

## **Prepared Testimony for the House Committee on Education and Labor**

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The Center for Charter Schools  
Central Michigan University**

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### **Introduction**

Mr. Chairman and members of the Committee, thank you for inviting me to testify this morning. My name is Jim Goenner and I'm wearing two hats today. The first hat is chairman of the Board of Directors of the National Association of Charter School Authorizers. The second hat is my day job, where I serve as the Executive Director of The Center for Charter Schools at Central Michigan University.

With these two hats, I can offer both a national perspective and a hands-on perspective from someone working in the trenches each day. I'm also considered a veteran, meaning I've been involved with charter schooling almost since its inception. And I can attest, I've seen the good, the bad, and the ugly.

### **CMU's Leadership**

Founded in 1892, Central Michigan University has a proud heritage of preparing teachers and school leaders. Like Congress, CMU has been deeply troubled by the achievement gap between minority and white students.

In 1994, our Board of Trustees took a leadership role and became the first university in the country to charter a school. Today, 58 schools are chartered by CMU, serving 30,000 Michigan students, making us the largest university authorizer in the nation. CMU is also home of the National Charter Schools Institute. We are not a school district—each charter school is an independent, autonomous public body with its own governing board. However, if we were, we'd be the second largest district in Michigan.

Fundamentally, we believe all students deserve quality educational options, especially those most in need. In fact, two-thirds of the students enrolled in the schools we charter are children of color, and two-thirds are eligible for free or reduced price lunch. We charter schools located in rural and suburban areas, but the vast majority serve our urban communities – particularly Detroit.

### **Closing the Achievement Gap**

Promising practices at the schools we charter show that the achievement gap can be closed. Based on the results of our state assessment—the Michigan Educational Assessment Program (MEAP) —minority and homeless students in third through eighth grades performed better than their peers statewide.

Of the nearly 800 school districts in Michigan, 7 charters' MEAP scores placed in the top 25. Four of those schools are chartered by CMU. In fact, the number one performing public school district in the state, Canton Charter Academy, is a school we charter. It is governed by an outstanding board and is managed by National Heritage Academies. The school leader and teachers have created a winning formula as demonstrated by their test scores, but also by the fact that they have over 1,500 students on their waiting list.

We also received a letter from the Michigan Department of Education commending CMU for 18 of the schools we charter that are “beating the odds,” meaning schools that achieved over 60% academic proficiency where over 50% of their students qualify for free or reduced price lunch.

### **Chartering Change**

At its core, “charter schools” is a strategy—a legislative strategy to transform public education by harnessing the powers of choice, innovation and accountability. We are at work every day to put this strategy into action. We are creating hope and opportunity. In short, we are serving as a catalyst to help transform and revitalize public education.

Michigan’s charter school law, which is considered to be one of the nation’s strongest, requires charters to be granted on a competitive basis. At CMU, we look for applicants—we call them development teams—that have a promising vision for kids, the ability to develop a quality educational program, a sound business plan and the ability to implement. We look for people that have a track record of success. People that will put kids first. People that are passionate about pursuing excellence. People that know how to build teams and deliver results.

### **Charter Application Process**

We run a multi-phased application process for new charters. Our review team is composed of subject matter experts from The Center at CMU, along with experts from around the country. Because of Michigan’s cap on the number of the charters that can be granted by state universities, we can only charter a new school if we close an existing school—hindering our ability to charter new schools for students in areas where school districts fail to provide quality options.

For example, after we closed a school for poor performance, we publicly announced the opening of our application process. We received 41 Phase I applications. Phase I consists of a high level overview of the proposed school—essentially, an executive summary. We invited nine of the 41 to continue into the next phase. Phase II is very rigorous and requires significantly more work and detail than Phase I. It ranges from detailed demographic data about the student population to be served, to the curriculum to be used, to the facility, its location and its suitability as a learning environment, to the budget and business plan that will make it all happen.

Even though there were several highly qualified development teams that could have done great things for kids, because of our state cap, we were only able to invite one of the nine Phase II applicants to continue on and begin preparing the legal documents necessary for the University Board to approve and issue the charter. This is an intensive time. We perform significant due diligence to ensure that everything is legally structured, arms-length and free from conflicts of interest.

Our goal is that if you visited the new school after only a few weeks of operation, you’d say, “Wow! This is a great school. Is this your third year of operation?” And we’d be able to smile and say, “No, we just opened, but we were prepared to hit the ground running, because we knew our students would be counting on us day one.”

