



PLANNING AND EVALUATION SERVICE

**Evaluation of the Public Charter
Schools Program: Year One
Evaluation Report**

2000





SRI International Evaluation Team Authors:

Lee Anderson
Nancy Adelman
Kyo Yamashiro
Mary Beth Donnelly
Kara Finnigan, Consultant to SRI International
Jose Blackorby
Lynnyonne Cotton

With the assistance of:

Eric Hirsch, National Conference of State Legislatures

This report was prepared for the U.S. Department of Education under Contract Number EA 98-CO-0074. The views expressed herein are those of the contractor. No official endorsement by the U.S. Department of Education is intended or should be inferred.

U.S. Department of Education

Richard W. Riley
Secretary

Office of the Under Secretary

Judith A. Winston
Under Secretary (A)

Planning and Evaluation Service

Alan L. Ginsburg
Director

Elementary and Secondary Education Division

Ricky T. Takai
Director

December 2000

This report is in the public domain. Authorization to reproduce it in whole or in part is granted. While permission to reprint this publication is not necessary, the citation should be: U.S. Department of Education, Office of the Under Secretary, Planning and Evaluation Service, Elementary and Secondary Education Division, *Evaluation of the Public Charter Schools Program: Year One Evaluation Report*, Washington, D.C., 20202.

To order copies of this report, write:

Planning and Evaluation
Elementary and Secondary Education Division
U. S. Department of Education
Washington, DC 20202;

via fax, dial (202) 401-1670;
via phone, dial (202) 401-1958

This report is also available on the Department's Web site at:
www.uscharterschools.org and www.ed.gov/offices/OUS/eval/.

ACKNOWLEDGMENTS

The authors wish to thank several colleagues whose names do not appear in this volume:

To Bonnee Groover, whose grasp of the project, its deadlines, and a growing list of software, kept the study running smoothly.

To Kathryn Valdes, whose responsive, competent, and creative computer programming made the survey data make sense.

To Klaus Krause, whose careful editing made this report make sense.

To Meredith Miller, the project officer for this study, a true partner in each stage of the evaluation.

To the members of the study's Technical Work Group: Jose Afonso, Josephine Baker, Marcella Dianda, James Goenner, Margaret Goertz, Eric Hirsch, Ginger Hovenic, Karen Seashore Louis, Bruno Manno, Wayne Martin, and Eric Rofes.

And a special thanks to the state charter school coordinators and charter school authorizers who were interviewed and the members of the charter school community who participated in focus groups.

EVALUATION OF THE PUBLIC CHARTER SCHOOLS PROGRAM : YEAR ONE EVALUATION REPORT EXECUTIVE SUMMARY

The Public Charter Schools Program (PCSP), established in 1994, represents the federal government's commitment to help charter schools meet planning, start-up, and early implementation costs. By helping charter schools overcome financial barriers, the PCSP is also designed to increase the number of charter schools nationwide. As of October 1999, 1,692 charter schools were in operation in 30 states, Washington, D.C., and Puerto Rico.

Researchers at SRI International are conducting the first national evaluation of the PCSP. In addition to gathering systematic information about the program at the local, state, and federal levels, the 52-month study will continue to document the evolution of the charter school movement (a process begun under another study funded by the U.S. Department of Education and conducted by RPP International). Data collection and analysis for the SRI study are driven by a series of research questions on the operations and impacts of the PCSP, the characteristics of charter schools, charter school flexibility, and charter school accountability.

The Public Charter Schools Program and the Charter School Movement

Federal interest in supporting the development of the charter school movement began in 1993, when President Clinton first proposed the Public Charter Schools Program and several Senators and Representatives proposed the Public Schools Redefinition Act. No action was taken, however, until the reauthorization of the Elementary and Secondary Education Act (ESEA) in 1994. At that time, the PCSP was enacted as Title X, Part C, of ESEA, with an initial appropriation of \$6 million in FY 1995. The PCSP is a discretionary grant program, administered in the Office of School Improvement Programs in the Office of Elementary and Secondary Education. The PCSP is intended to support the planning, development, and/or initial implementation of charter schools, providing relatively unencumbered seed funding for states with charter school laws to distribute to charter school groups during the first 3 years of a charter school's existence. The statute also makes provision for individual charter schools to apply directly to the Secretary of Education for a grant if their states choose not to participate or have been denied a grant.

Congress reauthorized the PCSP in 1998 by passing the Charter School Expansion Act of 1998 (P.L. 105-378). Eligibility for subgrants was expanded to include mature charter schools, which could apply for funds to disseminate promising school practices. The appropriation for FY 2000 was \$145 million.

Even though charter schools in the United States predate the PCSP, the movement is still less than 10 years old. Since the first charter school opened in 1992 in Minnesota, the number of these schools has increased steadily, and President Clinton has repeatedly challenged educators to increase the number to 3,000 by 2002. As the movement has grown, it has also struggled. Stories began to emerge early about the difficulties that charter schools—particularly those that were being created from scratch—faced in their first months and years (RPP International and the University of Minnesota, 1997). Depending on the specifications about state and local funding streams in a state's charter school legislation, groups seeking to open charter schools were often obliged to capitalize the planning and early development of their schools out of their own pockets or by incurring debt. Finding, renting or buying, and renovating space were particular barriers, according to early surveys of the charter school field.

SRI International's Evaluation of the PCSP

The PCSP legislation authorized an evaluation of the program, along with other national activities. Researchers at SRI International began this first evaluation of the PCSP in October 1998. The 52-month study has two purposes: (1) evaluation of the rapidly growing Public Charter Schools Program and (2) continued documentation of the evolution of the charter school movement begun under the National Study of Charter Schools, conducted by RPP International. The findings reported in this document are from the first year of the SRI evaluation, which included telephone surveys of (1) state charter school coordinators (N=38), (2) representatives of a purposive sample of agencies that are authorized to award charters to charter schools under state charter school laws (charter school authorizers) (n=48), and (3) directors of a subset of charter schools that received PCSP grants directly from the U.S. Department of Education (ED) (n=14). Year 1 data collection also included the extraction of information from federal files maintained on PCSP grantees, analysis of state charter laws, interviews with federal staff, and focus groups with charter school planners and operators and with charter school authorizers.

Two additional reports are planned under this contract. They will include charter school-level data from multiple sources: (1) the National Study of Charter Schools conducted by RPP International; (2) the National Center for Education Statistics' Schools and Staffing Survey (SASS), which included a charter school supplement in its 1999-2000 data collection effort; and (3) the SRI survey of charter schools in 2000-2001 and 2001-2002. In addition, the SRI evaluation team will conduct a substudy of student performance in charter schools compared with student performance in regular public schools in a limited number of states where such comparisons can be made under rigorous design considerations.

Broad Research Questions

The dual purposes of this evaluation are evident in the broad research question clusters that guide the data collection, analysis, and reporting requirements. Some questions are concerned specifically with the Public Charter Schools Program, and others are about the evolution of the charter school movement in a more general sense.

- How does the PCSP encourage the development of charter schools?
- How do state PCSP grantees and charter school authorizers encourage the development of charter schools?
- How do federally funded charter schools/school planners use their PCSP subgrants?
- What are the characteristics of charter schools and the students and families who are involved with them?
- What flexibility provisions are charter schools granted?
- How do charter schools measure student performance, and are charter school students making progress on these and other measures?

Additional details about the research questions, study design, data collection, and data analysis are presented in Chapter 1 of the report.

The Growth of the Charter Movement

The number of charter schools is increasing steadily (see Exhibit 1). The National Study of Charter Schools (Nelson et al., 2000) reports several interesting statistics about this growth, which the SRI data supplement in this report. SRI will continue documenting this growth in later reports. Please note that charter schools are not yet in operation in all states that have enacted charter school laws.

Exhibit 1
NUMBER OF CHARTER SCHOOLS AND CHARTER SCHOOL STATES

Beginning of School Year	Number of States with Charter School Laws	Number of States with Charter Schools	Number of Charter Schools	Source
1992-1993	2	1	2	Nelson et al. (2000). (Note: Data include Washington, D.C., starting in 1996-1997, but not Puerto Rico, which authorized charter schools in 1993.)
1993-1994	8	3	36	
1994-1995	11	6	100	
1995-1996	18	10	254	
1996-1997	26	17	432	
1997-1998	30	24	721	
1998-1999	34	28	1,122	SRI. (Includes D.C. and Puerto Rico.)
1999-2000	38	32	1,692	

Organization of the Report

The Year 1 data in this report paint a comprehensive picture of a number of issues: the development of the Public Charter Schools Program, state and charter school authorizer perspectives on charter school flexibility and accountability, and the charter school activities of states and a sample of charter school authorizers. This picture, however, is also a “snapshot” of a rapidly evolving movement during a narrow time interval (summer and fall 1999).

The report is organized according to the evaluation themes and findings from the first year of data collection and analysis. The overarching themes and specific findings are as follows:

Evaluation Theme 1: Like the charter school movement itself, the Public Charter Schools Program has grown and matured since its implementation in 1994.

Finding: Increasing numbers of new and developing charter schools are receiving support from federal funds through the Public Charter Schools Program (PCSP).

Evaluation Theme 2: Public Charter Schools Program funds flow as Congress and the U.S. Department of Education intended—as grants to states and then directly to charter schools as subgrants. Overall, 95 percent or more of PCSP funds are spent at the charter school level.

Finding: As allowed in the legislation, states retain 5 percent or less of their PCSP grants for administrative purposes.

Finding: As allowed in the legislation, states have developed their own procedures for awarding subgrants.

Finding: States use different definitions of “start-up,” differences that affect eligibility for PCSP subgrants.

Finding: The use of PCSP subgrant funds is largely unrestricted.

Evaluation Theme 3: In addition to providing financial support, the Public Charter Schools Program has provided national leadership in the charter school movement through policy-setting, research, networking, and technical assistance to the field.

Finding: The PCSP takes a leadership role within the Department of Education in helping shape the national charter school agenda.

Finding: PCSP staff have taken an active approach to connecting charter school operators, sponsors, and support groups with each other and with other resources.

Finding: The PCSP is responsive to technical assistance requests from states and other PCSP grantees.

Evaluation Theme 4: States, in general, are working toward increasing the avenues available to charter applicants, either by expanding the types of agencies that can charter or by loosening limits on the numbers of charter schools permitted.

Finding: State laws allow a diverse range of agencies to award charters to schools.

Finding: Although caps on the number of charter schools have been an obstacle to charter school growth in some states, the overall trend is to loosen or expand these limits over time.

Evaluation Theme 5: Reports from states and charter school authorizers suggest that charter schools have certain freedoms that other public schools do not, but that they are also subject to many of the same regulations and requirements. Perceptions of these freedoms differ between state and charter school authorizer respondents, and among charter school authorizers.

Finding: Half of the 38 states with charter school laws automatically grant waivers from many state laws, rules, and regulations; the other half either require charter school applicants to negotiate waivers on a case-by-case basis or ban waivers altogether.

Finding: In general, state charter school policies do not exempt charter schools from state student assessment or budgeting/auditing requirements. Charter school authorizers, on the other hand, reported that charter schools have considerable autonomy over key aspects of their programs.

Finding: In general, charter school authorizers that are *not* local educational agencies (e.g., agencies like state boards of education, institutions of higher education, and special chartering boards) allow charter schools greater flexibility and autonomy.

Evaluation Theme 6: Both states and charter school authorizers are establishing processes to hold charter schools accountable, often focusing on student achievement.

Finding: In general, states reported that charter schools are held to the same student outcome measures as other public schools, particularly with respect to state testing

requirements. Similarly, charter school authorizers reported that nearly all charter schools have measurable goals in the area of student achievement.

Finding: In the majority of states with charter school legislation, charter schools are accountable to multiple agencies.

Finding: The most prominent roles and responsibilities of charter school authorizers, as reported by states, include reviewing, negotiating, and monitoring the terms of the charter agreement and monitoring student performance.

Finding: During the charter-granting process, charter school authorizers reported focusing on curriculum, finances, and assessment and accountability. Once charter schools are up and running, charter school authorizers focus on monitoring student achievement, financial record keeping, and compliance with federal or state regulations.

Finding: Charter school authorizers that are *not* local educational agencies (particularly those that are states) and those that have chartered large numbers of schools are more likely to have well-developed accountability policies, processes, and procedures than local charter school authorizers.

Evaluation Theme 7: States and charter school authorizers have many corrective actions at their disposal; most have been used in moderation.

Finding: Though not a frequent occurrence, in about half of the states the accountability process has resulted in some type of sanction against one or more charter schools. Generally, corrective actions are related to fiscal and management issues.

Finding: Charter school authorizers echoed state reports concerning the variety, frequency, and causes of corrective actions involving charter schools.

Finding: Corrective actions, when they did take place, were more common in states with older charter school legislation, larger populations of charter schools, and multiple chartering entities.

As this list of themes and findings indicates, the key issues explored in the Year 1 report are the Public Charter Schools Program, charter school flexibility, and charter school accountability, mostly from the perspective of respondents to the state coordinator and charter school authorizer surveys. Information from federal interviews and the focus groups is incorporated anecdotally.

The report concludes with a chapter on the study findings as of Year 1 and on the impact of charter schools from the perspective of Year 1 survey respondents. The conclusion also presents information on the evaluation team's plans for future rounds of data collection, analysis, and reporting.

CONTENTS

ACKNOWLEDGEMENTS

EXECUTIVE SUMMARY	i
The Public Charter Schools Program and the Charter School Movement	i
SRI International's Evaluation of the PCSP	ii
Broad Research Questions	ii
The Growth of the Charter Movement	iii
Organization of the Report.....	iii
CHAPTER 1: OVERVIEW OF THE EVALUATION AND THE YEAR 1 REPORT	1
The Public Charter Schools Program.....	1
The Charter School Movement.....	2
Research Questions and Data Sources	4
Data Collection and Analysis	12
Organization of the Report.....	13
CHAPTER 2: THE PUBLIC CHARTER SCHOOLS PROGRAM (PCSP).....	17
Evaluation Theme 1: Like the charter school movement itself, the Public Charter Schools Program has grown and matured since its implementation in 1994.	17
Evaluation Theme 2: Public Charter Schools Program funds flow as Congress and the U.S. Department of Education intended—as grants to states and then directly to charter schools as subgrants. Overall, 95 percent or more of PCSP funds are spent at the charter school level.....	23
Evaluation Theme 3: In addition to providing financial support, the Public Charter Schools Program has provided national leadership in the charter school movement through policy-setting, research, networking, and technical assistance to the field.	28
CHAPTER 3: FLEXIBILITY	33
Evaluation Theme 4: States, in general, are working toward increasing the avenues available to charter applicants, either by expanding the types of agencies that can charter or by loosening limits on the numbers of schools permitted.....	33
Evaluation Theme 5: Reports from states and charter school authorizers suggest that charter schools have certain freedoms that other public schools do not, but that they are also subject to many of the same regulations and requirements. Perceptions of these freedoms differ between state and charter school authorizer respondents, and among charter school authorizers.	38
CHAPTER 4: ACCOUNTABILITY.....	43
Evaluation Theme 6: Both states and charter school authorizers are establishing processes to hold charter schools accountable, often focusing on student achievement.	43
Evaluation Theme 7: States and charter school authorizers have many corrective actions at their disposal; most have been used in moderation.....	56
CHAPTER 5: CONCLUSION AND EVALUATION PLANS FOR YEAR 2 AND YEAR 3.....	59
How does the PCSP encourage the development of charter schools?.....	59
How do state PCSP grantees and charter school authorizers encourage the development of charter schools?	60
How do federally funded charter schools/school planners use their PCSP subgrants?.....	61
What are the characteristics of charter schools and the students and families who are involved with them?.....	61

What flexibility provisions are charter schools granted?	61
How do charter schools measure student performance, and are charter school students making progress on these and other measures?.....	62
REFERENCES	65
EXHIBITS	
Exhibit 1: Number of Charter Schools and Charter School States	iii
Exhibit 1-1: Number of Charter Schools and Charter School States	4
Exhibit 1-2: Research Questions and Data Sources	6
Exhibit 1-3: Types and Numbers of Charter School Authorizers in Year 1 Sample	9
Exhibit 1-4: Mean Number of Schools Chartered, by Type of Charter School Authorizer.....	10
Exhibit 1-5: Location and Type of Focus Groups	12
Exhibit 1-6: List of Themes by Chapter.....	14
Exhibit 2-1: PCSP Appropriations and Number of State Grantees: 1995-99.....	17
Exhibit 2-2: Annual Summary Statistics on Size of PCSP Grants	19
Exhibit 2-3: Reported Sources of Charter School Start-Up Funds.....	20
Exhibit 2-4: Number of PCSP Subgrants Awarded, by State and Year	21
Exhibit 2-5: Number and Proportion of States with Specific Criteria for Determining Subgrant Funding Levels	26
Exhibit 2-6: Eligibility Criteria for PCSP Planning Subgrants	27
Exhibit 2-7: Sources of Technical Assistance in Preparing Applications	31
Exhibit 2-8: Sources of Technical Assistance in Preparing Reports	31
Exhibit 3-1: Types of Agencies Permitted to Charter	36
Exhibit 3-2: States with Statewide Caps and Number of Charters Opened.....	37
Exhibit 3-3: How State Laws are Waived for Charter Schools	39
Exhibit 3-4: Types of Freedoms Granted to Charter Schools, as Reported by States	40
Exhibit 3-5: Charter School Authorizers' Reports of Charter School Control.....	42
Exhibit 3-6: Extent to Which Charter Schools Control Policies and Decisions Related to Finance and Management, by Type of Authorizer	42
Exhibit 4-1: State Reporting Requirements for Charter School Authorizers.....	45
Exhibit 4-2: Proportion of Charter Schools with Measurable Goals, as Reported by Charter School Authorizers.....	46
Exhibit 4-3: Agencies Identified by State Coordinators as Responsible for Ensuring Accountability.....	47
Exhibit 4-4: Roles and Responsibilities of Charter School Authorizers, as Reported by States	48
Exhibit 4-5: Importance of Program Elements in Decision to Issue a Charter, as Reported by Charter School Authorizers.....	49
Exhibit 4-6: Changes Required and Denial of Applications Relating to Particular Program Elements	50
Exhibit 4-7: Areas Monitored by Charter School Authorizers.....	51
Exhibit 4-8: Existence of Written Policies, by Type of Charter School Authorizer	54
Exhibit 4-9: Charter School Authorizers with Separate Office and/or Staff Dedicated to Charter Schools, by Type of Charter School Authorizer.....	55
Exhibit 4-10: Percentage of Time Spent on Charter Schools, by Type of Charter School Authorizer.....	55

CHAPTER 1 OVERVIEW OF THE EVALUATION AND THE YEAR 1 REPORT

The Public Charter Schools Program (PCSP), established in 1994, represents the federal government's commitment to help charter schools meet planning, start-up, and early implementation costs. By helping charter schools overcome financial barriers, the PCSP is also designed to increase the number of charter schools nationwide. As of October 1999, 1,692 charter schools were in operation in 30 states, the District of Columbia, and Puerto Rico.¹

Researchers at SRI International are conducting the first national evaluation of the PCSP. In addition to gathering systematic information about the program at the local, state, and federal levels, the 52-month study will continue to document the evolution of the charter school movement (a process begun under another study funded by the U.S. Department of Education and conducted by RPP International). Data collection and analysis for the SRI study are driven by a series of research questions on the operations and impacts of the PCSP, the characteristics of charter schools,

charter school flexibility, and charter school accountability.

