

ACCOUNTABILITY FOR ALL

THE NEED FOR REAL CHARTER
SCHOOL AUTHORIZER
ACCOUNTABILITY IN MICHIGAN



FEBRUARY 2015



The Education Trust—Midwest

MISSION:

The **Education Trust-Midwest (ETM)** promotes high academic achievement for all Michigan students at all levels – pre-kindergarten through college. Founded in Michigan in 2010, ETM works alongside parents, educators, policymakers, community, and business leaders in Michigan to transform schools and colleges into institutions that serve all students well. Lessons learned in these efforts, together with unflinching data analyses and research, shape the organization's work with the goal of closing the gaps in opportunity and achievement that consign far too many young people – especially those who are African American, Latino, American Indian, or from low-income families – to lives at the margins of the American mainstream.

ETM is part of the national Education Trust, which is headquartered in Washington, D.C. Founded in 1996, The Education Trust speaks up for students, especially those whose needs and potential are often overlooked. The Education Trust is widely recognized as an unrivaled source of effective advocacy, expert analysis and testimony, concise written and spoken presentations, research, and technical assistance to districts, colleges, and community-based organizations. The Education Trust's California division, The Education Trust-West (ETW), has worked to close achievement gaps for more than 13 years in the state of California.

Regardless of location or context, The Education Trust, ETM, and ETW maintain a relentless focus on improving the education of all students, particularly those the system traditionally has left behind.

WHAT WE DO

- We serve as a nonpartisan source of information, data, and expertise about Michigan education to Michiganders and stakeholders, including policymakers, education and business leaders, parents, community-based organizations, media partners, and nonprofits.
- We conduct analyses and research to identify best practices across the nation and state to share and help build broader understanding of opportunity gaps and how to close them.
- The Center for Excellence in Teaching and Learning is The Education Trust-Midwest's technical assistance office. The Center's seasoned school leaders and experienced teachers work with our data and research team to offer support to the state, districts, and local schools on analyzing and understanding educational achievement and teacher effectiveness data, developing strategic policies to dramatically improve student learning and close achievement gaps, and coaching principals and teacher leaders in high-poverty schools.

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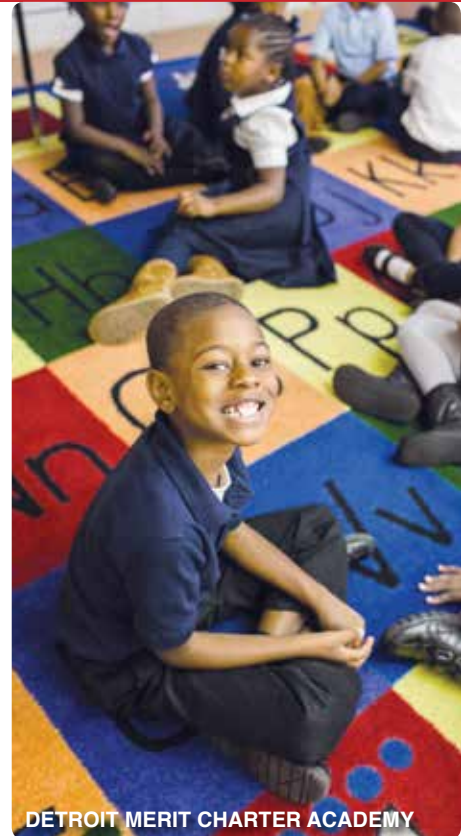
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PHOTOS: AMY SACKA

ACCOUNTABILITY FOR ALL

BY SARAH W. LENHOFF, SUNIL JOY AND AMBER ARELLANO

Today in Michigan, educators and schools are held more accountable for their performance than ever before. Teacher tenure is now based on performance, instead of seniority. Recently, the state put into place Michigan's first true statewide school accountability system, which requires schools to consistently improve and narrow achievement gaps. Meanwhile, state leaders have put more pressure on school districts to turn around their low-performing schools in a variety of ways.

However, real accountability doesn't apply to everyone in Michigan public education. Charter school authorizers, in particular, are arguably accountable to no one – not even our state's governor – though almost one billion Michigan taxpayer dollars are spent on charter schools each year.ⁱ Charter authorizers are getting a free pass, despite being responsible for nearly 380 charter schools (and counting) and being the only entities in the state with the power to approve new charters and expand existing charter operators.ⁱⁱ While the state superintendent has recently threatened to use his limited authority to suspend authorizers, he cannot revoke an authorizer's authority entirely for chronic low performance.

This wasn't how the charter movement was supposed to be. When public charter schools opened in Michigan in 1994, movement leaders promised that they would offer better school choices than what families could find among local traditional public schools. Twenty years later, overwhelmingly that promise has not been fulfilled.

Too often, charters have failed to provide the better school options for which Michiganders had hoped. That's true even when charter schools' academic performance is compared to similar traditional public schools, with similar levels of poverty.ⁱⁱⁱ The consequences of these problems are felt most by our state's most vulnerable students: African American, Latino and low-income families that have been waiting for decades for high-performing

schools of any kind.

To be clear, the Education Trust-Midwest is agnostic about school governance. We believe all Michigan children deserve – and need – high-performing public schools, regardless of who is running them. There are great schools in both the charter and traditional school sectors. Indeed, some charter schools in our state offer far better options to students than are available among local traditional public schools, such as Detroit Merit Charter Academy. We've applauded such schools – and we'll continue to do so.^{iv}

However, such high-performing charters are far outnumbered by a rapidly growing number of mediocre and even failing charter schools, which hurts successful schools, both charter and traditional. According to state data, in the 2013-14 school year, of the charter schools rated by the state, nearly half ranked in the bottom quarter of all schools statewide. This means that about 75 percent of public schools (charter and traditional) performed better.

Never before has anyone taken a closer look at the charter



PHOTO: AMY SACKA

Sarah W. Lenhoff is the director of policy and research, Sunil Joy is the data and policy analyst, and Amber Arellano is the executive director of The Education Trust-Midwest.



authorizers that are responsible for making decisions about which charter schools should open and continue to expand in Michigan. To better understand the state’s charter authorizer landscape, The Education Trust-Midwest spent more than two years mining hard-to-access data. We sought to better understand: Who are our most successful authorizers? Who are the authorizers behind the expansion and continued operation of Michigan’s low-performing charter operators?

In this report, we provide the first comprehensive review of Michigan charter authorizers’ track records of school performance and a first-ever letter grade scorecard for charter authorizers in Michigan. Through this report, we also aim to:

- **Inform:** Provide nonpartisan data and information to inform the growing policy debate about the Michigan charter sector’s quality and accountability.
- **Celebrate:** Share the best practices of our state’s top-performing authorizers that are regularly providing high-quality schools for Michigan’s students.
- **Shed light:** As a research and policy organization, we examine student performance among authorizers and their schools, and we suggest how the state can play a role in raising authorizer and charter performance in Michigan.

Our findings show there is great variation among authorizers and their schools’ student performance. Michigan authorizers are a lot like our regular public schools: some have terrific track records, more are mediocre, far too many are chronically low performing. Even when we accounted for the influence of poverty, these patterns were clear. Yet in practice, authorizers, unlike schools, are held accountable to no one.

CAN MICHIGAN HOLD CHARTER AUTHORIZERS ACCOUNTABLE?

BY SUNIL JOY

Many may wonder what the exact role of the state superintendent is when it comes to charter authorizer accountability. According to the Michigan Revised School Code, the state superintendent has the ability to “suspend the power of the authorizing body” for not engaging in “appropriate continuing oversight.” The law goes on to say that any new contracts issued during a suspension period are void.^v

This process is vague and contested; some universities contend they are constitutionally autonomous. Constitutional autonomy means that the Michigan constitution gives public university boards full authority to supervise their institutions to control and direct how they spend money.^{vi}

An analysis of the law produced in 2014 argued that the state superintendent must issue formal rules about how and why authorizers would be suspended, before he can act on this authority.^{vii}

In August of 2014, the Michigan Department of Education (MDE) put 11 authorizers on an “at-risk of suspension” list for not engaging in proper transparency, financial, or academic practices.^{viii} The MDE’s next steps remain unclear, and they are expected to generate great debate.

What is clear is that no one, including the state superintendent, can revoke an authorizer’s power.

MICHIGAN'S CHARTER SCHOOL GOVERNANCE SYSTEM

MICHIGAN DEPARTMENT OF EDUCATION (MDE)

While the state superintendent has recently threatened to use his limited authority to try to address problems with authorizers, the superintendent cannot revoke an authorizer's authority entirely (the superintendent's authority is referred to in the Michigan Revised School Code, MCL 380.502-507).



CHARTER SCHOOL AUTHORIZERS

Authorizers have the sole responsibility for approving new charter schools to open in Michigan. They also monitor the performance of schools in their portfolio, and are charged with intervening when schools are chronically failing.

There are about **40** active authorizers in Michigan.

Any public higher education institution, traditional public school district or intermediate district can authorize charters in Michigan, though not all of them do.

Michigan currently has **NO** MEANINGFUL ACCOUNTABILITY for authorizers.

The Governor's Office has **no formal authority** to hold charter authorizers accountable.



CHARTER OPERATORS

Charter operators are involved in running the **daily operations** of charter schools in Michigan, including **hiring teachers, determining curriculum, and purchasing materials**. In order for a charter operator to open a school or expand in Michigan, a **charter authorizer must approve it**. Operators can be for-profit management companies or nonprofit organizations. In rare cases, charters are "self-managed," which means a school's local board or staff operates the school.

In Michigan, there are roughly **90 operators**. It is estimated that 80% of charter schools in Michigan are run by for-profit operators.



CHARTER SCHOOLS

Charter schools are **public schools** that are free from some of the constraints of traditional public schools. For instance, they typically employ non-unionized teachers.

Charter schools are included in the **state school accountability system**, though authorizers are not.



GRAND RAPIDS CHILD
DISCOVERY CENTER



PHOTOS: ERIK HOLLADAY

THE QUALITY OF THE CHARTER SCHOOLS IN MICHIGAN IS AN ISSUE THAT DEMANDS ATTENTION FROM ANYONE WHO CLAIMS TO CARE ABOUT EQUAL OPPORTUNITY FOR ALL MICHIGAN STUDENTS.

Of the charter schools that opened between Fall 2011 and 2014 – since the lift in the state charter school cap enacted by the Michigan Legislature – 20 percent are authorized by “D” or “F” authorizers on our scorecard. The impact of such low-performing “D” and “F” authorizers reaches nearly 30,000 students.^{ix} Indeed, in many of the schools run by “D” or “F” authorizers, Michigan’s students are getting a much worse education than they would even in the state’s lowest-performing traditional public school districts, such as Detroit, Pontiac and Flint Public Schools.