### **Charter = Performance Contract**

Each charter issued by the University Board is a performance contract. We believe that a contract that clearly establishes performance goals, as well as defines roles and responsibilities, is an essential quality control needed to create a successful school. The charter contract is between the University Board and the Charter School Board and is filed with the Michigan Department of Education.

Each charter is incorporated as a Michigan nonprofit corporation, is a body corporate, and a governmental entity under Michigan law. Unique to Michigan, a charter school's governing board members swear a constitutional oath of office, serve as public officials, and have the primary responsibility for ensuring the school complies with its charter contract and applicable law.

### **Oversight and Accountability**

As a performance contract, each charter issued by CMU contains numerous provisions. However, it really all just boils down to two main questions. Are the kids learning? And is the public's money being cared for?

Michigan's charter schools are required to comply with essentially the same requirements as all school districts are subject to, and authorizers are held to a high standard by law to oversee the schools they charter. This oversight must be sufficient to be able to certify that each charter is in compliance with "statute, rules, and the terms of the contract" (MCL 380.504).

CMU was audited against this standard in 1997 by Michigan's Auditor General. At that point in time, no one knew what this standard meant, much less how to operationalize it. Needless to say the audit report was not favorable.

### **CMU Recognized as "Gold Standard"**

But the rest of the story goes like this. With a focus on quality, we went to work on upgrading our systems. When the follow-up audit was released in 2002, our oversight was found to be first rate, and the Michigan Department of Education and the media began publicly referring to CMU as "the gold standard of charter public school accountability."

Our operations were also inspected by the Michigan Department of Education in 2005. We received a perfect score on the 18 critical oversight processes they examined. Their letter to me concluded, "What we (MDE) came to understand about your systems will help us reassure Michigan citizens who express concern about public accountability for public school academy boards with regard to their operations and policies."

### **State and National Impact**

The success resulted in our systems, policies, and procedures becoming national models for other authorizers. While we are proud of what has been accomplished to date, we know there is much more to do to continuously improve our own performance at CMU and raise the standards for authorizing across the country.

Beyond hosting policymakers, researchers and charter school leaders from around the country, and speaking at state and national conferences, one of our more significant contributions to advancing quality is our participation in the development of NACSA's *Principles & Standards for Quality Charter School Authorizing*, and the Michigan Council of Charter School Authorizers' *Oversight and Accountability Standards*. Further, we served on the National Consensus Panels for Academic and Operational Quality.

Perhaps even more importantly, we took it upon ourselves at CMU to design and build a software system to streamline and automate the regulatory reporting process. Our goal was to streamline compliance, allowing school leaders to spend more of their time on their primary mission of educating students.

Today, I'm proud to say that this software system called AOIS is being used by 14 organizations in 8 states (Arizona, Colorado, Florida, Indiana, Illinois, Michigan, Missouri and Ohio) along with the District of Columbia Charter Public School Board, to oversee schools.

### **Reauthorization**

In his book, *The Seven Habits of Highly Effective People*, author Stephen Covey reminds us to begin with the end in mind. This is sage advice for charter school authorizers as well.

Reauthorization is a significant milestone for authorizers and schools. Reauthorization means the charter contract will soon expire and a determination must be made if the school has delivered on its promises.

At CMU, the reauthorization process is guided by three core questions:

1. Is the school's academic program successful?
2. Is the school's organization viable?
3. Is the school demonstrating good faith in following its charter contract and applicable law?

If the answers to these core questions are affirmative, the University Board issues the school a new charter contract.

### **Differentiating Performance**

One way CMU differentiates the performance of the schools it charters is based on the length of the charter contract. Schools that exceed their goals are reauthorized for seven years. Schools that meet their goals are reauthorized for five years. Schools that have not met all their goals, but are demonstrating solid progress are reauthorized for three years. Schools not delivering, but that are committed to turning things around, are issued a one-year probationary contract. Schools that are unwilling or unable to deliver results are not renewed.

### **Closing Schools**

While we want every school we charter to succeed, realistically we know that will not always be the case. In fact, this is a critical element of the charter strategy. Schools that deliver results continue; those that do not go away. This type of performance-based accountability is what is necessary to improve all public schools.

This tough love rhetoric sounds good. In reality, it is a challenge to carry out. But for those schools that fail to deliver academic results or properly care for the public dollar, they must be held accountable to protect kids and the public, and to ensure the integrity of the charter promise is upheld.