The Public Charter Schools Program

Federal interest in supporting the development of the charter school movement began in 1993, when President Clinton first proposed the Public Charter Schools Program (PCSP) and several Senators and Representatives proposed the Public Schools Redefinition Act. No action was taken, however, until the reauthorization of the Elementary and Secondary Education Act (ESEA) in 1994. At that time, the PCSP was enacted as Title X, Part C, of ESEA, with an initial appropriation of \$6 million in FY 1995. The PCSP is a discretionary grant program, administered in the Office of School Improvement Programs in the Office of Elementary and Secondary Education. The PCSP is intended to support the planning, development, and/or initial implementation of charter schools, providing relatively unencumbered seed funding for states with charter school laws to distribute to charter school groups during the first 3 years of a charter school's existence. The statute also makes provision for individual charter schools to apply directly to the Secretary of Education for a grant if their states choose

¹ Although 36 states, the District of Columbia and Puerto Rico have enacted charter school laws, charter schools are not yet in operation in all of these states. In the remainder of this report, the District of Columbia and Puerto Rico are usually grouped with the other states.

not to participate or have been denied a grant.

Congress reauthorized the PCSP in 1998 by passing the Charter School Expansion Act of 1998 (P.L. 105-378). Eligibility for subgrants was expanded to include mature charter schools, which could apply for funds to disseminate promising school practices. The appropriation for FY 2000 was \$145 million.

According to the authorizing legislation, the purpose of the Public Charter Schools Program is to “increase national understanding of the charter schools model by (1) providing financial assistance for the planning, program design and initial implementation of charter schools; (2) evaluating the effects of such schools, including the effects on students, student achievement, staff, and parents; and (3) expanding the number of high-quality charter schools available to students across the Nation” (Sec. 10301[b]).

These purposes are addressed by providing grants to states. States determine the process for putting 95 percent or more of the state grants into the hands of charter school planning groups and charter schools in the form of subgrants. These subgrants can be used for planning, implementation, and—for schools that have been in operation for 3 years or more—

dissemination of promising charter school practices and programs. If a state has not applied for or received a PCSP grant, charter school planners may apply directly to the U.S. Department of Education (ED) for funds.

In addition, the Secretary of Education is authorized “[t]o provide for . . . evaluations or studies that include the evaluation of the impact of charter schools on student achievement” and “[t]o provide . . . for the collection of information regarding the financial resources available to charter schools. . . .” (Sec. 10305[a]). The research reported in this document was supported by PCSP funds set aside for research and other national activities.

The Charter School Movement

Even though charter schools in the United States predate the PCSP, the movement is still less than 10 years old. Since the first charter school opened in 1992 in Minnesota, the number of these schools has increased steadily, and President Clinton has repeatedly challenged educators to increase the number to 3,000 by 2002. As the movement has grown, it has also struggled. Stories began to emerge early about the difficulties that charter schools—particularly those that were being created from scratch—faced in their first months and years (RPP International and the University of

Minnesota, 1997). Depending on the specifications about state and local funding streams in a state's charter school legislation, groups seeking to open charter schools were often obliged to capitalize the planning and early development of their schools out of their own pockets or by incurring debt. Finding, renting or buying, and renovating space were particular barriers, according to early surveys of the charter school field.

Exhibit 1-1 illustrates the growth of the charter school movement. The National Study of Charter Schools (Nelson et al., 2000) reports several interesting statistics about this growth, which the SRI data will supplement in this and later years. For an overview of charter school activity by state, see Appendix A.

SRI International's Evaluation of the PCSP.

The PCSP legislation authorized an evaluation of the program, along with other national activities. Researchers at SRI International began this first evaluation of the PCSP in October 1998. The 52-month study has two purposes: (1) evaluation of the rapidly growing Public Charter Schools Program and (2) continued documentation of the evolution of the charter school movement begun under the National Study of Charter Schools, conducted by RPP

International.² The findings reported in this document are from the first year of the SRI evaluation, which included telephone surveys of (1) state charter school coordinators in 36 states, Washington, D.C., and Puerto Rico (N=38); (2) representatives of agencies that are authorized to award charters to charter schools under state charter school laws (charter school authorizers) (n=48); and (3) directors of charter schools that received PCSP grants directly from the U.S. Department of Education (ED) (n=14). Year 1 data collection also included the extraction of information from federal files maintained on PCSP grantees, analysis of state charter laws, interviews with federal staff, and focus groups with charter school planners, operators, and charter school authorizers.

² The National Study of Charter Schools tracked the development of charter schools nationwide from 1995 to 1999. This study produced four annual reports and a number of topical reports that are or will be available on-line. The fourth-year report is available at <http://ed.gov/PDFDocs/4yrppt.pdf>.

Exhibit 1-1
NUMBER OF CHARTER SCHOOLS AND CHARTER SCHOOL STATES

Beginning of School Year	Number of States with Charter School Laws	Number of States with Charter Schools	Number of Charter Schools	Source
1992-1993	2	1	2	Nelson et al. (2000). (Note: Data include Washington, D.C., starting in 1996-1997, but not Puerto Rico, which authorized charter schools in 1993.)
1993-1994	8	3	36	
1994-1995	11	6	100	
1995-1996	18	10	254	
1996-1997	26	17	432	
1997-1998	30	24	721	
1998-1999	34	28	1,122	
1999-2000	38	32	1,692	SRI. (Includes D.C. and Puerto Rico.)

Research Questions and Data Sources

The dual purposes of this evaluation are evident in the broad research question clusters that guide the data collection, analysis, and reporting requirements. Some questions are concerned specifically with the Public Charter Schools Program, and others are about the evolution of the charter school movement in a more general sense. Exhibit 1-2 displays the research questions under each cluster and summarizes the data collection methods that are being used to address them.

During the 4-year evaluation, answers to the research questions will be obtained through several sources of quantitative and qualitative data. The sources will differ for each of three planned reports. The data sources that were used this year are described below. The sources that will be used in later years are revisited in the last chapter of this report. Data sources for this report consisted of the following:

Telephone survey of state charter school coordinators.

The charter coordinators (or equivalent) for all 38 states with charter school legislation were surveyed by phone in the summer and fall of 1999. The survey instrument incorporated a combination of open- and closed-ended items on charter school-related operations, requirements, and flexibility, and the state's PCSP grant. Members of the SRI study team administered the surveys, which took approximately one hour per survey respondent. The response rate was 100 percent. (The basic characteristics of the state universe are displayed in Appendix A.)

Telephone survey of charter school authorizers. A sample of 50 authorizers that have awarded charters to charter schools was selected during the spring and summer of 1999. Among the states with charter school laws, many types of entities are authorized to issue charters. Because of uncertainties about the respondent pool for this part of the charter school story, the evaluation team and the study's Technical Work Group favored a purposive sampling strategy for the first year of data collection to maximize the diversity of authorizers surveyed. Data collection took place at the same time as the state coordinator survey and involved the same researchers. The charter school authorizer survey also took about one hour to complete. Survey questions were designed to document charter school authorizers' experiences in assisting and monitoring charter schools; granting, renewing, and revoking charters; and financial issues (including the federal PCSP funds). Forty-eight charter school authorizer surveys were completed within the data collection window, for a response rate of 96 percent.

**Exhibit 1-2
RESEARCH QUESTIONS AND DATA SOURCES**

	Federal File Extraction (Years 1-3)	PCSP Evaluation: Telephone Surveys				Other Surveys		PCSP Evaluation: Other Data Collection	
		State Coordi- nators (Years 1 & 3)	Charter School Authorizers (Years 1-3)	Charter Schools (Year 2-3)		RPP	SASS	Federal Interviews (Years 1-3)	Site Visits* (Years 2-3)
				PCSP Charter Schools	Non-PCSP Charter Schools				
How does the PCSP encourage the development of charter schools?									
How the PCSP awards grants.	x	x	x					x	
Proportion of charter schools receiving PCSP grants— nationally and by state.	x	x		x		x		x	
<i>Reasons for differences in the proportion of funded charter schools among funded states.</i>	x	x	x			x		x	
Accessibility, usefulness, and timeliness of federal technical assistance to states, schools, planners.		x	x	x	x	x		x	x
Impact of the PCSP on state policies.	x	x						x	x
How do state PCSP grantees and charter school authorizers encourage the development of charter schools?									
How states define “start-up” in establishing funding eligibility.	x	x				x			
Number of states that allow planning grants; number of schools opened as a result.	x	x		x					
How states award subgrants.	x	x	x					x	
State requirements for use of federal funds.	x	x		X					x
Accommodations by charter school authorizers for low- income community charter applications.	x	x	x						x
Accommodations of states for low-income community charter applications for federal assistance.	x	x							
Extent to which differences in subgrant amounts between and within states reflect differences in start-up needs.	x	x	x	X	x			x	x
Sustaining charters after federal funding expires.		x		X					x
Linkage with policies to intervene in failing schools.		x	x						x
Accessibility, usefulness, and timeliness of state technical assistance to schools and school planners.	x			X	x	x			x

Exhibit 1-2
RESEARCH QUESTIONS AND DATA SOURCES (CONTINUED)

	Federal File Extraction (Years 1-3)	PCSP Evaluation: Telephone Surveys				Other Surveys		PCSP Evaluation: Other Data Collection	
		State Coordi- nators (Years 1 & 3)	Charter School Authorizers (Years 1-3)	Charter Schools (Year 2-3)				Federal Interviews (Years 1-3)	Site Visits* (Years 2-3)
				PCSP Charter Schools	Non-PCSP Charter Schools	RPP	SASS		
How do federally funded charter schools/school planners use their PCSP subgrants?									
Average and range of federal subgrant awards—nationally and by state.	x	x		x	x				
Proportion of start-up costs accounted for with the federal grant.		x		x	x				x
Kinds of planning and implementation activities supported by federal subgrants; extent activities are dictated by state authorizing legislation.	x	x	x	x					x
Start-up barriers overcome by federal funds.		x		x	x	x			x
Importance of access to federal grant money in obtaining or pursuing charter.	x			x					x
<i>Differences between charter schools that receive PCSP grants and those that do not.</i>		x		x	x	x		x	
What are the characteristics of charter schools and the students and families who are involved with them?									
Grade levels and student population served.				x	x	x	x		x
Educational approaches implemented.				x	x	x	x		x
Background and demographic characteristics of instructional and administrative staff.				x	x		x		x
Newly created vs. public or private school conversions.		x	x	x	x	x	x		x
Selection criteria for admission and the frequency/extent of waiting lists.				x	x	x	x		x
Demographic composition of charter schools, compared with the traditional public schools in their surrounding areas.	x			x	x	x	x		x
Targeting and accommodation of special populations.	x	x	x	x	x	x	x		x
<i>Professional development opportunities available for teachers.</i>			x	x	x	x	x		x

Exhibit 1-2
RESEARCH QUESTIONS AND DATA SOURCES (CONCLUDED)

	Federal File Extraction (Years 1-3)	PCSP Evaluation: Telephone Surveys				Other Surveys		PCSP Evaluation: Other Data Collection	
		State Coordi- nators (Years 1 & 3)	Charter School Authorizers (Years 1-3)	Charter Schools (Year 2-3)				Federal Interviews (Years 1-3)	Site Visits* (Years 2-3)
				PCSP Charter Schools	Non-PCSP Charter Schools	RPP	SASS		
What flexibility provisions are charter schools granted?									
Extent to which flexibility provisions granted by state and local laws are realized in practice.		x	X	x	x	x		x	x
Factors associated with successful and unsuccessful implementation of flexibility provisions.		x	X	x	x	x			x
Most critical flexibility provisions.				x	x				x
<i>Parent involvement activities and parent requirements.</i>				x	x	x	x		x
How do charter schools measure student performance, and are charter school students making progress on these and other measures?									
Measures of accountability.	x	x	X	x	x	x	x		x
Measures of student performance for which charter schools are accountable and how assessed.	x	x	x	x	x	x	x		x
Extent to which students meet student performance goals.			x			x			x
Range and frequency of corrective action for charter schools that do not meet the student performance terms of their charters.		x	x	x	x				x
Students meeting or exceeding the state performance standards, if applicable.		x							x
Comparability of student achievement gains to those of their traditional public school counterparts.		x							x
Conditions under which charter schools improve student achievement.			x	x	x	x			x
<i>Parent beliefs about charter schools and other schools.</i>				x	x	x			x

* = Site visits include the written parent survey as a data source.

Note: Italicized research questions were added by the SRI evaluation team

In Exhibit 1-3, the charter school authorizer sample is displayed according to the type of agency. To facilitate the analysis of broader types of charter school authorizer, the local, state, institution of higher education, and other categories were created by collapsing similar types of agency.

There are limits to the conclusions that can be drawn from the purposive and therefore nongeneralizable sample of charter school authorizers. However, the sample supplies interesting information regarding the basic features of and variation across charter school authorizers. As is true across the country, most of the charter

school authorizers in the Year 1 sample were local school districts (n=34). The other authorizers included in the sample were either state-level bodies (state boards of education, state educational agencies), institutions of higher education (IHEs), or independent chartering boards (n=14). The type of charter school authorizer appears to be closely linked to the number of schools chartered—local agencies in our sample chartered fewer schools than other types of charter school authorizers (grouped as “nonlocal” agencies in most of the analyses for this report). Exhibit 1-4 displays the variation in average number of schools chartered by local and nonlocal authorizers and other descriptive statistics about them.

**Exhibit 1-3
TYPES AND NUMBERS OF CHARTER SCHOOL AUTHORIZERS IN YEAR 1 SAMPLE**

Type of Charter School Authorizer	n	Collapsed Category	n
Local school board	13	Local educational entity	34
Local school district	19		
County board or office of education	2		
State board of education	5	State entity	8
Chief state school officer	1		
State educational agency	1		
Multiple state entities	1		
University or college	3	Institution of higher education	3
Community college	0		
Independent or special charter school board	2	Other entity	3
Municipal government	1		
Total sample	48		48

Exhibit 1-4
MEAN NUMBER OF SCHOOLS CHARTERED, BY TYPE OF CHARTER SCHOOL AUTHORIZER

Type of Authorizer*	Number of Schools Chartered (mean)	Number of Authorizers in Year 1 Sample	Percent of Year 1 Sample (n=48)
Local	6	34	71%
Nonlocal	46	14	29%

* Because of the small number of “state,” “higher education,” and “other” authorizers included in the sample, the team collapsed these data into one category “nonlocal” and the data by type of authorizer are presented by “local” and “nonlocal” categories for most of the remainder of this report.

It is important to note some details that do not show up in Exhibit 1-4. First, approximately one-third of local charter school authorizers chartered only *one* school (none of the other types of agencies had chartered only one school). Second, only 9 percent of local charter school authorizers chartered 16 or more schools, compared with 64 percent of nonlocal authorizers. The Year 1 surveys did not explore why the number of schools chartered is so closely linked to type of authorizer, but from past charter school work the team has learned that local charter school authorizers tend to charter in their local attendance area, whereas nonlocal agencies charter schools across the state or region.

Telephone survey of charter schools receiving PCSP grants directly from ED. In states that have not applied for or do not receive PCSP grants, charter schools are eligible to apply for start-up and implementation grants directly from the federal government. A total of 23 charter

schools either currently receive these grants or have in the past. A survey of PCSP-related questions was administered to representatives from these schools by a member of the study team. Fourteen charter schools responded, for a response rate of 61 percent.³

Extraction of information from federal files on PCSP grantees. With the cooperation and assistance of PCSP staff at ED, members of the study team retrieved information for the states, charter schools, and school districts that received PCSP grants before 1999. The federal files for 25 states, 21 charter schools, and 2 school districts were reviewed before Year 1 data collection occurred. The federal files provided background information on grantees that team members used for “precoding” several items prior to telephone surveys. In addition to federal files, team

³ Although the response rate is low, the respondents did not appear to have any characteristics that distinguish them from the nonrespondents (e.g., state, status of PCSP grant, etc.).

members also gathered information on states from various other (principally Web-based) sources, including state laws, regulations and guidelines, and charter school profiles. By supplying information on the survey from these other sources, the precoding step saved time for the survey respondents. As a result, especially in the case of PCSP-related items, respondents often simply confirmed or corrected the information gleaned from the federal files.

Interviews with PCSP staff and other government respondents. In an effort to place the PCSP in the context of other school reform and public school choice issues in the federal government, members of the study team conducted eight semistructured individual and group interviews with 12 Department of Education employees. Interviews were conducted with members of the PCSP program staff, staff of the Planning and Evaluation Service at ED, and those individuals from other ED offices involved in the Departmentwide school choice team. Although interviews were informally tailored to interviewees, team members sought to elicit general information about the nature and involvement of the respondents in the choice team, ED's monitoring of the PCSP law, and the nature and types of technical

assistance provided to the field. More specific information on the information gathered from these interviews is incorporated anecdotally in Chapter 2.

Focus groups with charter school operators, charter school planners, and charter school authorizers. Through an addition to the original evaluation design and in consultation with the U.S. Department of Education, members of the SRI study team designed and conducted a series of 18 charter school-related focus groups in January and February 2000. The focus groups were conducted to help the Department determine the format and content of future technical assistance activities. The groups consisted of individuals planning charter schools (six focus groups), persons who were already operating charter schools (nine focus groups), and representatives of authorizers that had awarded charters (three focus groups). Logistical support (scheduling, recruiting participants) was provided by the Charter Friends National Network and their local contacts. Exhibit 1-5 indicates where the focus groups of each type were conducted.