The implications of poor authorizing decisions are enormous. More than \$1 billion in public investment to improve the state’s education is being undermined by some charter schools that are doing little more than replicating failure for students who need – often desperately – access to high-performing public education.

Clearly, school choice alone will not close Michigan’s unforgivable achievement gaps. Twenty years of data prove it. Simply opening the door for the rapid expansion of new charter schools isn’t enough to ensure our state actually provides better

public schools for students.

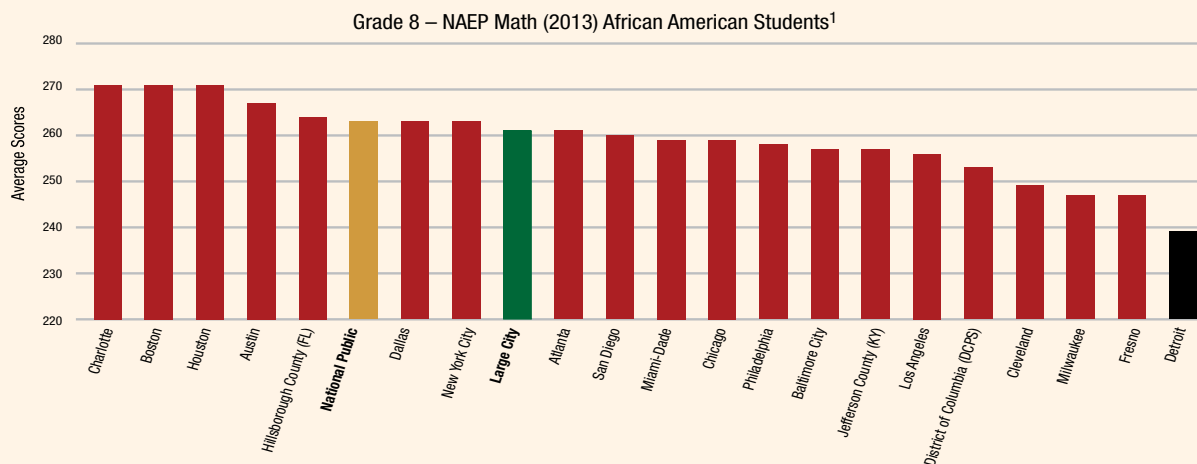
The data also show charter quality is a civil rights issue. About 72 percent of Michigan’s charter school students qualify for a free or reduced price lunch – an indicator of poverty – and more than 60 percent are African American or Hispanic. The quality of the charter schools in Michigan is an issue that demands attention from anyone who claims to care about equal opportunity for all Michigan students.

Leading education states demonstrate how important high performance standards and accountability are for developing a high-caliber charter school sector. States such as Massachusetts – the nation’s highest performing state for student learning – provide high standards and quality assurances to their families that help give rise to better schools for students who most need them.

Michigan students and parents deserve no less.

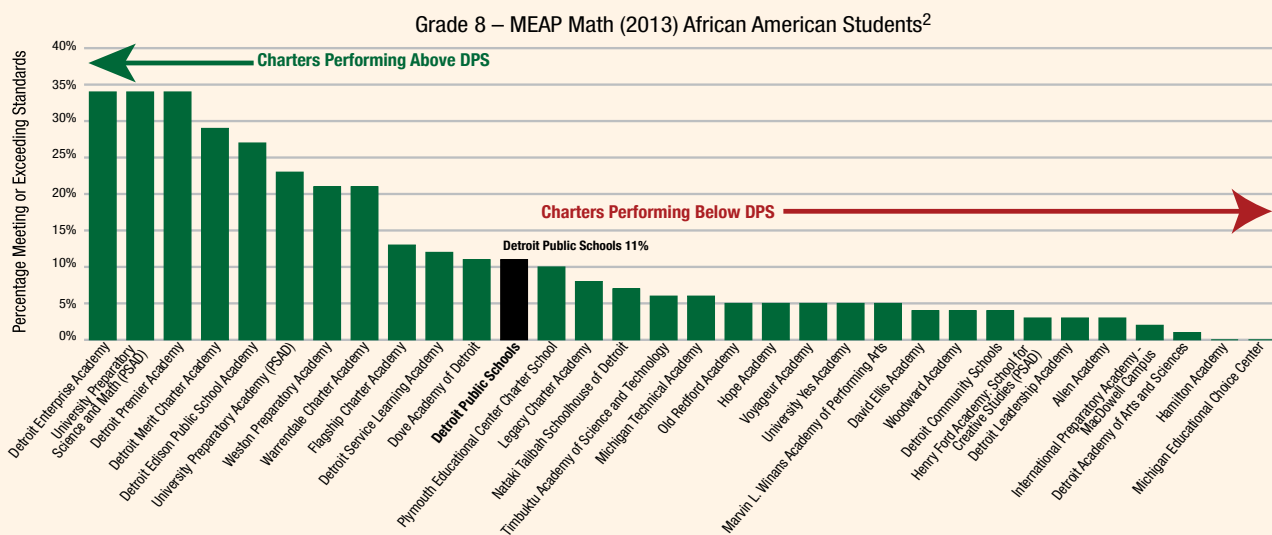
OVER 20 YEARS AGO THE FIRST CHARTERS OPENED IN MICHIGAN WITH THE PROMISE OF OFFERING A BETTER ALTERNATIVE THAN WHAT WAS CURRENTLY OFFERED BY TRADITIONAL SCHOOL DISTRICTS. HOWEVER, MANY HAVE FAILED TO LIVE UP TO THIS PROMISE...

CONSIDER: DETROIT PUBLIC SCHOOLS (DPS) RANKS LAST IN THE NATION IN 8TH GRADE MATH SCORES AMONG AFRICAN AMERICAN STUDENTS COMPARED TO OTHER URBAN SCHOOL DISTRICTS



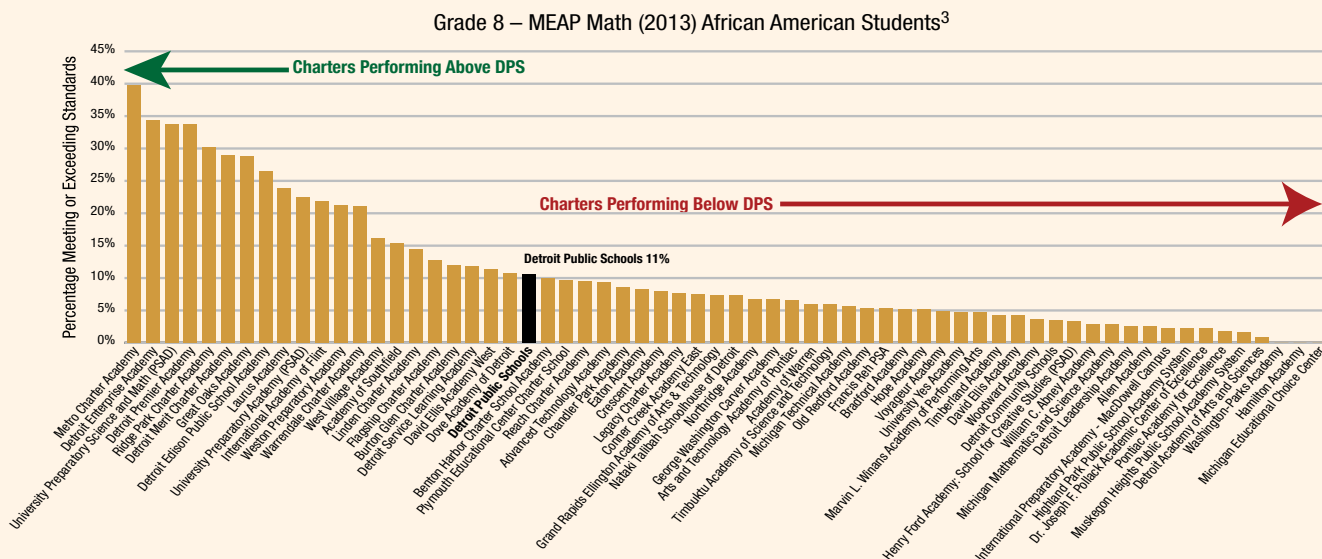
¹: Note: Basic Scale Score = 262; Proficient Scale Score = 299
Source: NAEP Data Explorer, NCES

THE MAJORITY OF CHARTER DISTRICTS IN DETROIT (65%) PERFORM WORSE THAN DPS AMONG AFRICAN AMERICAN STUDENTS IN 8TH GRADE MATH



²: Note: Data represent all charter districts located within Detroit Public School's geographic boundaries reporting African American proficiency rates in grade 8 MEAP math for 2013. Only charter districts reporting African American proficiency rates are shown. Detroit Public Schools is highlighted in black.
Source: MDE, MEAP Gap Analysis 2013, CEPI Educational Entity Master (EEM), CEPI Public Head Count

LIKEWISE, THE MAJORITY OF CHARTER DISTRICTS STATEWIDE (67%) PERFORM WORSE THAN DPS AMONG AFRICAN AMERICAN STUDENTS IN 8TH GRADE MATH



³: Note: Data represent all charter districts statewide reporting African American proficiency rates in grade 8 MEAP math for 2013. Only charter districts where African American students comprise 50% or more of the student population are shown. Detroit Public Schools is highlighted in black.
Source: MDE, MEAP Gap Analysis 2013, CEPI Educational Entity Master (EEM), CEPI Public Head Count

MICHIGAN CHARTER SCHOOLS AND THE ROLE OF AUTHORIZERS



PHOTO: ERIK HOLLADAY

GRAND RAPIDS CHILD DISCOVERY CENTER

Charter authorizers in Michigan wield daunting power. Their schools control nearly \$1 billion in Michigan taxpayer dollars every year.^x And their schools shape the futures of about 140,000 students, particularly in African American and low-income communities where charters are most common.^{xi} More than 60 percent of charter school students are African American or Hispanic – and that number is quickly growing. Meanwhile, nearly 72 percent of Michigan’s charter school students are low-income children (compared to roughly 50 percent of students in Michigan traditional public schools). Detroit ranks second in the country for the number of students enrolled in charters; Flint and Grand Rapids follow closely behind.^{xii}

Michigan has about 380 charter schools (the number is continually changing).^{xiii} Charter schools are public schools that are free from some of the constraints of traditional public schools. Most charters in Michigan are run by a charter operator.