Being on the front lines and being intimately involved in these difficult decisions, I can assure you that closing a school is not something anyone should take lightly. School closures impact real people in real ways. Students and parents are forced to find another school. Teachers and support staff have to find other jobs. The board and management often feel embarrassed and try to go on the “attack.” Needless to say, emotions run high. And as you know, some try to get their elected officials involved in the hopes that you will take their side in advocating for the school to stay open.

While I’d like to believe that all authorizers want their charter schools to succeed and operate in a professional manner, providing their schools with regular feedback and reports regarding their performance or lack thereof, we all know that it is not uniformly true. Yet, I would contend that schools who consistently deliver academic results for kids, and are good stewards of the public dollar, are not in danger of being closed.

As Americans, we believe in due process and fair treatment. Charters deserve this as well. But it is absolutely essential that authorizers have the tools they need to close schools that fail to deliver or have the ability to sanction activity that would lead to closure if corrective action is not taken.

Having closed or not renewed about a dozen schools over 15 years of authorizing—and having the battle scars to prove it - I’m confident that each decision was made by focusing on what’s best for students and ensuring the public dollar is cared for. In conjunction with the Michigan Departments of Education and Treasury, we and our authorizer colleagues through the Michigan Council of Charter School Authorizers have developed *Wind-Up and Dissolution Procedures*. These procedures ensure that there is as smooth a transition as possible for students and their families, while safeguarding public records and public assets. Upon dissolution, any remaining assets are returned to the state Treasury.

## **Conclusion**

The charter schools strategy is helping transform public education in America. Yet the demand for more great schools, along with President Obama’s call to close failing schools and replace them with schools that deliver results for kids and taxpayers, seems almost overwhelming. Fortunately, there are successful school models and successful authorizing models that we can nurture, grow and replicate. CMU and NACSA stand ready to work with President Obama, Secretary Duncan, the United States Congress and all those who are committed to passionately pursuing excellence for all students – especially those in greatest need.



## **Mr. James N. Goenner** **Executive Director**



Mr. Goenner leads The Center for Charter Schools at Central Michigan University, the nation's largest university authorizer of charter public schools. Jim has served as Executive Director since February 1998, and formerly served as the founding president of the Michigan Association of Public School Academies. Jim has been instrumental in establishing the Michigan Council of Charter School Authorizers which he chairs, and is a founding board member and chair of the National Association of Charter School Authorizers.

Under Jim's leadership, CMU has pioneered new initiatives for overseeing and supporting charter schools, leading CMU to be recognized as the gold standard of charter school authorizing. In addition to his charter schools leadership, Jim received gubernatorial appointments from John Engler and Jennifer Granholm to serve on the Board of the Michigan Higher Education Facility Authority. He also was appointed to serve on the Board for the Center for Educational Performance and Information, which is responsible for collecting and reporting data about the performance of Michigan's public schools.

Jim has authored many articles, including "Charter Schools: Revitalizing Public Education" and "Charter School Oversight: Higher Ed's Role" published in the Phi Delta Kappan and School Business Affairs, respectively. He is frequently interviewed by radio, television and newspaper reporters and gives presentations about charter schools throughout Michigan and the nation.



## About The Center for Charter Schools at CMU

### *Our Mission:*

*The Center for Charter Schools transforms public education through its state and national leadership and gold standard approach to chartering schools, overseeing and supporting their operations, and evaluating their performance.*

### **CMU's History in Improving Public Education**

CMU was originally established as a “normal college” in 1892 to improve the quality of public education by providing formal training to Michigan’s teachers. Fifteen years ago, CMU’s Board of Trustees built upon this tradition by chartering our first public school. When the CMU Board took this bold action, CMU became the first public entity in Michigan—and the first university in the nation—to charter a public school.

### **Serving All of Michigan’s Students**

CMU authorizes 58 schools—25% of all schools chartered in Michigan—which are overseen and supported by The Center for Charter Schools. Together, schools chartered by CMU serve approximately 30,000 students—which is the equivalent of the second largest school district in Michigan. Of the students served, 64% are minorities, 63% are economically disadvantaged, and 12% receive special education services. Also, of the 30,000 students served, 10,000 of them reside within Detroit.

