

Archived Information

SECTION 5

Accountability to Others

Because of their unique level of freedom to partner with nonprofit organizations and to hire outside vendors, and because they are generally left to their own devices to find and finance their own buildings and administer their own funds, charter schools establish voluntary relationships with a set of actors not normally a part of the public school accountability equation. Charter schools depend on these new actors to varying degrees. Charter schools that have close ties to a sponsoring school district, for instance, tend to rely less on independent actors, as the district provides the majority of their services.

And due to their unique level of autonomy and their controversial political status, charter schools also often have many involuntary, or (to return to our terminology from section 1 of this report) one-way, accountability relationships with political interest groups and with government agencies other than their authorizers. These relationships can impose burdens not anticipated either by the legislators who sponsored state charter laws or by groups that now operate charter schools.

In our case studies of charter schools, we approached the question of accountability to these independent actors hoping to learn about how these new relationships have affected the school's priorities and performance, and in particular whether they distracted from, or reinforced the school's focus on instructional quality and student performance.

We have found that:

- Charter schools are more dependent on outside entities than are traditional schools. While traditional schools are increasingly building relationships with outside organizations, charter schools generally have no option but to build new relationships outside a district or state central office.
- While there are clearly both advantages and risks to this reliance on outside entities, such voluntary and reciprocal relationships can strengthen the school's academic performance and its internal accountability if the school has strong leadership. Involuntary and one-way relationships with outside entities, however, can seriously threaten a school's ability to develop internal accountability.
- Involuntary and one-way relationships with outside entities, especially government enforcement agencies whose role vis a vis charter schools has never been clearly defined, can seriously threaten a school's ability to focus on teaching and learning. Pressures from regulatory agencies can eclipse a charter school's relationships with parents, teachers, and even its authorizing agency.

We will discuss in more detail each type of association and its implications for charter school accountability.

Voluntary Associations: Accountability to Funders, Service Providers, and Evaluators

Unlike traditional public schools, which depend on their local school district central offices for virtually everything—funding, staff, facilities, teacher training, equipment, supplies, building repairs, janitorial service—charter schools must obtain many essential goods and services for themselves. Education management companies (such as the Edison Schools) and outside funders normally work directly with school districts, thus buffering individual schools from direct accountability. Such external funders and providers, however, contract directly with charter schools. These voluntary relationships create mutual benefit and dependency between charter schools and many other entities that heretofore played little or no role in public education.¹ These relationships vary in their intensity and in their impact on the school's financial or academic operations. But in their strongest forms, they can have a powerful effect on a school's priorities and actions.

Many such providers have real influence on charter schools. They include donors, lenders, contractors, charter school associations, and evaluators. Many of them can play positive roles in promoting schools' internal accountability. For example, lenders, including groups set up to advance money to charter schools and other social service organizations, often demand clarification of charter schools' governance structures and require higher accounting standards than charter schools might otherwise follow. Other providers may have philanthropic motives and care less about administrative standards than about good educational performance. However, such providers, including private individuals who may donate legal or management services, can become discouraged if a charter school appears conflict-ridden, chaotic, or ineffective.

Some of these relationships can influence the school's internal operations and therefore indirectly promote strong internal accountability as discussed in section 2 of this report. Others

¹ Traditional public schools receive donations and grants, and some develop long-term relationships with outside organizations (e.g., schools that partner with industries that might then hire some of their graduates such as schools affiliated with the Coalition for Essential Schools). These schools often take on many of the characteristics of charter schools: they are not solely accountable to their local school board, and they often find ways around constraints that apply to other schools (e.g., many find ways to hire teachers that fit their programs, rather than accepting whatever the local civil service system gives them; some use the influence of their outside partners to resist the district's efforts to transfer their principals to other schools).

For the most part, however, traditional public schools enter temporary grantee and vendor arrangements that do not create long-term relationships of mutual dependency. They get a one-time grant from one business or foundation and expect to find another donor when the grant expires; they hire a consultant for a particular professional development session but do not expect a continuing relationship. Some traditional public schools are increasing their ties to these outside entities as their districts allow them more control over their budgets and encourage them to be more entrepreneurial (i.e., in the Seattle School District). But these organizations normally have little or no stake in the success or failure of the school's overall academic program.

can more directly offer stronger checks and balances to assure that the school is financially, organizationally, and educationally viable.

Charter Schools' Key Voluntary Relationships

Charter schools' key internal and external voluntary relationships include donors, lenders, contractors, associations, and evaluators.

Donors

Partner organizations: Community nonprofit organizations such as youth centers, YMCAs, and museums can establish or help charter schools as one of their programs. Many of these organizations are nonprofit human service providers that have been around for a while, have a good reputation for their social service work, and see a connection between running a school and providing some kind of social service. Indeed, their reputations make them attractive candidates for running charter schools.

