allowing a parents’ prayer group to meet on campus during the school day. In December of 1998 three families with students at Vanguard Charter Academy filed suit in federal district court alleging violations of the Establishment Clause of the Michigan and United States Constitutions by both NHA and Vanguard Charter Academy (Daugherty et al. v Vanguard charter Academy et al.). The parents allege that the school promoted religion in a number of ways including a staff training that included religious worship, endorsement of prayer activities during the school day, distribution of religious literature to students, display of religious symbols and teaching about creationism in science classes. The case is scheduled to go to trial in September 2000. Some of the key events and incidents related to this case are listed below:

**F** On October 23, 1998, National Heritage held a Moral Focus Retreat for the teachers of all NHA schools at Ridgepoint Community Church, Holland, MI. Students were given the day off so that all of the staff could attend this mandatory training. A parent (and chairman at the time of the retreat) of Vanguard’s Moral Focus Committee attended the event. He said that the retreat opened with Christian music, was emceed by a minister, and a Christian prayer was conducted prior to lunch. One of the speakers at the retreat, an ordained Baptist minister, delivered what the parent described as a sermon on the topic of Moral Absolutes. He made an audio recording of the presentation and alleges that it was “saturated with references to God, Jesus and biblical scripture.” According to an article in the September 18, 1999 *Wall Street Journal*, National Heritage President acknowledged that the Baptist sermon was inappropriate.

**F** The plaintiffs also allege that a group known as the Mom’s Prayer Group holds prayer meetings in the school facility during school hours. According to the plaintiffs, the school endorsed the activities of the Mom’s Prayer Group by allowing teachers to submit prayer requests and participate in teacher luncheons sponsored by the group. The Mom’s Prayer Group was also allowed to maintain a mailbox by the teachers’ mailboxes in the central office and to solicit members in the hallway during student orientation according to one of the parents involved in the suit. The *Wall Street Journal* reported that despite drawing up new guidelines governing church/state separation at Vanguard, the Mom’s Prayer Group is still allowed to meet at the school.

**F** The topic of creationism has become a controversial issue at National Heritage schools in Michigan and New York. The February 18, 2000, issue of the *New York Times* reports that John R. Walker, a Rochester business professor who sponsored NHA’s charter application, stated that The Rochester Leadership Academy will teach the science of evolution, but because “the theory of evolution is unproven,” the school “will present contrasting theories,” including creationism.

**F** NHA’s Excel Charter Academy allows teachers to teach the theory of evolution and the story of creation as an objective for fourth grade science. The charter application for NHA’s Vanguard Academy, on file with Grand Valley State University, lists “creation” as part of the science curriculum.

**F** Efforts by NHA to open a school in New York earlier this year met with opposition from the American Jewish Committee. The AJC is
concerned that an NHA-operated academy would teach creationism, as other NHA academies allegedly do in Michigan (15 Dec. 1999 Democrat and Chronicle). They are also concerned about NHA’s “strong evangelical ties” (18 Feb. 2000 Denbo Letter).

One fourth-grade teacher at NHA’s Knapp Charter Academy “told her students about dinosaurs last year and learned a lesson herself. Some parents protested that fossil evidence of dinosaurs, which became extinct 65 million years ago, contradicted their Biblical belief that God created the world 6,000 years ago. Since then, the teacher has dropped the dinosaurs and says, ‘I basically try to steer clear of any hot issues.’” (18 September 1999, Wall Street Journal).

A special education teacher brought a second lawsuit in 1999 against NHA. The teacher alleged she had been wrongfully terminated when she refused to condone what she considered illegal activities in regard to special education services. Among other things, the teacher alleged that NHA instructed her to discourage parents from enrolling special education students. The case was settled outside of the court with an agreement by both NHA and the plaintiff that neither side would publicly discuss the issue.

Parents at Walker Charter Academy and Vanguard Charter Academy complained about the “heavy-handed” discipline and management style of the principals at the respective schools. These incidents were reported in The Grand Rapids Press, and are—in part—documented in information obtained from NHA through a Freedom of Information Request (FOIR) and through interviews of parents.

Two recent parent-organized meetings at two different NHA schools were critical of what parents consider a “heavy-handed management and discipline style” in NHA administrators. The parent who organized the meeting concerning Walker Charter Academy said she had become frustrated trying to talk with the school’s principal and NHA when her son was suspended from school. According to the parent, her son was suspended for talking after being “put on the fence,” a form of punishment.