### **Recognized as One of the Nation’s Leading Authorizers**

The Center and its rigorous practices of creating and maintaining high standards have made us a national leader in chartering schools and have been recognized by many, including the U.S. Department of Education. Recognized as the “gold standard” for authorizing and overseeing charter schools, the Center has earned perfect scores on reviews from the Michigan Office of the Auditor General, the Michigan Department of Education’s audit program, and CMU’s internal auditing department.

### **Continuously Innovating and Improving**

The Center has been a leader in assuring compliance, and its oversight system—AOIS—is currently used by 14 entities to oversee 324 schools in eight states and the District of Columbia. Today, it is leading in the development of performance-based charter contracts; the creation of research-based and field-tested review systems that help drive academic performance by clearly aligning each school’s mission and goals with measurable performance standards; and transforming data into information.

### **Delivering Results for Michigan Students**

As a group, students in schools chartered by CMU outperformed their host district counterparts in all six core academic subjects of Michigan’s state assessment, and are increasing their proficiency rates at a greater rate in most subject areas than the statewide average. Ten schools chartered by CMU have attained the NCLB goal of 100% proficiency by 2014 for certain subjects. In 2008, for the first time, Michigan’s top performing “district” on the state assessment is a school chartered by CMU.

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## Making Progress in Closing the Achievement Gap

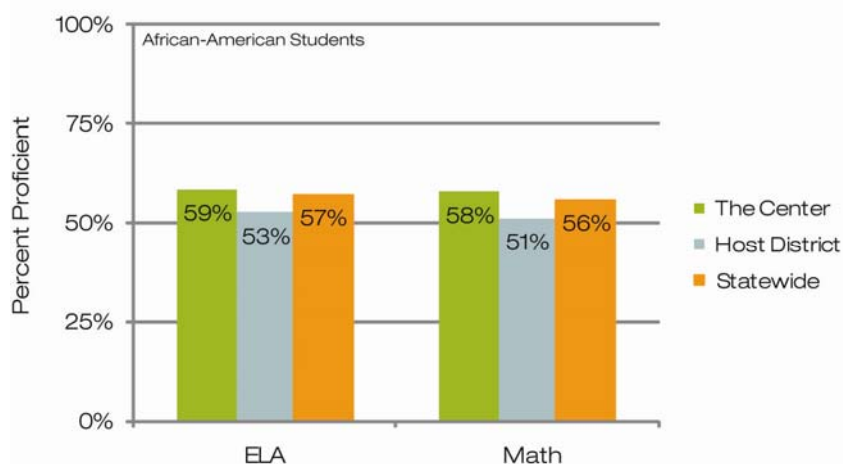
*As evidenced by 2007 and 2008 Michigan Educational Assessment Program (MEAP) results, test scores for schools chartered by Central Michigan University (CMU) demonstrate that the charter schools are delivering on the promise of helping all students excel.*

### Serving All of Michigan's Students

CMU authorizes 58 of Michigan's 230 charter public schools. Together, schools chartered by CMU serve approximately 30,000 students—64% are minorities, 63% are economically disadvantaged, and 12% receive special education services. Also, of the 30,000 students served, 10,000 of them reside within Detroit.

### Closing the Achievement Gap

Michigan Department of Education reports demonstrate that African-American students in Michigan's charter schools performed better than their peers in all traditional schools statewide. This is evident in Fall 2007 K-8 MEAP results of schools chartered by CMU: African-American students enrolled at schools chartered by CMU outperformed their peers in host districts and the state. This is a powerful indicator that real progress is being made to close the achievement gap; however, there is still more work to be done.



### Beating the Odds

More than ever, charter schools that serve a large number of economically disadvantaged students (50% or higher) are “beating the odds” by demonstrating high levels of proficiency (60% or higher) in key subjects. Fall 2008 MEAP results show that 19 of the 68 charter schools that “beat the odds” in ELA—and 25 of the 91 that “beat the odds” in Math—were chartered by CMU.

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## Answering the Nation's Call for More Great Schools

As President Obama calls for more innovation to improve public education, Central Michigan University (CMU) and the schools it charters are answering the call. The *American Recovery and Reinvestment Act sets four goals for public education*—all of which The Center for Charter Schools has been advancing for the past 15 years.