**Exhibit 1-5
LOCATION AND TYPE OF FOCUS GROUPS**

Location	Type of Focus Group		
	Charter School Planners	Charter School Operators	Charter School Authorizers
Boston, MA	X	X	
Denver, CO		X	X
Detroit, MI	X	X	
Miami, FL		X	X
Minneapolis, MN	X	X	
Oakland, CA		X	X
Philadelphia, PA	X	X	
Phoenix, AZ	X	X	
San Antonio, TX	X	X	

Data Collection and Analysis

Telephone surveys were administered in the summer and fall of 1999 by members of the SRI evaluation team. The surveys of PCSP grantees were relatively straightforward since the team had names, contact information, and job titles for state charter school coordinators and the leaders of charter schools that received PCSP funding directly from the federal government. Even where staff turnover had occurred, it was usually easy to identify the new respondent, schedule an appointment, and administer the survey. In a few cases, a second respondent was contacted to obtain information that was not provided by the first (typically because he or she was new to the job).

Identifying the appropriate respondents for the charter school authorizer survey was a larger and more time-consuming challenge. Team members usually had to

call more than one office in a charter school authorizer to determine the right person to take the survey. The variety of types of charter school authorizer contributed to this situation. Even within local educational agencies (LEAs), the largest type of charter school authorizer in our sample and among the universe of agencies that have awarded charters, different kinds of personnel responded, ranging from the district superintendent to the district's general counsel. Other respondents included the vice president of a state board of education and a district administrator who served part-time as the principal of a charter school.

Once data were collected and tabulated, a variety of data sorts and cross-tabulations were performed. Formal statistical estimates of the universe were not conducted on the Year 1 data, either because the entire universe was sampled (in the case of state coordinators and

charter schools receiving PCSP funds directly from ED) or because the sample was not generalizable to the relevant universe (in the case of charter school authorizers). Hence, most of the information reported in the following sections is based on simple, descriptive statistics.

Organization of the Report

The Year 1 data in this report paint a comprehensive picture of a number of issues: the development of the Public Charter Schools Program, state and charter school authorizer perspectives on charter

school flexibility and accountability, and the charter school activities of states and a sample of charter school authorizers. This picture, however, is also a “snapshot” of a rapidly evolving movement during a narrow time interval (summer and fall 1999).

Readers who would like more detail about future data collection activities for this evaluation are referred to Appendix B.

The report is organized according to the evaluation themes and findings from the first year of data collection and analysis. The broad themes are identified in Exhibit 1-6.

Exhibit 1-6
LIST OF THEMES, BY CHAPTER

Chapter 2: The Public Charter Schools Program (PCSP)

Evaluation Theme 1: Like the charter school movement itself, the Public Charter Schools Program has grown and matured since its implementation in 1994.

Evaluation Theme 2: Public Charter Schools Program funds flow as Congress and the U.S. Department of Education intended—as grants to states and then directly to charter schools as subgrants. Overall, 95 percent or more of PCSP funds are spent at the charter school level.

Evaluation Theme 3: In addition to providing financial support, the Public Charter Schools Program has provided national leadership in the charter school movement through policy-setting, research, networking, and technical assistance to the field.

Chapter 3: Flexibility

Evaluation Theme 4: States, in general, are working toward increasing the avenues available to charter applicants, either by expanding the types of agencies that can charter or by loosening limits on the numbers of charter schools permitted.

Evaluation Theme 5: Reports from states and charter school authorizers suggest that charter schools have certain freedoms that other public schools do not, but that they are also subject to many of the same regulations and requirements. Perceptions of these freedoms differ between state and charter school authorizer respondents, and among charter school authorizers.

Chapter 4: Accountability

Evaluation Theme 6: Both states and charter school authorizers are establishing processes to hold charter schools accountable, often focusing on student achievement.

Evaluation Theme 7: States and charter school authorizers have many corrective actions at their disposal; most have been used in moderation.

As this list of themes indicates, the key issues explored in the Year 1 report are the Public Charter Schools Program, charter school flexibility, and charter school accountability, mostly from the perspective of respondents to the state coordinator and charter school authorizer surveys.

Information from federal interviews and the focus groups is incorporated anecdotally.

The report concludes with a chapter that summarizes the study findings as of Year 1 and provides information on the evaluation team's plans for future rounds of data collection, analysis, and reporting.

Two additional reports are planned under this contract. They will include

charter school-level data from multiple sources: (1) the National Study of Charter Schools conducted by RPP International; (2) the National Center for Education Statistics' Schools and Staffing Survey (SASS), which included a charter school supplement in its 1999-2000 data collection effort; (3) the SRI survey of charter schools in 2000-2001 and 2001-2002, and (4) site visits to charter schools in 2000-2001 and 2001-2002. In addition, the SRI evaluation team will conduct a substudy of student performance in charter schools compared with student performance in regular public schools in a limited number of states where such comparisons can be made under rigorous design considerations.

**CHAPTER 2
THE PUBLIC CHARTER SCHOOLS PROGRAM (PCSP)**

Evaluation Theme 1: Like the charter school movement itself, the Public Charter Schools Program has grown and matured since its implementation in 1994.

Finding: Increasing numbers of new and developing charter schools are receiving support from federal funds through the Public Charter Schools Program (PCSP).

PCSP appropriations have grown steadily larger as the number of states with charter school laws has increased (see Exhibit 2-1). At the time of the data collection on which this report is based (fall 1999), 36 states plus the District of Columbia and Puerto Rico were eligible to apply for PCSP funding. Of those that had charter school legislation in fall 1999, only three (8 percent) had never applied for a PCSP grant (Nevada, Mississippi, and Wyoming), although not all applicants had yet been successful in obtaining a grant.

Along with the steady increase in the annual appropriation for the PCSP, the size of the average state grant has also consistently grown. Exhibit 2-2 displays annual summary statistics about PCSP funding to states.

There is considerable variation in the size of PCSP grants to states. For example, in 1998, Delaware received about \$541,000, and California received nearly \$9 million. In part, the federal determination of grant amount is based on the projected number of eligible charter schools to be supported in a state in a given year. Other factors are also considered, however, including the cases that states make in their proposals about charter school needs in relation to state policies and regulations for charter schools. In the first few years of the PCSP, a number of states underestimated their needs. As larger appropriations became available, the PCSP Office staff worked with these states to make better estimates and to provide additional funding through supplemental awards. In Appendix C, supplemental awards have been combined with basic grant amounts to produce annualized totals per state.

**Exhibit 2-1
PCSP APPROPRIATIONS AND NUMBER OF STATE GRANTEES: 1995-99**

Year	Number of State Grantees	Size of PCSP Appropriations
1995	10	\$6,000,000
1996	20	\$18,000,000
1997	23	\$51,000,000
1998	24	\$80,000,000
1999	31	\$100,000,000

In states with charter school legislation that do not have a state PCSP grant (either because the state didn't apply or its application was rejected), the PCSP legislation allows ED to award funds directly to charter schools. Seven states have schools that have received funds directly from ED, either currently or in the past. These states are Arizona, Arkansas, Hawaii, Mississippi, Nevada, New Hampshire, and New Mexico. (A planning group received funds in Arkansas, prior to charter award.) The number of schools receiving funds directly from ED grew from 2 to 40 between 1995 and 1999. This growth is due mostly to the large number of direct-funded charter schools in Arizona, starting when the state was ruled ineligible for a state grant in 1997. In contrast to the pattern with state grants, where grants to states and subgrants to schools have both increased, the average amount of direct grants to charter schools *decreased* as the total number of these grants grew larger.

The federal Public Charter Schools Program has quickly become an important source of start-up funding for charter schools in most states with charter school legislation. According to state survey data, PCSP grants are a source of start-up funds in 35 of the 38 states contacted (92 percent).⁴ In 14 of the 35 states, the PCSP is the only source of start-up funds for charter school planning and early implementation. In others, additional sources are available, as Exhibit 2-3 shows. The remaining 21 also rely on one or more of the following types of resources: state funds, funds provided by the charter school authorizer, or other sources of funds that include foundations and the private sector.

⁴ In two of the three states reporting that PCSP funds are not a source of start-up support, some charter schools were receiving grants directly from ED. The third state, Wyoming, has neither charter schools nor a state PCSP grant.

**Exhibit 2-2
ANNUAL SUMMARY STATISTICS ON SIZE OF PCSP GRANTS**

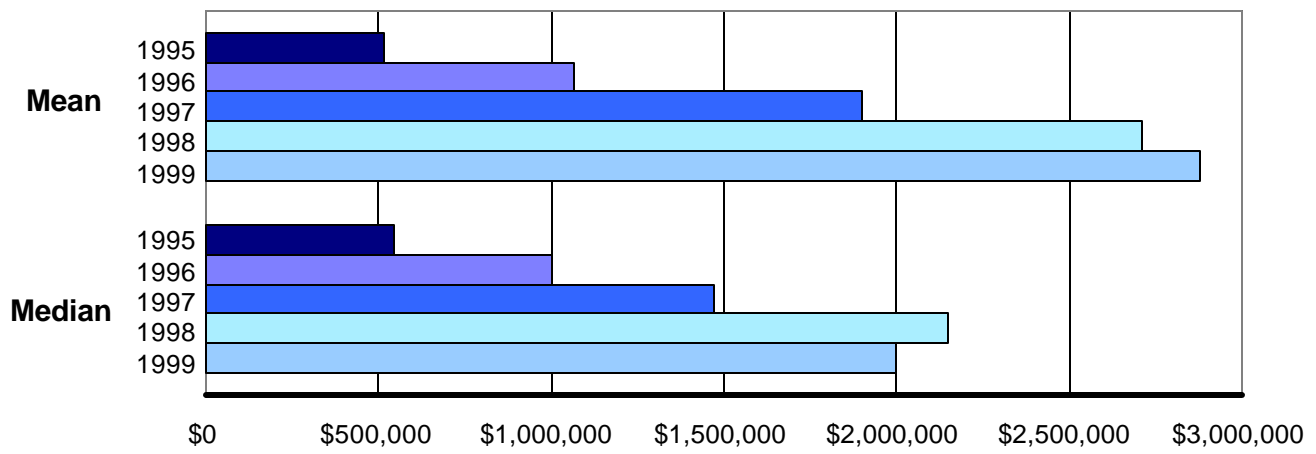
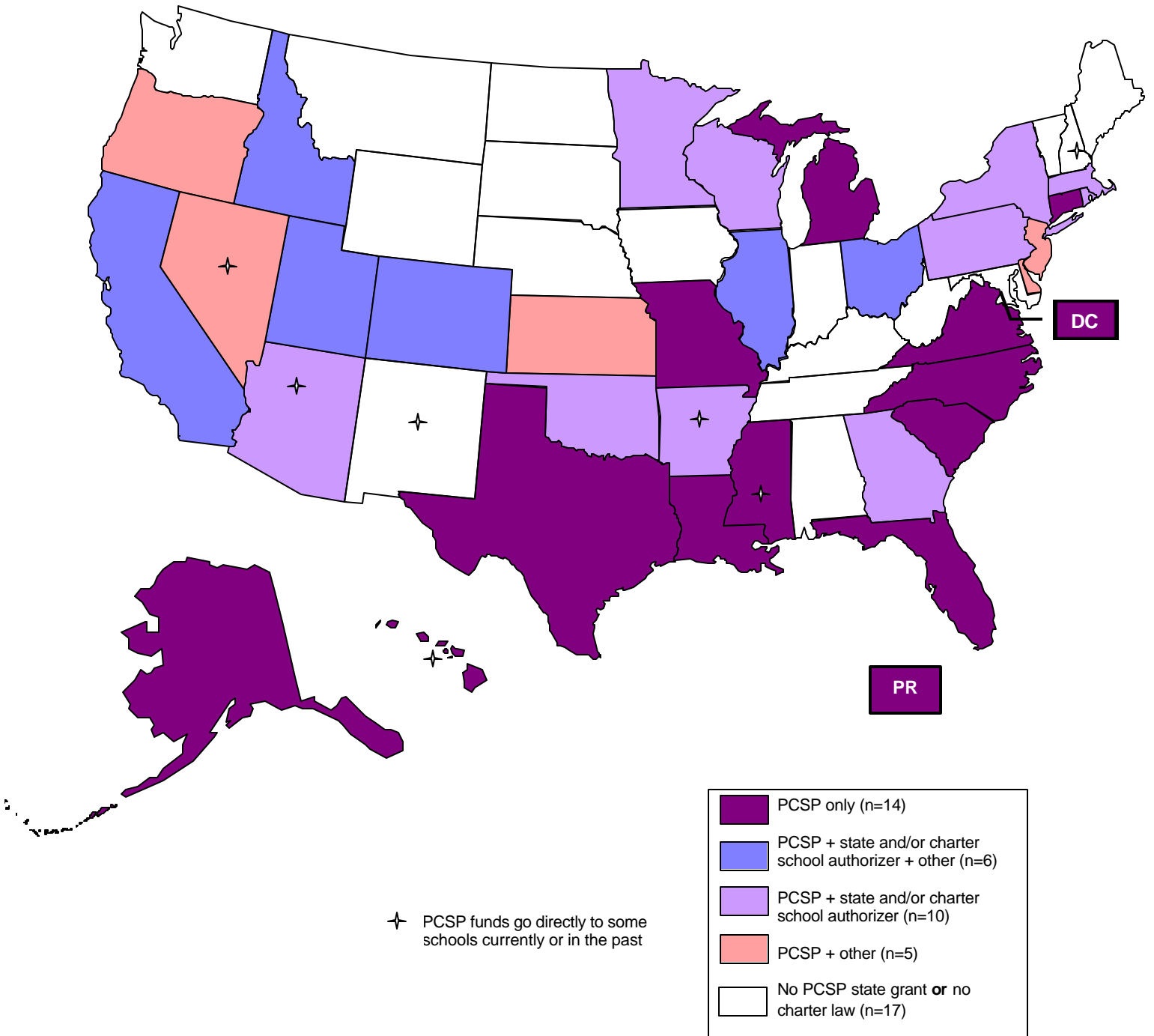


Exhibit 2-3
REPORTED SOURCES OF CHARTER SCHOOL START-UP FUNDS
 (Source: 1999-2000 Survey of State Charter School Coordinators)



The pattern of growth in the number of PCSP subgrants awarded annually mirrors the growth in the number of states with charter school legislation, the number of states eligible for PCSP grants, and increases in PCSP appropriations. In general, more and more new and developing charter schools are benefiting from the availability of the federal funds. In some states, however, the pattern is more

variable (see Exhibit 2-4). There are no consistent reasons for this variability. In Pennsylvania, for example, the number of subgrant awards dipped slightly from 1997 to 1998. In Connecticut, growth in the number of charter schools is slow; therefore, existing charter schools are “aging out” of eligibility for PCSP funds and not being replaced by newer schools.

**Exhibit 2-4
NUMBER OF PCSP SUBGRANTS AWARDED, BY STATE AND YEAR**

State	1996 (n=12)	1997 (n=17)	1998 (n=19)
Alaska	11	21	5
California	32	52	83
Colorado	35	49	14
Connecticut	12	15	16
Delaware	0	5	9
District of Columbia	4	22	30
Florida	5	33	70
Georgia	17	9	26
Illinois	0	12	15
Kansas	23	15	15
Minnesota	13	15	36
Missouri	0	0	10
New Jersey	0	14	9
Pennsylvania	0	43	41
Puerto Rico	16	20	43
Rhode Island	0	0	2
South Carolina	0	22	15
Texas	12	15	61
Wisconsin	50	78	81
Total	230	440	581
Mean	19	26	31
Median	14.5	20	16

The survey of charter school authorizers also confirmed the importance of PCSP start-up funds to the continuing development of the charter school movement. Charter school authorizer representatives reported that PCSP subgrants were a common source of start-up funds for schools sponsored by at least 69 percent of the authorizer sample. This figure was probably even higher, since 23 percent of authorizer respondents did not know whether their state or sponsored schools received PCSP funds. (Only 8 percent of the authorizers knew for sure that their schools had *not* received subgrants.)

One final, indirect indicator of the importance of the PCSP to charter schools comes from 4 years of data compiled for the National Study of Charter Schools, conducted by RPP International. In each year of this study, new charter school operators were asked to identify barriers to opening their schools. In 1995-96 and 1996-97, the lack of start-up funds was identified by nearly 60 percent of survey respondents as the greatest single obstacle that they faced (59 percent in 1995-96 and 55 percent in 1996-97). By 1998-99, lack of start-up funds remained the number one barrier, but the proportion of respondents from new charter schools identifying it had dropped to 39 percent (RPP International and the University of Minnesota, 1997;

Berman et al., 1998; Nelson et al., 2000). Although this change in the intensity of the problem cannot be attributed directly to the PCSP, the authors of the study's fourth-year report speculate that the combination of the PCSP and the availability of some state start-up funding was making a difference (Nelson et al., 2000, p. 44).

Evaluation Theme 2: Public Charter Schools Program funds flow as Congress and the U.S. Department of Education intended—as grants to states and then directly to charter schools as subgrants. Overall, 95 percent or more of PCSP funds are spent at the charter school level.

PCSP grants are awarded competitively, whether to states or to individual schools in states that do not receive grants. The existence of a state charter school law does not guarantee that a state will receive a PCSP grant. According to staff of the PCSP Office, several state applications have been denied over the years for reasons that range from the fact that no charters have been awarded to concerns about equity to questions about the planned state strategies for supporting charter schools.⁵ However, most states where charters have actually been awarded have eventually received funds. Because of the competitive process, the program has not necessarily funded all the individual schools that apply directly to ED in a given year.

Finding: As allowed in the legislation, states retain 5 percent or less of their PCSP grants for administrative purposes.

The PCSP legislation specifies that state grantees may reserve up to 5 percent of their total grant for administrative purposes at the state level. Some states

have tried to have this rule waived to keep more money for purposes such as evaluation or establishing and supporting a state charter school resource organization. According to PCSP Office staff, no exceptions have been made.

The amount of funding for state administration of the PCSP program is relatively modest. On average, based on 1998 state grants, a state had about \$130,000 for administrative purposes. Most state coordinators indicated that they do retain 5 percent of their total funding, but some states hold back smaller amounts. For example, in 1998, the state educational agency in Georgia reserved only \$10,000 (less than 1 percent) of its \$2,421,053 grant. Appendix C shows the amounts that states had available for subgrants in each year of funding after their allowable or actual set-asides were deducted from the total grant amount.

Seventeen states provided a breakdown of the state portion of their PCSP grant for

⁵On the state coordinator survey, nine states noted that their applications for PCSP funds had been denied one or more times.