Parents at Vanguard Charter Academy kept their children home one day in May to protest the way the principal was treating students and staff. Concerned parents met to express their views that Vanguard’s principal was intimidating and threatening. Information from a May 16, 2000, Freedom of Information Request sent to Vanguard school indicates that the staff addressed four “major areas of concern: unprofessionalism, lack of communication, fostering division among staff members, and intimidation.” The staff requested that they be able to express opinions without retaliation. The staff expressed concerns such as using children as “pawns,” “gag orders,” “teachers afraid,” and the “heavy-handed administration.” The staff requested that the principal “stop making threats.”

Email letters to NHA, also part of the FOIR request, from anonymous parents at Vanguard indicate problems not only with the administration, but also with special education. Email letters between NHA personnel indicate that parents, staff, and students are afraid of the principal at Vanguard. Another anonymous email from a parent mentions that the principal fired without cause the African American school secretary who had been with the school from the beginning. Another letter from a parent pertains to an incident in April when the principal threatened to call the Wyoming Police Department and have the students fingerprinted because someone had locked a bathroom stall door.

Recent criticism of NHA and other charter schools was due to initial noncompliance with a freedom of information request by The Grand Rapids Press and seven other members of Booth Newspapers for information regarding the individual salaries of teachers and principals. NHA says that it chose not to respond at first in order to protect the privacy rights of its employees, citing its status as a private employer. Later NHA submitted most of the information requested. NHA still refrained from
releasing the salary of its president, Peter Ruppert (3 Apr. 2000, Lloyd editorial). Ruppert thinks that the news media is focusing on the wrong issues in measuring accountability. NHA officials would like to shift the attention to parent satisfaction and student achievement. Ruppert believes that the criticism is being levied against charter schools in order to influence the vote on legislation to raise the number of charter schools in Michigan (17 Apr. 2000, Ruppert editorial). NHA requested that parents at NHA schools write their state legislators and, “to make it easier,” provided the parents with a “talking point” sheet with key points to address when writing a letter in support of NHA (12 April 2000, Letter, Peter Ruppert).

The Leona Group

Background and development. The Leona Group, L.L.C., a school management company based in Lansing, Michigan, began operating in 1996. It is run by educators and businessmen, and operates 20 schools in Michigan and 14 in Arizona. Fourteen of its Michigan schools are located in metropolitan Detroit. There are 6,5000 students in Michigan, and 4,000 in Arizona. With some support by shopping mall developer, A. Alfred Taubman, the company reports that it is making a modest profit (Business Week, p. 66).

Services provided. The Leona Group (LG) provides direct management services for each school, such as start-up, building, financial assistance, customized educational programs, staff and budget oversight, and operational management. The company charges each school a set fee for its services; however, any surplus funds remain at the school site to be used at the school’s discretion.

Philosophy. The Leona Group advertises as providing a safe, academic environment tailored to the needs of the students within a specific community. Its objective is to adequately prepare students to become responsible, academically and technically literate contributors to society, fully equipped to enter the work force or college. The Leona Group vision is to provide quality education so that the student can pursue high personal and academic goals while learning to be a cooperative, respectful member of his/her community. LG emphasizes school choice and school competition, believing that by setting high educational goals in its schools, other charter and traditional public schools will also improve their standards.

Curriculum. One of the unique aspects of The Leona Group is that it strives not to reproduce its schools according to a blueprint. Each school is viewed as reflective of its community. The educational curriculum of each school is “customized to meet the needs of children and families in the locality” (Leona Group web site, http://www.leonagroup.com/service.htm). Several common characteristics of schools in The Leona Group include personal learning programs, special education inclusion, small class sizes, longer day and year, parental involvement, dress and discipline codes, before and after school care, a safe academic environment, staff development and training, computer literacy skills, and academic basics. The academic curriculum is aligned with the Michigan Core Curriculum Framework. One of the goals of each school is to create a learning climate responsive to the individual needs of students. Each school emphasizes high academic and behavioral standards.

In terms of assessment, LG reportedly uses the CTBS/Terra Nova test in addition to the state-mandated MEAP. Individual schools provide different nonstandardized assessment practices.

Other issues. Financially troubled West Michigan Academy of Environmental Science will not have its charter renewed this August. The school, located in Walker, hired The Leona Group three years ago, when it began experiencing financial problems. According to Leona spokeswoman Valerie von Frank, the company was at first unaware of the extent of the school’s problems and now has a large financial and emotional investment in the school. The school board is accusing the company of violating its contract (19 April 2000 Grand Rapids Press).
Beacon Educational Management–Michigan, Inc.