1. *Making progress toward rigorous college- and career-ready standards and high-quality assessments that are valid and reliable for all students.* To prepare students for life after high school, CMU holds the schools it charters to rigorous standards in four key areas: student achievement, student progress over time, state and federal accountability requirements, and school-specific measures. These standards are high, but individualized to each school's needs, allowing for CMU to charter a diverse portfolio of school options that provide all students—whether college-bound or career-bound—the ability to select a school that's right for them.
2. *Establishing pre-K-to college and career data systems that track progress and foster continuous improvement.* CMU is pioneering the analysis and use of this growth model testing and value-added analyses of these assessments. This provides school leaders with information on whether students are making at least a year's worth of progress in a year's time and are on track to proficiency. Now, CMU is taking student growth tracking and improvement to the next level, and is planning to launch the Performance Data Center later this year to transform its 15 years worth of school data into useful information for practitioners and policymakers.
3. *Making improvements in teacher effectiveness and in the equitable distribution of qualified teachers for all students, particularly students who are most in need.* Founded as a "normal college" and having more than 125 years experience in training teachers, CMU has coupled its legacy and its chartering expertise to develop a new Master's program in charter school leadership. CMU has also been a leader in providing training and data-driven reports to school board members, administrators and teachers to inform their decisions on how to best reach all students.
4. *Providing intensive support and effective interventions for the lowest-performing schools.* At times, charter public schools struggle to achieve their missions. CMU has worked to not only develop the type of environment in which charter public schools can be successful, but also to provides intense, individualized support for schools that struggle the most. CMU has written the first guide to developing mission specific goals precisely for charter schools. The guide has received national attention and has been the focus of presentations at state and national conferences. This support is coupled with accountability—and those schools that are unwilling or unable to turn around are either restructured or closed. It is a tough decision, but it is the right decision for kids.

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## About NACSA

The National Association of Charter School Authorizers is the trusted resource and innovative leader working with public officials to support quality charter schools in cities and states across the nation. NACSA provides training, consulting, and policy guidance to authorizers and education leaders interested in increasing the number of high quality schools and improving student outcomes, which is largely based on our Principles and Standards for Quality Charter School Authorizing.

NACSA believes that every child should be able to choose a high quality school. We advance this vision by promoting the establishment of quality charter schools through responsible oversight in the public interest. We maintain high standards, and we are honest about quality.

High quality authorizing creates an innovative, public market space for autonomous, accountable public schools of choice. Elected officials, school system leaders, and day-to-day managers establish the laws, policies, and practices that determine who can enter this new market space, how these schools will be funded and permitted to operate, and which schools will be allowed to remain and expand.

Our experience has shown that strong authorizing standards and practices lead to greater numbers of high quality charter schools.

NACSA is led by a Board of Directors comprised of a revered group of education advocates who have been on the front lines of the reform movement and who represent a diverse portfolio of educational institutions, districts, school boards, and non-profits.

NACSA also seeks guidance from its National Advisory Board, an esteemed group of education reform leaders and experts.

NACSA is supported by partners who recognize the need for standards and accountability in charter school authorizing practices - The Bill and Melinda Gates Foundation, The Walton Family Foundation, and the Michael & Susan Dell Foundation.

From our publication series, *Starting Fresh in Low-Performing Schools*, to our work re-building public education in New Orleans, NACSA is at the forefront of innovation and improvement.

NACSA hosts an Annual Leadership Conference where charter movement leaders congregate to share innovative ideas and best practices on how to increase the quality of charter school sector. In addition, the conference features interactive, practice-oriented workshops and learning sessions focused on charter authorizing, policy, research, and strategy.

Working in concert with our influential education partners and members across the country, we strive to provide every child with excellent education opportunities.



## Quality Controls for the Charter School Sector

Since 1995, the US Department of Education has spent more than \$1.7B on its federal Charter School Program (CSP). While these funds have promoted the growth of the charter school sector, they have done less to promote consistent quality within that sector. In fact, the CSP has no quality controls related to school academic performance and has weak quality controls related to school operations and finance.