1998-99 (see Appendix D). The budgeting categories requested by the SRI team matched the budget page in the PCSP application. The largest expenditure category is salaries, with a mean of about \$45,000 allocated to this purpose per state.

Prior to this data collection effort, it was unclear whether charter school authorizers played a significant role in the flow of PCSP funding from the state to a charter school. On the basis of a sample of 48 charter school authorizers, the answer is straightforward: unless the charter school authorizers were state bodies, they had very little involvement in decisions about PCSP funds. In addition, unless the charter school authorizers were state bodies, they did not receive PCSP funds for their own activities. Although charter school authorizers often functioned as the flow-through agencies or fiscal agents for disbursing PCSP funds, this relationship rarely entailed other types of involvement or withholding. In fact, only two school districts reported receiving a share of a subgrant. (Appendix E provides a percentage breakdown of charter school authorizers receiving PCSP funds.)

Finding: As allowed in the legislation, states have developed their own procedures for awarding subgrants.

States have taken primarily two approaches to distributing subgrants: (1) a subgrant competition with winners and losers in which charter schools or charter

school planners respond to a request for proposals and are rated and ranked (67 percent) and (2) a calculation that distributes the available PCSP funds for subgrants to all eligible charter schools or planners in the state (43 percent). These approaches are not necessarily mutually exclusive. (Appendix F provides additional information on how states award PCSP subgrants.)

Some states staged their subgrant awards and employed both distribution methods, often awarding an equal lump sum as a planning grant to all groups with newly awarded charters. Implementation grants might then be competed or awarded by a formula that took into account various factors but generally included an enrollment size variable. For example:

- Massachusetts awarded an equal, lump sum planning grant following charter approval. Implementation grants were awarded by a formula that accounted for enrollment, year of implementation, and other factors.
- North Carolina distributed 80 percent of available subgrant funds equally among all eligible charter schools. The remaining 20 percent was distributed by a formula based on enrollment.
- Colorado awarded subgrants competitively but also applied an enrollment formula to the selected subgrantees.

Many states preferred to award PCSP subgrants in annual installments to control for the possibility that efforts to start a charter school might fail or flounder. In the states where this had happened, any PCSP funds that were withheld from a failing enterprise were generally redistributed to other charter schools.

In their subgrant award processes, some states establish priority factors for targeting some or all of the funding. For example, 36 percent of respondents gave priority to applicants from schools that do or will serve special student populations, and 14 percent targeted schools located in low-income communities. (Appendix G provides additional information on those factors given priority in the subgrant process.) Other priority strategies were idiosyncratic to a state. For example, Connecticut had a statewide educational priority to reduce the racial isolation of students. Charter schools that addressed this goal were eligible for a supplemental PCSP grant. The District of Columbia Board of Education focused particularly on first-year schools, whereas New Jersey intended for 50 percent of its charter schools to be in urban areas and distributed PCSP funds accordingly. Puerto

Rico also targeted its PCSP subgrant awards to applicants who focused on technology, innovative practices, and teacher training.

Whether a state has set priorities or not, most states apply some criteria in making subgrant awards and determining funding levels (see Exhibit 2-5). A state ceiling on the award level for subgrants was applied by a total of 18 states—the most commonly reported response category in the exhibit. The grant applications that the states themselves submitted to ED were often based on theoretical projections about the numbers of charter schools that they expected to support and the stages of development at which those schools would be in any given grant year. This logic translated into a maximum subgrant amount that the states planned to award to an individual school over a 3-year period. States, therefore, think in terms of ceilings or caps on subgrants. For example, an Ohio respondent reported that the state has set a maximum of \$150,000 per charter school for PCSP-funded implementation grants. (Planning grants in Ohio come from state funds.) Missouri expects to award subgrants up to a maximum of \$80,000, and Virginia is considering a \$100,000 cap.

Exhibit 2-5
NUMBER AND PROPORTION OF STATES WITH SPECIFIC CRITERIA
FOR DETERMINING SUBGRANT FUNDING LEVELS
(n=30 States)

Selected Criterion	Number of States	Percent of States
State ceiling on subgrant award level	18	60%
Quality of subgrant proposal	17	57%
Funding level requested	17	57%
Justification for funds requested	17	57%
Funds available for subgrants divided by the number of eligible charter school applications	15	50%
Recommendations of peer reviewers/field reviewers	13	43%
Student enrollment or projected student enrollment	13	43%
Start-up needs greater than in other charter schools	10	33%
Negotiation of funding level with subgrantee	9	30%
Number or percentage of educationally disadvantaged students	6	20%

The majority of states reported that the quality of subgrant proposals is important in determining subgrant recipients and funding levels. Even if the overall subgrant award strategy that a state uses is not competitive, the application process sometimes involves multiple stages of review, comment, and revision before an award is made. A number of states issued elaborate subgrant application packages. In Colorado, California, and Illinois, the application package included the scoring rubric that would be used to rate and rank the proposals, making the quality criteria clear and systematic for applicants. Twenty-four states reported that they used some type of proposal review process with panels or committees of reviewers. (Appendix H provides detail on the criteria used to award PCSP funds, by type of subgrant.)

In later reports, SRI International will report on the number of schools receiving subgrants, the range of subgrant amounts, and the use of PCSP funds in charter schools.

Finding: States use different definitions of “start-up,” differences that affect eligibility for PCSP subgrants.

Definitions of what constitutes the “planning” period are particularly variable among the PCSP states. Much of the variation can be attributed to the chartering process specified by a state’s charter school law, since some specify the length of planning periods and others are more flexible on the time allowed between the charter award and when the school is operational. Among the 24 states that make some distinction between types of subgrants (e.g., planning, implementation), 5 states (20 percent) award planning subgrants to groups that have not yet

received a charter from a charter school authorizer; 4 states (17 percent) award subgrants to groups with a preliminary charter that will not be finalized until a charter school actually opens; and 15 states (63 percent) award subgrants to schools that are fully chartered but not yet open for business. Exhibit 2-6 displays eligibility criteria for planning subgrants. (In addition to different definitions of what constitutes the planning period, state grantees may also define those entities eligible to receive PCSP subgrants. Appendix I provides an overview of eligible PCSP recipients, by type of subgrant.)

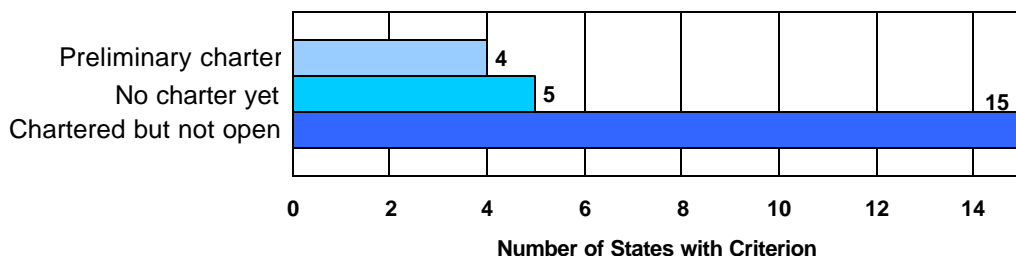
Finding: The use of PCSP subgrant funds is largely unrestricted.

Once subgrants are awarded, most states place very few restrictions on how the subgrantees can use the money. Major construction costs are barred by federal rules, although minor renovations could be undertaken with PCSP funds with permission of the federal program office. Most states reported that they barred charter schools from using subgrants for

purchasing facilities, but many allowed the money to be applied to renting and leasing of space. Application packages often listed examples of allowable activities but specified that the list was suggestive, not comprehensive.

However, on the basis of their growing years of experience in working with new charter schools, some state coordinators and charter school offices reported that they were becoming more proactive in steering schools and planning groups toward more specific uses of PCSP funds. In Massachusetts, for example, planning grants were relatively unrestricted, but implementation grants had designated categories (e.g., student assessment, evaluation, dissemination), and charter schools were required to allocate funds to these and other categories. Colorado emphasized the same uses without actually designating budget allocations. Texas required subgrantees to use some funding to support Internet access.

**Exhibit 2-6
ELIGIBILITY CRITERIA FOR PCSP PLANNING SUBGRANTS**



Evaluation Theme 3: In addition to providing financial support, the Public Charter Schools Program has provided national leadership in the charter school movement through policy-setting, research, networking, and technical assistance to the field.

Although its funding levels have grown quickly, the PCSP nevertheless remains a relatively small federal program with a relatively circumscribed constituency. These circumstances, plus the charter school movement's sense of itself as a "cause," have encouraged close working relationships between the federal program office and the field.

The PCSP is administered by a small program office that is housed within the Office of Elementary and Secondary Education of the U.S. Department of Education. The PCSP Office has a Director and approximately four other staff to oversee the grant-making process, the monitoring of grantees, and the development and implementation of national charter school activities.⁶

Finding: The PCSP takes a leadership role within the Department of Education in helping shape the national charter school agenda.

PCSP staff and representatives of other offices in ED have formed a collaborative, Departmentwide team on school choice issues. This team drafted the proposal for the reauthorization of the PCSP in 1998. In addition, the team has collaborated on developing final regulations designed to ensure that new and expanding charter schools receive the funds for which they are eligible under other federal programs, such as Title I and special education. These final regulations were published in December 1999. The PCSP is also involved in the development of nonregulatory guidance on this issue. Data from the survey of state coordinators indicate that two-thirds (66 percent) of state grantees have found federal staff to be responsive and helpful regarding questions about charter schools and federal entitlements.

⁶ Current law allows up to 5 percent or \$5 million of appropriations to be held at the federal level for national activities (research and demonstration projects, national conferences, etc.). The original legislation allowed 10 percent.

In October 1998, Congress reauthorized the PCSP legislation. The reauthorized law seeks to put policy pressure on states to increase both flexibility and accountability for charter schools. For example, to enhance flexibility for charter schools, states are strongly encouraged to allow at least one other type of charter school authorizer besides local educational agencies and to ensure that charter schools have autonomy over their own budgets and expenditures. On the accountability side, states that review each operating charter school at least once every 5 years are given priority in the application process. (In some states, it is currently 15 years before a charter comes up for renewal.)

The new emphasis in the reauthorized PCSP statute on giving charter schools elbow room and regularly holding them accountable appears to have had a moderate impact on provisions in state charter school laws and regulations in the year since enactment. The survey of state coordinators found that seven state officials believe that the reauthorized federal law has led to changes in state charter school policies. These include:

- More frequent review and evaluation of charter schools.
- An increase in the number of agencies allowed to charter.
- Addition of an appeals process for charters that are denied.

- An increase in the number of charter schools allowed.
- An increase in the degree of charter school autonomy allowed.

Independent of the federal legislation, many states have adopted different combinations of these provisions on their own in new or amended charter school laws.

To inform policy-making and contribute to documentation of the development of the charter school movement, the PCSP also uses its national activities set-aside to support an extensive research and demonstration project agenda. Appendix J summarizes the research, demonstration, and evaluation projects that were supported with PCSP funds from 1995 through 1999. Most such projects are funded through contracts with ED.

The research and demonstration projects have been designed to investigate issues that are of interest or concern to the charter school movement, but intended audiences are far broader and include policy-makers and the education community at large. The PCSP Office is in the process of identifying a new set of research needs and issue areas concerning the continued development of the charter school movement. The new agenda is being informed by focus groups with charter school authorizers and charter school

developers and operators, as well as debriefing conferences with researchers.

Finding: PCSP staff have taken an active approach to connecting charter school operators, sponsors, and support groups with each other and with other resources.

The PCSP Office has been responsible for organizing, supporting, or simply participating in a variety of networking and information-sharing activities using a number of different strategies. These include multiple on-line networks and discussion groups for various stakeholder groups—for example, charter school operators, charter school authorizers, and state coordinators. The program office also planned and organized two well-attended national charter school conferences (November 1997 and March 1999) and has helped shape a popular charter school Web site (www.uscharterschools.org). All of these activities have helped to broaden and shape the discourse on public school choice.

Finding: The PCSP is responsive to technical assistance requests from states and other PCSP grantees.

The national evaluation of the PCSP program has been asked specifically to address research questions concerning the availability and effectiveness of technical assistance provided by program staff to the field. Recipients of PCSP grants were asked about technical assistance needed

and received in the context of preparing their proposals and their annual reports. In general, states and charter schools applying directly to ED for a PCSP grant perceived greater need for technical assistance at the application stage (see Appendix K). We then asked those respondents who had needed assistance where they had gotten it. The results are shown in Exhibits 2-7 and 2-8. Federally sponsored sources (ED staff, the U.S. charter schools Web site, and national conferences) were named most frequently.

Survey respondents were also given the opportunity to comment on the quality of the technical assistance that they received from the PCSP Office and other sources. In terms of the application process, 20 of 27 respondents (74 percent) were generally satisfied or very satisfied with the process and the assistance received, whereas 5 respondents offered significant criticisms of both application processes and the responsiveness of the staff. Fewer respondents had comments about the annual reporting process, and 63 percent of states were satisfied with the help received. Critics of the technical assistance relationship at the reporting stage focused on the lack of clarity and guidance about how to handle carryover funds from one grant period to the next.

Exhibit 2-7
SOURCES OF TECHNICAL ASSISTANCE IN PREPARING APPLICATIONS

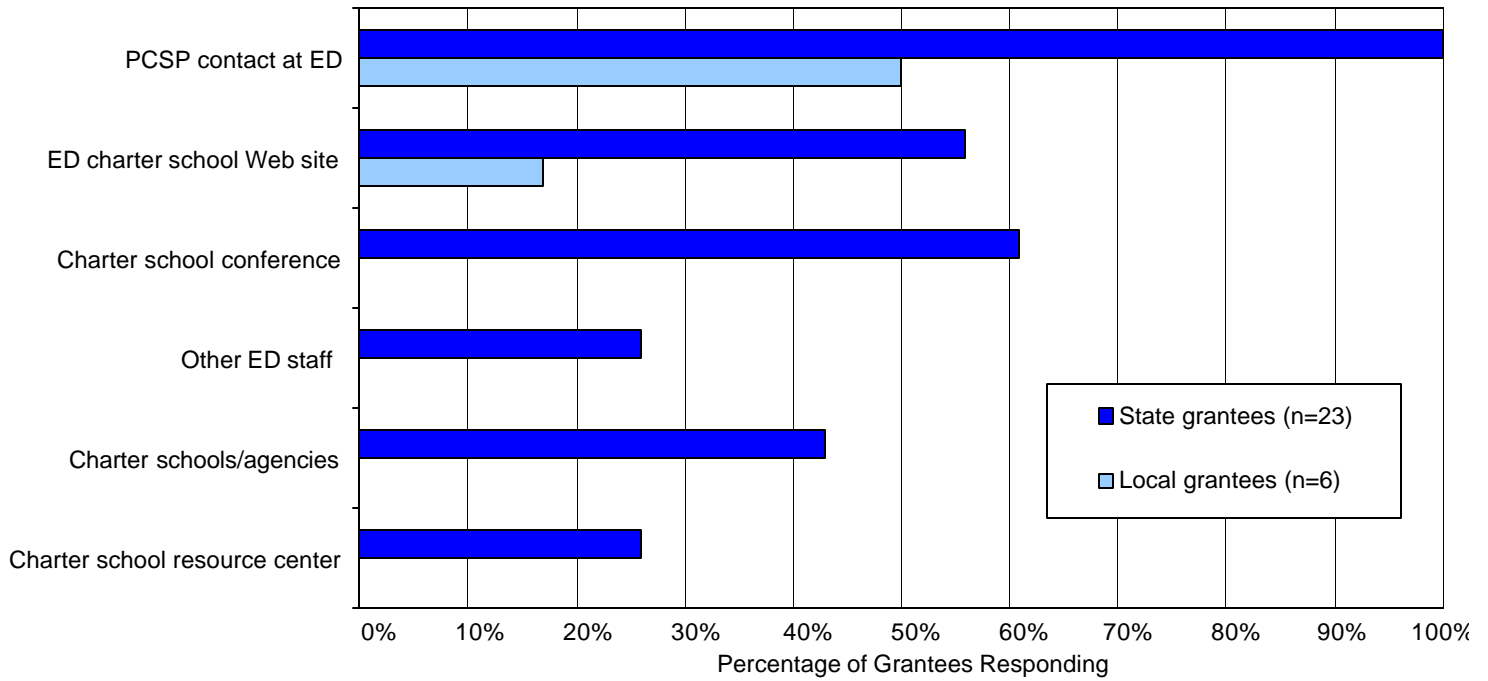
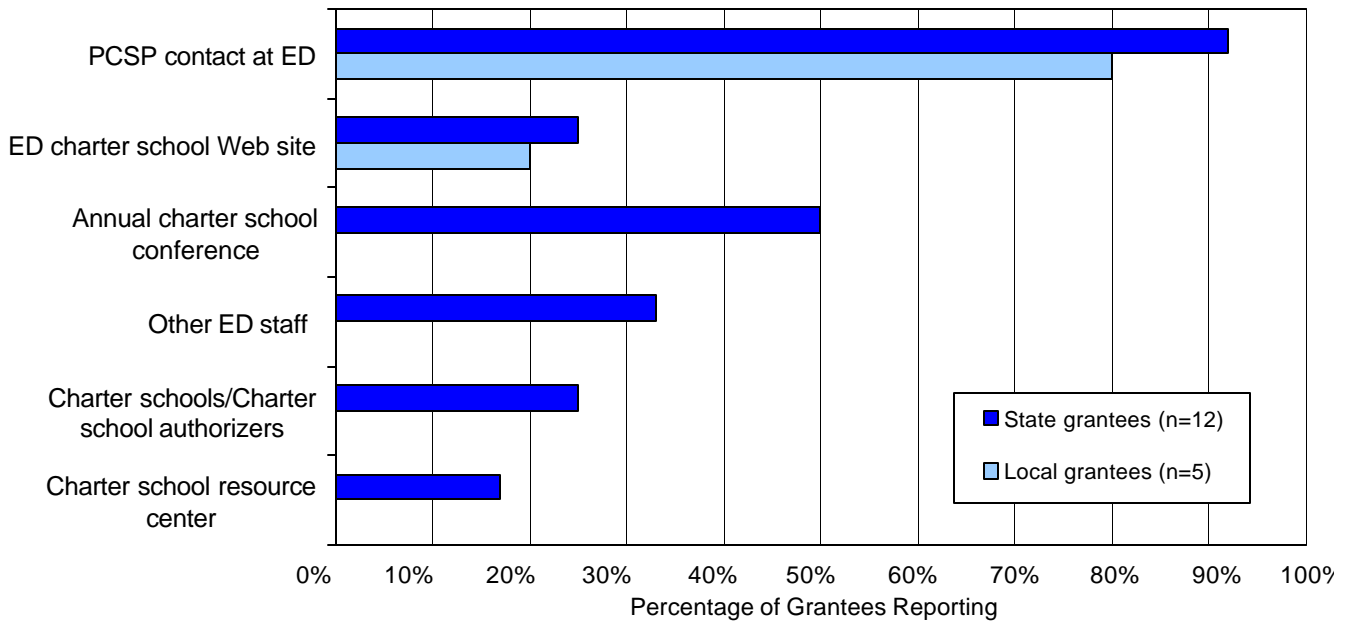


Exhibit 2-8
SOURCES OF TECHNICAL ASSISTANCE IN PREPARING REPORTS



CHAPTER 3 FLEXIBILITY

Evaluation Theme 4: States, in general, are working toward increasing the avenues available to charter applicants, either by expanding the types of agencies that can charter or by loosening limits on the numbers of charter schools permitted.