Some such organizations may assist the school rather than taking legal responsibility for it. But their association with the charter proposal is often a selling point for the authorizer, as well as for parents. The agendas of these organizations certainly influence what schools become. Their organizations' administrative and financial strengths also help schools do things that freestanding new charters have a hard time doing, such as obtaining grants and bank loans.

Organizations that provide space and facilities: Organizations can provide space and facilities for charter schools. These can be simple landlord-tenant relationships or sometimes the landlord can be a *de facto* sponsor, providing space at reduced cost or free. One school we visited is developing a facilities partnership with a state university. The university will provide land to the school and the school will build and own its own building. The university now has a stake in the school's reputation and its financial viability.

Groups that donate goods and services: Local businesses and church groups are among those that often donate supplies and services to charter schools. These may be temporary relationships, and the total resources donated may not be large, but the sense of obligation may be significant. Charter schools tend to rely more on volunteer goods and services than traditional public schools. These relationships could be very important if the donations are continuing or are subject to termination (i.e., if the school is in donated space and might be kicked out, or if a clinic provides a nurse but might withdraw her).

Sources of private or government grants: Grant funding is a significant source of income for many charter schools. In Massachusetts, for instance, charter schools depend on private grants or donations for as much as 37 percent of their operating budgets,² whereas public

² Herdman, Paul and Marc Dean Millot, *Charter Schools as a Decentralization Model: A Budget Analysis of First Year Charter Schools in Massachusetts*. Center on Reinventing Public Education, forthcoming.

schools often receive no grant funds. These private sources use some judgment in deciding whether to fund a school initially and whether to continue that funding. Charter schools we interviewed viewed private funding sources as involving less paperwork but just as much, if not more, accountability for promised results.

Grants, especially from government agencies, also sometimes impose judgment on schools and are competitive. However, some schools, charter or others, purposefully stay away from government grants (such as Title I) for which they would be entitled, because they eschew more government involvement than they already have and want to avoid any more hassles with paperwork. Their goal is to stay as autonomous as possible.

Lenders

Sources of long-term financing (i.e., banks, bonding authorities): More and more charter schools are borrowing funds for capital expenses and other high costs. Banks and other sources of such funding are becoming increasingly open to the idea of lending to charter schools. While these organizations are not primarily concerned with the school's academic progress, those who lend money to a school want to see evidence that the school's leadership, governance structures, and relations with its sponsor are stable. A charter school in Colorado, for example, recently received a BBB rating for bonding due to its stability.³

Contractors

School design organizations that manage the instructional program: A growing number of charter schools contract with vendors (e.g., SABIS International; the Edison Schools, Inc.; Beacon Education Management, Inc.; National Heritage Academies).⁴ As managers of the school's instructional program, they influence or directly control hiring, instructional plans, budgets, self-assessment, and relationships with parents. Because some charters specify a relationship with a particular contractor, the school's board can find it difficult (though obviously not impossible) to abandon such an arrangement. In turn, these companies have obligations to their administration and investors, creating several levels of interdependency that may or may not conflict.

Providers of legal advice and insurance: Providers of legal advice and assistance influence what schools can do and what risks they must eliminate. These actors do not hold any direct power over the school, but they are important in that they can help the school understand and comply with its legal duties. Traditional public schools are not typically distinct legal entities, thus legal and insurance issues are normally managed at the district level.

³ An Apparent First: Colorado Charter School Gets S&P Rating. *Education Week*. July 14, 1999.

⁴ A reviewer of this report noted that a number of the authorizers in Michigan expect or require charter schools to contract with an EMO.

Service providers: Schools and their sponsors are increasingly hiring outside contractors to provide services that districts typically provide. These services range from accounting services to inspectors who assess the school's educational progress. These third party arrangements can introduce a new level of objectivity into the typical school-district relationship and therefore changes the nature of how school accountability functions. Some schools use private organizations for financial management, but since they focus strictly on accounting, few have tried to influence the instructional practices of their client schools.

Associations

Charter school associations and technical assistance organizations: In most states, charter schools can turn to charter school associations or technical assistance organizations for advice and support. These are voluntary associations, but since they help schools learn from one another's experiences with authorizers and unions they create mutual dependencies. Often, charter schools see their reputations bound to other charter schools in the state or community, leading to a desire to help other schools succeed.⁵ As a result, some associations are creating self-assessment and accountability models that will influence schools' relationships with their authorizers. These organizations also frequently influence state laws and rule making, so schools both depend on them and need to influence them.

