

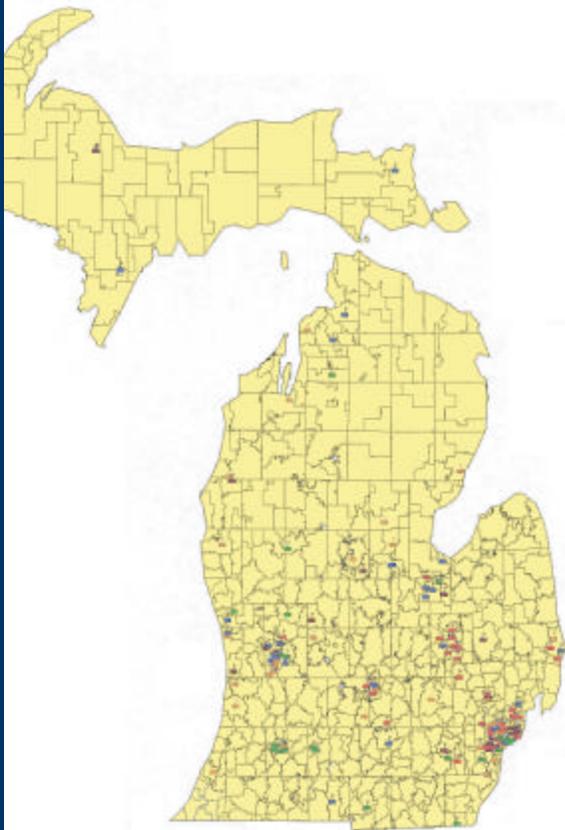
An Evaluation of the Michigan Charter School Initiative:
Performance, Accountability, and Impact

Executive Summary

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July 2000



Foreword

This is the final report of the 1999-2000 evaluation of the Michigan Public School Academy/Charter School initiative. On behalf of The Evaluation Center at Western Michigan University, we appreciated the opportunity to be a part of this continuing and important initiative in the state of Michigan. Over the past several years, we have been involved in the study of charter schools in Michigan and other states, and we are impressed with the diversity of the individual schools and quite interested in the impact of the regulations and accountability oversight that differs from state to state.

For this study, we attempted to address questions about the Michigan initiative that have emerged from the evolution of the schools and some perplexing and continuing issues that are of interest to decision makers as well as the general public. In this process, we recognize the burden experienced by the charter schools as a result of the various authorized and nonauthorized studies; but at the same time, we share the concerns of the public as well as the profession with regard to effectiveness and accountability of all schools, including the newly created charter schools.

To reduce the time and resources that normally would be required by charter schools to respond to requests for information, we chose to use existing documentation provided by charter schools as much as possible and to utilize the growing body of data on charter schools that is collected by the Michigan Department of Education. In terms of methodology, we chose to use a mixed-methods approach, which makes use of multiple types, methods, and sources of information. While the qualitative data collection in our first evaluation largely focused on charter schools, in this second evaluation we devoted much of our time in the field visiting traditional public schools. We fully recognize the emotional involvement of many persons we met with and interviewed, both from charter schools and from the traditional public schools. Therefore, we made every reasonable effort to corroborate information and findings through methods of triangulation and confirmation. Clearly, there are different perspectives; each must be evaluated on its merit, worth, and contribution to the understanding of the question/issue.

Because we were asked to address different questions in this follow-up evaluation, we think it is important for readers to consider the results from the first evaluation as well. Together, these two studies provide a more complete picture of Michigan charter schools.

We welcome the readers of this report to supply us with feedback in the form of comments, corrections, and compliments.

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Executive Summary

Background and Methodology

This evaluation was one of two follow-up evaluations commissioned by the Michigan Department of Education to examine the Michigan public school academies/charter school initiative. The evaluation questions we addressed in this study complement the issues addressed in our initial evaluation. Specifically, we were asked to address the following four evaluation questions:

1. What is the impact (negative and positive) of selected types of charter schools on local schools and communities?
2. To what extent do students leave charter schools and for what reasons?
3. What is the current and potential role and impact of management companies in the charter schools initiative?
4. What is the impact of charter schools on student achievement, and what would be an effective procedure/methodology for determining future progress in comparison with traditional public schools?

In addition to these questions, we also examined the scope and nature of innovations and the provision of special education in Michigan's charter schools. We added the latter question because we found that special education was an issue that related to questions 1 and 2 and to some extent to question 3.

Methods used for the study include development of case studies for school districts, collection and secondary analysis of documentation received from charter schools (about 75 percent of the charter schools submitted descriptive information

regarding the evaluation questions), analysis of 5 years of MEAP results as well as demographic and financial data available from the Michigan Department of Education, and interview data from representatives of the key stakeholder groups. Most of the data for the study was collected in the late autumn of 1999 and the spring of 2000.