The decision to allow charter schools to open in a particular state begins with the crafting of legislation required to authorize them. Charter school laws come into existence through the political process and reflect the overall political climate in the state, including its current educational policies (e.g., standards and accountability), as well as the input of many interest and advocacy groups. These laws usually define the general purpose of schools, the absolute number of schools that can open, who can operate them, what agencies can sponsor them, how charter schools will be funded, and expectations for how to evaluate their success. There is tremendous variation in the ways in which states have come to the task of authorizing charter schools through legislation, and previous research has suggested that states can either encourage or discourage charter schools and charter school growth through their legislative approach (Berman et al., 1998; Jennings et al., 1998; Hirsch, 2000).

The legislative landscape is also constantly changing as new states enact legislation and existing laws are amended.

The 1998 reauthorization of the federal Public Charter Schools Program explicitly established priority criteria for awarding grants with the intention to promote greater flexibility (and accountability) in new and amended state charter school laws. These priorities included: increasing numbers of high-quality charter schools, additional types of authorizing agencies besides LEAs, broad autonomy over fiscal matters, and periodic reviews. Although few state policies have been changed in direct response to PCSP priorities, many state laws are moving in directions that the U.S. Congress encouraged in the charter school amendments. As states reevaluate charter school laws over time, an overall trend has been to expand the types of agencies that can award charters or to loosen limits on the numbers of charter schools (Hirsch, 2000).

Finding: State laws allow a diverse range of agencies to award charters to schools.

Local boards and state boards of education are most frequently permitted to grant charters; however, many other types of agencies—e.g., universities and colleges, independent chartering boards, and

municipal governments—are also involved in chartering. As Exhibit 3-1 indicates, states allow a diverse set of agencies to award charters to charter schools. For example, approximately one-fifth of states with charter legislation permit universities and colleges to authorize charter schools. County boards, municipal governments, intermediate districts, and chief state school officers are also represented in this group of charter school authorizers.⁷

Over the last few years, several states have even expanded the types of agencies that are permitted to charter in the state. For example, Minnesota has added private colleges to an already diverse list of charter school sponsors. Wisconsin authorized the creation of charter schools by the common council of the City of Milwaukee (the Mayor’s office), the chancellor of the University of Wisconsin-Milwaukee, and the Milwaukee Area Technical College in the Milwaukee school district. Massachusetts, which previously had allowed only new charter schools sponsored by the state, amended its law and created Horace Mann charters—converted public schools that must receive approval by the local school

district and teachers’ union before applications are sent to the state.

The diversity of types of agencies is also represented in the different relationships and processes established for chartering. Appendix L describes in greater detail a way of grouping some of the interrelationships created by state legislative provisions regarding who can grant charters.

Finding: Although caps on the number of charter schools have been an obstacle to charter school growth in some states, the overall trend is to loosen or expand these limits over time.

Formal caps on the numbers of charter schools are an interesting political indicator of a state’s willingness to engage in charter school reform. Some states are clearly more cautious than others in the number of charter schools they allow. However, over the last few years, legislative trends have pointed in the direction of lifting caps in several states. Since 1997, at least 10 states have made adjustments to caps by increasing the number, lifting a cap entirely, or removing expiration (or “sunset”) provisions on charter school legislation. In addition, respondents in states that have caps frequently cited attempts that have been made to raise or eliminate them. This trend began, in some states, even before the federal reauthorization of the Public Charter Schools Program, which now places a priority on grants to states with legislation that encourages increasing the

⁷The range of types of charter school authorizers nationally was reflected in the Year 1 sample. The sample included a large majority of local educational agencies (n=34), some state entities (n=8), a few institutions of higher education (n=3), and independent boards or municipal entities (n=3).

number of high-quality charter schools. Policy analysts argue that these shifts might indicate that some of these states have moved from the “experimental” phase to viewing charter schools as an accepted part of the educational reform landscape (Hirsch, 2000).

Almost one-third of states (12) with charter legislation have no cap on the numbers of charters that can be opened.⁸ Another 42 percent have an overall statewide cap or regional restrictions that add up to a statewide cap. The remaining 10 states (26 percent) either have (a) caps by type of authorizer or type of school or (b) annual caps overall in the state, by type of authorizer or type of school. For more detail on types of caps across states, please refer to Appendix M.

Some states with types of caps other than total statewide caps also have the largest number of charter schools in operation, such as Arizona with 273 charter schools, Texas (173), Michigan (175), and North Carolina (92). Puerto Rico (81) and Colorado (68). At the same time, certain high-incidence states, like California and Florida, do have total statewide caps, but they are very high or have been expanded over time. California waived its original caps on both the total number of schools statewide and the number of schools chartered by a single school district, and the legislature ultimately raised the cap to 250 in 1999, increasing automatically by 100 every year after that.

In most of the states with total statewide caps in place, there appears to be opportunity for future growth in the charter school population. Exhibit 3-2 shows those states with total statewide caps alongside the number of charter schools in operation as of September 1999. In at least two of these states (Massachusetts and Louisiana), additional increases may be authorized in upcoming legislative sessions, as a result of legislative amendments.

⁸ This statistic is consistent with data reported in the fourth-year report from the National Study of Charter Schools (Nelson et al., 2000, p. 12).

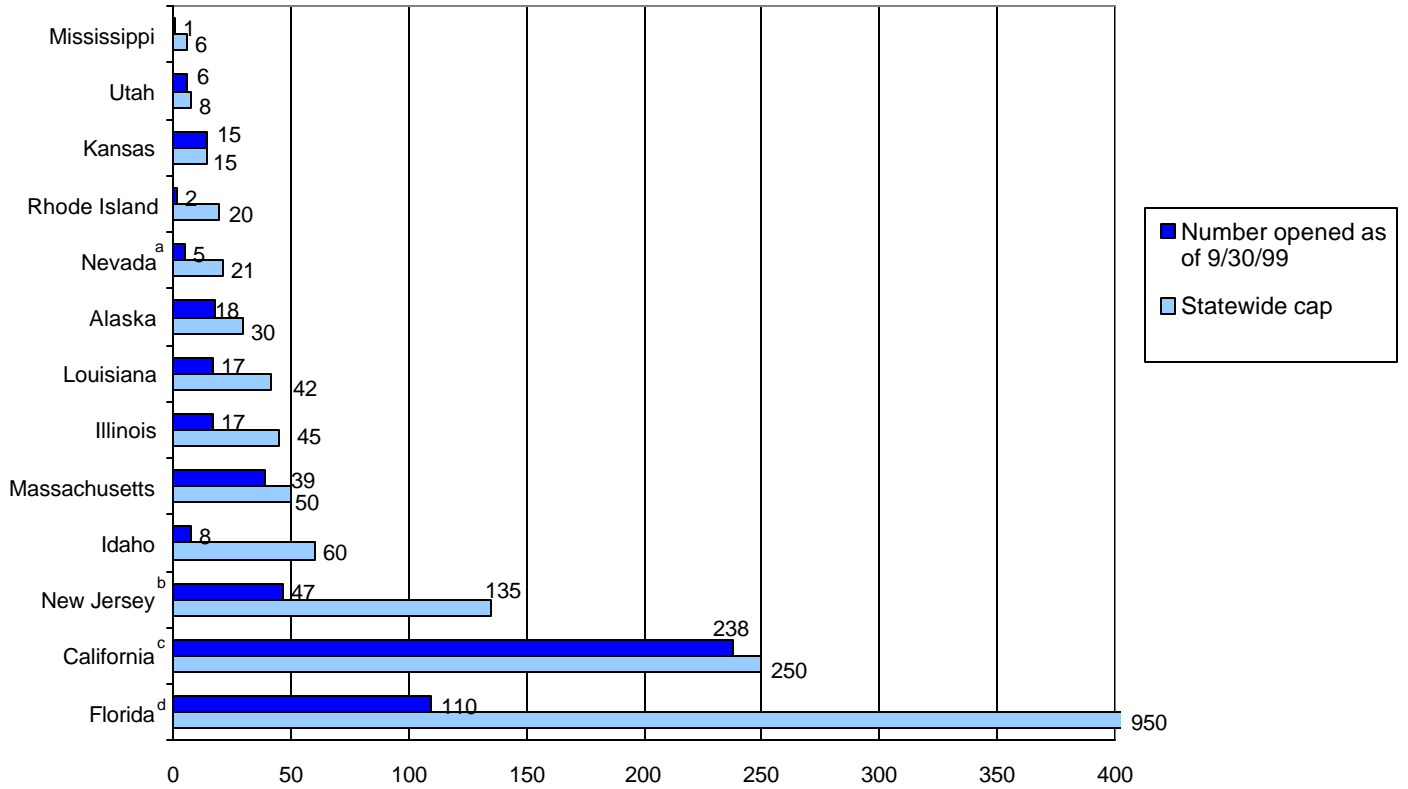
Exhibit 3-1
TYPES OF AGENCIES PERMITTED TO CHARTER
(n=38)

Type of Agency	States Permitting Agency to Charter	
	Number of States	Percent of States
Local school boards	25	66%
State board of education	24	63%
Local school districts	11	29%
Universities and colleges	8	21%
Community colleges	4	10%
Independent or special charter school boards	4	10%
Other (e.g., intermediate school districts, local unions)	4	10%
County boards of education or county offices of education	3	8%
Chief state school officer	2	5%
Municipal governments	2	5%
State board for higher education	0	0%
State educational agency	0	0%

On the other hand, though statewide caps may seem to be the most restrictive, caps on numbers of charters permitted to be chartered in a specific region or by a particular authorizer could prove to be as much of an obstacle to a potential charter applicant. For example, Michigan’s cap applies only to universities, but the universities have been the most active charter school authorizers in the state. In other states with regional limitations, caps applying to certain areas have already been reached. The Illinois charter law, for example, capped Chicago at 15 charter schools, and that limit has already been reached. The SRI telephone survey of charter school authorizers indicated that

these respondents were aware of caps under their state laws, how caps have been implemented, and what caps mean for their own activities. Local implications and perceptions of state caps vary considerably, even within the same state. Some saw their states’ caps as absolute (which were usually accurate perceptions); others understood that there was some flexibility in how state caps were implemented. One district administrator said that her state “can transfer allotments [of allowable charters] from other regions [of the state] if needed elsewhere.” A few respondents, particularly in state-level charter school authorizers, indicated that changes in their state laws had affected their own volume of chartering.

**Exhibit 3-2
STATES WITH STATEWIDE CAPS AND NUMBER OF CHARTERS OPENED***



*Oregon and Virginia are excluded because state caps have not been calculated or estimated at this point.
a-Nevada's effective cap was calculated by the SRI team on the basis of legislation.
b-New Jersey's statewide cap expired January 2000.
c-An additional 100 per year are permitted.
d-Florida's effective cap was calculated by the state coordinator.

Evaluation Theme 5: Reports from states and charter school authorizers suggest that charter schools have certain freedoms that other public schools do not, but that they are also subject to many of the same regulations and requirements. Perceptions of these freedoms differ between state and charter school authorizer respondents, and among charter school authorizers.

Finding: Half of the 38 states with charter school laws automatically grant waivers from many state laws, rules, and regulations; the other half either require charter school applicants to negotiate waivers on a case-by-case basis or ban waivers altogether.

A majority of states allow charter schools significant freedom from rules and regulations, which, in many cases, is greater than that allowed other public schools. State charter laws and policies usually address how other state laws are waived for charter schools. The Year 1 telephone survey of state charter coordinators included items that asked respondents to characterize the waiver options for charter schools.

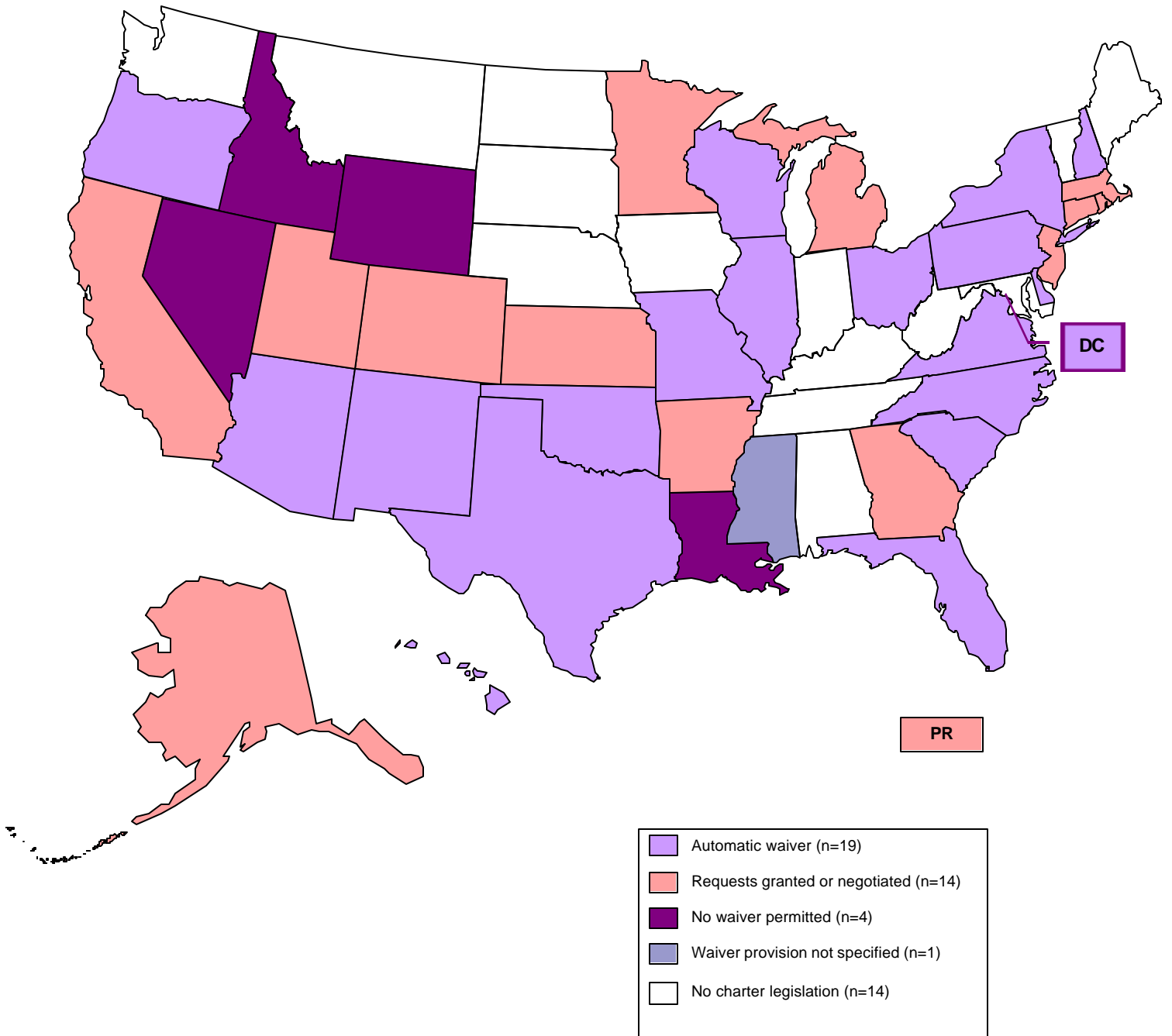
Half of the states provided charter schools with automatic waivers of state rules and/or regulations (see Exhibit 3-3). This typically meant that charter schools

were freed from most state and district regulations, with a few exceptions (federal regulations, health and safety rules, and civil rights laws in many cases; also insurance, state testing, compulsory attendance, minimum age requirements, and desegregation requirements in a few others).

Four states did not allow state laws to be waived at all (but may have permitted limited waivers of other policies and regulations).

Fourteen other states permitted waiver requests and/or waivers negotiated with the charter school authorizer. In states where waiver of regulations is left to a negotiation process, the amount of freedom realized by a charter school may depend on the charter school authorizer's orientation to and relationship with charter schools.

**Exhibit 3-3
HOW STATE LAWS ARE WAIVED FOR CHARTER SCHOOLS**

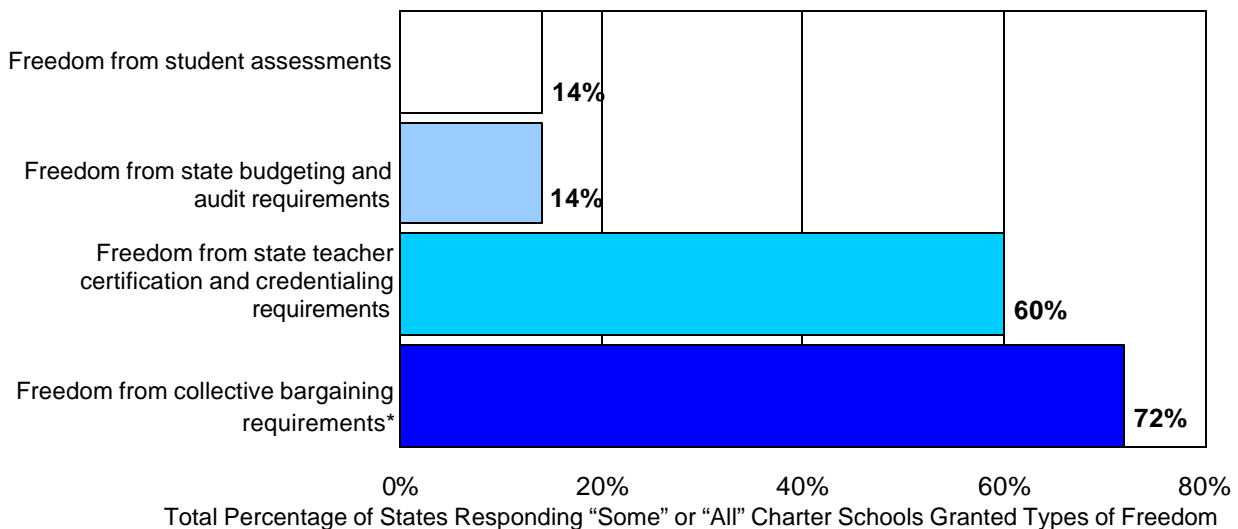


Finding: In general, state charter school policies do not exempt charter schools from state student assessment or budgeting/auditing requirements. Charter school authorizers, on the other hand, reported that charter schools have considerable autonomy over key aspects of their programs.