Evaluators

Accreditation agencies: Many states require or encourage schools to receive accreditation from an established group such as the North Central Association of Colleges and Schools. Schools often seek accreditation on their own because it allows their students to transfer credit more easily between schools and is more easily understood by colleges and universities. These accreditation bodies vary in the ways they judge schools. Some are much more "input" oriented than others, in that they look to see whether schools are offering required courses rather than trying to assess how well a school is teaching its courses. These agencies or the individuals who visit the schools, often have particular ideas about "good" instruction, which may not mesh with the school's philosophy. In some cases, these organizations provide a valued outside perspective on the school's educational program. Thus, accreditation agencies can play an important role in helping or hindering schools' internal accountability as well as serve as an intermediary source of judgment for authorizing agencies.

Researchers: Most charter schools host researchers on a regular basis. The principals, teachers, students, parents, governing board members, and others at these schools are interviewed by analysts working on state, federal, and independent projects; graduate and even high school students; and researchers from other countries. One school we visited hosted more

⁵ Some schools with close ties to an authorizing or nearby district purposefully stay away from charter school associations or networks in order to ensure a good relationship with the district. Two schools we studied complement their districts by serving students that the district traditionally struggled to educate. For this reason, they have fairly friendly relationships with their nearby districts and do not want to jeopardize them by joining activist associations.

than 100 visitors in 1999 alone. Not all of these researchers intend to pass any judgment on the school. Many are simply there to get ideas or amass information. But some visits are very high stakes evaluations. A negative portrayal in a public report threatens a school's future enrollment and may affect a school's relationship with its sponsor. Some schools use researchers to validate their efforts, build support elsewhere, countervail critics, and buttress themselves against members of the authorization agency who do not like them.

School design networks: When a school management organization runs several schools in an area, there is the possibility of close ties between school directors, who can provide each other with resources and ideas. More informal networks are made up of voluntary school designs, such as New American Schools designs or the Coalition of Essential Schools. These networks can have a positive effect on accountability when the network of peers sets expectations for a school to go beyond the requirements of its sponsor in developing and using good indicators of success. With increasing pressure for school design networks to prove their success, this trend should be a positive force for encouraging schools' internal accountability. These networks can be a more subtle force for performance accountability than can authorizers. They can offer assistance and encouragement for self-assessment and school improvement without making the threat of charter cancellation that is always implicit in a school's relationship with its authorizer.

How Do These Accountability Relationships Affect Schools?

Such outside organizations can play a significant role in the lives of charter schools, particularly in new schools and schools authorized by entities other than local school boards. (Conversion schools and schools authorized by school boards usually have close legal ties to districts and are not discreet legal entities.) We tried to assess the effects of these relationships: How have they influenced instruction, resource allocation, or student selection in ways that might have a positive or negative effect on school quality or equity?

Accountability to outside organizations is one of the more controversial elements of the new accountability arrangements under which charter schools operate. The public and politicians often fear that by opening schools up to diverse interests, especially those with profit motives, schools will be less focused on the public interest of improved student learning and high quality instruction. Wells and Scott⁶ (1999) argue that there is inherent inequity built into charter schooling because governing bodies vary in their ability to monitor the performance of contractors. They argue that this puts under resourced schools at a disadvantage because they are the schools least likely to have the time and resources needed to oversee such contractors. The executive vice president of the American Federation of Teachers has raised concerns about school choice models that transfer authority away from the government and locally elected school boards and give that authority to groups that are not accountable to the people.⁷

⁶ Wells, Amy Stuart, *Beyond the Rhetoric of Charter School Reform: A Study of Ten California School Districts*. Los Angeles, UCLA School of Education, 1999.

⁷ *Education Week*. August 4, 1999.

As we learned from our case studies there are both positive and negative sides to charter schools' dependency on outside organizations. Whether the effect is primarily positive or negative is largely determined by the strength of the school's governing board—how seriously it takes its role, how sophisticated its members are, how the management company's contract is structured, and so on.

We saw no evidence to suggest that on the whole, encouraging schools to form outside relationships necessarily detracts from the quality of instruction provided or the ability of faculty and staff to concentrate their attention on teaching and learning. In fact, we saw several instances of outside organizations having a beneficial effect on school's performance and internal accountability.

While we have seen variation in schools' capacity to manage contractors, we did not see that the ability to manage contracts had any relationship to the types of population served by the school or the school's per pupil operating revenues. Variation in capacity is a real issue, but as other studies have found, we have seen that capacity of the school leadership and governing board are closely related to prior experience running schools and having access to community resources.⁸ Approving agencies can lessen the likelihood of this being a problem by creating rigorous approval processes and intervening in schools that are failing as a result of poor management. Technical assistance organizations and charter school associations can also play critical roles here by helping schools understand the tradeoffs involved in contracting for services and by providing training and guidebooks on this topic for new schools.