In order for a charter operator to open a school or expand its reach in Michigan, a charter authorizer must approve it. Such operators can be for-profit management companies or nonprofit organizations. In rare cases, charters are “self-managed,” which means a school’s local board or staff operates the school.^{xiv}

Any public higher education institution, traditional public school district or intermediate district can authorize charters in Michigan, though not all of them do.^{xv} The recently created Education Achievement Authority can also authorize charter schools. The largest authorizers in Michigan are Central Michigan University, Grand Valley State University, and Bay Mills Community College. Together these “Big Three” authorizers serve close to 83,000 charter school students in Michigan.

Unlike in other states, Michigan charter authorizers possess the sole responsibility for approving new charter schools, monitoring the performance of the charters they have approved, and deciding whether to renew the contracts of existing schools.^{xvi} They are



also the only entity that can close charter schools. In states like Illinois, the state board can revoke an authorizer’s authority and authorizers are required to close schools that do not meet performance standards.

Michigan has an unusually high number of authorizers compared to other states: 40 as of the 2014-15 school year.^{xvii} In other states, the number of authorizers is very small. In Massachusetts, Mississippi, and Rhode Island, for instance, the state is the one and only authorizer of charter schools.

The National Association of Charter School Authorizers warns against states having too many authorizers. Why? Because in states with too many authorizers, poor performing schools can shop around for an authorizer with weak approval standards.^{xviii} In addition, low-performing charter schools that are at risk of being closed by one authorizer can switch to an authorizer with lower standards, which happened no less than three times just last year in Michigan.^{xix}

Michigan also is very unusual for its charter operator landscape. Michigan leads the nation for the percentage of its charter schools – about 80 percent – that are run by for-profit companies, often

headquartered out of the state.^{xx} Numerous organizations have found that some of these companies’ portfolios of schools are terribly low performing by practically any measure, including Stanford University, Michigan State University and The Education Trust-Midwest.^{xxi} Several states, including New York, Washington, Tennessee, Rhode Island, and New Mexico, have outlawed for-profit charter management companies.^{xxii}

To be sure, The Education Trust-Midwest is agnostic about school governance. No matter if a charter operator is for-profit or nonprofit, our focus is on closing opportunity gaps, and equitable access to high-performing public schools for all students. Michigan data show that an operator’s for-profit or nonprofit status is not a strong predictor of a school’s academic performance.^{xxiii}

Below, we lay out the questions we asked about charter authorizer performance and show what their schools’ student learning data can tell us about what’s working and what’s not. Finally, we look to other states for lessons on how to turn Michigan’s charter system around and fulfill the charter movement’s original promise for the next generation of Michigan’s students.

MICHIGAN AUTHORIZERS AND STUDENT LEARNING

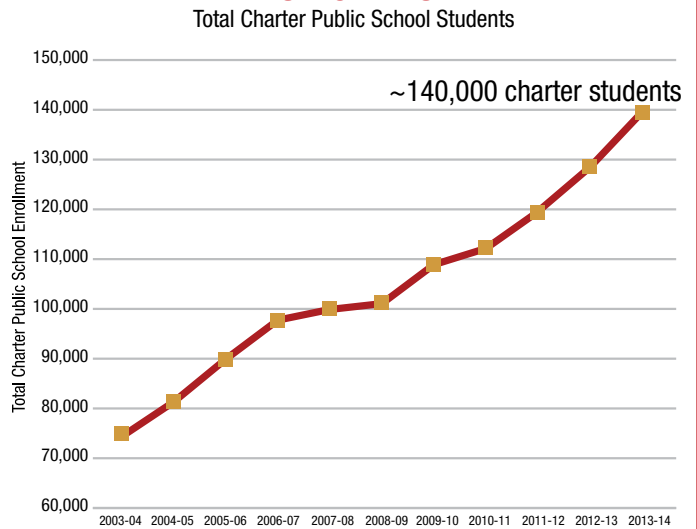
It's past time Michigan had an honest conversation about authorizer performance. We wanted to explore whether authorizers are serving Michigan students and doing what they promised to do: provide better schools than what families can find among local traditional public schools.

To do that, we spent more than two years examining the outcomes for which authorizers are truly responsible and the best available state data about authorizer performance. We developed a scorecard that rates authorizers on how well they are overseeing their schools – with some guiding principles.

Guiding Principles

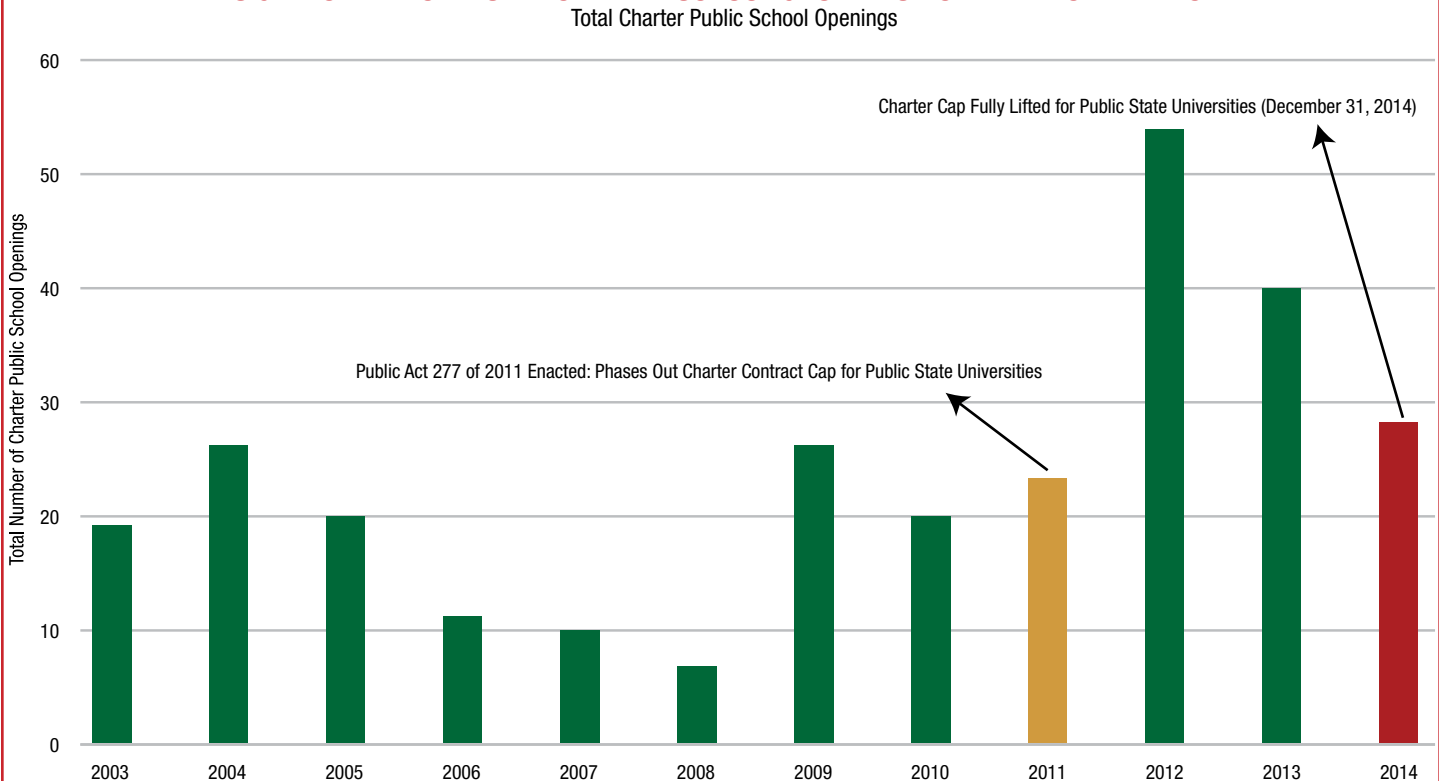
- Fair and thoughtful quality metrics and standards:**
 Authorizer performance metrics should set a fair bar that encourages charters to fulfill their original promise: to provide better choices than what traditional public schools offer to Michigan students.

SHARP GROWTH IN CHARTER ENROLLMENT OVER THE LAST 10 YEARS



Note: Data include select schools within the Michigan Educational Choice Center or Education Achievement Authority, Highland Park Public School Academy District, Detroit Public Schools, and Muskegon Heights Public School Academy District. Schools within these districts converted from traditional public schools. Charter school enrollments from 2008-09 through 2013-14 rely on prior corresponding Educational Entity Master data. Data estimates from 2003-04 through 2007-08 rely on the Fall 2008 Educational Entity Master. Source: CEPI Educational Entity Master (EEM), CEPI Public Head Count

A SIGNIFICANT INCREASE IN CHARTER SCHOOL GROWTH SINCE LIFT IN CHARTER CAP



Note: Data include select schools within the Michigan Educational Choice Center or Education Achievement Authority, Highland Park Public School Academy District, Detroit Public Schools, and Muskegon Heights Public School Academy District. Schools within these districts converted from traditional public schools. Charter school openings between Fall 2009 and Fall 2014 rely on prior corresponding Educational Entity Master data. Data from Fall 2003 through Fall 2008 correspond to the reported open-date variable from the Educational Entity Master downloaded January 5, 2015. Schools with missing or unknown opening dates are excluded. Upon passage of Public Act 277 of 2011, the combined number of contracts for public school academies (charter schools) issued by public state universities was capped at 300 through December 2012 and 500 through December 2014. After December 31, 2014, there was no limit on the total number of charter contracts issued by all public state universities. Source: CEPI Educational Entity Master (EEM)

MICHIGAN CHARTER SCHOOLS SHOULD BE ABLE TO MEET A “GOOD OR BETTER TEST:” ARE THEY AT LEAST AS GOOD OR BETTER THAN OTHER SCHOOL OPTIONS AVAILABLE TO STUDENTS?

- **Governance neutral:** Authorizer performance metrics need to apply to all authorizers, including intermediate school districts, school districts, public universities, and community colleges.
- **Right focus on authorizer responsibilities:** Performance metrics for authorizers need to hold authorizers accountable for the decisions that they’re actually responsible for: decisions on charter school expansion, opening, preventing chronic low-performance, and overseeing existing schools. In other words, the state should not hold authorizers accountable for decisions that they do not control, such as hiring, curriculum, operations, etc. Those are school operator and board responsibilities.
- **Careful consideration of poverty:** Poverty is not destiny, but right now students from low-income families do perform, on average, at lower levels than their more affluent peers. To make sure our scorecard is fair to charter schools, which serve a disproportionate number of low-income students, we developed a scorecard that looks at whether schools are improving their students’ performance over time, rather than only on achievement or proficiency measures. This is because comparisons based on current-year performance alone could disadvantage schools serving the largest numbers of these students. So we’re careful to look at improvement over time, which is absolutely something we can expect of all schools, regardless of the students they serve.
- **Serves students who most need charters:** We need to make sure any measures of charter authorizer performance do not discourage high-quality charter schools from serving the students who often most need them: low-income students and students in communities where chronically low-performing schools are plentiful. This means such a system must focus on improvement (student growth when available) so that we don’t discourage serving low-income students in high-poverty areas.