Currently, the CSP requires charter schools that receive CSP funds to meet very few requirements – such as admitting students via random lottery and following civil rights laws. Absent are critical standards and practices that would help to strengthen charter school quality. Congress should take several small but important steps to immediately put academic and financial quality controls in place within the federal program. These quality controls include:

- 1) Contracts - The “charters” held by charter schools are multi-year, multi-million dollar arrangements under which charter schools provide public education services in exchange for receiving public funds. These arrangements should be defined in a contract that details the rights and responsibilities of two parties: the school and its authorizer. The CSP should require charter schools in states that receive CSP grants to have a contract, executed by school and authorizer, which defines each party's rights and responsibilities. The contract should be for a defined term and should be considered a privilege, not a property right.
- 2) Student Performance Requirements - At the core of the charter school philosophy is increased autonomy in exchange for increased accountability. Accountability standards in the charter sector are often too vague, subjective, and not centered on student performance. Charter schools that fail to meet high performance standards should be closed. The CSP should require charter schools to be held to the same measurable student performance standards as other public schools in the state. With very few exceptions, the nation's charter school laws were passed by state legislatures before the enactment of NCLB. Thus, charter statutes do not recognize the affects of NCLB on their charter sectors. It is imperative that authorizers state these accountability standards and processes clearly in their charter contracts, and these standards serve as the impetus of renewal decisions.
- 3) Audits and Public Information - Sound financial practices and systems are essential to maintain the viability of a charter school and to assure the public that its resources are being used appropriately. Some of the most troublesome problems in the charter sector have occurred due to a lack of adequate financial controls. The CSP should require charter schools in states that receive CSP grants to annually retain a qualified, independent auditor to conduct an annual audit of the charter school's financial statements and practices and to file that audit with its authorizer. CSP recipients should be subject to the open meetings and freedom of information laws that apply to all public schools.

Additionally, since the CSP's inception, state education agencies have been allowed to use 5% of their grant funds for their own administration. These funds have almost always been used by SEAs to balance the bottom line of their own operating budget. Instead, a portion of these funds should be used to improve the practices of authorizers. The CSP should be amended to reallocate 2.5% (half) to require 2.5% of these administration fee be set aside for authorizer training.



### **The NACSA Portfolio**

*Across the country, in more than 30 states, the National Association of Charter School Authorizers (NACSA) is leading efforts to create and sustain high quality charter schools. Here are just a few examples of NACSA's presence on the state and local levels.*

#### **Reforming a School System from the Ground Up**

Following the devastation of Hurricane Katrina in 2005, NACSA was recruited by state officials to provide guidance to the Recovery School District (RSD) in its efforts to rebuild New Orleans' schools. Promoting high standards and greater accountability, NACSA has been responsible for the review of every charter school application presented to the state. NACSA's reach in Louisiana extends beyond New Orleans, as state superintendent Paul Pastorek has called on NACSA for guidance and expertise in aggressively reforming schools across the state. And with RSD superintendent Paul Vallas signaling his desire to convert even more state-operated schools in New Orleans into charters, NACSA will maintain and increase its presence across Louisiana as the trusted resource and innovative leader of charter quality for years to come.

#### **Innovating Education on the Local Level**

What do Mayors across the state of Rhode Island do when they are frustrated with the status quo in education? They turn to NACSA for a solution. Fed up with years of high dropout rates and worsening economic conditions, Rhode Island's Mayors, led by Mayor Daniel McKee of Cumberland, sought counsel from NACSA as they created and implemented a strategy to obtain approval to directly authorize the state's charter schools. A rising trend within the charter school movement, Mayoral authorizing allows for autonomy and accountability in the charter sector and facilitates high-quality educational opportunities for struggling students. Since legislative approval of mayoral control in 2008, NACSA was instrumental in the launch of the Rhode Island Mayoral Academies (RIMA), a nonprofit corporation governed by a mayor-led Board of Directors. NACSA's guidance on quality authorizing standards and innovative educational practices has quickly made Rhode Island a center of innovation and improvement in education.

#### **Creating a National Model for High Quality**

The state of Missouri has a unique and powerful opportunity to establish a national standard for a system of high quality charter schools – it hosts a core group of schools from which to grow, a law which empowers the state education department to set standards for sponsors and a department that strives to use those powers wisely, and an array of valuable stakeholders and supporters in the movement. Recognizing Missouri's potential, NACSA has been engaged in an aggressive strategy to leverage elected officials, university presidents, foundation leaders, and key education stakeholders to strengthen the role of the sponsor within the state and provide the children of Missouri with excellent educational opportunities.

#### **Chartering a New Course for Quality Education**

NACSA has entered into a three-year partnership with Denver Public Schools (DPS) to improve authorizing practices across the city. Under the leadership of superintendent Tom Boasberg, NACSA is laying the groundwork for the creation and monitoring of autonomous, accountable public schools. In addition, NACSA is mobilizing key Denver education stakeholders and third parties in this new schools initiative.