**Background and development.** Established in 1994, Beacon Educational Management, Inc. located in Westborough, Massachusetts, merged with JCR & Associates, Inc., of Utica, Michigan, in January 2000. Beacon offers a variety of contracted educational services for existing or new charter schools. It also offers consulting services to traditional public and private schools. Beacon operates 27 charter schools with 4,700 students in Massachusetts, Michigan, North Carolina, and Missouri. New schools are scheduled to open in New York and Pennsylvania this fall. Michael Ronan is Beacon’s chief operating officer. John Romine was president of JCR & Associates and now heads up the Michigan operations for Beacon. The merger of the two companies greatly increased Beacon’s management contracts nationally and gave the company a significant share of the for-profit charter school market in Michigan (Beacon web site, “Beacon News”). According to *Business Week*, venture capitalist William R. Hambrecht has invested $6 million in Beacon (p. 66).

**Philosophy.** Beacon views public education as America’s “beacon of hope” (Beacon web site, “History”). The company hopes to assist education reform by providing schools that improve the quality of education nationwide. Beacon schools aim to provide an environment where all children can develop the educational skills, knowledge, and values necessary to be productive citizens (Beacon web site, “History”). It strives to be an eclectic mix of old and new, integrating innovative ideas with basic values. Believing that the success of a school rests on experienced and innovative teachers, Beacon hires educators who share a common belief in school autonomy, accountability, and high expectations for student achievement (Beacon web site, “History”).

**Services.** Beacon provides total, as well as partial, school management services. Drawing on experience in business and education, Beacon streamlines the business aspect of the schools it manages to reduce administrative costs. Unlike some EMOs that clone charter schools, Beacon offers to tailor its services to fit the needs of the community. Providing an initial “Lightpoints” assessment, the company listens to the goals and interests of the school community before developing a plan that fits the educational needs specified. Beacon’s integrated management of educational services offers expertise in personnel, curriculum, finances, administrative support, student services, and organizational support. Beacon recruits and hires employees, supervises and evaluates staff, and provides professional development opportunities. Curriculum services include a standards-based curriculum that meets local and state standards; “School Tools” for teachers and students; a choice of year-round, extended, or a traditional school year; and accountability plans. Financial services provided by Beacon are budget preparation, payroll, accounting, employee benefits, equipment and supplies, and fund-raising. In the area of administrative support, Beacon gives on-line support and assistance with compliance issues. Student services include child care, clubs, extracurricular activities, transportation, food service, a handbook, and mentor programs. Organizational support involves strategic planning, school governance, and community collaboration.

**Curriculum.** Beacon provides a Lightpoints curriculum based on core educational standards that meet national, state, and local requirements. However, since each school is autonomous, different curricular approaches can be used at different schools. For example, at Detroit Community High School the curriculum is founded on Austrian philosopher/scientist Rudolph Steiner. Instructional strategies range from innovative, projects-based learning and technical career exploration to traditional teacher-directed methods.

**Assessment.** Standardized tests include the MEAP and Terra Nova. Other methods of evaluation used by various Beacon schools include portfolios, progress reports, teacher observations, unit tests, and developmental checklists.
Other issues. Before merging with Beacon, JCR & Associates experienced financial problems with a school it managed in Detroit—Sierra Leone Educational Outreach Academy that was chartered by Central Michigan University. The school was having financial difficulties when it hired JCR & Associates in 1997-98. The school was closed in 1998 after it failed to submit monthly debt reduction plans. JCR & Associates claim that the school was responsible for filing the financial reports, while the school claims that JCR & Associates was responsible for filing the financial reports (Detroit Free Press on line). We are aware of at least two schools that initially intended to work with Beacon and then broke with them. In both cases, excessive costs were cited as reasons for breaking their relationship.

Advantage Schools Inc.

Background and development. Founded in 1996, Advantage opened its first 2 schools in September 1997, and early results from both reflect remarkable gains in students’ academic performance, conduct, and self-confidence. With the opening of additional schools in the fall of 1998 and 1999, Advantage’s 14 schools are currently serving some 8,000 children from primarily urban families (Advantage Schools web site, www.advantage-schools.com).