- **Aligned methodology:** While any performance metrics should recognize the unique role that authorizers play in Michigan public education, ideally they should also be aligned with the state’s performance and accountability frameworks for all schools, to avoid sending confusing or conflicting signals to schools, educators, operators, and authorizers. That said, perfection must not be the enemy of the good. Michigan is transitioning to new assessments, and we should use more sophisticated growth data for school accountability when it is available in the future. Until then, state data on improvement and performance are the best available indicators of school quality.

Guiding Research Questions

As noted, the charter movement promised to provide better schools for students than what traditional public schools could provide. Therefore, Michigan charter schools should be able to meet a “good or better test:” Are they at least as good or better than other school options available to students? We created a measure that represents this premise over three academic years, which we call our *minimum statewide quality standard*.

For each charter school in the state, we applied a two-step “good or better test” for each of the last three academic years of school accountability data: 2012, 2013, and 2014. This test asks two questions:

1. Does the charter school perform in the top half of the state overall? (50th percentile or above on the state’s top-to-bottom ranking of schools). In other words, does the school perform at least as well or better than the average Michigan public school? Michigan’s top-to-bottom ranking combines data on student achievement, student improvement, achievement gaps, and graduation rates, where applicable. Schools across the state are then ranked from 0 (worst) to 99 (best) based on how well they compare to other schools on these measures.
2. *If not*, does the charter school perform as well as or better than the state and the local district where most of its

students reside for *improvement*?^{xxiv} In other words, if the school does not perform at least as well as the average public school in Michigan, is it at least improving at an equal or faster rate than the average school and the school district where most of its students live? (Equal or better improvement in reading and math as the state and the local district average.)

If the answer is “yes” for either of these questions, the charter school meets our “good or better test.” If a charter school fails this test every year for the most recent *three consecutive academic years* (2012-14), we consider that school unacceptable – failing our minimum quality standard. Schools that meet this test all three academic years or that have mixed results over the three year period meet our quality standard.

We ask these questions, in particular, to find a thoughtful balance between academic achievement and academic improvement. We then asked three key questions related to authorizers’ decisions around opening, current performance, or improving charter schools, which are outlined below.

1. **Authorizer decisions about opening charter schools:** *Is the authorizer approving new Michigan charter schools that are likely to succeed?*

To answer this question, we looked at whether an authorizer has approved new contracts to operators in which at least half of the operator’s schools meet our minimum statewide quality standard.^{xxv}

2. **Authorizer decisions about the schools it currently authorizes:** *Is the authorizer overseeing a portfolio of schools that is as good as or better than other school options available to parents?*

To answer this question, we analyzed the percentage of an authorizer’s current schools that meet our minimum statewide quality standard.

3. **Authorizer decisions about improving struggling charter schools:** *Does the authorizer have consistently failing schools?*

To answer this question, we analyzed the number of schools in an authorizer’s portfolio that fall in the bottom 5 percent of schools in the state for two consecutive academic years, do not have above state average improvement, and have remained open.

THE BENEFIT OF THE DOUBT: PRIORITIZING FAIRNESS IN OUR METHODOLOGY

BY SARAH W. LENHOFF

The staff at The Education Trust-Midwest has spent more than two years collecting and analyzing national, state, and local data to create the most comprehensive database of Michigan charter schools that we know of. Our goal has been to find the most accurate – and fair – way to understand the performance of Michigan charter schools. Our final methodology prioritizes fairness in several key ways:

- **We give charter schools the benefit of the doubt.** In order to fail our statewide minimum quality standard, a charter school must fail to meet our “good or better test” for *three academic years in a row*. This means that a charter could fail to meet our test two out of three years, and we would still consider that school meeting our standard. This gives us confidence that when we say a school is not serving its students well, it’s really true. It also gives charters time to improve – even if they don’t meet our test two years in a row, they can still be considered meeting standard if they meet the test the next academic year.
- **We also prioritize student improvement over achievement.** Although the absolute level of knowledge and skill that students develop (their achievement) is ultimately the most important element to future success, students start school already performing at different levels. That’s why student improvement throughout the year is an important indicator of how well schools are serving students. Our methodology prioritizes student improvement over achievement by allowing a school to meet our standard if it meets or exceeds the average student improvement of the state and the local school district where most of its students live.
- **All authorizers are treated equally.** Rather than focus all of our attention on the state’s largest authorizers, we treat every authorizer in the state the same. That’s why our scorecard includes the state’s smallest district and intermediate school district authorizers, some with just one school, as well as the state’s largest authorizers with more than 50 schools across the state.

2015 ETM CHARTER AUTHORIZER SCORECARD

Grade ⁱ	Authorizer	Decisions Regarding Charter School Openings and the Quality of their Operators ⁱⁱ	Setting Performance Standards for Current Schools ⁱⁱⁱ	Improving Chronically Failing Schools ^{iv}	Average Score
A	Washtenaw Community College Total Schools: 1 ^v	-	100.0	100.0	100.0
A	Washtenaw ISD Total Schools: 1	-	100.0	100.0	100.0
A	Grand Rapids Public Schools Total Schools: 1	-	100.0	100.0	100.0
A	Wayne RESA Total Schools: 7	100.0	100.0	100.0	100.0
A	Hillsdale ISD Total Schools: 2	-	100.0	100.0	100.0
A	Macomb ISD Total Schools: 1	-	100.0	100.0	100.0
B	Lake Superior State University Total Schools: 30	88.0	71.4	100.0	86.5
B	Ferris State University Total Schools: 30	100.0	56.3	100.0	85.4
B	Grand Valley State University Total Schools: 63	84.0	63.9	100.0	82.6
B	Bay Mills Community College Total Schools: 48	80.0	75.8	85.7	80.5
C	Central Michigan University Total Schools: 73	89.5	68.0	60.0	72.5
D	Oakland University Total Schools: 10	50.0	50.0	100.0	66.7
D	Detroit Public Schools Total Schools: 14	83.3	50.0	50.0	61.1
D	Saginaw Valley State University Total Schools: 34	50.0	40.0	66.7	52.2
F	Eastern Michigan University Total Schools: 12	66.7	22.2	50.0	46.3
F	Northern Michigan University Total Schools: 10	60.0	14.3	0.0	24.8

ⁱ Letter grades are as follows: A: 90-100, B: 80-89, C: 70-79, D: 50-69, F: 0-49.

ⁱⁱ This score represents the percentage of schools the authorizer opened from Fall 2011 and Fall 2014 that were managed by operators that met a statewide minimum quality standard over three years. An operator did not meet our statewide minimum quality standard if more than half of its schools failed a statewide minimum quality standard for three consecutive academic years, 2011-12 through 2013-14.

ⁱⁱⁱ This score represents the percentage of an authorizer's current schools that met a statewide minimum quality standard over three consecutive academic years, 2011-12 through 2013-14.

A Look Behind the Grades

Washtenaw Community College's only authorized school in our analysis, **Washtenaw Technical Middle College**, performed exceptionally well, ranking in the 99th percentile of schools over the last two academic years. This means that this school was among the top public schools in the entire state.

Honey Creek Community School, Washtenaw ISD's only authorized school in our analysis, consistently ranks among the top 20 percent of schools each academic year.

The **Grand Rapids Child Discovery Center**, Grand Rapids Public School's only authorized school in our analysis, saw large school-wide improvement between 2010-11 and 2013-14, jumping from the 7th percentile to the 44th percentile. This big change shows the potential turnaround possible in just a few academic years.

Creative Montessori Academy, one of two schools authorized by Wayne RESA in our analysis, had 96 percent of its Hispanic students proficient in reading on the 2013-14 accountability scorecard.^{iv}

In one of the last three years, **Hillsdale Preparatory School**, one of two schools authorized by Hillsdale ISD in our analysis, was ranked among the top 20 percent of schools statewide.

In 2010-11, Macomb ISD's only authorized school in our analysis, **Arts Academy in the Woods**, was among the top 15 percent of all schools statewide.

Lake Superior State University (LSSU) had overall good performance with some weak spots. This means LSSU authorized schools like **Detroit Service Learning Academy**, which dropped from the 51st to 11th percentile from 2010-11 to 2013-14. On the other hand, **Concord Academy - Petoskey** had schoolwide improvement above the state in both math and reading over multiple academic years, while also ranking among the top half of all schools statewide.

Ferris State University had some exemplary performance, but was not without weaknesses. At **New Bedford Academy**, for example, 90 percent of all students were proficient in reading. On the other hand, **Voyageur Academy** of Detroit had fewer than half (44%) of its African American students proficient in math.

Grand Valley State University authorizes many charters that are performing very well, but it still has room for improvement. **University Preparatory Science and Math (PSAD) Middle School** had 86 percent of its African American students proficient in reading in 2013-14. This is despite the majority of the student population qualifying for free or reduced lunch. At the same time, **Lincoln-King Academy** of Detroit ranked in the bottom 5 percent of all schools in 2013-14 and has ranked among the bottom 15 percent of schools since 2011-12.

Bay Mills Community College has schools that epitomize the original promise of charter schools, but has also made several questionable authorizing decisions. **Hamtramck Academy**, with almost 100 percent of low-income students, is ranked near the top 20 percent of all schools and has demonstrated stellar academic improvement over the last several academic years. Unfortunately, Bay Mills Community College also recently authorized **Detroit Community Schools – Elementary**. This school had previously received its charter contract through Saginaw Valley State University, but later transferred over to Bay Mills. This was despite the school being ranked in the 7th percentile statewide in the 2012-13 academic year.

Central Michigan University's schools are a mix of extremes—the top performing schools in the state mixed with the worst performing schools in the state. Both **Canton Charter Academy** and **South Arbor Charter Academy** are ranked among the top schools statewide, in the 98th and 97th percentile, respectively. At the same time, **Mid-Michigan Leadership Academy** of Lansing and **Michigan Technical Academy Elementary** of Detroit, were both ranked in the bottom 5 percent of all schools over multiple years.

Oakland University shows a mixed bag for charter performance. **Four Corners Montessori Academy** had several consecutive academic years where it ranked among the top half of schools statewide. However, Oakland University also authorizes **Detroit Academy of Arts and Sciences Middle School**, which had school-wide improvement in the bottom 20 percent of all schools in both math and reading for 2013-14. The school also ranked near the bottom 10 percent of all schools statewide.

Detroit Public Schools has had very poor results overall. Numerous schools, including **GEE White Academy** ranked in the bottom 5 percent of all schools for one or more academic years.