State charter coordinators were asked to indicate whether their state laws permitted certain freedoms to all, some, or no charter schools. Respondents were also asked whether noncharter schools were eligible for these freedoms. As Exhibit 3-4 displays, state charter school coordinators reported that freedoms granted to charter schools are least common when fiscal requirements and student assessment are involved.

The fact that charter schools do not have much freedom from state budgeting and audit regulations or from student assessment requirements reflects the expectations for all public schools. That is, institutions that receive public funds and produce a public good (i.e., educated students) should be accountable for the use of resources and the results of the educational process. Although charter schools represent a growing effort to rethink accountability, they remain public schools, and the agencies that sponsor them retain many of the same monitoring responsibilities that have always been in place.

Exhibit 3-4
TYPES OF FREEDOMS GRANTED TO CHARTER SCHOOLS, AS REPORTED BY STATES
(n=37)



*Seven states reported that collective bargaining was not an issue because they had no collective bargaining requirements.

Compared with the limited flexibility on state assessments and budget/auditing requirements, greater flexibility is apparent in domains related to teacher preparation and collective bargaining agreements, where equal numbers of states grant or deny the freedoms. These freedoms may seem relatively modest, particularly because of the charter movement's emphasis on deregulation. However, it does appear that charters enjoy considerably more freedoms than other public schools, even when these other schools are eligible for such freedoms by waiver.

Data from the charter school authorizer survey appear to tell a slightly different story about charter school freedom and control. Exhibit 3-5 suggests a high degree of control by charter schools over key areas, including purchasing, staff salaries and benefits, and other budgetary expenses. These findings must be interpreted with care, since the two surveys asked these questions in different ways. However,

the difference in perspective between charter school authorizers and state charter school coordinators is part of the diversity of the whole movement. There are other areas where charter school authorizers reported that charter schools have less control (e.g., assessment and student admission policies).

The variation in perceptions of charter school autonomy within the sample of charter school authorizer respondents and the differences between charter school authorizers and states make it difficult to generalize about the extent to which charter schools are really exempt from the requirements that regular public schools face. On the other hand, as a piece of the flexibility-accountability debate, it is clear that the charter movement has generated significant diversity in the application of the principles of local control—variation that could, in turn, be an interesting factor in explaining the success or failure of certain schools.

Exhibit 3-5
CHARTER SCHOOL AUTHORIZERS' REPORTS OF CHARTER SCHOOL CONTROL
(n=48)

Areas That Charter Schools Control	Total Percentage of Charter School Authorizers Reporting "Some" or "All" Charter Schools Granted Types of Control
Purchasing of supplies and equipment	92%
Daily schedule	90%
Specifying curriculum	89%
Budgetary expenses other than salaries and benefits	85%
Student disciplinary policies	83%
Staff hiring, discipline, and dismissal	81%
School calendar	77%
Staff salaries and benefits	75%
Student assessment policies	67%
Student admission policies	60%

Finding: In general, charter school authorizers that are *not* local educational agencies (e.g., agencies like state boards of education, institutions of higher education, and special chartering boards), allow charter schools greater flexibility and autonomy.

Data from the charter school authorizer survey permitted a deeper look at the idea of control or autonomy. On the basis of the Year 1 responses, it

appears that the extent to which charter schools have control over decisions and policies is closely linked to the type of agency that charters them. Exhibit 3-6 shows a pattern of a greater degree of control at the individual school level when sponsors are not local school boards, school districts, or county-level bodies.

Exhibit 3-6
EXTENT TO WHICH CHARTER SCHOOLS CONTROL POLICIES AND DECISIONS RELATED TO FINANCE AND MANAGEMENT, BY TYPE OF AUTHORIZER

Areas That Charter Schools Control	Local n=34 (mean response*)	Other Agency n=14 (mean response*)
Purchasing of supplies and equipment	2.71	3.00
Student disciplinary policies	2.47	3.00
Student assessment policies	2.06	2.71
Student admission policies	2.06	2.57
Staff salaries and benefits	2.21	3.00
Staff hiring, discipline, and dismissal	2.41	3.00
Budgetary expenses other than salaries and benefits	2.50	2.93
Daily schedule	2.71	3.00
School calendar	2.38	2.71
Specifying curriculum	2.67	2.83

* The mean scores were based on converting responses to a 3-point scale with "all" equal to 3, "some" equal to 2, and "none" equal to 1. "Other agency" includes state board or agency, institution of higher education, and other types (e.g., independent chartering board).

CHAPTER 4 ACCOUNTABILITY

Evaluation Theme 6: Both states and charter school authorizers are establishing processes to hold charter schools accountable, often focusing on student achievement.

States approach accountability in various ways. Massachusetts, a state with a centralized accountability system for its charter schools, employs an experienced inspection team in the charter renewal process. As each school comes up for renewal, a team of seasoned educators evaluates the charter school's progress and renewal application through observations and interviews at the school site. The team prepares a report, including recommendations to the state (which, in this case, is the charter school authorizer). The conclusions of the inspection team serve as evidence for either granting or denying the school's renewal application. In focus groups conducted by SRI International, charter school leaders who had undergone this inspection reported that the process was a tremendous learning experience.

It is important to note that the Massachusetts inspectorate model is not the norm for either states or charter school authorizers. As the following findings indicate, states and charter school authorizers have many approaches to holding charter schools accountable.

Finding: In general, states reported that charter schools are held to the same student outcome measures as other public schools, particularly with respect to state testing requirements. Similarly, charter school authorizers reported that nearly all charter schools have measurable goals in the area of student achievement.

The charter school movement is coming of age during a time when increasing demands are being made for public school accountability. Hence, even though charter schools may be designed to “break the mold” and “think outside the box,” these schools are usually held to the same or greater outcome standards as other public schools. Requiring charter schools to participate in state assessments and to submit the same financial reports as other public schools and school districts is the way that states usually enforce this expectation. Most survey respondents argued that charter schools should also be held to the goals set in their charter, in addition to the traditional measures.

State charter coordinators were asked to identify appropriate goals for charter schools, how they should be measured, and overall expectations for charter school accountability. The majority of respondents

indicated that their state laws dictated broad expectations for charter schools, usually by requiring that charter schools establish measurable goals for student performance, in addition to participating in assessment programs and meeting state standards. In states that require specific goals to be stated in the charter application, the goals are typically reviewed by the charter school authorizer and, if necessary for approval, revised or fine-tuned by the applicant. Some state coordinators cited the need for additional goals, such as dropout rates, attendance rates, parent involvement, and parent satisfaction.

Most states also require reports from charter school authorizers as part of, or in addition to, the reports required of charter schools. Exhibit 4-1 displays what information charter school authorizers are required to report to state entities. Please note that states often require charter schools to prepare their own reports that cover this information. The incidence of direct reports from charter schools to states is not reflected in Exhibit 4-1.⁹ (For more information about the relationships between state reporting requirements, the age of state charter legislation, and other issues, see Appendix N.)

⁹ See Nelson et al. (2000), pp. 52-53, for information on reports made by charter schools.

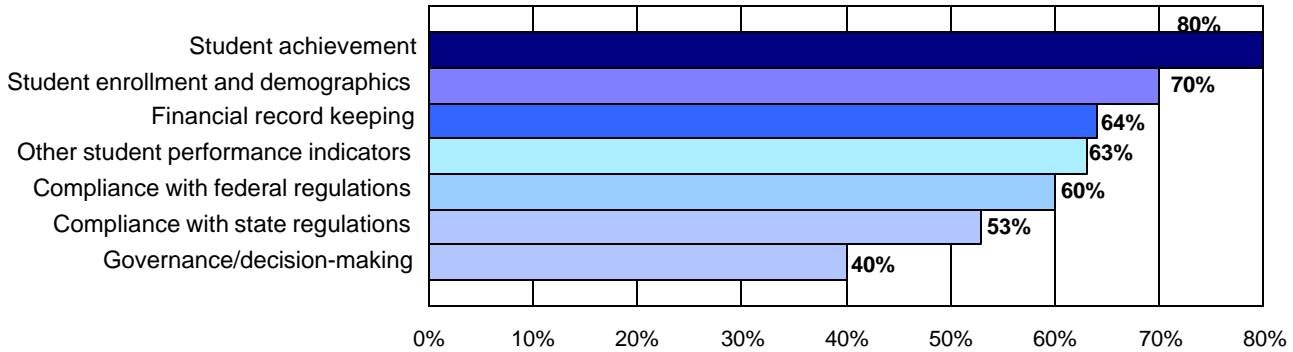
Like states, most charter school authorizers reported that measurable goals existed for all of their charter schools. As indicated in Exhibit 4-2, the most frequently cited goal area was academic achievement. Student attendance, student behaviors, parental involvement, and student promotion/graduation were also important goal areas.

Other types of measurable goals that were reported included goals for staff performance and attendance, parent satisfaction, student retention, course completion in high school, community service/service learning, and efforts to reduce racial, economic, and ethnic isolation.

Finding: In the majority of states with charter school legislation, charter schools are accountable to multiple agencies.

Reports from state coordinators regarding who is responsible for holding charter schools accountable show a varied picture, with multiple levels involved. As Exhibit 4-3 demonstrates, in over half the states (22), state coordinators reported that multiple agencies were responsible for holding charter schools accountable, including state educational agencies, state boards of education, the charter school authorizer (if different from the state), and other state entities such as the state auditor and state legislature.

Exhibit 4-1
STATE REPORTING REQUIREMENTS FOR CHARTER SCHOOL AUTHORIZERS (n=33)



An examination of the type of entity permitted to charter in each state compared with the responses for who is responsible for holding charter schools accountable suggests some interesting tensions about locus of control. For example, in states where the local boards are the only type of authorizer in the state permitted to charter—a seemingly decentralized model for charter-granting authority—a majority reported that both the charter school authorizer and the state agency were responsible for holding charter schools accountable. Moreover, in two of the local-board states, only the state agency was mentioned as the responsible entity.

Although state charter laws and state-level infrastructures establish many of the broad expectations for charter schools and their sponsors, the complete accountability story requires an understanding of the relationships between the agencies that actually award and monitor charters and the charter schools themselves. The Year 1 sample of charter school authorizers adds considerable detail to the state-level accountability story and further illustrates the point that accountability involves multiple levels, parties, and mechanisms. The role of charter school authorizers in ensuring accountability will be discussed in the findings that follow. In future years, with the added perspective of charter schools, the study team will fill out a fuller picture of the respective roles and responsibilities of each entity and how charter schools respond to the various levels of accountability.

Exhibit 4-2
PROPORTION OF CHARTER SCHOOLS WITH MEASURABLE GOALS,
AS REPORTED BY CHARTER SCHOOL AUTHORIZERS (n=45)

Goal Area	Percent of Charter School Authorizers			Mean*
	All Schools	Some Schools	No Schools	
Academic achievement	84%	16%	0	2.84
Student behaviors	45%	31%	24%	2.21
Student attendance	64%	21%	14%	2.50
Student promotion or graduation	60%	23%	18%	2.43
Parent involvement	53%	28%	19%	2.35

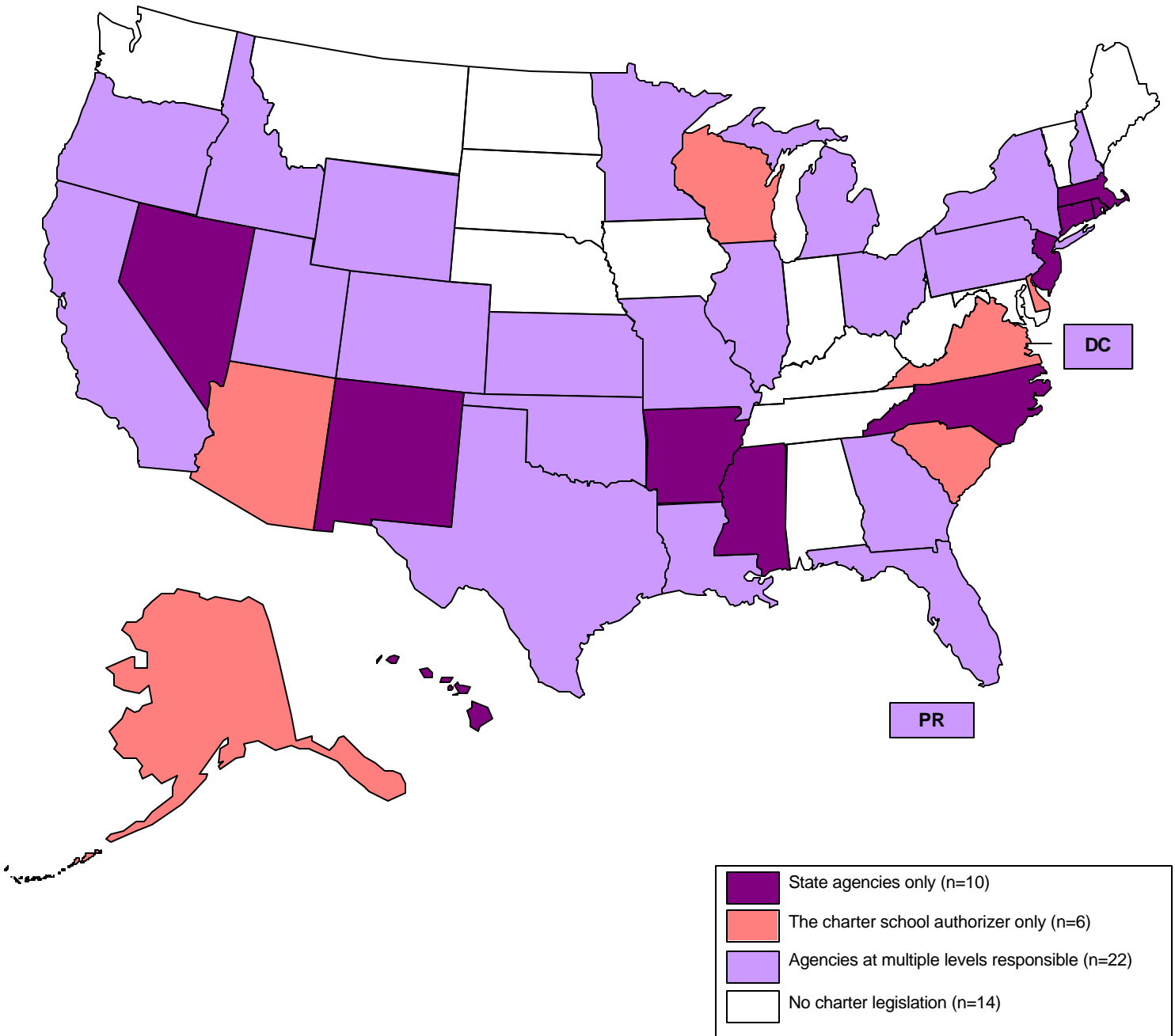
* The mean scores were based on converting responses to a 3-point scale with "all" equal to 3, "some" equal to 2, and "none" equal to 1.

Finding: The most prominent roles and responsibilities of charter school authorizers, as reported by states, include reviewing, negotiating, and monitoring the terms of the charter agreement and monitoring student performance.

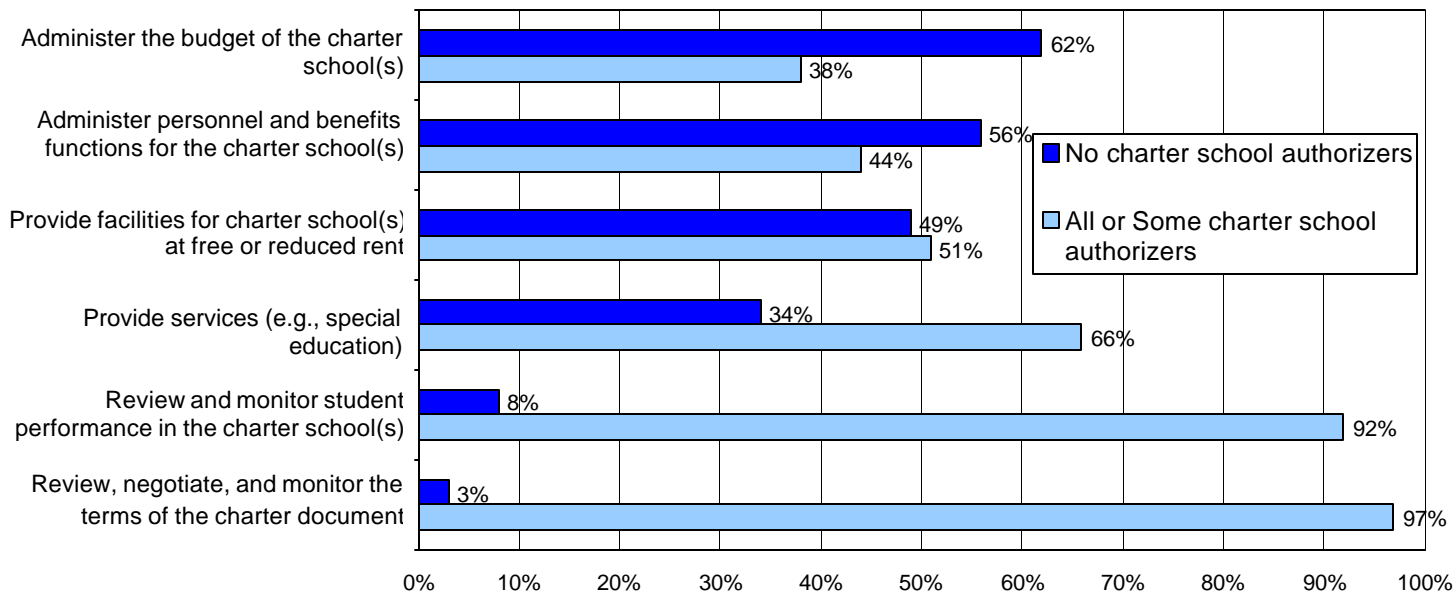
Almost all states indicated that charter school authorizers were responsible for reviewing, negotiating, and overseeing the terms of the charter and for monitoring a charter school's student performance. Only six states reported that charter school authorizers were *not* required (or were required only in some cases) to review and monitor the student performance of their charter schools. (In these cases, the state board or other state body was responsible for reviewing and monitoring charter schools.)