Advantage Schools, Inc. opens and operates charter schools in urban areas nationwide. In 1997, Advantage opened its first schools in Phoenix, Arizona, and Rocky Mount, North Carolina. Advantage opened schools last fall in Kalamazoo, Michigan; Chicago, Illinois; Worcester and Malden, Massachusetts; San Antonio, Texas; and Jersey City, New Jersey. With the opening of 10 new Advantage schools planned for the fall of 2000, including schools in Benton Harbor and Highland Park, Michigan, the number of students enrolled is projected to grow to more than 10,000 (Advantage Schools web site).

The mission of Advantage Schools is to create a new generation of world-class urban public schools that will enable all children—regardless of socioeconomic background or prior academic performance—to reach the heights of academic achievement. Advantage implements the same method of instruction and curriculum in each school (Advantage Schools web site).

Services. Advantage Schools, Inc. provides full services for its schools that include hiring personnel, payroll, buildings, purchasing, grant writing, and legal services. Advantage also provides busing for those students who need this service. After school programs are available from 3:30 to 6:30 p.m. for those students whose parents work. The schools implement a nutritional program that serves breakfast and lunch, and they participate in the free and reduced lunch program. Advantage has a Parent Advisory Council and provides student progress reports, report cards, and parent conferences.

Curriculum and instruction. All schools managed by Advantage implement the Advantage curriculum and school design. More than 4,500 students are currently enrolled in Advantage schools. Advantage schools implement a direct instruction method that includes reading, language/writing, spelling, and math lessons and may include lessons in science, history, geography, foreign language, literature, music, and the arts to broaden students’ understanding of the world in the tradition of the classical liberal arts education.

Key elements of direct instruction include the following:
- Explicit, teacher-led learning that develops students’ ability to think and solve problems independently
- Placement of students in instructional groups based on academic skill level rather than grade, using common curriculum with no separate tracks
- Advancing students to new material after they have mastered prior material in a structured sequence
- Polished, scripted lessons developed through rigorous testing and refinement
Instruction that engages the whole class, including frequent student choral responses as well as individual responses

Advantage says that effective instruction requires a safe and orderly environment focused on learning and that schools have an important role to play in supporting parents’ efforts to teach their children basic values. Parents, students, and school leaders sign contracts agreeing to support and adhere to Advantage’s Code of Civility, which defines expectations for student conduct and school discipline policies. The Code focuses on ten basic character virtues, the “Keys to Success”: responsibility, perseverance, respect, kindness, truth, citizenship, courage, self-discipline, fairness, and true friendship. These virtues are also the focus of Advantage’s character and ethics curriculum.

Advantage emphasizes the need for students to understand consequences as part of their behavior, and misbehavior calls for a disciplinary measure. At Advantage schools, there is zero tolerance for physically dangerous, threatening, illegal, or insubordinate behavior. All students are required to wear uniforms at Advantage so students can concentrate on education rather than wearing the “right clothes.”

**Other issues.** Advantage Academy in Kalamazoo has an outstanding debt. This school has a high rate of mobility as well, with students moving in and out of the district often. The principal of the Advantage Academy in Kalamazoo resigned last year, citing, among other concerns, that decisions were being made in Boston and not Kalamazoo. “It is a dictatorial management style. They manage by intimidation and do not allow anybody on the local level to make any decisions on their own. Everything has to go through them” (4 Feb. 2000, *Kalamazoo Gazette*). The director, along with five teachers, two site coordinators, a behavior intervention specialist, and a secretary tendered their resignations after only five months of operation in Kalamazoo. Advantage has experienced high turnover among school administrators in the schools they operate in Michigan as well as in other states.

**Helicon Associates**

Helicon Associates was founded in 1993 and has seven schools in Michigan, three of which serve high school grades. Helicon has provided limited services to charter schools, but is moving toward full services.

**Services.** One specific charter school managed by Helicon, Pansophia Academy, receives business and administrative support services that include the following in their contract:

- Helicon will provide a qualified school administrator to handle all aspects of school administration and will hold him/her accountable for the success of the academy.
- Helicon agrees to implement the educational goals, programs, and curriculums set forth in the contract with the authorizing university.
- At the end of the each semester, Helicon will provide the Academy Board with update reports.

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<tr>
<th>School Name</th>
<th>Location</th>
<th>Year Founded</th>
<th>Grades Served</th>
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<td>K-6</td>
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<td>Summit Academy</td>
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<td>1996</td>
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<td>1998</td>
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<td>Michigan Automotive Academy</td>
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<td>1995*</td>
<td>10-12</td>
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* Michigan Automotive Academy was formerly managed by Schoolhouse Services, but switched EMOs in 1999.
on progress toward implementing each goal.