Saginaw Valley State University authorizes multiple schools with extremely poor performance. **Pontiac Academy for Excellence – Elementary** appeared in the bottom 5 percent for two consecutive years, ranking in the 1st percentile in both 2012-13 and 2013-14. This is just one of several schools with very poor performance, including others that rank in the 0th, 1st, and 2nd percentile—the worst of the worst.

Eastern Michigan University (EMU) had far too many schools with poor performance. Of the schools currently authorized, EMU's very best only ranks in the bottom third statewide. To give an example, low-income students at Detroit Public Schools actually had proficiency rates nearly 15 percentage points higher than low-income students at **Gaudior Academy** in math, an EMU-authorized school. It is no coincidence that this same school ranked in the 0th percentile on the state's most recent rankings.

A great indication of Northern Michigan University's bad practice is its recent opening decisions. Northern Michigan actually engaged in two recent instances of approving a school that previously received its charter contract from another authorizer, despite the schools' previous poor performance. These schools were **George Crockett Academy** of Detroit and **Francis Reh PSA** of Saginaw, both formerly with Ferris State University. To give some perspective, just 16 percent of Hispanic students were proficient in math at Francis Reh PSA in 2013-14. These schools both ranked near the bottom quarter of all schools in the 2012-13 academic year.

^{iv} This score represents the percentage of an authorizer's schools that were among the state's bottom 5 percent of lowest-performing schools for two consecutive academic years and did not demonstrate above state average improvement in the second year, out of the authorizer's schools that were among the bottom 5 percent for the first time between 2010-11 and 2012-13.

^v Represents all open-active PSA schools as of January 5, 2015.

^{vi} All proficiency rates described in this table are derived from the 2013-14 MDE accountability scorecard, which takes into account full academic year (FAY) students who were educated in the school when they learned the tested content.

REPORT METHODOLOGY



In addition to our guiding principles and research questions, we developed a detailed methodology based on best practices to guide our work.

- **Data** – We intentionally used state accountability data that all charter schools and authorizers have access to in Michigan. We constructed our analysis around the decision points available to authorizers, using data that they should be using when making decisions about opening, current performance, or improvement of chronically failing schools. We analyzed the improvement variables embedded in Michigan’s top-to-bottom ranking for elementary math, elementary reading, high school math, and high school reading. We compared each school’s improvement to the average improvement of the state. We also compared each school’s improvement to the traditional public school district where most of its students live. We derived these enrollment numbers from the state’s non-resident student data file. For our analysis of authorizers’ failing schools, we looked at whether a school was among the bottom 5 percent of all schools in the state for two consecutive academic years, based on the top-to-bottom ranking.
- **Fairness to new authorizers, turnaround efforts** – In our scorecard, we make sure to only count schools in the “current school performance” category after they have at least three consecutive academic years of data as charters. We do not penalize authorizers for approving new schools from operators with no track record, and we only look at these schools’ performance after three academic years. This method gives authorizers a chance to improve student learning in the first few years of opening a school, while holding them to a reasonable expectation of performance after that time.
- We also exclude schools that have converted from traditional public schools to charters in the last three years and schools that serve atypical student populations, such as strict discipline academies.
- **Grade assignment** – We assigned each authorizer a letter grade based on the percent of its schools that meet our standards for good authorizing decisions about opening, current performance, or improvement.
 - “A” authorizers are making good authorizing decisions at least 90 percent of the time.
 - “B” authorizers are making good decisions at least 80 percent of the time.
 - “C” authorizers are making good decisions at least 70 percent of the time.
 - “D” authorizers are making good decisions at least 50 percent of the time.
 - “F” authorizers are making good decisions less than 50 percent of the time.
- **Fairness about the authorizers included** – There are 40 total authorizers in the state of Michigan. Not all authorizers had enough available data to be included in our analysis. For example, a new authorizer may have opened a school just a year or two ago that has no track record in Michigan or may have too small an enrollment to be included in the state’s accountability data. In total, 16 authorizers are graded as part of this scorecard. These 16 authorizers are responsible for roughly 135,000 charter students, or about 96 percent of all charter students in the state.
- **Transparency about methodology** – For a full description of the data and methodology behind this report, please see the technical appendix at edtrustmidwest.org/accountability-for-all.

OUR FINDINGS: FEW GREAT, MANY LOW-PERFORMING AUTHORIZERS

Our analysis of publicly available data reveal there is great variation in performance in the charter sector, just as there is among traditional public schools. A few are terrific; many are mediocre; and many more are very low performing. Unlike in leading states such as Massachusetts, where great charter schools flourish in areas like Boston, truly high-caliber charter schools are the rare exceptions in Michigan.

Celebrating Success

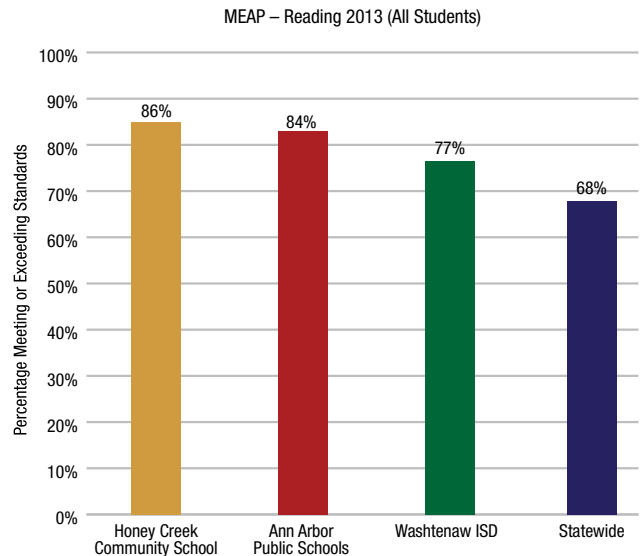
Six authorizers, including Washtenaw Intermediate School District and Grand Rapids Public Schools received an “A” on our scorecard. This means that, in the last three years, these authorizers have made good authorizing decisions at least 90 percent of the time. These top authorizers are responsible for some of the best charter schools in the state, such as Honey Creek Community School in Ann Arbor, where 96 percent of students are proficient in reading, according to the 2013-14 accountability scorecard. These top authorizers tend to have small shops and bring a laser-like focus to their oversight and support roles. **Read more about some of their best practices on page 18.**

Some of the state’s largest authorizers, Lake Superior State University, Ferris State University, Grand Valley State University, and Bay Mills Community College, received a “B” overall on our scorecard. They show discerning authorizing practices can produce strong charter schools, even for students who may come to school far behind.

For example, **Grand Valley State University** authorizes University Prep Science and Math High School in Detroit, with 65 percent low-income students. It has significantly higher improvement in math than the average Michigan high school. In fact, the school ranks among the top 30 schools for high school math improvement, out of roughly 550 high schools statewide. That’s notable, given Michigan’s dismal math performance, especially for low-income students.^{xxvi}

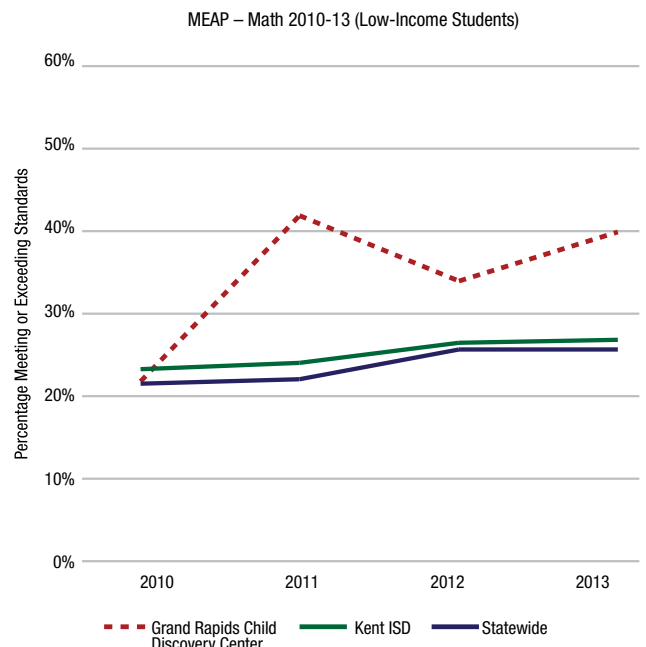
Indeed, Grand Valley State authorizes the three schools that are part of University Prep Academy Science and Math in Detroit. The charter management company, Detroit 90/90, operates them. These charter schools perform above the state

HONEY CREEK COMMUNITY SCHOOL (AUTHORIZED BY WASHTENAW ISD) OUTPERFORMS LOCAL DISTRICT, ISD, AND STATE



Source: MDE MEAP Gap Analysis 2013

MAJOR STRIDES FOR LOW-INCOME STUDENTS AT GRAND RAPIDS CHILD DISCOVERY CENTER (AUTHORIZED BY GRAND RAPIDS PUBLIC SCHOOLS) SINCE 2010



Source: MDE MEAP Gap Analysis 2013

SMALL BUT MIGHTY: TOP AUTHORIZER PRACTICES IN MICHIGAN

BY SUNIL JOY

Charter authorizers are the gatekeepers of the Michigan charter school community. They approve new charter contracts, monitor performance of the schools they authorize, and intervene when schools are struggling. That's why a key component to the long-term success of a charter school is the sound practice of its charter authorizer.

Washtenaw Intermediate School District (ISD) and Grand Rapids Public Schools (GRPS) provide useful models for best authorizing practices in Michigan. They approve new schools that are likely to succeed, but they don't stop their involvement after the school doors open. The authorizers closely monitor their schools' progress, with the goal of high student learning at the forefront. And they use data to drive decision-making and intervene when necessary to ensure that all kids are getting the quality educational opportunities they deserve.

Authorizing just one school each, Washtenaw ISD and GRPS stand in stark contrast to many of the large university authorizers in the state. But what they lack in size, they make up for in quality authorizing practices.

Washtenaw ISD authorized its first school in 1995, Honey Creek Community School in Ann Arbor, which now serves students in grades K-8. Honey Creek is self-managed, meaning that the school board and staff run the school, rather than a charter operator. From the beginning, Washtenaw ISD was attracted to charters' increased flexibility to provide innovative models for learning.

Naomi Norman, executive director of Achievement Initiatives at Washtenaw ISD, says they were unwilling to compromise on high standards for this increased flexibility.

"WISD was able to set really high standards for any school that we would consider authorizing," Norman told ETM. "We wouldn't even consider authorizing a school unless it met a really high bar."