Potential positive effects of voluntary associations. This unprecedented level of dependency on outside actors can have a beneficial effect on schools' efforts to develop strong internal accountability. Donors and sources of assistance can help a school increase its capacity to provide good instruction; they can also become sources of constructive pressure for continuous improvement. Depending on the circumstances of an individual school, schools' accountability to donors and sources of assistance can:

- Strengthen forces for performance and organizational viability more than a school's relationships with its authorizer.
- Provide critical expertise and access to resources.
- Provide political connections that buffer the school from attacks that would otherwise dominate staff time and attention and weaken their focus on instruction.
- Increase schools' access to facilities, and develop innovative ways of housing charter schools.

⁸ See, for example, Millot, M.D. and R. Lake: *Supplying a System of Charter Schools: Observations on Early Implementation of the Massachusetts Statute*. UW/RAND Program on Reinventing Public Education. June, 1997.

Strengthening forces for performance and organizational viability. As we discussed in previous sections, authorizing agencies often play an insignificant role in prodding schools to work toward academic improvement. Much more powerful influences are those closest to the school's governing board.

One school we visited is funded in part by two well-known organizations (one for-profit, one nonprofit) and the representatives of those organizations sit on the school's governing board. Because these organizations' reputations are intimately tied to the school, school leaders feel constant, strong pressure to maintain the school's image as an excellent place for children to learn. Partners care about their own reputations and feel the school's performance reflects on them. In contrast, the school's authorizing agency seems much less concerned with the school's performance, and parents at the school are interested mainly in their own child's performance, not that of the school as a whole.

For-profit management companies are especially scrutinized by researchers and have an extra incentive to demonstrate their success and remain marketable. It was beyond the scope of our study to assess the effectiveness of education management companies (EMOs), but in our sample, the schools we visited that were managed by EMOs had some of the clearer accountability agreements and tended to be more willing than most charter schools to be judged on standardized test scores. In the box below, we explore some of the accountability issues related to for-profit management of charter schools.

One Arizona charter school's leader explained that the school's accountability is validated via a regional certification group. Their charter authorizer is little more than an annoyance and certainly does not appear to be adequately monitoring the school's progress, or prodding the faculty to improve their practice. When asked if he could do as good a job, or better, if you were left alone, the director responded, "I believe so, we have an internal motivation to validate what we do against external standards."

A Closer Look at Education Management Organizations

Educational management organizations (EMOs), sometimes called management companies or service providers, are becoming increasingly common. EMOs range from those that provide specific, prescribed services such as payroll and financing (*narrow* providers) to those that are responsible for virtually every aspect of a charter school's operations (*broad* providers). Depending on the depth of their involvement, EMOs charge fees as small as a few percent of a school's operating budget to fees that encompass the school's entire budget. For the most part, *narrow* providers seem likely to increase a school's capacity to manage and account for funds, but do not usually affect the school's organizational viability or educational effectiveness outside of their narrow domain.

Broad EMOs, on the other hand, can have a more significant impact on a school's overall operations and academic responsibilities. Two examples illustrate the benefits, and potential risks, of broad EMOs. We visited an Arizona school that is one of several schools operated by the Leona Group, a large EMO operating primarily in Michigan and Arizona. The network of

schools created by this EMO offers a unique benefit for information sharing and support. School leaders of all the Leona schools meet regularly, and are able to gain assistance in their work from one another as well as Leona staff. Leona staff and school leaders also visit each school from time to time to offer feedback and evaluation.

Some decisions regarding the school are made within the school itself (e.g., hiring and some curriculum decisions), while others are made at the Leona corporate office (including budgeting, hiring of the school leader, and some curriculum decisions). All the Leona schools are based on a single charter, with one governing board. From the perspective of Leona's authorizer, Leona is a well-respected organization seen as running solid schools. The school we visited had significant problems during its first year. By all accounts, the school was in complete disarray academically and organizationally. Leona staff replaced the principal when the school moved to a new location and began to expand. Since this change, the school has essentially been reinvented and has gone through some of the same struggles as other new charter schools, including last minute hiring. Throughout these struggles, the Arizona Charter School Board has left it to Leona to intervene. Although the school files compliance and academic reports directly to the state, the school's authorizer monitors the school less closely than others due to the staff's trust in Leona.

In Michigan, we visited a school that is operated by the National Heritage Academies (NHA), an EMO with a back-to-basics and moral education focus. In the 1998–99 school year, NHA operated 13 charter schools in Michigan. As with Leona, NHA school leaders meet regularly and discuss problems and policy issues facing their schools. Each NHA school has its own charter contract, its own governing board, and controls many of the day-to-day decisions, including hiring. NHA owns each school's building and materials, and all staff members are employees of NHA rather than of the governing board. Broader issues such as the general curricular tools and the budget are made by NHA, which also sets policy for all its schools in a variety of areas. In this situation, it is not surprising that there has been some tension between the school's governing board and NHA over who makes what decisions.