F Helicon will evaluate the educational progress of pupils and provide services to students with disabilities and special education needs.

F It will provide qualified and certified teachers and support staff, as well as bookkeeping, accounting, and other business services.

F Qualified personnel from Helicon will assist the charter schools with operating statements, budgets, and other documentation to provide oversight.

F Accounts payable, payroll, salary, wage and benefits administration, personnel and records management services will also be provided by Helicon.

F Advice, recommendations, and counsel for purchasing, facilities management and upkeep, and maintenance will be handled by Helicon.

F Helicon will also keep accurate financial records and provide monthly financial reports.

This contract shows the wide variety of services that Helicon would be able to provide to any of the charter schools. The contract also shows that the charter school is responsible for recruiting students and complying with Helicon’s “Confidential Information” by not releasing information that indicates that Helicon provides limited services. The charter schools have to agree to hold Helicon harmless “against any and all liabilities, costs, causes of action, damages and expenses” (26 June 1997, Services Agreement).

Curriculum and instruction. Helicon has two schools at the high school level and two at the middle school level.

Each Helicon school has its own mission statement that includes different aspects of each school; however, three schools have identical mission statements, which suggests that the management company is having a stronger role in starting and shaping the schools. Below are the mission statements from the Helicon schools.

F New Bedford Academy, Summit Academy, and Summit Academy-North have the same mission statements: To provide meaningful learning and a need-fulfilling environment, empowering every student with the knowledge, skills and behaviors that will add quality to their life (http://www.charterschools.org/schools/region 2.html).

F Will Carleton Public School Academy: The academy will serve the community as a charter school where parents can choose a traditional, character-based curriculum and educational atmosphere for their children. The school will have an orderly, disciplined environment, where all children are exposed to the wonder and joy of learning, where all children are expected to learn, and where all children and adults are expected to behave in a respectful and appropriate manner.

F Morey Charter School: The school is designed to teach students to successfully communicate through reading, writing, speaking, listening, viewing, and representation, and to develop a mastery of math principles and practices. A strong emphasis on technology will be integrated across all curricular areas. Students will not only develop necessary skills and knowledge, but will also learn how to apply them in meaningful settings.

F Pansophia Academy: This school will in many respects resemble the “one-room” schoolhouse. A rigorous core academic program that will include an emphasis on the Great Books, will be complemented by community service projects and school excursions.

F Michigan Automotive Academy: The academy will strive to instill the proper attitude and motivation in its students to enable them to apply the practical training they receive at the academy on their first day. With dedicated effort, time on the job, and continued training, an Academy graduate has the opportunity to become a proud and skilled professional.

These mission statements primarily focus on life skills and behavior. The Morey Charter School, Michigan Automotive Academy, and Pansophia Academy have aspects of the curriculum and
instructional programs that are unique. Morey Charter School emphasizes technology and communication. Pansophia will use service projects and school excursions for learning and completing the core academic program. Michigan Automotive has a working component to help prepare students to be skilled professionals upon graduation. Michigan Automotive was formerly managed by Schoolhouse Services, but switched to Helicon in the 1999/2000 school year.

Charter School Administrative Services

Charter School Administrative Services was founded by Bill Allen in 1995. The company operates nine schools that include elementary, middle, and high school levels. Five of the schools have identical mission statements, indicating a “cookie-cutter” approach to curriculum and less individuality in each school. The other four schools have a variety of foci including the fine arts, two school-to-work programs, and an entrepreneur-focused school. This company provides full services for its schools. Mission statements for Charter School Administrative Services are listed below:

F The Academies of Detroit West, Westland, Lathrup Village, Southfield, and Oak Park: The mission of this school is to offer the finest academic program possible; to improve pupil learning by creating a school with high and rigorous standards for pupil performance; to teach self-discipline, honor and high moral standards; to teach students to understand the American “free enterprise system” and encourage them to fully participate; to encourage and allow the most effective teaching methods in an environment where each student is well known; to provide teachers with the opportunity, responsibility, and accountability for the management and control of the total school curriculum and environment; and to foster student, parent and community involvement through the use of community resources and partnerships.

F Academy of Inkster: The academy will focus on school-to-work programs as well as the basic learning skills. The mission of the Academy is to provide all with mastery of the essential skills needed for a quality education in the 21st century.