While this executive summary contains a recapitulation of the key findings and some of our recommendations regarding the evaluation questions, the text of the report contains more elaborate explanations of the findings and rationales for the recommendations. Additionally, we prepared two other descriptive reports to supplement and support the findings described in this final report. One contains the case studies we prepared for a number of school districts in western and central Michigan, and the other describes and discusses what charter schools reported to be innovative or unique about their schools.

Impact and Mobility

F Charter schools have made districts more aware of the need to sharpen their mission statements and goals in order to give parents a fuller understanding of what they provide. This has led districts to attempt to communicate better with parents. Some such communication involves marketing and advertising; at times this has been done at great expense. Some districts, however, are fearful that parents will be lured by false advertising or misleading information about what the charter schools have to offer.

- F** Competition from charter schools appears to have spurred districts to offer new services, including (a) before and after school programs, (b) all day kindergarten classes (c) language classes in elementary schools, (d) more open and receptive relationships with parents, and (e) and clearer school missions.
- F** Districts including Kalamazoo, Grand Rapids, Holland, and Lansing report a large loss of students and subsequent loss of funds due to student mobility out of the district. However, the net annual movement between charter schools and local school districts is approaching zero at this time, with most of the charter school growth coming from kindergarten students who have never attended a public school.
- F** Smaller districts and schools serving areas without the potential for growth are impacted the most. To compensate for loss of revenues, support services are being reduced. Infrequently we found substantial reduction in class sizes, loss of teachers, or school closures.
- F** Several districts report that charter schools retain students until the “fourth Friday” counts and send them back at a later date without funds. Thus, charters receive funding for students to whom districts actually provide services.
- F** The continuous nature of charter school recruitment and enrollment has hampered districts’ ability to plan effectively. Among the uncertainties districts face is the possibility that a charter school will close and that the district will have to absorb large numbers of students.
- F** Many charter schools cater to certain cultures, ethnic backgrounds, or academic programs (i.e., accelerated or “college prep”). While providing variation across schools, this also diminishes student diversity within schools and classrooms.
- F** The charter school initiative has provided additional choices and options for parents and their children. However, many of these options are not fully available since most charter schools do not provide transportation, and some schools selectively announce/advertise openings at their school.
- F** There is little evidence that the charter schools are having a noticeable (positive or negative) impact on the immediate communities in which they are located.
- F** In response to concerns raised by school districts regarding student mobility and the concentration of charter schools in the lower elementary grades where costs are the lowest, we recommend differentiated foundation grants, which have been used in other countries. Michigan should consider reimbursing the charter schools according to the number of students enrolled and the level at which they are enrolled. The size of the foundation grant should be based on average per pupil costs for each of the three school levels (i.e., K-5, 6-8, and 9-12) rather than average costs for grades K-12.

Special Education

- F** Large differences exist between district and charter schools in the number of special needs students enrolled. Indeed, the proportion of charter school students in typically high incidence categories (e.g., learning disability and speech and language impairments) is surprisingly low when compared with traditional public schools. There is also a noticeably low number of special needs students who require programs outside the regular education classroom and those who require costly services and equipment (e.g., mental, sensory, and physical/health

impairment). This raises serious concerns about charter school recruitment and counseling practices for students with disabilities. This also raises questions about the success/willingness of charter schools to obtain and utilize special education funds and personnel to support services for students with disabilities.

- F** Students receiving special education services accounted for 12.5 percent of Michigan’s K-12 public school enrollment. Only 3.7 percent of charter school students require such services. Possible explanations for this disparity include (a) higher costs for special education; (b) the requirement for specialized and certified staff, which are in short supply; (c) the complex nature of special education services; (d) parents’ failure to inform charter school officials of preexisting Individual Educational Plans (IEPs); and (e) inadequate screening in the early grades and/or lack of teacher knowledge of disability characteristics. Substantial anecdotal information collected during both our initial study and in this follow-up evaluation suggests that this is also due to selectivity on the part of charter schools.
- F** Approximately half of all charter schools report that they have no students receiving special educational services. On the other hand, “niche” charter schools cater only to students with disabilities and a few other schools have higher proportions of students with special educational needs than the state average.
- F** There is a need for further examination of charter schools’ enrollment and retention of students with disabilities and their compliance with state and federal regulations regarding these students.
- F** In order to assure that Michigan’s charter schools provide appropriate and comprehen-

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

- F** Charter schools may also need more guidance in developing service delivery options that meet IDEA requirements. ISDs could provide formative evaluations of special education programs as part of the monitoring process. Many charter school administrators and teachers, which predominately have worked few years in the field, have little experience with special education programs and may need assistance in understanding the procedures involved in the development and implementation of individual education plans. Many traditional public schools rely either on assistance from support staff from their local ISDs or from consortiums with one director of special education who provides oversight for financial, service delivery, and personnel requirements and concerns for several LEAs. Charter schools should be encouraged to develop similar cooperative relationships in an effort to coordinate services and to assure equal access to quality special education services for students at all publicly funded schools. The establishment of such collaborative relationships among ISDs, traditional public schools, and charter schools should help reduce the migration of students with disabilities from charter schools and help charter schools develop a better understanding of how to assure appropriate and comprehensive educational programs for students with special needs.