After receiving countless proposals for potential new schools, only one school, Honey Creek, has met the authorizer's high bar for opening in the past twenty years. Norman said that the school was "started by parents," some of whom were "former teachers or early childhood educators, so they knew how to manage money and run programs." In addition, Norman said that, when the school started, it was using "all of the best practices they knew of at the time: multi-age classrooms, lots of project-based learning, huge curriculum fair,



TERESA WEATHERALL NEAL,
SUPERINTENDENT OF GRAND
RAPIDS PUBLIC SCHOOLS



NAOMI NORMAN, EXECUTIVE
DIRECTOR OF ACHIEVEMENT
INITIATIVES AT WASHTENAW ISD



JOHN ROBINSON,
PRINCIPAL OF GRAND
RAPIDS CHILD
DISCOVERY CENTER

and the teachers looped with the kids for three years."

GRPS considers its one charter, Grand Rapids Child Discovery Center, as "part of the district's portfolio of school choices." Mary Jo Kuhlman, assistant superintendent of Organizational Learning at GRPS, said that "GRPS is working with GRCDC to explore more ways to connect the school and district to leverage central office support services such as professional development, evaluations, information technology services, and more."

Washtenaw ISD and GRPS share an important approach to school success: they use data to drive decision-making. Washtenaw ISD took a comprehensive look at Honey Creek's data when the school was up for contract renewal in 2013. "As an authorizer, we have to make sure evaluation happens and make adjustments based on that evaluation," said Norman. "We take that work very seriously."

Washtenaw ISD and GRPS show that charter schools can be a benefit for the entire community. "We don't see Child Discovery Center as competition, we see them as another quality public school choice that the district embraces and is working to support even further," said Kuhlman.

and local district for student improvement and above the state average on the state top-to-bottom ranking. **Read more about Grand Valley’s Charter School Office on page 21.**

Meanwhile, **Lake Superior State University** authorizes seven schools that have at least three consecutive years of data on the top-to-bottom rankings. Five of those seven met our minimum quality standard over a three year period.

Not all of our “B” level authorizers are running top performing charter schools, however. For example, Ferris State University currently authorizes Joy Preparatory Academy (Grades 3-8) and Allen Academy of Detroit. Both of these schools opened over a decade ago and are managed by The Leona Group.

Despite operating for quite some time, both schools failed our minimum quality standard over the last three academic years. In 2014, both schools ranked just slightly above the bottom ten percent of schools statewide.

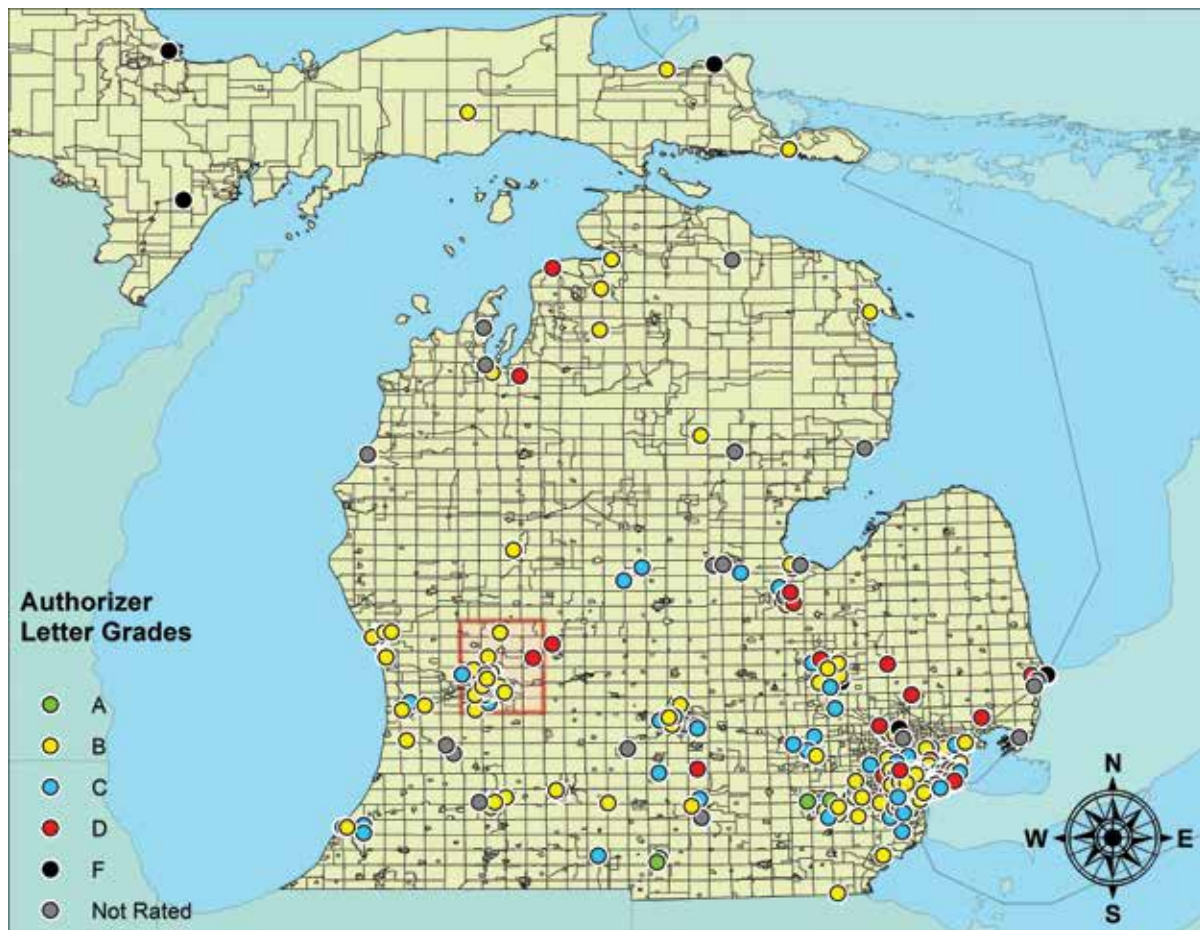
Mediocre Performance

Central Michigan University (CMU) received a “C” on our scorecard. CMU is particularly notable, as it is one of Michigan’s largest charter authorizers with more than 70 public charter schools open in the state today. Data show its performance record is deeply mixed.

Consider: Central Michigan University approved Morey Montessori Public School Academy, in tiny Shepherd, Michigan, just south of Mt. Pleasant, in 1997. Sixty-three percent of the school’s students are low-income, yet it was ranked well above the state average overall in 2013 and 2014. It also had significantly higher improvement in reading than the state in 2014.

Yet many of CMU’s authorized schools are struggling, some it has continued to expand or keep open, despite serious academic woes. Take, for example, Michigan Technical Academy Elementary, a charter school in Detroit that CMU opened in 2002. The school ranked in the 3rd percentile in 2013 and the 1st

ETM CHARTER AUTHORIZER SCORECARD LETTER GRADES



Note: Each colored dot represents the cumulative authorizer letter grade of each charter school's authorizer. Colored dots are not representative of individual school ratings. To see authorizer grades, please see pgs. 14-15. Authorizers without ratings lacked sufficient data to be considered in ETM's scorecard.
Source: CEPI Educational Entity Master (EEM), CEPI Non-Resident Student, United States Census Bureau TIGER Data, MDE Top-to-Bottom, MDE Public School Academy (PSA) Updates

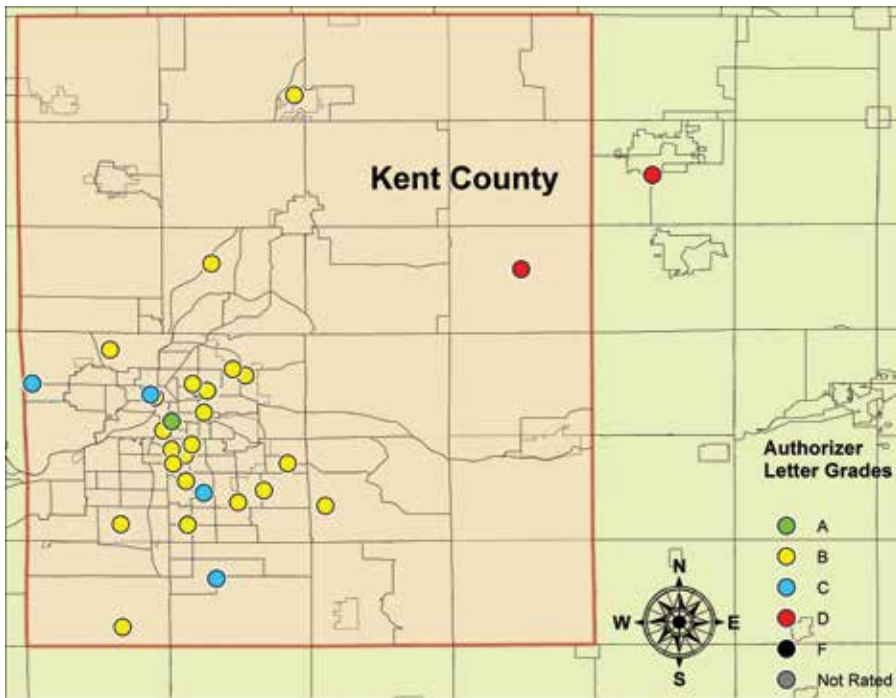
percentile in 2014. And its improvement rate was below the state average in both years, meaning that its low-performing students were learning much less than their peers statewide. Despite this dismally low performance and low improvement, CMU has continued to open new schools rather than focus its attention on

improving its lowest performers.

Or take Eaton Academy of Eastpointe, a CMU-authorized charter opened in 1996. Just two percent of low-income students were proficient in science and the school ranks in the sixth percentile. This places the school below the majority of public schools statewide.

Central Michigan University had 16 charter schools fail our statewide minimum quality standard over three consecutive years. All 16 of these schools have been open for at least ten years by 2015, and 12 of them have been open between 15 and 20 years. For instance, Woodland Park Academy in Grand Blanc, which serves 271 students who live in Flint, had lower performance and improvement than the state average in 2012, 2013, and 2014. The school also had just 7 percent of its African American students proficient in science according to the state's 2013-14 accountability scorecard.

ETM CHARTER AUTHORIZER SCORECARD LETTER GRADES



Note: Each colored dot represents the cumulative authorizer letter grade of each charter school's authorizer. Colored dots are not representative of individual school ratings. To see authorizer grades, please see pgs. 14-15. Authorizers without ratings lacked sufficient data to be considered in ETM's scorecard.
Source: CEPI Educational Entity Master (EEM), CEPI Non-Resident Student, United States Census Bureau TIGER Data, MDE Top-to-Bottom, MDE Public School Academy (PSA) Updates

Failing Performance

Three authorizers received a “D” on our scorecard: **Oakland University**, **Detroit Public Schools** and **Saginaw Valley State University**. Two more received an “F:” **Northern Michigan University** and **Eastern Michigan University**. Their portfolios are so low performing, overall, it's impossible to call them a success based on any academic measure.