Responsibility for other activities, such as budget and personnel administration and provision of facilities or services, varied by activity. A majority of states did not expect charter school authorizers to administer budgets (59 percent) and personnel functions (56 percent). In contrast, states were more likely to assign the responsibility of providing services such as special education to charter school authorizers; almost 70 percent of states said that some or all charter school authorizers were responsible for providing these services. Exhibit 4-4 indicates the degree to which state coordinators reported that charter school authorizers were responsible for these functions. Further details on these responses are found in Appendix O.

**Exhibit 4-3
 AGENCIES IDENTIFIED BY STATE COORDINATORS AS RESPONSIBLE FOR ENSURING
 ACCOUNTABILITY**



**Exhibit 4-4
ROLES AND RESPONSIBILITIES OF CHARTER SCHOOL AUTHORIZERS,
AS REPORTED BY STATES (n=38)**



Finding: During the charter-granting process, charter school authorizers reported focusing on curriculum, finances, and assessment and accountability. Once charter schools are up and running, charter school authorizers focus on monitoring student achievement, financial record keeping, and compliance with federal or state regulations.

The charter approval process is usually the first step in the accountability process because it is where initial expectations are laid out by schools and charter school authorizers. Charter school authorizers reported on the importance of particular program areas at various stages of this approval process: reviewing the charter for

approval, requiring changes to the charter, and denial of a charter. Charter school authorizer representatives reported that the factors of most importance to them when reviewing a charter application to determine whether to issue a charter were finances, curriculum, and accountability provisions. In contrast, an applicant’s personnel policies or requirements, targeted population, and student discipline policies were considered least important. Exhibit 4-5 illustrates the importance of various program elements when charter school authorizers are determining whether or not to issue a charter.

Exhibit 4-5
IMPORTANCE OF PROGRAM ELEMENTS IN DECISION TO ISSUE A CHARTER,
AS REPORTED BY CHARTER SCHOOL AUTHORIZERS (n=45)

Program Element	Importance in Granting Charter (percent of respondents)				Mean*
	Not at All Important	Somewhat Unimportant	Somewhat Important	Very Important	
Curriculum	0%	2%	13%	84%	3.82
Instructional strategies	0%	5%	43%	52%	3.48
Assessment	0%	4%	22%	73%	3.69
Targeted population	9%	19%	44%	28%	2.91
Admission procedures and student selection criteria	2%	5%	36%	57%	3.48
Finances	0%	0%	16%	84%	3.84
School facilities	5%	12%	56%	27%	3.05
Personnel policies or requirements	8%	23%	48%	23%	2.85
Governance structure	0%	11%	48%	41%	3.30
Health and safety issues	0%	5%	36%	60%	3.55
Student discipline policies	5%	22%	54%	20%	2.88
School management or leadership	4%	7%	38%	51%	3.36
Mission and goals of the school	0%	2%	22%	76%	3.73
Accountability provisions	0%	0%	18%	82%	3.82

*The mean scores were based on converting responses to a four-point scale with “not at all important” equal to 1, “somewhat unimportant” equal to 2, “somewhat important” equal to 3, and “very important” equal to 4.

In addition to these elements, 11 respondents reported additional program areas they considered important when determining whether or not to issue a charter. These self-reported criteria included ways that schools addressed the following: special education, language needs, insurance, parent involvement, racial diversity, projected enrollment, transportation, and student recruitment.

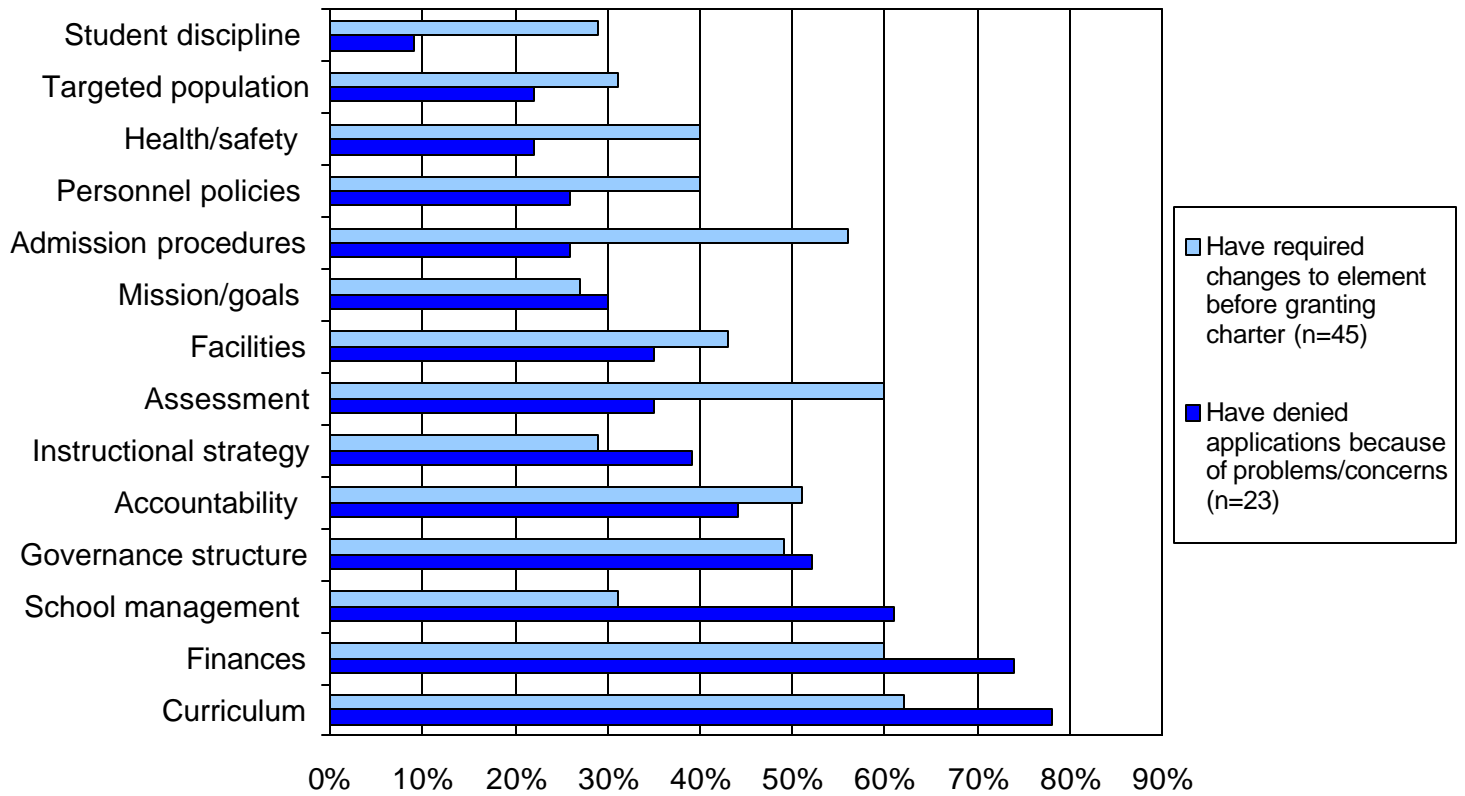
Charter school authorizers reported that, in some cases, they require charter applicants to make changes to their application or program during the application review process. Not surprisingly, many of the same criteria important in deciding whether to issue a charter are also important in deciding

whether an applicant is asked to modify the proposed charter: curriculum, assessment, and finance were cited as the top areas in which charter school authorizers requested that changes be made. Exhibit 4-6 displays those areas in a charter in which charter school authorizers most frequently require changes to be made, as well as the areas that commonly cause charter school authorizers to deny applications. Again, reasons most often cited for application denial—curriculum, finance, and management concerns—were similar to those cited in other steps during the charter authorizing process.

In addition to the responses reported in Exhibit 4-6, approximately one-third of the surveyed charter school authorizers described changes that they recommended in other areas, including special education (n=3), language needs (n=2), transportation

(n=4), and the number of signatures on the charter petition (n=2). Notable among the other areas mentioned by single authorizers were insurance, parent involvement, racial diversity, and collective bargaining.

**Exhibit 4-6
CHANGES REQUIRED AND DENIAL OF APPLICATIONS RELATING TO PARTICULAR PROGRAM ELEMENTS**



Once the schools have been approved, charter school authorizers reported monitoring the following areas, whether they were included in a charter school's goals or not: student achievement, financial record keeping, enrollment numbers, compliance with federal or state regulations, and other student performance indicators, such as attendance rates. These areas are consistent with the monitoring activities most frequently reported by charter schools in the National Study of Charter Schools (Nelson et al., 2000, p. 50). Exhibit 4-7 indicates the program areas monitored by chartering agencies and whether these

areas apply to all, some, or no charter schools. Exhibit 4-7 also shows the mean scores for those areas monitored by charter school authorizers.

Respondents also reported monitoring the delivery of special education services, test administration, maintenance of facilities, insurance coverage, health and safety, employee rights and qualifications, adhering to orientation and mission of the charter school, student discipline, and meeting curriculum standards

**Exhibit 4-7
AREAS MONITORED BY CHARTER SCHOOL AUTHORIZERS (n=47)**

	Percent of Charter School Authorizers			Mean*
	All Schools	Some Schools	No Schools	
Instructional practices	53%	13%	34%	2.19
Financial record keeping	91%	2%	6%	2.85
Compliance with federal or state regulations	89%	4%	6%	2.83
Student achievement	96%	2%	2%	2.93
Other student performance indicators, such as attendance rates	68%	13%	19%	2.49
Diversity of student body	58%	7%	36%	2.22
Governance/decision-making	60%	13%	28%	2.32
Parent satisfaction	65%	11%	24%	2.41
School waiting list	55%	7%	39%	2.16
Enrollment numbers	79%	2%	19%	2.60
Staff or student turnover rates	56%	7%	38%	2.18

* The mean scores were based on converting responses to a 3-point scale with "all" equal to 3, "some" equal to 2, and "none" equal to 1.

Finding: Charter school authorizers that are *not* local educational agencies (particularly those that are states) and those that have chartered large numbers of schools are more likely to have well-developed accountability policies, processes, and procedures than local charter school authorizers.

Although the Year 1 sample of charter school authorizers did not allow the SRI team to draw generalizable conclusions, the sample was varied enough to allow the team to determine trends and patterns across different agencies. Specifically, Year 1 analyses looked at variation between the type of authorizer and the numbers chartered along these areas: existence of written policies, changes required to the charter, reasons for denial, and organizational capacity. In looking across authorizers, it is important to bear in mind that the type of charter school authorizer appears to be closely linked to the number of schools chartered—i.e., local agencies in our sample chartered fewer schools than other (nonlocal) agencies.

The Year 1 data from the charter school authorizer survey indicate that the charter school promise of increased flexibility in exchange for increased accountability may be occurring more frequently in charter schools that are sponsored by nonlocal agencies than in those sponsored by local agencies. In fact, local agencies not only are less likely to allow flexibility at the school site, but also are less likely to have

established written policies or procedures regarding charter schools. (The existence of written policies is an important indicator of charter school authorizers' formal processes for working with charter schools.) One interpretation is that charter schools sponsored by local agencies are monitored through traditional accountability systems based on inputs that are used for regular public schools, rather than through systems emphasizing accountability for results. Future data collection will investigate these differences in flexibility and accountability based on the type of charter school authorizer.

Most charter school authorizers reported having established written policies or guidelines for the charter school application and approval process and for monitoring and revoking charters. Of the 48 charter school authorizers surveyed, only 9 reported that they had *not* developed any written policies on charter schools. All of these authorizers were local agencies and had chartered five or fewer schools. In contrast, nonlocals were more likely to have written procedures (especially for granting the charter, revoking the charter, and imposing sanctions). Similarly, those charter school authorizers that had sponsored larger numbers of schools (typically nonlocal agencies) were more likely to have written policies. Exhibit 4-8

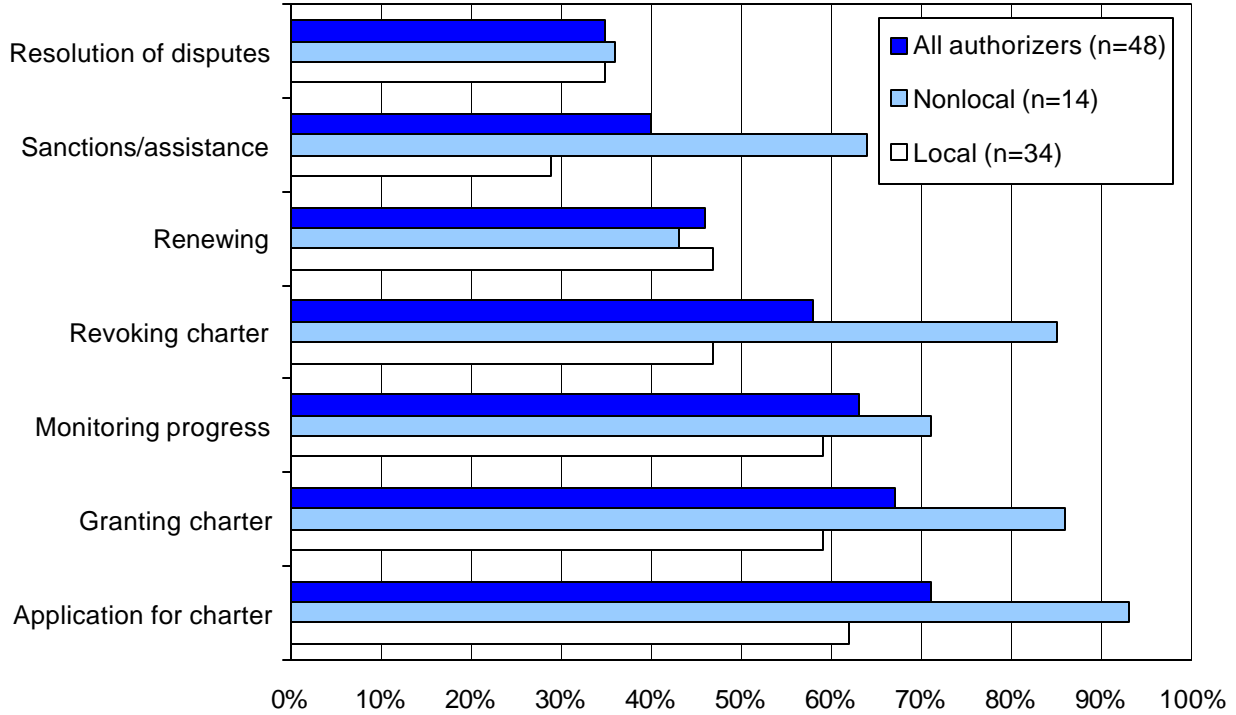
indicates the variation in whether a charter school authorizer reported having established its own written policies, procedures, or guidelines in a number of areas. In sum, 100 percent of nonlocal agencies reported written policies in one or more areas. The comparable figure for local agencies was 74 percent. (Put another way, a quarter of the local charter school authorizers in the Year 1 sample had no written policies on charter schools.)

As discussed previously, charter school authorizers often require applicants to modify a charter before it is granted. In examining changes required according to the number of schools chartered, a trend emerges: generally, higher-volume charter school authorizers require applicants to make more changes than lower-volume charter school authorizers. This finding suggests that higher-volume charter school authorizers may have learned from experience to be clear about their expectations at the beginning of their relationship with charter schools. On the other hand, some local agencies who have chartered very few schools reported working very closely with schools as they developed their charter and even writing the charter themselves.

A closer look at the data also reveals some differences in reasons for denying charters, based on type of authorizer. For example, the fact that seven local agencies reported that charter school applications were denied because of facilities (compared with only one nonlocal agency) indicates that facilities may have been a more pressing concern to local charter school authorizers than to nonlocal agencies.

The variation in charter school authorizers' organizational capacities provides some context for their abilities to oversee and monitor charter schools. (For more detail on state infrastructures available to support charter schools, refer to Appendix P.) The charter school authorizer survey included items designed to gauge the existence of a monitoring infrastructure, including whether a separate office or staff is assigned to charter schools, what proportion of the respondent's time is devoted to charter schools, and whether written policies exist on charter schools. As Exhibit 4-9 shows, the likelihood of having a separate office or staff devoted to charter schools increased when the charter school authorizer was a nonlocal agency.

**Exhibit 4-8
EXISTENCE OF WRITTEN POLICIES, BY TYPE OF CHARTER SCHOOL AUTHORIZER**



Another indicator of the organizational capacity to monitor and supervise schools is the percentage of time that the charter school authorizer respondent spent on charter-related work. In most cases, team members spoke with the person at the charter school authorizer charged with overseeing charter school-related efforts. Overall, the average percentage of time spent on charter-related work by these individuals, according to respondents, was 38 percent. This figure does not include the time that may have been spent by others at the agency. Like the existence of a separate staff for charter schools, the

amount of time spent on charter-related work also varied by type of charter school authorizer; Exhibit 4-10 illustrates this variation.

In sum, nonlocal agencies are more likely to have policies in place, to have staff dedicated to charter schools, and to have chartered a greater number of schools. How interactions and negotiations of roles and responsibilities play out in practice will be a subject of further exploration as SRI gathers school-based information and additional information from a larger sample of charter school authorizers.