Education Management Organizations

- F** One of the most striking and perhaps surprising aspects of the Michigan charter school movement is the growth in and number of schools operated by education management organizations (EMOs).
- F** In 1999-2000, 71.4 percent of Michigan's existing charter schools were operated by EMOs, as compared with 16.7 percent in 1995-96. Nationwide, approximately 10 percent of charter schools were operated by EMOs in 1999-2000. There are currently 38 EMOs in Michigan, many of which are national companies.
- F** Because EMOs primarily work with large charter schools, their schools account for approximately 80 percent of the charter school enrollment.
- F** Most EMOs (61 percent) operate 2 or more schools on a for-profit basis. Some 34 percent of EMOs are for-profit but operate only 1 school each. Only 5 percent of EMOs operate on a nonprofit basis.
- F** Along with the growth in the number of EMO schools, there has been a qualitative shift in the range of services they provide. Indeed, many EMOs that started as limited service providers are becoming full service operators. Moreover, many single school operators have become multiple school operators.
- F** Some charter school founders, as well as some conversion charters, are now starting their own companies to retain (or gain) financial control over their schools.
- F** Most state universities in Michigan will authorize charters only to schools that have a contract with an EMO. In part, this is because EMOs bring with them more financial resources and acumen that applicants without EMOs often lack.
- F** Several EMOs are heavily involved in the recruitment and selection of board members.
- F** EMOs tend to implement a single curriculum and instructional approach across all of the charter schools they operate. This can diminish community input and innovation.
- F** EMOs often search for communities to host their schools. Hence, charter schools often choose communities rather than communities choosing charter schools.
- F** While charter schools emphasize that they are a new form of public schools, they are increasingly appearing and behaving like private schools. This is particularly the case in Michigan, where most charter school employees are actually private employees (hired and fired by the EMO), where school boards contract with a company to provide personnel and handle payroll and benefits, and where most facilities and a large proportion of the schools' equipment and furniture are privately owned. Selection mechanisms in an increasing number of Michigan charter schools, moreover, have led to changes in the composition of students. Particularly in some EMO-run schools, student populations resemble private schools more closely than public schools as entrepreneurs and management companies that wish to increase the profitability of their charter schools use a number of mechanisms to structure their learning communities. This results in fewer at-risk students and students with special needs enrolling in charter schools. These practices, documented in field research, are also supported by the shifting demographics and characteristics of students enrolled in charter schools.

F Several EMOs utilize a range of mechanisms to “structure” or “shape” their student body. Some represent savings by themselves, while others represent savings as well as strategies to discourage the enrollment of students who might be deemed more costly to educate. These include the following:

- Restrict maximum enrollment of charter schools to between 250 and 350.
- Do not provide transportation.
- Provide only elementary grades.
- Require parents’ participation, backed by parent contracts.
- Require preapplication interviews.
- Do not provide a hot lunch program.
- Use information selectively (in terms of distribution and language of information).

F Below are included a number of recommendations regarding safeguards and contractual arrangements to limit the negative impact of for-profit educational management organizations:

- Enforce existing federal requirements for charter schools to recruit students from all sectors of the district.
- Restrict maximum enrollment of charter schools to between 250 and 350.
- Require provision of transportation and other services, or deduct the cost for these from per-pupil grants to charter schools.
- Require full disclosure of how public funds are used by private companies.
- Require charter school boards to consider two or more bids from different EMOs.
- Make efforts to ensure that board members are not personally or professionally connected with the EMO.
- Limit the length of contracts between charter schools and EMOs to no more than the length of the charter, but preferably less.

- Provide more, not less money for start-up. Less money always favors EMOs in the competition.
- Ensure equal access to start-up money based on projected enrollments. Competitive applications for start-up money favor EMOs with experience and qualified personnel for grant writing.
- Base per-pupil grants on average district costs for educating students at the same level (elementary, middle, and high school) rather than on average costs across all three levels.

MEAP Results

F Our examination of the MEAP (state achievement test) results largely focused on two types of analysis. The first was an aggregate analysis of charter schools as a group as compared with the aggregate of their host districts (school district in which the charter is geographically located). The second is a school-level analysis comparing changes (i.e., increases or decreases in the percentage of students meeting state expectations) over 2, 3, and 4 years. Additionally, we made comparisons between EMO and non-EMO charter schools, as well as comparisons of MEAP results across many of the larger EMOs.