Indeed, state data reveal that, in many of the schools run by “D” and “F” authorizers, students are getting a much worse education than they would in an average Michigan public school district. And some are getting a worse education than they would

even in poor-performing traditional public school districts, like Detroit and Flint Public Schools.

“D” and “F” authorizers oversee 31 schools that do not offer as good as or better options to families than traditional public schools.

Consider:

- Oakland University, a “D” authorizer, manages several low-performing schools, such as Universal Academy in Detroit, open since 1998 and operated by low-performing management company Hamadeh Educational Services Inc., and Detroit Academy of Arts and Sciences, a self-managed school open since 1997. Oakland University also approved a new school in 2012 operated by Education Management & Networks, an operator with a poor track record in Michigan: Caniff Liberty Academy in Hamtramck.
- Student performance at the schools authorized by one of our “F” authorizers, Eastern Michigan University (EMU), borders on criminal. All nine schools ranked by the state were in the bottom third of all schools statewide. All but one school was ranked among the bottom 25 percent of schools in the state. Most of the authorizer’s schools demonstrated low student improvement, with eight of nine schools showing *significantly worse improvement* in elementary math than the average Michigan school.

For example, Gaudior Academy in Inkster, opened in 1996, ranks in the zeroth percentile on the top-to-bottom ranking. These are common performance levels among EMU’s schools. Yet EMU continues to operate these schools and has approved their operators to open more, like they did in 2013 when they approved poor-performing operator, The Leona Group, to open another school in Detroit, the Detroit Public Safety Academy.

A LEADER AMONG LARGE AUTHORIZERS: GRAND VALLEY STATE UNIVERSITY

BY SARAH W. LENHOFF

Grand Valley State University (GVSU) authorized its first charter school in 1995 and has since expanded to authorize more than 60 schools with more than 30,000 students across Michigan.

A “B” authorizer in our scorecard, GVSU doesn’t have a perfect track record, but it’s clearly doing many things right. We can see evidence of its good decision-making in the many high-performing, high poverty schools it authorizes.

Like many top authorizers, GVSU is not simply interested in the growth of its portfolio. Tim Wood, special assistant to the president for charter schools, says GVSU is committed to only opening new schools that have a strong chance of succeeding. “We closely review each and every application for a new school,” Wood said. “We review data and previous school track records, and we think carefully about opening schools where they are really needed. Over the last three years, only 15% of applicants received a charter from GVSU.”

These careful opening decisions mean that GVSU does not authorize any schools run by Michigan’s worst performing operators like Leona, one of the lowest-performing operators in the state.

GVSU attributes its success as an authorizer to a laser-like focus on school improvement and student achievement. Some of the practices it implements are:

- Comprehensive application process and thorough vetting of new school applicants, including analyzing the performance data of charter operators’ other schools and proposed budgets in a variety of enrollment scenarios.
- Professional development opportunities for school leaders and teachers to learn best practices for improving student achievement from national leaders.
- An active presence in Detroit, where it authorizes a large concentration of schools. GVSU has a Detroit office and regularly convenes education leaders to collaborate on improving policy and conditions in Detroit schools.
- Real-time performance reports for schools to understand their financial and academic strengths and weaknesses with staff to assist schools in analyzing their data.
- An incentive system in which schools are financially rewarded for high student performance and consistent school improvement.
- Third-party research partnerships, including with the University of Michigan’s Ford School of Public Policy, to evaluate school-based GVSU sponsored initiatives like Evidence Based Literacy Instruction.

- We've already cited Leona Group several times because it happens to be one of Michigan's worst charter school operators, according to both our analysis of state data and Stanford University research. Leona operates 20 schools in Michigan, the vast majority of which have student improvement well below the state average in elementary reading and math. Stanford University found that students at Leona schools across the country are learning significantly less than similar students in traditional public schools.^{xvii}

For example, Cesar Chavez Academy Elementary is a Leona school in Detroit; 98 percent of its students are low-income and 95 percent are Latino. According to the state, only 2 percent of schools in Michigan perform worse. In fact, it performs significantly worse than Detroit Public Schools – the worst performing urban school district in the United States, according to the national assessment – and even Flint Public Schools for average improvement in elementary math.^{xviii} Cesar Chavez Academy Elementary Latino students are performing at lower levels than Latino students in DPS according to the state's 2013-14 accountability scorecard for both math and reading.

Yet, despite this longstanding poor track record in Michigan, authorizers Eastern Michigan University and Saginaw Valley State University approved Leona to open two new schools in 2013. One was an expansion of the Cesar Chavez Academy charter district, which includes a charter elementary, intermediate, middle, and high school. The Cesar Chavez Academy District has proficiency rates among English Language Learners that are nearly ten percentage points lower than English Language Learners at Detroit Public Schools in reading, according to the 2013-14 accountability scorecard.

In addition, the state-appointed emergency financial manager of Highland Park City Schools converted all of the schools in the district to charters operated by Leona in 2012. Conversely, we found that some of Michigan's largest authorizers, such as GVSU, do not authorize a single Leona school.

- Students at Timbuktu Academy of Science and Technology, a school authorized by the Detroit Public Schools, perform below the state average for improvement in reading and math. According to the school's website, the school was

“founded in 1997 to provide African-centered education to children on Detroit's Eastside.” Sadly, just five percent of African American students were proficient in science on the 2013-14 accountability scorecard, ranking below Detroit Public Schools.

Northern Michigan University, the worst performing charter authorizer in our scorecard, only has one school that did not fail our minimum quality standard. Six out of its seven schools failed “the good or better test” every year. These low-performers include North Star Academy, a self-managed charter school in Marquette, open since 1997. The school performed in the bottom quarter of the state and had lower improvement than the average Michigan school in 2014 for elementary math and reading.

These “D” and “F” grades do not mean that these struggling authorizers do not run some good schools. On the contrary, Saginaw Valley State University authorized operator Scholastic Solutions to open Chandler Park Academy High School in Harper Woods in 2007. The school has performed well above the state average on the top-to-bottom ranking for the last three years, even though 88 percent of its students are low-income. It has also performed above the state and its local district for improvement in reading and math for three consecutive years.

Unfortunately, Chandler Park is far too uncommon for Saginaw Valley and other failing authorizers. More common are bad authorizing decisions to open and expand chronically failing schools. One such example is with the operator Education Management & Networks which opened Oakland International Academy – High School of Hamtramck in 2013 and is authorized by Saginaw Valley State University.

This high school was an expansion of the Oakland International Academy district, which already had three schools within the district. What is significant is that none of Oakland International's schools met our minimum quality standard over three consecutive years, yet Saginaw Valley approved expansion anyway.

To put that into perspective, in the last two consecutive years, the district's middle school ranked below the 10th percentile. The remaining schools ranked below the 20th percentile both academic years. It is puzzling that this district would be allowed to expand without first working to improve the poor performance of its current schools.

WHAT'S GOING ON HERE? ISN'T ANYBODY MINDING THE STORE?

Clearly, in creating so many authorizers – with virtually no state oversight – Michigan leaders created a serious charter school quality problem. They exacerbated that problem when the state legislature and Governor Rick Snyder lifted the state’s long-held “cap” on charter schools in 2011. They had an opportunity to fix this problem by requiring minimum quality standards for schools to open or expand. But they failed to do so, instead giving authorizers unchecked authority to approve an unlimited number of schools, regardless of quality.

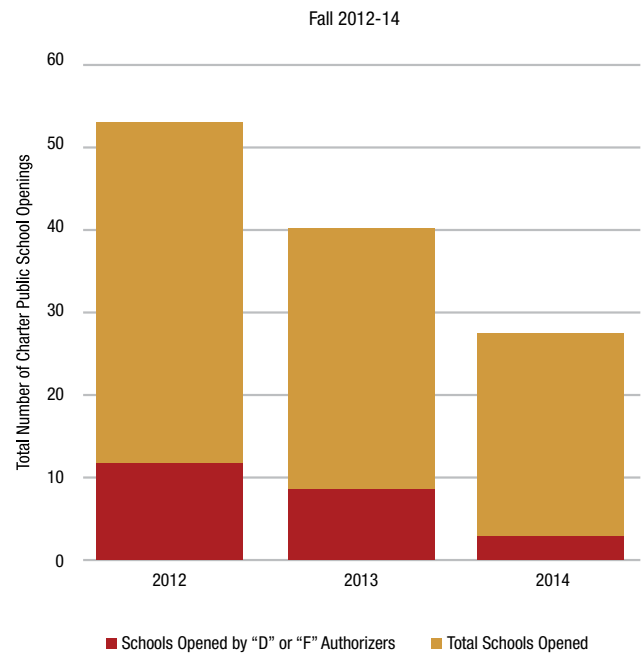
Without the cap, which once exerted at least some pressure on authorizers to be selective about new charter schools, today there is little incentive for authorizers to put students’ academic interests before that of some operators. Indeed, the incentives run in the opposite direction: authorizers receive 3 percent of the public funding for each school they authorize, regardless of performance. That amounted to about \$30 million that went to Michigan’s charter authorizers last year.

State data demonstrate these perverse incentives. Low-performing charter operators are quickly replicating and expanding in Michigan, by taking advantage of our decentralized and unregulated charter authorization system. Of the schools opened since the lift in the cap, there are 21 run by operators with very low track records in Michigan. Unfortunately, this confirms the concerns raised by a number of organizations in 2011, including The Education Trust-Midwest, the Detroit Regional Chamber and Excellent Schools Detroit, that the lift of the state’s charter cap without quality standards would lead to the continued growth of low-performing charter schools, particularly in our low-income communities.

That’s awful news for students, too many of whom are poorly served by weak or chronically failing charter schools. Since the cap on charter schools was lifted in 2011, authorizers oversaw the largest single-year charter growth in state history. In 2013, roughly 40 schools opened their doors. In 2014, just under 30

**OF THE
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CHARTER SCHOOL OPENINGS BY “D” AND “F” AUTHORIZERS



Note: Data include select schools within the Michigan Educational Choice Center or Education Achievement Authority, Highland Park Public School Academy District, Detroit Public Schools, and Muskegon Heights Public School Academy District. Schools within these districts converted from traditional public schools. Charter school openings between Fall 2012 and Fall 2014 rely on prior corresponding Educational Entity Master data. Source: CEPI Educational Entity Master (EEM), CEPI Non-Resident Student, MDE Top-to-Bottom, MDE Public School Academy (PSA) Updates

new charters have opened, with many more expected in 2015. Many of these new schools are run by operators with terrible track records of performance, such as Leona and Education Management & Networks, and many of them are authorized by the state’s worst-performing charter authorizers. The impact of such low-performing charter schools reaches approximately 40,000 students in just under 80 schools.^{xxix}

While Michigan’s state superintendent has the legal authority to suspend an authorizer’s ability to issue new contracts if its schools perform poorly, the superintendent has never exercised this authority and has only recently expressed any interest in doing so.^{xxx} In practice, charter authorizers are accountable to no one in Michigan – not even the governor.