Exhibit 4-9
CHARTER SCHOOL AUTHORIZERS WITH SEPARATE OFFICE AND/OR STAFF
DEDICATED TO CHARTER SCHOOLS, BY TYPE OF CHARTER SCHOOL AUTHORIZER
(n=46)

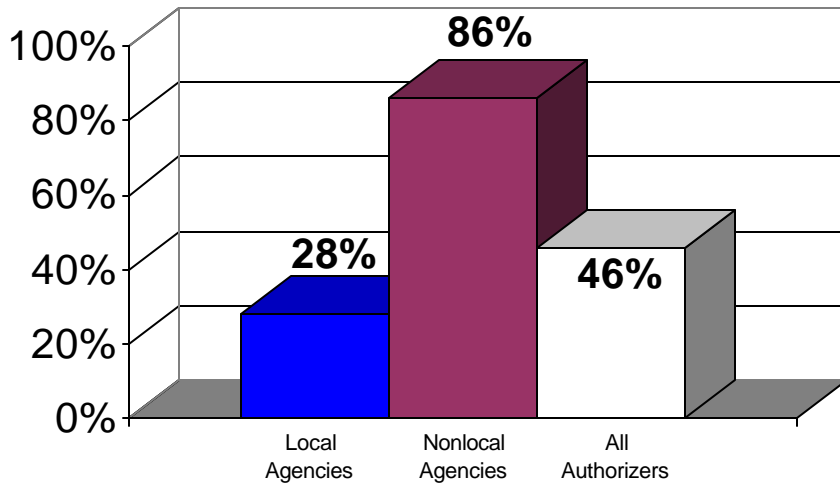
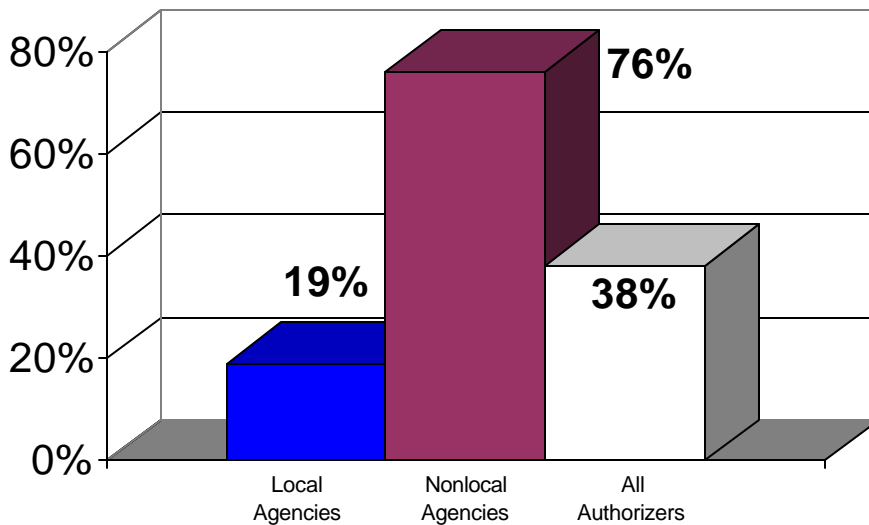


Exhibit 4-10
PERCENTAGE OF TIME SPENT ON CHARTER SCHOOLS, BY TYPE OF CHARTER
SCHOOL AUTHORIZER



Evaluation Theme 7: States and charter school authorizers have many corrective actions at their disposal; most have been used in moderation.

If flexibility is the carrot of the charter movement, the threat of charter revocation is the stick. Many argue that the most direct way of holding schools accountable is to have the power to close the school if it cannot deliver on the performance goals in its charter. Charters are usually granted for a term of 3 to 5 years and either renewed or not at the end of that term, on the basis of the school's performance (Berman et al., 1998). In a few states, renewal is not anticipated for many years, since the charter law allows for terms of up to 15 years (e.g., Arizona, which has the largest charter school population in the country).

Finding: Though not a frequent occurrence, in about half of the states the accountability process has resulted in some type of sanction against one or more charter schools. Generally, corrective actions are related to fiscal and management issues.

At present, the charter school accountability story is at a formative stage. Only 29 percent of the states with charter school legislation have had any schools come up for renewal, and in those states, almost all schools seeking renewal have been successful. Renewal activity has been most heavily concentrated in five states: California, Colorado, Massachusetts, Minnesota, and Wisconsin. In each of these

states, more than 10 schools have come up for renewal.

Whereas “renewal” of a charter seems to have common meaning across states (though it may occur at varying points during the term of the charter), individual states have developed their own terminology for the negative consequences that charter schools may experience as a result of the accountability process. For several respondents, “revocation” was too harsh a term for what took place. For example, sometimes charter schools have been placed on probation and ultimately ceded their charters voluntarily before the point of charter renewal. Similarly, “closure” seemed to be a term that states preferred, rather than “revocation.”

Survey respondents in 20 states (53 percent) reported that one or more charter schools in their state had been subject to some corrective action (e.g., nonrenewal, revocation, or probation). Within each of those states, the number of charter schools affected is very small—generally only one or two. Of the 18 states that reported no corrective actions taken so far, 6 do not have any charter schools in operation yet.

According to the states, the primary reasons for requiring corrective actions have been related to money and management. Other reasons mentioned included facilities issues, lack of enrollment, failure to adhere to reporting requirements, and governance issues. Some “closures” are simply a matter of failure to open because a founder’s group is unable to implement its plan or contract.

Finding: Charter school authorizers echoed state reports concerning the variety, frequency, and causes of corrective actions involving charter schools.

The 48 charter school authorizers surveyed had chartered a total of 837 schools, 71 of which (about 8 percent) had come up for renewal. Of those 71 schools, 76 percent had been renewed. Several schools were still undergoing the renewal process. Only 5 schools (7 percent) had definitely not been renewed. The reasons for nonrenewal of the five charters included financial problems, management or leadership issues, and student performance, among others.

A total of 27 charters had been revoked or otherwise terminated before the renewal cycle by 14 (6 state agencies and 8 local agencies) of the 48 charter school authorizers surveyed. As with the state data, the tendency to take corrective action is associated with the number of schools

chartered by an authorizer. Revocations were implemented primarily by authorizers that had chartered six or more schools. Reasons for revocation again emphasized fiscal mismanagement and leadership issues.

Charter school authorizers also use probationary status as a means of helping charter schools resolve problems before revocation becomes necessary. Nine of 48 charter school authorizers had employed this strategy with a total of 15 charter schools. Once again, authorizers that had sponsored more schools were more likely to put a school on probation.

Few charter school authorizers have revoked or not renewed charters because of student performance problems. The main reason is that most charter schools have not yet reached the end of their renewal cycles (typically 5 years). The data from the Year 1 charter school authorizer survey indicate that one authorizer has not renewed charter schools because of problems relating to student performance and two authorizers revoked charters before the end of the renewal cycle because of failure to meet student outcomes specified in the charter. Also, one charter school authorizer reported placing a school on probation because, among other things, it had failed to maintain its scores on the statewide assessment. As more charter schools come up for renewal,

the study team will be able to analyze in greater depth the reasons why charter school authorizers revoke charters.

Finding: Corrective actions, when they did take place, were more common in states with older charter school legislation, larger populations of charter schools, and multiple chartering entities.

The relatively low incidence of corrective actions can be interpreted in many ways. Does the fact that closure is rare indicate that charter schools are succeeding as planned; does it signify that charter school authorizers are hesitant to close schools, regardless of performance; or does it simply indicate, as some suggest, that the movement is still young? Analysis of the Year 1 data yields the following:

- Among the 20 states in which some corrective action has taken place, almost all are somewhat older states in the movement (95 percent passed their charter legislation before 1997). In contrast, half of the states that have had no incidence of accountability measures are newer participants (i.e., 9 passed legislation in 1997 or later).
- Of the states that reported no corrective actions yet, 72 percent have 10 or fewer charter schools. In contrast, 85 percent of states that have taken some corrective actions have more than 10 charter schools. Four of the five states with more than 100 charter schools (Arizona, California, Florida, and Texas) reported more than five occurrences of a corrective action taken.

- States that permit multiple but independent chartering entities (see definition of “multiple entities” in Appendix L) account for 33 percent of all permanently closed charter schools (and 58 percent of the country’s total number of operating charter schools). States that have multiple *interdependent* chartering entities account for another 31 percent (and 30 percent of the total universe of charter schools). States that allow only local entities to charter account for 22 percent of closures (and 9 percent of the charter schools nationally). In contrast, states where a state entity is the only charter school authorizer account for 14 percent of permanently closed charter schools, despite having only 3 percent of the country’s total number of charter schools.

In sum, the consequences for charter schools that do not meet the terms of their charters are just beginning to be understood as the older charter schools face renewal in the context of increasing state and local accountability requirements. At the same time, accountability expectations for charter schools have been expressed strongly since the beginning of the movement. Both parts of the charter school equation—increased flexibility in exchange for increased accountability—must be examined closely before judging the success of the charter school reform.

CHAPTER 5 CONCLUSION AND EVALUATION PLANS FOR YEAR 2 AND YEAR 3

The findings that emerged from the Year 1 data collection and analyses provide initial answers to the six broad research questions that guide the national evaluation of the Public Charter Schools Program—always bearing in mind that the perspectives represented in this report are only those of state charter school coordinators and a nonrepresentative sample of charter school authorizers. In this final chapter, the Year 1 themes and findings are recapped in the context of their contribution to (1) a future summative understanding of the PCSP’s role in the growth and development of the charter school movement and (2) a deepening of knowledge about the charter school sector of the education system, with a particular emphasis on the flexibility-accountability continuum. The six broad research questions serve as the organizers for the chapter. Within each section, the team’s current knowledge base is summarized, along with the questions that remain to be addressed and the upcoming data collection activities. The chapter concludes with a brief section on the perspectives of state charter school coordinators and representatives of charter school authorizers about the impacts of the charter school movement on the portions of the education system that they regularly observe.

How does the PCSP encourage the development of charter schools?

The PCSP was enacted to support the start-up and early implementation needs of charter schools. The study team does not yet know how this support has played out at the charter school level, but there are some preliminary indicators from the first year of data collection. Over the last 5 years, the growth of the program and the size of PCSP grants to states have paralleled the growth in the charter school movement overall. Funding levels are determined by the documented needs described in a state’s proposal and the estimated number of eligible subgrantees that the grant will support over a 3-year period. In some years and in some states, grants have been adjusted through supplements when demand has outstripped the original grant amount and additional funding becomes available.

Year 1 Finding:
Increasing numbers of new and developing charter schools are receiving support from federal funds through the Public Charter Schools Program (PCSP).

The evaluation also determined that most state charter school coordinators and local educators who have received PCSP grants directly from ED have found federal technical assistance to be accessible,

useful, and timely. The PCSP Office plays a significant leadership role in school choice issues, both within ED and in the field.

The evaluation cannot yet provide a precise answer to the question of the proportion of charter schools receiving PCSP grants. Further follow-up with charter school directors and state coordinators is needed in this area. The evaluation team will present findings on this topic in later reports.

How do state PCSP grantees and charter school authorizers encourage the development of charter schools?

States have developed their own processes for awarding subgrants to charter schools. Some hold competitions, some divide the funds equally among eligible charter schools and planning groups, and others combine the two strategies. These differences in award strategy are the primary reason for differences among states in the proportion of charter schools that receive PCSP funding. States that divide the funding equally do not consider potential differences in start-up needs among charter schools.

Ninety-five percent or more of all PCSP grant funds devolve to charter schools or planning groups. On the basis of

Year 1 Finding:
States use different definitions of "start-up," differences that affect eligibility for PCSP subgrants.

a sample of charter school authorizers of various types, almost no PCSP subgrant money is retained by these entities, although a local educational agency may be the fiscal agent for a subgrant.

Eligibility for subgrants varies among states. Most states allow subgrants to groups that have obtained full or provisional charters even if the school has not opened. A few states award subgrants (generally small) to groups that have not yet obtained a charter. Some states have established priority factors that play a role in the subgrant proposal review process. However, very few states place priority on making PCSP awards to charter schools serving low-income communities. Priority is more likely to be given to schools serving special student populations.

According to state respondents, uses of the subgrant funds are largely unrestricted. This perception must be triangulated with the views of the subgrantees in a later data collection period. Other questions that require school-level data include these:

- How are the needs supported by PCSP funding sustained after the funding expires?
- How accessible, useful, and timely is state technical assistance to charter schools and school planners?

How do federally funded charter schools/school planners use their PCSP subgrants?

For this report, states were asked an open-ended question about their knowledge of the specific uses of PCSP subgrants. In general, respondents reported that subgrantees can and do use the funding for almost any purpose except those that are prohibited in federal law (e.g., purchase of real estate).

Much more about this question will be learned from an upcoming telephone survey of a representative sample of charter schools. That survey will be designed to answer the following questions:

- What proportion of start-up costs are supported with the federal grant?
- What kinds of planning and implementation activities do federal subgrants support?
- What start-up barriers did federal funds allow charter schools/school planners to overcome that they otherwise could not have?
- How important was access to federal grant money in the decision to obtain or pursue a charter?
- What are the differences between charter schools that receive PCSP grants and those that do not?

What are the characteristics of charter schools and the students and families who are involved with them?

This report covers a period when the National Study of Charter Schools, funded by ED and conducted by RPP International, continued to bear the responsibility for

documenting the explosive growth of the charter school movement. That study's fourth-year report can be downloaded from the following Web site:

www.ed.gov/pubs/charter4thyear/

In the future, the SRI evaluation will be continuing the documentation of the charter school movement through school-level surveys that cover the following:

- School characteristics.
- Student demographics, in comparison with traditional local public schools.
- Staff characteristics.
- Charter school type (new or conversion).
- Admission policies and waiting lists.
- Targeting and accommodation of special populations.
- Professional development opportunities for staff.
- Parent involvement.

What flexibility provisions are charter schools granted?

"Flexibility" has multiple meanings in the charter school context. With respect to state charter school legislation, there is variation among the states concerning the diversity or limitations on the kinds of agencies that are permitted to charter.

States that allow only a single type of entity to award a charter (e.g., local educational agencies) may offer groups seeking a charter less flexibility than those states where several types of entity are allowed to award charters. In general, states are

increasing the range of agencies permitted to charter.

Another feature of flexibility in the chartering environment is the presence or absence of caps on the number of charter schools allowed in state legislation. Again, the general trend is toward the removal of caps or expansion of the number of charter schools allowed under a cap.

Year 1 Finding:
In general, state charter school policies do not exempt charter schools from state student assessment or budgeting/auditing requirements.

Flexibility as freedom from regulation and bureaucracy is another meaning of the term in the charter school context. In general, charter schools are

not exempt from state student assessment and basic auditing requirements. Further, half of the 38 states with charter school laws either require charter school applicants to negotiate waivers on a case-by-case basis or ban waivers altogether.

The Year 1 data suggest that state coordinator and charter school authorizer respondents may have different perceptions of the degree of control and autonomy realized by charter schools. This difference of opinion begs for triangulation with data from charter schools themselves. It also will be important to add the charter school

perspective on state and charter school authorizer policies that affect flexibility.

Research questions on flexibility provisions that must be addressed through future data collection activities include the following:

- To what extent are flexibility provisions that are granted by state and local laws realized in practice? Which flexibility provisions are most critical?
- What factors are associated with successful and unsuccessful implementation of flexibility provisions?
- What flexibility provisions do charter schools report to be the most critical to ensuring their success?

How do charter schools measure student performance, and are charter school students making progress on these and other measures?

Accountability is a key topic to track as the charter school movement matures and evolves. Like flexibility, accountability is a core feature of the contract between charter schools and their charter school authorizers. Data from states and charter school authorizers indicate that charter schools are accountable to multiple agencies. Accountability relationships often begin with the application review process, where charter school authorizers report that they require clarity on issues such as curriculum, finances, and assessment and accountability. Annual reporting, whether to states or charter school authorizers, focuses on student achievement, financial record keeping, and compliance with regulations.

Note that the Year 1 data reported in this document do not include any analyses of student performance in charter schools. The evaluation includes a student performance substudy, the results of which will be reported in later years.

In theory, as the result of a strict accountability process, charter schools that do not “perform” will close. The data from this evaluation show that mechanisms are in place for this purpose but are used in moderation. In states and charter school authorizers where charters have come up for renewal, few schools have failed to survive. In a number of states, charter school authorizers do not wait until renewal to begin corrective action if a charter school appears to be in trouble. The use of corrective actions is more prevalent in states that are more experienced with chartering, have more charter schools, and allow multiple agencies to charter.

Although data from states and charter school authorizers have advanced the evaluation team’s understanding of accountability, additional survey and interview data from charter schools are necessary to tell the rest of the story. In addition, the evaluation team is currently designing a substudy of student performance in charter schools. This study will involve reanalysis of state assessment data in a limited number of states, as well

as site visits to obtain in-depth information at a small number of charter schools. The selection criteria for some sites (e.g., the existence of waiting lists) may allow the team to conduct comparisons between the performance of students who were admitted to charter schools and students who applied to be admitted but were not. This type of comparison would provide the opportunity to control for the choice element (i.e., the desire to attend a charter school).

Questions that will be addressed in subsequent reports include these:

Year 1 Evaluation Theme: States and charter school authorizers have many corrective actions at their disposal; most have been used in moderation.

- What are the measures of student performance for which charter schools are accountable, and how are they assessed?
- Are students in charter schools meeting the performance goals set forth in their schools’ charters?
- Do charter school students realize achievement gains comparable to their traditional public school counterparts?
- Under what conditions do charter schools improve student achievement?
- What comparisons do parents make between charter schools and other schools attended by their children? Do parents believe these institutions are accountable to them and responsive to their concerns?

Readers who would like more detail about future data collection activities for this evaluation are referred to Appendix B.

REFERENCES

- Ahearn, E. (1999). Charter schools and special education: A report on state policies. prepared by Project FORUM of the National Association of State Directors of Special Education, for the Office of Special Education Programs, U.S. Department of Education.
- Berman, P., Nelson, B., Ericson, J., Perry, R., and Silverman, D. (1998). A national study of charter schools: Second-year report. Washington, DC: U.S. Department of Education, Office of Educational Research and Improvement.
- Berman, P., Nelson, B., Perry, R., Silverman, D., Solomon, D., and Kamprath, N. (1999). A national study of charter schools: Third-year report. Washington, DC: U.S. Department of Education, Office of Educational Research and Improvement.
- Hirsch, E. (2000). Legislative analyses prepared for SRI International. Unpublished.
- Jennings, W., Premack, E., Adelman, A., and Solomon, D. (1999). A comparison of charter school legislation: Thirty-three states and the District of Columbia, incorporating legislative changes through October, 1998. RPP International: Submitted to the U.S. Department of Education.
- Nelson, B., Berman, P., Ericson, J., Kamprath, N., Perry, R., Silverman, D., and Solomon, D. (2000). The state of charter schools 2000: Fourth-year report. Washington, DC: U.S. Department of Education, Office of Educational Research and Improvement.
- RPP International and the University of Minnesota. (1997). A study of charter schools: First-year report. Washington, DC: U.S. Department of Education, Office of Educational Research and Improvement.