These two examples illustrate several issues surrounding broad EMOs. The close connection between these two schools and their management organizations means that there is a strong sense of accountability by the school personnel especially the school leaders to the larger organization. Both Leona and NHA have a much richer understanding of what is happening in a school than does the school's authorizing agency. The sense of accountability among the school leaders is particularly strong. They meet regularly, jointly work out issues regarding policies, and generally see their schools as part of a larger whole. Individual schools feel that their successes or failures will reflect back on the other schools and the EMO headquarters.

However, there are some potential tradeoffs to these relationships. First, schools may be less likely to develop a strong sense of internal accountability when they do not control their own budget and curriculum. Second, authorizers who have a positive opinion of an EMO may be less likely to look critically at each school affiliated with that EMO during both the application and oversight processes. We have little evidence to prove or disprove either possibility, however they are worth mentioning as areas for future study and caution.

Providing critical expertise and access to resources. At least two independent organizations are playing prominent roles in assessing the quality of charter schools. The Colorado League of Charter Schools, the Colorado state charter school association, is currently piloting a new self-assessment and accreditation tool for Colorado charter schools. For participating schools, the League will send out a peer review team to develop “unique measures” of a school’s success and create a 3–5 year review process. The intent is to serve a “critical friends” role for schools and also to provide good information to boards of education. The League’s effort is in part to protect against perceived laxity on the part of local school boards to require high standards, especially for the renewal of school charters.

The Illinois Facilities Fund (IFF), a nonprofit loan funded by the Chicago Public School District, provides long-term loans to Chicago charter schools. In partnership with the Chicago School District’s charter schools office, the IFF assesses governance viability of charter school applicants and then provides assistance and continuing counseling to the schools.

Organizations that publicly support a charter school by lending money or partnering in other ways described above care a lot about how the school is perceived by the community, whether that perception is shaped through newspaper articles or simply via word-of-mouth. These organizations have an interest, then, in at least appearing to give back to the community. They are often on the watch for cries of elitism, for instance, and so tend to go out of their way to serve diverse populations and to keep the funding level of the school to a level that could be matched by other public schools. High profile or controversial schools are more likely to be subjects of studies and visits by people who are looking for models for new schools or parents who are shopping for schools. These visitors add an extra element to accountability. Despite this constant stream of visitors, our researchers’ requests for interviews were never turned down at schools with links to for-profit or nonprofit organizations.

Charter schools are often started by groups of parents who have little background in education or by teachers who have little in the way of business expertise. Unless these schools partner with nonprofit community groups or hire outside expertise, they often face difficult barriers to success in creating effective schools. Schools we visited benefit greatly from expertise provided by their partner organizations. These organizations provide help by sending staff members to the school as guest lecturers, lending the school a business advisor, and providing space for the school. Older nonprofit organizations often have experience building effective boards and creating lines of accountability within an organization. That experience, partnered with a promising educational approach can create a very effective school.

Moreover, a for-profit management company’s substantial financial backing may offer schools access to loans for school startup and the ability to offer new or substantially renovated schools to students and parents, luxuries not available to most new groups. Though it is no guarantee of success, having access to these resources means a new school is more likely—and better able—to quickly focus on student learning.

Using political connections to buffer the school. As earlier sections have suggested, the local and state politics associated with being a charter school can be intense. Local and state agency personnel may try to require compliance with laws from which the school should be exempt, and an angry sponsoring school district may encourage fire marshals or building inspectors to give a new charter school a particularly difficult time with approval of its facility.

Outside organizations often have strong community ties that help a school stay focused on teaching and learning rather than spending time on appeasing a variety of external relations. A charter school with political connections through outside organizations is much better positioned to fight off spurious, politically motivated demands. In the traditional public school system, such political connections would likely be limited to schools in advantaged neighborhoods with high-powered parents. Charter schools' ability to work with outside organizations can lend that advantage to schools with less access to such power sources.

Increasing access to facilities. Charter schools most often must pay for their facilities costs out of the operating budgets. Facilities-related costs are often cited as the primary barrier to charter school startup. The negative consequence is somewhat obvious: rent costs money that schools then cannot spend on instruction. Rental costs keep some schools with promising educational ideas, but no access to appropriate facilities, from opening.