F Cherry Hill School of Performing Arts: The academy is designed to meet the needs of students who show potential or who have demonstrated skill and ability in an arts area. The academy offers a comprehensive college preparatory curriculum which provides quality instruction in all subject areas. The school is also designed to fulfill secondary education and college entrance requirements.

F Academy of Michigan: The academy provides an academic program combined with vocational training in the areas of medical, engineering, finance and computers. Graduating seniors will be prepared for immediate job placement at a technical level or continued post-secondary education.

F Academy of Flint: The academy will prepare students to be successful citizens, cooperative workers and profitable entrepreneurs as they develop their unique potential. Through the collaborative efforts of parents, administrators, teachers and stakeholders, a learning environment will be provided that has a culturally diverse curriculum of educational excellence.

Edison Schools Inc.

The Evaluation Center is currently conducting an evaluation of Edison Schools Inc. This study focuses largely on a secondary analysis of student achievement data, however the report also contains descriptive information about the growth of the company and a descriptions of their school model. This report will be available in the autumn of 2000 and will be posted on the web site of The Evaluation Center.
Appendix C

MEAP Results by Grade, Subject and Year

Given the large amount of data contained in these tables, we have decided to make them available on-line after the release of this report. <www.wmich.edu/evalctr/>
Appendix D

Comparisons of Current Operating Expenditures and Revenues Between Charter Schools and Their Host Districts

Miscellaneous questions and comments regarding the expenditures and revenues of charter schools and traditional public schools:

1. The variance of the instructional expenditures as a percentage of current operating expenditures (COE) seems to indicate that charter schools spend a greater proportion of the funds are spent on support services (includes school administration, general administration, operations and maintenance, etc.) than do the public schools.

   F Why? The public schools have historically run 55-65 percent of COE in the instructional areas. Instructional expenditures are those that have a direct link to instruction in the classroom. They do not include the school office or any support staff (counselors, librarians, social workers, etc.) They do include basic instruction (K-12) and added needs such as special education and compensatory education.

   F Where is it going? This may be where the charter schools are recording the management company fees.

   F The chartering institution's fee, i.e., the authorized state universities (charter fee normally 3 percent of total dollars) which are generally taken directly off the top before the funds are given to the school.

2. Charter schools rarely provide transportation for students, while it mandated for traditional public schools. This is a large expenditure for the public schools that is not borne by the charter schools.

   F In most cases one needs to add the transportation and the debt service expenditures of the public schools to determine the cost of transportation as well as the purchasing of buses. Most public schools borrow from the general operating fund over five years for bus purchases. There are rarely other expenditures in the general fund debt service for public schools.

   F Charter schools are not able to raise long-term debt millage to fund building costs, but they can obtain bridge financing from financial institutions that can be converted to conventional debt. This should be recorded as rent/purchase fees, part of support services, which public schools do not have to do.

   F To analyze the data, one needs to know the millage rates for debt service and the changes that occurred in the public schools during that time period. Many school districts have not had millage campaigns recently; therefore, the general operating funds cover the ongoing costs for maintaining and expanding facilities.

3. Overall, the cost of educating elementary students is lower than for high school students in the state. Charter schools are usually not including those more expensive high school operations, so their costs (for elementary classrooms) should be lower than the public schools.

4. One needs to consider the kindergarten portion of the education. If the charter schools are running half-day programs, they will get a full FTE for each kindergartner, but can provide education to twice as many kids as in a first grade program. Some charter schools may have a full-day program or perhaps a half-day program with a childcare component to attract. The public schools may have fewer costs for a kindergarten program. The impact on the total costs of the public school is diluted by the fact that there are many other grade configurations within the
school. (Example: split classrooms for first & second grade, multilevel instruction, etc.) Many public schools now have full-day kindergarten programs to stay competitive.

5. The costs of employment are much higher in the public schools.
- F The public schools have a broader range of staff with much experience.
- F The average salaries are substantially higher in the public schools than in the charter schools.
- F The charter schools may be operating with less experienced teachers (recent graduates--just out of college, base or starting salary could be lower when compared with wages for experienced teachers). The public schools may be able to hire better-prepared teachers due to better wage and benefit packages.
- F If charter schools do not increase teachers wages, they risk turnover since the better teachers may attempt to move to better paying jobs in the public schools. Also the concept of "lead teacher" with "part-time" assistants provides lower costs (less experienced) compared with hiring full-time, qualified teachers. In some instances, wage packages in charter schools are tied to bonuses at the end of each year.