LESSONS FROM LEADING STATES

This report reveals the profound need for our state leaders to stand up and do what’s necessary to ensure that charter school expansion in Michigan is guided by what is best for our students. That means holding authorizers accountable for quality and ensuring that their track records guide any further growth. Too many authorizers are not responsibly using the privilege of their power. Indeed, charter growth – and the money and power accumulated by such growth – appears to be prioritized above student learning in Michigan.

The Education Trust-Midwest is not alone in calling for much needed reform in Michigan. According to the National Association of Charter School Authorizers, whose membership includes many of the largest charter authorizers nationwide and within our state, Michigan laws include almost none of the organization’s policies for quality charter authorizing. In fact, its 2014 report on statewide authorizing regulations ranked Michigan at the very bottom of states that allow multiple authorizers, receiving just three points out of a possible 27. The report cites everything from unclear standards for charter contract renewal to a lack of minimum academic standards for school closure as contributing to Michigan’s extremely low score.

Fortunately, these problems are eminently fixable. Leading states hold charter authorizers accountable for student learning, not only after schools fail, but also before they open. They take serious their responsibility to children. For example:

- They don’t allow chronically failing operators to open or expand in their states.^{xxxix}
- They require an annual review of charter school performance.^{xxxix}
- They impose minimum standards that charters must meet

or risk being closed.^{xxxix}

- And they prevent poor-performing authorizers from continuing to authorize schools.^{xxxix}

Here are some examples of the best state practices and policies from our review of charter authorizer accountability across the country. Michigan could learn from each of these and adapt them to our state context.

- In Massachusetts, the nation’s highest-performing state for student learning on the national assessment, the state is the one and only authorizer. Operators also must have a proven track record of performance before being allowed to open in the state’s lowest performing districts.^{xxxix}

- In Illinois, the state board of education has the power to remove an authorizer and, if necessary, close its chronically low-performing schools.^{xxxix} In addition, an authorizer must close a charter if the school fails to meet academic performance standards outlined in the contract or if it displays poor fiscal management.

- In 2011, Ohio lawmakers passed a bill prohibiting authorizers from authorizing additional charter schools if they appeared in the bottom 20 percent of an annual authorizer composite performance index. In other words, it can no longer authorize additional schools until it raises the performance of its current portfolio above the bottom 20 percent.^{xxxix}

- In Minnesota, any entity that wants to be an authorizer must submit a detailed application, including its criteria for approving schools, which must be approved by the state commissioner of education.^{xxxix} When the state instituted this rule several years ago, 17 poor-performing authorizers simply refused to apply, since the standard was so high.^{xxxix} This act alone prevented poor performing charter authorizers from continuing to expand.

IN MASSACHUSETTS, OPERATORS MUST HAVE A PROVEN TRACK RECORD OF PERFORMANCE TO OPEN IN LOW-PERFORMING DISTRICTS.

NEXT STEPS FOR MICHIGAN: ACCOUNTABILITY FOR ALL

DETROIT MERIT
CHARTER ACADEMY



PHOTO: AMY SACKA

The Education Trust-Midwest recognizes the important contribution of high-quality charter schools in the state, and our scorecard shows that some authorizers are doing better than others at regulating the performance of their schools. The question is: how do we hold charter school leaders accountable for delivering on their promise to offer schools that perform better than their traditional public school peers? Michigan students and families deserve the same high performance standards and quality assurances that leading education states provide their children and communities.

We recommend three sensible measures the state should adopt to ensure greater authorizer accountability and, in turn, improved student performance in public charter schools:

1. **Accountability for good authorizing decisions.**

Authorizers that consistently do not make good authorizing decisions should be subject to formal sanctions, including

warnings, suspensions, and – for failing authorizers – possible dissolution.

2. **Accountability for operator performance.** Authorizers should not be allowed to approve new contracts or expansion for consistently low-performing charter operators. Michigan needs a performance guarantee and standard, to fulfill charters' promise to our state's taxpayers and families.
3. **Transparent, limited charter contracts.** Authorizers should be required to hold public meetings to hear community input before they approve a new school, and new contracts should only be issued for three years or fewer. Michigan must also require consistent reporting among charter school boards and operators regarding profit margins and how public dollars are spent in charter schools, to assure Michiganders that their tax dollars are being spent appropriately.

CONCLUSION

GRAND RAPIDS CHILD
DISCOVERY CENTER

PHOTO: ERIK HOLLADAY



Using available student performance data, we have shown there is great variation in quality among charter authorizers in our state. Some authorizers are approving schools that really embody the promise of the charter school movement – better educational options than traditional public schools can provide. But many authorizers have taken advantage of Michigan’s unregulated authorizer system and approved schools that do not even meet the promise of providing better educational options than some of the worst schools in the state.

The implications of poor authorizing decisions are enormous. More than \$1 billion in public investment to improve the state’s education system is being undermined by some charter schools that are doing little more than replicating failure.

Taxpayers lose. Communities lose. Students – especially our most vulnerable students – and their parents lose. They lose access to a high-performing public school, one of our country’s greatest opportunities to propel them out of poverty and into the American mainstream – and with them, their

children and grandchildren.

Michigan students deserve as much protection as students in leading states, and that includes assurances that the state will monitor the quality of charters before approving expansion, and that charter authorizers will be held responsible for student performance and improvement.

By learning from our experiences, acting on lessons from leading states, and adopting innovative performance-based accountability and standards for charter schools, their operators and authorizers, Michigan can move from its current position as the epicenter of irresponsible charter expansion to a position of national leadership. By sitting idly by, policymakers are only perpetuating a system that – in far too many cases – chronically underserves tens of thousands of our most vulnerable students. It’s a system that desperately lags behind so many states nationwide. After twenty years since the opening of the state’s first charter schools, the time is now for common sense charter reform.

Our students are ready, and they can’t wait.

ENDNOTES

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- vi. "Michigan's Higher Education System: A Guide for State Policymakers," sponsored by Ferris State University and prepared by Public Sector Consultants, 2003. http://www.psum.org/Portals/0/docs/fsu_heguide2.pdf
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- ix. According to information from the October 15, 2014 Educational Entity Master school file, the Center for Educational Performance and Information school counts file from 2013-2014, and the Michigan Department of Education's top-to-bottom rankings from 2012, 2013, and 2014.
- x. Detroit Free Press, "State of charter schools: How Michigan spends \$1 billion but fails to hold schools accountable," July 16, 2014. <http://archive.freep.com/interactive/article/20140622/NEWS06/140507009/State-charter-schools-How-Michigan-spends-1-billion-fails-to-hold-schools-accountable>
- xi. Enrollment estimate derived from an analysis of Educational Entity Master data and enrollment data from CEPI.
- xii. National Alliance for Public Charter Schools, "A Growing Movement: America's Largest Charter School Communities," December 2014. http://www.publiccharters.org/wp-content/uploads/2014/12/2014_Enrollment_Share_FINAL.pdf
- xiii. There were 375 open-active PSA schools in the Educational Entity Master school file downloaded on January 5, 2015. <http://www.cepi.state.mi.us/eem/>
- xiv. Charter operators can manage all or part of a charter school's operations, including hiring staff, curriculum, payroll, and other functions.
- xv. Some institutions of higher education can authorize throughout the state, but most authorizers, including local school districts, are limited to authorizing within their jurisdiction.
- xvi. In some cases, individual charter schools will seek approval directly from authorizers. In most cases, however, an operator runs multiple charter schools, and that operator seeks approval to expand.
- xvii. Educational Entity Master school file downloaded on January 5, 2015. <http://www.cepi.state.mi.us/eem/>
- xviii. National Association of Charter School Authorizers, "Multiple Charter Authorizing Options," 2009. http://www.qualitycharters.org/images/stories/Multiple_Authorizers.pdf
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- xxviii. We use "improvement" throughout as a measure of performance level change on the state assessments. As Michigan transitions to new assessments that can measure student growth, "improvement" should be replaced with "growth."
- xxix. National Assessment of Educational Progress, Nation's Report Card (2013). <http://nces.ed.gov/nationsreportcard/>
- xxx. James L. Woodworth and Margaret E. Raymond, "Charter School Growth and Replication: Vol. II," Center for Research on Education Outcomes (2013). <https://credo.stanford.edu/pdfs/CGAR%20Growth%20Volume%20II.pdf>
- xxxi. The Trial Urban District Assessment (TUDA) uses a representative sample to assess fourth- and eighth-graders in mathematics and reading in 21 urban districts nationwide. The assessment is administered through the National Center for Education Statistics (NCES) in the US Department of Education.
- xxxii. According to information from the October 15, 2014 Educational Entity Master school file, the Center for Educational Performance and Information school counts file from 2013-2014, and the Michigan Department of Education's top-to-bottom rankings from 2012, 2013, and 2014, 77 currently open-active charter schools failed our minimum quality standard for the last three consecutive years and those schools enrolled 37,968 students in the 2013-2014 school year.
- xxxiii. From Michigan Public Act No. 277 of 2011, introduced as Senate Bill No. 618 of 2011: "If the superintendent of public instruction finds that an authorizing body is not engaging in appropriate continuing oversight of 1 or more public school academies operating under a contract issued by the authorizing body, the superintendent of public instruction may suspend the power of the authorizing body to issue new contracts to organize and operate public school academies. A contract issued by the authorizing body during the suspension is void. A contract issued by the authorizing body before the suspension is not affected by the suspension."
- xxxiiii. Missouri disallowed Imagine charter schools from continuing to operate in that state, for example.
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- xxxvi. Many states require a regular (annual or biannual) review of charter schools by the state, including Illinois, Louisiana, Massachusetts, and Ohio.
- xxxvii. States that can close charters for not meeting minimum performance standards include Illinois and Florida.
- xxxviii. Most notably Ohio, which prevents its worst performing authorizers from continuing to expand.
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ABOUT THE EDUCATION TRUST–MIDWEST

The Education Trust-Midwest is a nonpartisan, statewide education research, information and advocacy organization focused on what is best for Michigan students. Our mission is to close the achievement gap for Michigan’s African American, Latino, American Indian, and low-income students and to make Michigan a top ten education state for all children.

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