Partnerships with existing organizations often allow new schools with no ability to float long-term bonds or to pay for up-front renovations access to partner-owned facilities and capital for renovations. These partnerships also help educators to use imagination about what facilities can be used as schools. The few states that are now providing charter schools with capital moneys are seeing similarly positive results. In Arizona, the Goldwater Institute hosted a conference to bring together land developers and architects with charter school founders. Several innovative new partnerships have since developed.

Potential downsides of voluntary associations. Despite the very real advantage that chartering opens up to public school children by allowing and encouraging new schools to link with actors that operate outside the traditional public school establishment, this experiment—like any—comes with risks. In some circumstances, a heavy dependence on outside actors can:

- confuse lines of accountability and decisionmaking,
- detract from the school's core mission, and
- attract unwanted attention.

Confusing lines of accountability and decisionmaking. School governance is fragile. Its strength depends on the cohesiveness and focus of school leadership. When a school contracts with a management company, partners with a university, or takes a loan, each of these actions increases the sheer number of people who are providing input as to how the school ought to function.

More people involved in a school's operations also increases the potential for obscured responsibility and for disagreement. A school's approving agency, for instance, may be unclear whom to call if there is a problem. Parents may be unsure whom to contact if they have a complaint. A governing board may have trouble giving up control and may begin to interfere with a contractor's responsibilities or—equally problematic—may put too much trust in a contractor and not hold the organization responsible for its promises. The more complex the governance, the more difficult it becomes to establish clear lines of authority and accountability.

Contractors do not always use the same measures to judge school success as the governing board, teachers, parents, or the authorizing agency. Accreditation agents may or may not judge the school in ways that are consistent with the performance goals outlined in the school's charter. Financial lenders may be more concerned with financial stability than school improvement. Media attention as a result of a high-profile partner relationship may highlight controversy rather than communicate the strong points of a school.

Alliances with outside organizations can also complicate accountability. Some school governing boards hire professional management companies, including for-profit organizations like the Edison Schools and SABIS, to run the school on a day-to-day basis. Such contracts are often necessary, particularly for governing boards that want to sponsor a school but do not think they have the expertise to create a good one on their own. Management companies also create clarity about school goals and methods, short-circuiting potentially long and laborious processes of school self-definition. But they add a powerful new player that affects all the internal relationships—among the governing board, school administrators, teachers, and parents—and often between the governing board and the government agency that issued the charter.

Management companies have their own interests—reputations to preserve, capacities to build, financial goals to meet—and ideas about what constitutes good teaching. Teachers hired by management companies often must meet well-established criteria and work on schedules dictated by the management company's philosophy, not determined within the school.

One education management company we interviewed appears to have struggled with how to define its relationship with its charter school boards. After several disputes over personnel matters and other issues the company saw as micromanagement from the board, the company is seeking what it terms "partnership" relationships rather than being seen as a contractor. To this end, the company recently purchased land for one of its schools as an indication of its investment. This "partnership" relationship, however, does not change the fact that the school's non-profit governing board is legally responsible for the performance of the school.

In addition, some school governing boards and management companies have engaged in conflicts over who was in charge, especially when governing boards demanded to be able to pick and choose among instructional practices that management companies considered interdependent parts of broader strategies. These conflicts, which in a small number of cases have led to firing of the management company, inevitably trickle down to the teaching staff and students. However, charter schools' need to maintain parent confidence and forces the warring parties to reach some sort of resolution within a few months.

When a school subcontracts for services, especially for management of the educational program, it is critical that the contract itself be crystal clear about who is responsible for what. Charter schools around the country are learning that lesson.

A guide published by the Charter Friends National Network is designed to help charter school governing boards avoid these difficulties by developing clear contracts.⁹ As they suggest, governing boards must not enter into relationships with outside organizations lightly. Charter school boards must understand their fiduciary duties and take them seriously.

Detracting from the school's core mission. If a charter school is overseen by a nonprofit board but has contracted with for-profit organizations, there is always potential for conflict of the non-profit's "mission" drive and the for-profit's "profit" drive. Even two nonprofit organization might experience mission conflict. A small, parent-led school may partner, for instance, with an environmental community organization that can lend expertise and resources, but then may feel pressure to spend more time on environmental excursions, for instance, than on reading.

In one case, a state charter school office called a social service nonprofit that had been providing jobs and GED preparation to suggest it apply for a charter. This organization had a longstanding relationship with the district because they educated harder to serve students and provided volunteer tutors to elementary schools for many years. The district was the authorizer and readily agreed to grant the charter. Though this organization has made the shift to managing a school relatively easily, it is experiencing difficulty learning how to run the elementary side of a K-12 school.

In both of these situations, strong school leadership must make sure that the school's instructional priorities needed to meet performance goals and other accountability requirements are met and to make sure the school is able to stay focused on its core mission.