6. The benefits paid by public schools must include Michigan Public Schools Employee Retirement System (MPSERS) participation. There is no option for schools to provide a less costly retirement package. Charter schools do not participate in MPSERS and may offer packages that cost less.

7. Charter schools appear to be significantly lower than public schools in the added needs costs, which includes special education and compensatory education, expenditure areas.

8. Are all students' needs being met? What is happening to the special education students since they are more costly to educate?

- F When special needs students are kept until the fourth Friday count day and services are not provided (or students are labeled as discipline problems without proper consideration of the student's impairment), the parents are likely to return to the public schools. The public schools have no choice but to accept these students but, do not receive the state funding for them. This revenue stays with the charter school, and the public schools must bear the responsibility and expense of educating them.

- F As we have seen in our analysis in Chapter 3, there is a substantially lower proportion of students with special educational needs in the charter schools than in the traditional public schools. This may be due to overt or covert attempts to keep these high cost students out of the charter schools. It is noteworthy that transportation is mandated only for special education students. And many of the EMO run charters do little or nothing in the way of providing transportation.

9. Where are the compensatory education costs? These high-risk students are usually identified through many means including the free and reduced lunch counts. If the charter schools do not have a representative population of free and reduced lunch students it is possible that they have a lower population of students who will need additional (and costly) services when compared to the public schools.

10. Research shows that increased parental involvement increases student achievement.
- F If you argue that the parents choosing the charter schools are those who are interested and concerned about their children's education, it is reasonable to believe that they will be more involved, check on homework, come to school programs, come to parent teacher conferences, etc.
- F In this case it would seem reasonable to expect that achievement gains should be greater in the charter schools than in the public schools. Is that happening? Some charter schools require/mandate volunteer
parent participation. How are parents who did not fulfill this need at a public school suddenly fulfilling this requirement when it is required/mandated?

11. A final area of concern is that financial information/data are not provided on a consistent basis by meaningful category/source, either by the charters or by the state, making comparisons difficult. Reasons for this could be relative unfamiliarity with reporting requirements, which is unacceptable, or the use of management companies (as private entities) to circumvent certain requirements that public entities have to comply with). If the data could be broken out in detail and compared on an equal basis, it would make more sense. In the future we hope to see improvements in reporting/compliance with reporting requirements.

#### CHARTER SCHOOLS

<table>
<thead>
<tr>
<th>Year</th>
<th>Instruction</th>
<th>Support Services</th>
<th>Total Current Operating Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>Amount</td>
<td>Amount</td>
</tr>
<tr>
<td>1995/96</td>
<td>2,662</td>
<td>154</td>
<td>5,033</td>
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<tr>
<td>1996/97</td>
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<tr>
<td>1998/99</td>
<td>2,837</td>
<td>226</td>
<td>5,831</td>
</tr>
<tr>
<td>% of Total</td>
<td>52.9%</td>
<td>3.1%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

#### HOST SCHOOL DISTRICTS

<table>
<thead>
<tr>
<th>Year</th>
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<th>Support Services</th>
<th>Total Current Operating Expenditures</th>
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</thead>
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<td></td>
<td>Amount</td>
<td>Amount</td>
<td>Amount</td>
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<td>% of Total</td>
<td>48.3%</td>
<td>10.3%</td>
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#### Instruction

- **Basic Programs**:
  - 1995/96: 2,662
  - 1996/97: 2,838
  - 1997/98: 2,935
  - 1998/99: 2,837
- **Added Needs (includes Spec. and Comp. Ed)**:
  - 1995/96: 205
  - 1996/97: 207
  - 1997/98: 176
  - 1998/99: 216

#### Support Services

- **General Administration**:
  - 1995/96: 1,518
  - 1996/97: 1,565
  - 1997/98: 1,858
  - 1998/99: 1,698
- **Maintenance & Operations**:
  - 1995/96: 439
  - 1996/97: 658
  - 1997/98: 732
  - 1998/99: 798
- **Transportation**:
  - 1995/96: -
  - 1996/97: 76
  - 1997/98: -
  - 1998/99: -
- **Other**:
  - 1995/96: -
  - 1996/97: -
  - 1997/98: 56
  - 1998/99: -
- **Unlocated**:
  - 1995/96: 55
  - 1996/97: 73
  - 1997/98: -(1)
  - 1998/99: -