F On the whole, it is clear that host district students outperform charter school students in terms of absolute passing rates. This is consistent in all subject areas and grade levels through grade 7 in which the MEAP was administered. Because of the nature of many charter high schools (i.e., serving at-risk students), a direct comparison with the scores of students in the host district’s high school was deemed to be inappropriate.

F Examining pass rates in grade 4 math and reading over time, we found that in the

aggregate charter students' pass rates declined from 1995-1996 to 1996-1997, increased in 1997-1998, and declined again in 1999-2000. Overall, there was little net change in charter school students' pass rates. Host district students' pass rates, by contrast, rose from 49.4 percent in 1995-1996 to 68 percent in 1999-2000, with only a slight decrease in 1998-1999 interrupting the positive growth trend.

- F** In 7th grade math trends, the charter students' results mirrored that of the host districts, with some improvement from 1995-1996 to 1999-2000, but the host districts' passing rate is greater in each year and the gap or difference is increasing. A similar pattern is found in the passing rates for 7th grade reading, except the charter students' passing rate declined in 1998-1999 and 1999-2000.
- F** In some subtests of the MEAP, charter schools appear to be holding their own vis-à-vis host districts. Aggregate charter school growth trends are as good as host districts in 5th grade writing and in 8th grade science and writing. We emphasize, however, that "holding one's own" might mean simply that the charter is declining only as much as the host district is declining.
- F** There were bright spots for charter schools. In the 5th grade science portion of the MEAP, the aggregate charter school growth trend was better than that of host districts. Also, we found schools that opened in 1995-1996 both outgained and had a higher trend maximum than host districts on the 4th grade reading section of the MEAP. Finally, school-by-school comparisons of individual charter schools and their host districts reveal that a good many charters significantly outgained their host districts.
- F** Overall, the MEAP results between EMO and non-EMO charter schools were mixed. Both groups had similar 4-year pass rates across MEAP subject areas. In some tests, the EMO-operated schools gained or lost less than the non-EMO charter schools; on other tests, the opposite was the case.
- F** Across the various elementary school level tests, National Heritage Academies (NHA) perform exceptionally well. At the same time, the MEAP results indicate that the students coming to the NHA schools are already performing well. NHA schools are mostly located in suburban areas and cater to a homogeneous group of K-8 students.
- F** Edison Schools Inc., the Leona Group, and Charter Schools Administrative Services were consistently among the poorest performing EMOs in terms of absolute scores as well as in gain scores over time.
- F** In addition to the MEAP, charter schools also assess student achievement using standardized tests, curriculum checklists, teacher-made tests, portfolios, student work samples, student journals, teacher observations, parent surveys, and anecdotal records maintained by teachers. (No attempt was made to compare the extent to which similar techniques are used in traditional public schools.)
- F** Commercially prepared standardized tests were the most commonly used type of non-MEAP assessments. Schools reported using 29 different commercially available tests. In addition, a number of schools reported using reading diagnostic tests, math assessments, and foreign language tests.
- F** While the charter schools referred to these other tests and assessments, they were unable or unwilling to share results from them in their annual reports, school improvement

reports, or in response to our request about evidence of success of their school.

F We make the following recommendations for improving the state’s charter school accountability system.

- Charter schools—indeed all public schools—should be required to publicize their missions and specific goals through standardized annual reports.
- An accountability system should employ multiple assessments, including both standardized and nonstandardized varieties.
- The system should test students each year in some set of subjects so policymakers can arrive at more precise estimates of charter school impact over time.
- Student-level data should be made available to schools and evaluators.
- Appropriate comparisons of assessment results should include the following groups: (a) other charter schools, (b) demographically similar traditional public schools and/or host districts, and (c) a demographically similar mix of charter and traditional public schools.
- The system should collect and provide more reliable and consistent socioeconomic data on charter school students.
- The system should provide incentives for timely and accurate reporting of data by charter schools.
- An independent body should conduct random audits to ensure the accuracy and quality of data provided by charter schools.

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

Our experience in evaluating charter school reforms in other states suggests that Michigan’s statewide accountability model lags. We are mindful of the fact that many charter school administrators, representatives, and advocates of the initiative would argue that they are more accountable than the traditional public schools. However, we believe that there is still much room for improvement. Both the authorizing agencies and the state of Michigan have an important role to play in facilitating the development of a more coherent plan for accountability. When charter schools can demonstrate and document accountability, pressure will be placed on traditional public schools to do the same. Since charter schools in Michigan have not yet done this, they cannot serve as a lever to change and improve accountability in the traditional public schools.

Other Findings and Conclusion

Policymakers and charter school proponents initially expected that the charter school initiative would lead to new public schools that would be innovative, highly accountable, and efficient. It