Attracting unwanted attention. The flip side of having strong political connections is often that a very high profile school attracts a lot of attention. While this can be an advantage (as described above) it can also create distractions for a school if not managed well. Schools with well-known partners are more likely to be written about in the newspapers and are more likely to attract researchers. Researchers and other visitors can quickly turn a serene school into a tourist attraction. The high profile schools we visited have become skilled at scheduling visitors so they do not interfere with the functioning of the school, but they remain aware of the "mixed blessing" of working with outside organizations.

Managing the downsides. The downsides are identifiable but solvable. Whether these relationships are positive or negative depends on whether the school has a clear sense of its mission and the leadership to use resources provided from the outside without losing its way, traits we believe all schools ought to have. On the whole, these relationships are less likely to fracture a school than are government categorical programs that come with many compliance and reporting strings attached.

⁹ *Charting a Clear Course: A Resource Guide for Building Successful Partnerships between School Management Companies and School Management Organizations.* Charter Friends National Network. 1999.

These relationships, along with schools' new internal relationships between board and staff, represent important additions to public education. They potentially bring broader community financial and intellectual resources to bear on public education. They may encourage schools to be more responsive to parents and the general public. Most important, they make schools accountable to people and organizations that have a real stake in their success or failure.

Involuntary Relationships: Accountability to Other Government Agencies and Political Interest Groups

In theory, charter school accountability to government is supposed to be confined to a school's relationship with its authorizer and for the content of its charter contract.¹⁰ But in practice, this is almost never the case. In our review of state laws and regulations, our surveys and our case studies, it is clear that charter school accountability to government is much more complex. We have found that:

- Charter schools must answer to unexpected, and often unwelcome, government and political actors.
- Pressures from multiple sources threaten to eclipse a charter school's relationships with parents, teachers, and even its authorizing agency.
- Those who have a stake in the success or failure of the charter school movement play a key role in regulating these relationships.

Unexpected actors are common. Other government agencies, besides the authorizing agency also oversee charter schools, whether the authorizer wants them to or not. Almost half of the chartering agencies in our survey reported that they were aware of other agencies (local, state, or federal) that had conducted compliance reviews or audits of the schools they had chartered. However, this was far more likely among college/university-based chartering agencies (86 percent) than among local districts (37 percent). This is probably because the primary outside agency cited by the colleges and university chartering agencies were other university-related agencies. Only a few chartering agencies reported compliance reviews by either federal or state agencies.

Although these reviews and audits are sometimes politically motivated, many government agencies intervene in the operation of charter schools without any conscious intent to do harm. Many are simply working "by the book," and since charter schools usually lack protectors within the bureaucracy, they are subject to harsher scrutiny than most public schools must endure.

Schools faced with mixed signals (and demands not contemplated in their charters) can be confused about whom they must listen to and what they must do. Charter schools that want to escape strict performance accountability can exploit such conflicting demands, hoping at

¹⁰ Kolderie, Ted. States Begin to Withdraw the Exclusive. Nathan, Joe. *Charter Schools: Creating Hope and Opportunity for American Education*. San Francisco, Jossey-Bass Publishers, 1996.

reauthorization time to use a compliance defense. A school might say to its authorizer, for instance, “We did what we were told (which was different from what we had intended to do) and we are therefore not responsible for the results.” Other schools have learned that if they have strong local constituencies and the expectations are unclear, their renewal is virtually assured.

However, charter schools that use this tactic risk their ability to put performance first. There is no way schools can meet all of these demands, so they must resort to focusing on those that satisfy immediate political needs. This compromise does not support a cohesive school organization.

In the course of this study, we talked with an aide to a mayor of a small city. Her job was to coordinate the work of city agencies so that public schools undergoing renovations could open on time. The aide convened meetings of city inspectors—health, fire, and buildings—some months in advance of a school’s reopening to stress the mayor’s interest in making sure all inspections were done and signed off on time. As the aide explained, without the mayor’s initiative, something was bound to go wrong—inspections done late, rules interpreted too literally, lenient options overlooked. With the mayor’s expression of interest city, inspectors could be counted on to use their discretion in ways consistent with school opening.

In the absence of such powerful good offices, charter schools can be disrupted in ways that regular public schools seldom experience, whether or not the public agencies involved bear them any ill will.

Compromising pressures from these actors. In many cases, schools and authorizing agencies are subject to demands from state and federal agencies, teachers’ unions and other interest groups fearing that charter school practices might set precedents that weaken their positions elsewhere.