#### Total Current Operating Expenditures

- 1995/96: 5,033
- 1996/97: 5,497
- 1997/98: 5,961
- 1998/99: 5,831

#### Increase from COE to Total Expenditures

- 1995/96: 528
- 1996/97: 731
- 1997/98: 516
- 1998/99: 503

#### Salary Information

- **Instruction Salaries**:
  - 1995/96: 1,839
  - 1996/97: 1,917
  - 1997/98: 1,470
  - 1998/99: 1,269
- **SS Salaries**:
  - 1995/96: 627
  - 1996/97: 630
  - 1997/98: 587
  - 1998/99: 476

#### Total Salaries

- 1995/96: 2,466
- 1996/97: 2,547
- 1997/98: 2,057
- 1998/99: 1,745

#### Average Teacher Salaries

- 1995/96: 22,992
- 1996/97: 21,370
- 1997/98: 17,095
- 1998/99: 15,174

#### Student Memberships

- 1995/96: 126
- 1996/97: 163
- 1997/98: 192
- 1998/99: 241

#### Pupil/Teacher Ratio

- 1995/96: 16.63
- 1996/97: 16.00
- 1997/98: 17.45
- 1998/99: 17.61

#### Total Revenue

- 1995/96: 6,385
- 1996/97: 6,647
- 1997/98: 6,688
- 1998/99: 6,403

#### Notes

A. The decreasing percent of instructional expenditures to total current operating expenditures is of concern. Will the trend continue? Where is the money going?

B. The large amount of expenditures outside of the COE may be related to capital outlay but it could also be payments to management companies for fees to use equipment.

C. Decreasing average teacher salaries may indicate (1) that there may be considerable turnover of staff; (2) starting salaries could be lower due to inexperience; (3) base salary could be tied to management company profitability; or some variation of incentives ie. enrollment or performance based or some combination of variables.


E. Mnc. & Oper. could be lower due to services being funded by Mgmt.Co.

<table>
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<tr>
<th></th>
<th>LEONA GROUP</th>
<th>NATIONAL HERITAGE ACADEMIES</th>
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<td>Basic Programs</td>
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<tr>
<td>and Comp. Ed</td>
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<tr>
<td>General Administration</td>
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<td>816</td>
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<td>Transportation</td>
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<tr>
<td>Other</td>
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<tr>
<td>Unlocated</td>
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<td>122</td>
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<td><strong>TOTAL CURRENT OPERATING EXPENDITURES (COE)</strong></td>
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<td><strong>Increase from COE to Total Expenditures</strong></td>
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<td><strong>SALARY INFORMATION</strong></td>
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<td>Instruction Salaries</td>
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<td>SS Salaries</td>
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<td>761</td>
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<tr>
<td><strong>TOTAL SALARIES</strong></td>
<td>3,335</td>
<td>2,655</td>
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</table>

Average Teacher Salaries 38,400 21,196 6,706 4,330 D 29,665 31,728 30,446 29,901
Student Memberships 164 258 308 337 174 255 264 329
Pupil/Teacher Ratio 17.25 16.75 23.56 21.69 25.00 23.00 18.25 17.69
Total Revenue 6,521 7,052 6,081 6,705 5,474 5,742 6,339 6,264
Appendix E. Distribution of Students by Grade Level, by School Level, and by EMO

The number of charter schools is 132.
In addition to these students, two schools reported a total of 171 students who fell into the category of Alternative Education/Adult Education (Ages 16+)

![Bar chart showing enrollment by grade level and school level for all charter schools in 1998-99.]

- **Number of students**: 0, 500, 1,000, 1,500, 2,000, 2,500, 3,000, 3,500, 4,000, 4,500
- **Grade Levels**: K, 1st, 2nd, 3rd, 4th, 5th, 6th, 7th, 8th, 9th, 10th, 11th, 12th
- **Average enrollment per grade**:
  - Elementary (K-5): 3,600
  - Middle/Jr. HS (6-8): 2,182
  - High School (9-12): 1,129
Distribution of students by Grade Level for Major Educational Management Organizations (1998-99)

National Heritage Academies (13 schools in 1998-99)

Leona Group (13 schools in 1998-99)

Edison Schools Inc. (3 schools in 1998-99)

Beacon Education Management Inc. (11 schools in 1998-99)

Charter School Administrative Services (6 schools in 1998-99)

Helicon & Associates Inc. (6 schools in 1998-99)