Charter schools in Michigan, for example, have faced a very complex web of government accountability. Those critical of charter schools have allegedly called in government agencies as diverse as the fire marshal and the fair employment practices commission to inspect schools. On request of members elected to the state board of education and the state legislature, the state auditor conducted a review of Central Michigan University, the state agency that has authorized the majority of charter schools. In the first few years after the law passed under a Republican administration, teachers unions also pressured school districts to refuse to hire any teachers from Central Michigan University’s school of education. A provision was added to the state law forbidding them to do this. There are two sides to all these stories, but the end result is the same: charter schools in Michigan, and other states, must operate in the midst of battles between diverse government actors, often in an intensely partisan climate.

The results of this highly charged environment are two fold: it creates confusion over who is responsible for oversight, and it creates transaction costs that can cripple schools. While charter school sponsors are supposedly responsible only for monitoring the terms of charter school contracts, the contracts reference the entire state law and regulatory code. Multiple government agencies also have responsibility to investigate complaints, and thus, they are also very involved in monitoring. The result, according to many charter school leaders we interviewed, is a high level of duplication of oversight.

The two-person charter school office in Massachusetts is often the focal point of competing political forces. Sole authorization and revocation powers rest with the Massachusetts Board of Education. This nine-person board was elected by Governor William Weld and his successor, Paul Cellucci. The Board sets policy for the Department of Education and more specifically the charter school office, a unit within the Department. Charter schools were a centerpiece of the Weld and Cellucci administrations' education initiatives.

A countermove by the opposition party has been to tighten oversight of all charter school operations. In 1997, the Massachusetts state legislature created oversight commissions to examine a) the charter school office for ethics violations, b) how the average cost per student was being allocated, c) whether the charter schools were actually "innovative," d) what was happening in the schools (site visits on top of the site visits the charter school office was already conducting), and e) fiscal audits of individual schools and the charter school office itself. After 2 years of looking, State Auditor DeNucci, a member of the opposition party, reported that the South Shore Charter School had bad bookkeeping practices in its first 2 years of operation. The report does not provide evidence that the funds were misspent and also indicates that the problem was corrected in the school's third and fourth year, but it still made the front page of the Metro section in the *Boston Globe*.

Schools and authorizing agencies ignore political wrangling and interveners from diverse agencies or government at their peril. Some can tie up a school or authorizing agency in compliance reviews or litigation. Heavy new transactions costs can kill a struggling charter school.

Other government agencies, especially state education departments, are understandably confused about how they should deal with charter schools. Though some have the impression that they are to keep "hands off," others assume that charter schools, like all other public schools, must fill out standard financial, attendance, and service reports and account in detail for the use of funds. Administrators of federal categorical programs assume that charter schools must use funds and deliver services pretty much the way other schools do. Some local and state administrators may be deliberately testing charter school operators to see how much of the normal regulatory burden they will accept. But most simply reason that if other public schools must submit a particular report or plan, a charter school must be similarly obligated.

Key Roles for Those Who Have a Stake in the Charter School Movement

In the midst of this ambiguous legal and political environment, charter schools must rely on those who are in positions of power to take a leadership role in defining what should be expected of these unique schools and buffering the schools from diverse interest group or agency demands.

Central Michigan University (CMU) has eliminated some of the ambiguity about oversight by being proactive about helping charter schools navigate the regulatory environment. CMU concluded that the state's requirements were often unclear and that since separate state bureaus administer different rules, no one can readily describe all the regulations schools must obey or all the reports they must file. CMU therefore took responsibility for identifying all rules

and all required reports, and informing CMU-sponsored schools of exactly what had to be done and when. In future years, charter schools will receive CD-ROMs with complete reporting schedules and all necessary forms, filled out with the previous year's data and ready for easy amendment and electronic filing. By this method, CMU has made compliance obligations clearer and less intrusive.

In the early years of implementation of Massachusetts' charter school law, the Governor oversaw charter schools directly through his own Office of Education. His Secretary of Education actively ran interference for newly founded charter schools that were being blocked from starting due to local permitting problems. Weld's successor, and former Lieutenant Governor, Paul Celluci, has continued to support and protect the integrity of the Massachusetts charter school initiative.

This reliance on key implementers, or power brokers, is a reality. Whether it helps or hinders a solid accountability system is a different question. When high level politicians and community leaders have their names associated with a particular reform, it can provide a very positive incentive to make sure the reform does not simply wash away. On the other hand, high-level politicians may be resistant to critical analysis of performance that is healthy for any new program. In Arizona, for instance, the state agency has come under fire for not providing sufficient monitoring for parents to get good information about the market of charter schools.

Definite resolution of these issues will require clearer laws and clearer implementation. Some of this is already occurring. Newer charter school laws are learning from the ambiguities of the first laws. Implementers around the country are sharing lessons about what has worked and what hasn't. For the time being, charter schools and authorizing agencies will have to feel their way, alert to the costs of conceding anyone's right to make demands, whether contemplated in their charters or not.